EDISON

Wheaton Precious Metals

Refining FY24 forecasts and introducing Q1–Q425

Wheaton's (WPM's) production and sales announcement of 18 February revealed FY24 gold output of 397,742oz and silver output of 20,657koz, but gold sales of 332,701oz and silver sales of 16,072koz. In general, therefore, production was greater than our prior expectations (as well as being ahead of guidance for the year by 13,481 gold equivalent ounces, or 2.2%), but sales were slightly behind, suggesting that there was little or no 'flush through' effect in the final quarter of the year. In the light of the announcement, we have reduced our FY24 EPS forecast by 4.0c (or just 2.8%) to US$1.404/share. At the same time, however, we have increased our FY25 EPS forecast by a material 58.8%, to US$1.953/share.

Year end	Revenue ($m)	PBT ($m)	EPS ($)	DPS ($)	P/E (x)	Yield (%)
12/22	1,065.1	505.4	1.12	0.60	62.5	0.9
12/23	1,016.0	533.4	1.18	0.60	59.4	0.9
12/24e	1,276.0	748.8	1.40	0.62	49.8	0.9
12/25e	1,649.8	1,046.9	1.95	0.75	35.8	1.1

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

FY25 marks the start of a multi-year growth profile

WPM has shown itself to be one of the major beneficiaries of the funding stasis for mining projects in western world financial markets by entering into a recent precious metals purchase agreement (PMPA) with Montage Gold for its Koné mine in Côte d'Ivoire, which was a key component in a package that fully funded the project and allowed it to develop rapidly. In conjunction with other similar projects, we are forecasting that WPM's attributable production will grow to 915.9k gold equivalent ounces (GEOs) in FY30 (cf 633.5k GEOs in FY24).

Valuation: Still trending up

Using a capital asset pricing model-type method, whereby we discount cash flows at a nominal 9% per year, our terminal valuation of WPM amounts to US$70.22 (C$99.68) in FY30 (cf FY27 previously), assuming zero subsequent long-term growth in real cash flows (which we think unlikely). If we instead assume 7.7% pa long-term growth in cash flows (ie the average compound annual growth rate in the price of gold from 1967 to 2024), our current valuation of WPM in FY24 more than doubles to US$174.20/share, or C$247.28/share. As such, at an implied rate of 5.5% per year, WPM's share price currently appears to be discounting future compound annual average increases in cash flows per share from FY30 only slightly in excess of the long-term average rate of US dollar inflation of 4.0% from 1967 until 2024. However, an alternative interpretation is that the market is assuming currently prevailing precious metals prices up to and including FY30 and compound annual average increases in WPM's cash flow per share of just 4.6% pa thereafter. Otherwise, assuming no purchases of additional streams, we calculate a value per share for WPM of US$57.30 (or C$81.34, or £45.44) in FY27, based on a historical multiple of 30.8x contemporary earnings (albeit at a gold price of only US$2,239/oz). At current prevailing prices, our equivalent EPS estimate in FY27 rises by 47.3% and our valuation by a similar amount, to US$84.49/share (or C$119.13/share, or £67.00).

FY24 sales and production results

Metals and mining

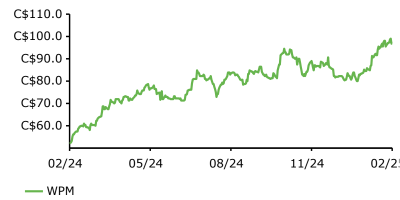
24 February 2025

Price	**C$99.12**
Market cap	**C$44,846m**

C$1.4195/US$, US$1.2610/£

Net cash/(debt) at end Q324 (excluding US$5.7m in lease liabilities)	$694.1m
Shares in issue	453.7m
Code	WPM
Primary exchange	TSX
Secondary exchange	LSE

Share price performance



%	1m	3m	12m
Abs	17.6	13.4	67.2
52-week high/low		C$98.8	C$51.6

Business description

Wheaton Precious Metals is the world's pre-eminent predominantly precious metals streaming company, with over 30 high-quality precious metals streams and early deposit agreements over mines in Mexico, Canada, Brazil, Chile, the US, Argentina, Peru, Sweden, Greece, Portugal and Colombia.

Next events

Q424/FY24 results	13 March 2025
Q125 results	8 May 2025
Q225 results	7 August 2025
Q325 results	6 November 2025

Analyst

Lord Ashbourne +44 (0)20 3077 5700

mining@edisongroup.com
Edison profile page

Wheaton Precious Metals is a research client of Edison Investment Research Limited

Q424 production and sales results

WPM's production and sales announcement of 18 February revealed FY24 gold output of 397,742oz and silver output of 20,657koz, but gold sales of 332,701oz and silver sales of 16,072koz. In general, therefore, production was greater than our prior expectations (as well as being ahead of guidance for the year), but sales were slightly behind, suggesting that there was little or no 'flush through' effect in the final quarter of the year – demonstrating, among other things, how unpredictable this effect can be. Exhibit 1, below, summarises Wheaton's actual production and sales for the period as well the effect that variances of these measures from our prior expectations has had on our earnings expectations for both Q424 and FY24.

