

Silver Wheaton

Going for gold

Q216 results

Metals & mining

Silver Wheaton's (SLW's) Q216 earnings were within 2.5% of our forecast and almost 50% better than the previous quarter (Q116). Performance was buoyed by record gold sales, driven by the continued ramp up at Salobo, a record production performance at Sudbury (which was almost 6,000oz ahead of our expectations), continued outperformance at Antamina (for a third consecutive quarter) and inventory drawdown (for a second consecutive quarter). As a result of increased precious metals' prices, as well as the purchase of an additional gold stream at Salobo (see below), we have increased our earnings expectations for Q316, Q416 and FY16 by 60.0%, 46.7% and 27.3%, respectively.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/14	620.2	268.8	75	26	35.7	1.0
12/15	648.7	223.6	53	20	50.5	0.7
12/16e	923.7	306.8	70	23	38.0	0.9
12/17e	1,199.6	539.4	123	36	21.8	1.3

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

Salobo stream acquisition (Au now 41% of revenues)

On 2 August, SLW announced it has agreed to acquire from Vale an additional amount of gold equal to 25% of the life-of-mine gold production from its Salobo mine in Brazil. We estimate total consideration for the stream (including re-negotiated warrants and cost inflation terms) to be US\$820.8m, which compares with the US\$900m it paid in March 2015 (when the gold price averaged US\$1,179/oz) for an equivalent 25% gold stream from Salobo. The newly acquired Salobo stream will increase production attributable to Silver Wheaton by an average of 70,000oz pa for the next 10 years, followed by an estimated 60,000oz pa for the following 30 years of the mine's estimated >50-year life.

Pyrite Leach Project to add 1.25Moz Ag to SLW

In addition to SLW's acquisition of the Salobo stream, its counterparty at Penasquito, Goldcorp, has announced that it has approved the Pyrite Leach Project (PLP), which is expected to add c 100-140koz of gold and 4-6Moz of silver (of which SLW is entitled to 25%) to the mine's production profile pa from Q119.

Valuation: Up US\$3.19 or 8.5%

Assuming no material purchases of additional streams (which is unlikely), we forecast a value per share for SLW of US\$40.81, or C\$53.21, in FY19 (at prices of US\$26.57/oz Ag and US\$1,483/oz Au). This compares with an estimate of US\$37.62, or C\$48.27, at the time of our last note in May. The 25% Salobo gold stream acquisition (plus the PLP) is responsible for adding US\$3.19 per share to SLW's value in FY19 money terms. In the meantime, SLW is trading on near-term financial ratios that are cheaper than those of its royalty/streaming 'peers' on at least 79% of valuation measures and the miners themselves on at least 38% of measures considered, despite being associated with materially less operational and cost risk.

30 August 2016

Price **C\$34.92**

Market cap **C\$15bn**

C\$1.3040/US\$

Net debt (US\$m) at end-June 2016 581.5

Shares in issue 440.0m

Free float 100%

Code SLW

Primary exchange TSX

Secondary exchange NYSE

Share price performance



% 1m 3m 12m

Abs (4.2) 47.1 113.2

Rel (local) (4.9) 41.3 101.3

52-week high/low C\$39.7 C\$14.8

Business description

Silver Wheaton is the world's pre-eminent pure precious metals streaming company with more than 25 precious metals streaming and early deposit agreements relating to assets in Mexico, Peru, Canada, Brazil, Chile, Argentina, Sweden, Greece, Portugal, the US and Guyana.

Next events

Q3 results November 2016

Fourth quarterly dividend payment November 2016

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Investment summary

Gold sales reached another record in Q216, driven by the continued ramp up to 24Mtpa at Salobo, a record production performance at Sudbury (as a result of higher grades and mill recoveries at the Coleman, Copper Cliff and Totten mines), continued outperformance at Antamina (for a third consecutive quarter) and inventory drawdown (for a second consecutive quarter). While the performance of Salobo was in line with our expectations, Sudbury's performance was almost 6,000oz ahead of them. Q2 represented a third quarter of material outperformance.

