

Wheaton Precious Metals

Salobo does it again

For the second quarter in succession, Wheaton Precious Metals (WPM) has announced record revenue, adjusted earnings and operational cash flows, posting adjusted net EPS that was 7.7% better than our forecast and above the top of analysts' expectations (source: LSEG Data & Analytics, 7 August). The main reasons for the outperformance were a 12.8% positive variance in silver production coupled with a 5.0% positive variance in gold sales, which were 7.6% (or 7,005oz) above production for the quarter. Together, these drove a US\$38.6m (8.3%) positive variance in revenue, only partially offset by a US\$12.1m negative variance in costs, resulting in a US\$20.4m positive variance in earnings and a 4.5c positive variance in adjusted net EPS. As a result, we have upgraded our FY25 adjusted net EPS forecast by 2.1c/share (0.9%). At current metals prices, our FY26 EPS estimate rises by 84.0% from that shown below to US\$2.65/share.

Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
12/23	1,016.0	533.4	1.18	0.60	84.8	0.6
12/24	1,284.6	752.5	1.41	0.62	70.7	0.6
12/25e	2,002.9	1,326.5	2.48	0.73	40.2	0.7
12/26e	1,546.6	759.9	1.44	0.77	69.2	0.8

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

8.9% per year organic production growth to FY30

Sales of gold attributable to WPM from Salobo were 6,914oz (or 10.0%) in excess of production and were effectively solely responsible for WPM's balancing of the two and its drawdown in ounces produced but not yet delivered. Other notably strong operational performances were recorded by Blackwater, Penasquito and Voisey's Bay, while eight other mines remain broadly on track to ramp up in line with our expectations over the next five years.

Valuation: Continuing to trend upwards

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\$76.48/share (or C\$105.15/share) in FY30, assuming zero long-term growth in real cash flows (which we think unlikely). If we instead assume 7.7% per year 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 FY25 more than doubles to US\$189.99/share, or C\$261.22/share. As such, at an implied growth rate of 6.4% per year, WPM's share price currently appears to be discounting future compound annual average increases in cash flows per share from FY30 well below historical levels (+14.3% per year compound), especially given that production is expected to deliver 8.9% per year organic growth between now and FY30 alone. An alternative interpretation is that the market is assuming current precious metals prices will prevail into FY30 with compound annual average increases in WPM's cash flow per share thereafter of just 5.1%. Otherwise, assuming no purchases of additional streams, we calculate a value per share of US\$59.33 (or C\$81.58, or £44.14) in FY27, based on a historical multiple of 31.2x contemporary earnings (albeit at a gold price of only US\$2,239/oz and a silver price of only US\$25.30/oz). At current prices, however, this value rises by 83% to US\$108.57/share (C\$149.28/share, or £80.78).

Q225 results and updated
FY25e forecasts

Metals and mining

8 August 2025

Price C
\$137.19

Market cap C
\$61,497m

C\$1.3749/US\$, US\$1.3441/£

Cash at end Q125 (excluding US \$1,005.9m
\$8.1m in lease liabilities)

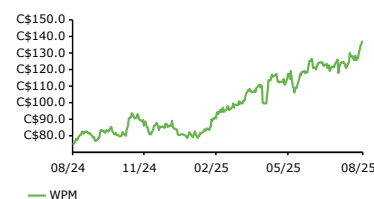
Shares in issue 454.0m

Code WPM

Primary exchange TSX

Secondary exchange LSE

Share price performance



%	1m	3m	12m
Abs	7.1	14.9	80.6
52-week high/low	C\$135.8		C\$72.3

Business description

Wheaton Precious Metals (WPM) is the world's pre-eminent predominantly precious metals streaming company, with over 40 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 etc.

Next events

Ex-dividend date	21 August 2025
Dividend payment date	4 September 2025
Q325 results	6 November 2025

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Updated FY25 forecasts

In the light of its Q225 results, we have revised our forecasts for the remainder of the year for Wheaton to those shown in Exhibit 1, below.