Exhibit 1: WPM Q1-Q424 underlying financial results* and forecasts, by quarter

US$000s (unless otherwise stated)	Implied re-stated Q124	Underlying Q224	Q324	Q424e (prior)	Q424e (current)	**Change (%)	FY24e (current)	FY24e (prior)
Silver production (koz)	5,476	5,062	4,554	4,958	5,572	12.4	20,657	20,043
Gold production (oz)	93,370	84,993	87,199	90,028	114,180	26.8	379,742	355,590
Palladium production (oz)	4,463	4,338	4,034	4,209	2,797	(33.6)	15,632	17,044
Cobalt production (klb)	240	259	397	214	393	83.5	1,289	1,110
Silver sales (koz)	4,067	3,823	3,875	4,843	4,307	(11.1)	16,072	16,608
Gold sales (oz)	92,019	77,326	75,694	90,007	87,662	(2.6)	332,701	335,046
Palladium sales (oz)	4,774	4,301	3,761	4,192	4,434	5.8	17,270	17,028
Cobalt sales (klb)	309	88	88	214	485	126.5	970	699
Average realised Ag price (US$/oz)	23.77	29.11	29.71	31.65	30.81	(2.6)	28.36	28.68
Average realised Au price (US$/oz)	2,072	2,356	2,491	2,665	2,616	(1.8)	2,377	2,391
Average realised Pd price (US$/oz)	980	979	969	1,023	1,011	(1.2)	985	988
Average realised Co price (US$/lb)	15.49	16.02	10.65	11.01	11.01	(0.0)	12.86	13.58
Average Ag cash cost (US$/oz)	4.77	4.95	5.03	5.10	5.10	0.02	4.96	4.97
Average Au cash cost (US$/oz)	439	441	440	451	447	(0.8)	442	443
Average Pd cash cost (US$/oz)	182	175	173	184	182	(1.1)	178	179
Average Co cash cost (US$/lb)***	2.96	3.11	2.15	1.98	1.98	0.07	2.41	2.58
Sales	296,806	299,064	308,253	399,798	371,851	(7.0)	1,275,975	1,303,922
Cost of sales								
Cost of sales, excluding depletion	61,555	54,007	55,310	66,431	62,956	(5.2)	233,830	237,304
Depletion	63,676	58,865	55,530	72,448	71,515	(1.3)	249,586	250,518
Total cost of sales	125,231	112,872	110,840	138,878	134,472	(3.2)	483,416	487,822
Earnings from operations	171,575	186,192	197,413	260,920	237,379	(9.0)	792,559	816,099
Expenses and other income								
– General and administrative****	13,315	17,185	21,468	15,653	13,526	(13.6)	65,494	67,621
– Foreign exchange (gain)/loss				0	0		0	0
– Interest paid	1,442	1,299	1,404	1,378	1,378	(0.0)	5,523	5,523
– Other (income)/expense	(6,840)	(4,752)	(6,907)	(8,716)	(8,716)	0.0	(27,215)	(27,215)
Total expenses and other income	7,917	13,732	15,965	8,315	6,188	(25.6)	43,802	45,929
Earnings before income taxes	163,658	172,460	181,448	252,605	231,192	(8.5)	748,757	770,171
Income tax expense/(recovery)	24,824	22,895	28,645	39,091	35,951	(8.0)	112,315	115,455
Marginal tax rate (%)	15.2	13.3	15.8	15.5	15.6	0.3	15.0	15.0
Net earnings	138,834	149,565	152,803	213,514	195,241	(8.6)	636,443	654,716
Average no. shares in issue (000s)	453,094	453,430	453,641	453,641	453,641	0.0	453,452	453,452
Basic EPS (US$)	0.306	0.330	0.337	0.471	0.430	(8.6)	1.404	1.444
Diluted EPS (US$)	0.306	0.329	0.336	0.470	0.430	(8.6)	1.402	1.442
DPS (US$)	0.155	0.155	0.155	0.155	0.155	0.0	0.620	0.620

Source: Wheaton Precious Metals, Edison Investment Research.
*Excluding impairments, impairment reversals and exceptional items (unless otherwise indicated). **Change is Q424e (current) cf Q424e (prior). ***Cobalt inventory is held on WPM's balance sheet at the lower of cost and net realisable value; cash costs per pound of cobalt sold are, therefore, affected by changes in the valuation of inventory quarterly. ****Forecasts include stock-based compensation costs. Totals may not add up owing to rounding.

Note that, for the purposes of the above analysis, we have shown Q224 on an underlying basis, with the global minimum tax (GMT) attributable in Q124 but reported in Q224 adjusted back out into Q124 (which is also the basis of our implied re-stated Q124 numbers).

Exhibit 2 compares our updated EPS forecasts with those of the market and demonstrates that they remain within the range of consensus expectations:

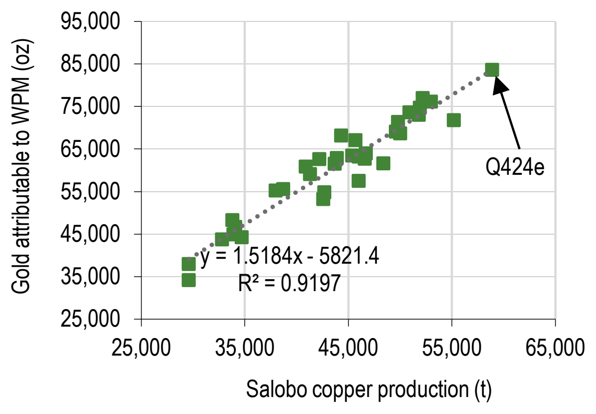
Exhibit 2: WPM Q424 and FY24 EPS forecasts cf Q1, Q2 & Q3 actuals and consensus expectations (US$/share)

	Q124	Q224	Q324	Q424e	Sum Q1–Q424	FY24
Edison forecasts	0.306	0.330	0.337	0.430	1.403	1.404
Mean consensus	0.306	0.330	0.337	0.454	1.427	1.455
High consensus	0.306	0.330	0.337	0.540	1.513	1.570
Low consensus	0.306	0.330	0.337	0.410	1.383	1.310

Source: LSEG Data & Analytics, Edison Investment Research. Note: Forecasts as at 19 February 2025.

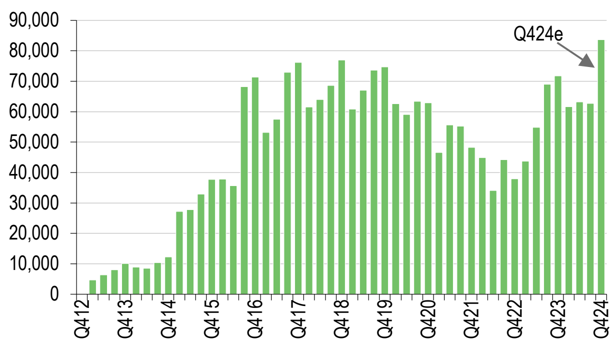
Wheaton reported that its production outperformance was driven by stronger-than-expected production at Salobo and Constancia, partially offset by lower-than-expected production from San Dimas and Zinkgruvan. On 28 January, Vale reported that Salobo had produced 58,900t of copper in the quarter – a 26.4% increase relative to Q324. Historically, there has been a very strong correlation between copper produced by Vale and gold attributable to Wheaton from Salobo. Given this level of copper output therefore, we would expect gold attributable to Wheaton to be in the order of 83,610oz – which would be a record for Wheaton and materially higher than the 54,750oz that we had previously forecast as a result of mining in a lower grade area of the pit (although we did argue that we saw the risks/opportunities within this context to be largely skewed 'to the upside').