Other features of the results were a continuation of the depletion charge at the relatively high levels witnessed since Q415. This was attributed to Antamina, which has the highest unit depletion charge (US\$9.94/oz) of any of SLW's major assets – however, it is non-cash and therefore does not affect cash flows. Excluding impairments, a summary of SLW's Q116 results compared to previous quarters plus our prior expectations is as follows:

Exhibit 1: Silver Wheaton Q116, by quarter*

US\$000s (unless otherwise stated)	FY15	Q215	Q315	Q415	Q116	Q216e	Q216a	Variance ¹ (%)	Change ² (%)
Silver production (koz)	30,717	7,201	6,890	10,284	7,570	7,587	7,581	-0.1	0.1
Gold production (oz)	228,764	50,509	54,513	69,176	64,942	63,126	70,249	11.3	8.2
AgE production (koz)	47,697	10,904	10,993	15,463	12,733	12,501	12,852	2.8	0.9
Silver sales (koz)	26,566	5,575	6,575	8,751	7,552	7,587	7,142	-5.9	-5.4
Gold sales (oz)	202,349	60,974	48,077	64,899	65,258	63,126	70,757	12.1	8.4
AgE sales (koz)	41,574	10,043	10,194	13,614	12,759	12,501	12,451	-0.4	-2.4
Avg realised Ag price (US\$/oz)	15.64	16.42	15.05	14.75	14.68	16.25	17.18	5.7	17.0
Avg realised Au price (US\$/oz)	1,152	1,195	1,130	1,100	1,175	1,265	1,267	0.2	7.8
Avg realised AgE price (US\$/oz)	15.60	16.38	15.03	14.73	14.70	16.25	17.06	5.0	16.1
Avg Ag cash cost (US\$/oz)	4.17	4.26	4.26	4.06	4.14	4.49	4.46	-0.7	7.7
Avg Au cash cost (US\$/oz)	393	395	389	396	389	394	401	1.8	3.1
Avg AgE cash cost (US\$/oz)	4.58	4.76	4.58	4.50	4.44	4.71	4.84	2.8	9.0
Sales	648,687	164,435	153,251	200,497	187,511	203,143	212,351	4.5	13.2
Cost of sales									
Cost of sales, excluding depletion	190,214	47,795	46,708	61,247	56,636	58,911	60,208	2.2	6.3
Depletion	198,581	53,327	45,248	67,962	71,344	66,055	75,074	13.7	5.2
Total cost of sales	388,795	101,122	91,956	129,208	127,980	124,966	135,282	8.3	5.7
Earnings from operations	259,892	63,313	61,295	71,289	59,531	78,177	77,069	-1.4	29.5
Expenses and other income									
- General and administrative	32,237	7,886	7,170	9,011	10,844	10,844	9,959	-8.2	-8.2
- Foreign exchange (gain)/loss	0	0	0	373	0	0			
- Net interest paid/(received)	4,090	798	428	1,364	6,932	4,737	4,590	-3.1	-33.8
- Other (income)/expense	4,076	992	763	24	1,160	814	1,599	96.4	37.8
Total expenses and other income	40,403	9,676	8,361	10,772	18,936	16,395	16,148	-1.5	-14.7
Earnings before income taxes	219,489	53,637	52,934	60,517	40,595	61,781	60,921	-1.4	50.1
Income tax expense/(recovery)	9,132	(89)	**3,133	**3,107	(384)	0	615	N/A	-260.2
Marginal tax rate (%)	4.2	(0.2)	5.9	5.1	(0.9)	0.0	1.0	N/A	-211.1
Net earnings	210,357	53,726	49,801	57,410	40,979	61,781	60,306	-2.4	47.2
Basic EPS (US\$)	0.53	0.15	0.12	0.14	0.10	0.14	0.14	0.0	40.0
Diluted EPS (US\$)	0.53	0.15	0.12	0.14	0.10	0.14	0.14	0.0	40.0

Source: Silver Wheaton, Edison Investment Research. Note: *Excluding impairments. **After excluding taxation effect of impairments.
¹Q216a vs Q216e. ²Q216a vs Q116a.

