



Cameco Stock Rises 13% After Profitable Earnings and Dividend Increase

Description

Cameco ([TSX:CCO](#))([NYSE:CCJ](#)) shares rose 13% on Feb. 9, as the uranium [producer](#) reported profit and increased the company dividend by 50%.

- Cameco stock reported a profit of \$11 million compared to a profit of \$80 million the year before.
- Revenue decreased to \$465 million year over year from \$550 million in 2020.
- Cameco stock expects revenue for 2022 to reach between \$1.5 and \$1.65 billion.
- The uranium miner earned \$0.06 per diluted share, down from \$0.12 the year before.

What happened in Q4 for Cameco stock?

Net earnings and losses continued to be hit by the COVID-19 pandemic, according to the fourth-quarter earnings report. The uranium stock took on \$40 million more in costs associated to the pandemic than planned for, offset by \$21 million under the Canada Emergency Wage Subsidy (CEWS) program.

Despite the increase in losses and lower profit than the year before, Cameco stock still beat out earnings estimates. While analysts expected \$0.02, instead they were greeted with earnings per share of \$0.06. Further, despite revenue decreasing and increased pandemic costs, it still managed to put out a profit — one that should continue for the rest of the year, according to management.

What did Cameco management say?

It seems that management is done with this phase of long-term growth. During 2021, it added 70 million pounds of long-term contracts to its portfolio. Further, it was able to leverage higher prices of [uranium](#) for unencumbered productive capacity. Now, Cameco stock management believes it's time to capture value, as the increase in demand for nuclear energy continues as the world turns to clean energy.

“We are optimistic about Cameco’s role in capturing long-term value across the fuel chain and

supporting the transition to a net-zero carbon economy,” said Tim Gitzel, Cameco’s president and CEO. “Since 2016, with our planned and unplanned production cuts, inventory reduction and market purchases, we have removed more than 190 million pounds of uranium from the market, which we believe has contributed to the security of supply concerns in our industry.”

What’s next for Cameco stock?

Investors in Cameco stock were rewarded for their patience with a 50% increase in the company’s dividend to \$0.12 per share per year. Furthermore, it increased company guidance to between \$1.5 and \$1.65 billion for full-year 2022 revenue. Expenditures are also estimated to be between \$150 and \$175 million.

These estimates come as the uranium stock aims to ramp up McArthur River and Key Lake for 2024 production. This could produce five million pounds in 2022. Cigar Lake should reach production of 15 million pounds this year, after delays from the pandemic and supply-chain challenges.

Shares of Cameco stock were up 13% on Feb. 9, up 40% in the last year. Analysts now have a consensus target price of \$35.26, representing a potential upside of 25% as of writing.

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Date

2025/06/29

Date Created

2022/02/09

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