



5 Reasons Goldcorp Inc. Is a Solid Dividend-Paying Gold Play

Description

Goldcorp Inc. (TSX: G)(NYSE: GG) is advancing growth by way of acquisition, divesting, exploration, and reinvestment into its asset portfolio. Its current sources of operating cash flows are mainly from selling gold, silver, copper, lead, and zinc.

Here are five reasons investors should consider Goldcorp as a solid dividend-paying gold play for their portfolios.

1. Recent revenue growth and lower costs

For Q2 2014, Goldcorp's revenue grew 6% (\$48 million). This revenue increase was mainly because of higher volumes for gold, silver, and zinc. It was also due to a higher realized price for zinc. Furthermore, Goldcorp's production costs fell by 3% (\$18 million) in Q2.

For Q2, the company's all-in sustaining costs were \$852 per gold ounce. This is in comparison to \$1,227 in 2013. Its all-in costs were \$1,486 per gold ounce, versus \$1,768 the year prior. Moreover, its total cash costs were \$470 per gold ounce (net of byproduct silver, copper, lead and zinc credits) versus \$646 last year.

2. Cerro Negro

Cerro Negro is an example of Goldcorp's focus on new high-quality, low-cost mines. Goldcorp has reconfirmed 2014 gold production guidance at Cerro Negro of between 130,000 and 180,000 ounces. The company achieved first gold at this project this year on July 25, 2014. Goldcorp commenced construction at Cerro Negro more than three years ago and is now finally reaping the benefits of its capital outlays.

3. Peñasquito

Peñasquito is Goldcorp's newest cornerstone mine in Mexico. This mine attained commercial production in 2010. Containing gold, silver, lead, and zinc, Peñasquito will be Mexico's largest open pit mine. This mine has a processing capacity of 130,000 tpd.

For Q2 2014, Peñasquito had increased throughput, increased grades and recoveries. This facilitated robust production at record low all-in sustaining costs. Record gold production at Peñasquito in Q2 was because of higher mill throughput and higher ore grades. Gold production in the quarter was 29% higher than Q1 2014.

4. Divestitures

Goldcorp is not afraid to divest to gain cash and focus on its more profitable operations. In Q2 2014, the company and its JV partner, **Barrick Gold Corporation**, completed the sale of each company's respective interests in the Marigold mine to **Silver Standard Resources Inc.** Total received was \$267 million in cash, after closing adjustments, and Goldcorp's share of this was \$184 million.

This past March, Goldcorp completed the sale of 31,151,200 common shares of Primero Mining Corp. for \$224 million. It recognized a gain of \$18 million, net of selling costs of \$8 million and no longer owns any Primero shares.

5. Dividends

Since 2003, Goldcorp has paid a monthly dividend to shareholders. The company recently declared its ninth monthly dividend payment of 2014 of \$0.05 per share. Goldcorp's annual payout is \$0.60. Its current dividend yield is a healthy 2.49%, which is pretty good for the highly volatile gold sector. Its five-year average dividend growth rate is 32.32%. For Q2 2014, Goldcorp paid \$122 million in dividends to its shareholders.

Consider Goldcorp as a precious metals addition to your dividend stock portfolio. With a focus on lower cost new mines, Goldcorp offers greater income earning potential for dividend investors interested in the gold sector.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

Date

2025/06/29

Date Created

2014/09/29

Author

mugulini

default watermark

default watermark