



Better Buy: Barrick Gold Stock or Kinross Gold?

Description

Gold prices have showcased good strength in the last few months after touching their 18-month low in November last year. Strengthening prices of the yellow metal could help gold miners improve their profitability in the coming quarters. Despite that, many [gold stocks](#) haven't seen much appreciation lately, making them look [undervalued](#) to buy for the long term.

In this article, I'll talk about two of the best Canadian gold stocks, **Barrick Gold** ([TSX:ABX](#)) and **Kinross Gold** ([TSX:K](#)) to find out which could be a better buy for you right now.

Barrick Gold vs. Kinross Gold

Both Barrick Gold and Kinross Gold are headquartered in Toronto. But Barrick is a much larger gold company with a [market cap](#) of \$42.2 billion than Kinross Gold's \$7.2 billion.

Barrick Gold's gold and copper mining assets are well diversified across geographies, with the United States, the Dominican Republic, and Mali being its largest sources of revenue based on its 2021 financial data. Similarly, Kinross also has a diversified business and makes most of its revenue from its mines located in the United States, Brazil, and Russia.

Comparing their recent financial growth trends

While both the gold stocks we are comparing in this article are yet to release their 2022 financial results, let's look at their financial growth trends for five years between 2016 and 2021.

During these five years, Barrick Gold's total revenue [rose](#) 40% from US\$8.6 billion to US\$12 billion. More importantly, its adjusted net profit jumped by 152% from US\$818 million to US\$2.1 billion during the same period. The company's net profit margin in these five years expanded significantly from 9.6% to 17.2%.

By comparison, Kinross Gold's total revenue rose by 7.4% from US\$3.5 billion in 2016 to US\$3.7

billion in 2021. The company's adjusted net profit during these years soared by a solid 482% from US\$93 billion in 2016 to US\$541.3 million in 2021. Its adjusted net profit margin during these five years also grew positively from just 2.7% to 14.5%.

Comparing their stock price performance

Although you may find Kinross Gold's bottom-line growth in these five years more attractive, its profit figures remain significantly lower compared to Barrick Gold. Similarly, Barrick also has stronger profitability, with its net profit margin of 17.2% in 2021, exceeding Kinross Gold's 14.5% margin.

These differences also reflect in their share price performance in recent years. As weakening gold prices and the broader market selloff due to macroeconomic concerns took a toll on gold stocks in 2022, Kinross Gold stock slipped by nearly 25%. By comparison, Barrick Gold still managed to keep optimism alive, which restricted its losses to just 3.5% last year.

Overall, Barrick Gold stock has yielded 48.6% positive returns in the last five years, whereas Kinross stock has inched up by only 17.2%.

Bottom line

If you're looking to buy a low-volatility gold stock for the long term, you may want to stick to Barrick Gold, as its stock looks more stable with a resilient business model. But that doesn't make Kinross Gold a bad investment for the long term, as its financial growth in recent years has been impressive. However, you can avoid buying it right now if you have a low-risk appetite, as K stock is more volatile than ABX stock.

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Date

2025/08/11

Date Created

2023/02/10

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