ROYAL GOLD, INC

42nd Nasdaq Investor Conference

June 2020



THE GOLD STANDARD IN PRECIOUS METAL INVESTING

NASDAQ: RGLD

Cautionary Statement

Cautionary "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: This presentation includes "forward-looking statements" within the meaning of U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from these statements. Forward-looking statements are often identified by words like "will," "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project," or negatives of these words or similar expressions. Forward-looking statements include, among others, the following: statements about our expected financial performance, including revenue, expenses, earnings or cash flow; operators' expected operating and financial performance, including production, deliveries, mine plans and reserves, development, cash flows and capital expenditures; planned and potential acquisitions or dispositions, including funding schedules and conditions; liquidity, financing and dividends; our overall investment portfolio; macroeconomic and market conditions including the impacts of COVID-19; prices for gold, silver, copper, nickel and other metals; potential impairments; or tax changes.

Factors that could cause actual results to differ materially from these forward-looking statements include, among others, the following: a low-price environment for gold, silver, copper, nickel or other metals; operating activities or financial performance of properties on which we hold stream or royalty interests, including variations between actual and forecasted performance, operators' ability to complete projects on schedule and as planned, changes to mine plans and reserves, liquidity needs, mining and environmental hazards, labor disputes, distribution and supply chain disruptions, permitting and licensing issues, contractual issues involving our stream or royalty agreements; risks associated with doing business in foreign countries; our ability to identify, finance, value and complete acquisitions; adverse economic and market conditions; the impacts of COVID-19; changes in laws or regulations governing us, operators or operating properties; changes in management and key employees; and other factors described in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended June 30, 2019, and subsequent Quarterly Reports on Form 10-Q. Most of these factors are beyond our ability to predict or control.

Forward-looking statements in this presentation speak only as of the date on which this presentation was first published. We disclaim any obligation to update any forward-looking statements, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

Third-Party Information: Certain information provided in this presentation, including production estimates for calendar 2020, has been provided to us by the operators of the relevant properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of any such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties.

Company Overview

Opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with mining operations

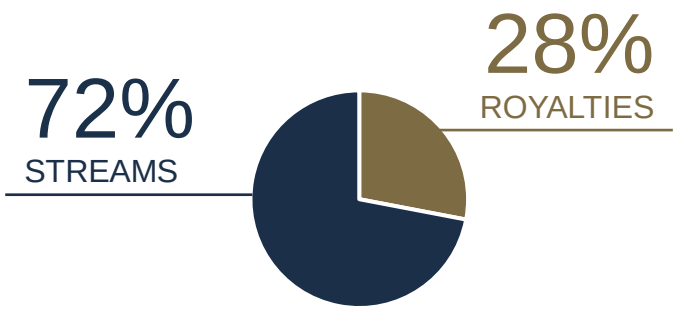
ROYAL GOLD, INC

Dual Business Segments…

Royalty Interests:
An interest in real property that provides a right to a percentage of revenue or metals produced from a mining project after, deducting specified costs

Stream Interests:
A contractual arrangement to purchase metal production from a mining project at a predetermined price

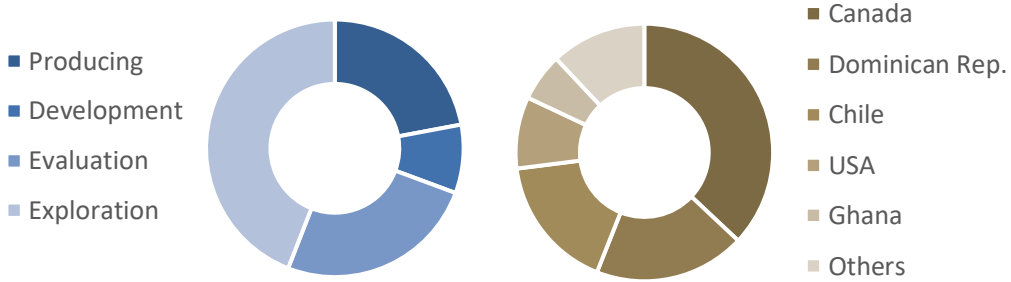
FY 2019 Revenue Split:



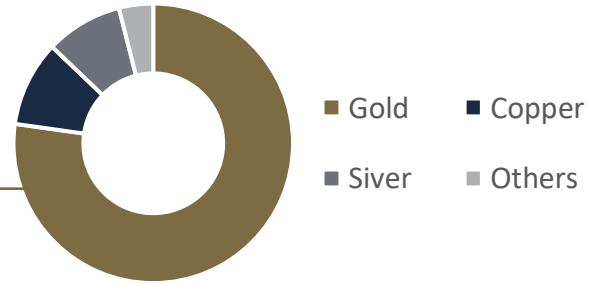
…Across A Diverse, Gold-Focused Portfolio…

187
PROPERTIES[2]

12
COUNTRIES[2]



78%
GOLD-FOCUS[1]



…With Standout Performance

$423M
REVENUE[3]

335,000
GOLD EQUIVALENT OZ[3]

~$1.0B
TOTAL LIQUIDITY[2]

0.03x
NET DEBT/ADJ. EBITDA[2]

$8.7B
MARKET CAP.[4]

27/4
EMPLOYEES/OFFICES[2]

RGLD
Nasdaq
LISTED

1 – FY2019 Revenue. 2 – As of Mar. 31, 2020. 3 – FY2019. 4 – May 29, 2020 closing price of $133.20/sh.

Royal Gold: Core Attributes

Differentiated model with disciplined capital management and a focus on shareholder returns

UNIQUE MODEL

- Business model provides **optionality to gold price and production and reserve growth**
- **Efficient model** with high operating margin and revenue generation per employee

DIVERSE PORTFOLIO

- **Revenue 78% from gold**, derived mostly from primary precious metals assets
- **Global diversification** with revenue from 42 producing properties

CAPITAL DISCIPLINE

- **Highly experienced technical and commercial team** with strong record of adding growth
- Growth funded through cash flow and strategic use of debt, **enhancing per share metrics**

FINANCIAL STRENGTH

- Well capitalized with **~$1B of liquidity** (at Mar. 31, 2020) and **strong operating cash flow**
- **$1B credit facility** provides low cost and flexible access to liquidity

RETURNS FOCUS

- Consistent commitment to pay a **growing and sustainable dividend**
- Dividend CAGR of 18% 2001-2019, with **attractive historical TSR**

Royal Gold: Leverage to Gold with Market-Leading Return

A stable, sustainable investment…

1.60
β Gold

Beta vs. Gold Price
Providing higher leverage to gold…

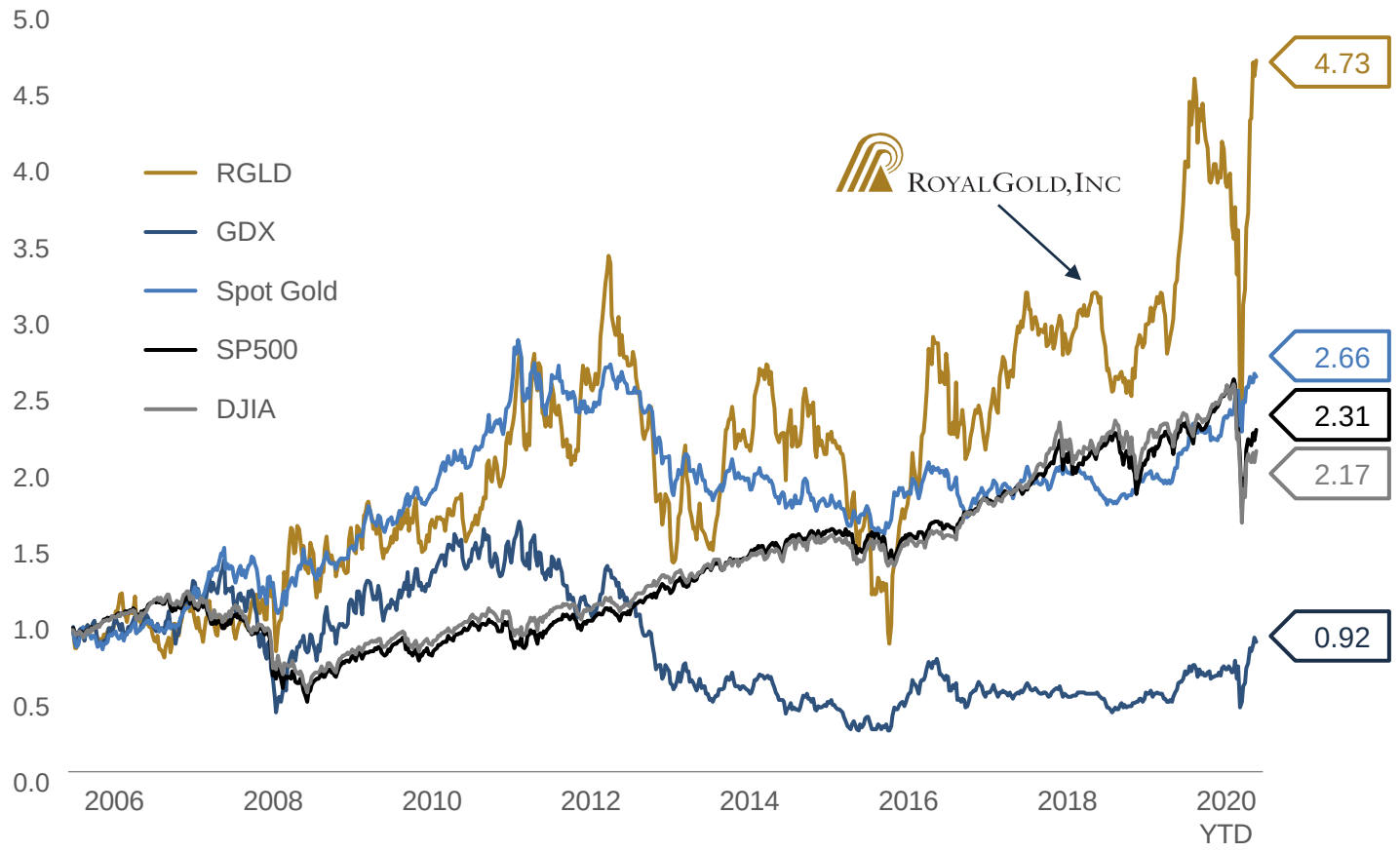
0.37
β S&P

Beta vs. S&P 500
…with a heritage of market outperformance

…with a heritage of market outperformance

(5/22/06 – 5/22/20)

Indexed since the formation of the GDX



Beta calculation for the period 4/1/10 – 3/31/20. Source: Bloomberg, FactSet

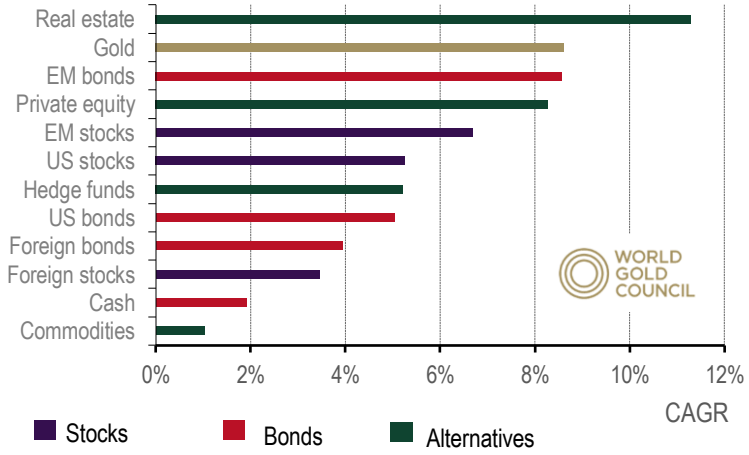
Gold: As an Investment

Gold is a strategic asset…

- A market that has outperformed many key asset classes over a number of periods
- A market that has outperformed the generic commodity basket into which it is placed
- A market that offers significant liquidity

