



February 10, 2021

Cameco Corporation

Shares have continued to move well ahead of fundamentals

Our view: We believe Cameco shares have run well ahead of market fundamentals, potentially due to excitement related to clean energy trends that are long dated and unlikely to impact our 5-10 year uranium market outlook. In the near term, we see limited potential upside for uranium prices and expect negative near-term cash flow due to curtailment-related costs. However, we continue to see Cameco as well positioned for a long-term uranium market recovery.

Key points:

Uranium market recovery remains a long-term trend: We continue to view the uranium market recovery as gradual and long term. We see the market in relative balance, Covid disruptions aside, through to the mid-2020s, with a more significant deficit in the later 2020s. See our [Uranium Outlook](#), published Nov. 2020. Although we are encouraged by the growing support for clean energy, which in some jurisdictions includes nuclear, and the development of advanced nuclear technologies, we think these positive drivers are longer dated and unlikely to have any significant impact on our demand outlook over the next 5-10 years.

We see limited near-term upside potential for uranium prices - as noted by UxC, utility uncovered requirements in the next couple years were reduced in 2020, which limits near-term pressure to enter the market; producer purchases in 2021 will be lower than in 2020, as reflected by Cameco's guidance for 8-10Mlbs market purchases in 2021, down from 33.5Mlbs in 2020; and we see the re-start of production following Covid-related curtailments as a potential headwind for price momentum.

Near-term operating costs covered by balance sheet: We forecast negative free cash flow at -\$39M in 2021 due to curtailed production resulting in market purchases and care-and-maintenance costs, while sales are expected to be lower than last year. We have pushed out our expectations for the Cigar Lake re-start to Q4/21 (from Q3/21) and have assumed a more gradual ramp-up into 2022. In 2021, we estimate \$181M care-and-maintenance cash costs and expect Cameco to purchase 13Mlbs to meet delivery requirements.

Shares remain elevated relative to uranium fundamentals: Although we expect the uranium market to recover long term, we continue to believe that Cameco's share price has run well ahead of fundamentals. We think some of the recent valuation bump may be tied to clean energy excitement and nuclear's future role in de-carbonization. However, we think the timelines being discussed are very long dated and have yet to materially affect the uranium market outlook.

Reiterate Underperform, \$15 PT: We have lowered our 2021E and 2022E EBITDA to \$67M and \$231M, from \$83M and \$240M.

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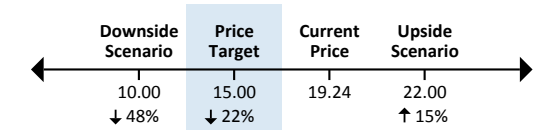
Underperform

TSX: CCO; CAD 19.24; NYSE: CCI

Price Target CAD 15.00

WHAT'S INSIDE	
<input type="checkbox"/> Rating/Risk Change	<input type="checkbox"/> Price Target Change
<input type="checkbox"/> In-Depth Report	<input checked="" type="checkbox"/> Est. Change
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Scenario Analysis*



*Implied Total Returns

Key Statistics

Shares O/S (MM):	395.9	Market Cap (MM):	7,617
Dividend:	0.08	Yield:	0.4%
NAVPS:	12.96	P/NAVPS:	1.48x
Float (MM):	395.8	Tr. 12 ROE:	2.90%
Debt to Cap:	18%	Enterprise Val. (MM):	7,669
		Avg. Daily Volume:	2,612,823
		3-Yr. Est. EPS Growth:	65.00%

RBC Estimates

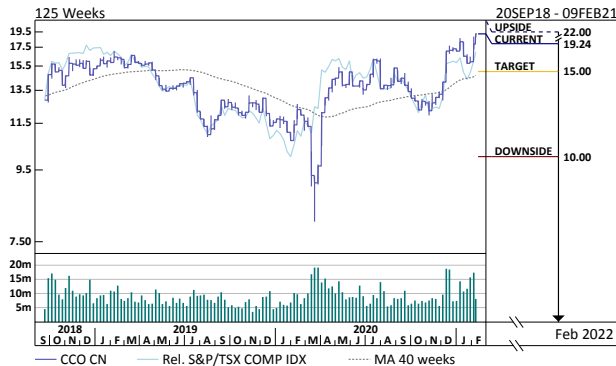
FY Dec	2019A	2020A	2021E	2022E
EPS, Adj Diluted	0.10	(0.17)	(0.23)	0.09
Prev.		(0.35)	(0.19)	0.08
P/AEPS	NM	NM	NM	NM
EBITDA, Adj	416.5	190.4	67.0	230.6
Prev.		56.6	82.6	239.9
FCFPS	0.96	(0.22)	(0.10)	0.52
Prev.		(0.72)	(0.05)	0.58
P/FCF	20.0x	nm	nm	37.0x
EPS, Adj Diluted	Q1	Q2	Q3	Q4
2020	0.07A	(0.16)A	(0.20)A	0.12A
Prev.				(0.06)E
2021	(0.06)E	(0.06)E	(0.09)E	(0.01)E
Prev.	(0.09)E	(0.10)E	(0.03)E	0.02E
2022	(0.02)E	0.00E	0.01E	0.09E
Prev.	(0.01)E		0.00E	0.08E
EBITDA, Adj				
2020	65.3A	(2.8)A	(24.0)A	151.9A
Prev.				18.1E
2021	14.4E	14.5E	(4.4)E	42.5E
Prev.	1.6E	(2.4)E	24.6E	58.7E
2022	34.3E	50.9E	47.3E	98.2E
Prev.	48.5E	49.5E	46.6E	95.3E

All values in CAD unless otherwise noted.



Target/Upside/Downside Scenarios

Exhibit 1: Cameco Corporation



Source: Bloomberg and RBC Capital Markets estimates for Upside/Downside/Target

Price target/base case

We rate Cameco shares Underperform, with a \$15 price target. We value the company by applying an EV/EBITDA multiple to Cameco’s operating assets, a DCF valuation to its McArthur River asset, and then adding the CRA restricted cash. Our EV/EBITDA valuation applies a 15x multiple to 2022 EBITDA estimates — this multiple is above the average multiple post-Fukushima and pre-McArthur shutdown in recognition of greater interest as an ESG and clean energy investment. Our DCF analysis uses an 8% discount rate.

Upside scenario

Our upside scenario of \$22 assumes that uranium prices recover earlier than expected and higher prices are required to incentivize new mine supply. In this scenario, we increase our price forecasts for 2021 by \$5/lb and 2022–30 by \$10/lb and use a \$60/lb long-term spot price forecast. We increase our EV/EBITDA valuation multiple to 20x to account for increased interest as a clean energy investment. We also assume that the CRA restricted cash is returned, which adds \$1/sh to our valuation.

