

Agnico Eagle Mines Limited

Recommendation **STRONG BUY** ★ ★ ★ ★ ★

Price
USD 43.21 (as of Mar 18, 2019 4:00 PM ET)

12-Mo. Target Price
USD 73.00

Report Currency
USD

Equity Analyst Matthew Miller, CFA

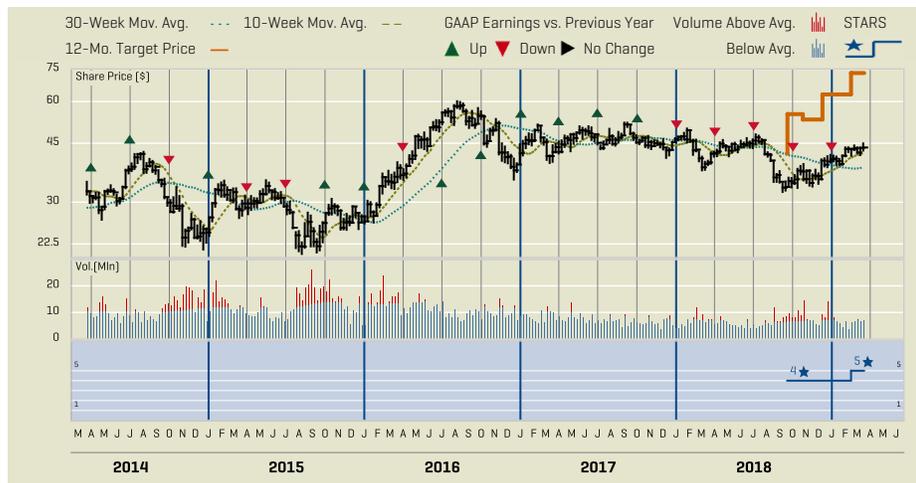
GICS Sector Materials
Sub-Industry Gold

Summary AEM is a gold mining company with operations in Canada, Finland and Mexico and exploration and development activities in Canada, Europe, Latin America and the U.S.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	USD 47.83 - 32.18	Oper. EPS 2019E	USD 0.85	Market Capitalization(B)	USD 10.06	Beta	-0.49
Trailing 12-Month EPS	NM	Oper. EPS 2020E	USD 1.40	Yield (%)	1.16	3-Yr Proj. EPS CAGR(%)	11
Trailing 12-Month P/E	NM	P/E on Oper. EPS 2019E	51.42	Dividend Rate/Share	USD 0.50	SPGMI's Quality Ranking	B-
\$10K Invested 5 Yrs Ago	\$13,288	Common Shares Outstg.(M)	232.71	Institutional Ownership (%)	81		

Price Performance



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst Matthew Miller on Feb 15, 2019 01:04 PM, when the stock traded at USD 55.69.

Highlights

- ▶ Although gold production declined in 2018 (to 1.63 million ounces, or 5% below 2017), it was a transition year, as AEM invested in important growth projects and moved to a larger mining platform in Nunavut. We expect gold production of about 1.75 million ounces in 2019 and 2.0 million ounces in 2020. We anticipate a 20,000 ounce increase at LaRonde Zone 5 (LZ5) and we expect the combined production in Nunavut (Amaruq, Meliadine and Meadowbank) to increase to 460,000 oz. in 2019 (versus 249,000 oz. in 2018).
- ▶ The all-in sustaining cost per ounce (AISC) increased to US\$877 in 2018 and we forecast AISC to increase to around US\$900 in 2019, as Nunavut transitions from the Meadowbank deposit to Amaruq and Meliadine. The significant increase in production in 2020 should improve the AISC to US\$850. We anticipate Canadian Malartic generating significant free cash flow, driven by mine optimization.
- ▶ We think AEM has strong liquidity, with US\$308 million in cash as of Dec. 31, 2018, as well as un-drawn credit lines of US\$1.2 billion. We see 2018 as a peak capex year; we forecast free cash flow of US\$200 million in 2019 and more than US\$650 million in 2020.

