

Barrick Gold Corporation

A balanced price outlook

Cautiously optimistic on gold...

We remain Neutral on Barrick Gold as earnings upside from marginally higher gold prices in the coming years are largely offset by lower production (from lower grades), according to our estimates. Further gains in gold are likely to be driven by a continuation of strategic investor portfolio allocations. Based on precious metals team's investor channel-checks, subdued investor participation in H1 suggests that there may be some catching up to do ahead. We expect interest to pick up as the unwinding of the reflation theme in rates and USD is yet to be reflected in gold and as gold becomes increasingly attractive as a hedge against equity exposures (see [UBS Global I/O: Miner's Price Review: Unseasonal Strength](#)).

...but not without noteworthy risks

We think downside risks relative to our price forecasts have increased somewhat of late. We see three key challenges: 1) the impact of a hawkish Fed on gold sentiment; 2) diminished macro uncertainty; and 3) potential upside pressure from EUR rates globally. The key risk to our positive gold view is for an overall range-bound market, rather than a significant collapse in prices from here.

Watch factors that affect real rates

Monetary policy at the Fed and the ECB, nominal yields, oil and commodity prices are key factors to watch, especially given the pressure on inflation of late. US fiscal policy remains an important source of uncertainty. We will also monitor cross-asset correlations, as well as trends in physical markets by looking at trade data, differentials between local and international gold prices, scrap flows and producer hedging activity.

Valuation: reiterate Neutral

We lower earnings estimates and our DCF and multiple-derived price target from US\$20 to US\$18 per share. The downgrade primarily reflects our Precious Metals team's most recent gold price revision from US\$1,350/bz to US\$1,300/bz in 2017, from US\$1,450/bz to US\$1,325/bz in 2018 and from 1,475/bz to 1,375/bz in 2019 (see [note](#)) alongside a smaller production revision. Our subsequent 9% EBITDA downgrade in 2017-21E lowers our price target by 10%. We maintain our Neutral rating with only 7% upside to our new price target of US\$18 per share.

Equities

Americas
Precious Metals

12-month rating **Neutral ***

12m price target **US\$18.00**
Prior: US\$20.00

Price **US\$16.85**

RIC: ABX.N BBG: ABX US

Trading data and key metrics

52-wk range US\$20.61-14.00
Market cap. US\$19.6bn
Shares o/s 1,165m (COM)
Free float 100%
Avg. daily volume ('000) 2,900
Avg. daily value (m) US\$47.3
Common s/h equity (12/17E) US\$10.1bn
P/BV (12/17E) 1.9x
Net debt / EBITDA (12/17E) 0.9x

EPS (UBS, diluted) (US\$)

	12/17E			
	From	To	% ch	Cons.
Q1	0.22	(0.09)	NM	0.14
Q2	0.23	0.43	87	0.22
Q3E	0.27	0.22	-21	0.17
Q4E	0.30	0.21	-32	0.20
12/17E	1.03	0.75	-26	0.73
12/18E	0.97	0.81	-17	0.77
12/19E	0.82	0.79	-4	0.74

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Highlights (US\$m)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
Revenues	10,239	9,029	8,558	8,553	8,239	8,088	6,926	6,064
EBIT (UBS)	2,238	1,479	2,303	2,708	2,497	2,496	1,866	1,497
Net earnings (UBS)	793	344	791	880	946	919	679	560
EPS (UBS, diluted) (US\$)	0.68	0.30	0.68	0.75	0.81	0.79	0.58	0.48
DPS (US\$)	0.20	0.14	0.08	0.08	0.08	0.08	0.08	0.08
Net (debt) / cash	(10,382)	(7,513)	(5,542)	(3,725)	(2,194)	(851)	(1,556)	(1,433)
Profitability/valuation	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
EBIT margin %	21.9	16.4	26.9	31.7	30.3	30.9	26.9	24.7
ROIC (EBIT) %	8.2	6.8	13.2	15.8	14.5	14.5	10.3	7.7
EV/EBITDA (core) x	8.9	7.2	7.5	6.5	6.7	6.6	8.7	10.1
P/E (UBS, diluted) x	24.5	32.9	24.1	22.3	20.8	21.4	28.9	35.1
Equity FCF (UBS) yield %	(0.7)	9.6	7.9	5.3	8.3	7.3	(3.1)	1.1
Net dividend yield %	1.2	1.4	0.5	0.5	0.5	0.5	0.5	0.5

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US\$16.85 on 18 Aug 2017 09:44 EDT

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This report has been prepared by UBS Securities LLC. * Exception to core rating bands; See page 11. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 11.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

[OUR THESIS IN PICTURES →](#)

PIVOTAL QUESTIONS

Q: Can gold sustain a move higher?

