EQUITY RESEARCH · INITIATION · MATERIALS / GOLD

Agnico Eagle Mines

AEM · TSX & NYSE · Senior Gold Producer

HOLD

12-mo target: **US$165**
Current: ~US$155 | Upside: +6.5%

Rating / Target	Hold · US$165 (12-month)
Market cap	~US$78B
FY2025 production	3.45 Moz payable gold (guidance achieved)
FY2025 cost	Total cash cost US$979/oz · AISC US$1,339/oz
P&P reserves	Record 55.4 Moz gold (+2% YoY)
Capital returns	US$1.4B in FY2025 · dividend +12.5% to US$0.45/qtr
Jurisdictions	Canada, Finland, Australia, Mexico (low geopolitical risk)

Investment thesis

1. **Best-in-class, low-risk asset base.** Agnico runs the lowest geopolitical-risk portfolio among senior gold producers, anchored in Canada, Finland, and Australia. That jurisdiction quality, paired with operational consistency across Detour Lake, Canadian Malartic/Odyssey, and the Nunavut platform, is the core of its premium rating.
2. **The gold rally converted to record cash.** FY2025 payable production of 3.45 Moz at AISC of US$1,339/oz captured roughly 95% of the gold-price move at the margin, driving record free cash flow and US$1.4B of shareholder returns, alongside continued debt reduction toward a near net-cash balance sheet.
3. **Organic reserve and resource growth.** Proven and probable reserves rose 2% to a record 55.4 Moz, with indicated resources up 10% to 47.1 Moz and inferred up 15% to 41.8 Moz, extending mine life from the drill bit rather than from acquisitions.

Operating summary: FY2025 actual vs FY2026 guidance

Metric	FY2025 actual	FY2026 guidance
Payable gold production	3.45 Moz	3.30 – 3.50 Moz
Total cash cost / oz	US$979	US$1,020 – 1,120
AISC / oz	US$1,339	US$1,400 – 1,550 (mid US$1,475)
Production outlook 2026–2028	Stable at ~3.3 – 3.5 Moz per year	

Valuation & Hold rationale

At ~US$155, AEM trades at a premium P/NAV and EV/EBITDA to the senior gold peer set. We view the premium as earned on jurisdiction quality, reserve depth, and a multi-year record of operational delivery, but largely reflected in the current price. FY2026 guidance holds volume flat while AISC steps up roughly 10% to a US$1,475 midpoint, which compresses incremental margin if the gold price stalls. With a flat 2026–2028 production profile, the per-share growth case rests on the gold price and on reserve conversion rather than on volume. Our US$165 target implies modest upside and a Hold.

We would turn constructive on (i) a pullback toward US$135–140, which would restore a clearer margin of safety, or (ii) evidence of per-share growth beyond the flat plan, whether through higher-grade reserve conversion or accretive, jurisdiction-consistent additions.

Key risks

A reversal in the gold price is the dominant risk to a producer this leveraged to the metal. AISC inflation above the guided range would compress margins further, and the absence of organic volume growth leaves limited offset if costs rise. Operational disruption at a major asset, and currency moves across CAD, EUR, and AUD cost bases, are secondary risks.

Author: Sophia Ize-Iyamu. Estimates and figures are drawn from Agnico Eagle's FY2025 results and FY2026 guidance and other publicly available information.