Investment Rationale/Risk

- ▶ AEM has a track record of strong execution and AEM operates in favorable jurisdictions, which help justify AEM's valuation premium compared to peers. AEM is also one of a select few major gold miners that are in a growth phase. We think AEM's project pipeline should lead to near-term and intermediate-term gold production growth, to about 2 million ounces in 2020, a three-year CAGR of 5.3%. We think AEM is poised for a strong recovery in a flat to appreciating gold price environment, as investors start to shift focus from a year of declining production in 2018 to cash flow growth and AEM's strong mineral reserve profile.
- ▶ Risks to our recommendation and target include weaker gold prices, major project delays, higher cost inflation and ineffective exploration spending.
- ▶ Our 12-month target price of C\$73 values AEM shares at an EV/EBITDA multiple of 13.5x our 2019 EBITDA estimate, a large premium to peers' average forward EV/EBITDA of 7.4x, warranted by AEM's top-tier portfolio of assets with higher growth, better ore grades and lower geopolitical risk. AEM has top-tier mineral reserve grade: 2.7 grams per tons, vs. the industry average of 1.1 g/t.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects AEM's exposure to gold prices and the challenge of replacing reserves, partly offset by our view of AEM's low geopolitical risk, AEM's top-tier pipeline of growth projects and AEM's high-grade reserve profile.

Revenue/Earnings Data

Revenue (Million USD)	1Q	2Q	3Q	4Q	Year
2018	578	556	519	538	2,191
2017	547	550	580	565	2,243
2016	491	538	611	499	2,138
2015	484	510	509	483	1,985
2014	492	439	463	503	1,897
2013	420	336	444	437	1,638

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2020	E 0.38	E 0.34	E 0.35	E 0.33	E 1.40
2019	E 0.11	E 0.14	E 0.24	E 0.36	E 0.85
2018	0.19	0.02	0.07	-1.68	-1.40
2017	0.33	0.23	0.31	0.15	1.05
2016	0.13	0.08	0.22	0.27	0.70
2015	0.13	0.05	0.01	-0.08	0.11

Fiscal year ended Dec 31. Next earnings report expected: Late Apr. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (USD)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.125	Feb 15	Feb 28	Mar 01	Mar 15 '19
0.11	Oct 24	Nov 29	Nov 30	Dec 14 '18
0.11	Jul 25	Aug 30	Aug 31	Sep 14 '18
0.11	Apr 26	May 31	Jun 01	Jun 15 '18

Dividends have been paid since 1983. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

Forecasts are not reliable indicator of future performance.

Agnico Eagle Mines Limited

Business Summary December 10, 2018

CORPORATE OVERVIEW. Agnico Eagle Mines Limited (AEM) has produced precious metals since its formation in 1972. Its eight mines are located in Canada, Finland and Mexico, with exploration and development activities in each of these countries as well as in the U.S. and Sweden. AEM has full exposure to the price of gold due its long-standing policy of no forward gold sales. Production by country is about 69% from Canada, 19% from Mexico and 11% from Finland. Mineral reserves by country is about 70% in Canada, 20% in Finland and 10% in Mexico.

RESERVES AND RESOURCES. As of Dec. 31, 2017, AEM had proven reserves of 2.523 million ounces of gold (42.232 million tons of ore with an ore grade of 1.86 grams per ton) and 18.031 million ounces of probable gold reserves (214.5 million tons of ore with a grade of 2.62 grams per ton). AEM's total proven and probable (2P) reserves of 20.5 million ounces of gold is 3.1% higher than 2016. The average remaining mine life based on 2017 2P reserves and AEM's 2017 production rate is 12 years.

PORTFOLIO OF ASSETS. AEM's assets in Canada include: LaRonde Complex (2017 production of 349,385 ounces of gold), Lapa Mine (48,613), Goldex Mine (118,947), Canadian Malartic Mine (316,731) and Meadowbank Mine (352,526); Kirkland Lake and Hammond Reef exploration projects; and Amaruq Satellite and Meliadine development projects. AEM's Kittila Mine in Finland produced 196,938 ounces of gold in 2017 and AEM also has the Barsele exploration project in Sweden. AEM's assets in Mexico include: Pinos Altos & Creston Mascota Complex (229,243), La India Mine (101,150) and El Barqueno exploration project.