Yes. Macro forces should underpin gold, helping extend its journey higher, in our view. A benign rates environment, softer dollar and broad macro uncertainty supports the case for having some gold exposure within a diversified portfolio. We expect interest to pick up as the unwinding of the reflation theme in rates and USD is yet to be reflected in gold and as gold becomes increasingly attractive as a hedge against equity exposures.

["UBS Global IO: Miner's Price Review: Unseasonal Strength" 7/6/2017 →](#)

Q: Where is the balance of risks?

We think downside risks relative to our price forecasts have increased somewhat of late. We see three key challenges: 1) the impact of a hawkish Fed on gold sentiment; 2) diminished macro uncertainty; and 3) potential upside pressure from EUR rates globally. The key risk to our positive gold view is for an overall range-bound market, rather than a significant collapse in prices from here. Lean positioning should help limit selling capacity. That gold is under-owned also suggests there's ample room to build strategic positions at better levels, offering support on the downside.

["UBS Global IO: Miner's Price Review: Unseasonal Strength" 7/6/2017 →](#)

UBS VIEW

Maintain Neutral on Barrick Gold. We maintain our Neutral rating on Barrick Gold, as gold price upside appears well-balanced with downside risks at the current point in time. A potential break beyond key US\$1,300/oz levels could attract further price momentum. But downside risk is that any positions entered purely on the back of recent geopolitical headlines are typically not very durable and could easily be unwound as soon as signs emerge that tensions are easing.

EVIDENCE

Speculative positions on Comex have increased in the past couple of weeks, but overall levels remain lean. Subdued participation this year and lean positioning suggests that market participants would have to play catch-up on a break higher. On the flip side, this also suggests that a pullback is likely to be relatively contained ([see note](#)).

WHAT'S PRICED IN?

The rally from the July lows recently took gold prices back towards US\$1,300 for the third time this year and a test of this level would be an important checkpoint for gold. This area has proven to hold strong resistance so far this year and is likely to attract some selling. Having said this, market sentiment seems to have shifted more distinctly in gold's favour of late. In particular, noticeable interest from more strategic players reinforces our view that gold continues to be viewed as a valid asset to hold for portfolio diversification and as a hedge against tail risks. A break beyond this key US\$1,300 level could attract further momentum ([see note](#)).

UPSIDE / DOWNSIDE SPECTRUM



Value drivers	2017 gold price	2017 EBITDA	2017 EBITDA margin	Implied EV/EBITDA '17
US\$20.0 upside	US\$1,346/oz	US\$4,772	53%	6.0x
US\$18.0 base	US\$1,300/oz	US\$4,289	50%	6.0x
US\$14.5 downside	US\$1,216/oz	US\$3,704	46%	6.0x

Source: UBS

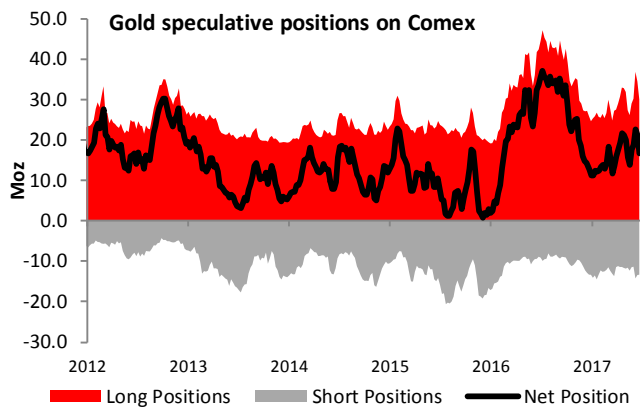
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COMPANY DESCRIPTION

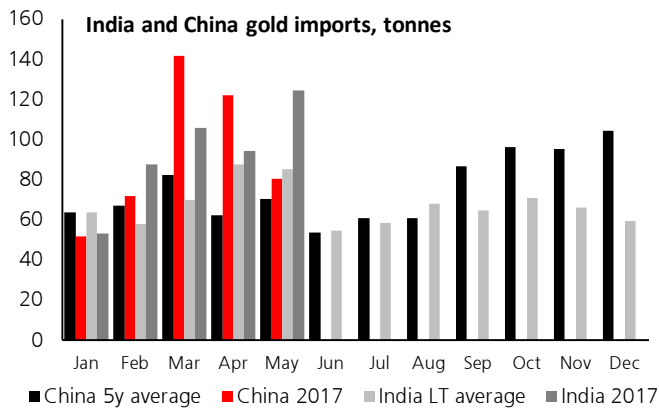
Barrick Gold (ABX) is a senior gold producer headquartered in Toronto with common share listings on the TSX and NYSE. ABX ranks among the largest gold companies in the world, with...

