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China Basic Materials

3Q26 Earnings Preview: Coal and copper to lead earnings growth; downgrade SD Gold to UW

Asia Basic Materials

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We are constructive on China materials into year-end, as resilient fundamentals are set against subdued expectations: 3Q26-to-date performance has remained positive at +4% but has underperformed MSCI China (+8%), with sentiment weighed down by Fed uncertainty, de-risking and concerns over softer 2027 S/D. We see a more supportive backdrop ahead, underpinned by continued supply constraints/disruptions, moderating rate-hike concerns and continued policy focus on capacity discipline. We prefer copper, where earnings visibility and supply tightness are clearer than other subsectors, and highlight **Zijin Mining as our top pick** given its inexpensive valuation at 8x FY27E P/E (vs. 5-year avg. PE of 11x). In gold, we **remain OW on Zijin Gold** but **downgrade Shandong Gold from N to UW,** as regional safety inspections drove a material production guidance cut and we expect the impact to extend into 2027. Coal remains a tactical opportunity on higher-for-longer prices.

- **Coal should lead 3Q26 QoQ earnings growth, followed by copper**. Coal should deliver the strongest quarter in our coverage, supported by higher prices amid Shanxi supply disruptions and seasonal factors. Copper should follow, with modest QoQ earnings growth on a +4% increase in SHCJ copper prices. Aluminium profits are likely to deteriorate slightly, as aluminium price declines outpaced alumina cost relief (-2.2% vs. -0.6% QoQ). Lithium earnings should fall on lower carbonate/spodumene prices (-14%/-11% QoQ), and steel likely sits at the bottom of our coverage, with margin compression from lower CRC/HRC prices (-1–2% QoQ) and higher coking coal costs offsetting lower iron ore costs (-4% QoQ).
- **Volume delivery remains a key 3Q26 differentiator.** In gold, output trends are diverging: Zijin Gold's 1H26 mined gold production of 27.3t tracked only 46% of FY guidance, but we expect volumes to catch up gradually in 3Q26; Shandong Gold cut FY production guidance from 49t+ to 36–38t in September, with regional safety inspections still weighing on output. For Zijin Mining, we expect copper and gold volumes to improve sequentially from 1H26 levels, supported by growth at Julong, Cukaru Peki and Bor, while Manono continues to drive lithium carbonate volume growth. CMOC's cobalt sales recognition timing remains uncertain, although production targets have been maintained. In coal, volume growth should be more consolidation-driven, with Shenhua's 3Q26 coal volume expected to rise +8% QoQ after the April 2026 asset injection, and Yankuang's coal shipments expected to increase +9% QoQ, supported by Xibei Mining.
- **Policy direction remains an important overhang for domestic miners.** Scrutiny remains elevated across domestic gold, copper and coal operations, especially around underground mining standards, tailings management and safety inspections. Lithium is also affected, with regulatory/environmental review — including the timeline for CATL's Jianxiawo mine — and concerns over a softer 2027 S/D balance weighing on expectations. Aluminium and steel should remain subject to overproduction controls, with strict enforcement of the 45mt aluminium cap and CISA's September 15 initiative to restore steel market discipline, as only 7% of domestic mills were profitable as of

See page 51 for analyst certification and important disclosures, including non-US analyst disclosures.

September 25. We also expect tighter Chinese ODI scrutiny to continue, with pending approvals, including Chalco's Brazil acquisition, key to monitor, while Hongqiao noted no overseas expansion plans as of 1H26. In coal, Shanxi utilization recovery remains the key monitor; absent a clearer shift towards supply resumption, unclear inter-agency could slow restarts and extend upside risk to coal prices.

- **Sector pecking order: Copper > Gold > Coal (Tactical) > Lithium > Aluminium > Steel**. Copper should be supported by anticipated domestic smelter production cuts, alongside a "triple threat" of supply-side risks: diesel availability in South America, El Niño weather disruption, potential strikes in Chile (link to note), and low ex-US inventory. For gold, we see re-rating catalysts from a more dovish-than-expected Fed path and unpriced M&A upside, with any transaction likely to drive earnings; we see downside earnings revision risk, however, for SD Gold after its volume guidance cut, as we expect safety-inspection impacts to continue into 2027. We therefore **downgrade SD Gold from N to UW** and **remain OW on Zijin Gold. Zijin Mining remains our top copper/gold pick.** In lithium, we expect Ganfeng to deliver a more resilient 3Q26 performance than Tianqi, helped by its battery segment exposure despite falling lithium prices. In coal, Yankuang's short-term contract structure and coking coal exposure should make the stock more sensitive to coal prices (link to note). In steel, we expect Baosteel to be more resilient than Angang in 3Q26 amid a margin compression quarter, supported by its scale advantage.