AEM is Quebec's largest gold producer with a 100% interest in LaRonde, Goldex, Lapa and LaRonde Zone 5 (LZ5) mines and a 50% interest in the Canadian Malartic mine. These mines are located within 50 kilometers of each other in the Abitibi region, which provides operating synergies and enables sharing of technical expertise. The LaRonde mine, the company's first mine, achieved commercial production in 1988 and is expected to produce through 2025. Commercial production at LZ5 was declared on June 1, 2018. The LaRonde Complex's 2P reserves were close to 3.0 million ounces (14.8% of total) at Dec. 31, 2017. The Goldex mine achieved commercial production in October 2013. The Deep 1 Zone entered commercial production in July 2017 and production from Deep 1 Zone is expected to extend the Goldex mine life through 2025. 2P gold reserves at Goldex were around 0.9 million ounces (4.5% of total) at Dec. 31, 2017. In June 2014, AEM and Yamana Gold Inc. acquired Osisko Mining Corp. and created the Canadian Malartic General Partnership, which operates the Canadian Malartic mine through a joint management committee. Both AEM and Yamana have an indirect 50% ownership interest in the partnership. AEM's share of 2P reserves at the mine were around 3.2 million ounces (15.5% of total) at Dec. 31, 2017.

AEM has identified Nunavut, Canada as a politically attractive and stable jurisdiction with great geological potential. Nunavut has the potential to be a strategic operating platform with the ability to generate strong production and cash flows over several decades. In 2007, AEM acquired Cumberland Resources Ltd. and its Meadowbank project in Nunavut. Commercial production was achieved in March 2010 and production has been extended into 2019, which bridges the gap between the cessation of mining activities at the Meadowbank mine and the expected start of operations at the Amaruq satellite deposit in Q3 2019. The Amaruq deposit is located around 50 kilometers northwest of the Meadowbank mine. The Meadowbank Complex had 2P gold reserves at Dec. 31, 2017 of around 2.7 million ounces (13.2% of total). In July 2010, AEM acquired the Meliadine mine project in Nunavut by acquiring Complex Minerals Corp. Meliadine is expected to begin production in Q2 2019 and is expected to produce 5.7 million ounces of gold over a 15 year mine life. Meliadine had 2017 2P reserves of nearly 3.7 million ounces (17.9% of total).

AEM's Kittila mine in northern Finland is the largest primary gold producer in Europe and hosts AEM's largest 2P reserves at 4.1 million ounces (19.9% of total) as of Dec. 31, 2017. The Kittila mine was added to AEM's portfolio when AEM acquired Riddarhyttan Resources AB in 2005. Construction of the Kittila mine was completed in 2008 and commercial production began in May 2009. Exploration activities continue to expand the reserves and AEM has approved an expansion to add an underground shaft and increase expected mill throughput by 25% to 2 million tonnes per year. In Sweden, AEM has a 55% interest in the Barsele exploration project.

Operations in Mexico have been a solid source of precious metals production with stable operating costs and strong free cash flow since 2009. In 2006, AEM acquired the Pinos Altos property in Northern Mexico, which at the time was an advanced stage exploration property. Commercial production was achieved at Pinos Altos in November 2009. In 2018, Pinos Altos is transitioning into a predominantly underground mining operation, as the open pit mining activities have come to an end. Several satellite opportunities exist around Pinos Altos and are being evaluated for incremental production potential. The 2P reserves at Pinos Altos were nearly 1.3 million ounces (6.2% of total) at Dec. 31, 2017.

FINANCIAL TRENDS. During the five-year period from 2012 through 2017, AEM increased sales by a compound annual growth rate (CAGR) of 3.2%, from US\$1.916 billion in 2012 to US\$2.243 billion in 2017 and increased its adjusted EBITDA by a CAGR of 2.2%, from US\$833 million (43.5% of sales) to US\$928 million (40.1% of sales).