Exhibit 3: Salobo copper production versus gold production attributable to WPM, Q316–Q424e



Source: Wheaton Precious Metals, Vale, Edison Investment Research

Exhibit 4: Gold production attributable to WPM from Salobo, Q412–Q424e



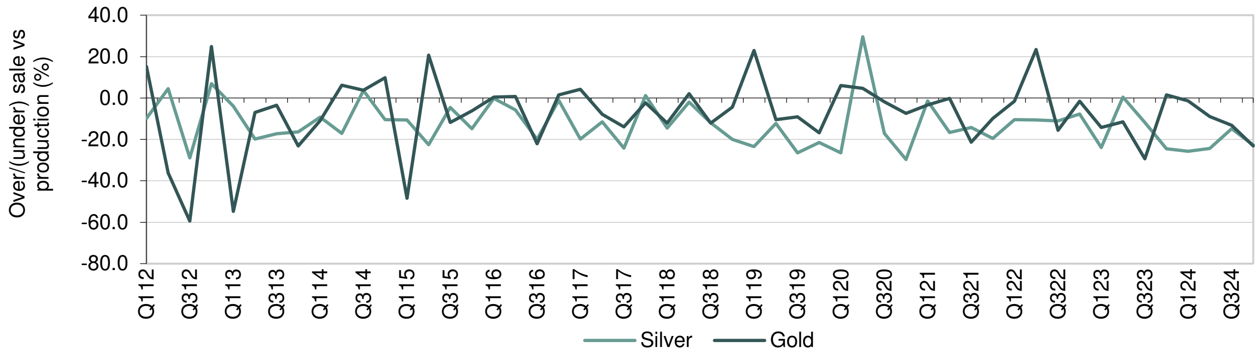
Source: Wheaton Precious Metals, Edison Investment Research

At the same time, we suspect that Salobo was largely responsible for the 26,518oz shortfall in gold sales versus production in Q4 – since (a) the difference between production and sales at Salobo has occasionally been quite material in the past and also quite volatile and (b) because no other gold mine in Wheaton's portfolio could support such a material difference between the two. As such, we suspect that Salobo probably sold c 57,110oz Au attributable to Wheaton during the quarter (cf production of 83,610oz). Note that, in a generally rising price environment, we anticipate this will also have had an (albeit modest) adverse impact on prices received on Wheaton's sales and this has been taken into account in our forecasts in Exhibit 1.

Ounces produced but not yet delivered (PBND)

Overall, gold sales were 26,518oz, or 23.2%, below production, which was close to the top end (ie a high level of under-sale) of the average historical under-sales rate of 7.2% (±17.1% standard deviation) since Q112. Silver sales were 1,265koz, or 22.7%, below production and were similarly close to the top end of the long-term average under-sales rate of 12.6% (±11.0% standard deviation) since Q112.

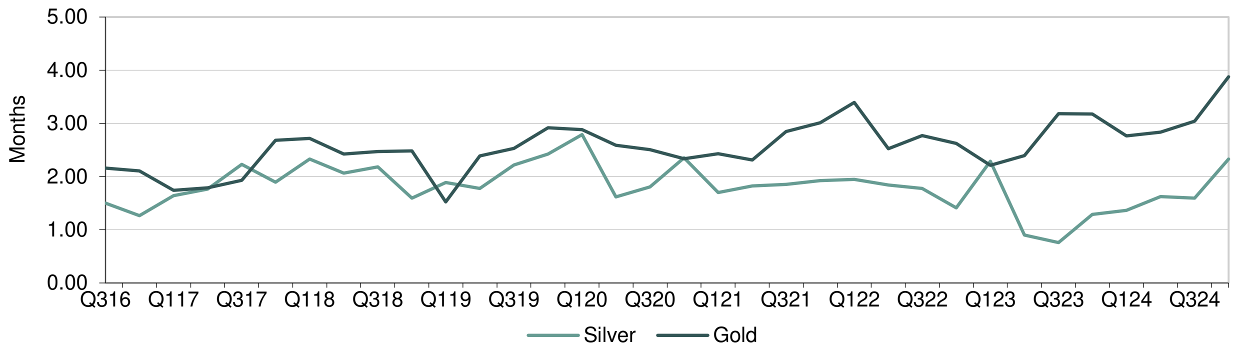
Exhibit 5: WPM over/(under) sale of silver and gold as a percentage of production, Q112–Q424e



Source: Edison Investment Research, Wheaton Precious Metals. Note: As reported.

As a result, we estimate that gold ounces PBND may have increased to c 122,676oz, or 3.88 months of estimated FY24 production, which compares with WPM's target levels of two to three months of PBND for gold and palladium production. We estimate that silver ounces PBND may have increased to c 4.0Moz, or 2.33 months of estimated FY24 production, which compares with WPM's target level of two months for silver production.

