Global Metals and Mining: JL Mag Call Feedback; expect RE magnet demand to grow ~10% in 2026, NdPrO price outlook positive

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We recently held a call with Chinese Rare Earth (RE) high-performance NdFeB magnet producer JL Mag (not covered), to discuss the company's 1Q26 results, Chinese and global RE market and magnet demand, and the company and industry's near-term growth and pricing outlook. The company is the #1 global producer of sintered NdFeB RE magnets, with current installed RE magnet capacity of 40ktpa (expanding to 60ktpa by 2027), and RE magnet product sales of ~26kt in 2025 with ~20% exported.

JL Mag reported their 1Q26 results in April with total revenue increasing by ~16% YoY to ~RMB2bn, with overseas revenue up ~22%, and gross margin expanding by ~6% to ~22%.

Key takeaways from call

- **Near-term demand recovery and 2026 outlook:** EV demand (JL Mag has >30% global market share in EV drive motors) was soft in 1Q following the post-CNY lull, but management is seeing a pick-up in 2Q magnet orders (April/May) of almost 100% (vs. 1Q), supported by healthy orderbooks from both commercial and EV customers. 3Q and 4Q are expected to be stronger, with magnet capacity utilisation tracking above 90% so far for 2026. Management stated a target of ~10% growth in RE magnet sales in 2026 vs. 2025 (driven mainly by EVs, electric trucks and industrial robots), with a stable gross profit margin, and a high degree of confidence in delivering ~20% RE magnet capacity expansion. The average price of NdPr metals has risen ~50% YoY, and, all else equal, management expects further upward adjustment to RE magnet prices into year-end, with 2H broadly stronger than 1H. Note we visited Chinese rare earth (RE) companies in Ningbo China in Nov 25 and Chinese RE magnet facilities in Jiangxi province in March 25 which showed that global magnet (NdFeB) demand increased ~10% in 2025, implying global NdPrO demand grew by ~8-10ktpa.
- **End-market demand growth:** EV growth is expected to be sustained throughout the year. 1Q26 saw electric trucks and motor manufacturers post higher sales volumes, and the 2Q market has grown ~80% in China (where magnet intensity is higher). For air conditioning, stable growth is expected (after strong growth in 2025) despite a low single-digit decline in 1Q. Wind turbines installations are also increasing, with overseas demand picking up notably following the Iran War and higher oil prices.

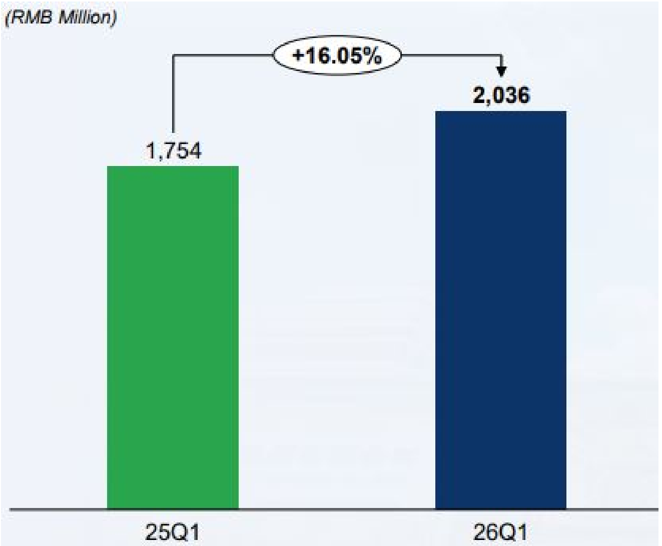
- **Industrial robots (i.e. robotic arms):** 1Q sales volumes grew more than 80%, driven by downstream industrial demand in China (+25% QoQ) and orders from semiconductor plants. The segment is expected to grow further in 2Q on both volume and price, and could overtake wind turbines to become the third-largest revenue contributor given its growth trajectory.

