

# Wheaton Precious Metals

Q224 results

Continuing where Q1 left off

Metals and mining

Wheaton Precious Metals' (WPM's) Q224 results exceeded our forecasts, as well as the market's. In general, WPM produced more than we had expected during the quarter, albeit sales were in line. As such, the main points of variance were G&A costs (US\$1.9m better) and 'other' income (also US\$1.9m better) to result in earnings that were US\$6.6m (5.7%) above our estimates. We have upgraded our earnings forecasts by a modest 2.4% for FY24 in light of the Q2 results. In the meantime, our forecasts for FY25 currently appear conservative, but arise from relatively low precious metals forecasts of US\$2,004/oz Au and US\$23.72/oz Ag for the year. We will revisit these in the coming months.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/22	1,065.1	505.4	112	60	48.5	1.1
12/23	1,016.0	533.4	118	60	46.0	1.1
12/24e	1,252.6	722.6	135	62	40.1	1.1
12/25e	1,423.0	709.3	135	68	40.4	1.3

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

## FY24 marks the start of a multi-year growth profile

Stillwater, Antamina, Los Filos, Neves-Corvo and Zinkgruvan, in particular, all outperformed our production and sales expectations. Salobo outperformed our somewhat conservative expectations (and pro rata guidance) in terms of production, albeit sales were more in line. Given its performance to date in H1, we would be surprised if this asset did not outperform both our production expectations and guidance for the full year, notwithstanding a 31-day hiatus in production at Salobo III in July on account of a conveyor belt fire. Hereafter, we continue to forecast new production from Goose, Platreef and Blackwater in late FY24 or early FY25, to be followed by production from Curipamba in FY26, Curraghinalt and KZK in FY27 and Cangrejos in FY29, such that output grows by 49.4% from c 598.7k gold equivalent ounces (GEOs) in FY24e to 894.4koz in FY29e.

## Valuation: Steady on conservative assumptions

Using a capital asset pricing model-type method, whereby we discount cash flows at a nominal 9% per year, our 'terminal' valuation of WPM has held steady at US\$57.78 (C\$79.34) in FY27, assuming zero subsequent long-term growth in real cash flows (which we think unlikely). However, if we instead assume 7.4% pa long-term growth in cash flows (ie the average compound annual growth rate in the price of gold from 1967 to 2023), our current valuation of WPM in FY24 increases manifold to US\$139.47/share, or C\$191.51/share. As such, at an implied rate of 4.8% per year, WPM's current share price appears to be discounting future compound annual average increases in cash flows per share from FY27 only very fractionally in excess of the long-term average rate of US dollar inflation of 4.0%. Alternatively, assuming no purchases of additional streams, we calculate a value per share for WPM of US\$54.61 or C\$74.99 or £43.02 in FY27, based on a historical multiple of 30.8x contemporary earnings. 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 years 2 and 3.

9 August 2024

Price **C\$74.57**

Market cap **C\$33,787m**

C\$1.3731/US\$, US\$1.2695/£

Cash (US\$m) at end June 2024 540.2  
(excluding US\$5.7m in lease liabilities)

Shares in issue 453.4m

Free float 100.0%

Code WPM

Primary exchange TSX

Secondary exchanges LSE, NYSE

### Share price performance



% 1m 3m 12m

Abs (2.5) 0.0 27.2

Rel (local) (3.0) 0.2 15.6

52-week high/low C\$84.96 C\$52.92

### Business description

Wheaton Precious Metals is the world's pre-eminent ostensibly precious metals streaming company, with 44 high-quality precious metals streaming and royalty agreements over mines in Mexico, Canada, Brazil, Chile, the US, Argentina, Peru, Sweden, Greece, Portugal and Colombia.

### Next events

Ex-dividend date 21 August 2024

Dividend payment date c 4 September 2024

Q324 results 7 November 2024

Q424/FY24 results March 2025

### Analyst

Lord Ashbourne +44 (0)20 3077 5700

[mining@edisongroup.com](mailto:mining@edisongroup.com)

[Edison profile page](#)

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

## Q224 results

WPM's Q124 results were released after the market close on 7 August and exceeded our forecasts, as well as the market's. In general, WPM produced more than we had expected, albeit sales were in line, as were costs, such that earnings from operations were within US\$0.23m (or 0.1%) of our prior forecast. As such, the main points of variance were G&A costs (US\$1.9m better) and 'other' income (also US\$1.9m better) to result in a US\$4.1m positive variance at the pre-tax level.

Reported tax (for both Q1 and Q2 combined, but both reported together in Q2) was similarly US\$2.5m (4.7%) better than our prior assumption, with the result that earnings were US\$6.6m (5.7%) above our forecasts for the period. Although WPM adjusted Q1's tax reported in Q2 (since Global Minimum Tax has now been substantially enacted in Canada) back out again, this exercise merely flipped it back into Q1 (effectively) and therefore had no material effect on FY24 estimates. Exhibit 1, below, provides a full analysis of WPM's results on both an 'as reported' and 'underlying' basis with respect to both the prior quarter and our prior expectations:

**Exhibit 1: WPM Q224 actual compared to prior forecasts\***

US\$000s (unless otherwise stated)	Q124	Q224e	Q224 as reported	Change**** (%)	Variance***** (%)	Implied re-stated Q124	Underlying Q224	Change**** (%)
Silver production (koz)	5,476	4,684	5,062	-7.6	8.1	5,476	5,062	-7.6
Gold production (oz)	93,370	83,128	84,993	-9.0	2.2	93,370	84,993	-9.0
Palladium production (oz)	4,463	4,209	4,338	-2.8	3.1	4,463	4,338	-2.8
Cobalt production (klb)	240	214	259	7.9	21.0	240	259	7.9
Silver sales (koz)	4,067	3,967	3,823	-6.0	-3.6	4,067	3,823	-6.0
Gold sales (oz)	92,019	77,183	77,326	-16.0	0.2	92,019	77,326	-16.0
Palladium sales (oz)	4,774	3,786	4,301	-9.9	13.6	4,774	4,301	-9.9
Cobalt sales (klb)	309	214	88	-71.5	-58.9	309	88	-71.5
Average realised Ag price (US\$/oz)	23.77	27.97	29.11	22.5	4.1	23.77	29.11	22.5
Average realised Au price (US\$/oz)	2,072	2,343	2,356	13.7	0.6	2,072	2,356	13.7
Average realised Pd price (US\$/oz)	980	987	979	-0.1	-0.8	980	979	-0.1
Average realised Co price (US\$/lb)	15.49	13.01	16.02	3.4	23.1	15.49	16.02	3.4
Average Ag cash cost (US\$/oz)	4.77	4.86	4.95	3.8	1.9	4.77	4.95	3.8
Average Au cash cost (US\$/oz)	439	449	441	0.5	-1.8	439	441	0.5
Average Pd cash cost (US\$/oz)	182	178	175	-3.8	-1.7	182	175	-3.8
Average Co cash cost (US\$/lb)**	2.96	2.34	3.11	5.1	32.9	2.96	5.062	5.1
Sales	296,806	298,346	299,064	0.8	0.2	296,806	299,064	0.8
<b>Cost of sales</b>								
Cost of sales, excluding depletion	61,555	55,097	54,007	-12.3	-2.0	61,555	54,007	-12.3
Depletion	63,676	57,284	58,865	-7.6	2.8	63,676	58,865	-7.6
Total cost of sales	125,231	112,381	112,872	-9.9	0.4	125,231	112,872	-9.9
Earnings from operations	171,575	185,965	186,192	8.5	0.1	171,575	186,192	8.5
<b>Expenses and other income</b>								
- General and administrative***	13,315	19,068	17,185	29.1	-9.9	13,315	17,185	29.1
- Foreign exchange (gain)/loss		0						
- Interest paid	1,442	1,378	1,299	-9.9	-5.7	1,442	1,299	-9.9
- Other (income)/expense	(6,840)	(3,188)	(5,122)	-25.1	60.7	(6,840)	-4,752	-30.5
Total expenses and other income	7,917	17,258	13,362	68.8	-22.6	7,917	13,732	73.4
Earnings before income taxes	163,658	168,707	172,830	5.6	2.4	163,658	172,460	5.4
Income tax expense/(recovery)	69	52,986	50,513	73,107.2	-4.7	24,824	22,895	-7.8
Marginal tax rate (%)	0.0	31.4	29.2	N/A	-7.0	15.2	13.3	-12.5
Net earnings	163,589	115,720	122,317	-25.2	5.7	138,834	149,565	7.7
Average no. shares in issue (000s)	453,094	453,094	453,430	0.1	0.1	453,094	453,430	0.1
Basic EPS (US\$)	0.361	0.255	0.270	-25.2	5.9	0.306	0.330	7.8
Diluted EPS (US\$)	0.361	0.255	0.269	-25.5	5.5	0.306	0.329	7.5
DPS (US\$)	0.155	0.155	0.155	0.0	0.0	0.155	0.155	0.0

Source: Wheaton Precious Metals, Edison Investment Research. Note: \*Excluding impairments, 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. \*\*\*\*Change is Q224 cf Q124. \*\*\*\*\*Variance is Q224 cf Q224e. Totals may not add up owing to rounding.

As a consequence, WPM's actual EPS was 5.9% above our expectations and at the top of the market range from immediately before the results were announced:

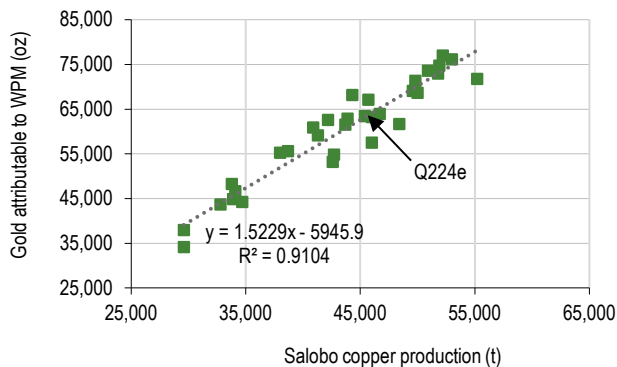
**Exhibit 2: WPM Q224 prior EPS forecasts compared to actual (US\$/share)**

	Q224e	Q124	Variance (%)
Edison forecasts	0.255	0.270	+5.9
Mean consensus	0.30	0.330	+10.0
High consensus	0.33	0.330	0.0
Low consensus	0.25	N/A	N/A

Source: LSEG Data & Analytics, Edison Investment Research. Note: As at 7 August 2024.

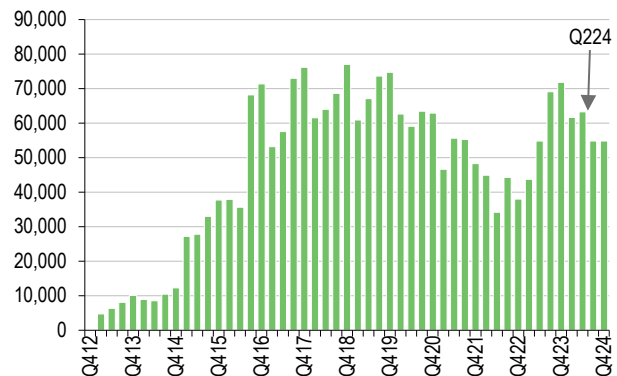
At the level of the individual mines, Stillwater, Antamina, Los Filos, Zinkgruvan and Neves-Corvo all outperformed our expectations in terms of both production and sales, while San Dimas, Sudbury, Constancia, Marmato and Cozamin underperformed. Peñasquito and Voisey's Bay outperformed in terms of production, but underperformed in terms of sales, which may augur well for the future. WPM's biggest asset, Salobo, outperformed in terms of production, but was in line with our estimates in terms of sales after a slightly larger than normal under-sale of material during the period. Nevertheless, gold attributable to WPM from Salobo was almost exactly at the level that would be expected, given the mine's copper output (see Exhibit 3). Given its performance in H1, we would be surprised if this asset did not outperform our slightly conservative production expectations for the full year, notwithstanding a 31-day hiatus in production at Salobo III in July on account of a conveyor belt fire (see Exhibit 4):