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target End Date
Jiangxi Copper - A	600362 CH	21,583	CNY	41.80	OW	n/c	55.00	Dec-27	n/c	n/c
Jiangxi Copper - H	358 HK	14,374	HKD	32.58	OW	n/c	44.00	Dec-27	n/c	n/c
Zijin Gold International - H	2259 HK	46,445	HKD	136.20	OW	n/c	165.00	Dec-27	146.00	n/c
Shandong Gold - A	600547 CH	18,210	CNY	27.30	UW	N	21.00	Dec-27	33.00	n/c
Shandong Gold - H	1787 HK	10,499	HKD	18.42	UW	N	15.00	Dec-27	25.00	n/c
Ganfeng Lithium – A	002460 CH	13,057	CNY	43.43	OW	n/c	56.00	Dec-27	80.00	n/c
Ganfeng Lithium – H	1772 HK	7,537	HKD	29.34	OW	n/c	40.00	Dec-27	70.00	n/c
Tianqi Lithium – A	002466 CH	9,916	CNY	40.25	N	n/c	45.00	Dec-27	62.00	n/c
Tianqi Lithium – H	9696 HK	5,730	HKD	27.22	N	n/c	25.00	Dec-27	36.00	n/c
Baosteel – A	600019 CH	19,260	CNY	5.93	N	n/c	6.00	Dec-27	n/c	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change.All prices as of 08 Oct 26 except for 600362 CH [30 Sep 26] 600547 CH [30 Sep 26] 002460 CH [30 Sep 26] 002466 CH [30 Sep 26] 600019 CH [30 Sep 26].

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Earnings and Valuations

Table 1: China basic materials companies: JPM 3Q26 preview

Company	3Q26E earnings	QoQ	YoY	3Q26 as % of BBGe FY26	9M26E earnings	YoY	9M26 as % of BBGe FY26	JPMe 2H26E earnings	HoH	JPMe FY27E earnings	YoY
Gold											
Zijin Gold*	669	4%	74%	22%	2,120	134%	69%	1,535	6%	3,068	3%
SD Gold	1,664	-16%	64%	22%	4,961	39%	64%	3,535	7%	7,479	9%
Copper											
Zijin Mining	20,524	8%	41%	25%	59,694	58%	73%	42,467	8%	91,856	13%
CMOC	8,256	-2%	47%	25%	24,408	71%	74%	14,908	-8%	34,419	11%
JXC	6,094	5%	230%	40%	14,726	144%	97%	7,862	-9%	13,833	-16%
MMG*								925	3%	2,633	44%
Aluminum											
Chalco	5,845	-8%	54%	27%	17,716	63%	83%	9,724	-18%	21,890	1%
Hongqiao								16,882	-2%	34,635	2%
Lithium											
Tianqi	1,944	-18%	n.m.	28%	6,186	n.m.	90%	3,601	-15%	7,787	-1%
Ganfeng	2,243	-7%	303%	29%	6,500	n.m.	84%	4,022	-6%	7,591	-8%
Steel											
Baosteel	1,225	-48%	-60%	12%	5,797	-27%	57%	3,092	-32%	9,201	20%
Angang	(1,968)	n.m.	n.m.	n.m.	(4,015)	n.m.	n.m.	(3,709)	n.m.	(5,409)	n.m.
Coal											
Shenhua	19,937	10%	74%	32%	48,652	25%	79%	39,483	37%	67,865	0%
Yankuang	4,582	43%	100%	28%	11,731	65%	71%	9,707	36%	16,913	0%

Note: All values in RMB mn unless otherwise stated. Zijin Gold and MMG are reported in USD mn.
Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Table 2: 3Q26 Earnings Release Date Tracker

Exp. Release Date	Company Name	Ticker	Sector
2026-10-15 (Thu)	Ganfeng Lithium	002460.SZ/1772.HK	*Lithium*
2026-10-23 (Fri)	CMOC	603993.SH/3993.HK	*Copper*
2026-10-23 (Fri)	Zijin Mining	601899.SH/2899.HK	*Copper*
2026-10-23 (Fri)	China Shenhua	601088.SH/1088.HK	*Coal*
2026-10-25 (Sun)	Tianqi Lithium	002466.SZ/9696.HK	*Lithium*
2026-10-27 (Tue)	Baosteel	600019.SH	*Steel*
2026-10-28 (Wed)	Jiangxi Copper	600362.SH/0358.HK	*Copper*
2026-10-28 (Wed)	Shandong Gold	600547.SH/1787.HK	*Gold*
2026-10-29 (Thu)	Angang	000898.SZ/0347.HK	*Steel*
2026-10-29 (Thu)	Chalco	601600.SH/2600.HK	*Aluminium*
2026-10-30 (Fri)	Yankuang Energy	600188.SH/1171.HK	*Coal*

Source: Company data, J.P. Morgan.

