



3 Reasons to Buy Silver Wheaton Corp. Now

Description

While the price of silver and other precious metals have been relatively flat over the past few years, recently prices have started to inch forward again, much to the delight of mining companies that have been hard-hit.

One such company is **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW) the largest silver streaming company in the world, with operations in multiple countries on three different continents.

Let's take a look at a few reasons why Silver Wheaton is a great buy and should be a part of your portfolio.

1. Silver Wheaton is low risk

As a streamer, Vancouver-based Silver Wheaton purchases precious metals from the mines of other companies at a discounted rate, without the need to invest and operate a mine. The company essentially funds the mine through an upfront payment, and then waits for the silver to start coming in from mining operations, which it then sells at a significant profit.

The brilliance in this model is that Silver Wheaton is essentially a lower risk than the actual mining company. Silver Wheaton does not need to invest in exploration costs or large capital expenditures, and the negotiated price with the mining company is often considerably less than the market rate for the precious metals that are mined.

2. The company has high margins

Silver Wheaton currently has streaming agreements with 21 mines and a further six are in development. The average operating cost for silver is currently set to \$4.36 per ounce, and \$395 per ounce of gold. This represents a huge margin that other mining companies simply cannot compete with.

To put this into perspective, an ounce of gold costs approximately US \$1,150, and **Goldcorp Inc**—widely regarded as one of the most efficient producers of gold—has a cost of \$656 per ounce.

The margin levels alone make Silver Wheaton a lucrative investment opportunity, especially if precious metals prices are going to start to pick up.

3. Silver Wheaton can be bought for a bargain price

Silver Wheaton trades at \$16.66, close to the 52-week low of \$14.62. Year-to-date, the stock is down approximately 30%. Longer term, this figure does not improve, as the five-year difference is still in the red by 38%.

With silver prices trending upwards and the company estimating a full guidance of over 43 million ounces of silver, revenues, and by extension, the stock price, are set to soar in the near future. By 2019, this forecast extends out to 51 million ounces.

Analysts are fully aware of the potential of the company, with a positive rating of outperform and a price target of up to \$40 being issued.

In my opinion, Silver Wheaton represents a great opportunity for investors looking for long-term growth.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:WPM (Wheaton Precious Metals Corp.)

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