**Exhibit 3: Salobo copper production versus gold production attributable to WPM, Q316–Q224**



Source: Wheaton Precious Metals, Edison Investment Research

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

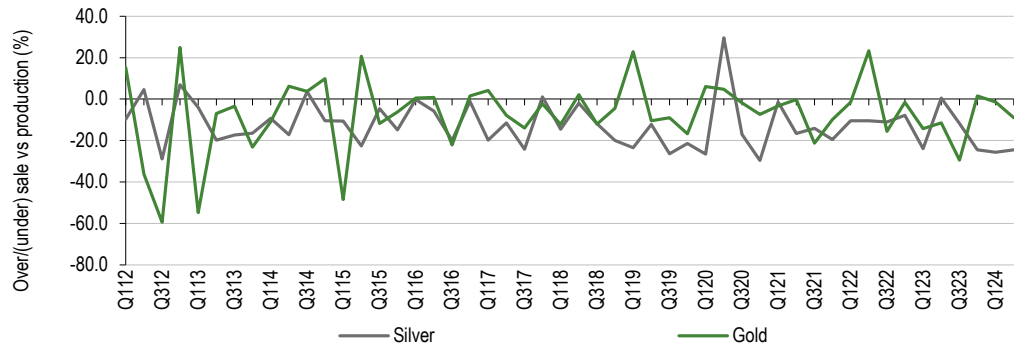


Source: Wheaton Precious Metals, Vale, Edison Investment Research

## Ounces produced but not yet delivered

Silver sales were 1.2Moz, or 24.5%, below production, which was at approximately the same level as Q1 and Q423, but relatively large in the historical context, where the long-term average under-sales rate is 12.1% ( $\pm 11.0\%$  standard deviation) since Q112. By contrast, at 7,667oz (9.0% of production) the gold under-sale rate reverted to close to its historical average of 7.1% per quarter ( $\pm 17.6\%$ ). In this case, all of the relative gold under-sale could be attributed to Salobo, which sold 8,263oz, or 13.1%, fewer ounces than it produced.

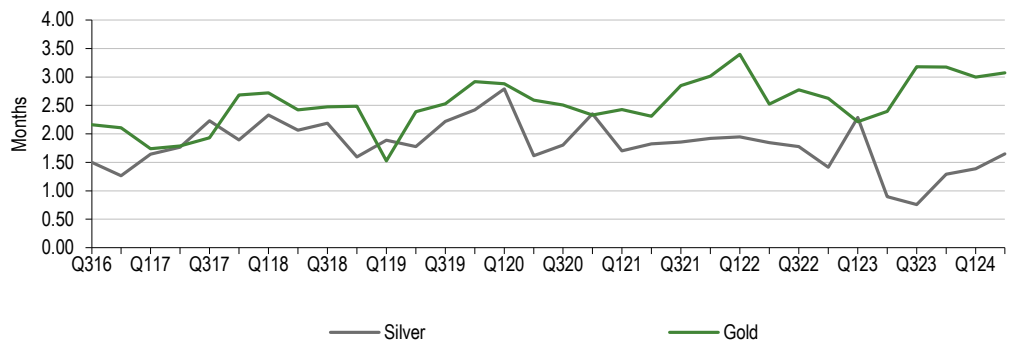
**Exhibit 5: Over/(under) sale of silver and gold as a percentage of production, Q112–Q224**



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

As a result, silver ounces produced but not yet delivered (PBNB) to WPM increased to 2.8Moz and now equate to 1.65 months of our forecast FY24 production level (cf 1.41 at the end of Q124), albeit this is still below WPM’s target level of two months for silver production. Gold ounces PBNB increased by a more modest 3,553oz (or 4.1%) to 89,667oz, or 3.07 months of estimated FY24 production (cf 3.02 months at the end of Q124), which compares with WPM’s target levels of two to three months of PBNB for gold and palladium production.

**Exhibit 6: WPM ounces produced but not yet delivered, Q316–Q224 (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 general and administrative (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 on a par with guidance of US\$42–44m for FY21 and US\$40–43m for FY20.

Given WPM’s share price as at the date of our last [note](#) in mid-May, we forecast that the total G&A charge for WPM in Q2 would be US\$19.1m, of which 56% would have been attributable to non-stock-based G&A expenses and 44% to stock-based expenses. In the event, non-stock-based G&A expenses were almost exactly in line with our forecast (and guidance) for the quarter, while stock-based G&A expenses were US\$2.0m lower (albeit still within the US\$2.5m error of estimation implied by the regression analysis between the two – see Exhibit 8, below), after WPM’s share price gave up some of its earlier gains by end June.

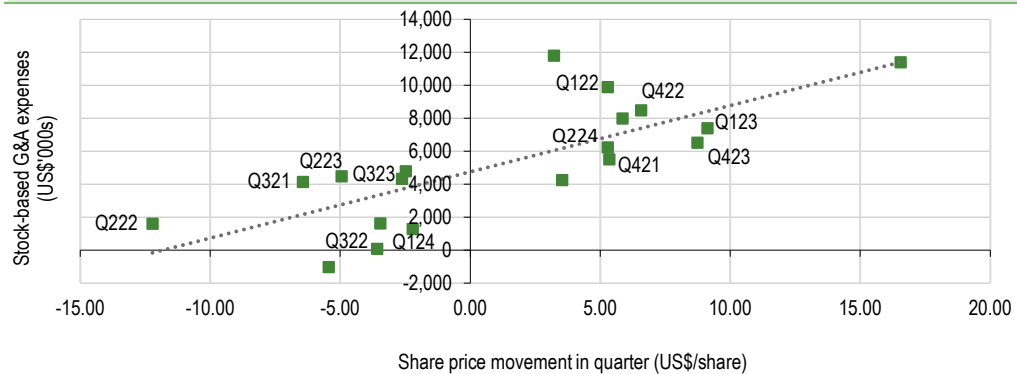
**Exhibit 7: WPM G&A expenses, Q421–Q224 (US\$000s)**