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Table 3: 3Q26 Major Drivers

Metal	3Q26 Major Drivers
Gold	- Fed/Kevin Warsh rate hike expectations - Structural central bank and physical buying - Production volume guidance changes
Copper	- Potential El Niño copper supply risks - Potential US diesel export ban risks - Upcoming wage negotiations and potential strikes in Chilean mines
Coal	- Shanxi mine self-suspension and slower-than-expected restart - Tighter Indonesia supply and low India inventory levels - El Niño-driven warmer-than-expected summer
Lithium	- CATL's Jianxiawo mine restart postponement - Inventory sample data - ESS demand sustainability risks and potential battery production plan cuts
Aluminum	- Domestic overproduction - Indonesia projects start-up cadence delay (environmental checks/financial issues) - Middle East restart slower-than-expected
Steel	- Profitability compressed by rising coking coal price

Source: J.P. Morgan.

Table 4: China basic materials companies: 3Q26/9M26 volume growth and commodity price movement

	3Q26E average	QoQ	YoY	9M26E average	YoY	FY26 guidance volume growth
Gold						
Shanghai gold (Rmb/g)	925	-7%	17%	1,001	34%	
Zijin Gold - mine gold output						28%
SD Gold - mine gold output*						-24%
Copper						
SHCJ copper (Rmb/t)	107,694	4%	35%	103,861	32%	
Zijin Mining - mine copper output						11%
Zijin Mining - mine gold output						17%
Zijin Mining - lithium compound output						371%
CMOC - mine copper output						7%
JXC - mine copper output						-26%
MMG - mine copper output						5%
Aluminum						
SHCJ aluminum (Rmb/t)	23,722	-2%	15%	23,999	17%	
China alumina spot (Rmb/t)	2,683	-1%	-16%	2,677	-20%	
Chalco - aluminum external shipment						n.a.
Chalco - alumina external shipment						n.a.
Hongqiao - aluminum external shipment						n.a.
Hongqiao - alumina external shipment						n.a.
Lithium						
Lithium carbonate (Rmb/t)	145,373	-14%	99%	154,617	117%	
China spodumene 6% CIF (USD/t)	2,185	-11%	168%	2,215	186%	
Tianqi - lithium compound (estimated)						n.a.
Ganfeng - lithium compound (estimated)						n.a.
Steel						
China Domestic HRC (Rmb/t)	3,302	-2%	-3%	3,319	-1%	
China Iron Ore Aus Fines Fe 62% (USD/t)	99	-8%	-3%	103	3%	
Angang - steel products shipment						n.a.
Coal						
China QHD 5,500 thermal coal spot (Rmb/t)	879	7%	31%	804	19%	
China Shanxi coking coal spot (Rmb/t)	2,097	23%	53%	1,785	34%	
Shenhua - commercial coal production*						n.m.
Yankuang - commercial coal production						3%

Source: Bloomberg Finance L.P., ZE Consulting, Company data, J.P. Morgan.

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Figure 1: China basic materials valuation