- **Pricing mechanism and pass-through:** Raw materials account for ~70% of the cost base, and are passed through to end customers under a cost-plus model referencing the NdPr spot price, with a 'plus' component reflecting order- and market-specific dynamics. The adjustment mechanism is quarterly, generally with a one-quarter lag for EVs; wind turbine prices are locked in annually, while AC prices are reset monthly. These arrangements are contracted for several years and have been accepted by customers for some time. Wind turbine customers are more price-sensitive, while EVs and ACs are less exposed given the low absolute price of magnets in the bill of materials and the limited availability of substitutes. Management retains a bullish view on continued RE magnet price increases through 2Q.

- **Upstream supply and NdPrO market backdrop:** ~70% of NdPrO supply is sourced from the two major Chinese producers under existing agreements, with the remaining ~30% supplied internally from the company's own recycling plant. According to the company, supply of NdPrO was disrupted in 1Q due to Chinese authorities investigating RE refineries exceeding 2025 production quotas, which triggered a shortage, and a step-up in rare earth pricing during the quarter. JL Mag don't expect NdPrO prices to decline in 2026.

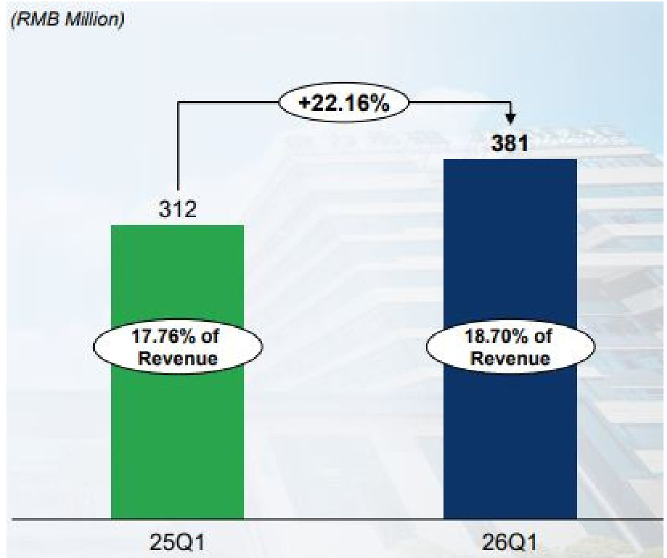
JL Mag key 1Q26 charts

Exhibit 1: Total 1Q26 revenue increased by ~16% YoY to ~RMB2bn



Source: Company data

Exhibit 2: Overseas revenue increased ~22% YoY



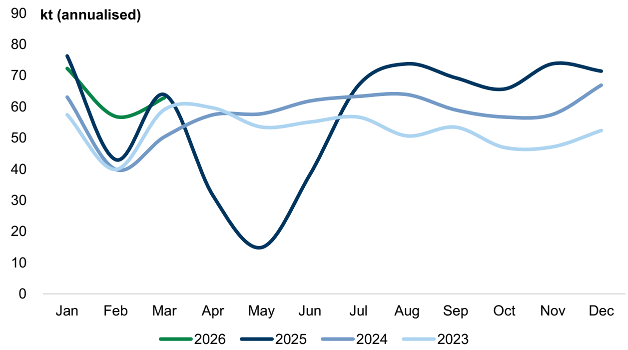
Source: Company data

Exhibit 3: Gross margins expanded by ~6% to ~22%

Source: Company data

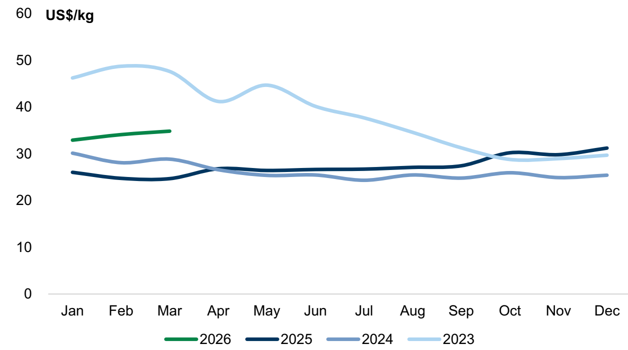
China RE trade flow data

Exhibit 4: Chinese NdFeB Exports increased ~5% YoY in 1Q26
NdFeB products, annualised (ktpa)



