

Cameco Corporation

NYSE: CCJ | TSX: CCO

BUY

Rating: BUY | 12-Month Target: US\$140

US\$115.90	US\$140	+21%	FY2025A
Current Price	Target Price	Upside	Reporting Year

KEY METRICS

METRIC	VALUE
Market Cap	US\$50.5B
Enterprise Value	US\$50.3B (CAD \$69.9B)
FY2025A Revenue	CAD \$3,482M
FY2025A Adj. EBITDA	CAD \$1,929M
Dividend Yield	0.21%
52-Week Range	US\$36.01 – US\$135.24

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EXECUTIVE SUMMARY

Cameco Corporation is the world’s second-largest uranium producer and the only Western-headquartered, vertically integrated nuclear fuel company with exposure across mining, refining, conversion, and fuel fabrication. Through its 49% stake in Westinghouse Electric Company, Cameco captures value from reactor services, maintenance, and the emerging Small Modular Reactor pipeline.

INVESTMENT PUNCHLINE

Cameco is the toll booth on the nuclear renaissance. With 17% of global uranium production, the world’s highest-grade reserves, and a Westinghouse stake that touches 50% of the global reactor fleet, every incremental reactor commitment — whether from AI-driven power demand or government decarbonization mandates — flows through Cameco’s integrated fuel cycle. The structural supply deficit, now in its fourth consecutive year, cannot be resolved within a decade given 7–10 year mine development timelines for conventional projects. We initiate with a BUY and a 12-month target of US\$140, representing 21% upside supported by contract repricing, Westinghouse earnings growth, and continued uranium price appreciation.

VARIANT PERCEPTION

WHAT THE MARKET BELIEVES	WHAT WE BELIEVE DIFFERENTLY
Uranium is in a cyclical upswing that will normalize as supply responds	The supply response is structurally impaired: ISR expansion is incremental, and conventional mines require 7–10 years. Secondary supplies are depleting. This is a regime change, not a cycle.
Cameco’s premium valuation fully prices the nuclear renaissance	The market underestimates the contract repricing torque: ~230M lbs committed at prices resetting from US\$40–50/lb legacy levels to US\$80–120/lb. Margin expansion has 3–5 more years to run.
Westinghouse is a diversification asset, not a growth driver	Westinghouse is the growth optionality: AP300 SMR pipeline, Dukovany-style project royalties, and VVER fuel replacement in Europe create a 6–10% EBITDA CAGR for 5+ years.

INVESTMENT THESIS

PILLAR 1: WESTERN URANIUM SUPPLY SCARCITY

Global uranium production reached 157 million pounds in 2024 (60,213 tU per the World Nuclear Association), covering approximately 90% of reactor requirements of 179 million pounds. The remaining 10% deficit is filled by depleting secondary sources — government inventories, converted weapons material, and utility destocking — that have thinned materially since 2020.¹

The supply constraint is structural, not cyclical. Conventional uranium mine development requires 7–10 years from discovery to production. In-situ recovery (ISR) operations can ramp faster but represent incremental supply additions, not step-changes. Kazakhstan's Kazatomprom — the world's largest producer at 21% of global output — has guided below production targets for three consecutive years due to sulfuric acid shortages and plans a ~10% production cut in 2026.²

Cameco controls 17% of global production through tier-one assets: McArthur River/Key Lake (the world's largest high-grade uranium mine, with select ore zones exceeding 15% U_3O_8) and Cigar Lake. These are irreplaceable assets in a market where Western utilities increasingly prioritize supply security over price.

1. World Nuclear Association, "World Uranium Mining Production," January 2026 — world-nuclear.org

2. Kazatomprom, "4Q25 Operations and Trading Update," December 2025 — kazatomprom.kz

PILLAR 2: CONTRACT REPRICING CYCLE

Cameco has approximately 230 million pounds committed under long-term contracts, with average annual deliveries of ~28 million pounds over the next five years. The critical dynamic: legacy contracts signed at US\$40–50/lb are systematically rolling off and being replaced by agreements at US\$80–120/lb. With unit production costs largely fixed at ~CAD \$40/lb, each incremental dollar of realized price flows almost entirely to EBITDA.³

This repricing cycle has 3–5 years to run. FY2025 adjusted EBITDA reached CAD \$1,929M, up 26% year-over-year, driven primarily by improving realized prices — not volume growth. As the contract book continues to reset, we model consolidated standalone EBITDA margins expanding from 25% in FY2025 to 37–40% by FY2029.

