

DESK NOTE

06.01.2025

Cameco (CCJ US) – Undervalued and Essential:

Cameco's Strategic Edge in the Uranium Boom

Conclusive Summary: As detailed in our desk note on uranium today, the market faces a long-term structural deficit, likely leading to significantly higher future prices than those currently reflected in consensus estimates for uranium stocks. This creates a rare opportunity to acquire Cameco and its peers at attractive valuations. Current projections for CCJ's realized uranium prices range from \$56–66/lbs for 2029–2034. However, Cameco management has indicated that new long-term contracts are already pricing uranium at a median of \$100/lbs, signaling potential for significant stock revaluation as the market adjusts to these realities. Cameco's ability to secure favorable contracts, deliver operational excellence, and prioritize sustainability positions it to capitalize on the global shift toward nuclear energy. Investors seeking exposure to this secular growth theme should consider CCJ a core asset in this sector and a compelling medium- to long-term buy, particularly at \$48 or lower.

Competitive Position: Cameco holds a dominant position in North America's uranium market, supported by its Tier-1 assets and vertical integration through strategic partnerships. The company is the main beneficiary of all the factors that will drive uranium prices higher in coming years.

Valuation: Our forecast assumes a gradual but substantial rise in uranium prices from \$80/lbs in 2025 to \$105/lbs in 2029, diverging from the Bloomberg consensus estimate of \$56–66/lbs. Based on this outlook, combined with DCF analysis and market multiples, **we estimate a 12-month blended target price for Cameco at \$60.68, representing a 25% upside from the recommended entry point of \$48.5.**

Ticker: CCJ US

Previous day close price: \$52.16

Price range (52w): \$ 35.43 - \$62.55

Target price (12m): \$60.68 (+25% upside from recommended buy price)

Buy price: \$48.5

Reason for note: Regular review of Strategic Ideas

Recommendation: **Buy@ \$48.5**

Description: Cameco Corporation, headquartered in Canada, is a leading global uranium producer (~14% of global supply in 2022) and supplier of nuclear fuel services. Its operations encompass uranium mining, refining, and conversion, with major Tier-1 assets in Canada (Cigar Lake, McArthur River), the USA, Kazakhstan, and Australia. Cameco holds a 49% stake in Westinghouse Electric Company and has strategic partnerships, extending its reach into nuclear enrichment and fuel fabrication. Uranium mining contributes ~80% of revenues, with fuel services and Westinghouse accounting for the remainder. CCJ's contracts, typically 5-10 years in duration, insulate the company from spot market volatility and provide predictable cash flows.

Valentin Zhurba, vz@dprginvestment.com

Tel: +357 223 22030

Multiple Next 12 Months		Factor	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/EBITDA	20	1,314.7	26,293.7	789.5	25,504.2	435.2	\$58.61
EV/Sales	10	3,147.6	31,476.5	789.5	30,687.0	435.2	\$70.51
EV/IC	5	5,809.4	29,046.9	789.5	28,257.4	435.2	\$64.93
Avg. Multiple Price							\$64.68
DCF Price							\$56.67
Avg. Multiple & DCF Price							\$60.68

APPROVED

Private and Confidential. For Designated Party only.

Disclaimer: This document is issued by DPRG IM LTD (HE433850), a Cyprus Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC) to offer certain investment and ancillary services and activities under the provisions of the Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets, and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended or replaced from time to time (the "Law"), with CIF license number (license number to be added upon authorization). The information contained herein is for informational purposes only and does not constitute an offer to buy or sell any financial instrument, nor should it be considered as personalized investment advice. Investments involve significant risks, including the potential loss of the initial investment. Past performance is not indicative of future results. DPRG IM LTD and its affiliates may hold positions in the financial instruments mentioned herein, which may create potential conflicts of interest. The company adheres to strict compliance policies to manage such conflicts and ensure transparency. For further details, please contact compliance@dprginvestment.com or +357 22322030.

