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Zijin Gold International (2259.HK)

Takeaways from 1H26 Results Presentation

CITI'S TAKE

Zijin Gold International held its 1H26 results presentation in HK on 25th Aug. Mr. Zou Laichang, Chairman of Zijin Mining (2899.HK), Mr. Guo Xianjian, CEO, Mr. Rao Jia, CFO, and other mgmt. team members attended the meeting. The mined gold output volume was 27t in 1H26, slightly lower HoH driven by maintenance work and equipment upgrade in some mines amid a decreasing ore grade. The full year output guidance is 57-59t in 2026E and mgmt. is confident on reaching the lower end of guidance at least, implying a HoH increase in gold output in 2H26E. We initiated coverage of Zijin Gold on 17th Aug (see our initiation report here) and maintain Buy.

Buy	
Price (25 Aug 26 16:10)	HK$159.50
Target price	HK$178.00
Expected share price return	11.6%
Expected dividend yield	1.9%
Expected total return	13.5%
Market Cap	HK$426,876M US$54,474M

Jimmy Feng, CFA[AC]
+852-2501-7588
jimmy.feng@citi.com

Jack Shang, CFA
+852-2501-2441
jack.shang@citi.com

Anna Wang
anna.d.wang@citi.com

Cynthia Wu
cynthia.d.wu@citi.com

Volume – The mined gold output volume was 27t in 1H26, slightly lower HoH driven by maintenance work and equipment upgrade in some mines amid a decreasing ore grade. The full year output guidance is 57-59t in 2026E and mgmt. is confident on reaching the lower end of guidance at least, implying a HoH increase in gold output in 2H26E. Mgmt. expects the gold output volume for existing mines will reach 60-65t in 2027E and 67-70t in 2028E, benefiting from technology upgrade in Rosebel, Akyem, and RG Gold projects. In 2030E, mgmt. expects gold output volume could reach 100t, with ~30t incremental output from M&A.

Cost – The AISC guidance is US$1,600-1,700/oz in 2026E. In 1H26, the AISC was US$1,678/oz, +7% YoY and it would have been lower YoY if we exclude the impact of higher royalty with rising gold price. The performance of AISC is better for Zijin Gold than global peers. Mgmt. expects the cost to increase with lower grade and increasing labor cost, partially offset by increasing volume. In addition, the technology upgrade in mines will include the mining and processing of some lower grade ores, which may put pressure on overall AISC but is positive at the company level.

M&A – Zijin Gold said it will focus on M&A to control the projects instead of financial investment. Zijin Gold is open to acquiring assets in developed countries and is open to acquiring gold mines with smaller volume, like ~2tpa, in the areas that have synergy with existing mines. The long term gold price assumption for any acquisition is much lower than the spot price and it hasn't changed much in the past year.

Zijin Mining's shareholding in Zijin Gold – Zijin Mining currently holds 85% of equity share in Zijin Gold and according to Zijin Mining, it is open to decreasing the shareholding, which would result in a more flexible capital structure for Zijin Gold.

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

Capex – The capex guidance is US$810mn in 2026E, including ~US$500mn for maintenance capex and ~US$300mn for expansion capex. The capex guidance didn't include the US$3.2bn capex for the 5 technology upgrade projects listed in 1H26 result report. Most projects will be completed in 2H28E, thus mgmt. expects most capex of US$3.2bn for these projects to be spent in the next 2 years. The capex intensity for Zijin Gold is less than US$1,500/oz for these projects, lower than industry average.

Zijin Gold International

Valuation

Our valuation for ZGI at HK$178.00 is based on P/NAV, believing it is most suitable to value ZGI as other methodologies (P/E, EV/EBITDA, etc.) would not capture the fluctuations in gold prices, capex, and the finite life of mines. We use a 5% WACC on NAV for ZGI, in line with global comps, and employ 1.32x P/NAV – the average of global peers. Considering all of ZGI's mines overseas and with a focus on gold mining, we use global gold miners' average WACC of 5% to value the stock. Our TP for ZGI is HK$178.00/sh, implying 20.5x 2026E P/E and 16.6x 2027E P/E. We expect total attributable NAV for ZGI's mines at US$41.1bn, with RG Gold at US$9.2bn (22% of total NAV), Rosebel at US$7.3bn (18% of total NAV), Akyem at US$5.9bn (14% of total NAV), and Buritica at US$4.6bn (11% of total NAV). After deducting net debt of -US$5.0bn, we calculate the NAV for ZGI at US$46.1bn, and the equity value at US$60.8bn using 1.32x P/NAV - the average for its close comps.

Risks

Although ZGI was listed only on 30 Sep 2025, we do not ascribe it our quant-based High Risk rating considering it was restructured from Zijin Mining with nine overseas mines and Zijin Mining has a long trading history as well as a good record in corporate governance. Key downside risks to the stock not reaching our TP include lower than expected gold prices, higher than expected AISC, smaller than expected output volume, high concentration in shareholding, higher than expected capex, and geopolitical risks.

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Appendix A-1

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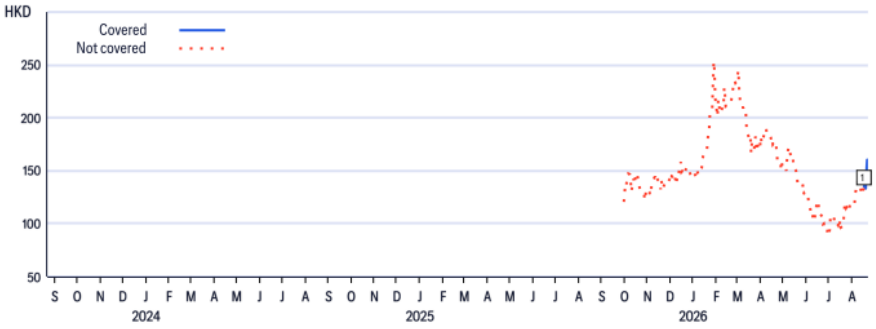
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Zijin Gold International (2259.HK)

Ratings and Target Price History
Fundamental Research

Analyst: Jimmy Feng, CFA



Date	Rating	Target Price	Closing Price
1 17-Aug-26 09:38:15	*1	*178.00	135.10

*Indicates Change

Rating/target price changes above reflect Eastern Time

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