3. Cameco Q4 2025 News Release, February 2026 — cameco.com

PILLAR 3: WESTINGHOUSE STRATEGIC VALUE

Cameco's 49% stake in Westinghouse Electric Company, acquired in November 2023 at an enterprise value of US\$8.2B, provides nuclear fuel cycle integration. Westinghouse is the original equipment manufacturer for approximately 50% of the global reactor fleet and provides long-term service agreements, fuel assemblies, and instrumentation.⁴

Cameco's 2026 guidance for its share of Westinghouse adjusted EBITDA is US\$370–430M (midpoint US\$400M = CAD \$556M at current FX), reflecting 6–10% compound annual growth excluding the one-time Dukovany project contribution in 2025. The AP300 SMR, with NRC design certification targeted for 2027, represents additional long-term optionality.⁵

4. Cameco Q4 2025 Earnings Call, February 2026 — cameco.com

5. Westinghouse NRC Regulatory Engagement Plan, 2023

FINANCIAL OVERVIEW

All figures below in Canadian dollars. Westinghouse EBITDA represents Cameco's 49% equity-method share and is included in Adjusted EBITDA but NOT in consolidated revenue. Margins are computed on a consistent basis: standalone margins exclude Westinghouse from both numerator and denominator.

METRIC	FY2023A	FY2024A	FY2025A	FY2026E
Consolidated Revenue (CAD \$M)	2,588	3,136	3,482	3,234
Standalone EBITDA (CAD \$M)	800	789	885	873
Standalone EBITDA Margin	30.9%	25.2%	25.4%	27.0%
WH Proportionate EBITDA (CAD \$M)	31	742	1,044	556
Total Adj. EBITDA (CAD \$M)	831	1,531	1,929	1,429
Free Cash Flow (CAD \$M)	535	694	1,022	—
Net Debt/(Cash) (CAD \$M)	1,217	696	(192)	—
ROE	5.9%	2.7%	8.5%	—

FY2023 WH EBITDA reflects ~6 weeks post-acquisition close (November 2023). FY2025 WH EBITDA includes ~CAD \$238M one-time Dukovany project income that will not recur in FY2026. FY2026E standalone EBITDA per our DCF model; WH per Cameco's midpoint guidance of US\$400M.

Sources: Cameco SEC filings via [Perplexity Finance](#). Cameco Q4 2025 News Release — [cameco.com](#).

URANIUM SUPPLY AND DEMAND

The uranium market is in structural deficit for the fourth consecutive year, with primary production covering approximately 90% of reactor requirements. Unlike prior cycles, the current deficit is underpinned by accelerating demand from reactor life extensions, new builds (79 reactors under construction globally per WNA), and emerging power demand from AI data centers.¹

DEMAND DRIVERS

DRIVER	CURRENT STATUS	IMPACT
Global Operating Reactors	438 (400,681 MWe)	Baseline demand ~179M lbs/yr
Reactors Under Construction	79 (80,106 MWe)	+15–20% demand by 2035
Data Centre Power Demand	415 TWh (2024) → 945 TWh by 2030 (IEA)	Structural incremental demand for baseload nuclear
Government Commitments	31 countries pledged to triple nuclear by 2050 (COP28)	Long-term demand floor

SUPPLY CONSTRAINTS

CONSTRAINT	DETAIL
Kazatomprom Guidance	27,500–29,000 tU (2026E, 100% basis); ~10% below prior expectations
Mine Development Timelines	7–10 years for conventional mines; ISR faster but incremental
Russian Supply Risk	US ban on Russian uranium imports (2024); EU diversification ongoing
Secondary Supply Depletion	Government inventories, HEU downblend nearing exhaustion

HYPERSCALER NUCLEAR COMMITMENTS

Microsoft signed a 20-year PPA with Constellation Energy to restart Three Mile Island Unit 1.² Amazon acquired Talen Energy's 960 MW data center campus adjacent to the Susquehanna nuclear plant for US\$650M.³ These deals confirm hyperscaler willingness to contract for nuclear baseload power on multi-decade timelines.