One feature of note in Q216 was the average achieved silver price of US\$17.18/oz. This compared with monthly averages of US\$16.26/oz, US\$16.89/oz and US\$17.18/oz in April, May and June, respectively (average US\$16.78/oz for the quarter), and therefore demonstrated an excellent timing/trading performance by SLW's traders, adding almost US\$3m to sales in the period.

Penasquito

Production at Penasquito declined 35.9% to 867oz in Q2 relative to an already depressed Q1 figure. This was a result of lower ore grades and recoveries from the upper transitional ore and low grade stockpiles as well as a 10-day shutdown for planned mill maintenance (both of which had been gazetted to the market at the time of SLW's Q1 results). In addition, however, there was a longer than anticipated period to ramp the plant back up again to full production.

In a change to previous guidance, however, Goldcorp now expects mining activities in the pit to focus on lower grade ore in the upper sections of the Penasco pit for the next three years, while stripping is prioritised to ensure an economically optimised pit shell design. As a result, mining will not return to the heart of the deposit at the bottom of the Penasco pit (where it was concentrated in FY15, for example) until FY19.

Pyrite Leach Project

Unrelated to the above guidance, Goldcorp has approved the PLP, which is expected to recover 40% of the gold and 48% of the silver currently reporting to the tailings by treating the zinc tailings prior to discharge to the tailings storage facility. Commercial production is expected from Q119, with the PLP adding c 100-140koz of gold and 4-6Moz of silver (of which SLW will be entitled to 25%) to Penasquito's per-year production profile. Note that, according to Goldcorp, the project will have a minimal impact on the site water balance as the Pyrite Leach processing plant recirculates existing plant process water.

Additional Salobo acquisition

On 2 August, SLW announced that its wholly owned subsidiary, Silver Wheaton (Caymans) Ltd, had agreed to acquire from Vale an additional amount of gold equal to 25% of the life-of-mine gold production from its Salobo mine in Brazil. Note that SLW was already the owner of a stream relating to 50% of Salobo's gold output, such that this latest acquisition takes SLW's interest to 75%.

Consideration for the additional 25% stream is:

- US\$800m in cash; and
- an amended strike price of US\$43.75 per common share relating to 10m warrants already held by Vale relating to a previous stream acquisition (vs US\$65 per common share previously).

In addition, SLW will make ongoing payments of the lesser of US\$400/oz and the prevailing market price of gold. Whereas these had been inflated at 1% per year from FY17, however (for the pre-existing 50% stream), they will now be inflated from FY19 for the entire 75% gold stream. Moreover, while deliveries for the entire 75% gold stream will still be the obligation of a wholly owned subsidiary of Vale, they will now be guaranteed by Vale and the direct holder of Salobo, Salobo Metais SA.

Considering each element in turn:

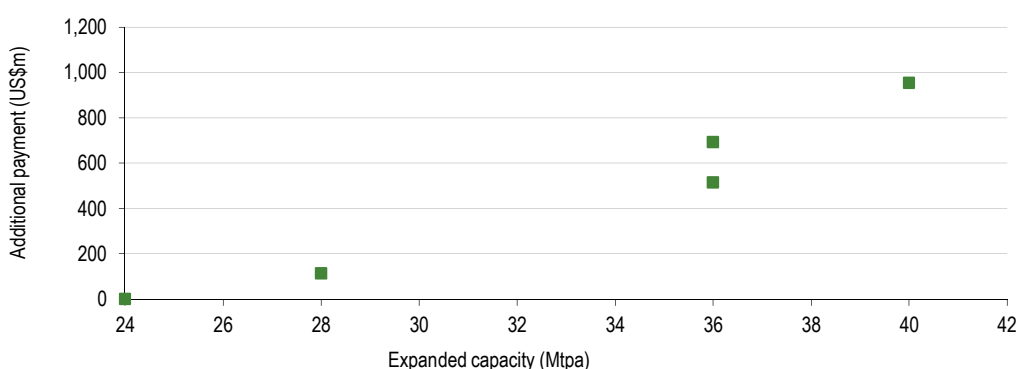
- Applying a current stock price (S) of US\$26.78/sh, a risk-free rate of return (r) of 1.522% (the yield to maturity on the US 10-year Treasury bond), a historic stock price volatility (s) of 46.29% (source: Bloomberg), a time to expiry (t) of 6.5 years and reducing the option strike (K) from US\$65/sh to US\$43.75/sh, a simple application of the Black-Scholes equation yields an updated warrant value of US\$9.05/wt cf US\$6.42/wt previously. As such, the value of each warrant has increased by US\$2.63/wt, adding US\$26.3m (for 10m warrants) to the price of the 25% Salobo stream acquisition.