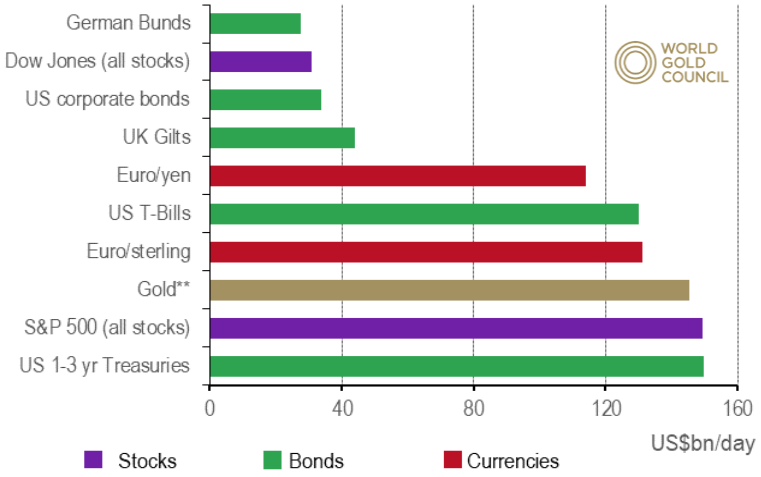
20 Year CAGR

As of December 31, 2019



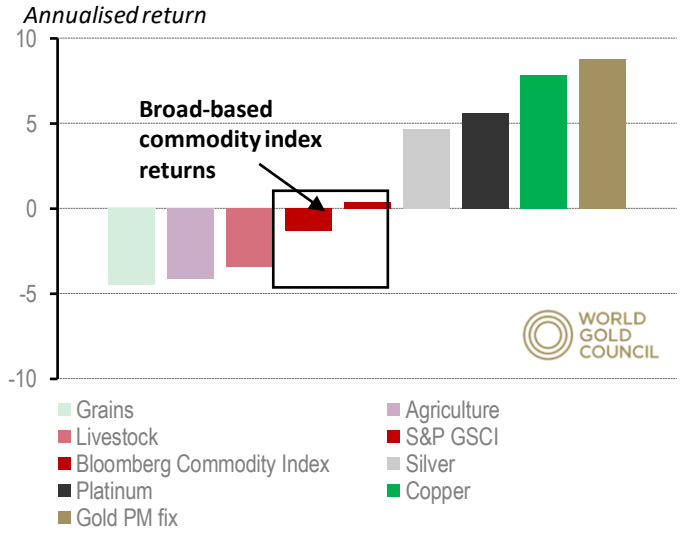
Average Daily Trading Volume

In US$



20 Year Annualized Return

Gold vs. Broad Based Commodity Indices and Individual Commodities Dec 1999-Dec 2019



Source: World Gold Council "The relevance of gold as a strategic asset" February 2020

Gold: As an Investment

…offering unique performance advantages

- Well positioned in a period of low interest rates and political, economic and social uncertainty
- Offers a unique correlation with the broader equity market in different return scenarios
- Experiences less volatility than many markets

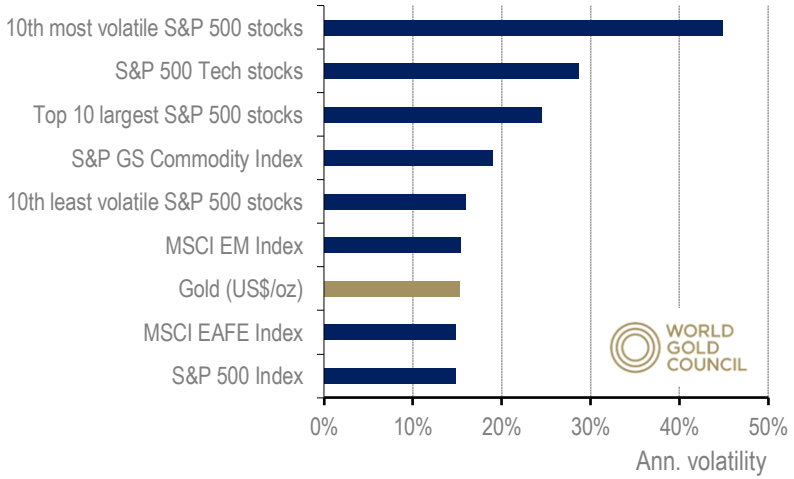
Gold Price vs. Negative Yielding Debt

Monthly figures from 9/1/15 to 12/31/19



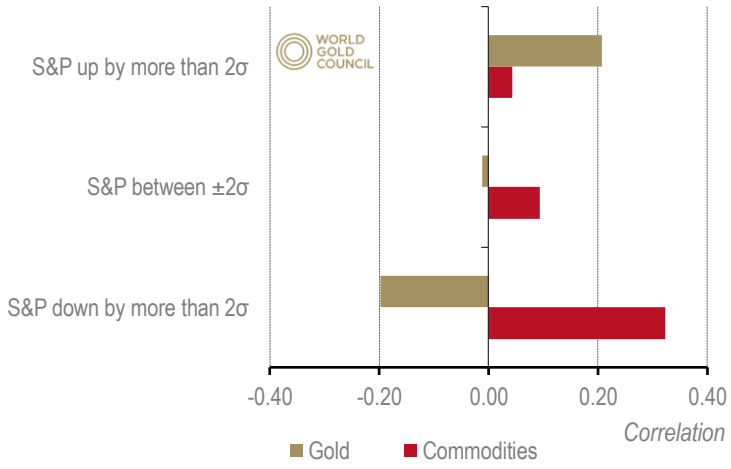
Volatility of Gold, Stock Indices And Stocks

Volatility measured from 12/31/09 to 12/31/19



Correlation: Gold vs. US Stock Returns

Based on S&P Return Environments As of 12/31/19



ROYAL GOLD, INC

Source: World Gold Council "The relevance of gold as a strategic asset" February 2020

Royal Gold Offers Unique Exposure to Gold

	Exposure to Gold	Exploration Upside / Optionality	Portfolio Diversification	Sustainable Dividend	No Direct Exposure to Operating Costs	No Direct Exposure to Capital Costs
Royal Gold, Inc	●	●	●	●	●	●
ETFs, Bars and Coins	●	—	—	—	●	●
Senior Operating Companies	●	●	◐	◐	—	—
Junior Operating Companies	●	●	—	—	—	—
Development and Exploration Companies	●	●	—	—	—	—

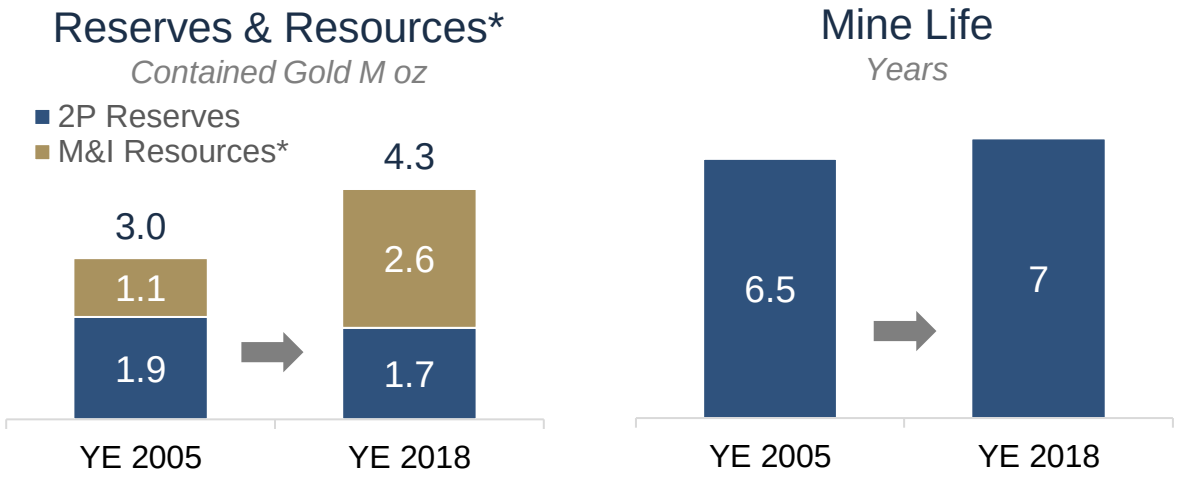
Optionality

Royal Gold seeks to provide exposure to resource growth and metal price optionality. Resource growth and mine life extensions can significantly enhance returns over time.

Case Study

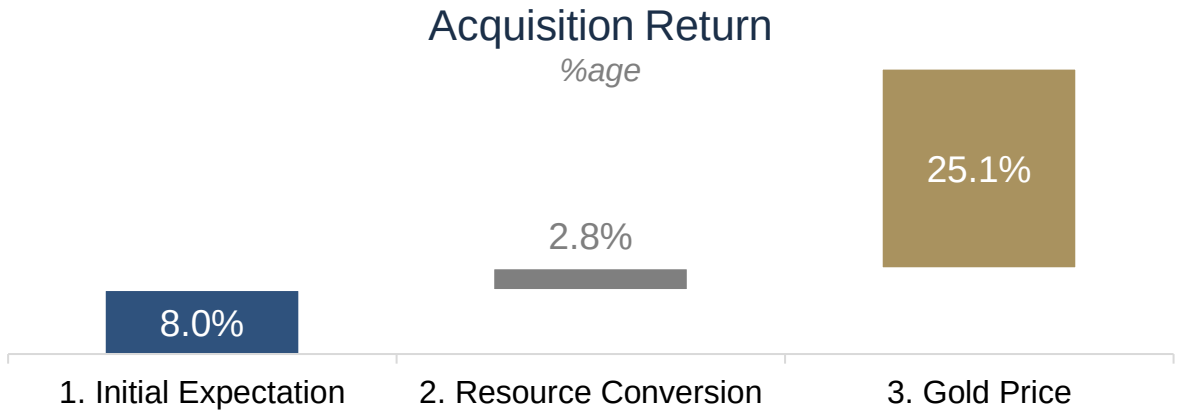
Mulatos – Alamos Gold

- Royal Gold acquired 1.5% NSR from Kennecott Minerals in Dec. 2005, 2M oz cap reached in March 2019
- Pre-tax return ~36%. Excess return from mine life extension (2016 through 2025) and higher gold price
- Key to growth potential is exploration success and ability of the operator to find and convert resources to reserves and then to production



