

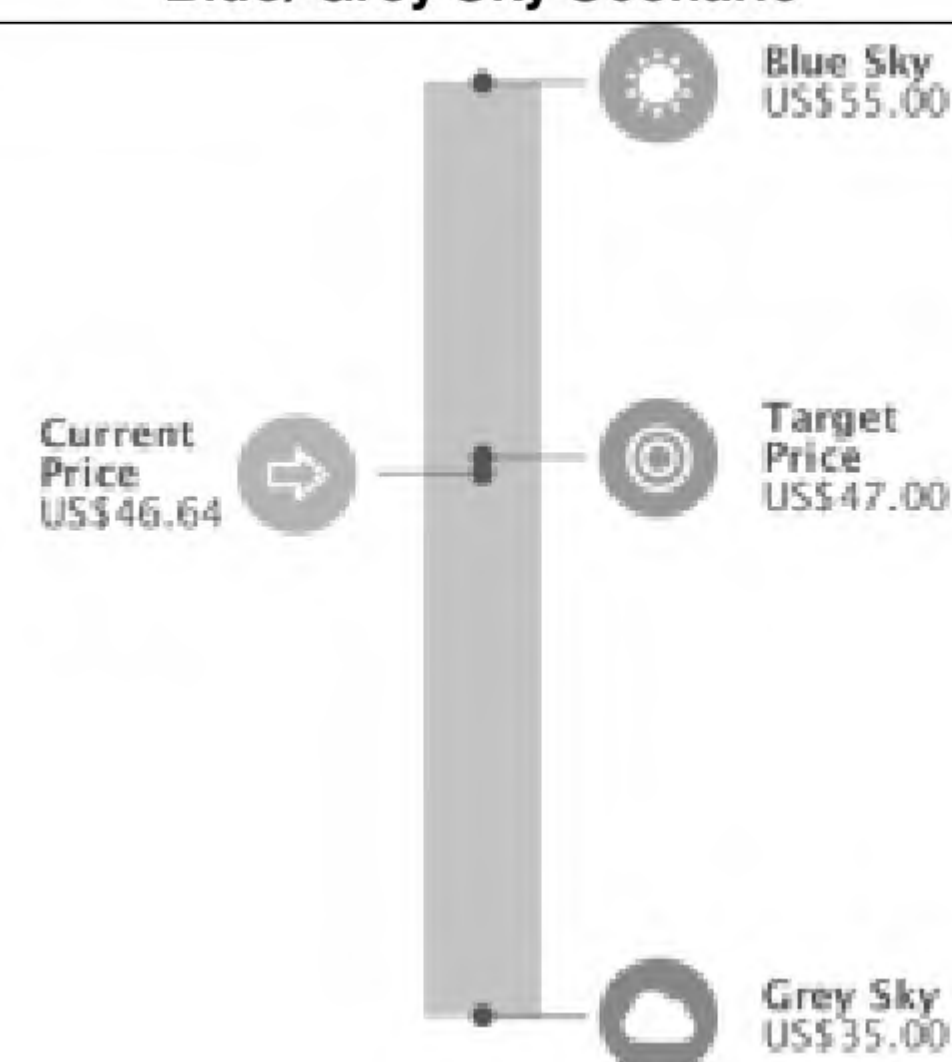
**KIRKLAND LAKE GOLD Inc (KL.N)**Price (04 Oct 2019): **US\$46.64**Target Price: **47.00**Analyst: **Fahad Tariq**Rating: **Neutral**