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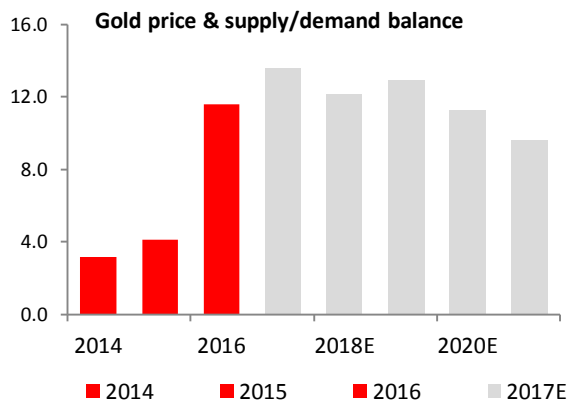
OUR THESIS IN PICTURES

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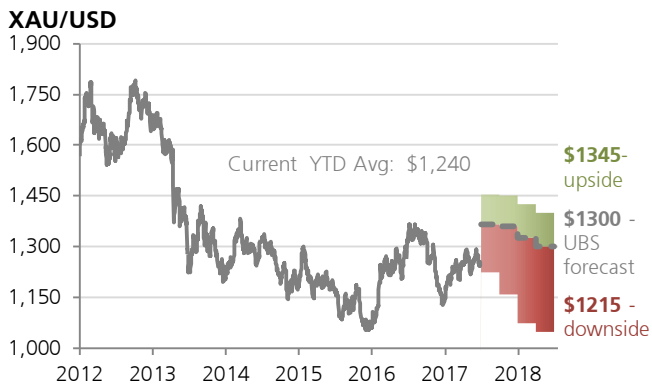
Gold speculative positions are weighted to the long side...



...supported by physical metal imports....



...but with the gold market still in surplus...



...our price risk outlook remains balanced with marginal upside risk in support of our Neutral on Barrick Gold

Source: Bloomberg, GFMS, CFTC, WGC, Reuters, UBS estimates

COMMENTARY

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Figure 1: Barrick Gold Corp. earnings and valuation revision

Barrick Gold Corp. - Neutral PT US\$18.00

Assumptions		2017e			2018e			2019e		
		New	Old	% Δ	New	Old	% Δ	New	Old	% Δ
Gold	US\$/oz	1,300	1,350	-4%	1,325	1,450	-9%	1,375	1,475	-7%
Copper	US\$/lb	2.68	3.00	-11%	2.80	3.25	-14%	3.00	3.25	-8%
Gold Production	koz	5,260	5,342	-2%	4,884	4,864	0%	4,508	4,387	3%
Copper production	kt	423	434	-2%	487	451	8%	502	466	8%



Earnings Revision		2017e			2018e			2019e		
		New	Old	% Δ	New	Old	% Δ	New	Old	% Δ
Revenue	US\$mn	8,553	9,005	-5%	8,239	8,914	-8%	8,088	8,388	-4%
EBITDA	US\$mn	4,289	4,666	-8%	4,006	4,777	-16%	3,912	4,358	-10%
EPS (UBS adj.)	US\$	0.75	1.03	-26%	0.81	0.97	-17%	0.79	0.82	-4%



UBS vs Consensus		2017e			2018e			2019e		
		UBS	Cons.	% Δ	UBS	Cons.	% Δ	UBS	Cons.	% Δ
Revenue	US\$mn	8,553	8,351	2%	8,239	7,908	4%	8,088	7,779	4%
EBITDA	US\$mn	4,289	4,241	1%	4,006	3,729	7%	3,912	3,652	7%
Gold	US\$/oz	1,300	1,242	5%	1,325	1,249	6%	1,375	1,271	8%

ROIC-WACC		2017e	2018e	2019e
ROIC		15.8%	14.5%	14.5%
WACC (gold)		5.0%	5.0%	5.0%
Spread		10.8%	9.5%	9.5%



DCF Assumptions			
	New	Old	% Δ
Cost of Equity	NA	NA	NA
Rf Rate	NA	NA	NA
Beta	NA	NA	NA
ERP	NA	NA	NA
Cost of Debt (AT)	NA	NA	NA
Tax	NA	NA	NA
WACC (gold)	5.0%	5.0%	0%
WACC (copper)	8.0%	8.0%	0%
DCF Price Target (USD)	18.0	20.0	-10%
Rating	Neutral	Neutral	



