



## Teck Resources (TSX:TECK.B) Fell 18% Last Week After a Disappointing Earnings Report

### Description

Shares in B.C.-based metals and mining company **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) fell more than 18% as of Friday following a disappointing third-quarter earnings report.

Earnings missed analyst expectations by more than 13%, or \$0.13 per share, on the back of weaker realized prices for its commodities.

Management attributed the underperformance to lower prices for all of its key products, including steel-making coal, copper, and zinc.

GAAP earnings were \$1.3 billion (\$2.23 per share) compared to \$584 million in the year-ago period; however, it was adjusted earnings (normalized to exclude one-time variances) that disappointed, coming in at just \$0.81 per share compared to \$1.05 per share a year earlier.

EBITDA (earnings before interest, depreciation, taxes, and amortization) was \$2.1 billion in the third quarter versus \$1.4 billion in the third quarter of 2017; however, adjusted EBITDA was also lower, coming in at \$1.2 billion compared to \$1.4 billion a year ago.

Gross profit was also slightly lower in the third quarter as well, down from \$1.1 billion in the third quarter of last year to \$1 billion this year.

Meanwhile, there were also a couple of positives to take away from the earnings report.

Performance at its Fort Hills oil sands mine, which it co-owns with **Suncor Energy**, produced ahead of expectations and the company now expects full-year production to be towards the high end of its previous guidance.

It also announced that its finally received official regulatory approval for its Quebrada Blanca Phase 2 project in a unanimous vote from Chilean authorities.

Teck continues the search for a J.V. partner on the Quebrada project, and it maintains that it is looking

to retain a 60-70% ownership in the project once a deal has been reached.

In July, it also completed the sale of its two-thirds interest in the Waneta Dam to BC Hydro for cash proceeds of \$1.2 billion, recording a pre-tax gain of \$888 million on the sale, and used the proceeds to re-purchase US\$1 billion of its own outstanding near-term debt maturities.

### Bottom line

This week's volatility will, no question, be discouraging for Teck shareholders; however, on the bright side, it does look as though the company is learning from some of its past mistakes.

The move to retire its near-term debt maturities is a prudent one, and rationalizing its portfolio to focus capital investments on core assets only makes sense.

Meanwhile, the long-anticipated [Fort Hills project with Suncor](#) is recognized as one of the best assets in the region and represents a critical step towards reducing Teck's exposure to [volatile metals and mining prices](#).

Fool on.

### CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:TECK (Teck Resources Limited)
2. TSX:TECK.B (Teck Resources Limited)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

### Date

2025/08/27

### Date Created

2018/10/28

### Author

jphillips

default watermark