Downside scenario

Our downside scenario of \$10 assumes that uranium prices take longer than expected to recover and less new mine supply is required due to weak demand. In this scenario, we decrease our price forecasts for 2021 by \$5/lb and 2022–30 by \$10/lb and use a \$40/lb long-term spot price forecast. We also assume that the CRA restricted cash is not returned.

Investment summary

We believe the company is well positioned to benefit from an eventual long-term recovery in uranium prices, while strong operations support a very robust financial position in the near term. However, we expect a uranium price recovery to be gradual and view the shares as fully valued with downside risk and limited upside.

Potential catalysts

Cameco temporarily suspended production at Cigar Lake in December 2020 due to Covid-19 risks. We expect the mine to re-start in Q4/21 as Covid-19 risks are reduced. In the meantime, the company expects to realize \$8-10M monthly care-and-maintenance costs and to purchase uranium in the spot market to meet delivery commitments.

Cameco suspended production at McArthur River mine and Key Lake mill starting January 2018 and announced an indefinite extension of the curtailment in July 2018. The company expects to draw down inventories and make spot market purchases to meet sales commitments. Management has stated that McArthur River would come on-line when the company can sign contracts at prices that would provide acceptable returns—we view this price level as ~\$40/lb.

Cameco currently has ~\$300M in restricted cash set aside (along with lines of credit) for the CRA dispute to satisfy rules that require companies to remit or secure 50% of a tax reassessment. Given the positive ruling for Cameco, we think it is reasonably likely that the company would eventually be able to recover the restricted cash.

Cameco and Kazatomprom have restructured the Inkai JV to provide longer-term stability and potential production increases. Production at Inkai JV may increase according to the resource use contract, although the actual production plan is set annually.

Risks to our investment thesis

We highlight several key risks and sensitivities that could be potentially material to our thesis on Cameco including: 1) an earlier outcome in the CRA transfer pricing dispute that results in the release of \$300M restricted cash held by the government; 2) stronger-than-expected uranium prices; 3) uranium production disruptions from other producers; 4) an increase in valuation multiples due to rising interest as an ESG/clean energy investment; and 5) currency volatility, primarily CAD/USD.



Exhibit 2: RBC Uranium Supply & Demand Forecast

S&D (Mlbs U3O8)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 20-30E	CAGR 20-35E
Generating Capacity (GWe)	338	346	358	362	371	370	367	370	370	380	381	384	398	405	407	417	1%	1%
North America	52	53	54	55	54	52	52	50	50	49	49	48	48	48	48	48	-1%	0%
South America	1	1	1	1	1	1	1	1	1	1	1	1	1	3	2	3	7%	3%
West & Central Europe	52	50	50	47	48	50	48	45	43	45	44	43	43	42	40	41	-2%	-2%
East Europe	19	20	22	21	25	24	23	23	24	23	23	23	22	24	25	25	0%	0%
Africa	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	9%	3%
Central Asia & Middle East	1	1	1	4	2	1	3	2	3	4	8	5	6	5	6	7	17%	10%
East Asia	41	37	49	53	49	39	40	41	43	50	52	53	52	54	54	57	4%	2%
Other Asia	4	4	3	3	4	4	6	8	8	10	8	8	9	9	11	9	8%	6%
Demand	171	167	181	186	183	172	175	173	173	183	188	181	182	185	187	191	1%	0%
Africa	20	19	20	23	23	21	20	19	19	19	18	18	18	18	18	18	-1%	-4%
Australia	15	16	14	17	16	16	12	12	12	12	12	13	14	15	16	16	0%	-2%
Canada	34	36	34	18	18	9	9	18	27	36	36	36	36	24	18	18	7%	5%
Kazakhstan	61	64	61	56	59	47	59	59	62	63	62	62	60	60	60	60	2%	1%
Russia	8	8	8	8	9	9	9	9	9	9	9	9	9	9	9	9	0%	0%
Ukraine	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	0%	0%
Uzbekistan	8	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	0%	0%
United States	3	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA
Other	7	7	6	6	6	7	7	7	7	7	7	7	7	7	7	7	0%	0%
Mine Supply	159	164	157	141	143	121	128	137	149	158	156	157	156	145	140	140	1%	0%
Russia	14	16	18	16	16	15	15	15	15	15	14	13	11	11	11	9	-5%	-4%
United States	8	6	5	4	3	3	1	1	2	1	2	1	2	2	3	1	-11%	-8%
Other	18	17	17	19	18	15	14	12	11	10	9	9	8	9	8	8	-6%	-5%
Secondary Supply	40	39	39	38	36	33	29	29	28	26	25	23	21	21	22	17	-6%	-5%
Mine Supply	159	164	157	141	143	121	128	137	149	158	156	157	156	145	140	140	1%	0%
Secondary Supply	40	39	39	38	36	33	29	29	28	26	25	23	21	21	22	17	-6%	-5%
Total Supply	199	203	196	180	180	154	158	166	177	184	181	180	177	166	162	157	0%	-1%
Surplus/Deficit	29	36	16	-6	-3	-18	-17	-7	4	2	-6	-1	-5	-19	-25	-34		
Supply as % of demand	117%	121%	109%	97%	98%	90%	90%	96%	102%	101%	97%	99%	97%	90%	87%	82%		
Spot Price (US\$/lb)	\$37	\$26	\$22	\$25	\$26	\$29	\$32	\$33	\$33	\$35	\$35	\$35	\$40	\$40	\$40	\$50	5%	6%
Term Price (US\$/lb)	\$47	\$40	\$31	\$31	\$32	\$32	\$34	\$35	\$38	\$40	\$40	\$40	\$50	\$50	\$50	\$50	5%	4%

Source: Company reports, RBC Capital Markets estimates



Reiterate Underperform and \$15 price target

We rate Cameco shares **Underperform, with a \$15 price target**. We value the company by applying an EV/EBITDA multiple to Cameco's operating assets, a DCF valuation to its McArthur River asset, and then adding the CRA restricted cash. Our EV/EBITDA valuation applies a 15x multiple to 2022 EBITDA estimates — this multiple is above the average multiple post-Fukushima and pre-McArthur shutdown in recognition of greater interest as an ESG and clean energy investment. Our DCF analysis uses an 8% discount rate.