	Ticker	JPM Rating	Price Target	Upside/ downside	Share price	Perf. YTD (%)	Avg TO (US$m)	PE (x) 26E	PE (x) 27E	PE (x) 28E	P/BV (x) 26E	P/BV (x) 27E	P/BV (x) 28E	EV/EBITDA (x) 26E	EV/EBITDA (x) 27E	EV/EBITDA (x) 28E	Div yield 26E	Div yield 27E	Div yield 28E
Steel																			
Baosteel	600019 CH	N	6.00	1%	5.97	-20%	82	12.7	10.7	9.4	0.6	0.6	0.6	5.0	4.7	4.3	4%	5%	6%
Angang - H	347 HK	UW	0.80	-27%	1.09	-42%	1	n.a.	n.a.	n.a.	0.2	0.2	0.2	n.a.	19.5	13.4	0%	0%	0%
Angang - A	000898 CH	UW	1.30	-36%	2.03	-20%	12	n.a.	n.a.	n.a.	0.5	0.5	0.5	n.a.	16.2	11.6	0%	0%	0%
Coal																			
China Shenhua - H	1088 HK	N	46.00	6%	43.42	12%	53	12.7	12.6	12.2	1.7	1.6	1.5	9.3	9.1	9.0	6%	6%	6%
China Shenhua - A	601088 CH	N	47.00	-1%	47.49	17%	211	16.2	16.1	15.8	2.2	2.1	2.0	9.2	9.2	9.1	5%	5%	5%
Yankuang Energy - H	1171 HK	N	12.50	7%	11.66	21%	44	6.0	5.9	5.4	0.9	0.9	0.8	6.6	6.4	5.9	9%	8%	8%
Yankuang Energy - A	600188 CH	N	22.00	10%	19.95	52%	169	11.7	11.3	10.5	1.7	1.6	1.4	6.3	6.3	5.7	4%	4%	4%
Copper																			
Zijin Mining - H	2899 HK	OW	50.00	60%	31.28	-12%	214	8.8	7.7	6.7	2.8	2.2	1.8	6.2	5.5	4.9	3%	4%	4%
Zijin Mining - A	601899 CH	OW	46.00	57%	29.37	-15%	1,224	9.6	8.5	7.8	3.1	2.4	2.0	6.2	5.6	5.1	3%	4%	4%
CMOC - H	3993 HK	OW	25.00	67%	15.00	-22%	79	8.4	7.7	6.9	2.5	2.0	1.7	5.5	5.1	4.6	4%	5%	5%
CMOC - A	603993 CH	OW	26.00	57%	16.61	-17%	624	10.7	10.0	9.1	3.3	2.7	2.2	5.5	5.2	4.7	3%	4%	4%
MMG Ltd	1208 HK	OW	13.00	53%	8.50	-3%	52	7.7	7.2	6.7	1.9	1.5	1.2	3.2	3.1	3.1	0%	0%	0%
Jiangxi Copper - H	358 HK	OW	44.00	35%	32.58	-24%	54	6.4	6.5	6.4	1.0	0.9	0.9	9.2	9.5	9.4	6%	7%	7%
Jiangxi Copper - A	600362 CH	OW	55.00	31%	41.89	-24%	404	9.5	9.9	9.7	1.6	1.5	1.3	9.3	9.9	10.2	4%	5%	5%
Aluminum																			
Chalco - A	601600 CH	OW	13.00	44%	9.02	-26%	310	7.2	8.0	7.8	1.7	1.5	1.3	3.6	4.1	4.1	5%	5%	5%
Chalco - H	2600 HK	OW	12.00	56%	7.67	-37%	43	5.3	6.0	6.0	1.3	1.1	1.0	3.7	4.3	4.3	8%	6%	6%
Hongqiao	1378 HK	OW	30.00	43%	20.96	-36%	101	5.2	5.6	5.4	1.2	1.1	1.0	3.5	3.7	3.7	13%	12%	12%
Lithium																			
Ganfeng Lithium - A	002460 CH	OW	56.00	27%	44.21	-30%	314	12.4	11.5	10.6	1.8	1.6	1.4	9.6	9.1	8.3	1%	1%	1%
Ganfeng Lithium - H	1772 HK	OW	40.00	36%	29.34	-44%	55	6.9	6.4	5.7	1.0	0.9	0.8	9.0	8.7	8.1	3%	3%	3%
Tianqi Lithium - A	002466 CH	N	45.00	11%	40.69	-27%	340	10.0	9.9	10.0	1.4	1.2	1.1	4.4	4.3	4.8	2%	2%	2%
Tianqi Lithium - H	9696 HK	N	25.00	-8%	27.22	-47%	21	6.1	5.9	6.0	0.8	0.7	0.6	4.7	4.8	5.3	3%	3%	3%
Gold																			
Zijin Gold	2259 HK	OW	165.00	21%	136.20	-7%	136	14.9	13.6	12.9	4.3	3.5	2.9	7.4	6.8	6.6	2%	2%	2%
Shandong Gold - A	600547 CH	UW	21.00	-21%	26.43	-32%	408	16.0	11.4	10.0	2.7	2.3	2.0	8.2	6.5	5.9	2%	3%	3%
Shandong Gold - H	1787 HK	UW	15.00	-19%	18.42	-47%	66	11.1	7.5	6.5	1.5	1.3	1.2	8.6	6.9	6.5	3%	4%	5%

Source: Bloomberg Finance L.P., J.P. Morgan estimates. As of 8 October 2026

Commodity Price Forecast

Table 5: JPM base metals price forecasts

		1Q26A	2Q26A	3Q26A	4Q26	1Q27	2Q27	3Q27	4Q27	2026	2027
Base Metals											
Aluminum	US$/mt	3,198	3,562	3,228	3,700	3,450	3,200	2,900	2,750	3,422	3,075
Copper	US$/mt	12,824	13,352	14,099	14,800	14,000	13,800	13,800	13,600	13,769	13,800
Nickel	US$/mt	17,338	18,090	16,562	17,250	17,500	18,000	18,000	17,500	17,310	17,750
Zinc	US$/mt	3,237	3,464	3,825	3,400	3,300	3,200	3,050	3,000	3,481	3,138

Source: J.P. Morgan Commodities Research

Table 6: JPM precious metals price forecasts

		1Q26A	2Q26A	3Q26A	4Q26	1Q27	2Q27	3Q27	4Q27	2026	2027
Precious Metals											
Gold	US$/t oz	4,873	4,508	4,263	4,500	4,600	4,700	4,800	5,000	4,536	4,775
Silver	US$/t oz	83.7	73.1	62.7	63.0	63.0	63.5	64.0	65.0	70.6	63.9
Platinum	US$/t oz	2,204	1,916	1,726	1,800	1,875	1,900	1,950	1,950	1,912	1,919
Palladium	US$/t oz	1,706	1,409	1,306	1,350	1,400	1,350	1,250	1,200	1,443	1,300

Source: J.P. Morgan Commodities Research

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Table 7: JPM lithium price forecasts

