



Rating
Buy

North America
Canada

Industrials
Metals & Mining

Company
Barrick Alert

Reuters
ABX.N

Bloomberg
ABX US

Exchange
NYS

Ticker
ABX

Date
15 February 2017

Results

Price at 15 Feb 2017 (USD)	19.32
Price target	21.00
52-week range	23.16 - 11.59

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4Q16 result: Strong production; 2017 outlook improved

Barrick reported adj. EPS of 22c, above DBe of 18c and Factset consensus of 19c. Reported EPS of \$0.36 included a \$146m (\$13c/sh) net impairment reversal. Balance Sheet has continued to improve and the company has set a further target to reduce debt by \$2.9bn to \$5bn over 2017/18. Management targeting FCF breakeven at \$1,000/oz. Barrick has also increased its quarterly dividend from 2c to 3c. We expect further project details at the company's Operations and Technical Update on Feb 22nd. Re-iterate Buy with improving balance sheet and ongoing cost-out program (All-In Sustaining Costs \$730/oz in 2016, -12% YoY).

EBITDA of \$1.16bn (-9% QoQ, +7% vs DBe) with higher copper sales (107m lb, +8% vs DBe) and slightly lower gold cash costs than forecast. Gold sales of 1.5moz (+10%, 0%), cash costs \$540/oz (+4%, -1%). Net debt 6% lower QoQ and 2% below DBe at \$5.5bn with a \$2bn debt reduction during 2016, as targeted.

YE16 gold reserves totaled 86m oz (-5% YoY after divestments) at \$1,000/oz gold for the next four years and \$1,200/oz thereafter, implying a 15-year reserve life (on 2017 run-rate). Measured and Indicated resources largely flat (post divestments) to 75m oz under a price assumption of \$1,500/oz (+\$200/oz YoY). 2017 production guidance of 5.6-5.9m oz gold (higher vs. prior 5-5.5m oz, DBe 5.3m oz). All-in Sustaining Costs at \$720-770/oz (\$759/oz) and capex \$1.3-1.5bn (DBe \$1.7bn). Cortez/Turquoise Ridge underground (UG) expansion, Laguna Norte life extension and Goldrush development projects all on track. Barrick has initiated PFS to evaluate construction of UG mine at Argentinean side of Pascua-Lama project. Company to shortly file "shelf" for up to \$4bn. Conf. call Feb 16 at 9am ET; call-in: (855) 669-9658.

Stock & option liquidity data

Market Cap (USDm)	22,507.8
Shares outstanding (m)	1,165.0
Free float (%)	100
Volume (15 Feb 2017)	3,183,245
Option volume (und. shrs., 1M avg.)	2,873,118

Source: Deutsche Bank

Key data

FYE 12/31	2015A	2016E	2017E
1Q EPS	0.05	0.11A	0.17
2Q EPS	0.05	0.14A	0.13
3Q EPS	0.11	0.24A	0.17
4Q EPS	0.08	0.18	0.18
FY EPS (USD)	0.30	0.66	0.65
P/E (x)	32.9	29.2	29.7

Source: Deutsche Bank

* Includes the impact of FAS123R requiring the expensing of stock options.

Figure 1:

(\$m)	4Q16A	4Q16E	vs est.	3Q16A	QoQ chg	4Q15A	YoY chg
Revenue	2,319	2,265	2%	2,297	1%	2,238	4%
EBITDA	1,161	1,085	7%	1,280	-9%	867	34%
EBITDA margin (%)	50.1%	47.9%	215bps	55.7%	-566bps	38.7%	1132bps
Net income	425	209	103%	175	143%	(2,622)	nm
Diluted EPS (\$)	0.36	0.18	103%	0.15	143%	(2.25)	nm
Adj. diluted EPS (\$)	0.22	0.18	22%	0.24	-8%	0.08	180%
Net debt (cash)	5,542	5,659	-2%	5,891	-6%	7,513	-26%
Gold sales (000 oz)	1,519	1,516	0%	1,386	10%	1,636	-7%
Realized price (\$/oz)	1,217	1,230	-1%	1,333	-9%	1,105	10%
Cash cost (\$/oz)	540	543	-1%	518	4%	547	-1%

Source: Deutsche Bank, Company Data

Deutsche Bank Securities Inc.

Distributed on: 16/02/2017 01:03:36 GMT

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