

# Wheaton Precious Metals

London calling

London listing

Metals & mining

22 September 2020

**Price** **C\$67.53**

**Market cap** **C\$30bn**

C\$1.3163/US\$

Net debt (US\$m) at 30 June 2020\* 508.7

\*Excluding US\$3.8m lease liabilities.

Shares in issue 448.9m

Free float 100%

Code WPM

Primary exchange TSX

Secondary exchange NYSE

On Monday, Wheaton (WPM) announced its intention to seek a listing of its shares on the main market of the London Stock Exchange (LSE). The company is not intending to raise any new capital and will be retaining its primary listing on the TSX and its dual listing on the NYSE. Nevertheless, the listing will bring one of the world's largest dividend paying precious metal companies to the LSE by end-Q420 (subject to required regulatory approvals, including publication of a prospectus etc).

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/18	794.0	203.1	48	36	106.9	0.7
12/19	861.3	242.7	56	36	91.6	0.7
12/20e	1,161.8	549.6	120	45	42.8	0.9
12/21e	1,478.6	793.4	177	70	29.0	1.4

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

For WPM, listing in London will provide it with easy access to a large pool of capital. In an analysis performed earlier this year (see [A golden future](#), published on 11 June 2020), Edison observed that precious metals companies listed in London have tended to outperform their peers, with 52% of London-listed companies outperforming the gold price over the period of the worst deprecations of the coronavirus so far this year, compared with 39% globally. Over the same period, 68% of London-listed precious metals companies generated a positive total return for shareholders, compared with 54% globally. For London equally, WPM will provide premium-quality, geared exposure to precious metals prices and fill a void for investors left by the departure of Randgold Resources in December 2018 after it was acquired by Barrick. Yamana has similarly announced its intention to list in London and B2Gold and Endeavour have both said that such a move is under consideration.

As per our last note, under more normal circumstances, and assuming no future purchases of additional streams (which is unlikely), we would ordinarily forecast a value per share for WPM of US\$52.05, or C\$68.71 in FY21. However, given its peers' premium valuations as well as the accommodative precious metals investing environment (see [Barely missing a beat](#), published on 18 August 2020), we believe that WPM is capable of supporting a valuation that could easily rise to as high as US\$74.10 or C\$97.81 per share as both earnings expectations and multiples have expanded. In the meantime, WPM's shares are trading on near-term financial ratios that are cheaper than those of its royalty/streaming 'peers' in at least 67% of common financial measures (P/E, yield and P/CF over two years for four peers), if Edison forecasts are used, and 50% of the same valuation measures if consensus forecasts are used (source: Refinitiv 21 September 2020). Among other things, this could be indicative of the market having more conservative precious metal pricing expectations than Edison. Even after the profit taking and market shakeout on Monday however, the gold price is within 1.2% of our short-term price forecasts and still above our long-term ones, while the silver price is within 5.5% of our short-term price forecast of US\$25.79/oz and the palladium price continues to trade above our short-term price forecast (note that these will be updated at the time of WPM's Q320 results, anticipated in November).

## Share price performance



## Business description

Wheaton Precious Metals is the world's pre-eminent ostensibly precious metals streaming company, with 29 high-quality precious metals streaming and early deposit agreements relating to assets in Mexico, Peru, Canada, Brazil, Chile, Argentina, Sweden, Greece, Portugal and the US.

## Analyst

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