Item	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224e	Q224
G&A salaries excluding PSU and equity settled stock-based compensation	5,061	4,629	4,187	5,021	4,749	4,591	4,051	5,365		5,083
Other (inc. depreciation, donations and professional fees)	5,784	5,137	7,112	6,456	7,407	5,751	7,401	6,669		5,861
<b>Non-stock based G&amp;A</b>	<b>10,845</b>	<b>9,766</b>	<b>11,299</b>	<b>11,477</b>	<b>12,156</b>	<b>10,342</b>	<b>11,452</b>	<b>12,034</b>	<b>10,750</b>	<b>10,944</b>
<b>Guidance</b>	11,750–	11,750–	11,750–	11,750–	11,750–	11,750–	11,750–	10,250–	10,250–	10,250–
	12,250	12,250	12,250	12,500	12,500	12,500	12,500	11,250	11,250	11,250
PSU accrual	110	(1,491)	7,035	5,855	2,625	2,604	5,222	(317)		4,586
Equity settled stock-based compensation	1,498	1,568	1,439	1,542	1,859	1,732	1,305	1,598		1,655
<b>Stock-based G&amp;A</b>	<b>1,608</b>	<b>77</b>	<b>8,474</b>	<b>7,397</b>	<b>4,484</b>	<b>4,336</b>	<b>6,527</b>	<b>1,281</b>	<b>8,318</b>	<b>6,241</b>
<b>Total general &amp; administrative</b>	<b>12,453</b>	<b>9,843</b>	<b>19,773</b>	<b>18,874</b>	<b>16,640</b>	<b>14,678</b>	<b>17,979</b>	<b>13,315</b>	<b>19,068</b>	<b>17,185</b>
<b>Non-stock as pct of total G&amp;A (%)</b>	<b>87.1</b>	<b>99.2</b>	<b>57.1</b>	<b>60.8</b>	<b>73.1</b>	<b>70.5</b>	<b>63.7</b>	<b>90.4</b>	<b>56.4</b>	<b>63.7</b>

Source: Wheaton Precious Metals, Edison Investment Research. Note: Totals may not add up owing to rounding.

In the event, however, stock-based G&A expenses were almost exactly in line with the level we would have expected them to be at, given WPM's share price on 30 June in US dollar terms (see Exhibit 8, below) and hence we are continuing to make this methodology the basis of our forecasts for G&A going forwards.

**Exhibit 8: Graph of historical share price change (US\$/share) versus stock-based G&A expenses (US\$000s), quarterly, Q419–Q224**



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

## FY24 and future guidance

WPM provided detailed production guidance for FY24 and beyond on 20 February. This guidance is summarised below relative to our updated FY24 forecasts in light of the Q1 and Q2 results:

Exhibit 9: WPM precious metals production – Edison forecasts of guidance				
	FY24e	FY28e (target)*	FY29–33 (average)*	
<b>Prior Edison forecast</b>				
Silver production (Moz)	19.9			
Gold production (koz)	348.4			
Cobalt production (klb)	882			
Palladium production (koz)	17.1			
Gold equivalent (koz)	591.6	816		849
<b>Current Edison forecast</b>				
Silver production (Moz)	20.3			
Gold production (koz)	350.3			
Cobalt production (klb)	927			
Palladium production (koz)	17.2			
Gold equivalent (koz)	598.7	816		849
<b>WPM guidance</b>				
Silver production (Moz)	18.5–20.5			
Gold production (koz)	325–370			
Cobalt & palladium production (koz AuE)	12–15			
Gold equivalent (koz)	550–620	>800		>850

Source: Wheaton Precious Metals, Edison Investment Research forecasts. Note: \*Edison forecasts include Antamina extension from FY28.

In formulating our forecasts, we are assuming that production will commence at Goose, Platreef and Blackwater in late FY24 or early FY25, to be followed by production from Curipamba and Marathon in FY26, Curraghinalt, Kudz ze Kayah (KZK) and Santo Domingo in FY27 and Cangrejós in FY29.

A brief summary of recent developments at WPM's principal near-term development projects is as follows:

- Blackwater:** on 30 July, Artemis announced that overall construction of the Blackwater project was 87% complete (as of 30 June), with c C\$650m out of a total capital budget of C\$730–750m expended, and that it is on schedule for its first gold pour in Q424. A recent evacuation order owing to wildfires in the area of the mine has been lifted and the construction team has now returned to site to ramp up to full-scale operations once again. During Q224, construction and commissioning of the initial phase of the mining fleet was completed, with two 400t hydraulic backhoe excavators, nine 240t rigid frame haul trucks and two large mining front-end loaders now fully assembled. The fleet to support initial operations is therefore now complete. However, additional units are also on site and are in the process of being assembled, with the intention of adding these to the fleet as operations ramp up in due course.
- Platreef:** on 31 July, Ivanhoe announced that construction of Platreef's Phase 1 concentrator had been completed on schedule after the quarter's end and that cold commissioning had started, with water being fed through the concentrator. The concentrator will now be placed on care and maintenance until H225, as Shaft 1 prioritises the hoisting of waste from the development required to bring forward the start of Phase 2. In the meantime, work is continuing on the updated feasibility study to accelerate Platreef's Phase 2, as well as the preliminary economic assessment of the new Phase 3 expansion to take processing capacity to 10Mtpa (2.5x the processing capacity of the Phase 2 expansion), with both studies expected to be completed in Q424. To that end, construction of Platreef's Shaft 2 headgear – which will take total hoisting capacity for ore and waste development across all three shafts to over 12Mtpa – is now c 60% complete. Simultaneously, construction activities are advancing on the installation

of 1,124t of internal structural steel inside Shaft 2's headgear as well as the installation of the sinking winders and related infrastructure, with the on-boarding of the contractor designated to commence sinking operations in Q125, after which production will begin to ramp up.