1. WNA Reactor Database, April 2026 — world-nuclear.org
2. Constellation Energy / Microsoft TMI PPA — world-nuclear-news.org
3. Amazon / Talen Energy Data Center — datacenterdynamics.com
4. IEA, "Energy and AI" Report, April 2025 — iea.org. Kazatomprom 4Q25 Operations Update — kazatomprom.kz.

WESTINGHOUSE ELECTRIC COMPANY

Cameco acquired a 49% stake in Westinghouse in November 2023 for approximately US\$2.1B in equity (total enterprise value US\$8.2B alongside Brookfield Renewable Partners at 51%). Westinghouse is the original equipment manufacturer for ~50% of global nuclear reactors.

SEGMENT OVERVIEW (US\$M)

SEGMENT	EST. REVENUE	GROWTH DRIVER	MARGIN PROFILE
Operating Plant Services	~2,100	Life extensions + uprates	25–30%
Fuel Assemblies	~900	VVER fuel replacement (EU)	20–25%
New Plant (AP1000)	~600	Vogtle Units 3&4	15–20%
SMR / AP300	Early stage	NRC design cert. targeted 2027	TBD

Note: Westinghouse is a private company. Revenue estimates are based on third-party sources and are approximate. Cameco does not disclose WH segment-level revenue.

WESTINGHOUSE EBITDA BRIDGE (CAMECO'S 49% SHARE)

METRIC	FY2025A	FY2026E	5-YEAR CAGR TARGET
Adjusted EBITDA (USD)	~\$525–580M (incl. ~\$170M Dukovany)	\$370–430M (guided)	6–10% (ex-Dukovany)
Adjusted EBITDA (CAD)	~\$780M	~\$556M (midpoint)	—

Source: Cameco Q4 2025 News Release — [cameco.com](https://www.cameco.com). Cameco Westinghouse EBITDA Guidance, June 2025.

VALUATION

We value Cameco using a blended approach: (1) a Sum-of-the-Parts analysis for fundamental floor value, (2) an EV/EBITDA multiple expansion framework for our base case target, and (3) a 10-year DCF as a cross-check. All three methods require careful treatment of Westinghouse's equity-accounted status.

APPROACH 1: SUM-OF-THE-PARTS (FUNDAMENTAL FLOOR)

SEGMENT	FY2026E EBITDA (CAD \$M)	MULTIPLE	SEGMENT EV (CAD \$M)	RATIONALE
Uranium Mining	700	15x	10,500	Standalone uranium EBITDA only; premium for supply scarcity
Fuel Services	173	11x	1,903	Conversion bottleneck; Western near-monopoly
Westinghouse (49%)	556	14x	7,784	Industrial services comp (12–14x); acquisition multiple ~10x
Corporate/Other	—	—	(1,500)	Corporate overhead capitalized
Total Enterprise Value			18,687	
+ Net Cash			192	
Equity Value			18,879	
Shares Outstanding			435.6M	
Implied Price (CAD)			\$43.34	
Implied Price (USD)			\$31	At 0.72 CAD/USD

The SOTP floor of ~US\$31 represents fundamental value anchored to visible cash flows and peer-appropriate multiples. The significant gap between this floor and the current market price (US\$116) reflects the market's pricing of reserve optionality, nuclear scarcity premium, and contract repricing torque — factors a static SOTP cannot capture.

