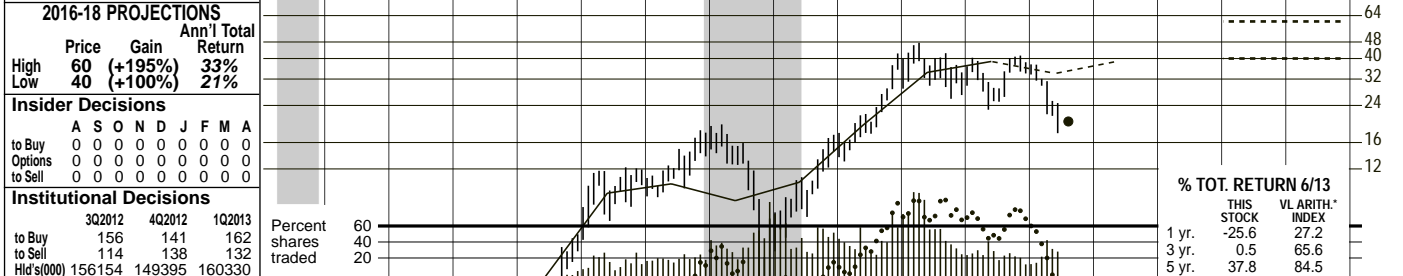


# SILVER WHEATON NYSE:SLW

RECENT PRICE **20.17** P/E RATIO **14.4** (Trailing: 12.5 Median: NMF) RELATIVE P/E RATIO **0.84** DIV'D YLD **2.6%** VALUE LINE

TIMELINESS <b>4</b> Raised 7/12/13	High: 5.9 12.2 18.3 19.5 17.5 42.3 47.6 41.3 37.6	Target Price Range 2016 2017 2018
SAFETY <b>3</b> Raised 7/15/11	Low: 3.1 5.5 8.8 2.5 4.9 13.0 25.8 22.9 17.8	128
TECHNICAL <b>3</b> Raised 7/12/13		96
BETA 1.55 (1.00 = Market)		80

**LEGENDS**  
 --- 20.0 x "Cash Flow" p sh  
 .... Relative Price Strength  
 Options: Yes  
 Shaded areas indicate recessions



**2016-18 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	60	(+195%)	33%
Low	40	(+100%)	21%

**Insider Decisions**

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

**Institutional Decisions**

	3Q2012	4Q2012	1Q2013	Percent shares traded
to Buy	156	141	162	60
to Sell	114	138	132	40
Hld's(000)	156154	149395	160330	20

Silver Wheaton Corp., formerly known as Chap Mercantile, Inc. until 2004, was incorporated in 1994. The company's stock began trading on the American Stock Exchange (AMEX) in July 2005, under the ticker symbol SLW. Subsequently, the stock was delisted from the AMEX and listed on the NYSE in May 2006, with the same symbol.	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC 16-18	
	--	.07	.39	.72	.79	.72	.78	1.23	2.07	2.40	2.45	2.75	Sales per sh	3.55
	--	.02	.17	.46	.51	.43	.52	.97	1.72	1.94	1.70	1.95	"Cash Flow" per sh	2.70
	--	.01	.15	.37	.37	.32	.38	.79	1.56	1.65	1.40	1.60	Earnings per sh A	2.25
	--	--	--	--	--	--	--	--	.18	.35	.52	.60	Div'ds Decl'd per sh D	.76
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Cap'l Spending per sh	Nil
	--	.92	1.44	2.91	3.51	3.81	5.63	6.57	7.51	8.77	9.50	10.40	Book Value per sh C	14.05
	--	167.01	183.38	220.56	222.93	232.86	306.04	344.29	353.25	354.38	354.00	354.00	Common Shs Outst'g B	354.00
	--	--	28.2	25.4	33.5	36.2	26.6	28.1	23.1	19.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	23.0
	--	--	1.50	1.37	1.78	2.18	1.77	1.79	1.45	1.27			Relative P/E Ratio	1.55
	--	--	--	--	--	--	--	--	.5%	1.1%			Avg Ann'l Div'd Yield	1.5%

<b>CAPITAL STRUCTURE as of 3/31/13</b>	--	11.0	70.9	158.5	175.4	166.7	239.3	423.4	730.0	849.6	870	980	Sales (\$mill)	1250
Total Debt \$1,091 mill. Due in 5 Yrs \$1,091 mill. LT Debt Nil.	--	42.5%	43.7%	63.1%	65.4%	63.8%	66.1%	74.6%	84.7%	82.5%	78.5%	77.0%	Operating Margin	79.0%
	--	.8	6.0	16.5	21.7	19.5	41.2	57.6	57.5	101.2	105	115	Depreciation (\$mill)	145
	--	1.8	25.3	85.2	91.9	79.6	117.9	276.1	550.0	586.0	495	570	Net Profit (\$mill)	805
<b>Pfd Stock None</b>	--	--	--	--	--	3.5%	--	--	1.5%	2.5%	Nil	Nil	Income Tax Rate	Nil
<b>Leases, Uncapitalized: None</b>	--	16.1%	35.7%	53.8%	52.4%	47.7%	49.3%	65.2%	75.3%	69.0%	56.9%	58.2%	Net Profit Margin	64.4%
<b>No Defined Benefit Pension Plan</b>	--	18.1	118.7	40.0	d23.2	d24.7	64.2	265.2	677.2	735.9	d145	d20.0	Working Cap'l (\$mill)	770
	--	--	--	--	391.3	349.2	344.0	201.0	50.1	21.5	1020	960	Long-Term Debt (\$mill)	350
<b>Common Stock 354,423,000 shs</b>	--	154.4	264.2	641.5	782.2	888.0	1723.9	2261.9	2654.2	3107.1	3370	3680	Shr. Equity (\$mill)	4970
	--	1.1%	9.6%	13.3%	7.8%	6.4%	5.7%	11.2%	20.3%	18.7%	11.5%	12.5%	Return on Total Cap'l	15.0%
	--	1.1%	9.6%	13.3%	11.7%	9.0%	6.8%	12.2%	20.7%	18.9%	14.5%	15.5%	Return on Shr. Equity	16.0%
	--	1.1%	9.6%	13.3%	11.7%	9.0%	6.8%	12.2%	18.3%	14.9%	9.5%	10.0%	Retained to Com Eq	10.5%
	--	--	--	--	--	--	--	--	12%	21%	37%	37%	All Div'ds to Net Prof	34%