Exhibit 3: Cameco valuation summary

Valuation					
EV/EBITDA valuation	CAD\$M	US\$M	Non-operating assets	CAD\$M	US\$M
Adjusted EBITDA (2022)	\$231	\$182	McArthur River	\$2,282	\$1,797
Multiple	15.0x	15.0x	CRA Restricted Cash	\$303	\$239
Enterprise Value	\$3,459	\$2,724	Total	\$2,586	\$2,036
Balance Sheet (end-21E)			Total Equity Value	\$6,030	\$4,748
Net Debt (CAD\$M)	\$15	\$12	Shares (M)	396	396
EV/EBITDA Market Cap	\$3,444	\$2,712	Valuation Price	\$15	\$12

Source: Company reports, RBC Capital Markets estimates



Model

Exhibit 4: Cameco Uranium Segment Model

Uranium Segment Analysis								2020				2021				2022										
<i>CS millions, unless noted</i>								1QA	2QA	3QA	4QA	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE							
Production (M lbs U3O8)																										
McArthur River/Key Lake (70% ownership)	11.3	0.1	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cigar Lake/McClean Lake (50%)	9.0	9.0	9.0	5.1	1.1	8.4	9.0	2.1	0.0	0.2	2.8	0.0	0.0	0.0	1.1	1.7	2.3	2.3	2.3	1.7	2.3	2.3	2.3	2.3	2.3	2.3
Inkai (40%), unconsolidated	3.2	2.8	3.4	2.7	3.8	4.1	4.1	0.6	0.7	0.6	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Rabbit Lake (100%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Smith Ranch-Highland (100%)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Crow Butte/Cluff	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	23.8	12.0	12.4	7.8	5.0	12.5	19.3	2.7	0.7	0.8	3.5	1.0	1.0	1.0	2.1	2.7	3.3	3.3	3.3	2.7	3.3	3.3	3.3	3.3	3.3	
Consolidated Production	23.8	9.2	9.0	5.1	1.1	8.4	15.3	2.1	0.0	0.2	2.8	0.0	0.0	0.0	1.1	1.7	2.3	2.3	2.3	1.7	2.3	2.3	2.3	2.3	2.3	2.3
Realized Price																										
CDN/USD Exchange rate (CS)	\$1.30	\$1.30	\$1.33	\$1.34	\$1.30	\$1.30	\$1.30	\$1.34	\$1.39	\$1.33	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
Uranium Spot Price (US\$/lb U3O8)	\$22	\$25	\$26	\$29	\$32	\$33	\$33	\$25	\$32	\$31	\$30	\$30	\$32	\$32	\$32	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33
Uranium Term Price (US\$/lb U3O8)	\$31	\$31	\$32	\$32	\$34	\$35	\$38	\$32	\$32	\$33	\$33	\$33	\$33	\$33	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Realized Price (US\$/lb)	\$36	\$37	\$34	\$35	\$35	\$36	\$37	\$31	\$33	\$34	\$38	\$35	\$35	\$35	\$35	\$35	\$36	\$36	\$36	\$35	\$36	\$36	\$36	\$36	\$36	
Realized Price (CS/lb)	\$47	\$48	\$45	\$46	\$46	\$46	\$47	\$41	\$46	\$45	\$50	\$45	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	
Revenue (CSM)																										
Sales Volumes (Mlbs)	33.6	35.1	31.5	30.5	25.0	25.0	25.0	6.0	9.2	6.7	8.6	5.5	6.5	7.0	6.0	5.0	5.0	6.3	8.8	5.0	5.0	6.3	8.8	5.0	5.0	6.3
Realized Price (CS/lb)	\$47	\$48	\$45	\$46	\$46	\$46	\$47	\$41	\$46	\$45	\$50	\$45	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46
Revenue	\$1,574	\$1,684	\$1,414	\$1,412	\$1,144	\$1,156	\$1,187	\$248	\$426	\$302	\$436	\$248	\$297	\$323	\$277	\$230	\$231	\$290	\$405	\$230	\$231	\$290	\$405	\$230	\$231	\$290
Cost of Goods Sold (C\$M)																										
Cost of Product Sold	\$817	\$944	\$878	\$1,068	\$962	\$849	\$624	\$168	\$373	\$276	\$251	\$199	\$248	\$282	\$233	\$183	\$163	\$207	\$296	\$183	\$163	\$207	\$296	\$183	\$163	\$207
Royalties	\$67	\$39	\$32	\$16	\$4	\$37	\$86	\$5	\$3	\$0	\$8	\$0	\$0	\$0	\$4	\$7	\$10	\$10	\$10	\$7	\$10	\$10	\$10	\$7	\$10	\$10
Care and Maintenance	\$38	\$143	\$121	\$150	\$181	\$100	\$20	\$26	\$45	\$38	\$41	\$52	\$52	\$52	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
Other costs	\$8	\$13	\$11	\$12	\$10	\$10	\$10	\$4	\$3	\$4	\$1	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Total	\$930	\$1,139	\$1,042	\$1,245	\$1,157	\$996	\$740	\$202	\$424	\$318	\$301	\$253	\$303	\$337	\$264	\$218	\$200	\$244	\$333	\$218	\$200	\$244	\$333	\$218	\$200	\$244
Cash COGS	\$930	\$1,139	\$1,042	\$1,245	\$1,157	\$996	\$740	\$202	\$424	\$318	\$301	\$253	\$303	\$337	\$264	\$218	\$200	\$244	\$333	\$218	\$200	\$244	\$333	\$218	\$200	\$244
Cash Costs	\$930	\$1,139	\$1,042	\$1,245	\$1,157	\$996	\$740	\$202	\$424	\$318	\$301	\$253	\$303	\$337	\$264	\$218	\$200	\$244	\$333	\$218	\$200	\$244	\$333	\$218	\$200	\$244
D&A	\$268	\$277	\$208	\$144	\$62	\$67	\$229	\$31	\$36	\$18	\$59	\$15	\$15	\$15	\$17	\$10	\$19	\$19	\$19	\$10	\$19	\$19	\$19	\$10	\$19	\$19
Total COGS	\$1,198	\$1,416	\$1,250	\$1,389	\$1,219	\$1,062	\$969	\$234	\$460	\$336	\$359	\$268	\$318	\$352	\$281	\$229	\$219	\$263	\$352	\$229	\$219	\$263	\$352	\$229	\$219	\$263
COGS per pound	\$36	\$40	\$40	\$46	\$49	\$42	\$39	\$39	\$50	\$50	\$42	\$49	\$49	\$50	\$47	\$46	\$44	\$42	\$40	\$46	\$44	\$42	\$40	\$46	\$44	\$42
Cash COGS per pound (incl. royalties)	\$28	\$32	\$33	\$41	\$46	\$40	\$30	\$34	\$46	\$47	\$35	\$46	\$47	\$48	\$44	\$44	\$40	\$39	\$38	\$44	\$40	\$39	\$38	\$44	\$40	\$39
Cash COGS per pound (excl. royalties)	\$26	\$31	\$32	\$40	\$46	\$38	\$26	\$33	\$46	\$47	\$34	\$46	\$47	\$48	\$43	\$42	\$38	\$37	\$37	\$42	\$38	\$37	\$37	\$42	\$38	\$37
Summary (CSM)																										
Revenue	\$1,574	\$1,684	\$1,414	\$1,412	\$1,144	\$1,156	\$1,187	\$248	\$426	\$302	\$436	\$248	\$297	\$323	\$277	\$230	\$231	\$290	\$405	\$230	\$231	\$290	\$405	\$230	\$231	\$290
Cash Cost of product sold	(\$930)	(\$1,139)	(\$1,042)	(\$1,245)	(\$1,157)	(\$996)	(\$740)	(\$202)	(\$424)	(\$318)	(\$301)	(\$253)	(\$303)	(\$337)	(\$264)	(\$218)	(\$200)	(\$244)	(\$333)	(\$218)	(\$200)	(\$244)	(\$333)	(\$218)	(\$200)	(\$244)
D&A	(\$268)	(\$277)	(\$208)	(\$144)	(\$62)	(\$67)	(\$229)	(\$31)	(\$36)	(\$18)	(\$59)	(\$15)	(\$15)	(\$15)	(\$17)	(\$10)	(\$19)	(\$19)	(\$19)	(\$10)	(\$19)	(\$19)	(\$19)	(\$10)	(\$19)	(\$19)
Gross Profit	\$376	\$268	\$164	\$24	(\$74)	\$94	\$219	\$15	(\$34)	(\$34)	\$77	(\$20)	(\$21)	(\$29)	(\$4)	\$2	\$13	\$27	\$53	\$2	\$13	\$27	\$53	\$2	\$13	\$27
Gross Profit (%)	24%	16%	12%	2%	-6%	8%	18%	6%	-8%	-11%	18%	-8%	-7%	-9%	-1%	1%	5%	9%	13%	1%	5%	9%	13%	1%	5%	9%
Exploration	(\$30)	(\$20)	(\$14)	(\$11)	(\$9)	(\$30)	(\$30)	(\$4)	(\$2)	(\$2)	(\$3)	(\$2)	(\$2)	(\$2)	(\$2)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)
D&A	\$268	\$277	\$208	\$144	\$62	\$67	\$229	\$31	\$36	\$18	\$59	\$15	\$15	\$15	\$17	\$10	\$19	\$19	\$19	\$10	\$19	\$19	\$19	\$10	\$19	\$19
EBITDA	\$614	\$525	\$358	\$156	(\$21)	\$131	\$418	\$42	(\$0)	(\$18)	\$133	(\$8)	(\$8)	(\$16)	\$11	\$4	\$24	\$38	\$64	\$4	\$24	\$38	\$64	\$4	\$24	\$38
JV Inkai EBITDA	\$0	\$45	\$63	\$63	\$91	\$106	\$106	\$14	\$1	\$3	\$19	\$12	\$14	\$14	\$14	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16
Adjusted EBITDA	\$614	\$570	\$421	\$219	\$70	\$237	\$524	\$56	\$1	(\$15)	\$151	\$4	\$5	(\$2)	\$25	\$20	\$40	\$54	\$80	\$20	\$40	\$54	\$80	\$20	\$40	\$54