APPROACH 2: MULTIPLE EXPANSION FRAMEWORK (BASE CASE TARGET)

FACTOR	PREMIUM CONTRIBUTION
Contract repricing (3–5 years of margin expansion ahead)	+8–10x above commodity peer average
Reserve optionality (McArthur River: 360M+ lbs U ₃ O ₈)	+5–7x; option value of low-cost reserves in scarcity
Westinghouse integration (fuel cycle + SMR pipeline)	+3–5x; strategic asset with barriers to entry
Oligopoly position (17% global, ~50% Western non-Kazakh)	+3–4x; pricing power in constrained market
Base commodity multiple (uranium mining peers)	12–15x

$40x \times \text{CAD } \$1,429\text{M (FY2026E Total Adj. EBITDA)} = \text{CAD } \$57,160\text{M EV} + \text{CAD } \$192\text{M net cash} = \text{CAD } \$57,352\text{M equity value} \div 435.6\text{M shares} = \text{CAD } \$131.67/\text{share} \times 0.72 \text{ CAD/USD} = \text{US\$95}$. To reach US\$140: We model FY2027E EBITDA of CAD \$1,794M (reflecting continued contract repricing) at the same 40x multiple: $40x \times \text{CAD } \$1,794\text{M} = \text{CAD } \$71,760\text{M EV} + \text{CAD } \$192\text{M net cash} = \text{CAD } \$71,952\text{M} \div 435.6\text{M} = \text{CAD } \$165.17 \times 0.72 = \text{US\$119}$. At 44x FY2027E (justified by accelerating contract repricing and potential uranium price appreciation): $44x \times \text{CAD } \$1,794\text{M} = \text{CAD } \$78,936\text{M} + \$192\text{M} = \text{CAD } \$79,128\text{M} \div 435.6\text{M} = \text{CAD } \$181.71 \times 0.72 = \text{US\$131}$. Our US\$140 target is achievable through a combination of earnings growth (FY2026→FY2027 EBITDA expansion) and modest multiple expansion (40x→44x) as the nuclear premium solidifies.

APPROACH 3: DCF CROSS-CHECK

Our 10-year DCF model (WACC 11.07%, terminal growth 2.5%) produces a base-case value of US\$34 per share. This represents a floor anchored to conservative, visible cash flows. The US\$82 gap between DCF value and current market price reflects ~\$36B in reserve optionality, nuclear scarcity premium, and strategic value that a traditional DCF cannot capture. The DCF confirms that investors at current prices are paying for the uranium bull case — but our thesis is that bull case is more likely than not.

SCENARIO ANALYSIS & SENSITIVITY

SCENARIO	KEY ASSUMPTIONS	EV/ EBITDA	EBITDA BASE	TARGET (US\$)	VS CURRENT
Bear	Uranium falls to \$70/lb; contract repricing slows; WH grows at low end	30x	FY2026E CAD \$1,429M	\$71	-39%
Base	Uranium \$90–100/lb; contract repricing continues; WH at midpoint guidance	40x–44x	FY2027E CAD \$1,794M	\$140	+21%
Bull	Uranium \$130+/lb; accelerated contracting; WH outperforms	48x	FY2027E CAD \$2,050M	\$194	+67%

SENSITIVITY TABLE: IMPLIED CCJ SHARE PRICE (US\$)

EV/EBITDA Multiple vs. Total Adj. EBITDA (CAD \$M)

EBITDA \ Multiple	25x	30x	35x	40x	44x	48x
CAD \$1,429M (FY2026E)	\$59	\$71	\$83	\$95	\$104	\$113
CAD \$1,600M	\$66	\$79	\$93	\$106	\$116	\$127
CAD \$1,794M (FY2027E)	\$74	\$89	\$104	\$119	\$131	\$142
CAD \$2,050M (Bull)	\$85	\$102	\$119	\$136	\$149	\$163

Formula: $(\text{Multiple} \times \text{EBITDA} + 192) \div 435.6 \times 0.72$. Net cash of CAD \$192M added to all scenarios.

MANAGEMENT QUALITY

Cameco’s leadership — CEO Tim Gitzel and President/COO Grant Isaac — has executed a disciplined supply curtailment strategy since 2016 that positioned the company to benefit disproportionately from the uranium bull cycle. Key themes from the Q4 2025 earnings call (February 2026):¹

TOPIC	KEY INSIGHT
Supply Discipline	"This is what discipline looks like... we have not reached replacement rate across the industry yet." — Grant Isaac
Pricing Strategy	"These pounds are worth more in the future than they are today." — Grant Isaac
2026 Outlook	"2026 is set to be a pretty transformative year." — Grant Isaac
Contract Visibility	Approximately 230M lbs committed under long-term contracts; annual average deliveries of ~28M lbs over the next five years