Exhibit 6: WPM ounces produced but not yet delivered, Q316–Q424e (months of production)



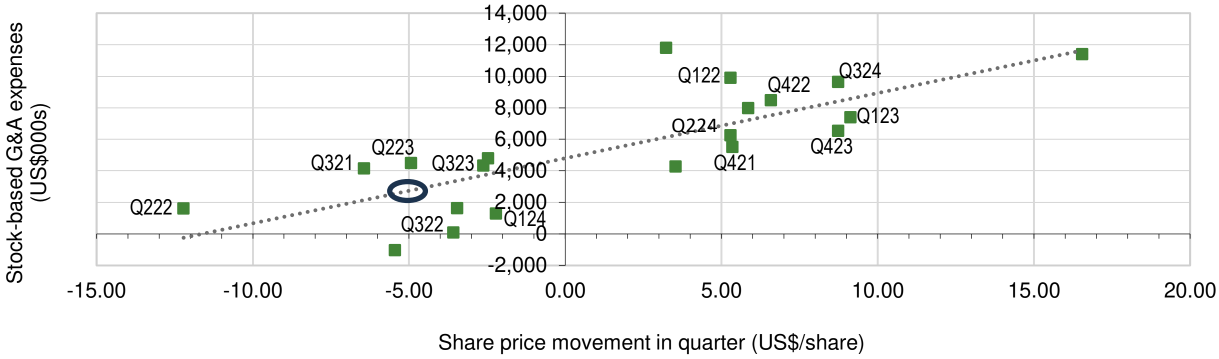
Source: Edison Investment Research, Wheaton Precious Metals. Note: As reported.

General and administrative expenses

At the time of its Q423 results, WPM provided guidance for non-stock G&A expenses of US$41–45m, or US$10.25–11.25m per quarter, for FY24, which represents a decline relative to US$47–50m in FY23 and US$47–49m in FY22 and is on a par with guidance of US$42–44m for FY21 and US$40–43m for FY20.

Stock-based G&A expenses are harder to estimate. However, they broadly correlate with movements in WPM's share price (in US dollars) between quarters, as shown in Exhibit 7, below:

Exhibit 7: Graph of historical share price change (US$/share) versus stock-based G&A expenses (US$000s), quarterly, Q419–Q424e



Source: Edison Investment Research (underlying data: Bloomberg and Wheaton Precious Metals)

Given Wheaton's share price performance in Q424, we would expect the stock-based G&A charge to fall back to the area described by the oval in Exhibit 7 (albeit this is against the historical precedent whereby the charge in the final quarter of the year tends to be higher), such that the total G&A charge for the year is US$65.5m, of which the stock-based component will account for US$19.9m (30.4%).

Exhibit 8: WPM G&A expenses, Q322–Q424e (US$000s)

Item	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424e	FY24e
G&A salaries excluding PSU and equity settled stock-based compensation	4,187	5,021	4,749	4,591	4,051	5,365	5,083	5,002		
Other (including depreciation, donations and professional fees)	7,112	6,456	7,407	5,751	7,401	6,669	5,861	6,838		
Non-stock-based G&A	**11,299**	**11,477**	**12,156**	**10,342**	**11,452**	**12,034**	**10,944**	**11,840**	**10,750**	**45,568**
Guidance	11,750–12,250	11,750–12,500	11,750–12,500	11,750–12,500	11,750–12,500	10,250–11,250	10,250–11,250	10,250–11,250	10,250–11,250	41,000-45,000
PSU accrual	7,035	5,855	2,625	2,604	5,222	(317)	4,586	7,903		
Equity settled stock-based compensation	1,439	1,542	1,859	1,732	1,305	1,598	1,655	1,725		
Stock-based G&A	**8,474**	**7,397**	**4,484**	**4,336**	**6,527**	**1,281**	**6,241**	**9,628**	**2,776**	**19,926**
Total general & administrative	**19,773**	**18,874**	**16,640**	**14,678**	**17,979**	**13,315**	**17,185**	**21,468**	**13,526**	**65,494**
Non-stock as pct of total G&A (%)	**57.1**	**60.8**	**73.1**	**70.5**	**63.7**	**90.4**	**63.7**	**55.2**	**79.5**	**69.6**

Source: Wheaton Precious Metals, Edison Investment Research. Note: PSU = performance share units. Totals may not add up owing to rounding.

FY24 and future forecasts cf guidance

On 20 February 2024, WPM provided detailed production guidance for FY24 and beyond, which has now been updated for FY25 and beyond in Wheaton's 18 February announcement. Both are summarised below relative to the known outcome for FY24 and our forecasts for FY25 and thereafter:

Exhibit 9: WPM precious metals production – Edison forecasts compared to guidance

	FY24e	FY25e	FY28e (target)	FY29e (target)	FY29–33 (average)	FY30–34 (average)
Prior Edison forecast						
Silver production (Moz)	20.0					
Gold production (koz)	350.3					
Cobalt production (klb)	927.0					
Palladium production (koz)	17.2					
Gold equivalent (koz)	601.8		816		885	
Current Edison forecast						
Silver production (Moz)	20.7	20.5				
Gold production (koz)	379.7	375.9				
Cobalt production (klb)	1,289.0	2,814.0				
Palladium production (koz)	15.6	9.4				
Gold equivalent (koz)	633.5	631.2	813	836	891	893
WPM guidance						
Silver production (Moz)	18.5–20.5	20.5–22.5				
Gold production (koz)	325–370	350–390				
Cobalt & palladium production (koz AuE)	12–15	12.5–13.5				
Gold equivalent (koz)	550–620	600–670	>800	870	>850	>950

Source: Wheaton Precious Metals, Edison Investment Research forecasts.

Production is forecast by Wheaton to increase by approximately 40% over the next five years to 870,000 GEOs, owing to growth at multiple assets including Antamina, Aljustrel and Marmato, as well as development assets currently in construction, including Blackwater, Mineral Park, Goose, Platreef, Fenix, Kurmuk and Koné, and pre-development assets including El Domo and Copper World. From 2030 to 2034, attributable production is forecast by Wheaton to average over 950,000 GEOs annually and incorporates additional incremental production from pre-development assets including Santo Domingo, Cangrejos, Kudz ze Kayah, Marathon and Kutcho in addition to the Mt Todd, Black Pine and DeLamar royalties. Not included in Wheaton's long-term forecast and instead classified as 'optionality', is potential future production from nine other assets including Pascua-Lama and Navidad, in addition to expansions at Salobo beyond the Salobo III mine expansion project and future stream purchases.

