

JL MAG Rare-Earth

Core business stable; new growth from robotics

A leader in the rare-earth permanent magnetic industry

We resume coverage of JL MAG, the world's largest producer of neodymium-iron-boron permanent magnets (NdFeB PM). We lower 2026E/27E EPS by 22%/8%, while raising 2028E EPS by 19%, mainly reflecting revised assumptions of NdFeB PM prices, volume and expenses (see [Figure 1](#)). We **raise our price target and reiterate our Buy rating**, as: 1) we expect JL MAG's core business to deliver a more stable GPM, supported by reduced raw material price volatility; and 2) we see humanoid robotics as a new growth engine for JL MAG, with demand approaching an inflection point.

Core business: GPM stabilising, raising earnings visibility

Raw material price volatility feeds through to JL MAG's core business GPM via inventory losses and lags in product price adjustments. However, as prices for NdPr oxide – the key raw material – stabilise, we expect the core business GPM to hold firm at 20% over 2026E-30E, in line with 2025 levels. We expect less volatility in NdPr oxide prices, because: 1) China can exert significant control over NdPr oxide prices via its strict rare earth quota system (creating more disciplined effective supply) and excess capacity (to satisfy demand growth); and 2) China has no incentive to push prices below US\$110/kg, the ex-China floor price for NdPr oxide introduced in [July 2025](#). In the long run, we expect domestic NdPr oxide spot prices to stabilise at the US\$110/kg ex-China floor price, 24% higher than the current US\$90/kg level as of 16 June.

New growth engine: riding humanoid robot demand

We see humanoid robotics (HR) as a key new growth driver for JL MAG, with demand approaching an inflection point amid [upcoming catalysts](#) (e.g., [Tesla's Optimus Gen3](#) launching in mid-2026). We believe JL MAG is positioned to become the leading producer of PM motor rotors for HR, with the new business generating a higher GPM of 30%, due to higher entry barriers, as HR applications require high-performance PM motor rotors to support higher degree of freedom, which JL MAG is well placed to deliver due to its technology leadership and close cooperation with HR producers, such as Tesla, in design and production. In our base case, we estimate its HR business profit will grow at a 106%/52% CAGR through 2030E/2035E, accounting for 15% of total profit.

Valuation: Raise price target to Rmb38.40 and reiterate Buy

We raise our price target from Rmb23.00 to Rmb38.40. Our price target is derived from an SOTP methodology, where we apply: 1) a 1.0x target PEG target (unchanged) to value JL MAG's core business, deriving a value per share of Rmb28.20 based on 2027E EPS and 4-year 26% CAGR during 2026E-30E; and 2) a 50x target PE to value the HR motor rotors based on 2030E EPS and derive a value per share of Rmb10.20. Our new price target implies a 43x 12M forward PE, which is not demanding compared with the historical average of 50x.

Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	6,688	6,763	7,718	10,646	13,445	15,700	18,060	20,283
EBIT (UBS)	502	179	744	1,148	1,494	1,896	2,345	2,694
Net earnings (UBS)	564	291	706	1,061	1,426	1,842	2,311	2,654
EPS (UBS, diluted) (Rmb)	0.42	0.21	0.51	0.77	1.04	1.34	1.68	1.93
DPS (net) (Rmb)	0.26	0.20	0.40	0.58	0.78	1.00	1.26	1.45
Net (debt) / cash	2,933	1,345	208	235	993	1,265	2,012	2,213
Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	7.5	2.7	9.6	10.8	11.1	12.1	13.0	13.3
ROIC (EBIT) %	12.2	3.6	11.3	14.9	18.9	23.4	27.8	30.2
EV/EBITDA (UBS core) x	33.6	54.3	37.9	32.7	25.5	20.5	16.8	14.7
P/E (UBS, diluted) x	43.3	72.4	53.4	43.0	31.9	24.7	19.7	17.2
Equity FCF (UBS) yield %	2.9	(0.8)	(0.3)	2.3	4.9	3.3	5.5	5.1
Dividend yield (net) %	1.4	1.3	1.5	1.7	2.3	3.0	3.8	4.4

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of Rmb 33.13 on 16-Jun-2026

Equities

China
Mining

12-month rating

Buy

12m price target

Rmb38.40

Prior : Rmb23.00

Price (16 Jun 2026)

Rmb33.13

RIC: 300748.SZ BBG: 300748 CH

Trading data and key metrics

52-wk range	Rmb46.90-22.19
Market cap.	Rmb45.6b/US\$6.75b
Shares o/s	1,376m (ORDA)
Free float	43%
Avg. daily volume ('000)	34,033
Avg. daily value (m)	Rmb1,117.9
Common s/h equity (12/26E)	Rmb8.07b
P/BV (12/26E)	5.6x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (Rmb)

	From	To	% ch	Cons.
12/26E	0.98	0.77	-22	0.71
12/27E	1.12	1.04	-8	0.99
12/28E	1.12	1.34	19	1.25

Sky Han

Analyst

sky.han@ubs.com

+852-3712 4548

Sharon Ding

Analyst

sharon.ding@ubs.com

+852-2971 6284

Elvis Liu

Associate Analyst

elvis.liu@ubs.com

+852-3712 3052

UBS Research THESIS MAP a guide to our thinking and what's where in this report**PIVOTAL QUESTIONS****Q: Will JL MAG see a more stable GPM for NdFeB PM and hence higher earnings visibility?**

Yes. We expect JL MAG's GPM to stabilise at 20% over 2026E-30E, similar to the 2025 level and, hence, earnings visibility to increase, mainly because we foresee the price of its key raw material, the rare earth NdPr oxide, stabilising. Raw material price volatility has fed through to JL MAG's core business GPM via inventory losses and lags in product price adjustments. However, we expect less volatility in NdPr oxide prices, because: 1) China can exert significant control over NdPr oxide prices via its strict rare earth quota system (creating more disciplined effective supply) and excess capacity (to satisfy demand growth); and 2) China has no incentive to push prices below US\$110/kg, the ex-China floor price for NdPr oxide introduced in [July 2025](#). In the long run, we expect domestic NdPr oxide spot prices to stabilise at the US\$110/kg ex-China floor price, 24% higher than the current US \$90/kg level as of 15 June.

Q: Will JL MAG generate higher value from HR motor rotor business?

We see humanoid robotics (HR) as a key new growth driver for JL MAG, with demand approaching an inflection point amid [upcoming catalysts](#) (e.g., [Tesla's Optimus Gen3](#) launching in mid-2026). We believe JL MAG is positioned to become the leading producer of PM motor rotors for HR, with the new business generating a higher GPM of 30%, due to higher entry barriers, as HR applications require high-performance PM motor rotors to support higher degree of freedom (i.e. more precise, multi-axis movement), which JL MAG is well placed to deliver due to its technology leadership and close cooperation with HR producers, such as Tesla, in design and production. In our base case, we estimate its HR business profit will grow at an 106%/52% CAGR through 2030E/2035E, accounting for 15% of total profit.