In 2017, gold production totaled 1,713,533 ounces of gold [vs. 1,662,888 ounces in 2016], with total cash costs per ounce of US\$558 [vs. US\$573 in 2016]. During the first six months of 2018, AEM produced 794,239 ounces of gold [vs. 845,959 ounces in the prior-year period] at a cash cost per ounce of US\$652 [vs. US\$548 last year]. The average realized price of gold per ounce was US\$1,261 in 2017 versus US\$1,249 in 2016; the average gold price for the first six months of 2018 was US\$1,320 per ounce vs. US\$1,240 during the prior-year period.

Corporate Information

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Agnico Eagle Mines Limited

Quantitative Evaluations						
Fair Value Rank	NR	1	2	3	4	5
		LOWEST		HIGHEST		
Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].						
Fair Value Calculation	NA					
Volatility	LOW		AVERAGE		HIGH	
Technical Evaluation	BULLISH	Since December, 2018, the technical indicators for AEM have been BULLISH.				
Insider Activity	UNFAVORABLE		NEUTRAL		FAVORABLE	

Expanded Ratio Analysis				
	2018	2017	2016	2015
Price/Sales	4.30	4.79	4.43	2.87
Price/EBITDA	12.60	11.36	9.99	7.45
Price/Pretax Income	-36.38	31.35	35.32	69.05
P/E Ratio	-28.84	43.98	60.00	238.91
Avg. Diluted Shares Outsg. (M)	233	232	226	217

Figures based on fiscal year-end price

Key Growth Rates and Averages				
Past Growth Rate [%]		1 Year	3 Years	5 Years
Sales		-2.29	3.34	5.99
Net Income		NM	NM	-14
Ratio Analysis [Annual Avg.]				
Net Margin [%]		NM	NM	NM
% LT Debt to Capitalization		27.44	NA	NA
Return on Equity [%]		-6.88	NA	NA

Company Financials Fiscal year ending Dec. 31										
Per Share Data [USD]	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tangible Book Value	17.67	18.30	16.87	15.82	15.74	15.40	18.48	17.41	20.54	17.57
Free Cash Flow	-2.77	-0.46	1.17	0.77	0.99	-0.81	1.46	1.09	-0.15	-3.48
Earnings	-1.40	1.05	0.70	0.11	0.39	-3.97	1.81	-3.36	2.00	0.55
Earnings (Normalized)	0.35	0.99	0.71	0.24	0.71	-0.92	1.60	-2.83	1.35	0.39
Dividends	0.44	0.41	0.36	0.32	0.32	0.88	0.80	0.64	NA	0.18
Payout Ratio [%]	NM	31	45	242	65	NM	38	NM	8	31
Prices: High	49.80	51.86	60.10	34.89	42.41	53.78	NA	77.00	88.20	74.00
Prices: Low	32.18	39.30	26.09	21.00	21.65	23.77	NA	34.50	49.64	42.65
P/E Ratio: High	88.8	NM	NM	NM	45.5	41.9	NA	67.3	NM	NM
P/E Ratio: Low	36.3	35.4	NM	70.5	34.7	16.9	NA	23.3	39.7	55.6

Income Statement Analysis (Million USD)										
Revenue	2,191	2,243	2,138	1,985	1,897	1,638	1,918	1,822	1,423	614
Operating Income	194	437	336	157	292	-193	513	-716	409	129
Depreciation + Amortization	554	509	613	609	434	800	272	1,407	192	72
Interest Expense	96.6	68.1	65.4	67.0	63.6	53.1	57.9	55.0	49.5	8.4
Pretax Income	-259	342	268	83	189	-818	435	-779	435	108
Effective Tax Rate	-26.1	28.8	40.8	70.2	56.1	16.1	28.5	26.9	23.7	19.9
Net Income	-327	244	159	25	83	-687	311	-569	332	87
Net Income (Normalized)	82	231	159	51	138	-158	274	-480	224	61