Source: Company reports, RBC Capital Markets estimates



Exhibit 5: Cameco Earnings Model

Earnings Model <i>C\$ millions, unless noted</i>	2017A							2018A							2019A							2020A							2021E							2022E							2023E						
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q													
Revenue	\$2,157	\$2,092	\$1,863	\$1,800	\$1,517	\$1,517	\$1,547	\$346	\$525	\$379	\$550	\$350	\$393	\$389	\$386	\$331	\$326	\$345	\$516	\$346	\$525	\$379	\$550	\$350	\$393	\$389	\$386	\$331	\$326	\$345	\$516	\$346	\$525	\$379	\$550	\$350	\$393	\$389	\$386	\$331	\$326	\$345	\$516						
Cost of goods	(\$1,390)	(\$1,468)	(\$1,346)	(\$1,485)	(\$1,375)	(\$1,195)	(\$939)	(\$256)	(\$490)	(\$373)	(\$366)	(\$315)	(\$360)	(\$375)	(\$325)	(\$273)	(\$252)	(\$275)	(\$395)	(\$256)	(\$490)	(\$373)	(\$366)	(\$315)	(\$360)	(\$375)	(\$325)	(\$273)	(\$252)	(\$275)	(\$395)	(\$256)	(\$490)	(\$373)	(\$366)	(\$315)	(\$360)	(\$375)	(\$325)	(\$273)	(\$252)	(\$275)	(\$395)						
D&A	(\$330)	(\$328)	(\$276)	(\$209)	(\$108)	(\$116)	(\$278)	(\$55)	(\$49)	(\$30)	(\$75)	(\$26)	(\$26)	(\$23)	(\$32)	(\$24)	(\$32)	(\$26)	(\$34)	(\$55)	(\$49)	(\$30)	(\$75)	(\$26)	(\$26)	(\$23)	(\$32)	(\$24)	(\$32)	(\$26)	(\$34)	(\$55)	(\$49)	(\$30)	(\$75)	(\$26)	(\$26)	(\$23)	(\$32)	(\$24)	(\$32)	(\$26)	(\$34)						
SG&A	(\$163)	(\$142)	(\$125)	(\$145)	(\$115)	(\$120)	(\$120)	(\$34)	(\$36)	(\$30)	(\$45)	(\$29)	(\$29)	(\$29)	(\$29)	(\$30)	(\$30)	(\$30)	(\$30)	(\$34)	(\$36)	(\$30)	(\$45)	(\$29)	(\$29)	(\$29)	(\$29)	(\$30)	(\$30)	(\$30)	(\$30)	(\$34)	(\$36)	(\$30)	(\$45)	(\$29)	(\$29)	(\$29)	(\$29)	(\$30)	(\$30)	(\$30)	(\$30)						
Exploration	(\$30)	(\$20)	(\$14)	(\$11)	(\$9)	(\$30)	(\$30)	(\$4)	(\$2)	(\$2)	(\$3)	(\$2)	(\$2)	(\$2)	(\$2)	(\$8)	(\$8)	(\$8)	(\$8)	(\$30)	(\$20)	(\$14)	(\$11)	(\$9)	(\$30)	(\$30)	(\$30)	(\$30)	(\$20)	(\$14)	(\$11)	(\$9)	(\$30)	(\$30)	(\$30)	(\$30)	(\$20)	(\$14)	(\$11)	(\$9)	(\$30)	(\$30)	(\$30)						
Research & development	(\$6)	(\$2)	(\$6)	(\$4)	(\$5)	(\$5)	(\$5)	(\$1)	(\$0)	(\$0)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$6)	(\$2)	(\$6)	(\$4)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$2)	(\$6)	(\$4)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$2)	(\$6)	(\$4)	(\$5)	(\$5)	(\$5)	(\$5)						
Gain/loss on sale of assets	(\$7)	(\$2)	(\$2)	(\$1)	\$0	\$0	\$0	\$0	\$0	(\$1)	(\$1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$7)	(\$2)	(\$2)	(\$1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Equity income	\$0	\$32	\$45	\$36	\$53	\$64	\$64	\$14	\$1	\$3.2	\$19	\$12	\$14	\$14	\$14	\$16	\$16	\$16	\$16	\$0	\$32	\$45	\$36	\$53	\$64	\$64	\$64	\$64	\$32	\$45	\$36	\$53	\$64	\$64	\$64	\$64	\$32	\$45	\$36	\$53	\$64	\$64	\$64						
Other operating expense (Adj.)	(\$0)	(\$3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	(\$3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Adjusted EBITDA (incl. Inkai)	\$561	\$515	\$417	\$190	\$67	\$231	\$517	\$65	(\$3)	(\$24)	\$152	\$14	\$14	(\$4)	\$42	\$34	\$51	\$47	\$98	\$65	(\$3)	(\$24)	\$152	\$14	\$14	(\$4)	\$42	\$34	\$51	\$47	\$98	\$65	(\$3)	(\$24)	\$152	\$14	\$14	(\$4)	\$42	\$34	\$51	\$47	\$98						
Margin	26%	23%	20%	9%	1%	11%	29%	15%	-1%	-7%	24%	1%	0%	-5%	7%	6%	11%	9%	16%	15%	-1%	-7%	24%	1%	0%	-5%	7%	6%	11%	9%	16%	15%	-1%	-7%	24%	1%	0%	-5%	7%	6%	11%	9%	16%						
EBIT	(\$128)	\$103	\$138	(\$42)	(\$41)	\$114	\$239	\$17	(\$75)	(\$61)	\$77	(\$12)	(\$12)	(\$28)	\$10	\$10	\$19	\$21	\$64	(\$128)	\$103	\$138	(\$42)	(\$41)	\$114	\$239	\$239	\$239	\$103	\$138	(\$42)	(\$41)	\$114	\$239	\$239	\$239	\$103	\$138	(\$42)	(\$41)	\$114	\$239	\$239						
Adjusted EBIT	\$230	\$154	\$95	(\$55)	(\$94)	\$51	\$175	(\$3)	(\$52)	(\$57)	\$58	(\$24)	(\$25)	(\$42)	(\$4)	(\$6)	\$3	\$5	\$48	\$230	\$154	\$95	(\$55)	(\$94)	\$51	\$175	\$175	\$175	\$154	\$95	(\$55)	(\$94)	\$51	\$175	\$175	\$175	\$154	\$95	(\$55)	(\$94)	\$51	\$175	\$175						
Margin	11%	7%	5%	-3%	-6%	3%	11%	-1%	-10%	-15%	11%	-7%	-6%	-11%	-1%	-2%	1%	1%	9%	11%	7%	5%	-3%	-6%	3%	11%	11%	11%	7%	5%	-3%	-6%	3%	11%	11%	11%	7%	5%	-3%	-6%	3%	11%	11%						