Exhibit 1: WPM Q1–Q425 underlying financial forecasts*, by quarter

US\$000s (unless otherwise stated)	Q125	Q225e (prior)	Q225	Q325e (prior)	Q325	Q425e (prior)	Q425	FY25e (current)	FY25e (prior)
Silver production (koz)	4,733	4,792	5,407	5,500	5,501	5,524	5,525	21,166	20,549
Gold production (oz)	92,681	94,350	91,968	97,648	97,778	100,260	100,390	382,817	384,940
Palladium production (oz)	2,661	2,338	2,435	2,338	2,338	2,338	2,338	9,772	9,676
Cobalt production (klb)	540	357	647	380	380	403	403	1,970	1,679
Silver sales (koz)	4,483	4,370	4,868	4,642	4,643	5,317	5,318	19,312	18,812
Gold sales (oz)	111,297	94,266	98,973	90,790	90,911	99,680	99,810	400,992	396,034
Palladium sales (oz)	2,457	2,104	2,575	2,104	2,104	2,104	2,104	9,239	8,768
Cobalt sales (klb)	265	357	353	380	380	403	403	1,401	1,404
Avg realised Ag price (US\$/oz)	33.55	33.69	34.81	38.28	38.01	38.50	38.26	35.76	35.86
Avg realised Au price (US\$/oz)	2,853	3,288	3,350	3,319	3,325	3,309	3,309	3,194	3,184
Avg realised Pd price (US\$/oz)	965	991	996	1,235	1,178	1,250	1,166	1,068	1,104
Avg realised Co price (US\$/lb)	12.88	15.05	18.60	14.92	15.12	14.92	15.12	15.56	14.56
Avg Ag cash cost (US\$/oz)	5.17	5.30	5.33	5.54	5.63	5.56	5.65	5.45	5.40
Avg Au cash cost (US\$/oz)	445	446	470	445	473	444	476	465	445
Avg Pd cash cost (US\$/oz)	172	178	175	222	212	225	210	191	198
Avg Co cash cost (US\$/lb)**	2.46	2.71	3.57	2.68	2.72	2.68	2.72	2.89	2.65
Sales	470,411	464,616	503,218	487,309	486,978	543,189	542,286	2,002,893	1,965,525
Cost of sales									
Cost of sales, excluding depletion	74,635	66,496	75,169	67,591	70,590	75,381	79,072	299,465	284,103
Depletion	76,693	72,460	75,002	75,248	74,192	85,567	84,081	309,968	309,957
Total cost of sales	151,328	138,956	150,171	142,840	144,782	160,937	163,153	609,433	594,060
Earnings from operations	319,083	325,660	353,047	344,469	342,197	382,251	379,133	1,393,460	1,371,465
Expenses and other income									
– General and administrative***	28,399	22,461	23,352	20,214	21,731	18,100	18,100	91,582	89,175
– Foreign exchange (gain)/loss	0	0	0	0	0	0	0	0	0
– Net interest paid/(received)	1,441	1,387	1,427	1,387	1,387	1,387	1,387	5,643	5,603
– Other (income)/expense	(6,712)	(11,672)	(7,415)	(11,239)	(7,828)	(11,551)	(8,306)	(30,261)	(41,175)
Total expenses and other income	23,128	12,176	17,364	10,362	15,289	7,936	11,182	66,963	53,603
Earnings before income taxes	295,955	313,484	335,683	334,107	326,907	374,315	367,952	1,326,498	1,317,862
Income tax expense/(recovery)	45,130	47,890	49,679	50,863	49,391	57,888	56,595	200,795	201,771
Marginal tax rate (%)	15.2	15.3	14.8	15.2	15.1	15.5	15.4	15.1	15.3
Net earnings	250,825	265,594	286,004	283,245	277,516	316,427	311,357	1,125,703	1,116,091
Average no. shares in issue (000s)	453,692	453,823	453,889	453,954	453,954	453,954	453,954	453,872	453,856
Basic EPS (US\$)	0.553	0.585	0.630	0.624	0.611	0.697	0.686	2.480	2.459
Diluted EPS (US\$)	0.552	0.584	0.629	0.623	0.610	0.696	0.685	2.476	2.455
DPS (US\$)	0.165	0.165	0.165	0.223	0.165	0.237	0.232	0.727	0.790

Source: Company data, Edison Investment Research.

Note: *Excluding impairment, impairment reversals and exceptional items (unless otherwise indicated). **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.