UBSVIEW

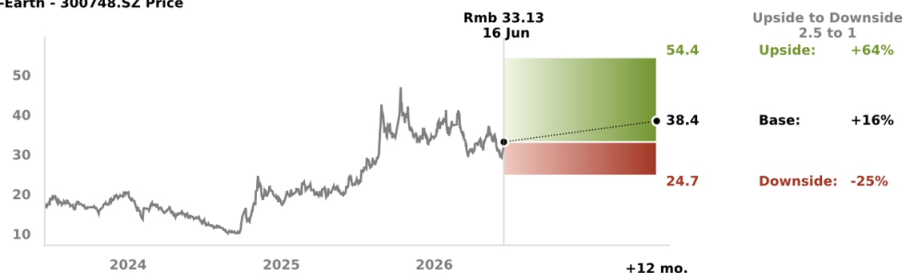
We raise our price target from Rmb23.00 to Rmb38.40 and maintain our Buy rating, as we expect: 1) JL MAG's core business to deliver a more stable GPM, supported by less raw material price volatility; and 2) humanoid robotics to become a new growth engine, with demand approaching an inflection point.

EVIDENCE

JL MAG's core business has seen its GPM stabilise at 20% in the past three consecutive quarters. The output of JL MAG's NdFeB PM products is set to grow at a CAGR of 15% from 2025-30E. The JL MAG's PM motor rotor production line for HR is ready to begin mass production to support key downstream HR producers.

WHAT'S PRICED IN?

JL MAG is trading at 35x 12M forward PE. Our new price target of Rmb38.40 implies a 43x 12M forward PE, below its historical average of 50x. We believe the market has not yet fully priced in the stabilisation of the profit growth of the core business and the upside from the high-growth HR motor rotor business.

UPSIDE/DOWNSIDE SPECTRUM**JL MAG Rare-Earth - 300748.SZ Price**

Value drivers	PM volume CAGR (2026-30E)	Long-term PM GPM	Long-term HR motor rotor ASP	Long-term HR motor rotor volume	HR motor rotor business target PE
Rmb54.40 upside	16%	22%	Rmb7k/unit	1,500,000	50x
Rmb38.40 base	14%	20%	Rmb6k/unit	1,000,000	50x
Rmb24.70 downside	10%	15%	Rmb5k/unit	500,000	30x

Source: UBS estimates

COMPANY DESCRIPTION

JL MAG is the leading producer of NdFeB PM globally, with the biggest capacity (i.e. 40kt/60kt as end of 2026E/2027E) and taking 32%/16%/54% market share in EV/wind/energy-saving VFAC industry.

Key assumptions

We resume coverage of JL MAG and make the following changes to key assumptions for JL MAG's core NdFeB PM business. On volume, we raise our 2027E/28E forecasts by 25%/50% for NdFeB PM blanks effective capacity, as the company has announced new capacity of 20kt since we last published. On the price, we cut 2026E blended ASP by 2% as the YTD increase of ASP is lower than our prior expectations, but raise 2027E/28E blended ASP by 4%/6%, as we expect the ASP to rise alongside prices of the key raw material NdPr oxide.

Figure 1: Changes in our key assumptions for core operations

Key financials	New			Old			Difference%		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
(Rmb m)									
Revenue	10,646	13,445	15,700	12,083	12,325	12,325	-12%	9%	27%
COGS	(8,337)	(10,849)	(12,548)	(9,926)	(9,955)	(9,955)	-16%	9%	26%
GP	2,309	2,596	3,152	2,157	2,370	2,370	7%	10%	33%
EBIT	1,148	1,494	1,896	1,408	1,606	1,606	-18%	-7%	18%
Net profit to the parent	1,061	1,426	1,842	1,323	1,510	1,510	-20%	-6%	22%
EPS (Rmb)	0.8	1.0	1.3	1.0	1.1	1.1	-22%	-8%	19%
GP margin %	22%	19%	20%	18%	19%	19%	3.8ppts	0.1ppts	0.8ppts
EBIT margin %	11%	11%	12%	12%	13%	13%	-0.9ppts	-1.9ppts	-1.0ppts
NPM %	10%	11%	12%	11%	12%	12%	-1.0ppts	-1.6ppts	-0.5ppts

Key operating figures	New			Old			Difference%		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Volume (tonne)									
NdFeB PM Blanks effective capacity	40,000	50,000	60,000	40,000	40,000	40,000	0%	25%	50%
NdFeB PM Blanks and Finished products sales volume	27,900	32,625	37,350	29,400	29,400	29,400	-5%	11%	27%

ASP, unit cost and unit GP (Rmb/t, excl. VAT)									
Blended ASP of NdFeB PM products	347,489	375,289	382,794	354,261	361,346	361,346	-2%	4%	6%
Blended unit cost of NdFeB PM products	269,856	301,229	304,044	289,404	289,404	289,404	-7%	4%	5%
Blended unit GP of NdFeB PM products	77,633	74,059	78,751	64,857	71,943	71,943	20%	3%	9%

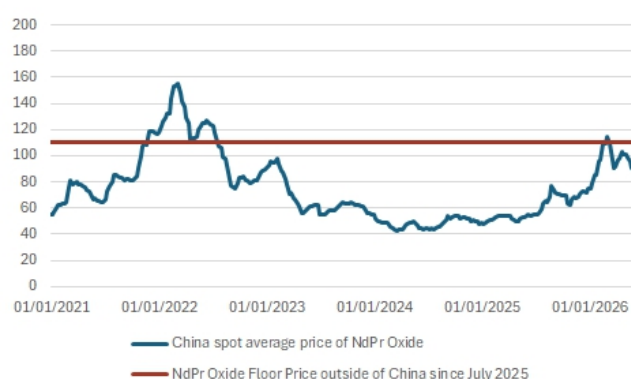
Source: UBS estimate

Figure 2: China spot price trend of NdFePM (Rmb/t, incl. VAT)



Source: SMM, Wind

Figure 3: China spot price trend of NdPr oxide vs ex-China floor price introduced in July 2025 (US\$/kg, excl. VAT)



Source: SMM, Wind

We expect the company to start delivering NdFeB PM motor rotors to HR producers in 2026 to support 5k/25k/45k HR units in 2026/27/28E, and reach 170k/1m units in 2030E/2035E, accounting for 42%/35% of [global HR production based on UBS estimates](#).

We expect the ASP of NdFeB PM motor rotors to be relatively high in 2026E, due to limited production scale. However, with the mass production of HR and PM motor rotors

for HR, we expect the ASP of HR PM motor rotors to decline gradually and stabilise at Rmb6,000 per HR unit based on [our analysis](#).

