

ROYAL GOLD INC
Form 10-Q
February 07, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-13357

Royal Gold, Inc.

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(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation)	84-0835164 (I.R.S. Employer Identification No.)
1660 Wynkoop Street, Suite 1000 Denver, Colorado (Address of Principal Executive Offices)	80202 (Zip Code)

Registrant's telephone number, including area code (303) 573-1660

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 65,516,940 shares of the Company's common stock, par value \$0.01 per share, outstanding as of January 31, 2019.

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ITEM 1. FINANCIAL STATEMENTS

ROYAL GOLD, INC.

Consolidated Balance Sheets

(Unaudited, in thousands except share data)

	December 31, 2018	June 30, 2018
ASSETS		
Cash and equivalents	\$ 156,536	\$ 88,750
Royalty receivables	25,659	26,356
Income tax receivable	12,793	40
Stream inventory	7,954	9,311
Prepaid expenses and other	793	1,350
Total current assets	203,735	125,807
Stream and royalty interests, net (Note 2)	2,419,908	2,501,117
Other assets	51,463	55,092
Total assets	\$ 2,675,106	\$ 2,682,016
LIABILITIES		
Accounts payable	\$ 2,291	\$ 9,090
Dividends payable	17,359	16,375
Income tax payable	10,739	18,253
Withholding taxes payable	2,348	3,254
Other current liabilities	4,439	4,411
Total current liabilities	37,176	51,383
Debt (Note 3)	358,897	351,027
Deferred tax liabilities	90,700	91,147
Uncertain tax positions	35,590	33,394
Other long-term liabilities	5,773	13,796
Total liabilities	528,136	540,747
Commitments and contingencies (Note 10)		
EQUITY		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; and 0 shares issued	—	—
Common stock, \$.01 par value, 200,000,000 shares authorized; and 65,396,339 and 65,360,041 shares outstanding, respectively	654	654
Additional paid-in capital	2,197,254	2,192,612
Accumulated other comprehensive loss	-	(1,201)
Accumulated losses	(86,238)	(89,898)
Total Royal Gold stockholders' equity	2,111,670	2,102,167
Non-controlling interests	35,300	39,102
Total equity	2,146,970	2,141,269
Total liabilities and equity	\$ 2,675,106	\$ 2,682,016

The accompanying notes are an integral part of these consolidated financial statements.

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ROYAL GOLD, INC.

Consolidated Statements of Operations and Comprehensive Income (Loss)

(Unaudited, in thousands except share data)

	For The Three Months Ended		For The Six Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenue	\$ 97,592	\$ 114,348	\$ 197,585	\$ 226,824
Costs and expenses				
Cost of sales	18,162	19,863	34,689	40,282
General and administrative	7,423	9,555	17,349	16,455
Production taxes	909	602	2,201	1,145
Exploration costs	842	1,358	5,204	4,561
Depreciation, depletion and amortization	38,807	42,008	81,358	81,701
Total costs and expenses	66,143	73,386	140,801	144,144
Operating income	31,449	40,962	56,784	82,680
Fair value changes in equity securities	(3,631)	—	(5,099)	—
Interest and other income	487	645	590	1,634
Interest and other expense	(7,410)	(9,034)	(15,287)	(17,651)
Income before income taxes	20,895	32,573	36,988	66,663
Income tax benefit (expense)	2,148	(48,360)	(1,967)	(55,904)
Net income (loss)	23,043	(15,787)	35,021	10,759
Net loss attributable to non-controlling interests	543	1,022	3,575	3,105
Net income (loss) attributable to Royal Gold common stockholders	\$ 23,586	\$ (14,765)	\$ 38,596	\$ 13,864
Net income (loss)	\$ 23,043	\$ (15,787)	\$ 35,021	\$ 10,759
Adjustments to comprehensive income (loss), net of tax				
Unrealized change in market value of available-for-sale securities	—	(390)	—	(193)
Comprehensive income (loss)	23,043	(16,177)	35,021	10,566
Comprehensive loss attributable to non-controlling interests	543	1,022		