WPM's guidance for FY24 and beyond is based on standardised pricing assumptions of US$2,000/oz gold, US$23.00/oz silver, US$1,000/oz palladium, US$1,000/oz platinum and US$13.00/lb cobalt. For FY25 and beyond, it is based on standardised pricing assumptions of US$2,600/oz gold, US$30.00/oz silver, US$950/oz palladium, US$950/oz platinum and US$13.50/lb cobalt. Of note is the updated implied gold/silver ratio of 86.7x. This compares with the previous ratio of 87.0x (ie little changed) and also the 89.0x current ratio in the market. However, they all compare with the longer-term average of 60.1x since gold was demonetised in August 1971.

At the updated standardised prices indicated, our production forecast of 631.2koz gold equivalent (GEO or AuE) for FY25 is self-evidently within Wheaton's guidance range of 600–670k GEOs. However, our sales forecast is slightly more conservative, at 581.3k GEOs (cf 532,468k GEOs in FY24).

Otherwise, readers will note that our longer-term production forecasts are within 6% of WPM's longer-term guidance, which is well within the recent average quarterly under-sales rate of 10.6% (±6.8%) since Q121.

FY25 forecasts

At the time of our last update note, published on 11 December 2024, our base case EPS forecast (at relatively depressed long-term precious metals' prices) was US$1.23/share. However, we noted that, at then prevailing prices, this would increase to US$1.67/share. Given our subsequent revisions to production expectations (in particular that Salobo production in FY25 will be 'consistent' with FY24) – and also the subsequent moves in precious metals prices – we have now substantially upgraded both of these numbers to those shown in Exhibit 10, below:

Exhibit 10: WPM FY25e forecast, by quarter*

US$000s (unless otherwise stated)	Q125	Q225	Q325	Q425	FY25e (current)
Silver production (koz)	4,878	4,950	5,361	5,361	**20,549**
Gold production (oz)	89,566	94,640	95,840	95,840	**375,885**
Palladium production (oz)	2,338	2,338	2,338	2,338	**9,353**
Cobalt production (klb)	704	704	704	704	**2,814**
Silver sales (koz)	4,095	4,167	4,529	5,157	**17,947**
Gold sales (oz)	83,208	88,176	89,376	95,677	**356,437**
Palladium sales (oz)	2,104	2,104	2,104	2,104	**8,414**
Cobalt sales (klb)	704	704	704	704	**2,814**
Avg realised Ag price (US$/oz)	31.87	32.87	32.87	32.87	**32.64**
Avg realised Au price (US$/oz)	2,831	2,900	2,900	2,900	**2,884**
Avg realised Pd price (US$/oz)	969	971	971	971	**970**
Avg realised Co price (US$/lb)	10.10	9.71	9.71	9.71	**9.80**
Avg Ag cash cost (US$/oz)	5.20	5.27	5.20	5.21	**5.22**
Avg Au cash cost (US$/oz)	455	461	464	463	**461**
Avg Pd cash cost (US$/oz)	174	175	175	175	**175**
Avg Co cash cost (US$/lb)	1.82	1.75	1.75	1.75	**1.76**
Sales	375,208	401,541	416,923	456,172	**1,649,845**
Cost of sales					
Cost of sales, excluding depletion	60,768	64,164	66,615	72,863	**264,411**
Depletion	71,188	75,033	77,343	84,009	**307,574**
Total cost of sales	131,956	139,198	143,959	156,873	**571,985**
Earnings from operations	243,252	262,343	272,964	299,299	**1,077,859**
Expenses and other income					
– General and administrative**	21,157	15,551	15,551	15,551	**67,810**
– Foreign exchange (gain)/loss	0	0	0	0	**0**
– Net interest paid/(received)	1,381	1,381	1,381	1,381	**5,523**
– Other (income)/expense	(9,344)	(10,837)	(10,661)	(11,530)	**(42,372)**
Total expenses and other income	13,194	6,095	6,270	5,401	**30,961**
Earnings before income taxes	230,058	256,248	266,694	293,898	**1,046,899**
Income tax expense/(recovery)	36,461	38,820	40,781	44,926	**160,989**
Marginal tax rate (%)	15.8	15.1	15.3	15.3	**15.4**
Net earnings	193,597	217,428	225,913	248,972	**885,910**
Average no. shares in issue (000s)	453,641	453,641	453,641	453,641	**453,641**
Basic EPS (US$)	0.427	0.479	0.498	0.549	**1.953**
Diluted EPS (US$)	0.426	0.479	0.497	0.548	**1.950**
DPS (US$)	0.176	0.175	0.193	0.201	**0.745**

Source: Edison Investment Research. Note: *Excluding impairments, impairment reversals and exceptional items (except where indicated). **Forecasts include stock-based compensation costs. Totals may not add up owing to rounding.

This updated adjusted basic EPS forecast of US$1.953 per share is towards the top end of the range of brokers' expectations for FY25.

Exhibit 11: WPM FY25e Edison cf consensus EPS forecasts (US$/share), by quarter

	Q125	Q225	Q325	Q425	Sum Q1–Q425e	FY25e
Edison forecasts	0.427	0.479	0.498	0.549	1.953	1.953
Mean consensus	0.428	0.470	0.477	0.475	1.850	1.748
High consensus	0.440	0.500	0.520	0.500	1.960	2.040
Low consensus	0.410	0.440	0.440	0.450	1.740	1.230

Source: LSEG Data & Analytics, Edison Investment Research. Note: As at 19 February 2025.

Within this context, it is worth noting, that the discrepancy between brokers' expectations for FY25 and 'Sum Q1–Q425e' (especially at the bottom end of the range) suggests that it is different brokers compiling quarterly forecasts from those compiling annual forecasts.