Figure 4: Our key assumptions for HR PM motor rotor business

	2026E	2027E	2028E	2029E	2030E	LT (2035E)
JBS Global humanoid robot ownership (units)	50,000	92,000	155,000	252,000	407,000	2,843,000
JL MAG's NdFeB PM component volume (in units of HR)	5,000	25,000	45,000	125,000	170,000	1,000,000
ASP (Rmb/unit HR)	20,160	18,000	17,000	15,000	14,300	6,000
Revenue (Rmb mn)	101	450	765	1,875	2,431	6,000
GPM (%)	45%	40%	30%	30%	30%	30%
GP (Rmb mn)	45	180	230	563	729	1,800
NPM (%)	20%	18%	14%	14%	15%	15%
NP (Rmb mn)	20	81	103	253	365	900
Shares outstanding (mn)	1,376	1,376	1,376	1,376	1,376	1,376
Revenue per share (Rmb/share)	0.07	0.33	0.56	1.36	1.77	4.36
EPS (Rmb/share)	0.01	0.06	0.08	0.18	0.27	0.65

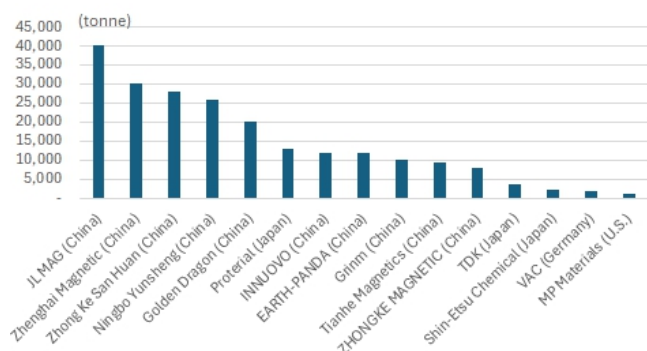
Source: UBS estimates



Market leader in NdFeB permanent magnets

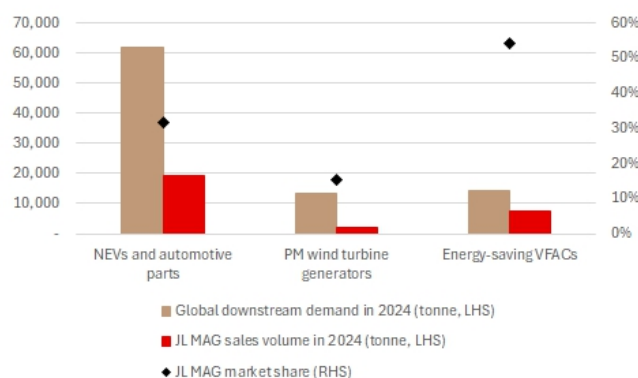
JL MAG has been the leading producer in the NdFeB permanent magnetic (PM) industry and has the largest NdFeB PM capacity globally as at the end of 2025. We expect the output of JL MAG's NdFeB PM products to increase at a CAGR of 15% from 2025 to 2030E. We estimate that the NdFeB PM products of the company accounted for a 32%/16%/54% market share in EV/wind/energy-saving VFAC industries globally in 2025. We believe JL MAG's economies of scale, technology leadership and deepening customer ties will help it maintain its leadership in the industry.

Figure 5: NdFeB Capacity of global key producers in 2025 (tonne)



Source: Company announcements, UBS

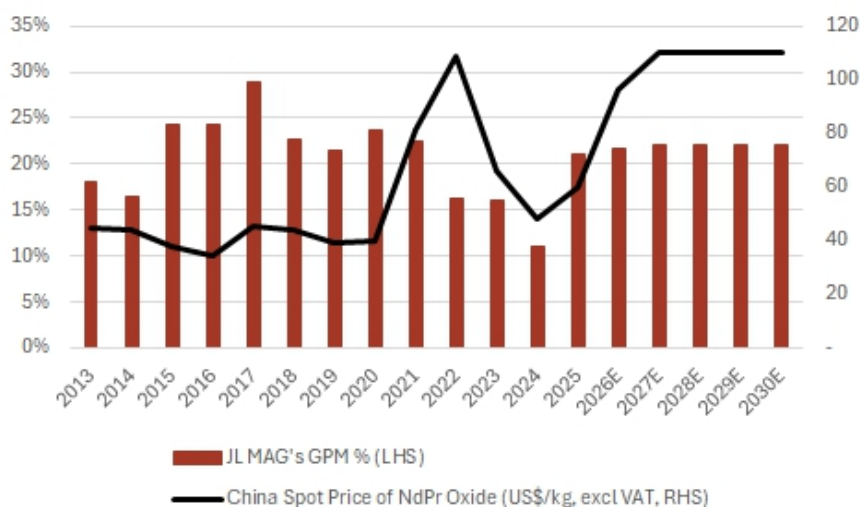
Figure 6: JL MAG share of key downstream markets globally in 2025



Source: Company filings, UBS estimates

We expect JL MAG's GPM to stabilise at 20% over 2026E-30E, similar to the 2025 level and, hence, earnings visibility to increase, mainly because we foresee the price of its key raw material, the rare earth NdPr oxide, stabilising. Raw material price volatility has fed through to JL MAG's core business GPM via inventory losses and lags in product price adjustments. However, we expect less volatility in NdPr oxide prices, because: 1) China can exert significant control over NdPr oxide prices via its strict rare earth quota system (creating more disciplined supply) and excess capacity (to satisfy demand growth); and 2) China has no incentive to push prices below US\$110/kg, the ex-China floor price for NdPr oxide out introduced in [July 2025](#). In the long run, we expect domestic NdPr oxide spot prices to stabilise at the US\$110/kg ex-China floor price, 24% higher than the current spot price of US\$90/kg level as of 15 June.

Figure 7: JL MAG's GPM has stabilised alongside domestic NdPr oxide



Source: Company data, Wind, SMM, UBS estimates

Humanoid robotics: a new value option

We believe JL MAG will be a leading producer of NdFeB PM motor rotors for HR, owing to its technology leadership in the PM industry and continued deepening of cooperation with HR customers, such as Tesla. In our view, HR will be an incremental driver of rare earth PM demand, especially over the next decade.

We see HR as a key new growth driver for JL MAG, with demand currently approaching an inflection point amid [upcoming catalysts](#), such as the launch of [Tesla's Optimus Gen3](#) in mid-2026.