Return Drivers

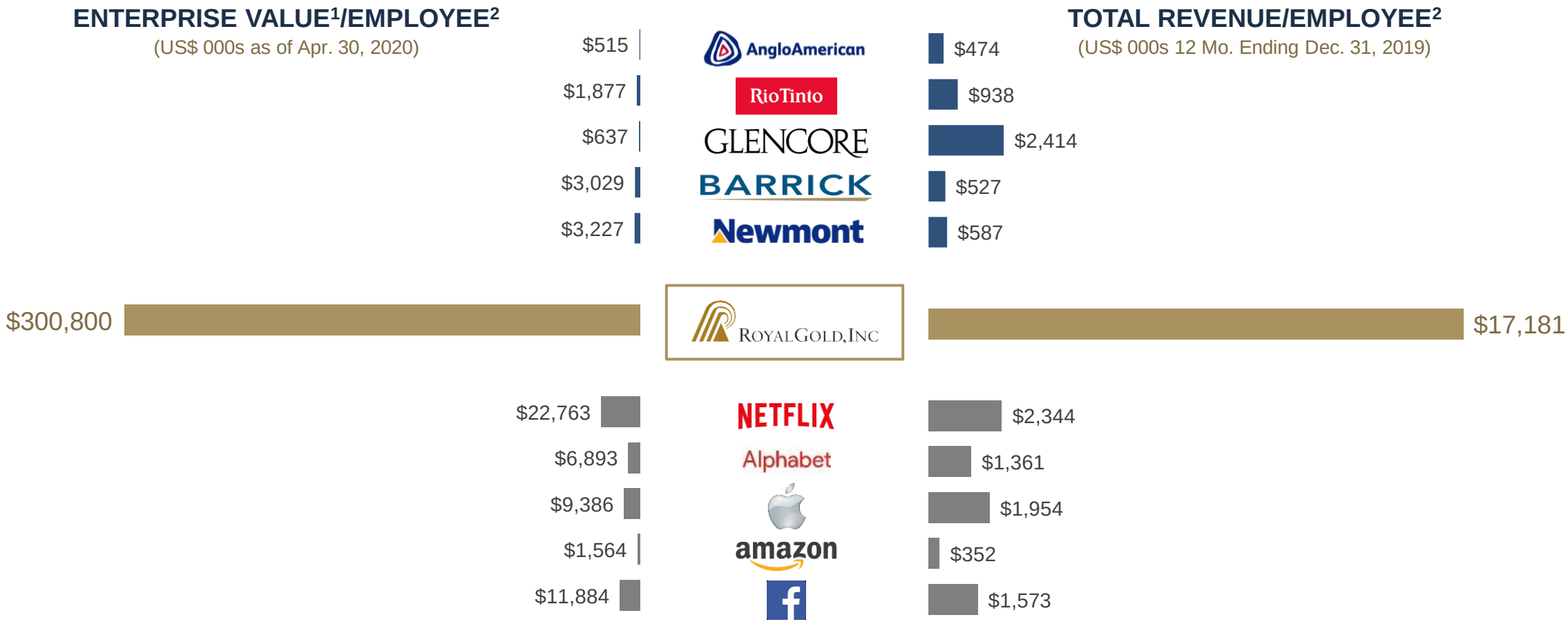
1. Return on initial acquisition based on mine feasibility study at date of acquisition[1]
2. Additional return resulting from resource conversion and mine life extension[2]
3. Additional return resulting from exposure to *higher gold price* received *over the extended mine life*[3]



1 - Initial Expectation based on 2P reserve processed at 15,000 t/d, assumed $450/oz flat gold price
2 - Resource Conversion based on actual production at $450/oz flat gold price
3 - Actual royalty revenue received
** The terms "resources," "measured resources," and "indicated resources," are not terms recognized by the Securities and Exchange Commission. Investors are advised that these estimates have not been prepared in accordance with SEC rules.*

Highly Efficient Business Model

The efficiency of Royal Gold's business model exceeds that of the largest mining and technology companies



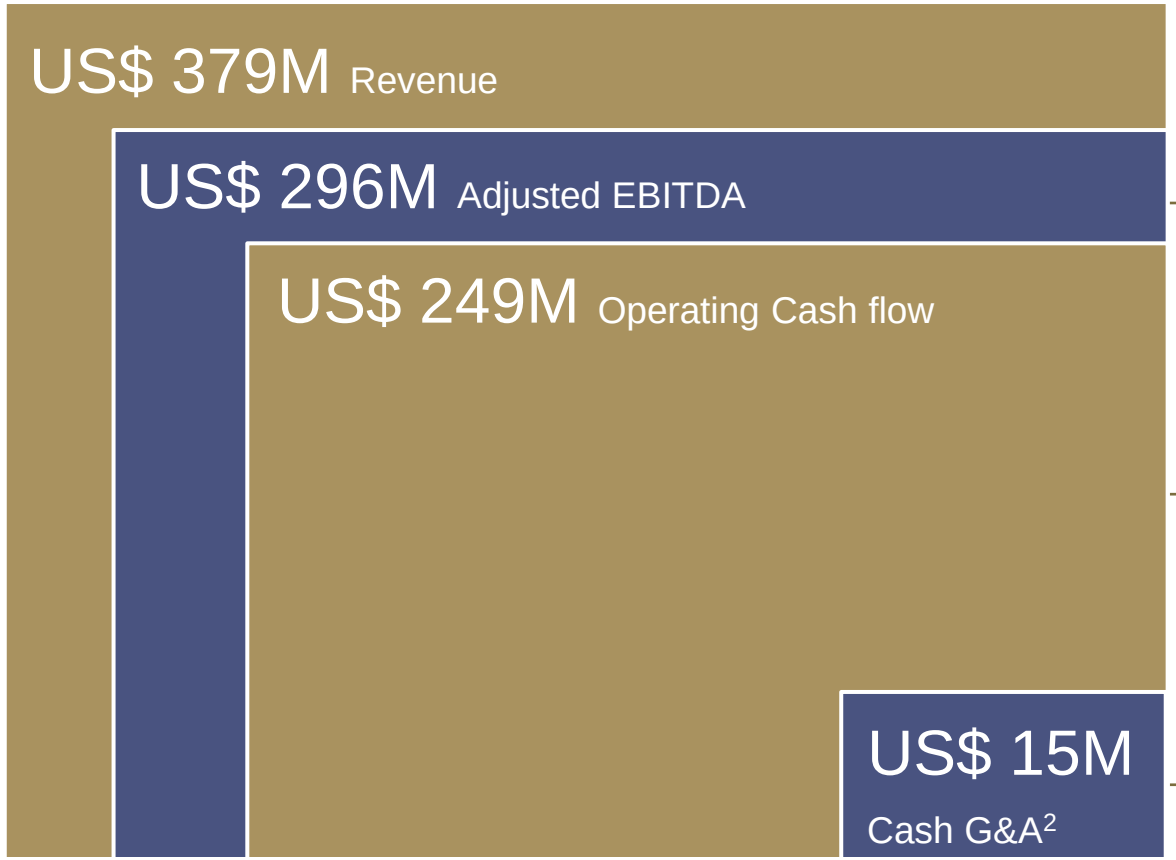
1 – Enterprise value = market cap. + debt + preferred equity + minority interest – cash & ST investments.
2 – Employee count for FY 2019, expect Royal Gold as of June 2, 2020 and Barrick as reported by Forbes May 12, 2020.
Source: CapitalIQ except as noted

Highly Efficient Business Model

High margin business model drives profitability…

…for peer-leading margins and metrics

CASH FLOW METRICS[1]



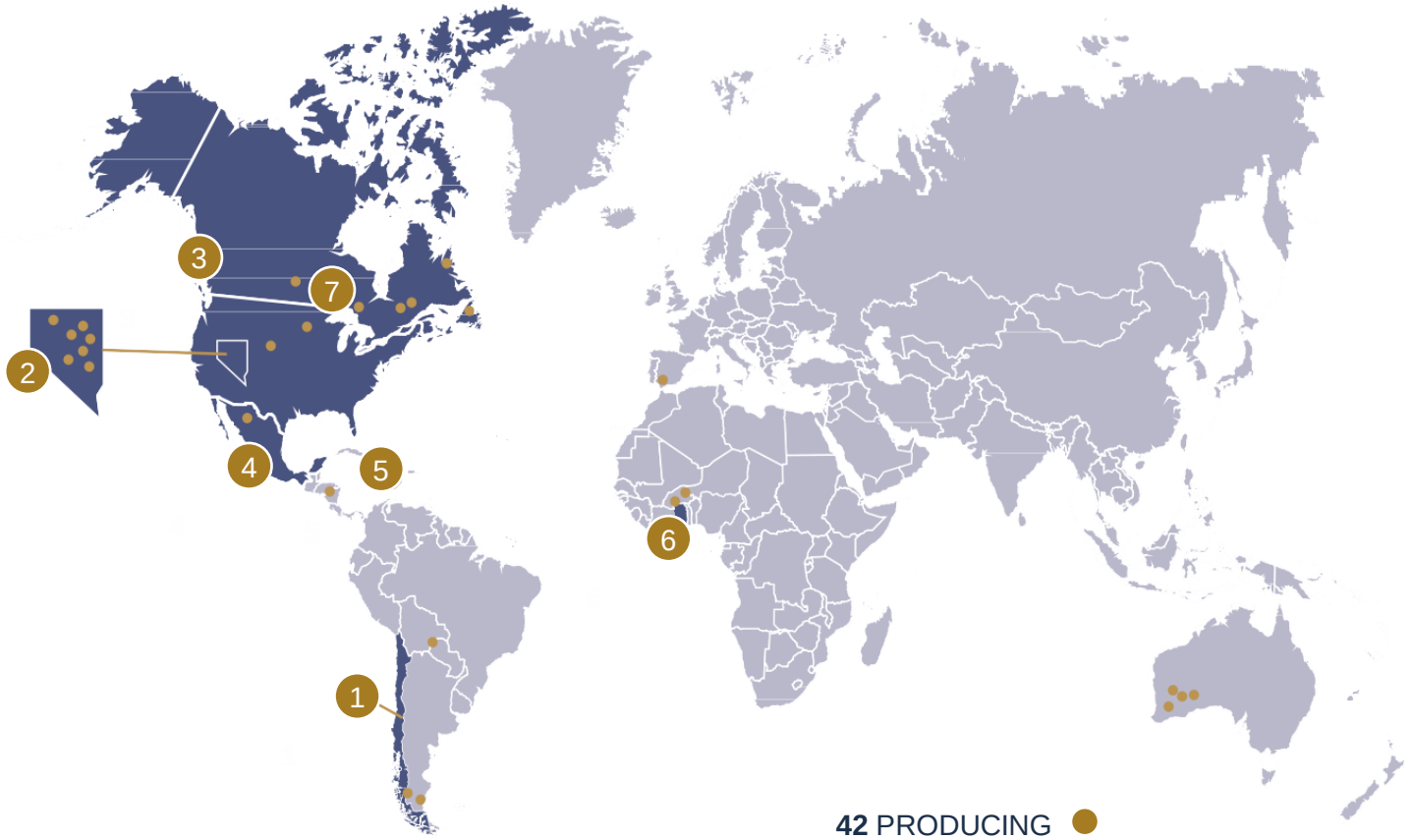
78%
Adjusted EBITDA Margin

66%
Operating Cash Flow/Revenue

4%
Cash G&A Expenses/Revenue

1 - Nine Months Ended March 31, 2020. 2 – G&A Expense less Non-Cash Employee Stock Compensation Expense