Multiples		2017e	2018e	2019e
PE		22.2x	20.6x	21.2x
EV/EBITDA		6.5x	6.6x	6.6x
Net Debt/EBITDA		0.9x	0.5x	0.2x
Capex/Sales		18%	16%	18%
Capex/Depreciation		97%	87%	105%

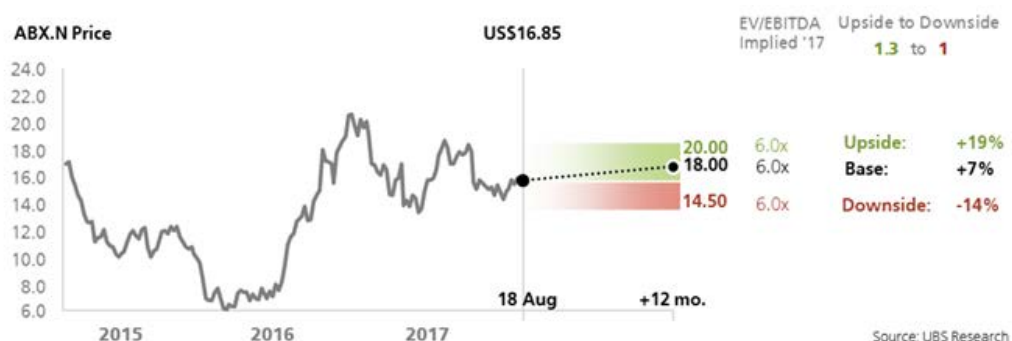


- We change our price target from US\$20 to US\$18 and maintain our Neutral rating
- This primarily reflects our change in gold price assumptions (see Assumptions table)
- Our earnings estimates are above consensus, reflecting our higher gold price forecast (see UBS vs. Cons table)
- We make no change to our WACC estimates (see DCF assumptions table)
- Our valuation is based on a 1.6x P/NAV and a 7.0x EV/EBITDA multiple (see below)

P/NAV basis (US\$mn)		EV/EBITDA basis (US\$mn)		Share Price Calculation	
Gold NAV	13,028	Consolidated NTM EBITDA	4,040	Implied Equity Value (PNAV)	19,512
Copper NAV	2,160	NCI & Equity Income	(177)	Weighting	60%
Operating NAV	15,187	Attributable NTM EBITDA	3,863	Implied Equity Value (EV/EBITDA)	22,932
P/NAV multiple	1.6x	Multiple	7.0x	Weighting	40%
Implied NAV	24,300	Implied EV	27,041	Implied Equity Value	20,880
Net Debt & Other	(4,788)	Net Debt	(4,109)	Shares Outstanding (mn)	1,166
Implied Equity Value	19,512	Implied Equity Value	22,932	\$/share	18.0

Source: Factset, UBS estimates

UPSIDE / DOWNSIDE SPECTRUM

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Barrick Gold is trading
at CAD21.36
(as of 17 August).

Value drivers	2017 gold price	2017 EBITDA	2017 EBITDA margin	Implied EV/EBITDA '17
US\$20.0 upside	US\$1,346/oz	US\$4,772	53%	6.0x
US\$18.0 base	US\$1,300/oz	US\$4,289	50%	6.0x
US\$14.5 downside	US\$1,216/oz	US\$3,704	46%	6.0x

Source: UBS

Risk to the current share price is balanced (1.1:1) to the upside

Barrick Gold is trading at **CAD21.36** (as of 17 August).

Upside (US\$20.00): An unexpected shift towards stronger global economic growth, perhaps as stimulus tilts from monetary easing and toward direct fiscal expenditure, especially in infrastructure. In China, infrastructure spend continues to lift further while property construction follows the lift in sales into 2017-18. Global trade lifts & with it activity in emerging market economies (SE Asia, India, Brazil). On the supply side, the mining industry remains cautious about lifting supply. 2016Q1 proves to be the bottom in commodities & exposed equities. The longer term forecast is flexed up a tad.

In our upside scenario, we assume a gold price of US\$1,346/oz in 2017E.

Base (US\$18.00): Macro forces should underpin gold, helping extend its journey higher. A benign rates environment, softer dollar and broad macro uncertainty supports the case for having some gold exposure within a diversified portfolio. We expect interest to pick up as the unwinding of the reflation theme in rates and USD is yet to be reflected in gold and as gold becomes increasingly attractive as a hedge against equity exposures.