We expect JL MAG's expansion into NdFeB PM motor rotors for HR to create value, with the new business potentially generating a higher GPM of 30%, supported by higher entry barriers, as HR applications require high-performance PM motor rotors to support more degree of freedom (i.e. more precise, multi-axis movement). We think JL MAG would be well placed to defend the business against other new market entrants, because of: 1) its technology leadership in the PM industry (its PM products are higher quality and deliver a more stable magnetic performance); and 2) close cooperation with HR customers (it has participated in the early design work for PM motor rotors for HR, well ahead of its peers).

We have conducted a detailed analysis of the potential value of the new NdFeB PM motor rotors for HR business. We make the following key assumptions in our base case.

- **Volumes:** We expect the company to deliver NdFeB PM motor rotors for HR starting from 2025 to support 5k/25k/45k HR units in 2026-28E, rising to 170k/1m units in 2030E/2035E, accounting for 42%/35% of [global HR production based on UBS estimates](#).
- **Prices:** We expect the ASP of NdFeB PM motor rotors for HR to follow the price/cost reduction trend in HR, as discussed in this [Q-series report](#). The expected downtrend in HR production costs is correlated with production volumes. Based on our industry supply chain checks, we estimate the ASP of HR motor rotors will stand at around Rmb20k/HR unit at the early stage of development over 2026-27E and gradually decline to around Rmb14.3k/HR unit when the production volume reaches an estimated 170k units in 2030E. In the long term, we expect the ASP of the HR motor rotors at Rmb6k/HR unit, assuming HR production reaches 1m units in 2035E. This is based on our [case study](#) of how production costs have declined for EVs as the industry has matured and scaled up. Based on several channel checks with industry consultants, we believe that the ASP of HR motor rotors will decline to Rmb5k-7k/unit when mass production begins.
- **Margins:** We assume a GPM of 30% and a NPM of 15% for the HR PM motor rotors business after mass production starts, similar to the GPM and NPM levels of PM components for consumer electronics.

In our base-case scenario, we estimate that the company could make a net profit of Rmb365mn from NdFeB PM motor rotors for HR in 2030E, representing 15% of the company's total net profit. We expect net profit from the HR PM motor rotors business to rise to Rmb900m in the long term by 2035E.

Figure 8: Our key assumptions for HR PM motor rotors business

	2026E	2027E	2028E	2029E	2030E	LT (2035E)
UBS Global humanoid robot ownership (units)	50,000	92,000	155,000	252,000	407,000	2,843,000
JL MAG's NdFeB PM component volume (in units of HR)	5,000	25,000	45,000	125,000	170,000	1,000,000
ASP (Rmb/unit HR)	20,160	18,000	17,000	15,000	14,300	6,000
Revenue (Rmb mn)	101	450	765	1,875	2,431	6,000
GPM (%)	45%	40%	30%	30%	30%	30%
GP (Rmb mn)	45	180	230	563	729	1,800
NPM (%)	20%	18%	14%	14%	15%	15%
NP (Rmb mn)	20	81	103	253	365	900
Shares outstanding (mn)	1,376	1,376	1,376	1,376	1,376	1,376
Revenue per share (Rmb/share)	0.07	0.33	0.56	1.36	1.77	4.36
EPS (Rmb/share)	0.01	0.06	0.08	0.18	0.27	0.65

Source: UBS estimates

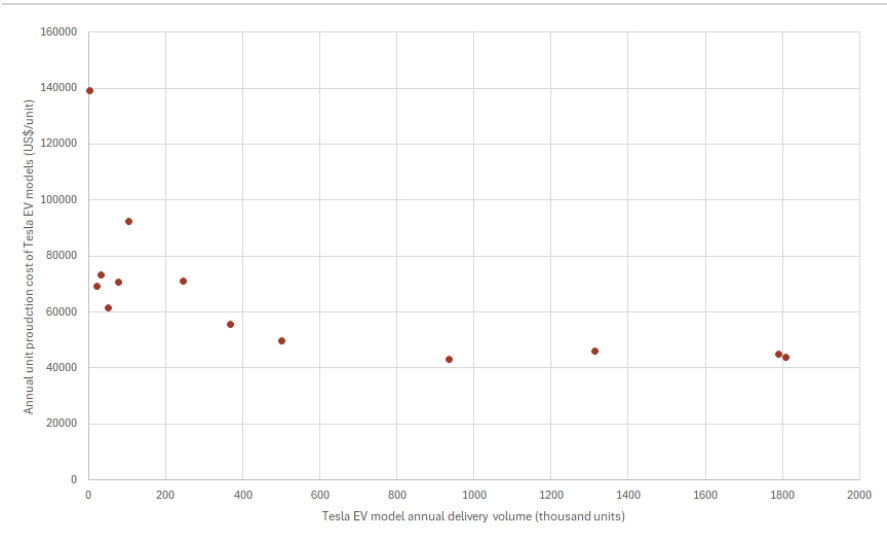
EV case study: from pilot to mass production, 70% cost reduction

We use Tesla's EV production cost reduction journey from its early business development phase to the year it began mass production to map out the likely production cost reduction trend for HR and the price of HR PM motor rotors.

- In 2012, Tesla started delivering EV models, with initial deliveries of less than 3k and a unit production cost of US\$139k.
- In 2015, Tesla delivered around 50k EV units, with a unit production cost of US \$62k, 56% lower than the 2012 level.
- In 2016 and 2018, Tesla delivered more EV models than in 2015, while its unit production cost was higher than in 2015, which we believe was due to experimentation with cost deduction methods.
- From Q319, Tesla started EV production at its Shanghai plant in China, cutting production cost further.
- In 2020, Tesla delivered around 500k EV units with a unit production cost of US \$50k, 64% lower than the cost level in 2012.
- Tesla delivered 936k EV units in 2012, 1,314k in 2022, 1,809k in 2023 and 1,789k in 2024, with unit production cost down 69%, 67%, 69% and 68%, respectively, compared with the 2012 level.

This indicates that HR unit production cost could fall 70% from the early phase of industry development with production limited to roughly a thousand units to the later phase when large-scale production ramps up to 1m units.