Spodumene - SC6% (US$/t)	Spot	2025	1Q26	2Q26e	3Q26e	4Q26e	2026e	2027e	2028e	2029e	2030e	LT real
New	2,141	837	2,076	2,465	2,250	2,500	2,323	2,400	2,000	1,910	1,766	1,500
Old		837	2,076	2,465	2,400	2,600	2,385	2,750	2,375	2,091	1,836	1,500
Change (%)		0%	0%	0%	-6%	-4%	-3%	-13%	-16%	-9%	-4%	0%
Lithium Carbonate (US$/kg)												
New RBM/kg	150	71	145	167	154	168	158	163	141	139	137	121
New	22.3	10.5	21.6	24.8	23.0	25.0	23.6	24.3	21.0	20.8	20.4	18.0
Old		10.5	21.6	24.8	24.5	26.5	24.4	27.5	24.0	22.2	20.9	18.0
Change (%)		0%	0%	0%	-6%	-6%	-3%	-12%	-13%	-7%	-3%	0%
Lithium Hydroxide (US$/kg)												
New	20.8	9.9	21.4	24.1	23.0	25.0	23.4	24.3	21.0	20.8	20.4	18.0
Old		9.9	21.4	24.1	24.5	26.5	24.1	27.5	24.0	22.2	20.9	18.0
Change (%)		0%	0%	0%	-6%	-6%	-3%	-12%	-13%	-7%	-3%	0%

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

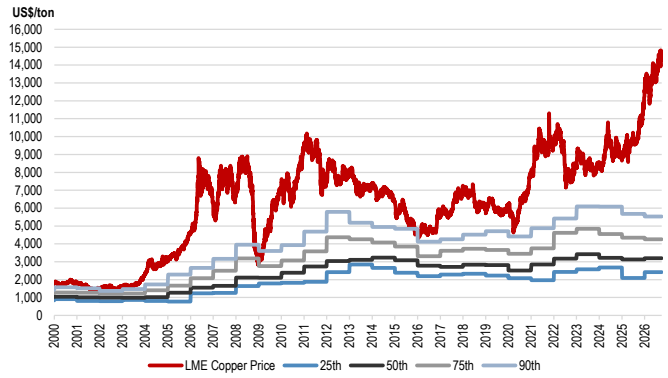
Table 8: JPM coal price forecasts

		2023	2024	2025	2026E	2027E	2028E	LT Price
China QHD 5,500Kcal Thermal Coal	Rmb/t	965	854	698	830	750	700	600
YoY %		*-17%*	*-12%*	*-18%*	*19%*	*-10%*	*-7%*	
Change %		*0%*	*0%*	*0%*	*3%*	*0%*	*0%*	*0%*
Newcastle Thermal Coal	US$/t	174	136	106	141	146	141	110
YoY %		*-51%*	*-22%*	*-22%*	*33%*	*3%*	*-4%*	
Hard Coking Coal	US$/t	296	241	188	238	253	257	225
YoY %		*-18%*	*-19%*	*-22%*	*27%*	*6%*	*2%*	
Semi-soft Coking Coal	US$/t	195	144	116	148	155	161	158
YoY %		*-32%*	*-26%*	*-20%*	*28%*	*4%*	*4%*	

Note: Pricing as of September 2026
Source: J.P. Morgan estimates, Bloomberg Finance L.P.

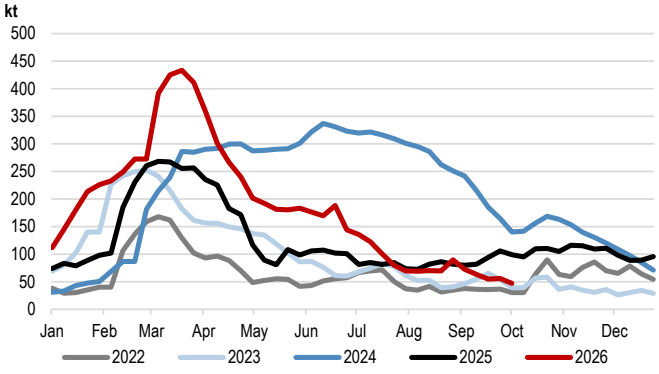
Commodity trend

Figure 2: LME copper price vs. C1 + sustaining cost curve



Source: Woodmac, Bloomberg Finance L.P., J.P. Morgan

Figure 3: China Copper Visible Inventory (SHFE)

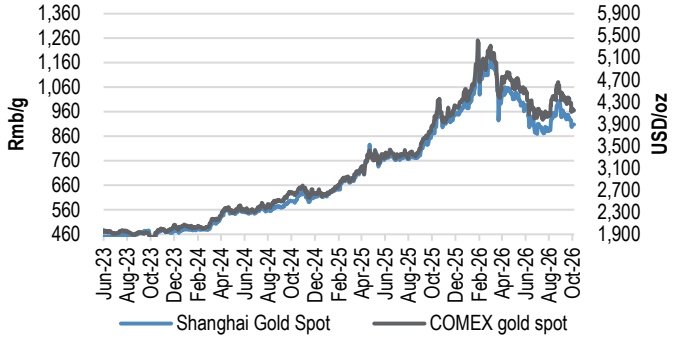


Source: Bloomberg Finance L.P., J.P. Morgan

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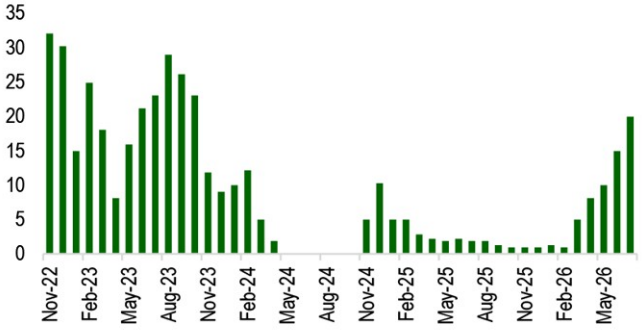
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Figure 4: Shanghai and COMEX gold spot