In our base case scenario, we assume a gold price of US\$1,300/oz in 2017E.

Downside (US\$14.50): Lower demand growth driven by a moderation in the pace of construction activity in China, with a slowing lift in actual infrastructure activity while property construction reverts to negative growth from 2017H2. On the supply side, deflation of costs resumes while supply shuts are more protracted. We have the commodity price cycle bottoming in 2017e & lifting from here as oil prices reflate, but towards lower long term prices.

In our downside scenario, we assume a gold price of US\$1,216/oz in 2017E.

COMPANY DESCRIPTION

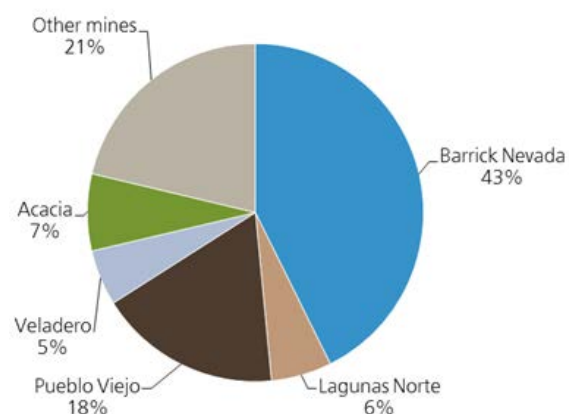
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Barrick Gold (ABX) is a senior gold producer headquartered in Toronto with common share listings on the TSX and NYSE. ABX ranks among the largest gold companies in the world, with operating mines and development projects in countries including the US, Peru, Tanzania, Chile, Argentina, Australia and Canada. It has a portfolio of long-life properties with gold mineral reserves in excess of 90 million ounces. It also has meaningful copper exposure.

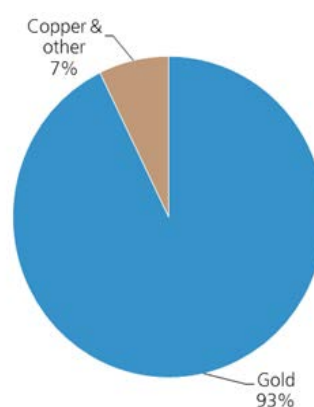
Industry outlook

A potential break beyond key US\$1,300/oz levels could attract further price momentum. But downside risk is that any positions entered purely on the back of recent geopolitical headlines are typically not very durable and could easily be unwound as soon as signs emerge that tensions are easing.

Revenues by mine (%)



Revenues by product segment



Source: Company data

Barrick Gold Corporation (ABX.N)