Diverse Portfolio in Established Mining Jurisdictions



187
PROPERTIES[1]

42 PRODUCING
16 DEVELOPMENT
47 EVALUATION
82 EXPLORATION

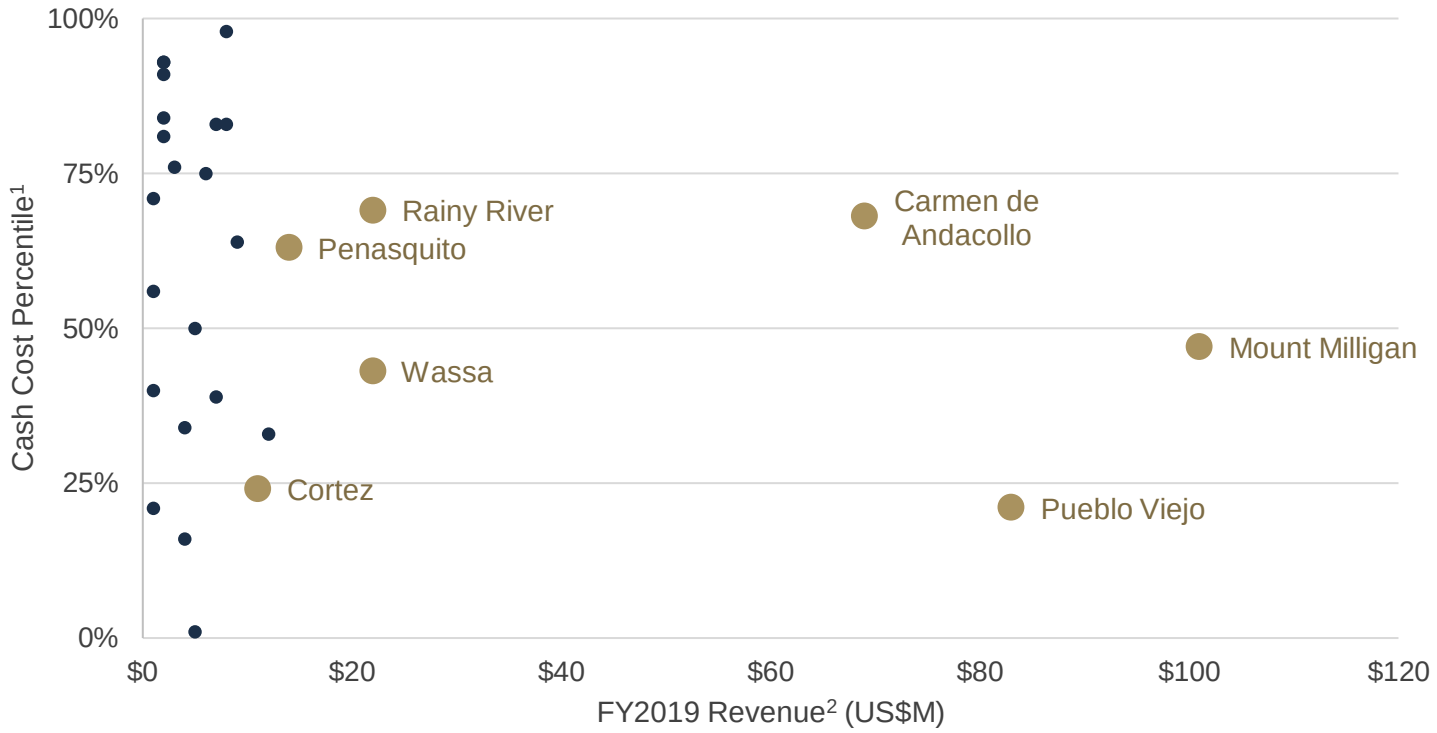
PRINCIPAL PROPERTIES

1. **ANDACOLLO**
   Region IV, Chile
2. **CORTEZ**
   Nevada, USA
3. **MOUNT MILLIGAN**
   British Columbia, Canada
4. **PEÑASQUITO**
   Zacatecas, Mexico
5. **PUEBLO VIEJO**
   Sanchez Ramirez, Dominican Republic
6. **WASSA**
   Western Region, Ghana
7. **RAINY RIVER**
   Ontario, Canada

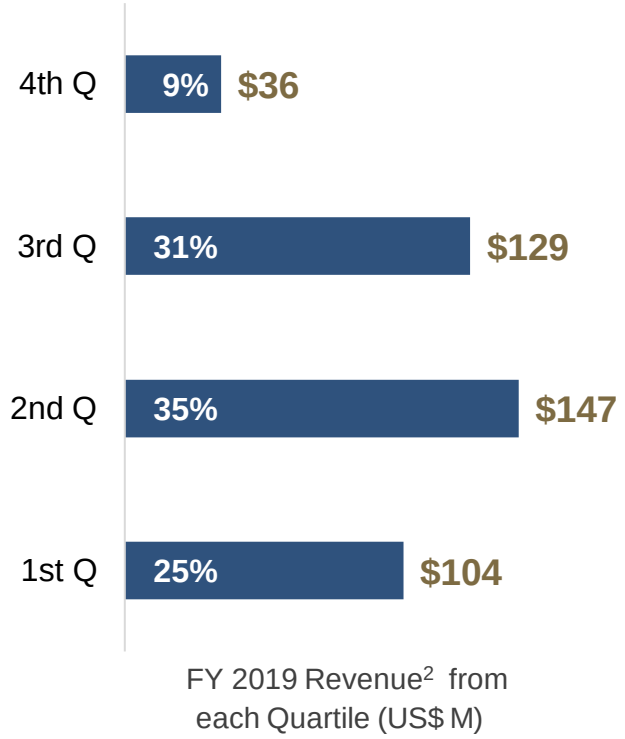
1 - As of March 31, 2020

High Quality Portfolio in Favorable Cost Position

Approximately 60% of revenue from assets in 1st and 2nd quartile of cash cost curve



90% from below 4th quartile



1 – All cost data are CY 2018 co-product gold from SNL except: i) CY 2018 co-product copper from SNL for Mount Milligan, Andacollo, Robinson and Las Cruces, ii) CY 2018 co-product nickel from SNL for Voisey's Bay, iii) CY 2017 WoodMac gold for Cortez and Leeville.

2 – Does not include $7.8M of revenue from royalties with no available cost data (Allan and Borax potash royalties, Gold hill, Skyline, Ruby Hill, Meekatharra, King of the Hills)

"Principal producing properties" shown in dark gold

Portfolio Updates

MOUNT MILLIGAN
CANADA



- Technical report released 3/2020
- LOM Payable Au Production:
  - 1.45M oz
  - 161,000 oz/year
- LOM Payable Cu Production:
  - 735.6M lb
  - 81.7M lb/year
- Mine Life: to 2028
- AISC: US$ 702/oz

PUEBLO VIEJO
DOMINICAN REPUBLIC



- Plant expansion engineering design and costing completed in March quarter
- Existing tailings capacity permits expansion to proceed without new, concurrent TSF permitting. Tailings capacity sufficient until 2028
- Commissioning in early 2022
- Mine Life: to ~2045

CORTEZ
USA



- 2020 LOM Plan
- Forecast Production:
  - CY 2020: 175,000 oz
  - CY 2021-2026: 425,000 oz/year on average
  - Average royalty rate: equivalent to ~8.2% GSR

KHOEMACAU
BOTSWANA



- Construction 43% complete (to Mar. 31, 2020)
- 80% of capital committed
- Underground development not impacted by COVID-19 shutdowns
- $136M invested through April 2020 with another $65M to be funded in 2020
- Production start up remains on schedule for 2021

ESG: Our Role in Ensuring a Sustainable Future

Royal Gold is committed to analyzing and mitigating the environment around us, the social impacts of our local offices, and the operations in which we are involved

- We proudly endorse the Responsible Gold Mining Principles of the World Gold Council and the ICMM 10 Mining Principles

ICMM
International Council on Mining & Metals



WORLD GOLD COUNCIL



Royal Gold supports local charitable, educational and industry organizations and events

Überall für alle SPITEX Stadt Luzern

projectc.u.r.e.

Greater Vancouver food bank

CMA COLORADO MINING ASSOCIATION

Mining Cleantech Challenge
A Product Innovation Showcase

Habitat for Humanity®

SOUTH DAKOTA SCHOOL OF MINES & TECHNOLOGY

United Way Greater Toronto

ESG: Our Role in Ensuring a Sustainable Future

Royal Gold seeks to assess the impact of its investments during the process of assessing all project specific risks

- Initial due diligence
- Internal risk assessment and board review
- Selection of operating partners
- Ongoing covenant requirements

GOLDCORP



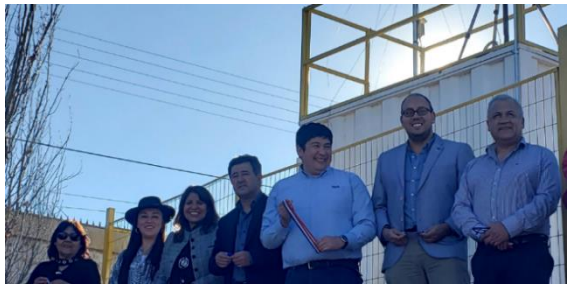
In 2018, the Peñasquito mine, then owned by Goldcorp, constructed and opened the Rural Medical Centre, which will benefit more than 2,300 members of the community of Cedros and Mazapil, in the state of Zacatecas, one of the largest municipalities in Mexico.

GOLDEN STAR



Established in April 2006 as a non-profit subsidiary of Golden Star. Golden Star directs $1/oz of gold produced to GSOPP with the objectives to reduce poverty through employment generation and promote wealth creation through sustainable agri-business. GSOPPP is a multi-award winning social enterprise project.