Balance Sheet and Other Financial Data (Million USD)										
Cash	384	767	641	163	239	216	351	331	201	276
Current Assets	1,072	1,462	1,230	829	908	798	904	822	674	604
Total Assets	7,853	7,866	7,108	6,683	6,809	4,580	5,256	5,034	5,500	4,247
Current Liabilities	361	334	424	312	332	211	277	254	303	190
Long Term Debt	1,721	1,372	1,073	1,118	1,322	987	830	920	650	715
Total Capital	6,273	6,324	5,707	5,293	5,486	3,729	4,265	4,173	4,364	3,501
Capital Expenditures	1,252	874	516	450	475	621	446	483	512	657
Cash from Operations	606	768	779	616	668	481	696	667	488	115
Current Ratio	2.97	4.38	2.90	2.66	2.73	3.79	3.26	3.23	2.22	3.17
% Long Term Debt of Capitalization	27.4	21.7	18.8	21.1	24.1	26.5	19.5	22.1	14.9	20.4
% Net Income of Revenue	-14.9	10.9	7.4	1.2	4.4	-41.9	16.2	-31.2	23.3	14.1
% Return on Assets	1.54	3.64	3.04	1.45	3.20	-2.45	6.23	-8.50	5.25	2.12
% Return on Equity	-6.88	5.17	3.68	0.60	2.45	-22.41	9.39	-16.54	10.35	3.28

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Agnico Eagle Mines Limited

Sub-Industry Outlook

Our fundamental outlook for the gold sub-industry for the next 12 months is positive. We think heightened economic and geopolitical uncertainty has increased demand for gold as a safe-haven investment and decreasing mine supply could lead to a tighter market. In our view, gold has priced in a number of significant headwinds, including the U.S. Federal Reserve's tightening cycle, subdued inflation, stronger labor markets and recent strength in the U.S. dollar. Other developments, including trade disputes between the U.S. and China, Brexit and worries about the future of the European Union, as well as tensions in North Korea and Iran, have enhanced risks associated with economic growth and geopolitical events, further supporting prices.

Rising interest rates are theoretically bearish for gold prices. However, we note that in many countries, real interest rates [adjusting for inflation] remain negative. While gold could continue to face headwinds from higher interest rates, we think the negative impact will be muted. The Fed, recently, has been signalling a more neutral stance, which we think would be bullish for gold prices.

During 2018, gold faced strong headwinds most of the year, notably from the Fed increasing interest rates, economic stimulus from U.S. tax cuts and a strong U.S. dollar. In the fourth quarter, however, macroeconomic risks increased and stock markets sold off. This helped gold outperform most asset groups in the quarter and for the full year in 2018.

According to Metals Focus and World Gold Council, global gold demand increased 4.4% in 2018 to 4,345 metric tons [mt]. Net central bank purchases totaled 651mt in 2018 [an increase of 74% from 2017], which was the highest level since the dissolution of Bretton Woods. Annual gold demand resulting from inflows into global gold-backed ETFs totaled 69mt, 67%

lower year-over-year. Although ETF demand declined year-over-year, global inflows of 112.4mt in Q4 '18 reversed the trend of quarterly outflows. CFRA thinks demand growth from central banks and ETFs will be strong in the next 12 months, which should lead to higher gold prices.

In the longer term, we also expect significant physical [jewelry] demand growth, driven by China and India, with gold supply growth struggling to keep up with demand.

CFRA thinks a recent surge in M&A activity in the gold sub-industry is likely to continue for the next two years. Many large gold miners have spent the last three years improving balance sheets and liquidity positions. In many cases, it is cheaper to grow gold reserves via acquisitions, rather than organically, which should lead to further consolidation.