Income statement (US\$m)	12/14	12/15	12/16	12/17E	% ch	12/18E	% ch	12/19E	12/20E	12/21E
Revenues	10,239	9,029	8,558	8,553	-0.1	8,239	-3.7	8,088	6,926	6,064
Gross profit	3,409	2,122	3,153	3,211	1.8	3,000	-6.6	2,908	2,213	1,856
EBITDA (UBS)	3,886	3,250	3,877	4,289	10.6	4,006	-6.6	3,912	3,092	2,624
Depreciation & amortisation	(1,648)	(1,771)	(1,574)	(1,580)	0.4	(1,508)	-4.5	(1,416)	(1,226)	(1,127)
EBIT (UBS)	2,238	1,479	2,303	2,708	17.6	2,497	-7.8	2,496	1,866	1,497
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	(4,106)	(3,897)	250	1,969	NM	0	-	0	0	0
Net interest	(785)	(726)	(775)	(660)	14.8	(658)	0.4	(619)	(596)	(558)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Profit before tax	(2,653)	(3,144)	1,778	4,017	125.9	1,839	-54.2	1,877	1,270	939
Tax	(306)	31	(917)	(1,317)	-43.6	(644)	51.1	(657)	(381)	(282)
Profit after tax	(2,959)	(3,113)	861	2,700	213.6	1,196	-55.7	1,220	889	658
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	52	231	(206)	(446)	-116.3	(249)	44.0	(302)	(210)	(98)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	(2,907)	(2,882)	655	2,255	244.2	946	-58.0	919	679	560
Net earnings (UBS)	793	344	791	880	11.2	946	7.5	919	679	560
Tax rate (%)	-	-	51.6	32.8	-36.4	35.0	6.8	35.0	30.0	30.0
Per share (US\$)	12/14	12/15	12/16	12/17E	% ch	12/18E	% ch	12/19E	12/20E	12/21E
EPS (UBS, diluted)	0.68	0.30	0.68	0.75	11.2	0.81	7.5	0.79	0.58	0.48
EPS (local GAAP, diluted)	(2.50)	(2.47)	0.56	1.93	244.0	0.81	-58.0	0.79	0.58	0.48
EPS (UBS, basic)	0.68	0.30	0.68	0.75	11.2	0.81	7.5	0.79	0.58	0.48
Net DPS (US\$)	0.20	0.14	0.08	0.08	0.0	0.08	0.0	0.08	0.08	0.08
Cash EPS (UBS, diluted) ¹	2.10	1.82	2.03	2.11	3.9	2.11	-0.2	2.00	1.63	1.45
Book value per share	8.80	6.16	6.81	8.65	27.0	9.38	8.5	10.09	10.60	11.00
Average shares (diluted)	1,164.92	1,165.00	1,165.00	1,165.78	0.1	1,165.78	0.0	1,165.78	1,165.78	1,165.00
Balance sheet (US\$m)	12/14	12/15	12/16	12/17E	% ch	12/18E	% ch	12/19E	12/20E	12/21E
Cash and equivalents	2,699	2,455	2,389	3,671	53.7	4,678	27.4	5,608	4,542	3,441
Other current assets	3,451	3,013	2,485	2,577	3.7	2,577	0.0	2,577	2,577	2,577
Total current assets	6,150	5,468	4,874	6,248	28.2	7,255	16.1	8,185	7,119	6,018
Net tangible fixed assets	19,193	14,434	14,103	13,984	-0.8	13,791	-1.4	13,863	15,582	16,199
Net intangible fixed assets	4,734	1,642	1,643	1,586	-3.5	1,586	0.0	1,586	1,586	1,586
Investments / other assets	3,802	4,764	4,644	4,639	-0.1	4,540	-2.1	4,386	4,300	4,254
Total assets	33,879	26,308	25,264	26,457	4.7	27,172	2.7	28,020	28,587	28,057
Trade payables & other ST liabilities	2,227	1,644	1,676	1,430	-14.7	1,430	0.0	1,430	1,430	1,430
Short term debt	333	203	143	525	266.80	413	-21.17	360	1,225	337
Total current liabilities	2,560	1,847	1,819	1,955	7.5	1,843	-5.7	1,790	2,655	1,767
Long term debt	12,748	9,765	7,788	6,872	-11.8	6,458	-6.0	6,098	4,873	4,536
Other long term liabilities	5,709	5,241	5,344	5,317	-0.5	5,454	2.6	5,588	5,720	5,850
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	21,017	16,853	14,951	14,144	-5.4	13,756	-2.7	13,477	13,248	12,154
Common s/h equity	10,247	7,178	7,935	10,088	27.1	10,941	8.5	11,766	12,351	12,818
Minority interests	2,615	2,277	2,378	2,226	-6.4	2,475	11.2	2,777	2,987	3,085
Total liabilities & equity	33,879	26,308	25,264	26,457	4.7	27,172	2.7	28,020	28,587	28,057
Cash flow (US\$m)	12/14	12/15	12/16	12/17E	% ch	12/18E	% ch	12/19E	12/20E	12/21E
Net income (before pref divs)	(2,907)	(2,882)	655	2,255	244.2	946	-58.0	919	679	560
Depreciation & amortisation	1,648	1,771	1,574	1,580	0.4	1,508	-4.5	1,416	1,226	1,127
Net change in working capital	0	0	0	0	-	0	-	0	0	0
Other operating	3,555	3,905	411	(1,255)	-	485	-	590	429	273
Operating cash flow	2,296	2,794	2,640	2,580	-2.3	2,940	14.0	2,925	2,334	1,960
Tangible capital expenditure	(2,432)	(1,713)	(1,126)	(1,537)	-36.5	(1,316)	14.4	(1,488)	(2,946)	(1,744)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) / disposals	0	0	0	0	-	0	-	0	0	0
Other investing	482	1,963	714	964	-	0	-	0	0	0
Investing cash flow	(1,950)	250	(412)	(573)	-39.0	(1,316)	-129.7	(1,488)	(2,946)	(1,744)
Equity dividends paid	(160)	(86)	(86)	(110)	-27.5	(93)	14.9	(93)	(93)	(93)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	147	(56)	(154)	(85)	44.81	0	-	0	0	0
Change in debt & pref shares	(47)	(3,133)	(2,057)	(532)	74.11	(525)	1.50	(413)	(360)	(1,225)
Financing cash flow	(60)	(3,275)	(2,297)	(727)	68.3	(618)	15.0	(507)	(454)	(1,318)
Cash flow inc/(dec) in cash	286	(231)	(69)	1,280	-	1,007	-21.4	930	(1,065)	(1,102)
FX / non cash items	(11)	(13)	3	2	-33.3	0	-	0	0	0
Balance sheet inc/(dec) in cash	275	(244)	(66)	1,282	-	1,007	-21.5	930	(1,065)	(1,102)