<b>Income Statement</b>				
	12/18A	12/19E	12/20E	12/21E
Revenue (US\$ m)	915.9	1,382.7	1,535.0	1,472.1
EBITDA (US\$ m)	532	955	1,047	986
Depr. & amort.	(134)	(170)	(172)	(179)
EBIT (US\$)	387	789	875	807
Net interest exp	2	2	-0	-0
PBT (US\$)	394	784	875	807
Income taxes	(120)	(254)	(295)	(271)
Profit after tax	274	529	579	536
Minorities	-	-	-	-
Reported net income (US\$)	274	529	579	536
Other NPAT adjustments	(13)	(13)	(13)	0
Adjusted net income	287	543	593	536
<b>Cash Flow</b>				
	12/18A	12/19E	12/20E	12/21E
EBIT	387	789	875	807
Net interest	2	2	-0	-0
Change in working capital	34	1	6	(0)
CAPEX	(275)	(341)	(270)	(224)
Free cashflow to the firm	369	620	633	592
Acquisitions	-	-	-	-
Divestments	2	1	0	0
Cash flow from investments	(459)	(502)	(406)	(315)
Changes in Net Cash/Debt	117	418	463	467
<b>Balance Sheet (US\$)</b>				
	12/18A	12/19E	12/20E	12/21E
Assets				
Cash & cash equivalents	332	747	1,211	1,678
Total current assets	420	831	1,293	1,759
Total assets	1,710	2,352	2,912	3,423
Liabilities				
Total current liabilities	193	295	300	299
Total liabilities	447	575	580	579
Total liabilities and equity	1,710	2,352	2,912	3,423
Net debt	(310)	(728)	(1,192)	(1,659)
<b>Per share</b>				
	12/18A	12/19E	12/20E	12/21E
No. of shares (wtd avg)	213	210	210	210
CS adj. EPS	1.35	2.52	2.82	2.55
Prev. EPS (US\$)				
Dividend (US\$)	0.00	0.15	0.16	0.16
Free cash flow per share	1.26	2.11	2.37	2.38
<b>Earnings</b>				
	12/18A	12/19E	12/20E	12/21E
Sales growth (%)	22.5	51.0	11.0	(4.1)
EBIT growth (%)	90.9	103.9	10.8	(7.8)
Net profit growth (%)	92.6	89.0	9.2	(9.5)
EPS growth (%)	88.9	86.3	12.1	(9.5)
EBITDA margin (%)	58.0	69.0	68.2	67.0
EBIT margin (%)	42.3	57.1	57.0	54.8
Pretax margin (%)	43.1	56.7	57.0	54.8
Net margin (%)	31.4	39.2	38.6	36.4
<b>Valuation</b>				
	12/18A	12/19E	12/20E	12/21E
EV/Sales (x)	10.36	6.56	5.61	5.53
EV/EBITDA (x)	17.6	9.8	8.9	9.5
EV/EBIT (x)	24.5	11.5	9.8	10.1
P/E (x)	34.5	18.5	16.5	18.3
Price to book (x)	7.3	5.3	4.1	3.4
Asset turnover	0.5	0.6	0.5	0.4
<b>Returns</b>				
	12/18A	12/19E	12/20E	12/21E
ROE stated-return on (%)	22.2	33.1	27.3	20.2
ROIC (%)	36.4	52.9	50.8	45.3
<b>Gearing</b>				
	12/18A	12/19E	12/20E	12/21E
Net debt/equity (%)	(24.5)	(41.0)	(51.1)	(58.3)
Interest coverage ratio (X)	(184.6)	(442.3)		
<b>Quarterly EPS</b>				
	Q1	Q2	Q3	Q4
2018A	0.25	0.30	0.28	0.50
2019E	0.53	0.50	0.72	0.77
2020E	0.71	0.71	0.67	0.65

Source: Company data, Refinitiv, Credit Suisse estimates

**Company Background**

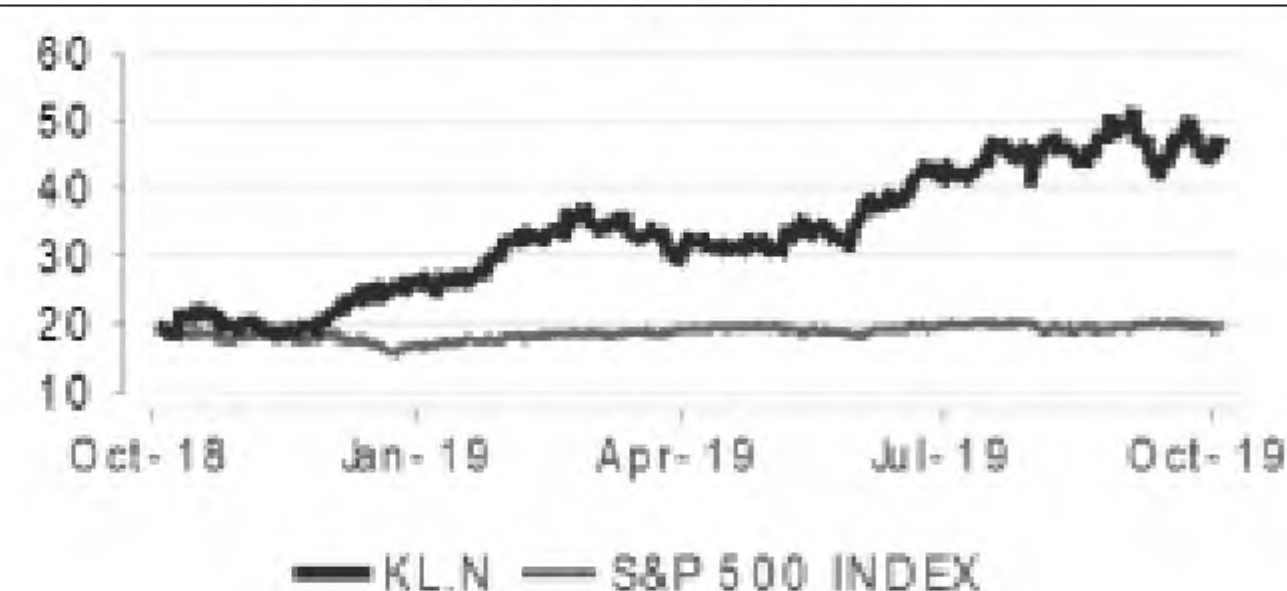
Kirkland Lake Gold is a gold mining company based in Canada. Its production profile is anchored by two major operations, the Macassa Mine located in Northeastern Ontario, and the Fosterville Mine located in the state of Victoria, Australia.

**Blue/Grey Sky Scenario****Our Blue Sky Scenario (US\$) 55.00**

Our blue sky scenario is based on 10% higher commodity price forecasts.

**Our Grey Sky Scenario (US\$) 35.00**

Our grey sky scenario is based on 10% lower commodity price forecasts.

**Share price performance**

On 04-Oct-2019 the S&P 500 INDEX closed at 2952.01  
Daily Oct05, 2018 - Oct04, 2019, 10/05/18 = US\$19.28