Finance costs	(\$111)	(\$112)	(\$99)	(\$96)	(\$81)	(\$81)	(\$81)	(\$19)	(\$17)	(\$17)	(\$43)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$111)	(\$112)	(\$99)	(\$96)	(\$81)	(\$81)	(\$81)	(\$81)	(\$81)	(\$112)	(\$99)	(\$96)	(\$81)	(\$81)	(\$81)	(\$81)	(\$81)	(\$112)	(\$99)	(\$96)	(\$81)	(\$81)	(\$81)	(\$81)						
Gain/loss on derivatives	\$56	(\$81)	\$32	\$37	\$0	\$0	\$0	(\$65)	\$40	\$21	\$41	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$56	(\$81)	\$32	\$37	\$0	\$0	\$0	\$0	\$0	(\$81)	\$32	\$37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Finance income	\$5	\$22	\$30	\$11	\$10	\$11	\$12	\$6	\$2	\$1	\$1	\$2	\$3	\$3	\$3	\$2	\$3	\$3	\$3	\$5	\$22	\$30	\$11	\$10	\$11	\$12	\$12	\$12	\$22	\$30	\$11	\$10	\$11	\$12	\$12	\$12	\$22	\$30	\$11	\$10	\$11	\$12	\$12						
Other income/expense	(\$30)	\$108	\$34	\$51	\$0	\$0	\$0	\$49	(\$17)	(\$11)	\$31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$30)	\$108	\$34	\$51	\$0	\$0	\$0	\$0	\$0	\$108	\$34	\$51	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Pre-tax Income (Adj.)	\$43	\$156	\$89	(\$61)	(\$112)	\$44	\$170	\$51	(\$85)	(\$90)	\$64	(\$30)	(\$29)	(\$45)	(\$7)	(\$8)	\$2	\$4	\$47	\$43	\$156	\$89	(\$61)	(\$112)	\$44	\$170	\$170	\$170	\$156	\$89	(\$61)	(\$112)	\$44	\$170	\$170	\$170	\$156	\$89	(\$61)	(\$112)	\$44	\$170	\$170						
Taxes	\$3	\$126	(\$61)	(\$14)	\$22	(\$9)	(\$34)	(\$7)	\$14	\$5	(\$27)	\$6	\$6	\$9	\$1	\$2	(\$0)	(\$1)	(\$9)	\$3	\$126	(\$61)	(\$14)	\$22	(\$9)	(\$34)	(\$34)	(\$34)	\$126	(\$61)	(\$14)	\$22	(\$9)	(\$34)	(\$34)	(\$34)	\$126	(\$61)	(\$14)	\$22	(\$9)	(\$34)	(\$34)						
Taxes (Adj.)	\$17	\$95	(\$48)	(\$6)	\$22	(\$9)	(\$34)	(\$23)	\$20	\$12	(\$16)	\$6	\$6	\$9	\$1	\$2	(\$0)	(\$1)	(\$9)	\$17	\$95	(\$48)	(\$6)	\$22	(\$9)	(\$34)	(\$34)	(\$34)	\$95	(\$48)	(\$6)	\$22	(\$9)	(\$34)	(\$34)	(\$34)	\$95	(\$48)	(\$6)	\$22	(\$9)	(\$34)	(\$34)						
Tax rate	-39%	-61%	54%	-9%	20%	20%	20%	44%	24%	14%	25%	20%	20%	20%	20%	20%	20%	20%	20%	-39%	-61%	54%	-9%	20%	20%	20%	20%	20%	-61%	54%	-9%	20%	20%	20%	20%	20%	-61%	54%	-9%	20%	20%	20%	20%						
Net Income	(\$205)	\$166	\$74	(\$53)	(\$90)	\$35	\$136	(\$19)	(\$53)	(\$61)	\$80	(\$24)	(\$24)	(\$36)	(\$6)	(\$6)	\$1	\$3	\$37	(\$205)	\$166	\$74	(\$53)	(\$90)	\$35	\$136	\$136	\$136	\$166	\$74	(\$53)	(\$90)	\$35	\$136	\$136	\$136	\$166	\$74	(\$53)	(\$90)	\$35	\$136	\$136						
Adjusted Net Income	\$59	\$251	\$41	(\$66)	(\$90)	\$35	\$136	\$29	(\$65)	(\$78)	\$48	(\$24)	(\$24)	(\$36)	(\$6)	(\$6)	\$1	\$3	\$37	\$59	\$251	\$41	(\$66)	(\$90)	\$35	\$136	\$136	\$136	\$251	\$41	(\$66)	(\$90)	\$35	\$136	\$136	\$136	\$251	\$41	(\$66)	(\$90)	\$35	\$136	\$136						
Diluted shares	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396	396						
Adjusted EPS	\$0.15	\$0.63	\$0.10	(\$0.17)	(\$0.23)	\$0.09	\$0.34	\$0.07	(\$0.16)	(\$0.20)	\$0.12	(\$0.06)	(\$0.06)	(\$0.09)	(\$0.01)	(\$0.02)	\$0.00	\$0.01	\$0.09	\$0.15	\$0.63	\$0.10	(\$0.17)	(\$0.23)	\$0.09	\$0.34	\$0.34	\$0.34	\$0.63	\$0.10	(\$0.17)	(\$0.23)	\$0.09	\$0.34	\$0.34	\$0.34	\$0.63	\$0.10	(\$0.17)	(\$0.23)	\$0.09	\$0.34	\$0.34						
EPS	(\$0.52)	\$0.42	\$0.19	(\$0.13)	(\$0.23)	\$0.09	\$0.34	(\$0.05)	(\$0.13)	(\$0.15)	\$0.20	(\$0.06)	(\$0.06)	(\$0.09)	(\$0.01)	(\$0.02)	\$0.00	\$0.01	\$0.09	(\$0.52)	\$0.42	\$0.19	(\$0.13)	(\$0.23)	\$0.09	\$0.34	\$0.34	\$0.34	\$0.42	\$0.19	(\$0.13)	(\$0.23)	\$0.09	\$0.34	\$0.34	\$0.34	\$0.42	\$0.19	(\$0.13)	(\$0.23)	\$0.09	\$0.34	\$0.34						
Dividend/share	\$0.40	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.00	\$0.00	\$0.00	\$0.08	\$0.00	\$0.00	\$0.00	\$0.08	\$0.00	\$0.00	\$0.00	\$0.08	\$0.40	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08						
Change YOY																																																	
Revenue	-11%	-3%	-11%	-3%	-16%	0%	2%	16%	35%	25%	-37%	1%	-25%	3%	-30%	-5%	-17%	-11%	34%	-11%	-3%	-11%	-3%	-16%	0%	2%	2%	2%	-3%	-11%	-3%	-16%	0%	2%	2%	2%	-3%	-11%	-3%										
SG&A	-21%	-13%	-12%	16%	-21%	4%	0%	-6%	19%	25%	32%																																						