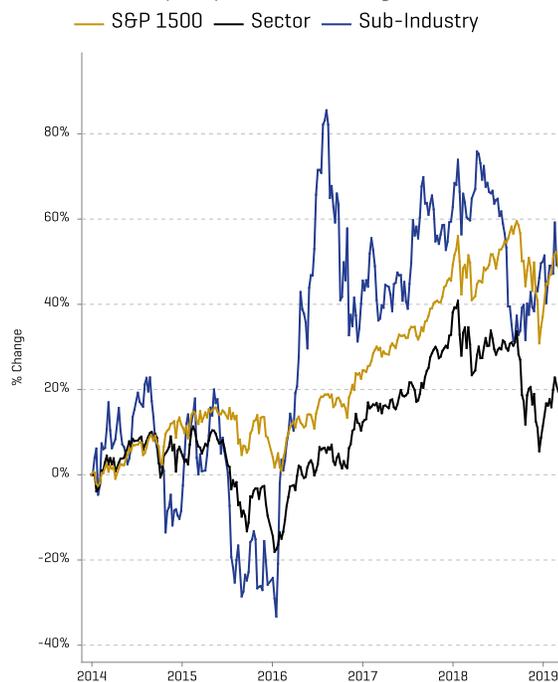
As of February 28, 2019, the S&P 1500 Gold Index was down 0.4% year-to-date versus the S&P Composite 1500 Index up 11.4%. In 2018, the S&P 1500 Gold Index declined 5.1% versus the S&P Composite 1500 Index decline of 6.8%. As of February 28, 2019, the five-year compound annual growth rate [CAGR] for the S&P 1500 Gold Index was 7.2% versus the S&P Composite 1500 Index CAGR of 8.3%.

/Matthew Miller, CFA

Industry Performance

GICS Sector: Materials
Sub-Industry: Gold

Based on S&P 1500 Indexes
Five-Year market price performance through Mar 18, 2019



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard [GICS].

Past performance is not an indication of future performance and should not be relied upon as such.

Source: S&P Global Market Intelligence

Sub-Industry: Gold Peer Group*: Gold

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield [%]	Return on Equity [%]	LTD to Cap [%]
Agnico Eagle Mines Limited	AEM	NYSE	USD	43.21	10,055	0.2	9.5	NM	NA	1.2	-6.9	27.4
Alamos Gold Inc.	AGI	NYSE	USD	5.020	1,946	10.6	-3.3	NM	NA	0.4	-2.7	NA
AngloGold Ashanti Limited	AU	NYSE	USD	13.43	5,703	-1.1	49.7	NM	NA	0.5	3.1	43.5
Companiã de Minas Buenaventura S.A.A.	BVN	NYSE	USD	16.74	4,252	0.9	16.5	NM	NA	0.5	-0.1	14.8
Franco-Nevada Corporation	FNV	TSX	CAD	100.92	18,878	-0.2	12.2	69	56.66	1.3	4.4	NA
Goldcorp Inc.	GG	NYSE	USD	10.77	9,349	-0.5	-19.4	NM	NA	0.7	-34.5	19.0
Kirkland Lake Gold Ltd.	KL	NYSE	USD	32.77	6,865	-2.4	123.2	25	28.66	0.4	22.6	NA
Newcrest Mining Limited	NCMG.Y	OTCPK	USD	17.71	13,582	0.0	16.1	62	NA	1.5	4.4	20.9
Newmont Mining Corporation	NEM	NYSE	USD	33.00	17,578	-0.7	-11.7	52	27.50	1.7	2.8	22.8
Royal Gold, Inc.	RGLD	NasdaqGS	USD	89.86	5,887	3.1	7.2	NM	NA	1.2	-5.4	14.1
Sibanye Gold Limited	SBGL	NYSE	USD	4.100	2,396	0.7	9.9	NM	NA	Nil	20.6	32.0

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Agnico Eagle Mines Limited

Analyst Research Notes and other Company News

February 15, 2019

12:51 pm ET... CFRA Lifts Opinion on Shares of Agnico Eagle Mines to Strong Buy from Buy [AEM 55.92****]: We increase our 12-month target by C\$10 to C\$73, which implies an EV/EBITDA of 13.5x our '19 EBITDA estimate, a premium to peers' average forward EV/EBITDA of 7.4x and above AEM's three-year average of 11.6x. Our premium valuation is driven by AEM's top-tier reserve profile and growth outlook. We raise our '19 EPS estimate by US\$0.03 to US\$0.85 and start our '20 EPS forecast at US\$1.40. AEM posts Q4 normalized EPS of US\$0.14 vs. US\$0.21, US\$0.12 above consensus; sales of US\$538 million declined YoY by 4.8% and beat consensus by 2.3%. Q4 adjusted EBITDA beat consensus by 10%. AEM's

total proven and probable reserves increased by over 7% to 22 million ounces, driven by an 8% increase in reserve grade to 2.7 grams per ton (g/t), up from 2.49 g/t at year-end '17. We forecast an increase in production of 8% in '19 and close to 15% growth in '20. We think capital spending will decline by over 40% in '19 and AEM will return to positive FCF in '19, followed by significant FCF growth in '20. /Matthew Miller, CFA

