



Is Barrick Gold (TSX:ABX) Undervalued Today?

Description

Adopting a long-term strategy when investing in the stock market is widely regarded as an excellent way to generate significant wealth and enjoy success as an investor. Identifying high-quality, publicly traded companies, purchasing the stock, and holding onto it forever can help you make the most of your initial investment.

Buying high-quality, [undervalued stocks](#) at reasonable valuations could be a better long-term investment strategy than purchasing shares of mediocre companies at [considerable discounts](#). A business with sustainable performance and the ability to generate significant long-term returns could be an excellent stock for you to buy and hold for the long run.

Commodities tend to perform well during volatile market environments as investors flee risk and prefer assets they can use as hedges against uncertainty. Publicly traded companies with substantial business operations related to commodities use the strength of rising commodity prices to improve profit margins and generate healthier cash flows.

Gold is one of the safe-haven assets that investors flock to in droves during harsh economic environments. Identifying a high-quality, gold-producing company with strong fundamentals, a wide economic moat, solid financial performances, and good management can help you find a buy-and-hold investment you can keep in your portfolio forever.

Today, I will discuss one such stock that you could consider adding to your investment portfolio.

Barrick Gold

If you want to invest in a gold-producing company's shares, **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) could be one of the top assets you can consider. Barrick Gold is a \$53.70 billion market capitalization mining company with 16 operating sites across 13 countries worldwide.

The company specializes in producing gold and copper, and it is Canada's leading gold mining company, generating over 71 million ounces of proven and probable reserves.

The company's financial performance heavily relies on gold prices. While it means that its cash flows are impacted by fluctuations in the spot gold price, Barrick Gold boasts strong fundamentals. The company has met or beaten the market consensus for its operating and financial results for the last 12 consecutive fiscal quarters.

Barrick Gold stock trades for \$28.94 per share at writing, and it boasts a 1.76% dividend yield. Its share prices are up by 21.55% year to date, and it continues to put up a stellar financial performance on the back of high gold prices.

Foolish takeaway

Barrick Gold stock is a solid company. Being one of the top gold producers in Canada, it is a sound long-term investment in that it can put up a good performance with its wide economic moat, despite challenging market environments. Understanding some facets of the company's valuation can help you understand whether its shares could be worth investing in right now.

Barrick Gold stock has a market capitalization of \$53.70 billion, with an enterprise value of \$53.94 billion. Its enterprise value-to-EBITDA ratio is at 7.57 — akin to most of its peers in the gold mining industry. These metrics indicate that it could be a fairly valued stock.

Despite its current share price being more or less fairly valued, long-term investors might want to consider adding it to their investment portfolios to enjoy [substantial profitability](#) a decade or two down the line.

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