Exhibit 2: Financial summary

	\$000s							
Year end 31 December	2020	2021	2022	2023	2024	2025e	2026e	2027e
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS								
Revenue	1,096,224	1,201,665	1,065,053	1,016,045	1,284,639	2,002,893	1,546,622	1,873,445
Cost of Sales	(266,763)	(287,947)	(267,621)	(228,171)	(235,108)	(299,465)	(337,546)	(388,229)
Gross Profit	829,461	913,718	797,432	787,874	1,049,531	1,703,429	1,209,077	1,485,215
EBITDA	763,763	852,733	735,245	719,704	976,637	1,611,847	1,117,495	1,393,633
Operating profit (before amort. and excepts.)	519,874	597,940	503,293	505,270	729,693	1,301,879	757,677	994,288
Intangible Amortisation	0	0	0	0	0	0	0	0
Exceptionals	4,469	162,806	164,214	4,593	(111,030)	9,425	0	0
Other	387	190	7,680	33,658	28,373	30,261	0	0
Operating Profit	524,730	760,936	675,187	543,521	647,036	1,341,565	757,677	994,288
Net Interest	(16,715)	(5,817)	(5,586)	(5,510)	(5,549)	(5,643)	2,229	2,703
Profit Before Tax (norm)	503,546	592,313	505,387	533,418	752,517	1,326,498	759,906	996,991
Profit Before Tax (FRS 3)	508,015	755,119	669,601	538,011	641,487	1,335,923	759,906	996,991
Tax	(211)	(234)	(475)	(367)	(112,347)	(200,795)	(104,937)	(134,321)
Profit After Tax (norm)	503,335	592,079	504,912	533,051	640,170	1,125,703	654,968	862,670
Profit After Tax (FRS 3)	507,804	754,885	669,126	537,644	529,140	1,135,128	654,968	862,670
Average Number of Shares Outstanding (m)	449	450	452	453	453	454	454	454
EPS - normalised (c)	112	132	112	118	141	248	144	190
EPS - normalised and fully diluted (c)	112	131	112	118	141	248	144	190
EPS - (IFRS) (c)	113	168	148	119	117	250	144	190
Dividend per share (c)	42	57	60	60	62	73	77	76
Gross Margin (%)	75.7	76.0	74.9	77.5	81.7	85.0	78.2	79.3
EBITDA Margin (%)	69.7	71.0	69.0	70.8	76.0	80.5	72.3	74.4
Operating Margin (before GW and except.) (%)	47.4	49.8	47.3	49.7	56.8	65.0	49.0	53.1
BALANCE SHEET								
Fixed Assets	5,755,441	6,046,427	6,039,813	6,463,774	6,596,377	7,150,183	7,187,898	7,186,086
Intangible Assets	5,521,632	5,940,538	5,753,111	6,169,534	6,426,674	6,980,456	7,018,171	7,016,359
Tangible Assets	33,931	44,412	30,607	47,562	70,728	70,988	70,988	70,988
Investments	199,878	61,477	256,095	246,678	98,975	98,739	98,739	98,739
Current Assets	201,831	249,724	720,093	567,411	828,080	1,276,383	1,531,959	1,998,569
Stocks	3,265	12,102	13,817	10,806	3,697	22,254	17,185	20,816
Debtors	5,883	11,577	10,187	10,078	6,217	10,975	8,475	10,265
Cash	192,683	226,045	696,089	546,527	818,166	1,243,154	1,506,300	1,967,487
Other	0	0	0	0	0	0	0	0
Current Liabilities	(31,169)	(29,691)	(30,717)	(26,075)	(29,504)	(30,309)	(32,135)	(34,565)
Creditors	(30,396)	(28,878)	(29,899)	(25,471)	(29,242)	(30,047)	(31,873)	(34,303)
Short-term borrowings	(773)	(813)	(818)	(604)	(262)	(262)	(262)	(262)
Long-term liabilities	(211,532)	(16,343)	(11,514)	(19,594)	(135,574)	(335,947)	(320,443)	(267,061)
Long-term borrowings	(197,864)	(2,060)	(1,152)	(5,625)	(4,909)	(4,487)	(4,487)	(4,487)
Other long-term liabilities	(13,668)	(14,283)	(10,362)	(13,969)	(130,665)	(331,460)	(315,956)	(262,574)
Net Assets	5,714,571	6,250,117	6,717,675	6,985,516	7,259,379	8,060,310	8,367,279	8,883,029
CASH FLOW								
Operating Cash Flow	779,156	845,832	737,821	725,548	997,762	1,619,837	1,126,891	1,390,641
Net Interest	(13,763)	(187)	6,227	33,770	23,491	(5,643)	2,229	2,703
Tax	49	(279)	(171)	(6,192)	8,516	0	(120,441)	(187,703)
Capex	149,648	(404,437)	(44,750)	(648,963)	(490,491)	(864,013)	(397,534)	(397,534)
Acquisitions/disposals	0	0	0	0	0	0	0	0
Financing	22,396	7,992	10,171	12,934	12,942	5,394	0	0
Dividends	(167,212)	(218,052)	(237,097)	(265,109)	(279,050)	(330,166)	(347,999)	(346,920)
Net Cash Flow	770,274	230,869	472,201	(148,012)	273,170	425,410	263,146	461,187
Opening net debt/(cash)	774,766	5,954	(223,172)	(694,119)	(540,298)	(812,995)	(1,238,405)	(1,501,551)
HP finance leases initiated	0	0	0	0	0	0	0	0
Other	(1,462)	(1,743)	(1,254)	(5,809)	(473)	0	(0)	0
Closing net debt/(cash)	5,954	(223,172)	(694,119)	(540,298)	(812,995)	(1,238,405)	(1,501,551)	(1,962,738)

Source: Company data, Edison Investment Research

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