

COMPANY RESULTS

Zijin Mining (2899 HK)

1Q25: In Line; Poised To Capitalise On Gold Price Surge With Robust Production Growth

Zijin reported 1Q25 earnings of Rmb10,166.8m (+62.4% yoy), in line with expectations. Mining entities' gross margin expanded to 59.9% (+5.4ppt yoy), supported by a gold price rally. The contribution from gold/copper to gross profit became more balanced at 36%/42%, enhancing earnings resilience amid elevated market uncertainties. 1Q25 gold output rose to a record 19.1 tonnes (+13.4% yoy), on track to achieve its 2025 growth target of 17%. Maintain BUY. Target price: HK\$24.00.

1Q25 RESULTS

Year to 31 Dec (Rmbm)	1Q24	1Q25	yoy chg
Revenue	74,777	78,928	5.6
Cost of sales	(62,360)	(60,865)	(2.4)
Gross profit	12,417	18,064	45.5
SG&A	(1,967)	(2,354)	19.7
Net finance cost	(803)	(556)	(30.7)
Operating profit	9,081	15,141	66.7
Non operating profit/loss	(253)	(453)	79.5
PBT	8,828	14,688	66.4
Tax	(1,179)	(2,223)	88.5
Minority interest	(1,388)	(2,298)	65.5
Net Profit	6,261	10,167	62.4
EPS (Rmb)	0.238	0.383	60.9
Gross margin (%)	16.6	22.9	6.3
Net profit margin (%)	8.4	12.9	4.5

Source: Zijin Mining, UOB Kay Hian

RESULTS

- In line.** Zijin Mining (Zijin) reported 1Q25 earnings of Rmb10,166.8m (+62.4% yoy), representing 25% of our full-year 2025 estimates and in line with expectations. The strong results were primarily driven by gold price momentum in 1Q25 and robust growth in gold production output.
- 1Q25 consolidated gross margin improved to 22.9% (+6.3ppt yoy; -0.12ppt qoq).** Gross profit margin for mining entities expanded to 59.9% (+5.4ppt yoy; +1.2ppt qoq), mainly supported by mine-produced gold/copper, with gross margins rising to 60.9%/61.1% respectively (+9.5ppt/+3.3ppt yoy).

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2023	2024	2025F	2026F	2027F
Net turnover	293,403	303,640	365,734	389,872	412,185
EBITDA	41,717	54,612	70,768	77,817	87,635
Operating profit	31,507	44,047	57,840	63,211	71,246
Net profit (rep./act.)	21,119	32,051	42,966	47,810	54,442
Net profit (adj.)	21,119	32,051	42,966	47,810	54,442
EPS (Fen)	80.4	121.4	162.8	181.1	206.3
PE (x)	20.2	13.4	10.0	9.0	7.9
P/B (x)	4.0	3.1	2.4	2.0	1.7
EV/EBITDA (x)	14.5	11.1	8.5	7.8	6.9
Dividend yield (%)	1.5	2.4	3.2	3.5	4.0
Net margin (%)	7.2	10.6	11.7	12.3	13.2
Net debt/(cash) to equity (%)	98.7	72.4	53.6	40.1	26.7
Interest cover (x)	12.8	n.a.	64.9	163.1	1,216.9
ROE (%)	21.5	25.9	26.9	24.4	23.4
Consensus net profit	-	-	42,439.8	48,478.6	56,449.0
UOBKH/Consensus (x)	-	-	1.01	0.99	0.96

Source: Zijin Mining, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	HK\$17.22
Target Price	HK\$24.00
Upside	+39.4%
(Previous TP)	HK\$23.00

COMPANY DESCRIPTION

Zijin Mining, through its subsidiaries, explores, mines, produces, refines, and sells gold, copper, zinc and other mineral resources in China.

STOCK DATA

GICS sector	Materials
Bloomberg ticker:	2899 HK
Shares issued (m):	5,988.8
Market cap (HK\$m):	488545.8
Market cap (US\$m):	62995.9
3-mth avg daily t'over (US\$m):	141.4

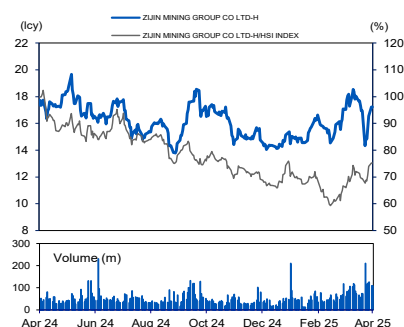
Price Performance (%)

52-week high/low	HK\$20.10/HK\$13.52			
1mth	3mth	6mth	1yr	YTD
0.8	13.7	1.7	(3.5)	21.8