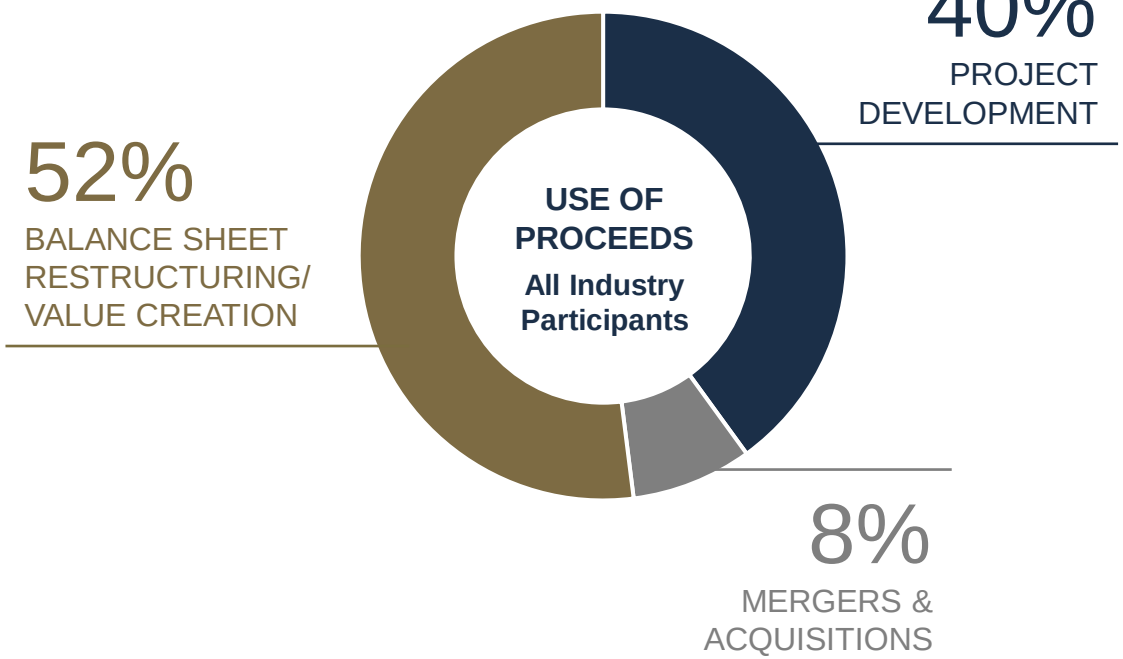
Teck

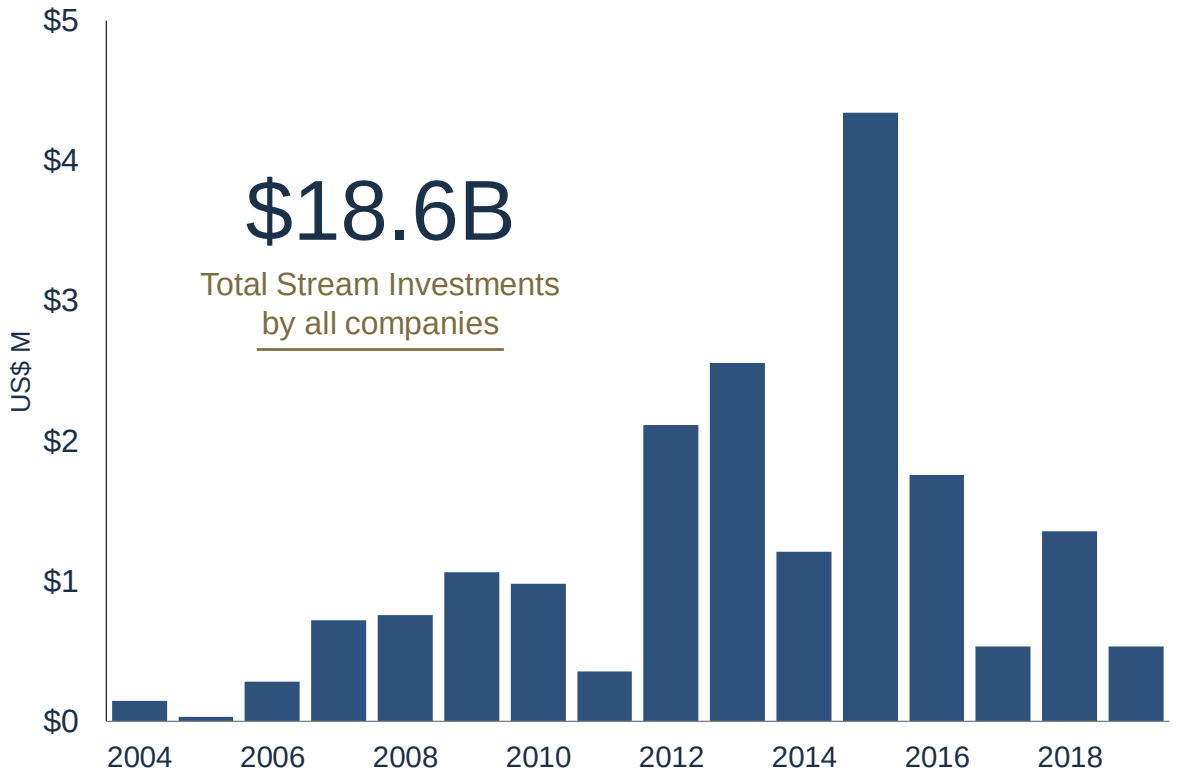


In July 2019, Teck opened a new community-managed air quality monitoring station in the town of Andacollo, Chile, near the Carmen de Andacollo operations. The monitoring station is the first of its kind in Chile and is fully managed by the town's Environmental Panel, giving community members control over real-time, reliable air quality data.

Stream and Royalty Financing is Significant

Stream and royalty financing has become a mainstream source of capital to the global mining industry



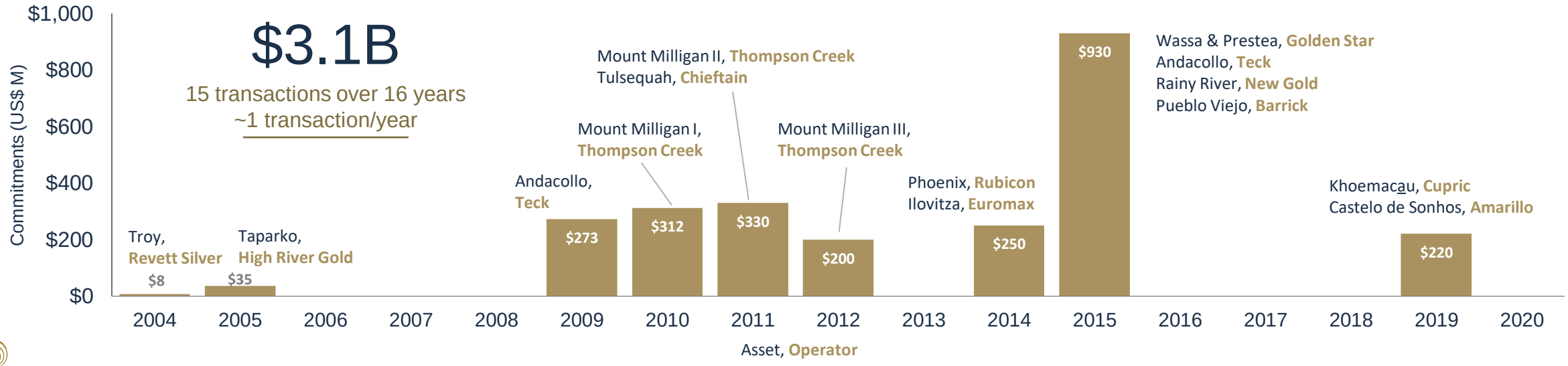


Robust Due Diligence Drives Disciplined Approach to Acquisitions

Royal Gold's due diligence process includes:

- Management references
- Financial/Credit Analysis
- Legal Due Diligence
  - Title, permitting, mining law
- ESG
  - Environmental Impact
  - Social license
  - Community impact
- Technical Due Diligence
  - Geology, reserve/resource definition
  - Mining
  - Metallurgy
  - Operating and capital costs
- Infrastructure
- Marketing (concentrates)
- Geotechnical

Royal Gold is active and has the liquidity to compete for the largest transactions:



Strong Liquidity Position and Financing Strategy Drive Shareholder Returns

We anticipate financing acquisitions with non-dilutive forms of capital in the following priority:

- Existing cash balances
- Cash flow from operations
- Debt under our revolving credit facility
- Equity, when accretive

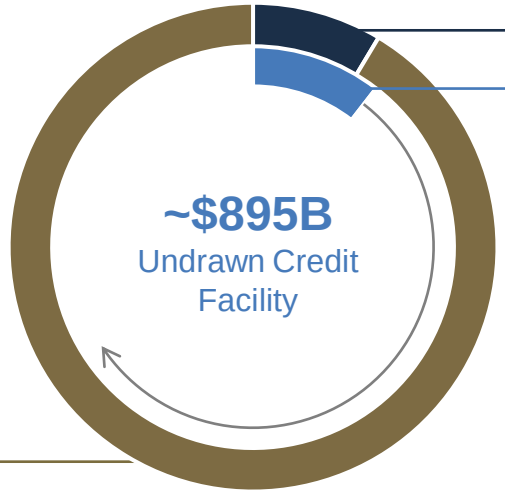
Liquidity[1]

~$1B
TOTAL AVAILABLE LIQUIDITY

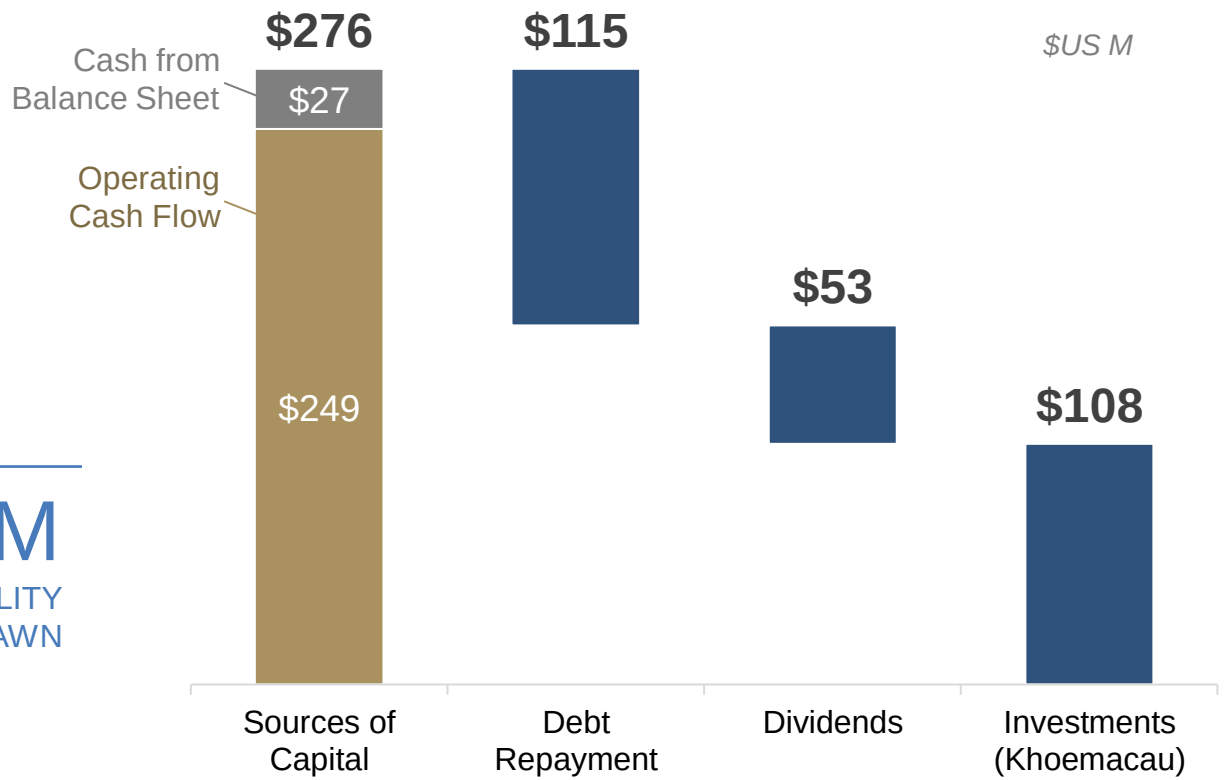
$94M
CASH

$105M
FACILITY DRAWN

$1B
CREDIT FACILITY



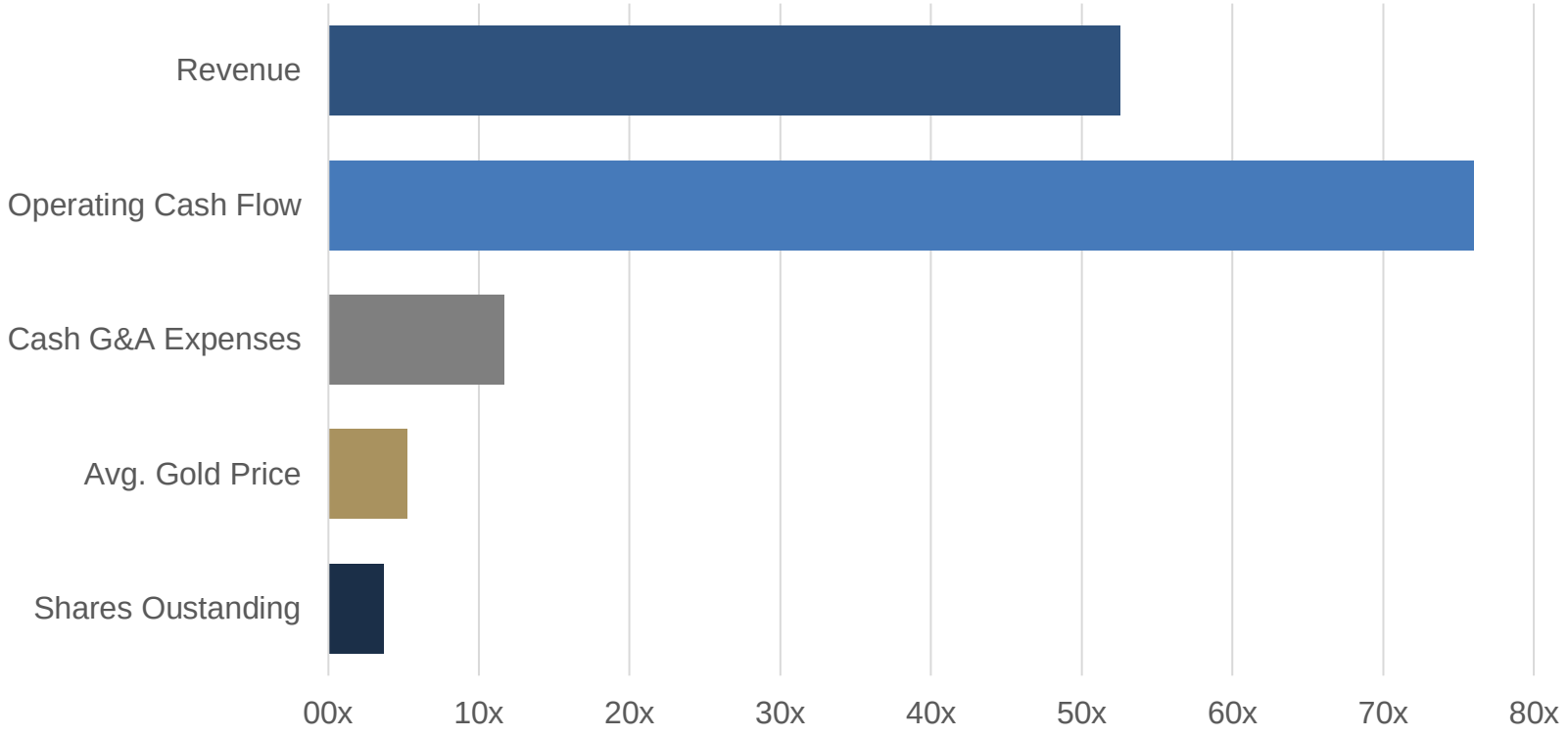
Disciplined capital allocation plan prioritizes balance sheet, dividends and investment[2]