Source: WIND, Goldman Sachs Global Investment Research

Exhibit 5: China's NdFeB alloy magnet export prices increased in 1Q26, reflecting higher RE oxide prices.
NdFeB Magnet Export Prices (US$/kg)

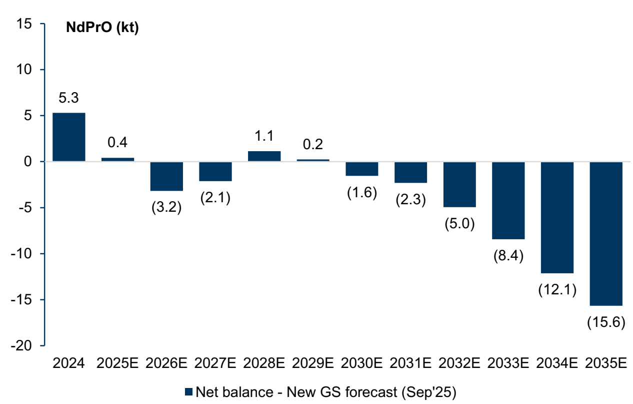


Blank RE magnets

Source: WIND, Goldman Sachs Global Investment Research

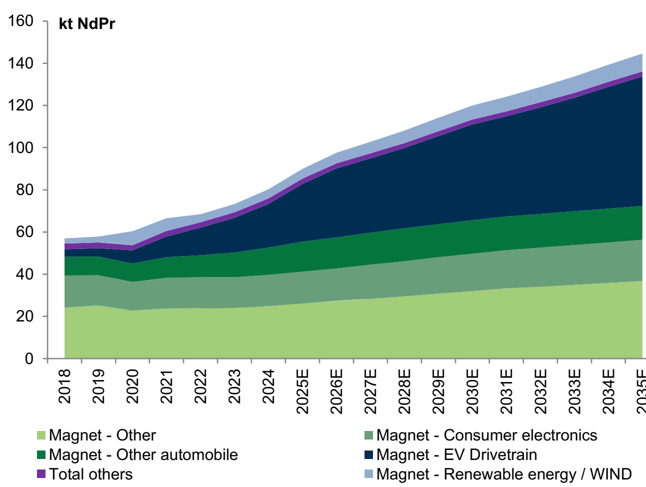
GS NdPrO supply/demand

Exhibit 6: We forecast NdPrO deficits over the medium term to 2027 and perhaps beyond...
GS Rare Earth (NdPrO) SD model – net market balance



Source: Company data, Goldman Sachs Global Investment Research, Wood Mackenzie

Exhibit 7: Growth in Electric Vehicles (EV), robotics, variable frequency air conditioning (VFAC), and mobile phones/consumer electronics should nearly double NdPrO demand by 2035
NdPrO demand by source (kt)



Magnets are NdFeB

Source: Company data, Goldman Sachs Global Investment Research, Wood Mackenzie

Exhibit 8: LYC, MP Materials, ILU and emerging companies to drive supply growth over the next 5-years

NdPrO supply by source and total global demand (kt)

