Should You Buy Barrick Gold (TSX:ABX) Before Q1 Earnings Tomorrow?

## Description

Tomorrow stands to be an interesting day for those investors that are following changes in the metals and mining segment and, more specifically, **Barrick Gold** (TSX:ABX)(NYSE:GOLD). So far, 2019 hasn't been kind to miners. In the case of Barrick, year to date, the stock is down over 7%, and over the trailing 12-month period the stock is sitting near flat.



That lack of growth in the stock price really is astonishing, especially when considering the flurry of events that have unfolded over the past year, and by events, I'm specifically referring to the Randgold merger. The merger has set up Barrick to become the owner of half of the top-10 performing mines on the planet, with a sprawling portfolio of over a dozen mines on five continents. Barrick's joint-venture agreement in Nevada with Newmont is also noteworthy. The agreement is estimated to provide $500 million in average annual pre-tax synergies within the first five years of the agreement.

Adding to that appeal is the fact that Barrick has, with few exceptions, served as a shining example of how a miner can be run efficiently. By way of example, Barrick's all-in-sustaining costs come in near the US$800-per-ounce range, whereas many of Barrick's competitors have a significantly higher number that is closer to US$900 per ounce or more.

Finally, Barrick has also managed to shed what was viewed by many as a crippling debt load in recent years, reducing its debt by US$10 billion since 2013, with Barrick's current obligations totaling near US$5.7 billion, and the vast majority of that debt not maturing until after 2032.

In other words, Barrick has huge long-term potential thanks to its recent deals, is already the most cost-efficient player in the segment, and has developed an exceptional reputation in slashing its debt.

## What can we expect, and should you buy?

The Randgold deal provided a boost to Barrick, but in many ways, the positive impact of that merger is already priced into the stock. That being said, the market is anxiously awaiting Barrick to provide more details on what will follow post-merger. If Barrick approaches its newfound position and assets with the same focus that was placed on its own assets several years ago to drive up efficiency and drive down costs, then the miner could be on the verge of unlocking significant value that could finally be the catalyst to push the stock upwards.

Barrick has already released preliminary production numbers for the first quarter, which appear to be in line with the previously provided estimates from the company. Specifically, Barrick announced 1.37 million ounces of gold sales and 103 million pounds of copper, with the average market price for those metals in the quarter falling in at US$1,304 per ounce of gold and US$2.82 per pound for copper.

In my opinion, Barrick remains an intriguing long-term opportunity for investors that are looking to diversify their metals and mining position. Buy it, hold it, and, once the expected synergies from the Randgold deal and Newmont venture come to fruition, watch the stock rise.

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