1 – Cash, facility drawn and undrawn credit facility as of March 31, 2020. 2 - Nine Months Ended March 31, 2020

Liquidity and Financing Strategy

For almost 20 years, Royal Gold's growth has been financed accretively and without significant equity dilution



Trailing Twelve Months ended March 31, 2020
Indexed to Fiscal Year ended June 30, 2000

$3.8B
Cumulative Revenue

$2.3B
Cumulative Operating Cash Flow

$255M
Cum. Cash G&A Expenses

Up 5.2x to **$1,465** /ounce

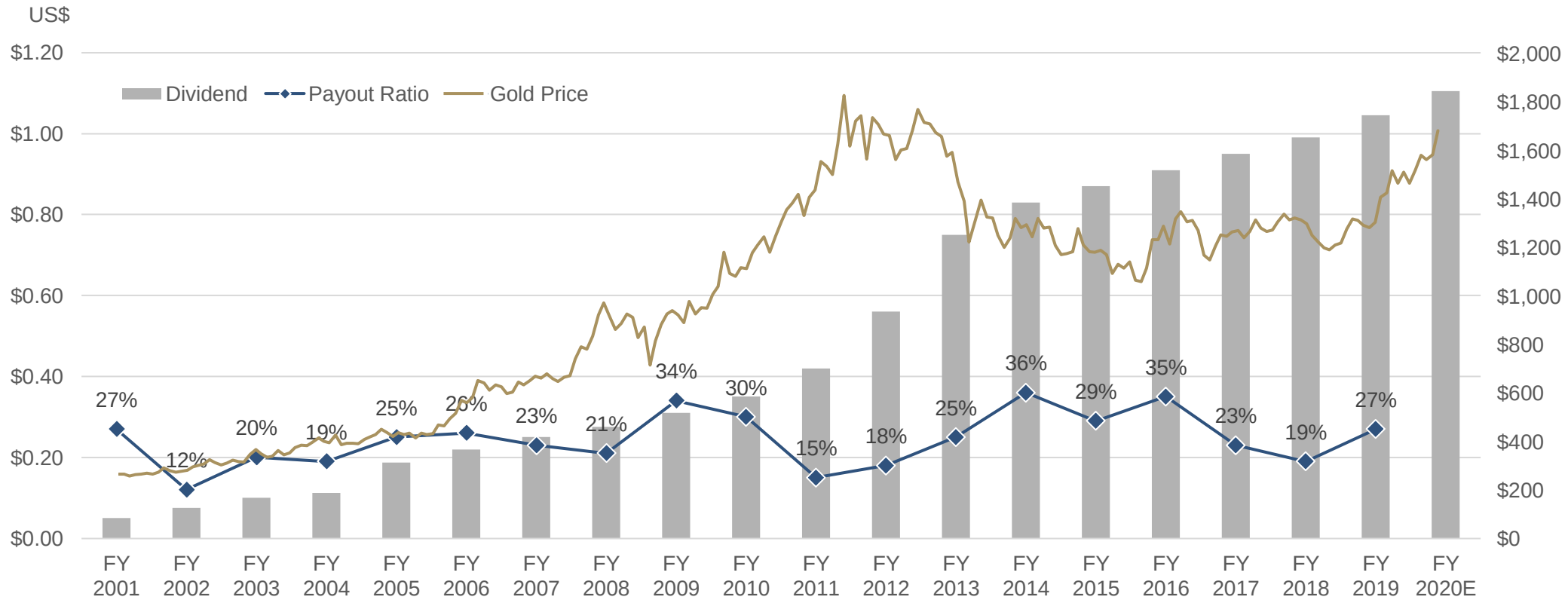
Up 3.7x to **65M** shares

Royal Gold Offers a Consistent, Increasing and Sustainable Dividend

Since 2000, Royal Gold shareholders have received a dividend regardless of the gold price

18%
Dividend CAGR (2001-2019)

$564M
Cum. Common Stock Dividends Paid[1]



Source: Company reports, FactSet. 1 – Since inception of the RGLD dividend in July 2000

ROYAL GOLD, INC

Appendix



THE GOLD STANDARD IN
PRECIOUS METAL INVESTING

Stream/Royalty Investment Process

Royal Gold's role in the mining value chain can be tailored to fit the needs of the operating partner

Phase of Project Development	EXPLORATION	DEVELOPMENT	PRODUCTION
	• Investment is typically in the form of a royalty, and may include a right to finance future project development • Investment proceeds are generally directed towards exploration or early project development activities	• Investment typically in the form of a stream, or a royalty with a right to finance further project development • Investment proceeds are generally directed towards project development activities	• Investment typically in the form of a stream • Investment proceeds are generally directed towards production expansion, development of new projects, or other corporate requirements
Royal Gold Engagement	ROYALTIES	ROYALTIES STREAMING	STREAMING

Royal Gold Payment



ROYALTY

- A right to a percentage of revenue or metals produced from the project after deducting specified costs, if any



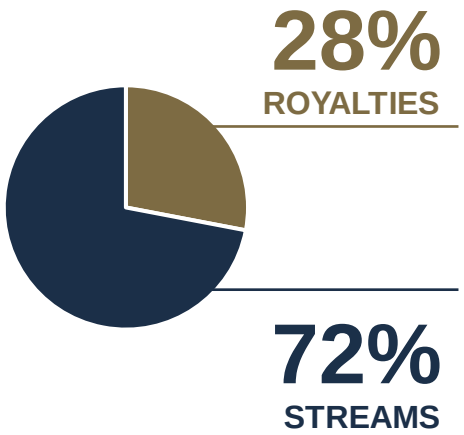
STREAM

- A right to purchase metal production at a predetermined price

Stream/Royalty Detail

From a cash flow perspective, streams and royalties are comparable in that the revenue from a stream less the ongoing cash price paid roughly equals a royalty-like interest in production

Royal Gold
FY 2019 Revenue Split



ROYALTIES

- Typically structured as gross smelter return (GSR), net smelter return (NSR), net value return (NVR) or net profits interest (NPI). The difference is the amount of deductions permitted prior to calculation of the royalty, ranging from zero deductions (GSR) to all costs (NPI).
- In many jurisdictions, an interest in real property that “runs with the land” in the event of an ownership transfer of concessions, even if the transfer occurs through bankruptcy. Often, it is registered in government records on the title to the ground.
- The sale of a royalty is often treated as a disposition of mineral interests and subject to upfront taxation, making it a poor financing tool
- Royal Gold, as a U.S. taxpayer, is subject to US tax on royalty revenue, which is deemed to be passive income, whether it is earned outside the U.S. and without regard to the repatriation of that revenue

STREAMS

- Typically structured as the receipt by the streaming company of a percentage of metal produced in return for an upfront cash investment and an ongoing cash price per ounce delivered
- Structured as a contractual arrangement that is subject to termination in a bankruptcy. An analysis of the credit profile of a counterparty is more important for streams than for royalties.
- The sale of a stream is not taxable upfront in most jurisdictions, so it is easier to use a streams as a source of finance
- Royal Gold’s streaming business is conducted through its Swiss subsidiary and income is subject to a minimum U.S. tax rate that is below the standard corporate rate of 21%, making streaming a more competitive economic product for operators and streaming companies

Independent Board of Directors

Highly capable, independent board, with deep experience across the gold sector



William Hayes
Independent Director and Chairman of the Board; Former EVP, Placer Dome Inc.



Kevin McArthur
Independent Director; Former Executive Chair, Tahoe Resources and Former CEO and Director, Goldcorp, Inc.



Jamie Sokalsky
Independent Director; Former President and CEO, Barrick Gold Corporation



Christopher M.T. Thompson
Independent Director; Former Chairman and CEO, Gold Fields Limited



Ronald J. Vance
Independent Director; Former SVP Corporate Development, Teck Resources



Sybil Veenman
Independent Director; Former Sr. Vice President and General Counsel, Barrick Gold Corporation

Director Qualifications and Experience	William Hayes	Kevin McArthur	Jamie Sokalsky	Christopher Thompson	Ronald Vance	Sybil Veenman
Audit Committee Financial Expert	●		●	●		
Board Service on Public Companies	●	●	●	●	●	●
Business Development and Marketing	●	●	●	●	●	
CEO/CFO Experience	●	●	●	●		
Corporate Governance Experience	●	●	●	●	●	●
Finance Experience	●	●	●	●	●	
Geology and Mining Engineering		●				
Industry and Mining Experience	●	●	●	●	●	●
Industry Association Participation	●		●	●	●	
International Business Experience	●	●	●	●	●	●
Leadership Experience	●	●	●	●	●	●
Legal and Compliance Experience						●
Reputation in the Industry	●	●	●	●	●	●
Risk Management	●	●	●	●	●	●

GLAMIS GOLD LTD.

