



Attention Investors: This Gold Stock Just Increased its Dividend by 75%

## Description

**Agnico-Eagle Gold Mines** ([TSX:AEM](#))([NYSE:AEM](#)) is a top gold stock that is firing on all cylinders. This means production growth, cash flow growth, and dividend growth. It also means stock price performance. Agnico-Eagle stock rallied almost 5% yesterday. It has a one-year return of 33% and a three-year return of 82%.

But what are the forces that are driving Agnico-Eagle's strong growth today?

## Gold stocks rule in a crisis

In today's environment, [dividend cuts and economic troubles have been the norm](#). But gold stocks have been one of the exceptions. The price of gold is rapidly closing in on \$2,000 per ounce. Prices have surpassed 2011 peak levels and appear to be headed higher. This is predicted by increasing global economic troubles, a falling U.S. dollar, and gold's place as a safe haven.

In this pandemic crisis, one thing investors can count on is gold as a safe haven. You see, gold holds its value exceptionally well. And as a crisis worsens, the demand for safe assets like gold rises. Hence, the sharp rise in gold prices in 2020.

## Agnico-Eagle Gold: A gold stock that has everything

Agnico-Eagle can be characterized as a safe bet for many reasons. [Its main defensive attributes are clear](#). First, the company is defensive because it is a gold company that benefits from rising gold prices. In times of crisis like today, gold prices rise. Second, Agnico-Eagle is a defensive stock due to its operations. Not only is Agnico a best-in-class operator, but it is also one that has concentrated itself in politically safe regions.

Agnico-Eagle's third-quarter earnings result shows all of this very clearly. Cash flow increased 32% off of higher gold prices as well as higher production. Cost reductions and efficiencies also contributed to this growth. After all, Agnico-Eagle remains a best-in-class operator. In the good times and the bad

times, this company drives profit and cash flow growth.

The company's operations are in areas such as northwestern Quebec, northern Mexico, Finland, and Nunavut. Its exploration activities are concentrated in Canada, Europe, Latin America, and the United States. This provides a stability and predictability that is not common among gold companies.

It is all of these characteristics that have set Agnico-Eagle up today as a top gold stock with a strong history and future.

## **Agnico-Eagle institutes a 75% dividend increase**

Along with its third-quarter earnings results, Agnico-Eagle announced a 75% dividend increase. This is the result of continued strong cash flows today and expected strong cash flows for the future. The variables that played into this decision are quite simple. Gold prices are expected to remain strong. Agnico's production profile will benefit from increased capital spending on low-risk expansion projects. And Agnico's exploration portfolio is promising. All of this combined with Agnico's strong balance sheet and operational excellence set the stage for this strong future.

As a reminder, Agnico has paid out a dividend since 1983. The company has consistently performed better than expectations and has always paid this dividend. Since 2015, Agnico has grown its annual dividend per share from \$0.32 to the current \$1.40. That's a very impressive compound annual growth rate of 34%.

## **Motley Fool: The bottom line**

Agnico-Eagle is a gold stock that has everything investors want these days. It is a defensive stock. It is a stock with impressive dividend growth. And it is a stock that is in the midst of strong, low-risk growth. Rising gold prices and cash flows make this gold stock a stock to buy today for more dividend increases to come.

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