



## Why Cameco Corp. Fell 4.88% on Friday

### Description

**Cameco Corp.** ([TSX:CCO](#))([NYSE:CCJ](#)), one of the world's largest producers of uranium, watched its stock fall 4.88% on Friday in response to its fourth-quarter earnings release that morning. The stock has now fallen over 33% from its 52-week high of \$16.17 reached back on February 14, 2017, so let's break down the quarterly results and the fundamentals of its stock to determine if now is finally the time to buy.

### The quarterly results

Here's a quick breakdown of five of the most notable financial statistics from Cameco's three-month period ended December 31, 2017, compared with the same period in 2016:

Metric	Q4 2017	Q4 2016	Change
Total revenue	\$809 million	\$887 million	(8.8%)
Gross profit	\$237 million	\$157 million	51.0%
Adjusted net earnings	\$181 million	\$90 million	101.1%
Adjusted earnings per common share	\$0.46	\$0.23	100%
Cash provided by operations	\$320 million	\$255 million	25.5%

### Those Q4 numbers weren't too bad...

At first glance, the fourth quarter did not seem all that bad, since Cameco's gross profit rose over 50% and its adjusted net earnings doubled, but what investors could not ignore was its performance in the full year of 2017 and its outlook on 2018. Here are five of the most notable financial statistics from Cameco's 12-month period ended December 31, 2017, compared with the same period in 2016:

Metric	2017	2016	Change
Total revenue	\$2,157 million	\$2,431 million	(11.3%)
Gross profit	\$436 million	\$463 million	(5.8%)

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Adjusted net earnings	\$59 million	\$143 million	(58.7%)
Adjusted earnings per common share	\$0.15	\$0.36	(58.3%)
Cash provided by operations	\$596 million	\$312 million	91.0%

Cameco noted that its dismal performance in 2017 could be attributed to "[excess uranium supply](#)," and it went on to state that it has continued to face "[difficult market conditions](#)" and a "reduction in global demand expectations." This led the company to provide a very weak outlook on 2018, including a projected 1.8-4.8% decline in uranium sales to 32-33 million pounds and a projected 10.5-16.6% decline in revenue to \$1.8-1.93 billion compared with 2017.

With all of the information provided above in mind, I think the 4.88% drop in Cameco's stock on Friday was warranted, and I would not buy it today, because there is simply too much uncertainty in the uranium industry, and because there are far [better investment opportunities](#) elsewhere in the market.

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