- In the meantime, we calculate that deferring the 1% price increases on the pre-existing 50% stream from FY17 to FY19 will save SLW US\$7.9m (in FY16 money terms, discounted at 10% per year) over the next 17 years to FY33.

As such, the total consideration of the 25% Salobo stream acquisition may be considered to be US\$818.4m ($800 + 26.3 \cdot 7.9 = 818.4$), which compares with the US\$900m that it paid in March 2015 (when the gold price averaged US\$1,179/oz) for an equivalent 25% gold stream from Salobo.

Mill throughput at the Salobo mine is currently 24Mtpa. If throughput capacity is expanded within a predetermined period and depending on the grade of material processed, SLW will be required to make an additional payment to Vale regarding its 75% stream. The additional payments range in size from US\$113m if throughput is expanded beyond 28Mtpa by 1 January 2036 to US\$953m if throughput is expanded beyond 40Mtpa by 1 January 2021. If Salobo is expanded to 36Mtpa between 2021 and 2025, for example, the expansion payment due from SLW to Vale would range between US\$514m and US\$692m. These expansion payments can be shown graphically, as follows:

Exhibit 2: Future Salobo payments versus expanded throughput



Source: Edison Investment Research, Silver Wheaton

Note that, currently, in its long-term forecasts, we make no provision for either future expansion at Salobo or related expansion payments.

Guidance

As before, the Salobo stream acquisition will add an estimated 70,000oz pa to SLW's production profile for 10 years, followed by an estimated 60,000oz pa increase for the following 30 years of the mine's estimated >50-year life.

In the aftermath of the Salobo (gold) stream acquisition, SLW's updated guidance for FY16 (compared with our estimates) is as follows:

Exhibit 3: Production guidance, FY16-FY20e

Metal	2016			Next five years (inc FY16)		
	Updated guidance	Edison estimate	Previous guidance	Updated guidance	Edison estimate	Previous guidance
Silver (koz)	32,000	31,271	32,800	31,000	*30,919	31,000
Gold (oz)	305,000	298,443	265,000	330,000	320,330	260,000

Source: Silver Wheaton, Edison Investment Research. Note: * Includes the PLP.

Within the context of our estimates for FY16 in particular, investors should note that there is downside risk regarding its estimates for Penasquito in particular and upside opportunity regarding our estimates for Antamina and Sudbury.

FY16 by quarter and FY17

Our forecasts for SLW's FY16 and FY17 have now been updated to include the acquisition of the incremental 25% Salobo stream as well as increased precious metals' prices. Note that SLW still forecasts non-stock general & administrative expenses to be in the range US\$31-34m for the full year, including additional legal costs relating to SLW's dispute with the Canadian Revenue Agency:

Exhibit 4: Silver Wheaton FY16 forecasts, by quarter*

US\$000s (unless otherwise stated)	Q116	Q216	Q316e (previous)	Q316e (current)	Q416e (previous)	Q416e (current)	FY16e (previous)	FY16e (current)	FY17e (previous)	FY17e (current)
Silver production (koz)	7,570	7,581	7,760	8,060	7,760	8,060	30,677	31,271	29,539	30,939
Gold production (oz)	64,942	70,249	63,126	81,626	63,126	81,626	254,320	298,443	254,788	335,062
AgE production (koz)	12,733	12,852	12,321	13,657	12,332	13,818	49,886	52,968	43,734	49,607
Silver sales (koz)	7,552	7,142	7,760	8,060	7,760	8,060	30,659	30,814	29,539	30,939
Gold sales (oz)	65,258	70,757	63,126	81,626	63,126	81,626	254,320	299,267	254,788	335,062
AgE sales (koz)	12,759	12,451	12,321	13,657	12,332	13,818	49,912	52,593	43,734	49,607
Avg realised Ag price (US\$/oz)	14.68	17.18	17.01	19.44	16.97	18.70	16.24	17.56	24.18	24.18
Avg realised Au price (US\$/oz)	1,175	1,267	1,229	1,333	1,229	1,319	1,224	1,279	1,347	1,347
Avg realised AgE price (US\$/oz)	14.70	17.06	17.01	19.44	16.97	18.70	16.22	17.56	24.18	24.18
Avg Ag cash cost (US\$/oz)	4.14	4.46	4.52	4.64	4.52	4.62	4.42	4.47	5.22	5.17
Avg Au cash cost (US\$/oz)	389	401	394	395	394	395	385	398	396	395
Avg AgE cash cost (US\$/oz)	4.44	4.84	4.86	5.10	4.86	5.03	4.72	4.88	5.84	5.90
Sales	187,511	212,351	209,577	265,495	209,266	258,387	809,496	923,744	1,057,595	1,199,606
Cost of sales										
Cost of sales, excluding depletion	56,636	60,208	59,914	69,632	59,937	69,463	235,398	255,939	255,347	292,496
Depletion	71,344	75,074	66,582	77,548	66,582	77,548	270,563	301,514	259,974	302,737
Total cost of sales	127,980	135,282	126,496	147,180	126,520	147,011	505,962	557,453	515,321	595,233
Earnings from operations	59,531	77,069	83,081	118,315	82,746	111,376	303,534	366,291	542,274	604,374
Expenses and other income										
- General and administrative	10,844	9,959	10,844	8,754	10,844	8,754	43,376	38,311	43,376	38,311
- Foreign exchange (gain)/loss	0	0	0	0	0	0	0	0		
- Net interest paid/(received)	6,932	4,590	4,737	4,811	4,737	4,811	21,144	21,144	10,390	26,663
- Other (income)/expense	1,160	1,599	814	814	814	814	3,602	4,387		
Total expenses and other income	18,936	16,148	16,395	14,379	16,395	14,379	68,122	63,842	53,766	64,974
Earnings before income taxes	40,595	60,921	66,685	103,936	66,351	96,997	235,412	302,449	488,509	539,400
Income tax expense/(recovery)	(384)	615	0	0	0	0	(384)	231	0	0
Marginal tax rate (%)	(0.9)	1.0	0.0	0.0	0.0	0.0	(0.2)	0.1	0.0	0.0
Net earnings	40,979	60,306	66,685	103,936	66,351	96,997	235,796	302,218	488,509	539,400
Ave. no. shares in issue (000s)	402,952	436,726	438,453	438,453	438,453	438,453	429,578	429,146	438,453	438,453
Basic EPS (US\$)	0.10	0.14	0.15	0.24	0.15	0.22	0.55	0.70	1.11	1.23
Diluted EPS (US\$)	0.10	0.14	0.15	0.24	0.15	0.22	0.55	0.70	1.11	1.23

Source: Silver Wheaton, Edison Investment Research. Note: * Excludes stock-based compensation costs. Our estimates also exclude any exceptional, non-cash charges that may arise in future periods as a result of the re-negotiation of the terms of the existing warrants issued to Vale by SLW and/or the re-negotiation of the cost inflation terms of the existing Salobo stream (see pages 3-4).

Our EPS estimates of 24c for Q316 and 22c for Q416 compare to average consensus basic EPS estimates of 22c (within a range 16-28c) and 25c (within a range 18-36c), respectively (source: Bloomberg, 30 August 2016). They also compare to average consensus estimates of 14c and 15c, respectively, in May and 14.6c and 15.7c, respectively, in April.