- **Goose project:** on 7 May, B2Gold announced the successful completion of the 2024 winter ice road campaign, delivering all necessary materials to complete the construction of the Goose project. While mill construction remained on schedule, development of the open pit and underground was slightly behind owing to equipment availability, adverse weather conditions and the prioritisation of critical path construction activities, such that the project's first gold pour is now expected in Q225 with ramp-up to full production in Q325.
- **Marmato:** as at the end of May 2024, Aris reported that it had disbursed US\$30m out of its US\$280m construction budget for the Lower Mine (ie 10.7%). As such, the Lower Mine project is reported to be on track for first gold pour by end 2025, followed by an approximate six-month ramp-up period. Simultaneously, it reported that it is transforming the Upper Mine production plan by transitioning the operation to contract mining partners, thereby mirroring its operating model at Segovia.
- **Curipamba:** on 6 August, Silvercorp announced that the Ecuadorian Ministry of Energy and Mines had issued a Resolution of Change of Phase for the El Domo-Curipamba project, which allows it to advance its legal status from one of 'economic evaluation' to 'exploitation' and allows for the start of construction and subsequent operation of the mine. This change, for a medium-scale project such as El Domo-Curipamba, is equivalent to an exploitation agreement for large-scale mines in Ecuador such as Fruta del Norte and Mirador and is the final, major approval required for the start of full-scale construction.
- **Fenix:** on 8 April, Rio2 announced that its Chilean subsidiary had received the formal Environmental Qualification Resolution for the Fenix gold project, which now allows it to advance permitting activities. There are four principal sectorial permits required before construction can commence, namely 1) Mining Methods, 2) Process Plant, 3) Waste Dumps & Stockpiles and 4) Closure Plan, and work on all of these is reported to be 'well underway'.
- **Cangrejos:** on 21 May, Lumina Gold announced that work on its feasibility study is progressing on schedule and that it expects to have it finalised in Q225. In the meantime, recommendations from the ongoing work and trade-off studies to date include 1) increasing the initial processing plant throughput to 40,000tpd (cf 30,000tpd in the 2023 pre-feasibility study), 2) resequencing the mine plan to mine out the higher-grade Cangrejos deposit first, before commencing mining at Gran Bestia, 3) placing over 300Mt of waste rock back into the Cangrejos pit once mining is complete, thereby significantly reducing the land area required for waste rock storage as well as reducing waste rock haul distances, 4) relocating the waste rock storage facility to land already owned by Lumina, which has the additional benefit of increasing the distance between the project and the nearest communities and 5) re-routing access roads to avoid local population centres. This follows the signing in March of a joint declaration with the Government of Ecuador in preparation for the execution of the extension to the existing Exploration Investment Protection Agreement and Complementary Investment Protection Agreement related to the future construction of the project. In the meantime, Lumina is in the process of engaging an Ecuadorian government-approved environmental and social impact assessment consultant to begin the normal course permitting process, which it expects to take approximately 18 months to complete.
- **Curraghinalt:** a public inquiry into the Curraghinalt project was to have begun in September and was expected to last up to six weeks. Subsequent to the first quarter, however, the Planning Appeals Commission and Water Appeals Commission in Northern Ireland concluded that the water abstraction and impoundment licences relative to the project have been rescinded and that licence applications would need to be resubmitted and subsequent public inquiry referrals held. The commission noted that it had suspended arrangements for the

current inquiry timetable until it was in receipt of the expected applications, at which time it will move to set directions and new dates for the submission of statements of case and rebuttals and for the opening of the re-scheduled hearing sessions in due course.

- **Marathon:** on 31 July, Generation Mining reported that the federal government has approved amendments to Schedule 2 of the Metal and Diamond Mining Effluent Regulations, which will allow for the construction of specific water management structures and operation of key infrastructure for the Marathon project. Generation Mining also states that receipt of the few remaining provincial and federal approvals and permits required for construction is expected within the next few months. On 7 August, it further announced a key milestone with the receipt of the Fisheries Act Authorization (FAA) for the Marathon project. The FAA, issued by Fisheries and Oceans Canada, approves Generation's plan to avoid, mitigate and offset impacts to fish and fish habitat related to the development of the project. This authorisation represents the final federal approval required to commence construction of the tailings storage facility and water management structures. The project now requires only three remaining provincial approvals to be issued by the Ministry of the Environment, Conservation and Parks and the Ministry of Natural Resources. These are expected in the coming months, following which the Marathon project will have all of the key government permits and approvals required for construction to proceed.
- **Santo Domingo:** On 31 July, Capstone Copper published the results of an updated feasibility study for the Santo Domingo project, outlining an optimised mine plan and updated capital and operating cost estimates over a 19-year mine life supported by higher mineral reserve estimates. The report indicates that total gold production is expected to average 35,000oz pa for the first seven years of production (cf 30,000oz pa in the 2020 feasibility study), and 22,000oz pa for the life of mine (cf 17,000oz pa). Capstone has reported that with construction completed at Mantoverde 35km north-east of the Santo Domingo project, it plans to advance several value-enhancing initiatives within the Mantoverde-Santo Domingo district that are yet to be included in the 2024 feasibility study. The first of these is a newly announced two-year, US\$25m exploration programme at Mantoverde aimed at supporting the two future processing centres between Mantoverde and Santo Domingo.
- **KZK:** the pre-feasibility study for the KZK project in the Yukon was based on an ore reserve of 15.7Mt at 1.3g/t Au, 138g/t Ag, 0.9% Cu, 5.8% Zn and 1.7% Pb and posited mining via both open cut (89%) and underground (11%) methods, with ore processed into separate copper, high precious metal (HPM) and zinc concentrates via sequential flotation through a nominal 2.0Mtpa processing plant to produce c 200,000t of dry zinc concentrate, 60,000t of dry copper concentrate and 50,000t of dry HPM concentrate pa over 10 years, containing c 107ktpa Zn, 14ktpa Cu, 25ktpa Pb, 57koz pa Au and 7.8Moz pa Ag at steady state. In June 2022, following a thorough five-year environmental assessment under the Yukon Environmental and Socio-economic assessment Act, the operator, BMC, received a positive decision document from the Canadian and Yukon governments approving the project to proceed to the licensing regulatory phase. This approval was reaffirmed in a modified decision document issued by the Canadian and Yukon governments in March 2024, following additional consultation with Ross River Dena Council, and applications for the Quartz Mining Licence and the Water Licence, which are required for the project's development and operation, were submitted to regulatory bodies in August 2022.

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. Of note is the implied gold/silver ratio of 87.0x, which compares with the current ratio of 88.9x, but a longer-term average of 60.1x since gold was demonetised in August 1971. At the updated standardised prices indicated, our production forecast of 598.7koz gold

equivalent (AuE) for FY24 is towards the upper end of WPM's guidance range of 550–620koz AuE, although our gold equivalent sales forecast of 542.7koz is more conservative (see Exhibit 10).

Otherwise, readers will note that our longer-term production forecasts are very close to WPM's guidance for the period FY29–33. However, at the moment, these exclude any contribution from either Kutcho or Fenix (together capable of adding c 29k GEOs to production) or Toroparu or WPM's royalty interests. Note that both our estimates, and WPM's, necessarily exclude potential future stream acquisitions (of which we expect there to be a number, given the time horizon involved).

## **FY24 forecasts**

---

In the light of Q224 results, we have updated our FY24 forecasts to those shown in Exhibit 10. Relative to our earlier numbers, the main changes in our estimates reflect higher 'other' income to recognise more interest earned on higher cash balances throughout the year in anticipation of the precious metal purchase agreement (PMPA) payments relating to Marmato, Copper World, Santo Domingo and Curipamba being pushed back from FY24 to FY25.

