

# Should You Buy Cameco Stock Ahead of Earnings?

## Description

**Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) comes out with earnings this Friday, and many Motley Fool investors have been watching closely. Cameco stock has been one of the uranium stocks soaring due to the meme stock craze. But with earnings coming up, should investors perhaps consider this a long-term hold on the **TSX** today?

## What happened

Cameco stock soared during the last year as Reddit channel WallStreetBets chose [uranium](#) as its next target. This area had already seen a lot of hyper-growth after then-new-President Joe Biden announced he would use existing clean energy options in the immediate future, an investment that would include nuclear reactors powered by uranium.

Cameco stock jumped at the news back in January but then stagnated between March and May. That is until Reddit got a hold of it. Shares are now at 52-week highs ahead of earnings. But is it warranted? Or is it just a meme [frenzy](#) on the **TSX** today?

## The last report

Let's take a look at the last earnings report to see whether Motley Fool investors should consider Cameco stock. During the second quarter, Cameco ended with \$1.2 billion in cash, adding seven million pounds of uranium to its long-term sales contract portfolio. Yet the pandemic and its Cigar Lake closure from nearby wildfires weighed on the stock, sending net loss to \$37 million.

However, Cigar Lake was up and running by the end of the quarter, which allowed Cameco stock to [update](#) its future outlook. It now expects to produce 12 million pounds on a 100% basis through the rest of 2021.

Further, Cameco stock announced it signed an "understanding" with GE Hitachi Nuclear Energy and Global Nuclear Fuel-Americas to "advance commercialization and deployment" of small modular reactors in Canada and the world.

There is definitely some good news in there, but Cameco stock still has a lot further to go. Debt remains at \$1 billion as of the last quarter, and losses were incredible during the last year. And that's not entirely due to the pandemic. So what are analysts predicting on the TSX today?

## How about this report?

Analysts are cautious about the next quarter, but definitely believe there will be a few things for the company to celebrate. First, sales should increase 5% year over year. That is *definitely* an

improvement from the three-digit losses they had before.

As well, the company stated earlier this month it would be partnering with Terrestrial Energy for future nuclear power plant deployments in North America and the world. Again, it's similar to last quarter where the pair have an "understanding." This news alone sent shares soaring up 21% practically overnight!

Analysts predict earnings per share should be up by \$0.12 from a year ago but believe revenue could be down 22% from the year before. And the stock is still expensive, trading at a P/E ratio of 133.18! Even with analysts believing Cameco stock trades at fair value, this is certainly pricey given the current scenario.

## Bottom line

I'm not so sure Cameco stock is one I would buy at this point. There is far too much volatility surrounding the company, even though it is a company that continues trying to dig itself out from a decade of strife. Yes, one day this will be a company I believe Motley Fool investors should consider for their portfolio. But I would hold off until there are signs of stability and not simple "understandings."

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