December 10, 2018

03:00 pm ET... CFRA Maintains Buy Opinion on Shares of Agnico Eagle Mines Limited [AEM 52.71****]: We increase our 12-month target price by C\$10 to C\$63, implying an EV/EBITDA of 12.5X our '19 EBITDA estimate, a sizable premium to gold peers, trading at an average forward EV/EBITDA of 8.8X, which we think is warranted by AEM's top-tier reserve profile and AEM's best-in-class geopolitical risk profile. We project gold production growth of 10-12% in '19 and we have become more bullish on the price of gold in '19; we think the average price of gold in '19 could be a major tailwind to higher cash flow. We think AEM stands out among its peers, with strong production growth expected in '19 and '20, expanding gold reserves and operating performance that continues to exceed guidance. We expect commercial production of the Meliadine project to begin in Q2 '19, which should be a positive catalyst. /Matthew Miller, CFA

October 25, 2018

02:53 pm ET... CFRA MAINTAINS BUY OPINION ON SHARES OF AGNICO EAGLE MINES LIMITED [AEM 46.81****]: We trim our 12-month target price by C\$2 to C\$53, based on an EV/EBITDA of 11.9X our '19 EBITDA estimate, a premium to AEM's three-year average forward EV/EBITDA of 11.3X and a large premium to peers, trading at an average forward EV/EBITDA of 5.5X, which we think is warranted by AEM's top-tier reserve profile and best-in-class geopolitical risk profile. We decrease our '18 EPS estimate by C\$0.12 to C\$0.35 and '19's by C\$0.33 to C\$0.82. AEM posts Q3 EPS of US\$0.01 vs. US\$0.29, US\$0.05 above consensus; sales beat by 4.2% and adjusted EBITDA beat consensus by 12%. Gold production in Q3 of 421,718 ounces represents a 7.2% YoY decline. In 2019, we forecast gold production growth of 10-12%. We are encouraged by development projects in Nunavut and recent drilling results. We think '18 marks a peak capital spending year and AEM is poised to generate strong free cash flow in '19 and we expect AEM to increase its dividend. /Matthew Miller, CFA

