



Why Teck Resources Stock Jumped 12% After its Q1 Results

Description

The shares of **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) jumped by nearly 12% on Wednesday to settle at \$50.36 per share after announcing its March quarter results. The Vancouver-based mining company's revenue and profits exceeded analysts' estimates and showcased excellent YoY (year-over-year) positive growth.

Before we discuss how Teck Resources stock might trade in the near term, let's take a closer look at some key highlights from its latest earnings event responsible for a sharp rally in Teck stock in the last session.

Why Teck Resources stock popped 12%

In Q1 2022, Teck Resources registered a 97.6% YoY jump in its total revenue to around \$5.03 billion — slightly higher compared to Street's estimates of around \$4.98 billion. Apart from its higher copper, zinc, and energy segments sales, the continued high commodity price environment helped the company boost its financials in the last quarter.

Continued strength in commodity prices also helped Teck Resources post a solid 397% YoY jump in its adjusted net profit for the quarter to \$1.62 billion. With this, its quarterly net profit numbers beat analysts' expectations by nearly 10%. To add optimism, the Canadian mining giant's adjusted net profit margin also expanded significantly to around 32.2% from just 12.8% a year ago and 31.3% in the previous quarter.

It is also important to note that Teck stock kept falling for six sessions in a row before yesterday's sharp rally, losing nearly 20% of its value during that period. That's why its far better-than-expected record Q1 financial results seemingly gave investors a pleasant surprise, helping Teck stock stage a handsome rally.

Other key highlights from Teck Resources's earnings event

While Teck Resources's copper production at the Highland Valley mine was affected by unplanned maintenance in the last quarter, its sales for the segment still [grew](#) positively, as its logistics teams recovered from the weather-related disruptions at the end of 2021.

To add optimism, its zinc business EBITDA (earnings before interest, taxes, depreciation, and amortization) jumped significantly by 71% YoY to around \$298 billion in the first quarter. This massive growth was mainly driven by a 32% rise in zinc prices and higher concentrate sales volumes. Its steel-making coal segment EBITDA saw about a five-fold YoY increase to around \$2.1 billion with the help of a record quarterly realized price of US\$357 per tonne.

Teck Resources's Q1 EBITDA from its energy segment stood at around \$119 million in the last quarter against an EBITDA loss of about \$20 million a year ago. Higher production and stronger blended bitumen prices help its energy segment post a strong financial recovery. Strengthening production volumes also helped the company reduce its operating expenses from the segment.

What's next for Teck Resources stock?

Teck Resources has been one of the [top-performing mining stocks](#) on the **TSX** in the last year. After posting 58% gains in 2021, Teck stock currently trades with solid 40% year-to-date gains, despite a 2.3% drop in the TSX Composite benchmark. I expect its solid recent quarter financial results to keep investors' optimism alive and help Teck stock continue outperforming the broader market.

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2. Metals and Mining Stocks

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