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Barrick Gold Corporation (ABX.N)

Valuation (x)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
P/E (local GAAP, diluted)	NM	NM	29.1	8.7	20.8	21.4	28.9	35.1
P/E (UBS, diluted)	24.5	32.9	24.1	22.3	20.8	21.4	28.9	35.1
P/CEPS	8.0	5.4	8.1	8.0	8.0	8.4	10.3	11.6
Equity FCF (UBS) yield %	(0.7)	9.6	7.9	5.3	8.3	7.3	(3.1)	1.1
Net dividend yield (%)	1.2	1.4	0.5	0.5	0.5	0.5	0.5	0.5
P/BV x	1.9	1.6	2.4	1.9	1.8	1.7	1.6	1.5
EV/revenues (core)	3.4	2.6	3.4	3.3	3.3	3.2	3.9	4.4
EV/EBITDA (core)	8.9	7.2	7.5	6.5	6.7	6.6	8.7	10.1
EV/EBIT (core)	15.5	15.8	12.7	10.3	10.7	10.4	14.4	17.8
EV/OpFCF (core)	14.9	12.9	10.1	8.9	9.4	8.7	10.7	12.6
EV/op. invested capital	1.3	1.1	1.7	1.6	1.6	1.5	1.5	1.4
Enterprise value (US\$m)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
Market cap.	19,253	11,316	19,069	19,630	19,630	19,630	19,630	19,630
Net debt (cash)	10,382	7,513	5,542	3,725	2,194	851	1,556	1,494
Buy out of minorities	2,615	2,277	2,378	2,226	2,475	2,777	2,987	3,085
Pension provisions/other	2,495	2,332	2,233	2,388	2,481	2,616	2,749	2,880
Total enterprise value	34,745	23,438	29,222	27,969	26,780	25,874	26,923	27,090
Non core assets	0	0	0	0	0	0	0	(468)
Core enterprise value	34,745	23,438	29,222	27,969	26,780	25,874	26,923	26,622
Growth (%)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
Revenue	-18.2	-11.8	-5.2	-0.1	-3.7	-1.8	-14.4	-12.5
EBITDA (UBS)	-30.6	-16.4	19.3	10.6	-6.6	-2.3	-21.0	-15.1
EBIT (UBS)	-42.1	-33.9	55.7	17.6	-7.8	-0.1	-25.2	-19.8
EPS (UBS, diluted)	-72.9	-56.6	129.9	11.2	7.5	-2.9	-26.1	-17.5
Net DPS	-60.0	-30.0	-42.9	0.0	0.0	0.0	0.0	0.0
Margins & Profitability (%)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
Gross profit margin	33.3	23.5	36.8	37.5	36.4	36.0	32.0	30.6
EBITDA margin	38.0	36.0	45.3	50.1	48.6	48.4	44.6	43.3
EBIT margin	21.9	16.4	26.9	31.7	30.3	30.9	26.9	24.7
Net earnings (UBS) margin	7.7	3.8	9.2	10.3	11.5	11.4	9.8	9.2
ROIC (EBIT)	8.2	6.8	13.2	15.8	14.5	14.5	10.3	7.7
ROIC post tax	-	-	6.4	10.6	9.4	9.4	7.2	5.4
ROE (UBS)	6.7	3.9	10.5	9.8	9.0	8.1	5.6	4.4
Capital structure & Coverage (x)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
Net debt / EBITDA	2.7	2.3	1.4	0.9	0.5	0.2	0.5	0.5
Net debt / total equity %	80.7	79.5	53.7	30.3	16.4	5.9	10.1	9.0
Net debt / (net debt + total equity) %	44.7	44.3	35.0	23.2	14.1	5.5	9.2	8.3
Net debt/EV %	29.9	32.1	19.0	13.3	8.2	3.3	5.8	5.4
Capex / depreciation %	147.6	96.7	71.5	97.3	87.2	105.0	NM	154.7
Capex / revenue %	23.8	19.0	13.2	18.0	16.0	18.4	NM	28.8
EBIT / net interest	2.9	2.0	3.0	4.1	3.8	4.0	3.1	2.7
Dividend cover (UBS)	3.4	2.1	8.5	9.4	10.1	9.8	7.3	6.0
Div. payout ratio (UBS) %	29.4	47.4	11.8	10.6	9.9	10.2	13.7	16.7
Revenues by division (US\$m)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
Others	10,239	9,029	8,558	8,553	8,239	8,088	6,926	6,064
Total	10,239	9,029	8,558	8,553	8,239	8,088	6,926	6,064
EBIT (UBS) by division (US\$m)	12/14	12/15	12/16	12/17E	12/18E	12/19E	12/20E	12/21E
Others	2,238	1,479	2,303	2,708	2,497	2,496	1,866	1,497
Total	2,238	1,479	2,303	2,708	2,497	2,496	1,866	1,497