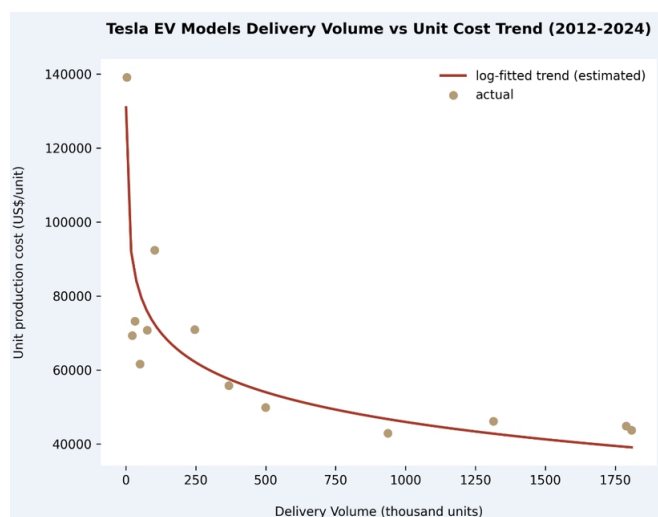
Figure 9: Tesla EV models annual delivery volume (k units) vs unit production cost (US\$/unit) over 2012-24



Source: Company data, Visible Alpha

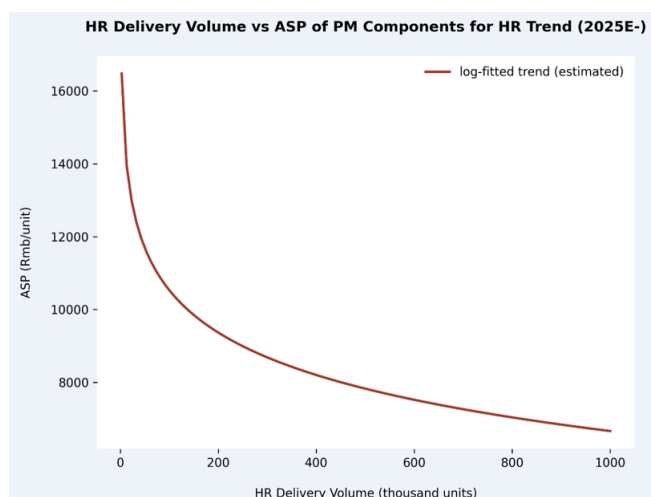
We modelled the cost reduction trend of Tesla EV model against its delivery volumes, as we believe the cost reduction trend in the HR industry will be highly correlated with the scale of production and deliveries. We expect the HR cost reduction trend will be similar to that of Tesla EV models on the assumption that the key HR producers will leverage China's supply chain to reduce production costs. We estimate the ASP of NdFeB PM motor rotors will decline to Rmb6,000 to produce one HR unit in the long run in our base-case scenario.

Figure 10: Tesla EV models' unit cost deduction trend (log-fitted) vs delivery volume



Source: Company data, UBS estimates

Figure 11: Estimated unit cost deduction trend (log-fitted) of NdFeB PM components for HR



Source: Company data, UBS estimates. Note: The ASP refers to the ASP of NdFeB PM motor rotors to produce one HR unit.

As the HR development is still at the 'zero-to-one' phase of development with a variety of uncertainties, we conduct a scenario analysis of the profits of the HR PM motor rotors business based on a range of ASP and sales volume assumptions.

In our bull-case scenario, we assume the sales volume of JL MAG's HR motor rotor business supports 1m/1.5m HR units earlier in 2030E/2035E and the overall pace of mass production to be faster than in our base case. As sales volume increases faster, ASP should decline faster, while the long-term ASP in 2035E is higher than our base-case assumption (at the high end of forecasts cited by industry participants in our channel checks).

In our bear-case scenario, we assume the sales volume of JL MAG's HR motor rotor business to just support 160k HR units in 2030E, much slower than in our base case. Despite lower sales volume in 2025E and 2030E, the ASP declines faster than in our base case. The long-term ASP (2035E) is lower than in our base case (at the low end of forecasts cited by industry participants in our channel check).

Figure 12: Scenario analysis for the HR PM motor rotor business

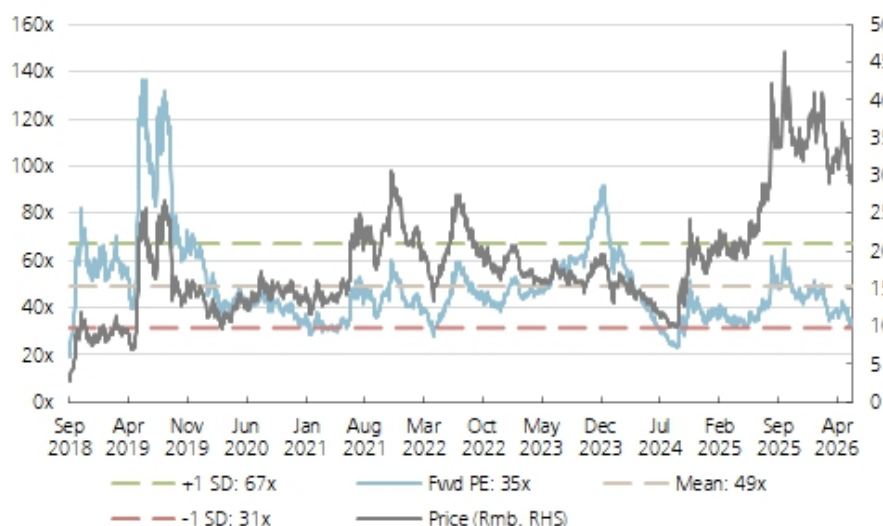
	Bull Case					
	2026E	2027E	2028E	2029E	2030E	LT (2035E)
Sales volume of HR motor rotor (in unit of HR)	5,000	50,000	500,000	800,000	1,000,000	1,500,000
ASP of HR motor rotor (Rmb/unit of HR)	20,160	16,000	12,000	8,000	7,500	7,000
Net Profits (Rmb mn)	20	144	810	864	1,125	1,575
EPS of HR motor rotor business	0.01	0.10	0.59	0.63	0.82	1.14

	Base Case					
	2026E	2027E	2028E	2029E	2030E	LT (2035E)
Sales volume of HR motor rotor (in unit of HR)	5,000	25,000	45,000	125,000	170,000	1,000,000
ASP of HR motor rotor (Rmb/unit of HR)	20,160	18,000	17,000	15,000	14,300	6,000
Net Profits (Rmb mn)	20	81	103	253	365	900
EPS of HR motor rotor business	0.01	0.06	0.08	0.18	0.27	0.65

	Bear Case					
	2026E	2027E	2028E	2029E	2030E	LT (2035E)
Sales volume of HR motor rotor (in unit of HR)	5,000	20,000	40,000	80,000	160,000	500,000
ASP of HR motor rotor (Rmb/unit of HR)	20,160	18,000	17,000	10,000	6,000	5,000
Net Profits (Rmb mn)	20	49	92	108	144	450
EPS of HR motor rotor business	0.01	0.04	0.07	0.08	0.10	0.33

Source: UBS estimates

WHAT'S PRICED IN?



JL Mag A share is trading at Rmb33.13 as of 16 June

Source: UBS estimates

Our valuation methodology: SOTP

We raise our SOTP-based price target from Rmb23.00 to Rmb38.40.