September 19, 2018

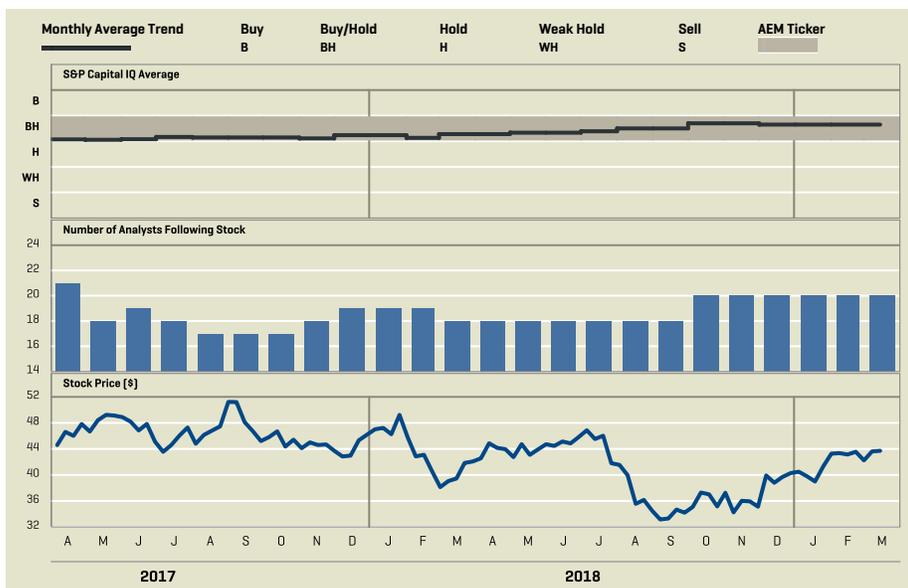
10:51 am ET... CFRA INITIATES COVERAGE OF AGNICO EAGLE MINES LIMITED WITH A BUY RECOMMENDATION [AEM 45.54****]: We set our 12-month target price at C\$55, which implies an EV/EBITDA multiple of 11.1X our '19 EBITDA estimate, in line with AEM's three-year average forward EV/EBITDA of 11.0X. Our EPS estimates are C\$0.47 in 2018 and C\$1.15 in 2019. Although AEM trades at a steep premium to peers (average forward EV/EBITDA is 6.0X), AEM has historically traded at such a premium and we think the valuation is justified by AEM's top-tier portfolio of growth projects, a lower geopolitical risk profile and its top-tier grade of ore reserves. Although we think gold prices could be volatile around the dates of interest rate hikes from the FED, we also think gold could start to gain more appeal as a hedging tool against potential market risks. AEM shares have depreciated over 22% YTD, in concert with the drop in gold prices. We think AEM is poised to outperform gold-mining peers in the next two years, given its above-peer production growth profile and its relatively lower risk profile (in our view). /Matthew Miller, CFA

September 18, 2018

01:31 pm ET... CFRA INITIATES COVERAGE OF AGNICO EAGLE MINES LIMITED WITH A BUY RECOMMENDATION [AEM 34.43****]: We set our 12-month target price at \$42, which implies an EV/EBITDA multiple of 11.1X our '19 EBITDA estimate, in line with AEM's three-year average forward EV/EBITDA of 11.0X.

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Analysts' Recommendations



Wall Street Consensus Opinion

BUY/HOLD

Wall Street Consensus vs. Performance

For fiscal year 2019, analysts estimate that AEM will earn USD \$0.49. For fiscal year 2020, analysts estimate that AEM's earnings per share will grow by 118% to USD \$1.07.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	6	30	6	6
Buy/Hold	11	55	11	11
Hold	3	15	3	3
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	20	100	20	20

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2020	1.07	2.38	0.48	15	40.6
2019	0.49	0.77	0.30	14	88.6
2020 vs. 2019	▲118%	▲209%	▲60%	▲7%	▼-54%
Q1'20	0.28	0.56	0.11	4	NM
Q1'19	0.09	0.12	0.03	8	NM
Q1'20 vs. Q1'19	▲211%	▲367%	▲267%	▼-50%	NA

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Agnico Eagle Mines Limited

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index [S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index]), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

CFRA Equity Research

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Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
 CAPEX - Capital Expenditures
 CY - Calendar Year
 DCF - Discounted Cash Flow
 DDM - Dividend Discount Model
 EBIT - Earnings Before Interest and Taxes
 EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
 EPS - Earnings Per Share
 EV - Enterprise Value
 FCF - Free Cash Flow
 FFO - Funds From Operations

FY - Fiscal Year
 P/E - Price/Earnings
 P/NAV - Price to Net Asset Value PEG Ratio - P/E-to-Growth Ratio PV - Present Value
 R&D - Research & Development ROCE - Return on Capital Employed ROE - Return on Equity
 ROI - Return on Investment
 ROIC - Return on Invested Capital
 ROA - Return on Assets
 SG&A - Selling, General & Administrative Expenses
 SOTP - Sum-of-The-Parts
 WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARs (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★★ 4-STARs (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★★★ 3-STARs (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★★★★ 2-STARs (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

★★★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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Stocks are ranked in accordance with the following ranking methodologies:

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Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of December 31, 2018

Ranking	North America	Europe	Asia	Global
Buy	38.9%	34.1%	46.6%	39.0%
Hold	56.0%	51.8%	44.8%	54.0%
Sell	5.1%	14.1%	8.6%	7.0%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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