Exhibit 9: We expect global NdPrO demand to increase by ~8ktpa in 2026

Global NdPrO demand (kt) by end segment

Exhibit 10: GS Rare Earth (NdPrO) SD model

'000 tonnes	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Batteries, Alloys, Catalysts, Ceramics etc	**2.0**	**2.0**	**1.8**	**1.9**	**1.7**	**1.7**	**1.7**	**1.7**	**1.6**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**
Magnets (demand from NdFeB)																		
Air conditioning (incl VFAC)	4.5	4.9	4.5	4.9	5.6	6.4	7.2	7.8	8.3	8.8	9.3	9.9	10.3	10.7	11.1	11.6	12.0	12.5
Automotive (EVs)	3.5	4.0	6.2	9.8	13.1	16.4	20.8	27.3	32.7	35.2	38.0	41.7	45.4	47.5	50.5	53.8	57.7	61.3
Automotive - Other	8.9	8.9	8.8	9.8	10.3	11.7	12.9	14.3	14.8	15.1	15.6	15.7	15.9	16.0	16.0	16.0	16.1	16.1
Other Electrical & Mechanical (incl HDDs and Electric Pumps	15.2	14.3	13.5	14.5	14.8	14.7	14.8	15.0	15.4	16.2	16.7	17.2	17.7	18.1	18.5	18.9	19.2	19.6
Other transport	1.9	2.2	2.4	2.7	2.9	3.0	3.3	3.4	3.5	3.5	3.6	3.7	3.8	3.9	4.0	4.0	4.1	4.2
Portable Electronics	3.3	3.3	3.2	3.2	2.9	2.7	2.6	2.6	2.7	2.7	2.8	2.9	3.0	3.0	3.1	3.2	3.2	3.3
Speakers & Audio	4.0	4.3	4.4	4.5	4.2	4.2	4.3	4.6	4.9	5.2	5.6	6.1	6.6	7.2	7.4	7.6	7.8	7.9
Robotics (automation and humanoids)	0.7	0.9	1.1	1.3	1.5	1.7	2.0	2.3	2.5	2.5	2.6	2.7	2.9	3.0	3.0	3.1	3.2	3.3
Wind Energy	2.4	2.8	6.7	6.1	3.9	4.0	4.3	4.7	5.0	5.4	5.9	6.3	6.7	7.0	7.3	7.7	8.1	8.5
Other	9.6	9.6	7.3	7.2	6.7	5.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Total Magnets (demand from NdFeB)	**54.2**	**55.2**	**57.9**	**63.9**	**65.9**	**70.7**	**77.7**	**87.4**	**95.2**	**100.3**	**105.7**	**111.8**	**117.7**	**121.8**	**126.5**	**131.3**	**136.9**	**142.2**
Inventory movements and other	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total demand	**56.9**	**57.9**	**60.4**	**66.6**	**68.5**	**73.3**	**80.2**	**90.0**	**97.7**	**102.7**	**108.1**	**114.2**	**120.0**	**124.2**	**128.8**	**133.7**	**139.3**	**144.6**
% growth	*1%*	*2%*	*4%*	*10%*	*3%*	*7%*	*9%*	*12%*	*9%*	*5%*	*5%*	*6%*	*5%*	*3%*	*4%*	*4%*	*4%*	*4%*
Production																		
Australia	5.6	5.6	4.9	5.4	5.8	6.0	6.2	7.5	8.9	11.9	15.3	15.9	15.5	15.6	15.8	15.3	15.3	15.1
China	31.0	30.2	29.8	33.6	40.5	44.1	45.2	46.9	47.4	47.6	47.9	48.1	48.3	48.6	48.8	49.1	49.3	49.6
SE Asia	0.4	0.7	1.2	1.5	1.8	1.6	2.2	1.8	2.1	2.3	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
North America	2.3	3.5	4.9	0.1	0.2	0.5	1.6	2.5	3.2	4.4	6.2	7.1	7.9	7.9	7.9	7.9	7.9	7.9
Africa	0.2	0.2	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	2.0	3.9	5.9	7.5	7.5	7.5	7.5	7.5
Rest-of-World	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.6	0.6	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Recovered/refined supply	**39.6**	**40.2**	**41.5**	**41.3**	**49.0**	**53.1**	**56.1**	**59.8**	**62.6**	**67.5**	**74.8**	**78.6**	**81.2**	**83.1**	**83.6**	**83.4**	**83.6**	**83.7**
Recycled	17.8	18.6	21.4	23.8	25.0	25.7	29.4	30.6	31.9	33.1	34.5	35.8	37.3	38.8	40.3	41.9	43.6	45.3
Total supply	**57.4**	**58.8**	**62.9**	**65.1**	**74.0**	**78.8**	**85.5**	**90.4**	**94.5**	**100.6**	**109.2**	**114.4**	**118.5**	**121.9**	**123.9**	**125.3**	**127.2**	**129.0**
% growth	*11.8%*	*2.4%*	*7%*	*3%*	*14%*	*6%*	*9%*	*6%*	*5%*	*6%*	*9%*	*5%*	*4%*	*3%*	*2%*	*1%*	*1%*	*1%*
Net balance	**0.5**	**0.9**	**2.5**	**-1.5**	**5.5**	**5.5**	**5.3**	**0.4**	**-3.2**	**-2.1**	**1.1**	**0.2**	**-1.6**	**-2.3**	**-5.0**	**-8.4**	**-12.1**	**-15.6**
Rare Earth prices (US$/kg) - Asian Metal Index (AMI)																		
Praseodymium-Neodymium (NdPrO)	**50**	**44**	**45**	**92**	**124**	**75**	**54**	**68**	**117**	**120**	**123**	**125**	**128**	**132**	**136**	**140**	**144**	**148**
Dysprosium (DyO)	177	234	261	410	382	329	256	232	512	734	746	757	769	792	816	840	866	891
Terbium (TbO)	455	502	671	1,339	2,046	1,303	813	995	1,776	2,627	2,667	2,706	2,746	2,828	2,913	3,001	3,091	3,183