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	+6.8%
Forecast dividend yield	0.5%
Forecast stock return	+7.3%
Market return assumption	6.2%
Forecast excess return	+1.1%

Valuation Method and Risk Statement

Our price target is a blend of our DCF-based and EBITDA multiple-based methodologies. We point out to investors the potential risks inherent in the mining sector including but not limited to, the volatile nature of commodities prices which could potentially be significantly different from expectations. Furthermore, Barrick is also exposed to other risks including political, financial and operational risks which all have the potential of significantly impacting company performance.

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Buy	FSR is > 6% above the MRA.	45%	28%
Neutral	FSR is between -6% and 6% of the MRA.	38%	27%
Sell	FSR is > 6% below the MRA.	17%	11%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2017.

1: Percentage of companies under coverage globally within the 12-month rating category.

2: Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3: Percentage of companies under coverage globally within the Short-Term rating category.

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UBS Securities LLC: Andreas Bokkenheuser. **UBS Brasil CCTVM S.A.:** Marcio Farid.

Company Disclosures

Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
Barrick Gold Corporation ^{6a, 6b, 7, 16, 20}	ABX.N	Neutral (CBE)	N/A	US\$16.85	17 Aug 2017

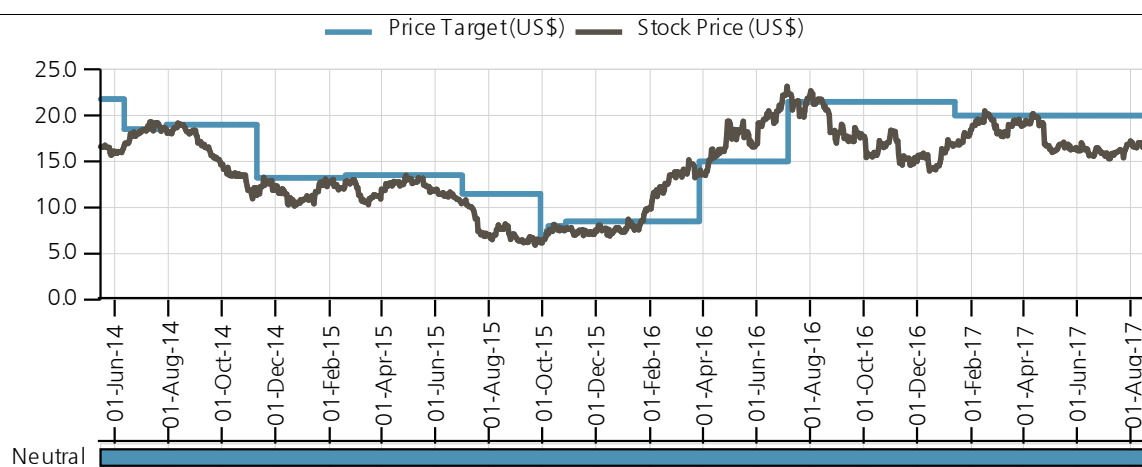
Source: UBS. All prices as of local market close.

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Barrick Gold Corporation (US\$)



Date	Stock Price (US\$)	Price Target (US\$)	Rating
2014-05-16	16.62	21.75	Neutral
2014-06-12	16.75	18.5	Neutral
2014-07-30	18.47	19.0	Neutral
2014-11-10	11.35	13.25	Neutral
2015-02-19	12.82	13.5	Neutral
2015-07-02	10.57	11.5	Neutral
2015-09-29	6.21	7.0	Neutral
2015-10-06	7.3	7.5	Neutral
2015-10-08	7.16	8.0	Neutral
2015-10-28	7.69	8.5	Neutral
2016-03-28	13.61	15.0	Neutral
2016-07-07	22.35	21.5	Neutral
2017-01-13	16.87	20.0	Neutral

Source: UBS; as of 17 Aug 2017

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