



## Agnico Eagle Bulls as Gold Rises

Ticker/Price: AEM (\$41.20)

### Analysis:

**Agnico Eagle Mines (AEM)** on 3/26 with an afternoon buy of 1000 January \$42 calls for \$7.15 and another 200 added at \$7.30. AEM saw 1000 August \$30 puts old to open on 3/19 and 1000 August \$50 puts sold to open on 2/20. Despite gold prices being back near highs AEM shares have pulled back sharply off highs and tested support from 2018 before bouncing the last two weeks. AEM has a monthly channel developing and could make a run back to highs over the next few months. The \$9.1B miner trades 23.45X Earnings, 2.05X Book and 9X EBITDA with a 1.94% dividend yield. Forecasts see EBITDA growth of 25.5% in 2020 and 15% in 2021. AEM hit record gold production and cash flow in 2019 with 18% production growth seen through 2020. Its new Nunavut gold mines completed in 2019 and ramp up is continuing through Q1 2020. AEM has a strong balance sheet with \$328M in cash and minimal debt obligations. AEM's reserves rank top in the industry for quality grade. It expects to utilize rising FCF via new pipeline projects, reducing debt, and raising its dividend. Analysts have an average target of \$62 and short interest low at 1.5% of the float. TD Securities upgraded AEM to Buy earlier this week and on 3/2 Canaccord raised to Buy with a C\$82 target as an attractive reward/risk. Hedge Fund ownership rose 9.5% in Q4 filings, Findlay Park and Duquesne Family Office notable holders.

### Hawk Vision:



**Hawk's Perspective:** AEM is showing a disconnect with Gold prices and has a nice recent low to trade against, though NEM is my preferred gold mining name.

**Confidence Ranking:** \$\$