Source: Company data, Goldman Sachs Global Investment Research, Roskill/Wood Mackenzie, Bloomberg, Ruidow

Price Target Risks and Methodology - Iluka Resources
Our NAV is A$10.6/sh and our 12m PT is A$8.8/sh. Our PT is based on a 50:50 NAV:EV/EBITDA with a 2027 EBITDA target multiple of 8x.

Downside investment risks include: Project permitting/approvals, lower-than-expected mineral sands demand and prices, operational issues, project execution risks (Balranald & Rare Earth projects) and higher-than-expected capex due to industry cost inflation.

Price Target Risks and Methodology - Lynas Rare Earths Ltd
Our NAV is A$20.2/sh and our 12m PT is A$23.5/sh. Our PT is based on a 50:50 NAV:EV/EBITDA with a target multiple of 20x.

Downside risks: Lower RE/NdPrO prices and inability to sign additional higher fixed price contracts, macro risks and lower than expected RE magnet demand, inability to increase production from Kal C&L & LAMP beyond 12ktpa NdPrO, permitting/near-term production risks in Malaysia, project execution & capex risks on the expansion of LAMP, higher opex due to inflation.

Disclosure Appendix

Reg AC

We, Paul Young, Chris Bulgin and Kavya Balaji, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

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Disclosures

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Iluka Resources (Buy, A$7.90) and Lynas Rare Earths Ltd. (Buy, A$19.19)

The rating(s) for Iluka Resources and Lynas Rare Earths Ltd. is/are relative to the other companies in its/their coverage universe: BHP Group Ltd., Champion Iron Ltd., Deterra Royalties Ltd., Fortescue Metals Group, Iluka Resources, Lynas Rare Earths Ltd., Mineral Resources, New Hope Corp., Rio Tinto Ltd., Sandfire Resources, Sims Ltd., South32 Ltd., WA1 Resources, Whitehaven Coal Ltd.

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Goldman Sachs had a non-securities services client relationship during the past 12 months with: Iluka Resources (A$7.93)

There are no company-specific disclosures for: Lynas Rare Earths Ltd. (A$18.67)

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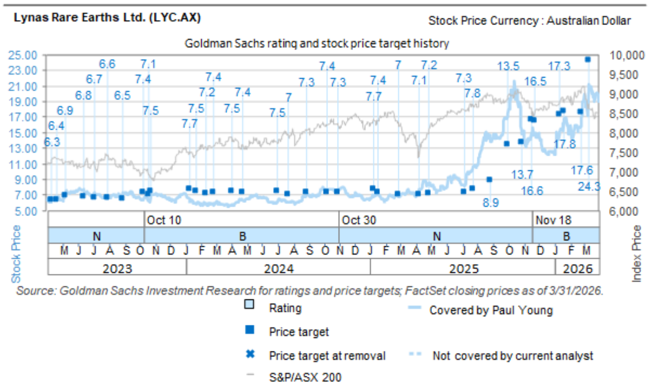
Price target and rating history chart(s)