**Exhibit 10: WPM FY24e forecast, by quarter\***

US\$000s (unless otherwise stated)	Implied re- stated Q124	Underlying Q224	Q324e (prior)	Q324 (current)	Q424e (prior)	Q424e (current)	FY24e (current)	FY24e (prior)
Silver production (koz)	5,476	5,062	4,811	4,830	4,939	4,958	20,327	19,909
Gold production (oz)	93,370	84,993	81,873	81,873	90,028	90,028	350,264	348,399
Palladium production (oz)	4,463	4,338	4,209	4,209	4,209	4,209	17,218	17,089
Cobalt production (klb)	240	259	214	214	214	214	927	882
Silver sales (koz)	4,067	3,823	4,079	4,087	4,829	4,843	16,820	16,942
Gold sales (oz)	92,019	77,326	76,018	76,018	90,007	90,007	335,370	335,227
Palladium sales (oz)	4,774	4,301	3,786	3,786	4,192	4,192	17,053	16,539
Cobalt sales (klb)	309	88	214	214	214	214	825	951
Avg realised Ag price (US\$/oz)	23.77	29.11	28.37	27.95	28.37	26.92	26.91	27.17
Avg realised Au price (US\$/oz)	2,072	2,356	2,354	2,422	2,354	2,394	2,303	2,274
Avg realised Pd price (US\$/oz)	980	979	974	921	974	904	948	979
Avg realised Co price (US\$/lb)	15.49	16.02	12.57	12.48	12.57	11.82	13.81	13.62
Avg Ag cash cost (US\$/oz)	4.77	4.95	4.90	4.92	4.91	4.90	4.88	4.86
Avg Au cash cost (US\$/oz)	439	441	451	451	448	448	445	446
Avg Pd cash cost (US\$/oz)	182	175	175	166	175	163	172	178
Avg Co cash cost (US\$/lb)	2.96	5.062	2.26	2.25	2.26	2.13	2.58	2.51
Sales	296,806	299,064	301,048	304,506	355,646	352,175	1,252,551	1,251,845
<b>Cost of sales</b>								
Cost of sales, excluding depletion	61,555	54,007	55,364	55,507	65,288	65,211	236,281	237,304
Depletion	63,676	58,865	56,627	59,400	67,037	70,716	252,657	244,624
Total cost of sales	125,231	112,872	111,991	114,907	132,324	135,927	488,939	481,928
Earnings from operations	171,575	186,192	189,057	189,599	223,321	216,247	763,612	769,917
<b>Expenses and other income</b>								
– General and administrative**	13,315	17,185	15,533	16,299	15,533	15,533	62,331	63,449
– Foreign exchange (gain)/loss			0	0	0	0	0	0
– Net interest paid/(received)	1,442	1,299	1,378	1,378	1,378	1,378	5,496	5,575
– Other (income)/expense	(6,840)	(4,752)	(1,099)	(7,828)	(68)	(7,430)	(26,850)	(11,194)
Total expenses and other income	7,917	13,732	15,811	9,849	16,842	9,480	40,977	57,829
Earnings before income taxes	163,658	172,460	173,245	179,750	206,479	206,768	722,635	712,088
Income tax expense/(recovery)	24,824	22,895	27,473	28,614	32,240	32,437	108,770	112,769
Marginal tax rate (%)	15.2	13.3	15.9	15.9	15.6	15.7	15.1	15.8
Net earnings	138,834	149,565	145,772	151,136	174,239	174,331	613,865	599,319
Average no. shares in issue (000s)	453,094	453,430	453,094	453,430	453,094	453,430	453,346	453,094
Basic EPS (US\$)	0.306	0.330	0.322	0.333	0.385	0.384	1.354	1.323
Diluted EPS (US\$)	0.306	0.329	0.321	0.333	0.384	0.384	1.352	1.321
DPS (US\$)	0.155	0.155	0.155	0.155	0.155	0.155	0.620	0.620

Source: Wheaton Precious Metals, 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.

Our updated adjusted basic EPS forecast of US\$1.354 per share for the full year is nevertheless near to consensus, which has also been gently rising since the time of our last note in mid-May, when it was US\$1.24/share for FY24, within a range of US\$0.91–1.74/share.

**Exhibit 11: WPM FY24 consensus EPS forecasts (US\$/share), by quarter**

	Q124	Q224	Q324e	Q424e	Sum Q1–Q424e	FY24e
Edison forecasts	0.306	0.330	0.333	0.384	1.353	1.354
Mean consensus	0.306	0.330	0.38	0.42	1.436	1.40
High consensus	0.306	0.330	0.42	0.46	1.516	1.52
Low consensus	0.306	0.330	0.35	0.38	1.366	1.22

Source: LSEG Data & Analytics, Edison Investment Research. Note: As at 7 August 2024.

## Valuation

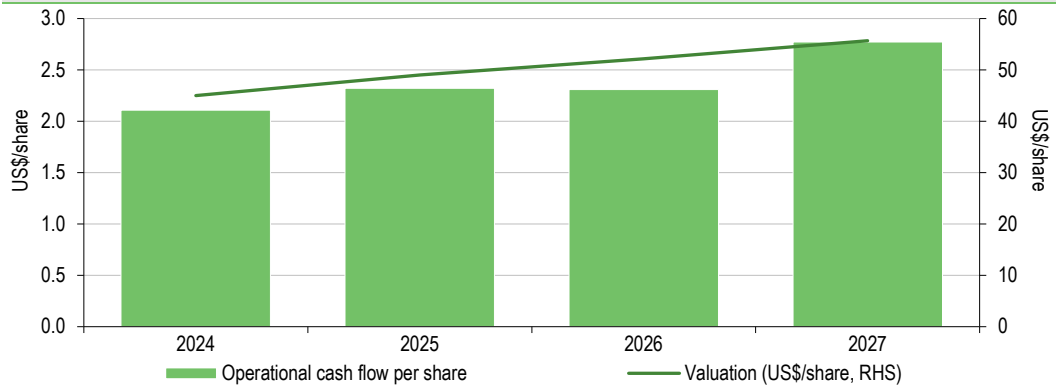
### Absolute

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 FY24, in the case of WPM (as with Newmont and Endeavour), we discount forecast cash flows back over four years to the start of FY24 and then apply an ex-growth terminal multiple to forecast cash flows in that year (FY27) based on the appropriate discount rate.