Major Shareholders

Minxi Xinghang State-owned Assets Investment Co. Ltd	22.9
FY25 NAV/Share (Rmb)	6.72
FY25 Net Debt/Share (Rmb)	3.64

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **Gold price surge bolsters profit mix and earnings resilience.** Supported by the rally in gold and copper prices in 1Q25, the ASP of mine-produced gold surged to Rmb641.5/g (+40.7% yoy; +12.0% qoq), while mine-produced copper's ASP rose to Rmb62,030/t (+16.7% yoy; +5.1% qoq). Notably, the increase in gold prices led to a more balanced gross profit contribution, with gold and copper now accounting for 36% and 42% of gross profit respectively compared to 30% and 45% in 2024. This shift enhances Zijin's resilience amid market uncertainties, offering a more stable margin structure in the face of potential volatility.
- **Elevated costs managed as lower-grade ore tapped in strong market.** On the cost front, mine-produced gold production costs increased to Rmb251.1/g (+12.6% yoy; +6.8% qoq), while mine-produced copper production costs stood at Rmb24,107/t (+7.6% yoy; flat qoq). Notably, electrodeposited copper costs declined to Rmb29,752/t (-7.8% qoq). We attribute this improvement to the progressive stabilisation of power supply at the Kolwezi mine in the DRC, which has eased dependence on high-cost diesel-generated power.

Management clarified that part of the increase in production costs stemmed from processing lower-grade ore, as the company strategically capitalised on elevated metal prices to process material that was previously uneconomic, resulting in an expected 5% increase in production costs. Management stressed that the increase in unit costs will not compromise profitability, as evidenced by continued gross margin expansion in 1Q25.

- **Poised to capitalise on gold price surge with robust production growth.** Mine-produced gold output rose to 19,065 kg (+13.4% yoy; +2.1% qoq), setting a new quarterly production record and keeping the company on track to meet its 85-tonne (+17% yoy) annual target. The strong growth in gold output comes just in time to capture the ongoing gold price rally, amplifying earnings potential in the near term. Meanwhile, mine-produced copper output reached 287,571 tonnes (+9.5% yoy; +3.1% qoq), achieving 25% of the full-year goal. Attributable copper production from the Kamoa mine totalled 59,163 tonnes (+52.4% yoy; flat qoq), driven in part by the earlier-than-expected completion of the Phase 3 expansion in Jun 24 and improved hydroelectric power availability.

EARNINGS REVISION/RISK

- We fine-tune our earnings forecasts for 2025/26/27 by +5%/+6%/+12% respectively.

VALUATION/RECOMMENDATION

- **We maintain our BUY rating and raise the target price to HK\$24.00, based on 14x 2025F PE (+1SD).** Significant new capacity underpins clear earnings growth visibility, positioning Zijin to benefit from the current metal price rally. A more balanced profit mix between gold and copper enhances earnings resilience, solidifying its status as a diversified mining leader. While near-term copper prices face pressure from trade-related uncertainties, the long-term outlook remains favourable, driven by constrained supply and accelerating demand from the energy transition. The company is also taking proactive steps in market capitalisation management, with plans for employee share options to better align employee and shareholder interests.

SHARE PRICE CATALYST

- Improvement in copper consumption; steeper-than-expected Fed rate cut.

GROSS MARGIN

Products (%)	1Q25	qoq (ppt)	yoy (ppt)
Mine-produced			
Gold Bullion	52.91	2.44	11.44
Gold Concentrate	71.05	0.98	4.30
Copper Concentrate	65.05	0.71	1.28
Electrodeposited Copper	56.33	8.42	11.56
Electrolytic Copper	45.41	(1.07)	6.66
Zinc	31.71	(14.12)	2.82
Silver	63.68	(0.72)	12.03
Refined products			
Refined Copper	1.03	0.45	(1.64)
Refined Zinc	-1.39	(1.25)	(7.00)
Consolidated Gross Margin	22.89	(0.13)	6.28
Mining Entities Gross Margin	59.94	1.23	5.44

Source: Zijin Mining, UOB Kay Hian

PRODUCTION VOLUME

Products	1Q25	qoq (%)	yoy (%)
Mine-produced			
Mine-produced gold (kg)	19,065	2.1	13.4
Mine-produced copper (t)	287,571	3.1	9.5
Mine-produced zinc (t)	88,215	-9.4	(10.4)
Mine-produced silver (kg)	104,209	-0.5	2.2
Refined products			
Copper (t)	185,105	7.1	-3.0
Zinc (t)	100,526	2.6	8.6