Exhibit 6: Cameco Cash Flow Model

Free Cash Flow (Calc) <i>C\$ millions, unless noted</i>	2017A							2020							2021							2022						
	2017A	2018A	2019A	2020A	2021E	2022E	2023E	1QA	2QA	3QA	4QA	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE									
Net Income	(\$205)	\$166	\$74	(\$53)	(\$90)	\$35	\$136	(\$19)	(\$53)	(\$61)	\$80	(\$24)	(\$24)	(\$36)	(\$6)	(\$6)	\$1	\$3	\$37									
D&A	\$330	\$328	\$276	\$209	\$108	\$116	\$278	\$55	\$49	\$30	\$75	\$26	\$26	\$23	\$32	\$24	\$32	\$26	\$34									
WC / Other	\$401	\$100	\$105	(\$164)	\$83	\$183	(\$114)	\$147	(\$333)	(\$35)	\$57	\$115	\$97	(\$118)	(\$11)	\$152	\$75	(\$105)	\$60									
CFFO	\$527	\$595	\$455	(\$9)	\$101	\$334	\$300	\$182	(\$337)	(\$66)	\$213	\$117	\$100	(\$131)	\$15	\$170	\$108	(\$75)	\$132									
Capex	(\$114)	(\$55)	(\$75)	(\$77)	(\$140)	(\$129)	(\$126)	(\$19)	(\$14)	(\$16)	(\$28)	(\$35)	(\$35)	(\$35)	(\$35)	(\$31)	(\$33)	(\$33)	(\$33)									
FCF	\$413	\$539	\$379	(\$86)	(\$39)	\$205	\$174	\$163	(\$351)	(\$83)	\$185	\$82	\$65	(\$166)	(\$20)	\$139	\$75	(\$108)	\$99									
Per Share	\$1.04	\$1.36	\$0.96	(\$0.22)	(\$0.10)	\$0.52	\$0.44	\$0.41	(\$0.89)	(\$0.21)	\$0.47	\$0.21	\$0.16	(\$0.42)	(\$0.05)	\$0.35	\$0.19	(\$0.27)	\$0.25									
FCF (N.I. + D&A - CapEx)	\$12	\$439	\$274	\$78	(\$121)	\$22	\$288	\$17	(\$18)	(\$48)	\$127	(\$33)	(\$32)	(\$48)	(\$9)	(\$13)	\$0	(\$3)	\$39									
Per Share	\$0.03	\$1.11	\$0.69	\$0.20	(\$0.31)	\$0.06	\$0.73	\$0.04	(\$0.05)	(\$0.12)	\$0.32	(\$0.08)	(\$0.08)	(\$0.12)	(\$0.02)	(\$0.03)	\$0.00	(\$0.01)	\$0.10									
Dividends	(\$158)	(\$71)	(\$32)	(\$32)	(\$32)	(\$32)	(\$32)	\$0	\$0	\$0	(\$32)	\$0	\$0	\$0	(\$32)	\$0	\$0	\$0	(\$32)									
Stock Buyback	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0									
FCF post return to shareholders	\$254	\$468	\$348	(\$118)	(\$70)	\$173	\$142	\$163	(\$351)	(\$83)	\$153	\$82	\$65	(\$166)	(\$51)	\$139	\$75	(\$108)	\$67									
Per Share	\$0.64	\$1.18	\$0.88	(\$0.30)	(\$0.18)	\$0.44	\$0.36	\$0.41	(\$0.89)	(\$0.21)	\$0.39	\$0.21	\$0.16	(\$0.42)	(\$0.13)	\$0.35	\$0.19	(\$0.27)	\$0.17									
Acquisitions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0									
Debt Addition / (Reduction)	\$0	\$0	(\$500)	(\$2)	\$0	\$0	\$0	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0									
FCF after Acq and Debt Red.	\$254	\$468	(\$152)	(\$120)	(\$70)	\$173	\$142	\$163	(\$351)	(\$83)	\$150	\$82	\$65	(\$166)	(\$51)	\$139	\$75	(\$108)	\$67									
Per Share	\$0.64	\$1.18	(\$0.38)	(\$0.30)	(\$0.18)	\$0.44	\$0.36	\$0.41	(\$0.89)	(\$0.21)	\$0.38	\$0.21	\$0.16	(\$0.42)	(\$0.13)	\$0.35	\$0.19	(\$0.27)	\$0.17									