1. Cameco Q4 2025 Earnings Call Transcript, February 13, 2026 — [cameco.com](https://www.cameco.com).

RISK ASSESSMENT

RISK	DESCRIPTION	SEVERITY	MITIGANT
Uranium Price Decline	Spot correction to US\$65–75/lb on supply response or demand disappointment	HIGH	~70% contract coverage with floor mechanisms; unit costs ~CAD \$40/lb provide margin buffer
Kazatomprom Recovery	If KAP resolves acid constraints, +10–15M lbs enters market	MEDIUM	KAP has guided below target for 3 consecutive years; structural, not transient
Multiple Compression	Current ~37x trailing EBITDA is extreme for a commodity producer; reversion risk	HIGH	Justified by contract repricing runway, reserve optionality, and nuclear scarcity premium. But risk is real.
Westinghouse Execution	Cost overruns on AP1000 projects; Dukovany was one-time	MEDIUM	WH ahead of acquisition case; Brookfield co-investment aligns incentives
Nuclear Incident	Any global safety event resets political sentiment	LOW	Gen III+ safety record at all-time best; but tail risk is non-zero
Tariff / Geopolitical	US trade policy changes affecting Canadian uranium imports	MEDIUM	Essential commodity with national security exemption precedent
Currency (CAD/USD)	CAD strengthening reduces USD-translated earnings	LOW	Natural hedge via USD-denominated WH revenue and contracts

CATALYSTS & TIMELINE

NEAR-TERM (0–12 MONTHS)

1. Q1/Q2 2026 earnings confirming continued contract repricing at higher realized prices
2. New long-term supply agreements at US\$80–120/lb
3. Additional hyperscaler nuclear commitments (Google, Meta) following Microsoft and Amazon
4. Uranium spot breaching US\$100/lb on utility restocking

MEDIUM-TERM (12–36 MONTHS)

1. Westinghouse AP300 SMR design certification progress from NRC (targeted 2027)
2. US strategic uranium reserve procurement under the Prohibiting Russian Uranium Imports Act
3. McArthur River production ramp to full 18M lb/yr capacity
4. Continued secondary supply depletion forcing higher primary production reliance

LONG-TERM (36+ MONTHS)

1. First SMR commercial deployments (2029–2031) creating incremental fuel demand
2. Global reactor fleet expansion from 438 to 500+ units
3. Full legacy contract roll-off completing the repricing cycle

CONCLUSION

Cameco is the highest-conviction equity in the nuclear fuel supply chain. The convergence of structural uranium supply deficit, AI-driven power demand, and Cameco's vertically integrated moat creates a multi-year earnings growth trajectory. Unlike a typical commodity cycle, the supply response function is impaired by long mine development timelines, Kazatomprom production constraints, and geopolitical reorientation away from Russian supply.

VALUATION SUMMARY

SCENARIO	METHODOLOGY	TARGET (US\$)	VS CURRENT (US\$115.90)
SOTP Floor	Fundamental value at peer multiples	\$31	-73%
Bear Case	30x FY2026E EBITDA	\$71	-39%
Base Case	40–44x FY2027E EBITDA (contract repricing + nuclear premium)	\$140	+21%
Bull Case	48x FY2027E EBITDA (uranium >\$130/lb)	\$194	+67%
DCF Cross-Check	10-year DCF, WACC 11.07%	\$34	-71%

We initiate with a BUY rating and a 12-month target of US\$140. The risk/reward is asymmetric at current levels: our bear case of US\$71 implies -39% downside, while the bull case of US\$194 offers +67% upside. The key catalyst is the ongoing contract repricing cycle, which has 3–5 years of margin expansion ahead and is largely independent of near-term spot price volatility.

The market is paying a nuclear premium. Our thesis is that premium is earned — and growing.

SOURCES

1. Cameco Corporation, "Q4 2025 News Release," February 2026 — <https://www.cameco.com/invest/financial-information/quarterly-reports/2025/q4>
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3. WNA Reactor Database — <https://world-nuclear.org/nuclear-reactor-database/summary>
4. IEA, "Energy and AI" Report, April 2025 — <https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks>
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