Our updated FY16 EPS estimate of 70c compares to an average consensus basic EPS estimate of 72c within a range 60-89c (source: Bloomberg, 30 August 2016). By contrast, our basic EPS estimate of 123c for FY17 compares to an average consensus estimate of 98c within a range 70-139c (cf 65c, within a range 33-82c in May). If silver and gold prices remain at their current levels of US\$18.70/oz and US\$1,319/oz (at the time of writing), we estimate that basic EPS in FY17 will instead be 84c per share (all other things being equal).

Valuation

Excluding FY04 (part year) and FY08 (when there was an exceptional write-down), SLW's shares have historically traded on an average P/E multiple of 25.9x current year basic EPS (cf 38.0x Edison FY16e or 37.1x consensus FY16e, currently).

Exhibit 5: Silver Wheaton historic current year P/E multiples



Source: Edison Investment Research. Note: FY14 EPS excludes impairment charge.

Applying this multiple to our long-term EPS forecast of US\$1.58 per share in FY19 implies a potential share value of US\$40.81, or C\$53.21 in that year (cf US\$37.62, or C\$48.38, at the time of our last note in May).

From a relative perspective, meanwhile, it is notable that SLW is cheaper than its royalty/streaming 'peers' on at least 79% of valuation measures in Exhibit 6 (whether consensus or Edison forecasts are used) and on multiples that are cheaper than the gold miners themselves on at least 38% of the same valuation measures, despite being associated with materially less operational and cost risk, in particular.

Exhibit 6: Silver Wheaton comparative valuation vs a sample of operating and royalty/streaming companies

	P/E (x)		Yield (%)		P/CF	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Royalty companies						
Franco-Nevada	81.0	64.8	1.2	1.2	29.1	27.2
Royal Gold	39.6	34.8	1.2	1.2	16.8	15.3
Sandstorm Gold	89.1	61.3	0.0	0.0	20.3	18.1
Osisko	57.8	51.4	1.0	1.0	32.7	30.0
Average	66.9	53.1	0.8	0.9	24.7	22.6
Silver Wheaton (Edison forecasts)	38.0	21.8	0.9	1.3	18.7	13.9
SLW (consensus)	37.1	27.4	0.9	1.3	18.4	15.6
Operators						
Barrick	27.1	18.9	0.4	0.4	8.2	6.9
Newmont	23.0	21.6	0.3	0.5	8.3	8.3
Goldcorp	50.5	25.4	0.7	0.5	10.7	8.2
Newcrest	20.2	18.8	1.0	1.4	9.1	9.1
Kinross	43.6	21.0	0.0	0.0	5.1	4.2
Agnico-Eagle	83.3	48.2	0.7	0.7	15.1	13.0
Eldorado	46.9	24.3	0.1	0.5	15.1	11.1
Yamana	31.1	19.4	0.5	0.5	6.5	5.4
Randgold Resources	31.1	23.9	0.7	0.8	18.4	13.9
Average	39.6	24.6	0.5	0.6	10.7	8.9

Source: Bloomberg, Edison Investment Research. Note: *Edison FY17 forecasts assume precious metals' prices of US\$24.18/oz Ag and US\$1,347/oz Au. Peers priced on 30 August 2016.

Financials

As at 30 June, SLW had net debt of US\$582m (cf US\$1,284.2m at the end of March and US\$1,362.7m at the end of December 2015).

In the aftermath of its March bought deal and the additional Salobo stream purchase, we estimate that SLW's net debt will be US\$1,144.3m by the end of FY16 and that it will be net debt free by the end of FY18, all other things being equal and contingent on its making no further major acquisitions (which is unlikely).

We estimate that net debt of US\$1,144.3m as at end-2016 will equate to gearing (net debt/equity) of 23.1% and a leverage (net debt/[net debt+equity]) of 18.7%. Self-evidently, such a level of debt is well within the tolerances required of its banking covenants that:

- net debt should be no more than 0.75x tangible net worth (which was US\$4,839.2m as at end-June 2016 and is forecast to be US\$4,959.8m as at end-December 2016); and
- interest should be no less than 3x covered by EBITDA (we estimate that net interest cover will be 29.8x in FY16).