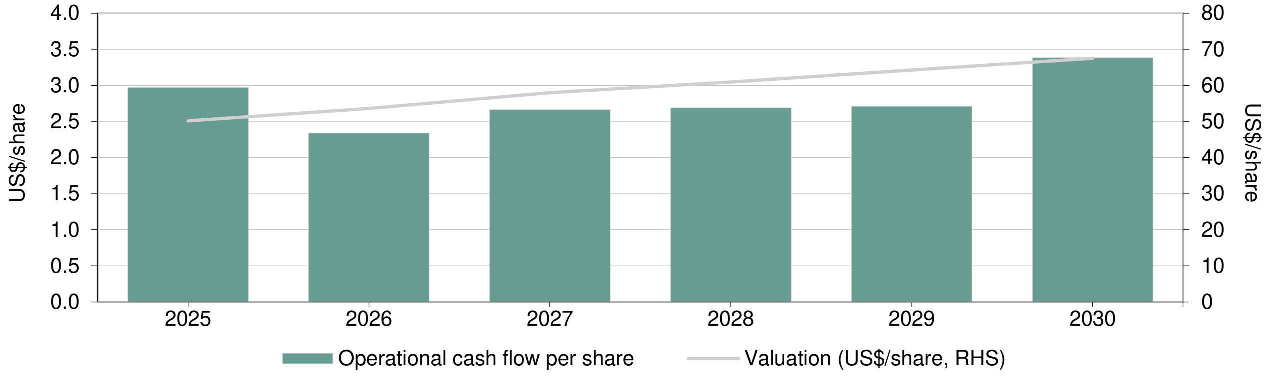
Valuation

Absolute

WPM is a multi-asset company that has shown a willingness and desire to buy streams in the past to maintain production and maximise shareholder returns. As a result, rather than our customary method of discounting maximum potential dividends over the life of operations back to FY25, in the case of WPM, we discount forecast cash flows back over six years (three years previously) to the start of FY25 and then apply an ex-growth terminal multiple to forecast cash flows in that year (FY30) based on the appropriate discount rate.

In this case, our estimate of WPM's terminal cash flow in FY30 is US$3.38/share. Assuming 4% growth in nominal cash flows beyond FY30 (ie 0% growth in real cash flows) and applying a discount rate of 9% (being the expected long-term required nominal equity return), our terminal valuation of the company at end-FY30 is US$70.22, or C$99.68, per share.

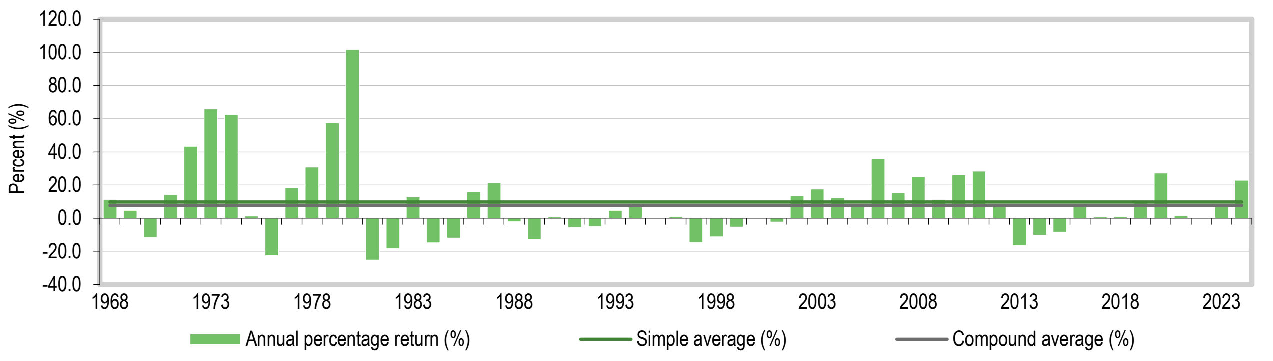
Exhibit 12: WPM operational cash flow and related valuation (US$/share), FY24–30



Source: Edison Investment Research. Note: Valuation line assumes cash flow per share growth rate of 4% pa post-FY30 in nominal terms, which equals the average US rate of CPI inflation since 1967 (ie 0% pa growth in real terms).

However, this valuation is inherently conservative in that it assumes a (nominal) gold price of US$2,274/oz in FY30 and zero growth in (real) cash flows thereafter. This is inconsistent with the gold price, which has risen at a compound average annual growth rate of 7.7% per year from 1967 to 2024, a simple average annual growth rate of 9.8% per year (cf a compound average inflation rate over the same period of 4.0%) and a compound average real annual growth rate of 3.6% per year.

Exhibit 13: Gold price annual performance, 1968–2024



Source: Edison Investment Research (underlying data: US Bureau of Labor Statistics, Bloomberg, South African Chamber of Mines)

It is also inconsistent with WPM's longer-term historical performance, wherein operational cash flows have increased at a compound average annual growth rate of 19.6% pa for the 18 years between FY05 and FY23, while its operational cash flows per share have increased at a compound average annual growth rate of 13.2% pa.

If we instead assume that cash flows per share increase at a compound average annual growth rate of 7.7% (ie the average compound average annual growth rate in the gold price from 1967 to 2024, cf 4.0% above), then our terminal valuation of WPM increases manyfold to US$278.19/share, or C$394.90/share, and our current valuation to US$174.20/

share, or C$247.28/share.

Stated alternatively, WPM's current share price of C$99.12 appears to be discounting future compound annual average increases in cash flow per share of just 5.5% pa from FY30, which is only slightly higher than the long-term average rate of US inflation of 4.0% pa from 1967 to 2024 (inclusive).