In this case, our estimate of WPM's 'terminal' cash flow in FY27 has remained unchanged at US\$2.77/share.

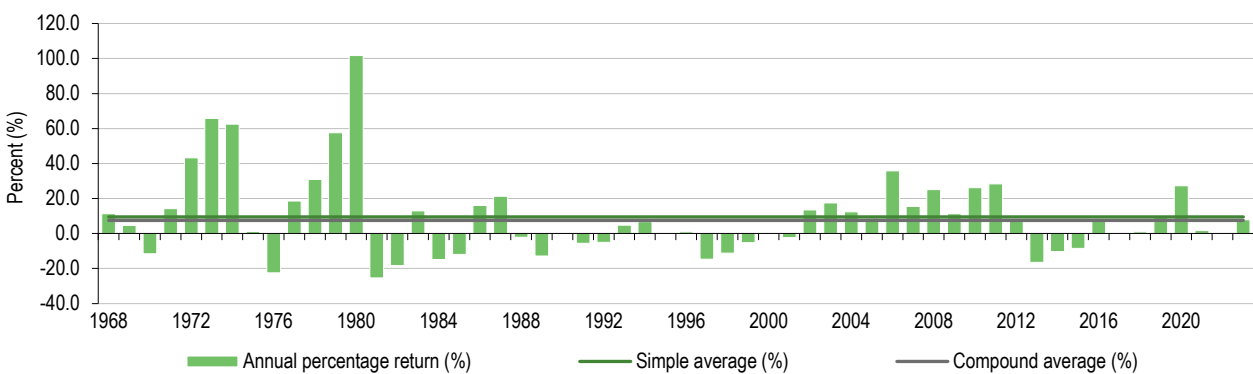
**Exhibit 12: WPM operational cash flow and related valuation (US\$/share), FY24–27**



Source: Edison Investment Research. Note: Valuation line assumes cash flow per share growth rate of 4% pa post-FY26 in nominal terms, which equals the average US rate of CPI inflation since 1972 (ie 0% pa growth in real terms).

Assuming 4% growth in nominal cash flows beyond FY27 (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-FY27 is US\$57.78 per share (cf US\$57.89/share previously), or C\$79.34 per share. However, it should be noted that this valuation is inherently conservative in that it assumes zero growth in (real) cash flows beyond FY27. This is inconsistent with the gold price, which has risen at a compound average annual growth rate of 7.4% per year from 1967 to 2023, a simple average annual growth rate of 9.3% per year (cf a compound average inflation rate over the same period of 4.0%) and a compound average real annual growth rate of 3.0% per year.

**Exhibit 13: Gold price annual performance, 1968–2023**



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 7.4% (ie the average compound average annual growth rate in the gold price from 1967 to

2023 of 4.0% above), then our 'terminal' valuation of WPM increases many times to US\$190.13/share, or C\$261.06/share and our current valuation to US\$139.47/share, or C\$191.51/share.

Stated alternatively, WPM's current share price of C\$74.57 appears to be discounting future compound annual average increases in cash flow per share of just 4.8% pa from FY27, which is only very fractionally higher than the long-term average rate of US inflation of 4.0% pa.

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-FY27**

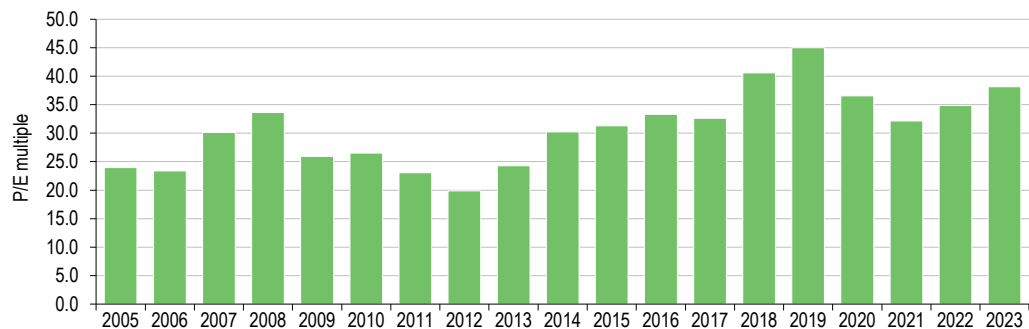
Long-term cash flow growth rate assumption (%)	Comment	WPM valuation (US\$/share)	WPM valuation (C\$/share)
4.0	Zero real growth rate; ie rate equals compound average US inflation rate, 1967–2023	45.72	62.77
4.8	Implied cash flow per share growth rate required to justify current share price	54.31	74.57
7.4	Gold price compound average annual growth rate, 1967–2023	139.47	191.51

Source: LSEG Data & Analytics, Edison Investment Research.

## 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 40.1x Edison and 39.3x 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 EPS forecast of US\$1.77 in FY27 (cf US\$1.78 previously) implies a potential value per share for WPM of US\$54.61 or C\$74.99 in that year.

## Relative

In the meantime, WPM is maintaining its premium rating relative to its peers, albeit it also appears good value within the context of future dividend expectations, especially in years 2 and 3:

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

	P/E (x)			Yield (%)			P/CF (x)		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
<b>Royalty companies</b>									
Franco-Nevada	35.9	30.6	29.3	1.2	1.2	1.3	26.0	22.4	22.6
Royal Gold	27.8	20.9	21.3	1.3	1.3	1.5	18.2	14.5	13.6
Sandstorm Gold	63.0	34.2	32.2	1.1	1.1	N/A	13.1	11.8	12.1
Osisko	34.6	29.4	27.6	1.0	1.0	0.9	20.9	19.9	18.6
<b>Average</b>	<b>40.3</b>	<b>28.8</b>	<b>27.6</b>	<b>1.2</b>	<b>1.2</b>	<b>0.9</b>	<b>19.5</b>	<b>17.1</b>	<b>16.7</b>
<b>WPM (Edison forecasts)</b>	<b>40.1</b>	<b>40.4</b>	<b>36.2</b>	<b>1.1</b>	<b>1.3</b>	<b>1.3</b>	<b>25.3</b>	<b>23.5</b>	<b>23.6</b>
<b>WPM (consensus)</b>	<b>39.3</b>	<b>33.2</b>	<b>35.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>26.2</b>	<b>22.2</b>	<b>25.7</b>

Source: LSEG Data & Analytics, Edison Investment Research. Note: Peers and WPM (consensus) priced on 7 August 2024.