1. We apply a 1.0x target PEG to value the core NdFeB PM business in existing downstream sectors, such as EV, wind, energy-saving VFACs, energy-saving elevators, industrial robotics and consumer electronics, unchanged from when we last published. We derive a valuation of Rmb28.20 per share for the business segment, based on 2027E EPS and 4-year earnings CAGR of 26% during 2026E-30E.
2. We apply 50x PE target to value the HR PM motor rotors business based on 2030E EPS (derived from our assumptions in [Humanoid Session](#)). We derive a valuation of Rmb10.20 per share for the business segment. The 50x target PE multiple is derived from the average PE multiple that the stock has traded at since listing, encompassing both its high-growth and moderate-growth periods.
 - a. We estimate that the net profits of the HR PM motor rotor business will increase at 106%/52% CAGR through 2030E/2035E, and account for 15% of JL MAG's total profits in 2030E.
 - b. In our [Q-series report](#), we valued the HR business of several names at 50x-70x 2030E EPS. Hence, we do not view our 50x target PE multiple as demanding.

Figure 14: Our SOTP valuation for JL MAG

JL Mag summary

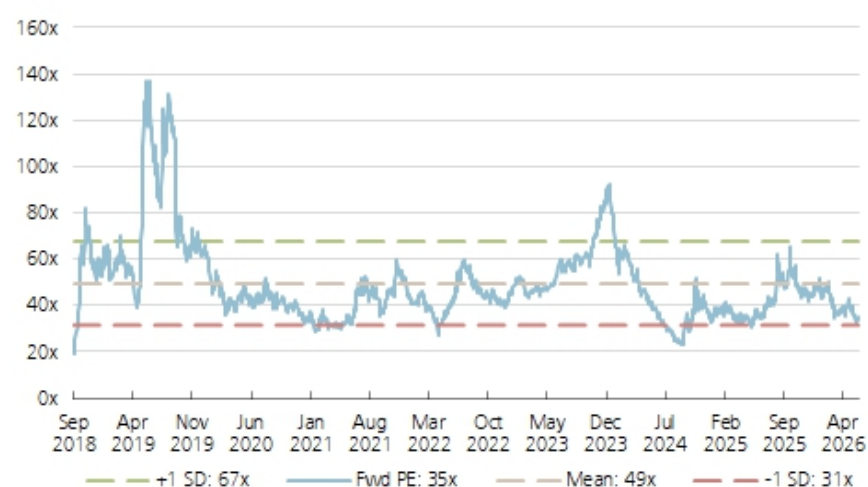
	12m Target price
PEG valuation for existing operation	
4-yr earnings CAGR %	26%
PEG multiple (x) - target	1.00x
Earnings per share (2027, Rmb)	1.04
Value per share as end-2026 (Rmb)	26.7
Value per share as end-May 2027 (Rmb)	28.2
PE valuation for PM components for Humanoid Robots	
Risk adjusted EPS (2030, Rmb)	0.19
Risk factor	8.1%
PE multiple (x) - target	50.00x
Value per share as end-2026 (Rmb)	9.7
Value per share as end-May 2027 (Rmb)	10.2
Target price (Rmb)	38.4

Source: UBS estimates

Historical trading multiples

JL MAG has traded at an average PE of 50x since listing in September 2018, while its net profit increased at a CAGR of 28% over 2018-25. The stock traded at a 35x 12M forward PE as of 15 June 2026. Our price target of Rmb38.40 implies a 43x 12M forward PE multiple, which is in line with its historical average PE and thus not demanding, in our view. We expect JL MAG's net profit (from the core business and new HR business) to grow at a CAGR of 33% over 2025-30E.

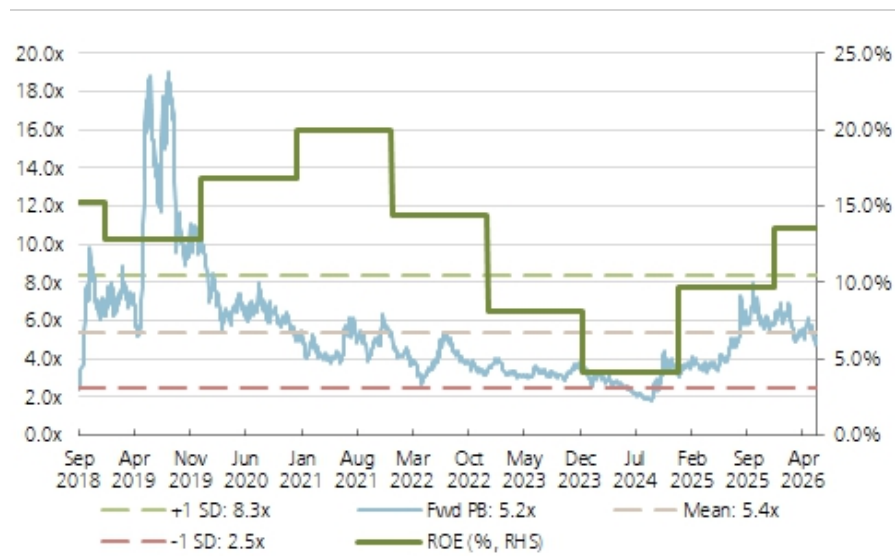
Figure 15: JL MAG – PE band since listing



Source: Wind, UBS estimates

JL MAG has traded at an average P/B of 5.4x since listing in September 2018. The stock traded at a 5.2x 12M forward P/B as of 15 June 2026. Our price target of Rmb38.40 implies a 6.3x 12M forward PB multiple. We believe the stock deserves a higher P/B multiple than its historical average, as we foresee continued ROE improvement from 14% in 2026E to 24% in 2030E.

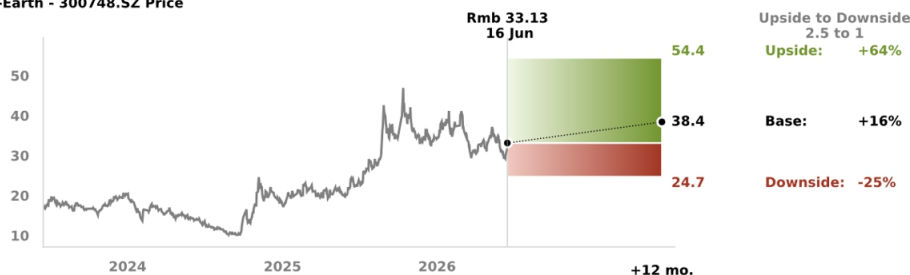
Figure 16: JL MAG – PB-ROE band since listing



Source: Wind, UBS estimates

UPSIDE/DOWNSIDE SPECTRUM

JL MAG Rare-Earth - 300748.SZ Price



JL Mag A share is trading at Rmb33.13 as of 16 June

Value drivers

	PM volume CAGR (2026-30E)	Long-term PM GPM	Long-term HR motor rotor ASP	Long-term HR motor rotor volume (units)	HR motor rotor business target PE
Rmb54.40 upside	16%	22%	Rmb7k/unit	1,500,000	50x
Rmb38.40 base	14%	20%	Rmb6k/unit	1,000,000	50x
Rmb24.70 downside	10%	15%	Rmb5k/unit	500,000	30x

Source: UBS estimates

Risk to the current share price is skewed (2.5:1) to the upside

JL MAG A share is trading at Rmb33.13 as of 16 June.