Note that the C\$191.7m letter of guarantee that SLW has posted re 50% of the disputed taxes relating to its dispute with the CRA has been done under a separate agreement and is therefore specifically excluded from calculations regarding SLW's banking covenants. SLW's revolving debt facility attracts an interest rate of Libor plus 120-220bp.

Potential future stream acquisitions

SLW estimates the size of the potential market open to it to be the 70% of total silver production of c 870Moz in FY16 that is produced as a by-product of either gold or base metals' mines – ie approximately 609Moz silver per year. This compares to SLW's estimated production of 31.3Moz Ag in FY16 – ie SLW has penetrated only c 5.1% of its potential market.

While it is difficult (or impossible) to predict with any degree of certainty potential future stream acquisition targets, it is perhaps possible to highlight three that may be of interest to Silver Wheaton in due course and regarding which it already has strong, existing counterparty relationships:

- The 75% silver stream at Penasquito that is currently not subject to any streaming arrangement.
- The platinum group metal (PGM) by-product stream at Sudbury.
- The 75% silver stream at Pascua-Lama that is currently not subject to any streaming arrangement (subject to permitting and development).

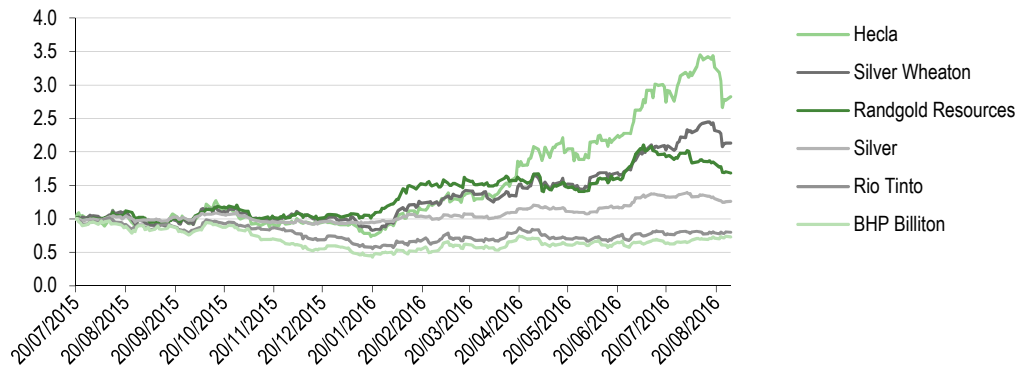
Canadian Revenue Agency (CRA)

There have been no further substantive developments regarding SLW's dispute with the CRA since our last update note.

SLW notes the CRA's position is that the transfer pricing provisions of the Income Tax Act (Canada) in relation to income earned by SLW's foreign subsidiaries should apply "such that the income of Silver Wheaton subject to tax in Canada should be increased by an amount equal to substantially all of the income earned outside of Canada by the Company's foreign subsidiaries for the 2005-2010 taxation years." Should this interpretation be upheld, we would expect it to have potentially profound consequences for Canada's status as an investment destination for suppliers of finance and capital to overseas destinations in general (ie not just in respect of mining).

Any further developments will be communicated to investors as and when they occur. In the meantime, a study of Silver Wheaton's share price (in US dollars) reveals that it has recouped all of its losses since the announcement of the CRA's proposal letter on 6 July 2015, having returned 113.0% in US dollar terms during the period and having similarly outperformed the silver price by 68.7%:

Exhibit 7: Silver Wheaton share price return vs peers, 06/07/2015-present (underlying US\$)



