



2 Top Canadian Gold Stocks to Buy for 2020

Description

With broader markets trading close to record highs and recession fears looming large, is it time to look at alternative investment options such as gold stocks? Gold as a commodity has outperformed the equity markets during recessionary environments, and it makes sense to consider investing in the yellow metal in a downturn.

Here we look at two gold mining companies that can create significant shareholder wealth in 2020.

B2Gold

B2Gold ([TSX:BTO](#))(NYSE:BTG) specializes in exploring and operating gold mines. The company has five gold mines in the Philippines, Namibia, and Nicaragua. The company is valued at \$6.18 billion in terms of market cap and has increased investor wealth over the years by focusing on exploration success, accretive acquisitions, and production growth.

In the last five years, B2Gold stock has risen 218% driven by its exceptional record of mine construction and operational execution. Now, with stable operating cash flows, the company has also started paying dividends.

A key driver of B2Gold's stock price will be its upcoming quarterly results. Analysts expect the company to post revenue of \$346.44 million in the fourth quarter of 2019 — a rise of 27.3% year over year. They have forecast earnings per share to rise by 600% to \$0.07 from \$0.01 in the prior-year period.

There is a good chance that higher realized gold prices recently could drive actual revenue higher for the firm. B2Gold [aims to produce between](#) 1,000,000 ounces and 1,055,000 ounces in 2020, which is 5% higher than its production in 2019. Comparatively, its revenue is estimated to rise by 22.7% to \$1.49 billion in 2020.

Further, according to consensus estimates, B2Gold earnings might rise by 50% in 2019 and 62.5% in 2020. When you compare these growth metrics with the stock's forward price-to-earnings ratio of 15.4,

we can see that it is trading at an attractive valuation.

Franco-Nevada

One of the top Canadian gold stocks is **Franco-Nevada** ([TSX:FNV](#))([NYSE:FNV](#)). This growing company has seen a 54% gain in its stock price in the last year. Analysts expect company sales to grow by 24.6% to \$813.66 million in 2019 and by 20.5% to \$980 million in 2020.

Comparatively, earnings growth is estimated at 47% in 2019 and 25% in 2020. FNV's stellar run has meant that the stock is trading at a premium valuation. It has a forward price-to-earnings multiple of 71.7 and a market cap-to-forward sales ratio of a staggering 29.

Investors have been bullish on the stock due to its steady production growth, stable cash flows, and a focus on capital management.

During Q3 results, company CEO David Harquail stated the following:

"Franco-Nevada's diversified portfolio performed very well in the third quarter ... Record results were achieved across all our important production and financial metrics. This strong growth has been driven by the start of precious metals deliveries from Cobre Panama and the addition of a new energy royalty in the Marcellus."

In 2020, company management expects growth to be driven by an increase in exploration and development activities by several operators on its royalty properties as well as a ramp-up in production at its Cobre Panama location.

Gold stocks have long been a safe bet for bearish investors. Is it time to consider this alternative in an uncertain macro-environment?

CATEGORY

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2. Metals and Mining Stocks

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2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:BTO (B2Gold Corp.)
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Author

araghunath

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