Source: Company reports, RBC Capital Markets estimates

Exhibit 7: Cameco Balance Sheet Model

Balance Sheet <i>C\$ millions, unless noted</i>	2017A							2020							2021							2022						
	2017A	2018A	2019A	2020A	2021E	2022E	2023E	1QA	2QA	3QA	4QA	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE									
Assets																												
Cash & Investments	\$592	\$1,103	\$1,062	\$943	\$980	\$1,154	\$1,296	\$1,235	\$878	\$793	\$943	\$1,058	\$1,160	\$1,032	\$980	\$1,119	\$1,194	\$1,086	\$1,154									
Accounts receivable	\$397	\$402	\$328	\$205	\$211	\$211	\$215	\$229	\$239	\$298	\$205	\$150	\$139	\$210	\$211	\$125	\$119	\$173	\$211									
Current tax assets	\$11	\$7	\$4	\$8	\$8	\$8	\$8	\$5	\$5	\$3	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8									
Inventories	\$950	\$468	\$321	\$680	\$445	\$237	\$349	\$348	\$677	\$710	\$680	\$558	\$474	\$448	\$445	\$371	\$327	\$327	\$237									
Supplies & prepaid Expenses	\$150	\$89	\$86	\$89	\$89	\$89	\$89	\$84	\$96	\$97	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89									
Other	\$36	\$14	\$7	\$19	\$19	\$19	\$19	\$5	\$7	\$9	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19									
Current Assets	\$2,136	\$2,083	\$1,807	\$1,945	\$1,752	\$1,717	\$1,976	\$1,906	\$1,902	\$1,910	\$1,945	\$1,883	\$1,890	\$1,806	\$1,752	\$1,732	\$1,757	\$1,703	\$1,717									
Property, plant & equipment	\$4,192	\$3,882	\$3,721	\$3,772	\$3,803	\$3,816	\$3,664	\$3,654	\$3,764	\$3,791	\$3,772	\$3,780	\$3,789	\$3,801	\$3,803	\$3,810	\$3,811	\$3,818	\$3,816									
Goodwill	\$70	\$66	\$60	\$56	\$56	\$56	\$56	\$63	\$59	\$57	\$56	\$56	\$56	\$56	\$56	\$56	\$56	\$56	\$56									
Receivable related to tax dispute	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303	\$303									
L-T Receivables, Investments & Other	\$217	\$679	\$580	\$569	\$461	\$461	\$461	\$561	\$551	\$538	\$569	\$536	\$499	\$463	\$461	\$461	\$461	\$461	\$461									
Future income tax assets	\$861	\$1,006	\$956	\$937	\$959	\$950	\$916	\$951	\$963	\$968	\$937	\$943	\$949	\$958	\$959	\$961	\$960	\$960	\$950									
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0									
Total Assets	\$7,779	\$8,019	\$7,427	\$7,581	\$7,335	\$7,304	\$7,376	\$7,438	\$7,542	\$7,567	\$7,581	\$7,501	\$7,485	\$7,385	\$7,335	\$7,323	\$7,349	\$7,300	\$7,304									
Liabilities + Shareholders Equity																												
Accounts payable and accrued liabilities	\$258	\$225	\$182	\$234	\$165	\$146	\$135	\$211	\$230	\$238	\$234	\$192	\$218	\$174	\$165	\$160	\$186	\$138	\$146									
Income taxes payable	\$20	\$20	\$6	\$1	\$1	\$1	\$1	\$2	\$2	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1									
Bank loans and short term debt	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$92	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0									
Dividends Payable	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0									
Current portion of other liabilities	\$93	\$132	\$89	\$69	\$69	\$69	\$69	\$129	\$119	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69									
Current Liabilities	\$411	\$876	\$277	\$304	\$235	\$216	\$205	\$342	\$350	\$399	\$304	\$262	\$288	\$244	\$235	\$230	\$256	\$208	\$216									
Long-Term Debt	\$1,494	\$996	\$997	\$996	\$996	\$996	\$996	\$997	\$997	\$997	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996									
Other Liabilities	\$126	\$142	\$154	\$167	\$167	\$167	\$167	\$187	\$171	\$162	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167									
Provisions	\$875	\$1,011	\$1,004	\$1,156	\$1,176	\$1,196	\$1,216	\$1,003	\$1,106	\$1,134	\$1,156	\$1,161	\$1,166	\$1,171	\$1,176	\$1,181	\$1,186	\$1,191	\$1,196									
Deferred Taxes	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0									
Total Liabilities	\$2,919	\$3,025	\$2,432	\$2,622	\$2,573	\$2,574	\$2,584	\$2,528	\$2,624	\$2,692	\$2,622	\$2,585	\$2,617	\$2,578	\$2,573	\$2,574	\$2,604	\$2,561	\$2,574									
Shareholder's Equity	\$4,859	\$4,993	\$4,995	\$4,959	\$4,814	\$4,847	\$4,973	\$4,909	\$4,918	\$4,874	\$4,959	\$4,928	\$4,894	\$4,846	\$4,814	\$4,818	\$4,830	\$4,840	\$4,847									
Non-controlling interest	\$0	\$0	\$0	\$0	(\$53)	(\$117)	(\$180)	\$0	\$0	\$0	\$0	(\$12)	(\$26)	(\$39)	(\$53)	(\$69)	(\$85)	(\$101)	(\$117)									
Liabilities + Equity	\$7,779	\$8,019	\$7,427	\$7,581	\$7,335	\$7,304	\$7,376	\$7,438	\$7,542	\$7,567	\$7,581	\$7,501	\$7,485	\$7,385	\$7,335	\$7,323	\$7,349	\$7,300	\$7,304									
Net Debt	\$903	\$393	(\$66)	\$52	\$15	(\$158)	(\$301)	(\$238)	\$119	\$296	\$52	(\$63)	(\$165)	(\$36)	\$15	(\$124)	(\$199)	(\$91)	(\$158)									
Change	(\$270)	(\$510)	(\$459)	\$118	(\$37)	(\$173)	(\$142)	(\$173)	\$358	\$177	(\$244)	(\$115)	(\$102)	\$128	\$51	(\$139)	(\$75)	\$108	(\$67)									
Net Debt / LTM EBITDA	1.6x	0.8x	-0.2x	0.3x	1.1x	-0.9x	-0.7x	-0.6x	0.4x	1.1x	0.3x	-0.6x	-1.5x	-0.3x	1.1x	-4.2x	-3.1x	-0.8x	-0.9x									
Debt / Tangible Net Worth	0.4x	0.4x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x									
Working Capital	\$1,088	\$645	\$467	\$652	\$491	\$302	\$428	\$366	\$686	\$770	\$652	\$517	\$395	\$484	\$491	\$336	\$261	\$362	\$302									
Working Capital, as % of Sales	50%	31%	25%	36%	32%	20%	28%	106%	131%	203%	118%	148%	101%	124%	127%	102%	80%	105%	58%									
Change	(\$129)	(\$443)	(\$178)	\$185	(\$161)	(\$189)	\$127	(\$101)	\$320	\$84	(\$118)	(\$135)	(\$121)	\$89	\$6	(\$155)	(\$75)	\$102	(\$61)									

