



Earnings Review: How Did Wheaton Precious Metals Perform in Q3?

Description

Canada-based mining company **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)) disclosed its third-quarter results yesterday and [reported revenue](#) of US\$269 million with adjusted earnings per share of US\$0.304. Comparatively, analysts forecast the company to post revenue of US\$318.77 million and adjusted earnings of US\$0.34 per share in Q3. In the year-ago period, the company reported sales of US\$291.13 million and earnings of US\$0.22 per share.

We can see that Wheaton Precious Metals failed to meet both consensus earnings and revenue forecasts in the September quarter by a significant margin.

WPM [sells precious metals](#) such as gold, silver, palladium, and cobalt deposits in Canada and other international markets. It has agreements for 24 operating mining assets and seven development-stage projects.

Despite its less-than-impressive results, WPM stock is down just 0.22% at the time of writing. However, it has grossly underperformed the broader markets in the last decade. While the S&P 500 index has gained close to 350% in dividend-adjusted gains since November 2011, WPM stock is up just 57% in this period.

Let's see what impacted Wheaton Precious Metals in Q3 and if the stock can stage a comeback by the end of 2021.

Wheaton Precious Metals sales were down 12% in Q3

In Q3, Wheaton's revenue fell 12% year over year due to a 9% decline in the number of gold equivalent ounces sold. This decline was driven by a large build-up of payable ounces produced but not yet delivered at the Salobo mine as well as a 4% decline in the average realized gold equivalent price.

WPM's average cash costs in Q3 were \$410 gold equivalent ounce compared to US\$421 in the year-ago period. It allowed the company to report a cash operating margin of US\$1,354 per gold equivalent

ounce, which was 5% lower compared to Q3 of 2020.

Wheaton Precious Metals ended Q3 with US\$372 million in cash and repaid its revolving term loan amounting to US\$2 billion. It also reported US\$200 million in operating cash flow in Q3 and US\$650 million in the first nine months of 2021. Comparatively, net earnings stood at US\$137 million in Q3 and US\$460 million in the last three quarters.

What's next for investors?

Wheaton Precious Metals has a diversified portfolio of high-quality, long-life assets that allowed it to deliver record revenue, earnings, and cash flow in the first nine months of 2021. It enabled WPM to increase quarterly dividends by 25% year over year to US\$0.15 per share, indicating a forward yield of 1.5%.

The company's president and CEO Randy Smallwood said, "Strong year to date production, particularly driven by silver, has led the Company to narrow its annual guidance to 735,000 to 765,000 gold equivalent ounces, consistent with the previous midpoint of guidance."

Wheaton Precious Metals is forecast to increase sales by 17.6% to US\$1.29 billion in 2021 and by 8.3% to US\$1.4 billion in 2022. Comparatively, its adjusted earnings are forecast to rise by 26% in 2021 and by 12% in 2022.

Wall Street expects WPM stock to touch US\$57.81 in the next 12 months, which represents a 40% upside from current prices.

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