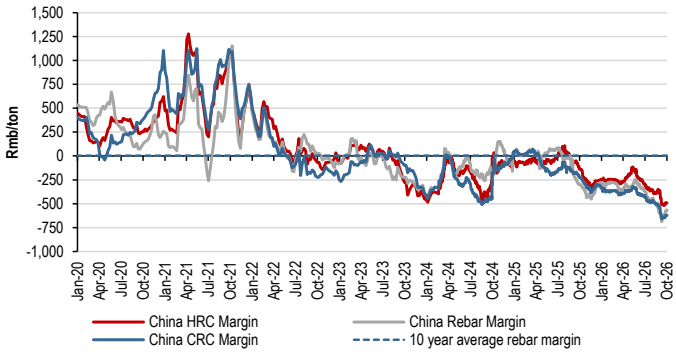
Source: Bloomberg Finance L.P., J.P. Morgan

Figure 5: PBoC reported gold purchases(tons)



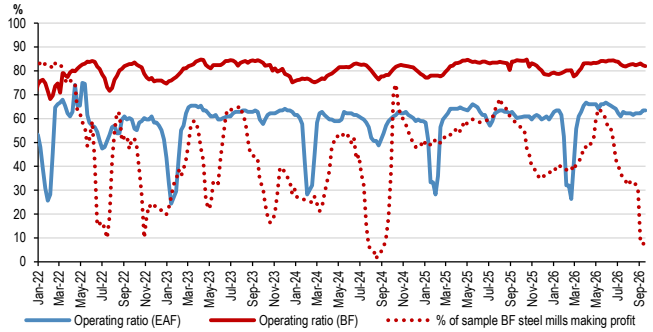
Source: Bloomberg Finance L.P., J.P. Morgan Global Commodities

Figure 6: China steel margin (blast furnace)



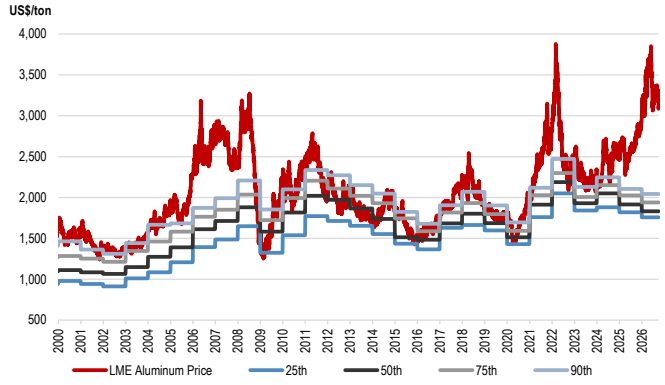
Source: Bloomberg Finance L.P., J.P. Morgan

Figure 7: % of sample domestic steel mills making a profit (blast furnace)



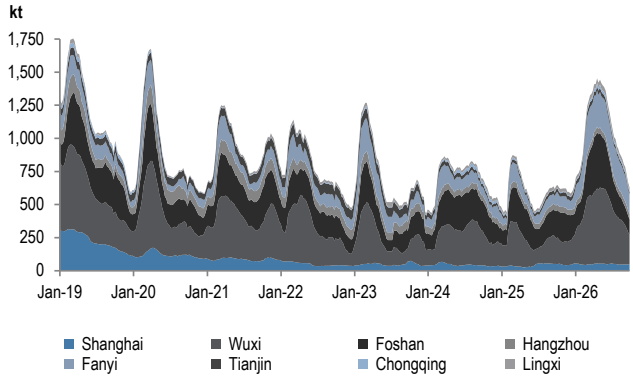
Source: Bloomberg Finance L.P., J.P. Morgan

Figure 8: LME aluminum price vs. C1 + sustaining cost curve



Source: Bloomberg Finance L.P., Woodmac, J.P. Morgan

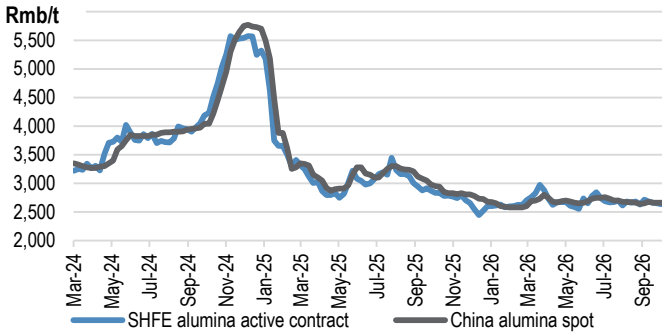
Figure 9: China aluminum social inventory