GOLD FIELDS

TAHOE RESOURCES

Teck

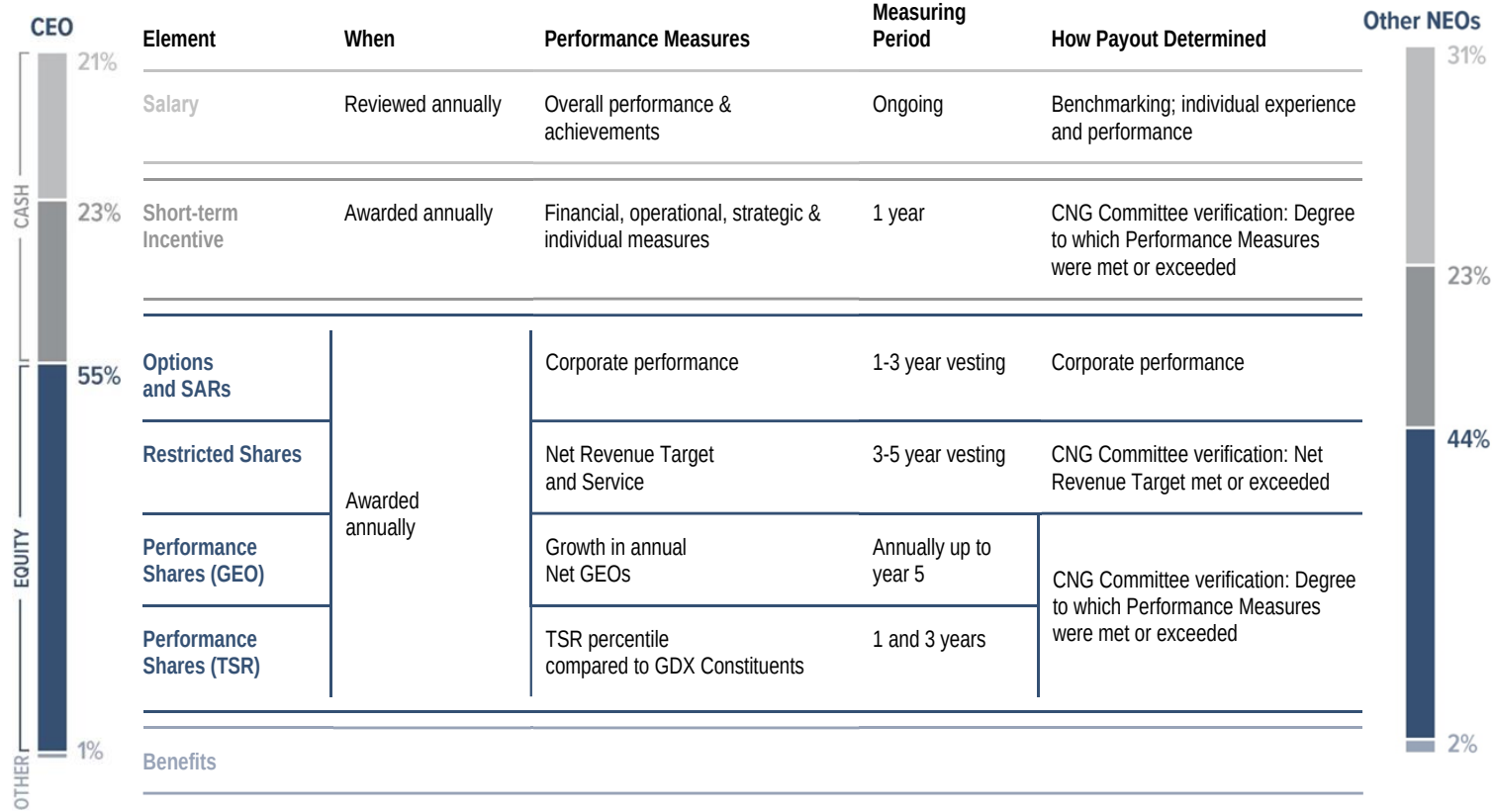
BARRICK

PLACER DOME INC.

Management Compensation Structure

Short-term and long-term incentive program seeks to align compensation with the factors that drive and measure total shareholder return

- **Short Term Incentives** focused on financial, operational and strategic elements
- **Long Term Incentives** involve net GEO growth and total shareholder return over multiple periods
- All incentives that could be impacted by metal prices alone are addressed by holding prices steady throughout an award timeframe
- Guaranteed salaries or other compensation, special benefits, defined benefit pension plans, repricing of stock options without shareholder approval are NOT part of the compensation program



Element	When	Performance Measures	Measuring Period	How Payout Determined
Salary	Reviewed annually	Overall performance & achievements	Ongoing	Benchmarking; individual experience and performance
Short-term Incentive	Awarded annually	Financial, operational, strategic & individual measures	1 year	CNG Committee verification: Degree to which Performance Measures were met or exceeded
Options and SARs	Awarded annually	Corporate performance	1-3 year vesting	Corporate performance
Restricted Shares		Net Revenue Target and Service	3-5 year vesting	CNG Committee verification: Net Revenue Target met or exceeded
Performance Shares (GEO)		Growth in annual Net GEOs	Annually up to year 5	CNG Committee verification: Degree to which Performance Measures were met or exceeded
Performance Shares (TSR)		TSR percentile compared to GDX Constituents	1 and 3 years	
Benefits				

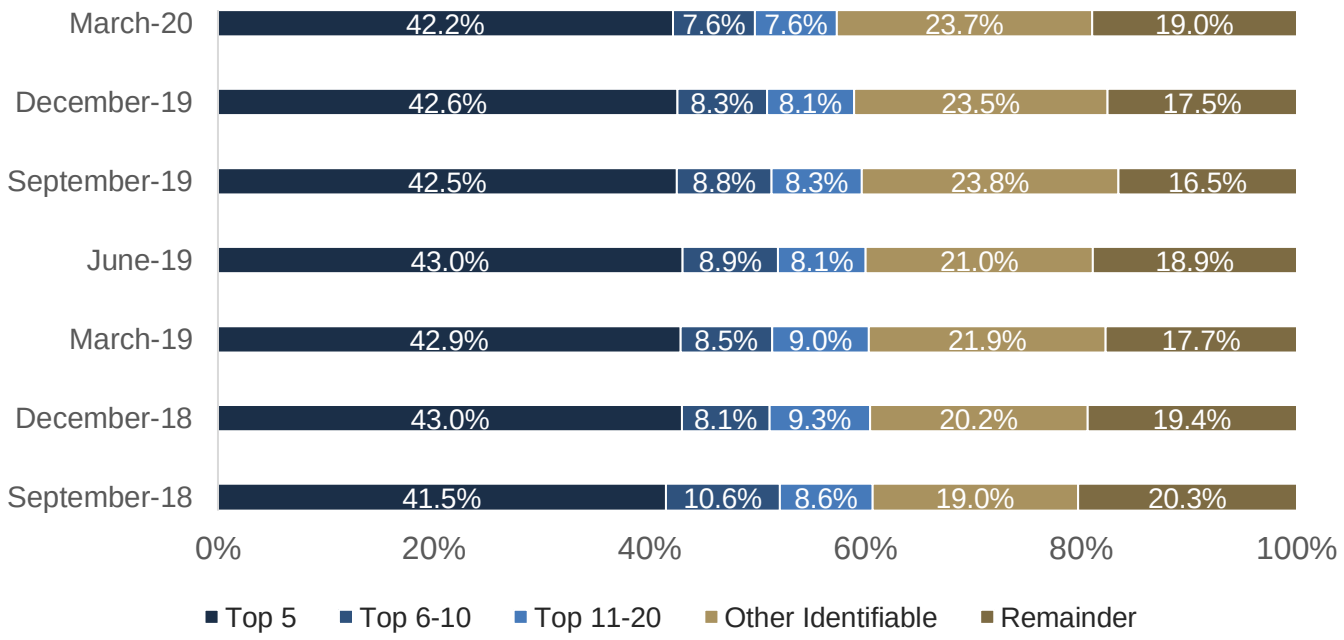
1 – Compensation breakdown for FY2019.

Shareholder Base Reflects Company's Unique Position

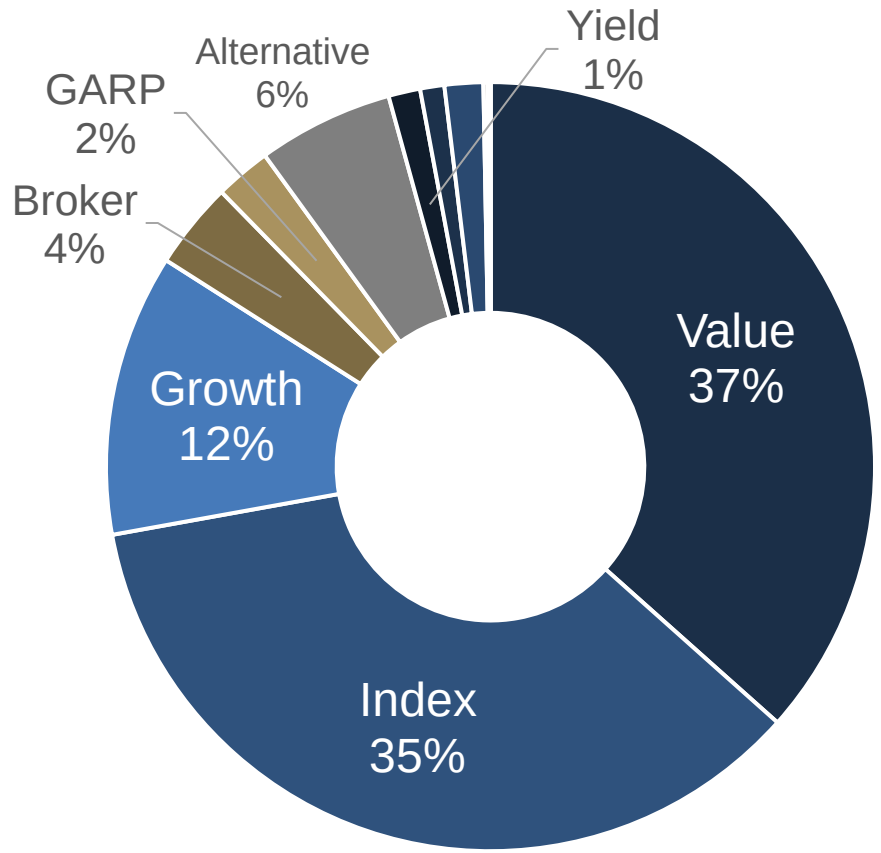
Shareholder base is institutional with some unique characteristics

- 35% of identifiable investors (29% of total) are Index investors
- Top shareholders show little movement, resulting in some limitations on shares available in the market at times

Ownership Trends



Identified Investor Styles



Source: IPREO, per 13-F filings; March 31, 2020 or as available

Quality Portfolio of Asset Investments

MOUNT MILLIGAN

Au Stream: 35%
Au Cash Price: $435/oz

Cu Stream: 18.75%
Cu Cash Price: 15% of Spot



$93M Revenue*
$23M Cost of Sales*

2.4	2028	62%
Au reserves m ounces	mine life	% of investment returned

Metal Sales*

43,500	5M
Ounces	Cu pounds

PUEBLO VIEJO

Au Stream: 7.5%
Ag Stream: 75.0%
Cash Price: 30% of Spot



$74M Revenue*
$21M Cost of Sales*

5.7	2045	46%
Au reserves m ounces	mine life	% of investment returned

Metal Sales*

33,000	1,356,000
Au Ounces	Ag Ounces

ANDACOLLO

Au Stream: 100%
Cash Price: 15% of Spot



$63M Revenue*
$9M Cost of Sales*

1.0	2038	48%
Au reserves m ounces	mine life	% of investment returned

Metal Sales*

42,000
Au Ounces

PEÑASQUITO

Royalty: 2% NSR



$19M Revenue*

8.1	2028	245%
Au reserves m ounces	mine life	% of investment returned

Production subject to Royalty*

229,000	22,600,000
Au Ounces	Ag Ounces

RAINY RIVER

Au Stream: 6.5%
Ag Stream: 60.0%
Au Cash Price: 25% of Spot



$20M Revenue*
$5M Cost of Sales*

2.7	2028	23%
Au reserves m ounces	mine life	% of investment returned

Metal Sales*

12,000	133,500
Au Ounces	Ag Ounces

WASSA

Au Stream: 10.5%
Au Cash Price: 20% of Spot



$19M Revenue*
$4M Cost of Sales*

1.4	2025	74%
Au reserves m ounces	mine life	% of investment returned

Metal Sales*

12,500
Au Ounces

Strong Runway of Growth Opportunities

KHOEMACAU

Ag Stream: 80-100%
Ag Cash Price: 20% of Spot



Investment

$212M
80% stream

$265M
100% stream

20%
Cash Price

50.9	21 years	2021	$136M
Ag reserves m ounces	mine life	estimated start up	Funded to April 2020

Production (Estimated LOM Average)

1.5M (80%) **1.9M (100%)**

Ag Ounces

Sources	
Red Kite	$275M
Royal Gold	$265M
Overrun Facility	$ 25M
Equity	$ 75M
Total	$ 640M

Uses	
Capital Costs	$455M
Repay Red Kite	$100M
Capitalized Interest	$ 25M
Total	$580M

Excess $ 60M

CORTEZ

GSR 1/2 Royalty: 5.0%
GSR 3 Royalty: 0.78%
NVR1 Royalty: 4.91%
NVR 1C Royalty: 4.52%



$14M
Revenue*

3.5	175,000	425,000	8.2%
Au reserves m ounces	Est CY 2020 Production	Est CY 2021-2026 Production	Est Blended GSR Royalty to 2026