A summary of these valuations with respect to their cash flow growth rate assumptions is as follows:

Exhibit 14: WPM valuation with respect to long-term cash flow growth rate assumptions, post-FY30

Long-term cash flow growth rate assumption (%)	Comment	WPM valuation (US$/share)	WPM valuation (C$/share)
4.0	Zero real growth rate (ie rate equals compound average US inflation rate, 1967–2024)	50.19	71.25
5.5	Implied cash flow per share growth rate required to justify current share price	69.83	99.12
7.7	Gold price compound average annual growth rate, 1967–2024	174.20	247.28

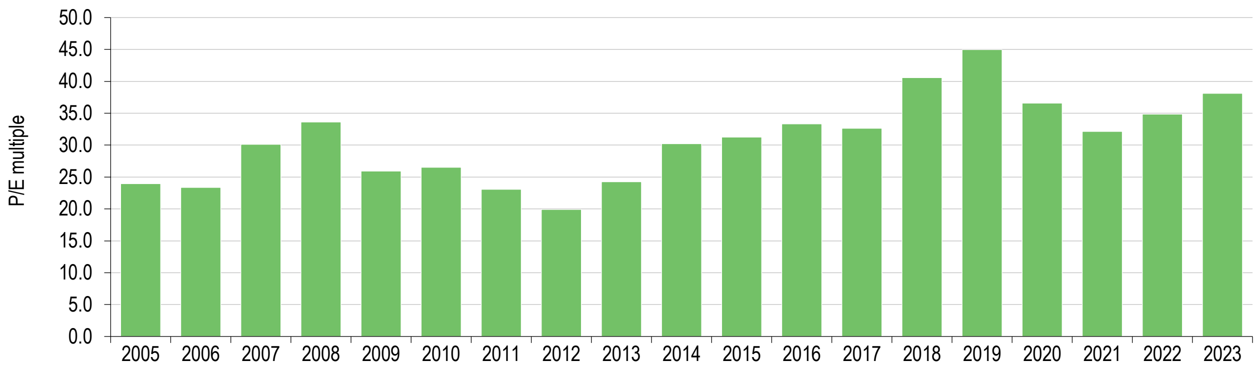
Source: Edison Investment Research (underlying inflation data: US Bureau of Labor Statistics)

An alternative interpretation is that the market is assuming currently prevailing precious metals' prices up to and including FY30, in which case WPM's share price of C$99.12 could be said to be discounting compound annual average increases in cash flows per share thereafter of just 4.6% per annum.

Historical

Excluding FY04 (part-year), WPM's shares have historically traded on an average P/E multiple of 30.8x current year basic underlying EPS, excluding impairments (cf 49.8x Edison and 47.3x LSEG Data & Analytics consensus FY24e currently, see Exhibit 16).

Exhibit 15: WPM's average historical current year P/E multiples, 2005–23



Source: Average share price data Bloomberg, Edison Investment Research calculations

Applying this 30.8x multiple to our (ostensibly unchanged) EPS forecast of US$1.86 in FY27 implies a potential value per share for WPM of US$57.30 or C$81.34 in that year. However, it is also notable that Edison's forecast metals prices in that year currently are only US$2,239/oz Au and US$25.32/oz Ag. At current prices, our EPS forecast of US$1.86/share in FY27 instead rises to US$2.74/share, in which case our equivalent valuation would rise to US$84.49, or C$119.13, per share. Moreover, as can be observed from the graph above, during periods of precious metal price appreciation, WPM can command current year P/E ratios as high as 45.0x (eg 2019).

Relative

In the meantime, WPM is maintaining its premium rating relative to its peers, albeit it appears good value within the context of future dividend expectations, especially in FY25 and FY26:

Exhibit 16: WPM comparative valuation versus a sample of royalty/streaming companies

	P/E (x)			Yield (%)			P/CF (x)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
Royalty companies									
Franco-Nevada	43.9	34.1	29.2	1.0	1.1	1.1	32.9	24.5	22.1
Royal Gold	26.1	23.1	21.4	1.2	1.2	1.3	16.4	16.4	14.8
Sandstorm Gold	117.3	35.0	28.6	1.0	0.9	0.9	12.4	14.8	13.5
Osisko	37.8	29.0	32.0	N/A	N/A	N/A	24.1	20.1	21.5
Average	**56.3**	**30.3**	**27.8**	**1.1**	**1.1**	**1.1**	**21.4**	**19.0**	**18.0**
WPM (Edison forecasts)	**49.8**	**35.8**	**45.8**	**0.9**	**1.1**	**1.1**	**31.8**	**23.5**	**29.8**
WPM (consensus)	**47.3**	**39.0**	**38.6**	**0.9**	**0.9**	**1.0**	**31.3**	**25.6**	**27.2**

Source: LSEG Data & Analytics, Edison Investment Research. Note: Peers and WPM (consensus) priced on 19 February 2025.

Readers will note Edison's relatively high FY26 P/E ratio, which arises from our relatively low precious metals forecasts of US$2,105/oz Au and US$24.34/oz Ag. As noted previously, if metals prices remain at current levels, our FY26 EPS estimate instead rises to US$2.52/share, in which case the corresponding P/E ratio would be 27.7x, which is at a marked discount to consensus.

Financials: US$688.4m in net cash at end-Q3

As at 30 September, WPM had US$694.1m in cash on its balance sheet and no debt outstanding under its US$2bn revolving credit facility. Including a modest US$5.7m in lease liabilities, it, therefore, had US$688.4m in net cash after generating US$254.3m in operating cash flow, disbursing US$31.2m in investing activities and paying out US$70.0m in dividends.

Exhibit 17: WPM cash, net cash and operating cash flow, by quarter, Q420–Q324

(US$m)	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324
Cash/(debt)	192.7	191.2	235.4	372.5	226.0	376.2	448.6	494.6	696.1	799.7	828.8	833.9	546.5	306.1	540.2	694.1
Net cash/(debt)	6.0	187.7	232.1	369.4	223.2	373.5	446.2	492.5	694.1	797.9	822.3	827.7	540.3	300.2	534.5	688.4
Operating cash flow	208.0	232.2	216.3	201.3	195.3	210.5	206.4	154.5	172.0	135.1	202.4	171.1	242.2	219.4	234.4	254.3

Source: Wheaton Precious Metals, Edison Investment Research.

In addition, WPM had long-term investments, in the form of equity share holdings and warrant holdings, in listed companies in the sum of US$103.1m as at end-September (cf US$88.1m as at end June), equivalent to US$0.23/share.

For FY23, WPM generated US$750.8m from operating activities, before consuming US$646.6m in investing activities and paying out US$265.1m in dividends. In FY24, we estimate that it will generate US$995.8m from operating activities, before consuming a net US$587.5m in net investing activities and paying out an increased US$281.1m in forecast dividends under the influence of its new, progressive dividend policy. However, readers should note that the timing of PMPA payments is uncertain and, inasmuch as investments are advanced or delayed, it is possible that WPM could register either a larger or smaller net cash position on its balance sheet by the year-end than that forecast. However, all other things being equal, in the absence of any major new asset acquisitions (notwithstanding its recently announced PMPAs with Koné and Fenix), we do not expect WPM to require recourse to its debt facilities in the foreseeable future.