Source: SMM, J.P. Morgan

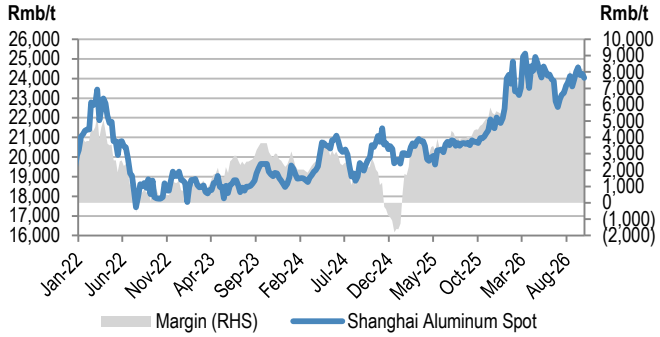
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Figure 10: China alumina spot vs. future price



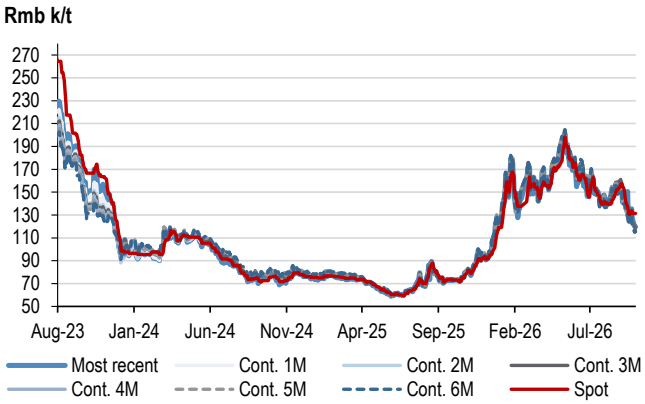
Source: Bloomberg Finance L.P., J.P. Morgan

Figure 11: China aluminum margin



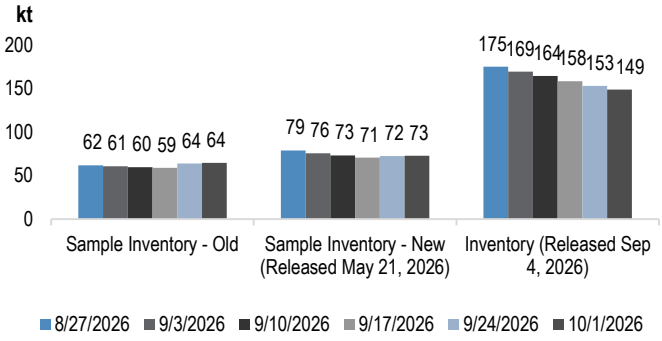
Source: SMM, J.P. Morgan

Figure 12: GFEX lithium carbonate future price



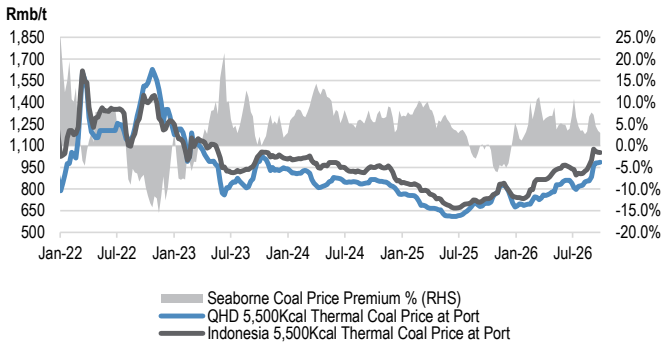
Source: WIND, J.P. Morgan

Figure 13: China lithium carbonate weekly inventory



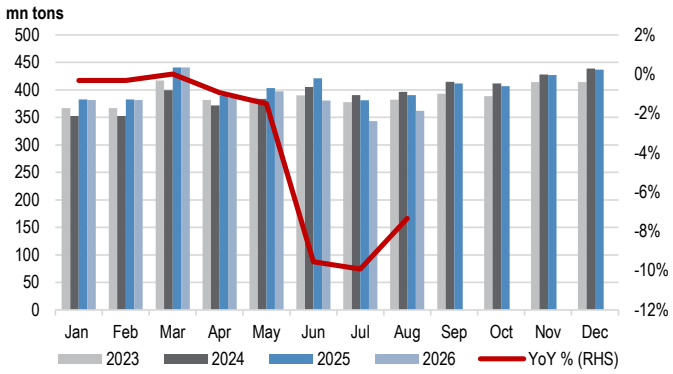
Source: SMM, J.P. Morgan

Figure 14: China coal price vs Indonesia coal landed price



Source: SXCoal, J.P. Morgan

Figure 15: China coal production



Source: NBS, J.P. Morgan

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Related research

Zijin Mining - A/H: Tibet trip takeaways: Julong delivery on track with incremental pipeline in the region(22 September 2026)