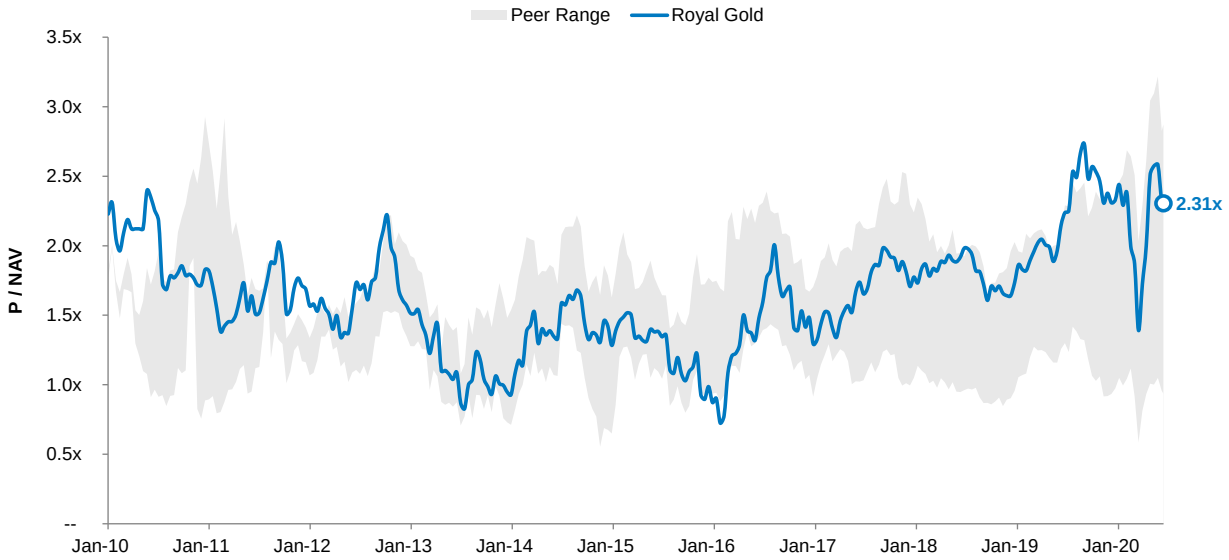
Production subject to Royalty*

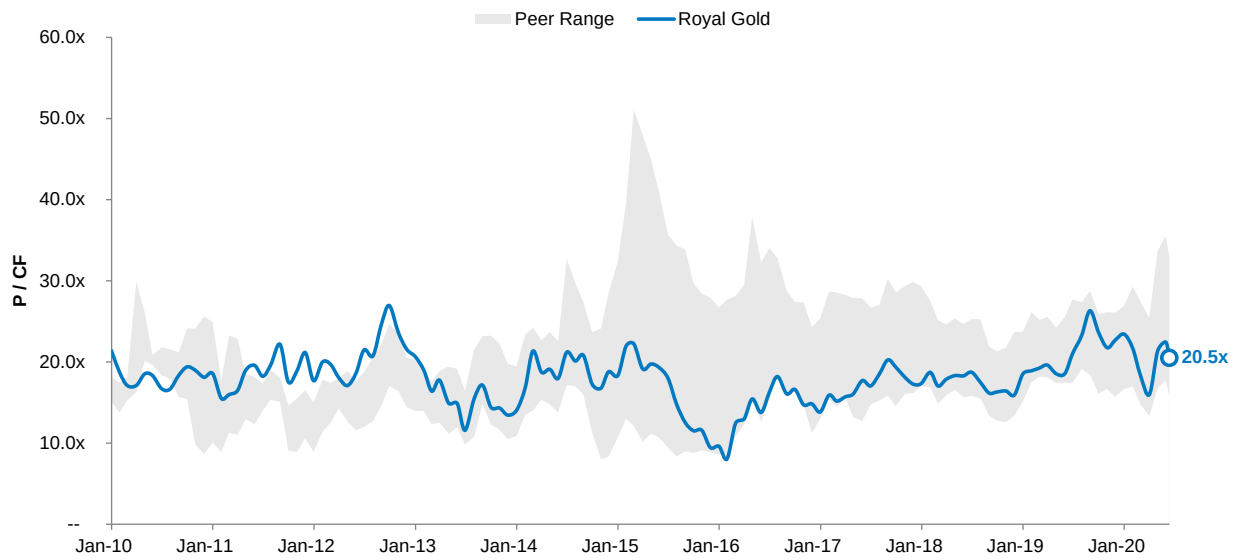
121,000

Au Ounces

Historical Trading Multiples

Streaming Companies have historically traded at relatively high P/NAV and P/CF multiples





*** Peers include Franco-Nevada, Wheaton Precious Metals, Osisko Gold Royalties, Sandstorm; peer range excludes Royal Gold*
Source: BMO Capital Markets

Non-GAAP Measures

Non-GAAP Financial Measures and Certain Other Measures

Overview of non-GAAP financial measures:

Non-GAAP financial measures are intended to provide additional information only and do not have any standard meaning prescribed by U.S. generally accepted accounting principles ("GAAP"). These measures should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. In addition, because the presentation of these non-GAAP financial measures varies among companies, these non-GAAP financial measures may not be comparable to similarly titled measures used by other companies.

We have provided below reconciliations of our non-GAAP financial measures to the comparable GAAP measures. We believe these non-GAAP financial measures provide useful information to investors for analysis of our business. We use these non-GAAP financial measures to compare period-over-period performance on a consistent basis and when planning and forecasting for future periods. We believe these non-GAAP financial measures are used by professional research analysts and others in the valuation, comparison and investment recommendations of companies in our industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions. The adjustments made to calculate our non-GAAP financial measures are subjective and involve significant management judgement. Non-GAAP financial measures used by management in this report or elsewhere include the following:

1. Adjusted earnings before interest, taxes, depreciation, depletion and amortization, or adjusted EBITDA, is a non-GAAP financial measure that is calculated by the Company as net income adjusted for certain items that impact the comparability of results from period to period, as set forth in the reconciliation below. We consider adjusted EBITDA to be useful because the measure reflects our operating performance before the effects of certain non-cash items and other items that we believe are not indicative of our core operations.

2. Adjusted net income and adjusted net income per share are non-GAAP financial measures that are calculated by the Company as net income and net income per share adjusted for certain items that impact the comparability of results from period to period, as set forth in the reconciliations below. We consider these non-GAAP financial measures to be useful because they allow for period-to-period comparisons of our operating results excluding items that we believe are not indicative of our fundamental ongoing operations.

3. Net debt is a non-GAAP financial measure that is calculated by the Company as debt (excluding debt issuance costs) at the end of a period minus cash and equivalents for that same date. Net debt to adjusted EBITDA is a non-GAAP financial measure that is calculated by the Company as net debt for a period divided by adjusted EBITDA (as defined above) for that same period. We believe that these measures are important to monitor leverage and evaluate the balance sheet. Cash and equivalents are subtracted from the GAAP measure because it could be used to reduce our debt obligations. A limitation associated with using net debt is that it subtracts cash and equivalents and therefore may imply that there is less Company debt than the most comparable GAAP measure indicates. We believe that investors may find these measures useful to monitor leverage and evaluate the balance sheet.

4. Free cash flow is a non-GAAP financial measure that is calculated by the Company as net cash provided by operating activities for a period minus acquisition of stream and royalty interests for that same period. We believe that free cash flow represents an additional way of viewing liquidity as it is adjusted for contractual investments made during such period. Free cash flow does not represent the residual cash flow available for discretionary expenditures. We believe it is important to view free cash flow as a complement to our consolidated statements of cash flows.

Non-GAAP Measures

Reconciliation of non-GAAP financial measures to U.S. GAAP measures

Adjusted EBITDA:

(amounts in thousands)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Nine Months Ended March 31, 2020	Nine Months Ended March 31, 2019	Twelve Months Ended March 31, 2020	Twelve Months Ended March 31, 2019
Net income and comprehensive income	$ 38,292	$ 28,594	$ 147,579	$ 63,615	$ 173,045	$ 87,622
Depreciation, depletion and amortization	51,228	39,368	130,038	120,726	172,369	163,043
Non-cash employee stock compensation	4,644	1,440	8,283	5,510	9,390	7,832
Fair value changes in equity securities	3,819	(1,781)	4,972	3,318	8,454	3,318
Interest and other, net	1,468	7,000	5,518	21,697	11,151	29,209
Income tax expense (benefit)	8,702	9,388	(3,700)	11,355	2,443	16,083
Non-controlling interests in operating loss of consolidated subsidiaries	410	178	2,898	3,753	3,891	6,396
Adjusted EBITDA	$ 108,563	$ 84,187	$ 295,588	$ 229,974	$ 380,743	$ 313,503

Adjusted net income and adjusted net income per share:

(amounts in thousands, except per share data)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Nine Months Ended March 31, 2020	Nine Months Ended March 31, 2019
Net income and comprehensive income attributable to Royal Gold common stockholders	$ 38,554	$ 28,772	$ 150,329	$ 67,368
Fair value changes in equity securities	3,819	(1,781)	4,972	3,318
Non-recurring non-cash employee stock compensation	3,338	—	3,338	—
Tax effect of adjustments	(1,403)	475	(1,634)	(710)
Adjusted net income attributable to Royal Gold common stockholders	44,308	27,466	$ 157,005	$ 69,976
Net income attributable to Royal Gold common stockholders per diluted share	$ 0.59	$ 0.44	2.29	1.03
Fair value changes in equity securities	0.06	(0.03)	0.08	0.05
Non-recurring non-cash employee stock compensation	0.05	—	0.05	—
Tax effect of adjustments	(0.02)	0.01	(0.02)	(0.01)
Adjusted net income attributable to Royal Gold common stockholders per diluted share	$ 0.68	$ 0.42	$ 2.40	$ 1.07

Non-GAAP Measures

Reconciliation of non-GAAP financial measures to U.S. GAAP measures (cont.)

Net debt and net debt to adjusted EBITDA:

(amounts in thousands)	March 31, 2020
Debt	$ 100,154
Debt issuance costs	4,846
Cash and equivalents	(93,715)
Net debt	$ 11,285
Twelve months ended March 31, 2020 adjusted EBITDA	$ 380,743
Net debt to adjusted EBITDA	.03x

Free cash flow:

	Three Months Ended March 31,		Nine Months Ended March 31,	
(amounts in thousands)	2020	2019	2020	2019
Net cash provided by operating activities	$ 99,699	$ 77,441	$ 249,195	$ 180,909
Acquisition of stream and royalty interests	(35,438)	(1,000)	(107,855)	(1,055)
Free cash flow	$ 64,261	$ 76,441	$ 141,340	$ 179,854

Other measures

We use certain other measures in managing and evaluating our business. We believe these measures may provide useful information to investors for analysis of our business. We use these measures to compare period-over-period performance and liquidity on a consistent basis and when planning and forecasting for future periods. We believe these measures are used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in our industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions. Other measures used by management in this report and elsewhere include the following:

1. Gold equivalent ounces, or GEOs, is calculated by the Company as revenue (in total or by reportable segment) for a period divided by the average gold price for that same period.
2. Depreciation, depletion, and amortization, or DD&A, per GEO is calculated by the Company as depreciation, depletion, and amortization for a period divided by GEOs (as defined above) for that same period.
3. Working capital is calculated by the Company as current assets as of a date minus current liabilities as of that same date.
4. Dividend payout ratio is calculated by the Company as dividends paid during a period divided by net cash provided by operating activities for that same period.
5. Operating margin is calculated by the Company as operating income for a period divided by revenue for that same period.

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THE GOLD STANDARD IN
PRECIOUS METAL INVESTING