



Rating
Buy

North America
Canada

Industrials
Metals & Mining

Company
Barrick Alert

Reuters
ABX.N

Bloomberg
ABX US

Exchange
NYS

Ticker
ABX

Date
25 October 2017

Results

| | |
|----------------------------|---------------|
| Price at 25 Oct 2017 (USD) | 15.75 |
| Price target | 19.00 |
| 52-week range | 20.43 - 13.95 |

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3Q17 results: EBITDA below on higher-than-expected costs

Barrick reported adjusted EPS of 16c, slightly below DBe of 17c and in-line with Factset consensus of 16c. Reported EPS loss of 1c included a \$101m (~\$0.09/sh) loss on debt retirement and \$172m (~15c/sh) tax provision related to Acacia Mining, offset by a \$93m (~8c/sh) tax adjustments. Barrick recently agreed on a framework with Tanzania to resolve the import ban on Acacia Mining, where 50% of the economic benefits would be shared with the government in the form of royalties, taxes and a 16% free carried interest. Acacia's approval of this framework expected by 1H18. A \$300m payment to the government is being put in place to resolve outstanding tax matter. A 3c dividend will be paid on Dec 15. Maintain Buy with improving Balance Sheet and unlocking value for key development projects, such as Pascua-Lama.

Adjusted EBITDA of \$899m (-19% QoQ, -8% vs DBe) with gold sales of 1.2moz (pre-released) 12% below 2Q17 due to lower gold production in North America and South America. Higher cash costs than forecast at \$546/oz (+15%, +12%), driven mainly by mining costs. Copper sales at 107m lbs, 9% above 2Q17. Net Debt 2% lower QoQ at \$4.4bn.

2017 outlook reduced to 5.3-5.5m oz gold (prev. 5.3-5.6m oz; DBe 5.3m oz conservative due to Tanzania). Copper guidance narrowed to 420-440m lbs (prev. 400-450m lbs, DBe 421m lbs) and cost of sales \$1.70-1.85/lb due to higher costs in Zambia (prev. \$1.50-1.70/lb, DBe \$1.68/lb). All-in Sustaining Costs at \$740-770/oz (prev. \$720-770/oz, DBe \$749/oz). Cortez Deep South underground expansion on schedule, with a record of decision anticipated by 2020. Work at Goldrush continues with permitting expected in 2018. Conf. call Oct 26 at 8.00am ET; call-in: (800) 319-4610.

Stock & option liquidity data

| | |
|-------------------------------------|-----------|
| Market Cap (USDm) | 18,360.6 |
| Shares outstanding (m) | 1,165.8 |
| Free float (%) | 100 |
| Volume (25 Oct 2017) | 3,651,587 |
| Option volume (und. shrs., 1M avg.) | 2,873,118 |

Source: Deutsche Bank

Key data

| FYE 12/31 | 2016A | 2017E | 2018E |
|--------------|-------|-------|-------|
| 1Q EPS | 0.11 | 0.14A | 0.18 |
| 2Q EPS | 0.14 | 0.22A | 0.17 |
| 3Q EPS | 0.24 | 0.17 | 0.17 |
| 4Q EPS | 0.22 | 0.20 | 0.17 |
| FY EPS (USD) | 0.70 | 0.73 | 0.69 |
| P/E (x) | 23.2 | 21.7 | 23.0 |

Source: Deutsche Bank

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

Figure 1: 3Q17 Barrick results summary

| (\$m) | 3Q17A | 3Q17E | vs est. | 2Q17A QoQ chg | 3Q16A YoY chg |
|------------------------|---------------|-------------|--------------|---------------|---------------|
| Revenue | 1,993 | 1,933 | 3% | 2,160 | -8% |
| Adj. EBITDA | 899 | 982 | -8% | 1,114 | -19% |
| Adj. EBITDA margin (%) | 45.1% | 50.8% | -569bps | 51.6% | -647bps |
| Net income | (11) | 194 | -106% | 1,084 | -101% |
| Diluted EPS (\$) | (0.01) | 0.17 | -106% | 0.93 | -101% |
| Adj. diluted EPS (\$) | 0.16 | 0.17 | -4% | 0.22 | -29% |
| Net debt (cash) | 4,422 | 4,316 | 2% | 4,518 | -2% |
| Gold sales (000 oz) | 1,227 | 1,227 | 0% | 1,398 | -12% |
| Realized price (\$/oz) | 1,278 | 1,278 | 0% | 1,258 | 2% |
| Cash cost (\$/oz) | 546 | 489 | 12% | 474 | 15% |
| Copper sales (m lbs) | 107 | 107 | 0% | 98 | 9% |
| Realized price (\$/lb) | 2.88 | 2.88 | 0% | 2.60 | 11% |
| Capex | (307) | (334) | -8% | (405) | -24% |

Source: Deutsche Bank, Company Data

Deutsche Bank Securities Inc.

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