Source: Company reports, RBC Capital Markets estimates



Valuation

We value the company by applying an EV/EBITDA multiple to Cameco's operating assets, a DCF valuation to its McArthur River asset, and then adding the CRA restricted cash. Our EV/EBITDA valuation applies a 15x multiple to 2022 EBITDA estimates — this multiple is above the average multiple post-Fukushima and pre-McArthur shutdown in recognition of greater interest as an ESG and clean energy investment. Our DCF analysis uses an 8% discount rate. The implied return to our \$15 price target supports our Underperform rating.

Risks to rating and price target

We highlight several key risks and sensitivities that could be potentially material to our thesis on Cameco including: 1) an earlier outcome in the CRA transfer pricing dispute that results in the release of \$300M restricted cash held by the government; 2) stronger-than-expected uranium prices; 3) uranium production disruptions from other producers; 4) an increase in valuation multiples due to rising interest as an ESG/clean energy investment; and 5) currency volatility, primarily CAD/USD.

Company description

Cameco is headquartered in Saskatoon, Saskatchewan and has three primary segments: uranium mining and sales, nuclear fuel services, and nuclear fuel trading. The company generated \$1.9B revenue in 2019, with the vast majority coming from the uranium segment. Cameco produces uranium from three major properties that are considered among the best assets globally due to high grades and low costs, and it has potential to significantly increase production over the long term as uranium prices improve.

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Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

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Risk Rating

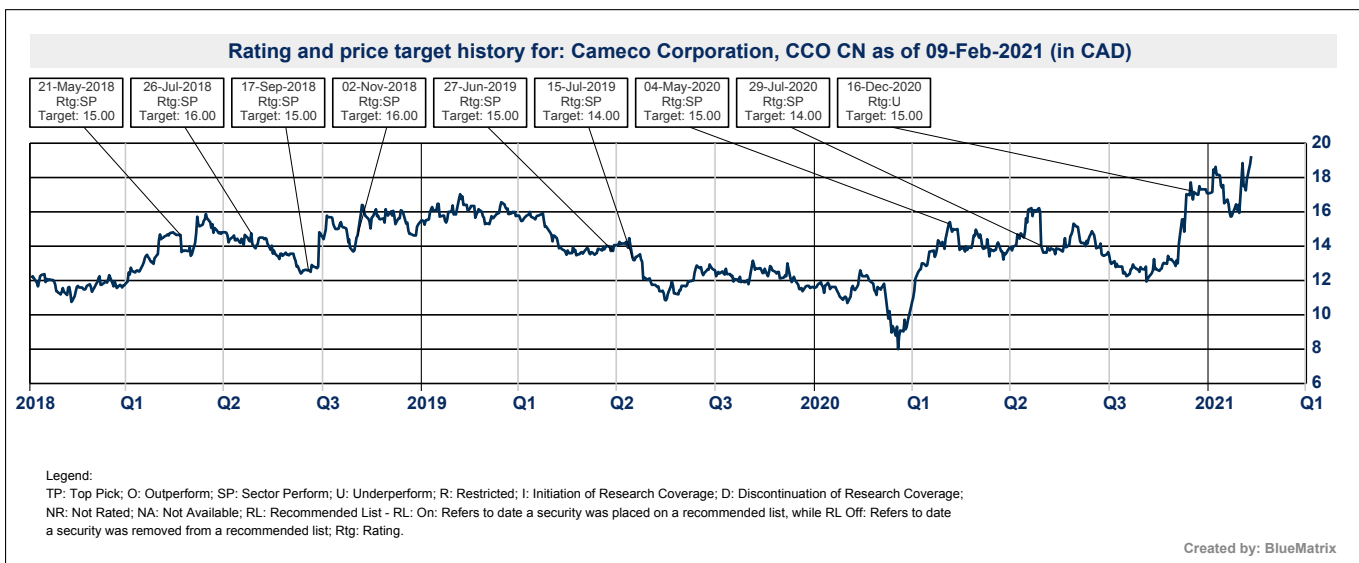
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			Count	Percent
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Cameco Corporation

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