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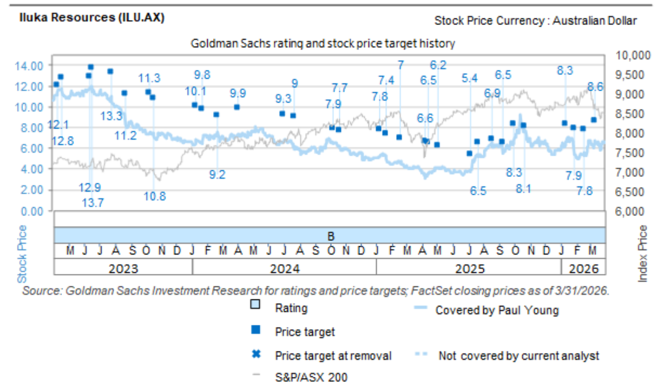

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Target price history table(s)

Iluka Resources (ILU.AX)

Date of report	Target price (A$)	Closing price (A$)
22-Apr-26	8.80	7.93
09-Apr-26	8.70	7.44
12-Mar-26	8.60	6.72
18-Feb-26	7.80	5.57
29-Jan-26	7.90	5.55
12-Jan-26	8.30	6.29
22-Oct-25	8.10	7.57
02-Oct-25	8.30	6.77
11-Sep-25	6.50	5.48
20-Aug-25	6.90	6.13
23-Jul-25	6.50	5.39
07-Jul-25	5.40	3.77
05-May-25	6.20	4.11
16-Apr-25	6.50	3.57
08-Apr-25	6.60	3.49
19-Feb-25	7.00	4.56
22-Jan-25	7.40	4.95
09-Jan-25	7.80	5.14
22-Oct-24	7.70	5.98
08-Oct-24	7.90	6.58
23-Jul-24	9.00	6.19
02-Jul-24	9.30	6.60
03-Apr-24	9.90	7.27
21-Feb-24	9.20	7.63
23-Jan-24	9.80	6.63
10-Jan-24	10.10	6.60
19-Oct-23	10.80	7.15
10-Oct-23	11.30	7.50
23-Aug-23	11.20	8.27
26-Jul-23	13.30	10.99

Lynas Rare Earths Ltd. (LYC.AX)

Date of report	Target price (A$)	Closing price (A$)
21-Apr-26	23.50	19.97
07-Apr-26	23.80	20.30
12-Mar-26	24.30	21.17
26-Feb-26	17.60	17.24
21-Jan-26	17.80	16.27
12-Jan-26	17.30	14.78
25-Nov-25	16.50	15.02
18-Nov-25	16.60	14.62
30-Oct-25	13.70	14.79
02-Oct-25	13.50	17.51
29-Aug-25	8.90	13.87
24-Jul-25	7.80	10.65
07-Jul-25	7.30	8.14
28-Apr-25	7.20	8.56
08-Apr-25	7.10	7.54
26-Feb-25	7.00	6.85
17-Jan-25	7.40	7.03
09-Jan-25	7.70	6.85
30-Oct-24	7.30	7.65
08-Oct-24	7.40	7.67
28-Aug-24	7.30	7.02
23-Jul-24	7.00	6.02
02-Jul-24	7.50	6.13
24-Apr-24	7.40	6.38
03-Apr-24	7.50	5.66
26-Feb-24	7.40	5.90
12-Feb-24	7.20	5.79
22-Jan-24	7.50	5.87
10-Jan-24	7.70	6.27
24-Oct-23	7.50	6.82

Iluka Resources (ILU.AX)

Date of report	Target price (A$)	Closing price (A$)
19-Jun-23	13.70	11.43
13-Jun-23	12.90	11.72

Lynas Rare Earths Ltd. (LYC.AX)

Date of report	Target price (A$)	Closing price (A$)
20-Oct-23	7.10	6.29
10-Oct-23	7.40	6.49
29-Aug-23	6.50	7.17
31-Jul-23	6.60	6.73
05-Jul-23	6.70	7.36
13-Jun-23	6.80	7.74

Price targets shown in table(s) are unadjusted for corporate actions.

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