Exhibit 18: Financial summary

$000s	2020	2021	2022	2023	2024e	2025e	2026e
31-December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue	**1,096,224**	**1,201,665**	**1,065,053**	**1,016,045**	**1,275,975**	**1,649,845**	**1,585,134**
Cost of Sales	(266,763)	(287,947)	(267,621)	(228,171)	(233,830)	(264,411)	(343,032)
Gross Profit	829,461	913,718	797,432	787,874	1,042,145	1,385,433	1,242,102
EBITDA	**763,763**	**852,733**	**735,245**	**719,704**	**976,651**	**1,317,624**	**1,174,293**
Operating profit (before amort. and excepts.)	**519,874**	**597,940**	**503,293**	**505,270**	**727,065**	**1,010,050**	**803,575**
Intangible Amortisation	0	0	0	0	0	0	0
Exceptionals	4,469	162,806	164,214	4,593	(1,113)	0	0
Other	387	190	7,680	33,658	27,215	42,372	0
Operating Profit	**524,730**	**760,936**	**675,187**	**543,521**	**753,167**	**1,052,421**	**803,575**
Net Interest	(16,715)	(5,817)	(5,586)	(5,510)	(5,523)	(5,523)	1,493
Profit Before Tax (norm)	**503,546**	**592,313**	**505,387**	**533,418**	**748,757**	**1,046,899**	**805,067**
Profit Before Tax (FRS 3)	**508,015**	**755,119**	**669,601**	**538,011**	**747,644**	**1,046,899**	**805,067**
Tax	(211)	(234)	(475)	(367)	(112,315)	(160,989)	(113,041)
Profit After Tax (norm)	**503,335**	**592,079**	**504,912**	**533,051**	**636,443**	**885,910**	**692,026**
Profit After Tax (FRS 3)	**507,804**	**754,885**	**669,126**	**537,644**	**635,330**	**885,910**	**692,026**
Average Number of Shares Outstanding (m)	449	450	452	453	453	454	454
EPS - normalised (c)	112	132	112	118	140	195	153
EPS - normalised and fully diluted (c)	112	131	112	118	140	195	152
EPS - (IFRS) (c)	113	168	148	119	140	195	153
Dividend per share (c)	42	57	60	60	62	75	75
Gross Margin (%)	76	76	75	78	82	84	78
EBITDA Margin (%)	70	71	69	71	77	80	74
Operating Margin (before GW and except.) (%)	47	50	47	50	57	61	51
BALANCE SHEET							
Fixed Assets	**5,755,441**	**6,046,427**	**6,039,813**	**6,463,774**	**6,801,658**	**7,355,015**	**7,817,729**
Intangible Assets	5,521,632	5,940,538	5,753,111	6,169,534	6,488,980	7,042,338	7,505,051
Tangible Assets	33,931	44,412	30,607	47,562	48,351	48,351	48,351
Investments	199,878	61,477	256,095	246,678	264,327	264,327	264,327
Current Assets	**201,831**	**249,724**	**720,093**	**567,411**	**705,447**	**862,276**	**749,259**
Stocks	3,265	12,102	13,817	10,806	14,177	18,332	17,613
Debtors	5,883	11,577	10,187	10,078	6,992	9,040	8,686
Cash	192,683	226,045	696,089	546,527	684,278	834,905	722,960
Other	0	0	0	0	0	0	0
Current Liabilities	**(31,169)**	**(29,691)**	**(30,717)**	**(26,075)**	**(23,828)**	**(25,294)**	**(29,064)**
Creditors	(30,396)	(28,878)	(29,899)	(25,471)	(23,224)	(24,690)	(28,460)
Short-term borrowings	(773)	(813)	(818)	(604)	(604)	(604)	(604)
Long-term liabilities	**(211,532)**	**(16,343)**	**(11,514)**	**(19,594)**	**(131,319)**	**(292,308)**	**(286,291)**
Long-term borrowings	(197,864)	(2,060)	(1,152)	(5,625)	(5,035)	(5,035)	(5,035)
Other long-term liabilities	(13,668)	(14,283)	(10,362)	(13,969)	(126,284)	(287,273)	(281,256)
Net Assets	**5,714,571**	**6,250,117**	**6,717,675**	**6,985,516**	**7,351,958**	**7,899,690**	**8,251,633**
CASH FLOW							
Operating Cash Flow	**779,156**	**845,832**	**737,821**	**725,548**	**1,002,515**	**1,355,259**	**1,179,136**
Net Interest	(13,763)	(187)	6,227	33,770	(5,523)	(5,523)	1,493
Tax	49	(279)	(171)	(6,192)	0	0	(119,057)
Capex	149,648	(404,437)	(44,750)	(648,963)	(588,651)	(860,932)	(833,432)
Acquisitions/disposals	0	0	0	0	0	0	0
Financing	22,396	7,992	10,171	12,934	12,064	0	(0)
Dividends	(167,212)	(218,052)	(237,097)	(265,109)	(281,140)	(338,178)	(340,084)
Net Cash Flow	770,274	230,869	472,201	(148,012)	139,266	150,627	(111,944)
Opening net debt/(cash)	**774,766**	**5,954**	**(223,172)**	**(694,119)**	**(540,298)**	**(678,639)**	**(829,266)**
HP finance leases initiated	0	0	0	0	0	0	0
Other	(1,462)	(1,743)	(1,254)	(5,809)	(925)	(0)	0
Closing net debt/(cash)	**5,954**	**(223,172)**	**(694,119)**	**(540,298)**	**(678,639)**	**(829,266)**	**(717,321)**

Source: Company sources, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Wheaton Precious Metals and prepared and issued by Edison, in consideration of a fee payable by Wheaton Precious Metals. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or sol icitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom