

CAMECO CORPORATION

Cigar Lake Restarts Following Wildfire Scare

EVENT

After temporarily shutting down operations and evacuating all non-essential personnel at Cigar Lake following the wildfire scare on July 1, yesterday morning Cameco reported that the weather has now improved, the wildfire risk has subsided, and regular operations can resume.

BOTTOM LINE

Modest Positive – As we noted last week, we viewed a prolonged shutdown of the Cigar Lake mine has highly unlikely. Production will recommence in the coming days. U.S. markets were closed yesterday, but Cameco shares traded up 1.3% in Canada after the Cigar Lake restart news.

FOCUS POINTS

- **No Damage to Site Infrastructure** – In consultation with the Saskatchewan Public Safety Agency, Cameco will remobilize all personnel back to site and resume operations in the coming days. The Company is reporting that all site infrastructure at Cigar Lake remains intact following the wildfire in the proximity of the mine last week.
- **Maintaining Buy Rating and Price Target** – Based on a 75/25 blend of 2.0x NAVPS_{8.0%} and 20.0x 2022E CFPS (unchanged), we continue to rate Cameco a Buy with a price target of US\$22.50/\$28.00/share.

Recommendation:

BUY

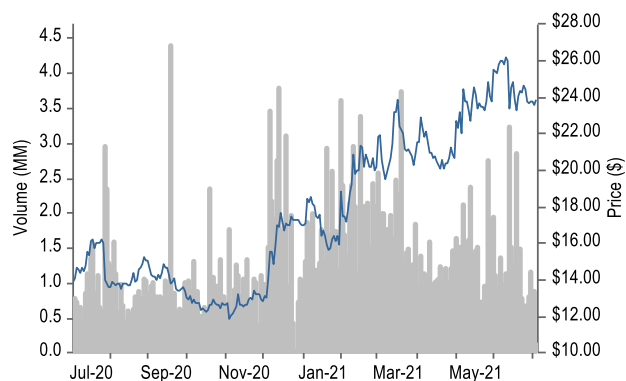
Symbol/Exchange: CCJ-NYSE/CCO-TSX
Sector: Metals & Mining
All dollar values in C\$ unless otherwise noted.
Current price: US\$19.15/\$23.91
One-year target: US\$22.50/\$28.00
Return to Target: 17.5%
Cash and Equivalents: \$1,024 MM

Financial summary

	2019A	2020A	2021E	2022E
Shares O/S (MM)	397.6	52-week range	\$11.84 - \$26.62	
Market cap (MM\$)	\$9,507.7	30D avg. vol. (000)	6,031.4	
Market float (MM\$)	\$9,487.7	Fiscal year-end	31-Dec	
Uranium Production (MMlb)	9.0	5.1	2.6	9.1
Prod'd & Purch'd (MMlb)	28.0	38.7	11.6	19.5
Uranium Sales (MMlb)	31.5	30.5	23.0	19.5
Realized U3O8 Price (\$/lb)	\$43.88	\$45.71	\$48.78	\$59.38
Cash Operating Costs (\$/lb)	\$28.98	\$37.24	\$37.46	\$36.17
EPS, dil., adj.	\$0.11	(\$0.17)	(\$0.13)	\$0.41
Dividends per share	\$0.08	\$0.08	\$0.08	\$0.08
CFPS	\$1.09	\$0.63	\$0.49	\$0.99
Free CFPS	\$1.14	(\$0.05)	\$0.21	\$0.74

Source: Company Reports and Cantor Fitzgerald Estimates.

Note: All figures in millions, unless stated otherwise.



Company profile: Cameco Corporation operates in two primary segments: uranium and fuel services. The Company boasts the world's largest high-grade uranium reserves and low-cost uranium operations.

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See disclosure and a description of our recommendation structure at the end of this report.

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BUY: The stock is attractively priced relative to the company's fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company's fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company's fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

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