UPSIDE (Rmb54.40): For the core business, we assume: 1) production volume of NdFeB PM products will grow at a CAGR of 16% during 2026-30E; and 2) the GPM is stable at 22% in the long term. For the HR motor rotor business, we assume: 1) higher sales volume to support production of 1.5m HR units in the long term after the HR industry reaches the mass market; 2) a higher ASP of HR motor rotors at Rmb7k/HR unit; and 3) a target PE multiple of 50x.

BASE (Rmb38.40): For the core business, we assume: 1) production volume of NdFeB PM products will grow at a CAGR of 14% during 2026-30E; and 2) the GPM is stable at 20% in the long term. For the HR motor rotor business, we assume: 1) rising sales volume to support production of 1.0m HR units in the long term after the HR industry reaches the mass market; 2) the ASP of HR motor rotors at Rmb6k/HR unit; and 3) a target PE multiple of 50x.

DOWNSIDE (Rmb24.70): For core business, we assume: 1) production volume of NdFeB PM products will grow at a CAGR of 10% during 2026-30E; 2) the GPM is stable at 15% in the long term. For the HR motor rotor business, we assume: 1) lower sales volume to support production of 0.5m HR units in the long term after the HR industry reaches the mass market; 2) a lower ASP of HR motor rotors at Rmb5k/HR unit; and 3) a lower target PE multiple of 30x.

JL MAG Rare-Earth (300748.SZ)

	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Income Statement (Rmbm)										
Revenues	6,688	6,763	7,718	10,646	37.9	13,445	26.3	15,700	18,060	20,283
Gross profit	1,047	728	1,598	2,309	44.4	2,596	12.5	3,152	3,721	4,236
EBITDA (UBS)	642	343	975	1,392	42.7	1,766	26.8	2,176	2,629	2,974
Depreciation & amortisation	(140)	(164)	(231)	(244)	-5.7	(272)	-11.3	(280)	(284)	(280)
EBIT (UBS)	502	179	744	1,148	54.2	1,494	30.1	1,896	2,345	2,694
Associates & investment income	0	2	0	0	-	0	-	0	0	0
Other non-operating income	58	96	32	96	195.8	134	40.3	173	217	243
Net interest	57	38	12	(88)	-	(85)	4.3	(76)	(69)	(69)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	617	315	789	1,156	46.4	1,544	33.6	1,992	2,493	2,869
Tax	(50)	(21)	(62)	(88)	-40.8	(108)	-23.0	(139)	(170)	(201)
Profit after tax	567	294	727	1,068	46.9	1,436	34.4	1,853	2,324	2,668
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(3)	(3)	(21)	(7)	67.4	(9)	-33.6	(11)	(12)	(14)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	564	291	706	1,061	50.4	1,426	34.4	1,842	2,311	2,654
Net earnings (UBS)	564	291	706	1,061	50.4	1,426	34.4	1,842	2,311	2,654
Tax rate (%)	8.1	6.6	7.9	7.6	-3.9	7.0	-7.9	7.0	6.8	7.0
Per Share (Rmb)										
EPS (UBS, diluted)	0.42	0.21	0.51	0.77	50.4	1.04	34.4	1.34	1.68	1.93
EPS (local GAAP, diluted)	0.42	0.21	0.51	0.77	50.4	1.04	34.4	1.34	1.68	1.93
EPS (UBS, basic)	0.42	0.21	0.51	0.77	50.4	1.04	34.4	1.34	1.68	1.93
DPS (net) (Rmb)	0.26	0.20	0.40	0.58	44.8	0.78	34.4	1.00	1.26	1.45
Cash EPS (UBS, diluted) ¹	0.52	0.33	0.68	0.95	39.4	1.23	30.1	1.54	1.89	2.13
Book value per share	5.22	5.11	5.50	5.87	6.8	6.33	7.8	6.89	7.56	8.23
Average shares (diluted)	1,345	1,372	1,376	1,376	0.0	1,376	0.0	1,376	1,376	1,376
Balance Sheet (Rmbm)										
Cash and equivalents	3,886	2,713	3,357	3,383	0.8	4,141	22.4	4,413	5,160	5,361
Other current assets	4,951	4,979	7,440	8,421	13.2	9,268	10.1	10,938	11,895	13,438
Total current assets	8,836	7,692	10,797	11,804	9.3	13,409	13.6	15,351	17,054	18,799
Net tangible fixed assets	2,474	3,072	3,283	3,816	16.2	3,850	0.9	3,926	3,893	3,762
Net intangible fixed assets	217	329	351	343	-2.2	336	-2.1	329	323	318
Investments / other assets	299	1,204	897	1,200	33.8	1,818	51.6	1,901	2,218	2,561
Total assets	11,826	12,297	15,327	17,162	12.0	19,413	13.1	21,507	23,489	25,440
Trade payables & other ST liabilities	3,575	3,502	4,126	5,499	33.3	7,092	29.0	8,396	9,446	10,458
Short term debt	408	585	1,859	1,859	0.0	1,859	0.0	1,859	1,859	1,859
Total current liabilities	3,983	4,086	5,985	7,357	22.9	8,951	21.7	10,255	11,305	12,316
Long term debt	544	783	1,289	1,289	0.0	1,289	0.0	1,289	1,289	1,289
Other long term liabilities	261	311	369	314	-15.0	331	5.6	338	327	332
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	4,789	5,180	7,643	8,960	17.2	10,571	18.0	11,882	12,922	13,938
Common s/h equity	7,021	7,016	7,560	8,072	6.8	8,703	7.8	9,474	10,404	11,325
Minority interests	16	101	123	130	5.6	139	7.1	150	163	177
Total liabilities & equity	11,826	12,297	15,327	17,162	12.0	19,413	13.1	21,507	23,489	25,440
Cash Flow (Rmbm)										
Net income (before pref divs)	564	291	706	1,061	50.4	1,426	34.4	1,842	2,311	2,654
Depreciation & amortisation	140	164	231	244	5.7	272	11.3	280	284	280
Net change in working capital	640	(77)	(901)	392	-	747	90.6	(366)	94	(532)
Other operating	174	130	318	95	-70.0	94	-1.5	87	81	83
Operating cash flow	1,518	508	353	1,792	NM	2,539	41.7	1,843	2,770	2,484
Tangible capital expenditure	(806)	(675)	(466)	(767)	-64.4	(296)	61.4	(345)	(242)	(139)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(135)	(1,010)	(366)	(3)	99.1	(3)	-5.0	(4)	(4)	(4)
Other investing	(1)	(2)	1	(358)	-	(601)	-67.9	(76)	(327)	(338)
Investing cash flow	(942)	(1,687)	(830)	(1,128)	-35.8	(900)	20.2	(425)	(573)	(481)
Equity dividends paid	(261)	(498)	(455)	(550)	-20.8	(796)	-44.8	(1,070)	(1,381)	(1,733)
Share issues / (buybacks)	43	198	86	0	-	0	-	0	0	0
Other financing	(165)	(5)	(149)	(88)	40.8	(85)	4.3	(76)	(69)	(69)
Change in debt & pref shares	(433)	397	2,147	0	-	0	-	0	0	0
Financing cash flow	(816)	92	1,629	(638)	-	(880)	-38.0	(1,146)	(1,450)	(1,802)
Cash flow inc/(dec) in cash	(240)	(1,088)	1,151	26	-97.7	758	NM	272	747	201
FX / non cash items	(5)	(85)	(508)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	(244)	(1,173)	644	26	-95.9	758	NM	272	747	201

