



The Nuclear Option: This Canadian Metals Stock Could Be a Millionaire Maker

Description

The Fukushima incident still looms large over the nuclear power industry, with uranium prices still nowhere near what they could be. But that could be about to change, with the general sentiment towards nuclear energy enjoying something of a renaissance.

Indeed, with Bill Gates, along with other high-profile commentators, chiming in to promote nuclear power as a critical, low-cost energy source amid new U.S. initiatives to boost development of nuclear reactor technologies, the sector could rise, and with it the price of uranium.

Let's take a look at two core stocks to invest in to get in on a potential nuclear gold rush.

Cameco ([TSX:CCO](#))([NYSE:CCJ](#))

Split into two segments, uranium and fuel services, this worldwide producer of the [radioactive metal](#) is based in Canada and offers a geographically diversified investment with a large market share. It's certainly well placed for a resurgence in nuclear energy and is currently good value for money.

Down 3.99% in the last five days, investors have a slight value opportunity here. Value investors may have been waiting for this moment ever since the stock jumped in September (and stayed up, for the most part) after Cameco announced that the Tax Court of Canada had ruled in its favour in a historic tax dispute.

Indeed, this stock has returned 14.4% in the last 12 months, and with a fairly healthy balance sheet denoted by debt 30% of net worth, it's got all the hallmarks of a quality investment. A dividend yield of 0.53% is a welcome sweetener, while a 15.9% expected annual growth in earnings suggests a positive future performance.

Cameco is intrinsically undervalued, too, and if you compare its current price with its future cash flow value you'll see a 39% difference; meanwhile, the market ratios show a somewhat different picture, with a P/E of 36 times earnings that's more than double the TSX index itself.

Uranium Participation (TSX:U)

Stacking shares in any uranium stock with decent stats could be a route to riches in a resurgent industry. With returns of 11.9% over the last year, Uranium Participation fits the bill. Indeed, with a five-year average past earnings growth of 11.7% and past-year ROE of 26% (which is significantly high for the TSX index), this debt-free stock with a solid balance sheet is a solid buy.

Look to a P/E of 3.5 times earnings and P/B of 0.9 times book for confirmation of attractive valuation (in fact, this stock is a straight-up steal at the moment). While no dividends are on offer, and conservative estimates peg Uranium Participation for a negative expected annual growth in earnings, shareholders who buy in now and stay invested could potentially see some significant capital gains down the road.

The bottom line

Going for a pure-play uranium producer is one of the best ways to play a seismic shift in [uranium sentiment](#). Cameco's all-round good mix of market performance stats makes for a solid buy in this space, while its competitor listed above may be healthier but has seen lower year-on-year returns and has a negative projected earnings outlook. The real question long term, however, may be whether worldwide supplies will remain pinched enough to ensure sizable profits.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks
5. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)

PARTNER-FEEDS

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

Category

1. Dividend Stocks

2. Energy Stocks
3. Investing
4. Metals and Mining Stocks
5. Stocks for Beginners

Tags

1. Editor's Choice

Date

2025/08/21

Date Created

2019/04/30

Author

vhetherington

default watermark

default watermark