Source: Thomson Reuters Datastream, Edison Investment Research

Exhibit 8: Financial summary

	US\$'000s	2012	2013	2014	2015	2016e	2017e
Dec		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue		849,560	706,472	620,176	648,687	923,744	1,199,606
Cost of Sales		(117,489)	(139,352)	(151,097)	(190,214)	(255,939)	(292,496)
Gross Profit		732,071	567,120	469,079	458,473	667,804	907,111
EBITDA		701,232	531,812	431,219	426,236	629,493	868,800
Operating Profit (before amort. and except.)		600,003	387,659	271,039	227,655	327,980	566,063
Intangible Amortisation		0	0	0	0	0	0
Exceptionals		0	0	(68,151)	(384,922)	0	0
Other		788	(11,202)	(1,830)	(4,076)	(4,387)	0
Operating Profit		600,791	376,457	201,058	(161,343)	323,593	566,063
Net Interest		0	(6,083)	(2,277)	(4,090)	(21,144)	(26,663)
Profit Before Tax (norm)		600,003	381,576	268,762	223,565	306,836	539,400
Profit Before Tax (FRS 3)		600,791	370,374	198,781	(165,433)	302,449	539,400
Tax		(14,755)	5,121	1,045	3,391	(231)	0
Profit After Tax (norm)		586,036	375,495	267,977	222,880	302,218	539,400
Profit After Tax (FRS 3)		586,036	375,495	199,826	(162,042)	302,218	539,400
Average Number of Shares Outstanding (m)		353.9	355.6	359.4	395.8	429.1	438.5
EPS - normalised (c)		166	106	75	53	70	123
EPS - normalised and fully diluted (c)		165	105	74	53	70	123
EPS - (IFRS) (c)		166	106	56	(-41)	70	123
Dividend per share (c)		35	45	26	20	23	36
Gross Margin (%)		86.2	80.3	75.6	70.7	72.3	75.6
EBITDA Margin (%)		82.5	75.3	69.5	65.7	68.1	72.4
Operating Margin (before GW and except.) (%)		70.6	54.9	43.7	35.1	35.5	47.2
BALANCE SHEET							
Fixed Assets		2,403,958	4,288,557	4,309,270	5,526,335	6,129,302	5,898,565
Intangible Assets		2,281,234	4,242,086	4,270,971	5,494,244	6,097,211	5,866,474
Tangible Assets		1,347	5,670	5,427	12,315	12,315	12,315
Investments		121,377	40,801	32,872	19,776	19,776	19,776
Current Assets		785,379	101,287	338,493	105,876	4,602	335,556
Stocks		966	845	26,263	1,455	2,071	2,690
Debtors		6,197	4,619	4,132	1,124	2,531	3,287
Cash		778,216	95,823	308,098	103,297	0	329,580
Other		0	0	0	0	0	0
Current Liabilities		(49,458)	(21,134)	(16,171)	(12,568)	(312,478)	(30,753)
Creditors		(20,898)	(21,134)	(16,171)	(12,568)	(27,147)	(30,753)
Short term borrowings		(28,560)	0	0	0	(285,330)	0
Long Term Liabilities		(32,805)	(1,002,164)	(1,002,856)	(1,468,908)	(861,677)	(861,677)
Long term borrowings		(21,500)	(998,136)	(998,518)	(1,466,000)	(859,000)	(859,000)
Other long term liabilities		(11,305)	(4,028)	(4,338)	(2,908)	(2,677)	(2,677)
Net Assets		3,107,074	3,366,546	3,628,736	4,150,735	4,959,750	5,341,691
CASH FLOW							
Operating Cash Flow		720,209	540,597	434,582	435,783	637,663	871,031
Net Interest		0	(6,083)	(2,277)	(4,090)	(21,144)	(26,663)
Tax		(725)	(154)	(204)	(208)	(462)	0
Capex		(641,976)	(2,050,681)	(146,249)	(1,791,275)	(904,481)	(72,000)
Acquisitions/disposals		0	0	0	0	0	0
Financing		12,919	58,004	6,819	761,824	607,000	0
Dividends		(123,852)	(160,013)	(79,775)	(68,593)	(100,203)	(157,458)
Net Cash Flow		(33,425)	(1,618,330)	212,896	(666,559)	218,373	614,910
Opening net debt/(cash)		(761,581)	(728,156)	902,313	690,420	1,362,703	1,144,330
HP finance leases initiated		0	0	0	0	0	0
Other		0	(12,139)	(1,003)	(5,724)	0	0
Closing net debt/(cash)		(728,156)	902,313	690,420	1,362,703	1,144,330	529,420

Source: Silver Wheaton, Edison Investment Research

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