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

JL MAG Rare-Earth (300748.SZ)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	43.3	72.4	53.4	43.0	31.9	24.7	19.7	17.2
P/E (UBS, diluted)	43.3	72.4	53.4	43.0	31.9	24.7	19.7	17.2
P/CEPS	34.7	46.4	40.3	34.9	26.8	21.5	17.6	15.5
Equity FCF (UBS) yield %	2.9	(0.8)	(0.3)	2.3	4.9	3.3	5.5	5.1
Dividend yield (net) %	1.4	1.3	1.5	1.7	2.3	3.0	3.8	4.4
P/BV	3.5	3.0	5.0	5.6	5.2	4.8	4.4	4.0
EV/revenues (core)	3.2	2.8	4.8	4.3	3.4	2.8	2.4	2.2
EV/EBITDA (UBS core)	33.6	54.3	37.9	32.7	25.5	20.5	16.8	14.7
EV/EBIT (core)	43.0	>100	49.6	39.6	30.2	23.5	18.8	16.2
EV/OpFCF (core)	89.2	NM	98.4	57.4	38.7	28.3	21.7	18.4
EV/op. invested capital	5.3	3.8	5.6	5.9	5.7	5.5	5.2	4.9
Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	24,357	20,656	37,608	45,573	45,573	45,573	45,573	45,573
Net debt (cash)	(2,807)	(2,139)	(777)	(222)	(614)	(1,129)	(1,638)	(2,112)
Buy out of minorities	16	101	123	130	139	150	163	177
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	21,566	18,618	36,954	45,482	45,099	44,595	44,098	43,638
Non core assets	(7)	(8)	(9)	(9)	(9)	(9)	(9)	(9)
Core enterprise value	21,560	18,609	36,946	45,473	45,090	44,586	44,089	43,630
Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	(6.7)	1.1	14.1	37.9	26.3	16.8	15.0	12.3
EBITDA (UBS)	(8.9)	(46.6)	184.6	42.7	26.8	23.2	20.9	13.1
EBIT (UBS)	(18.2)	(64.3)	NM	54.2	30.1	26.9	23.7	14.9
EPS (UBS, diluted)	(20.0)	(49.4)	141.8	50.4	34.4	29.1	25.5	14.8
Net DPS	59.0	(23.7)	102.5	44.8	34.4	29.1	25.5	14.8
Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	15.6	10.8	20.7	21.7	19.3	20.1	20.6	20.9
EBITDA margin	9.6	5.1	12.6	13.1	13.1	13.9	14.6	14.7
EBIT (UBS) margin	7.5	2.7	9.6	10.8	11.1	12.1	13.0	13.3
Net earnings (UBS) margin	8.4	4.3	9.1	10.0	10.6	11.7	12.8	13.1
ROIC (EBIT)	12.2	3.6	11.3	14.9	18.9	23.4	27.8	30.2
ROIC post tax	11.2	3.4	10.4	13.8	17.6	21.8	25.9	28.1
ROE (UBS)	8.2	4.1	9.7	13.6	17.0	20.3	23.3	24.4
Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(4.6)	(3.9)	(0.2)	(0.2)	(0.6)	(0.6)	(0.8)	(0.7)
Net debt / total equity %	(41.7)	(18.9)	(2.7)	(2.9)	(11.2)	(13.1)	(19.0)	(19.2)
Net debt / (net debt + total equity) %	(71.5)	(23.3)	(2.8)	(2.9)	(12.7)	(15.1)	(23.5)	(23.8)
Net debt/EV %	(13.0)	(11.5)	(2.1)	(0.5)	(1.4)	(2.5)	(3.7)	(4.8)
Capex / depreciation %	NM	NM	NM	NM	113.1	128.0	88.2	51.5
Capex / revenue %	12.0	10.0	6.0	7.2	2.2	2.2	1.3	0.7
EBIT / net interest	-	-	-	13.0	17.7	24.8	34.2	39.3
Dividend cover (UBS)	1.6	1.1	1.3	1.3	1.3	1.3	1.3	1.3
Div. payout ratio (UBS) %	61.7	93.0	77.9	75.0	75.0	75.0	75.0	75.0
Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	6,688	6,763	7,718	10,646	13,445	15,700	18,060	20,283
Total	6,688	6,763	7,718	10,646	13,445	15,700	18,060	20,283
EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	502	179	744	1,148	1,494	1,896	2,345	2,694
Total	502	179	744	1,148	1,494	1,896	2,345	2,694

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	15.9%
Forecast dividend yield	1.7%
Forecast stock return	17.7%
Market return assumption	6.8%
Forecast excess return	10.9%

Company Description

JL MAG Rare-Earth (JL MAG) is a producer of high-performance neodymium magnet (NdFeB) materials in China. It had 15,000 tonne pa NdFeB capacity as at end-2021. Based on JL MAG's capacity expansion plans, its nameplate capacity could reach 40,000 tonnes pa by end-2025.

Valuation Method and Risk Statement

Our price target for JL MAG is based on an SOTP methodology.

Upside risks include: 1) stronger-than-expected demand for electric vehicles (including e-trucks); 2) faster-than-expected mass-market commercialisation of humanoid robotics; 3) the price of finished products increasing faster than the cost of raw materials.

Downside risks include: 1) weaker-than-expected demand for electric vehicles (including e-trucks); 2) slower-than-expected mass-market commercialisation of humanoid robotics; 3) the cost of raw materials increasing faster than the price of finish products.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

JL MAG Rare-Earth

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	The company's expertise in inventory management.
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	Higher ASP.
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	June 30, 2026
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Tesla is about to launch Optimus Gen3 humanoid robotics in mid 2026.