**MARKET CAP: \$7.2 billion (Large Cap)**

<b>CURRENT POSITION (\$MILL.)</b>	2011	2012	3/31/13
Cash Assets	840.2	778.2	75.5
Receivables	3.9	6.2	5.3
Inventory (Avg Cst)	--	--	--
Other	1.2	1.0	6.3
Current Assets	845.3	785.4	87.1
Accts Payable	8.7	--	20.4
Debt Due	159.3	28.6	1091.0
Other	.1	20.9	49.6
Current Liab.	168.1	49.5	1161.0

<b>ANNUAL RATES of change (per sh)</b>	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Sales	--	24.5%	15.5%
"Cash Flow"	--	32.5%	16.5%
Earnings	--	35.0%	17.5%
Dividends	--	--	42.5%
Book Value	--	24.0%	14.5%

<b>QUARTERLY SALES (\$ mill.)</b>	Full Year
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31
2010	85.9 95.0 92.8 149.7 423.4
2011	158.1 194.8 185.2 191.9 730.0
2012	199.6 201.4 161.3 287.3 849.6
2013	205.8 215 225 224.2 870
2014	225 240 250 265 980

<b>EARNINGS PER SHARE A</b>	Full Year
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31
2010	.13 .15 .16 .35 .79
2011	.34 .42 .38 .42 1.56
2012	.41 .40 .34 .50 1.65
2013	.37 .30 .35 .38 1.40
2014	.38 .37 .40 .45 1.60

<b>QUARTERLY DIVIDENDS PAID D</b>	Full Year
Cal-endar	Mar.31 Jun.30 Sep.30 Dec.31
2009	-- -- -- -- --
2010	-- -- -- -- --
2011	.03 .03 .03 .09 .18
2012	.09 .09 .10 .07 .35
2013	.14 .12

**BUSINESS:** Silver Wheaton Corporation generates most of its revenue from silver sales. It does not own or operate mines, but instead buys the base metal. The company has contracts to purchase 100% of the silver produced by Luismin in Mexico, Lundin Zinkgruvan's mine in Sweden, Glencore's Yauliyacu mine in Peru, and European Goldfield's Straton mine in Greece. Silver Wheaton

**Shares of Silver Wheaton continue to display weakness.** Negative investor sentiment is primarily due to a decline in price of silver, the company's biggest source of sales. The shiny metal's value has fallen materially year to date, to approximately \$18.50, marking its worst year in nearly two decades. Commodity markets previously anticipated a surge in global demand for silver, as many central banks maintained currency-weakening policies. Moreover, an ensuing ramp up in inflation, which would have driven the need for silver as a store of wealth, failed to materialize. On the contrary, signs of a healing U.S. economy have prompted the Federal Reserve Bank to contemplate curbing its quantitative easing program. In particular, Fed Chairman Ben Bernanke may start to temper the pace of monthly bond buying by yearend. All together, this policy will, temporarily at least, continue to hurt precious metals, in our view.

**We are looking for share earnings to decline in 2013, to \$1.40-\$1.45, after four years of consecutive bottom-line advances.** Under existing agreements

with miners, Silver Wheaton is looking for attributable production to increase nearly 25% this year, to 33.5 million ounces of silver equivalent ounces (including 145,000 ounces of gold). Despite the ongoing advance in streaming sales, unfavorable silver prices will probably prove detrimental. This resulted in a weak first-quarter performance in which share earnings of \$0.37 fell below our \$0.45 estimate. Due to problems on the operating front, the issue's Timeliness rank has fallen one notch, to 4 (Below Average).

**We like these shares for the pull to 2016-2018.** Unlike gold, silver is used widely in the production of durable goods, including automobiles, as well as electronic and mobile devices. Given the likelihood that industrial demand will be on relatively firmer footing in the years ahead, this metal is apt to retain some of its luster. By 2017, the company's production is on pace to reach 53 million silver equivalent ounces, including 180,000 ounces of gold. Taking these factors together, the stock offers solid 3- to 5-year total return potential.

Dominic B. Silva July 12, 2013

(A) Based on diluted shares outstanding. Excludes net nonrecurring gains/(losses): '08, (25c); '10, 4c. Next earning report due early August. (B) In millions. (C) Including intangibles in 2012: \$2,281.2 million, \$6.44 per share. (D) Inaugural quarterly dividend paid in March 2011. Dividends historically paid in March, June, September, and December.

<b>Company's Financial Strength</b>	B++
<b>Stock's Price Stability</b>	10
<b>Price Growth Persistence</b>	95
<b>Earnings Predictability</b>	55

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