Readers will note our relatively high year 2 P/E ratio. This arises from our relatively low precious metals forecasts of US\$2,004/oz Au and US\$23.72/oz Ag for FY25. These will be revisited early in the next financial year.

## Financials: End-Q2 US\$534.5m in net cash

As at 30 June, WPM had US\$534.5m 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\$534.5m in net cash after generating US\$234.4m in operating cash flow and receiving a further US\$131.7m from investing activities (cf a US\$463.5m outflow in Q124, a US\$464.2m outflow in Q423 but a US\$98.9m outflow in Q323), largely from the disposal of its Hecla shareholding and after relatively few PMPA investments during the quarter.

**Exhibit 17: WPM cash, net cash and operating cash flow, by quarter, Q420–Q224**

(US\$m)	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224
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
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
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

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\$88.1m as at end-June (cf US\$246.7m as at end March), equivalent to US\$0.19/share, after it disposed of its investment in Hecla for gross proceeds of US\$177.1m.

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 forecast dividends. In FY24, we estimate that it will generate US\$973.3m from operating activities (cf US\$954.7m previously), before consuming US\$824.2m in investing activities (cf US\$917.0m previously) and paying out an increased US\$281.1m in dividends under the influence of its new, progressive dividend policy. However, readers should note that the timing of precious metals purchase agreement 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. In any event, however, all other things being equal, in the absence of any major new asset acquisitions, we do not expect WPM to need recourse to its debt facilities at any point in the foreseeable future.

**Exhibit 18: Financial summary**

	\$000s	2020	2021	2022	2023	2024e	2025e	2026e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>								
Revenue		1,096,224	1,201,665	1,065,053	1,016,045	1,252,551	1,422,986	1,555,535
Cost of Sales		(266,763)	(287,947)	(267,621)	(228,171)	(236,281)	(312,538)	(336,110)
Gross Profit		829,461	913,718	797,432	787,874	1,016,270	1,110,448	1,219,425
EBITDA		763,763	852,733	735,245	719,704	953,938	1,048,117	1,157,094
Operating profit (before amort. and excepts.)		519,874	597,940	503,293	505,270	701,281	708,246	789,012
Intangible Amortisation		0	0	0	0	0	0	0
Exceptionals		4,469	162,806	164,214	4,593	(2,945)	0	0
Other		387	190	7,680	33,658	26,850	0	0
Operating Profit		524,730	760,936	675,187	543,521	725,186	708,246	789,012
Net Interest		(16,715)	(5,817)	(5,586)	(5,510)	(5,496)	1,033	1,587
Profit Before Tax (norm)		503,546	592,313	505,387	533,418	722,635	709,280	790,599
Profit Before Tax (FRS 3)		508,015	755,119	669,601	538,011	719,690	709,280	790,599
Tax		(211)	(234)	(475)	(367)	(108,770)	(99,295)	(110,440)
Profit After Tax (norm)		503,335	592,079	504,912	533,051	613,865	609,985	680,159
Profit After Tax (FRS 3)		507,804	754,885	669,126	537,644	610,920	609,985	680,159
Average Number of Shares Outstanding (m)		448.7	450.1	451.6	452.8	453.3	453.4	453.4
EPS - normalised (c)		112	132	112	118	135	135	150
EPS - normalised and fully diluted (c)		112	131	112	118	135	134	150
EPS - (IFRS) (c)		113	168	148	119	135	135	150
Dividend per share (c)		42	57	60	60	62	68	69
Gross Margin (%)		75.7	76.0	74.9	77.5	81.1	78.0	78.4
EBITDA Margin (%)		69.7	71.0	69.0	70.8	76.2	73.7	74.4
Operating Margin (before GW and except.) (%)		47.4	49.8	47.3	49.7	56.0	49.8	50.7
<b>BALANCE SHEET</b>								
Fixed Assets		5,755,441	6,046,427	6,039,813	6,463,774	6,880,601	6,973,834	7,038,855
Intangible Assets		5,521,632	5,940,538	5,753,111	6,169,534	6,586,002	6,679,235	6,744,256
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	246,248	246,248	246,248
Current Assets		201,831	249,724	720,093	567,411	600,564	911,027	1,209,743
Stocks		3,265	12,102	13,817	10,806	13,917	15,811	17,284
Debtors		5,883	11,577	10,187	10,078	6,863	7,797	8,523
Cash		192,683	226,045	696,089	546,527	579,784	887,419	1,183,936
Other		0	0	0	0	0	0	0
Current liabilities		(31,169)	(29,691)	(30,717)	(26,075)	(23,946)	(27,602)	(28,732)
Creditors		(30,396)	(28,878)	(29,899)	(25,471)	(23,342)	(26,998)	(28,128)
Short-term borrowings		(773)	(813)	(818)	(604)	(604)	(604)	(604)
Long-Term liabilities		(211,532)	(16,343)	(11,514)	(19,594)	(127,774)	(227,069)	(222,954)
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)	(122,739)	(222,034)	(217,919)
Net Assets		5,714,571	6,250,117	6,717,675	6,985,516	7,329,445	7,630,190	7,996,912
<b>CASH FLOW</b>								
Operating Cash Flow		779,156	845,832	737,821	725,548	979,943	1,048,945	1,156,025
Net Interest		(13,763)	(187)	6,227	33,770	(5,496)	1,033	1,587
Tax		49	(279)	(171)	(6,192)	0	0	(114,555)
Capex		149,648	(404,437)	(44,750)	(648,963)	(670,665)	(433,104)	(433,104)
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)	(281,075)	(309,240)	(313,436)
Net Cash Flow		770,274	230,869	472,201	(148,012)	34,772	307,635	296,517
Opening net debt/(cash)		774,766	5,954	(223,172)	(694,119)	(540,298)	(574,145)	(881,780)
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)	(574,145)	(881,780)	(1,178,297)

Source: Company accounts, 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 of 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.

Copyright: Copyright 2024 Edison Investment Research Limited (Edison).

---

## 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 solicitation 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.