Source: Zijin Mining, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Net turnover	303,640.0	365,734.4	389,872.5	412,184.9
EBITDA	54,611.9	70,767.9	77,816.6	87,634.6
Deprec. & amort.	10,564.9	12,928.0	14,605.2	16,389.0
EBIT	44,047.0	57,839.9	63,211.4	71,245.6
Total other non-operating income	(748.9)	0.0	0.0	(0.0)
Associate contributions	4,237.6	5,379.5	6,398.4	7,549.0
Net interest income/(expense)	542.1	(1,091.1)	(477.2)	(72.0)
Pre-tax profit	48,077.7	62,128.3	69,132.6	78,722.6
Tax	(8,684.9)	(9,319.2)	(10,369.9)	(11,808.4)
Minorities	(7,342.3)	(9,842.8)	(10,952.5)	(12,471.8)
Net profit	32,050.6	42,966.2	47,810.2	54,442.4
Net profit (adj.)	32,050.6	42,966.2	47,810.2	54,442.4

CASH FLOW

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Operating	48,860.3	58,826.2	67,472.8	76,607.6
Pre-tax profit	48,077.7	62,128.3	69,132.6	78,722.6
Tax	(8,684.9)	(9,319.2)	(10,369.9)	(11,808.4)
Deprec. & amort.	10,564.9	12,928.0	14,605.2	16,389.0
Associates	(4,237.6)	(5,379.5)	(6,398.4)	(7,549.0)
Working capital changes	(1,619.4)	(2,862.9)	(1,115.5)	(1,038.7)
Non-cash items	3,378.2	947.2	994.5	1,044.2
Other operating cashflows	1,381.4	384.3	624.3	847.9
Investing	(32,238.4)	(42,800.7)	(43,533.2)	(43,533.2)
Capex (growth)	0.0	0.0	0.0	0.0
Investments	43,084.6	46,981.9	55,880.3	65,929.2
Others	(81,739.4)	(89,782.6)	(99,413.5)	(109,462.5)
Financing	(4,428.9)	(17,134.3)	(23,824.0)	(28,664.9)
Dividend payments	(16,012.1)	(7,441.7)	(13,539.1)	(15,065.5)
Proceeds from borrowings	52,864.9	15,000.0	12,000.0	7,000.0
Loan repayment	(54,605.4)	(24,692.6)	(22,284.8)	(20,599.4)
Others/interest paid	13,323.6	0.0	0.0	0.0
Net cash inflow (outflow)	12,193.0	(1,108.9)	115.6	4,409.5
Beginning cash & cash equivalent	17,692.5	29,648.2	28,539.3	28,654.9
Changes due to forex impact	(237.3)	0.0	0.0	0.0
Ending cash & cash equivalent	29,648.2	28,539.3	28,654.9	33,064.4

BALANCE SHEET

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Fixed assets	132,729.6	156,000.9	176,005.1	194,647.2
Other LT assets	164,942.1	184,041.0	199,344.5	215,377.9
Cash/ST investment	29,648.5	28,539.3	28,654.9	33,064.4
Other current assets	69,290.6	78,945.5	82,550.5	85,451.5
Total assets	396,610.7	447,526.6	486,555.0	528,541.0
ST debt	30,713.2	22,284.8	20,599.4	17,419.6
Other current liabilities	69,071.1	76,228.8	79,323.9	82,015.4
LT debt	100,152.6	102,253.4	93,654.0	83,234.4
Other LT liabilities	18,179.0	19,890.3	20,884.8	21,929.0
Shareholders' equity	139,785.5	179,081.4	213,352.4	252,729.2
Minority interest	37,945.2	47,788.1	58,740.6	71,213.4
Total liabilities & equity	396,610.7	447,526.6	486,555.0	528,541.0

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	18.0	19.3	20.0	21.3
Pre-tax margin	15.8	17.0	17.7	19.1
Net margin	10.6	11.7	12.3	13.2
ROA	8.7	10.2	10.2	10.7
ROE	25.9	26.9	24.4	23.4
Growth				
Turnover	3.5	20.5	6.6	5.7
EBITDA	30.9	29.6	10.0	12.6
Pre-tax profit	53.7	29.2	11.3	13.9
Net profit	51.8	34.1	11.3	13.9
Net profit (adj.)	51.8	34.1	11.3	13.9
EPS	51.0	34.1	11.3	13.9
Leverage				
Debt to total capital	42.4	35.4	29.6	23.7
Debt to equity	93.6	69.5	53.6	39.8
Net debt/(cash) to equity	72.4	53.6	40.1	26.7
Interest cover (x)	n.a.	64.9	163.1	1,216.9

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