Global Copper: Cochilco Chile monthly mine production: Codelco Jul'26 production shows adverse Chile weather impact and August data continues to be in focus (16 September 2026)

Global Gold Miners: Dashboard Gold miners' valuations, catalysts & regional top picks; compelling entry point across the subsector (15 September 2026)

China Coal and IPPs: Trade ideas with China thermal coal prices likely surpassing ~Rmb1,000/t (14 September 2026)

Lithium: China market remains tight, demand strength continues but deficit to narrow over the coming years; retain OW on PLS, LTR (09 September 2026)

China Lithium Dashboard Inventory surprise offsets supply disruption; demand validation still key (08 September 2026)

China Aluminium: Operators' outlook more positive than share prices - Key takeaways from 1H26 earnings (03 September 2026)

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Overweight

600362.SS, 600362 CH
Price (30 Sep 26):Rmb41.80

Price Target (Dec-27):Rmb55.00

Asia Basic Materials

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	3.63	4.76	31.1%
Adj. EPS - 27E (Rmb)	3.61	3.99	10.6%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	8	11	10	10	13
Growth	71	73	91	90	86
Momentum	16	3	18	29	31
Quality	65	72	74	73	87
Low Vol	83	62	34	14	69

Jiangxi Copper - A

Maintain OW

We revise up our sulfuric price assumptions to reflect the latest price movements while keeping all other assumptions constant. Therefore, we revise up JXC's 2026–2028E earnings forecasts by 11–31% and maintain our PT at Rmb55.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-23.9%	-14.7%	-3.5%	17.8%
Rel	-20.7%	-11.9%	2.7%	18.8%

Company Data

Shares O/S (mn)	3,463
52-week range (Rmb)	70.70-35.39
Market cap ($ mn)	21,583
Exchange rate	6.71
Free float (%)	41.3%
3M ADV (mn)	60.30
3M ADV ($ mn)	403.7
Volatility (90 Day)	70
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	8|1|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	544,623	691,509	674,410	668,725
EBITDA	14,463	28,130	24,891	24,712
Adj. EBITDA	14,463	28,130	24,891	24,712
Adj. EBIT	11,064	24,365	20,889	20,656
Adj. net income	7,130	16,494	13,833	13,964
Net income	7,130	16,494	13,833	13,964
Adj. EPS	2.07	4.76	3.99	4.03
BBG EPS	2.41	4.41	4.24	4.32
Net debt	40,819	46,139	39,030	30,434
Cashflow from operations	(6,914)	7,741	22,703	21,901
Investing cashflow	3,208	(7,000)	(5,000)	(4,000)
FCFF	(11,501)	741	17,703	17,901
Margins and Growth				
Revenue Growth Y/Y (%)	5.4%	27.0%	(2.5%)	(0.8%)
EBITDA Growth Y/Y (%)	12.1%	94.5%	(11.5%)	(0.7%)
Adj. EPS growth	3.0%	130.1%	(16.1%)	0.9%
Ratios				
Adj. tax rate	26.5%	26.5%	26.5%	26.5%
Net debt/EBITDA	2.8	1.6	1.6	1.2
ROCE	5.4%	11.0%	8.9%	8.5%
ROE	9.0%	18.8%	14.2%	13.5%
Valuation				
FCFF yield	(8.0%)	0.5%	12.2%	12.4%
Dividend yield	2.4%	5.5%	4.6%	4.7%
EV/Revenue	0.4	0.3	0.3	0.3
EV/EBITDA	13.7	7.3	8.0	7.7
Adj. P/E	20.2	8.8	10.5	10.4
P/ BV	1.8	1.5	1.4	1.3

Summary Investment Thesis and Valuation

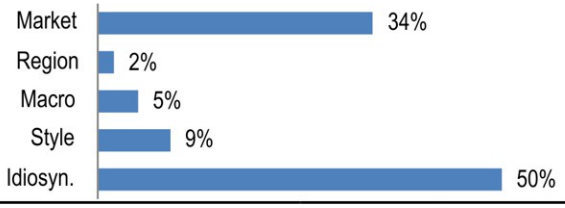
Investment Thesis

We expect JXC's earnings to remain resilient in 2026, supported by improved contributions from its mining business and strong smelting by-product sulfuric acid prices, which have more than offset the still-unfavorable TC/RC environment. Combined with higher profits from copper and gold, and moderate volume growth anticipated for copper, we see potential for earnings to trend meaningfully upward in 2026–2027. JXC's completed acquisition of SolGold in 1Q26 further enhances the long-term outlook, with upstream copper contributions expected after 2029.

Valuation

Our Dec-27 PT of Rmb55 is based on a DCF valuation with a WACC of 11% and a terminal growth of 2%. The PT implies a FY27E P/E multiple of 14x and an EV/EBITDA multiple of 10x.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.68	0.58
Region: China	0.27	0.18
Macro:		
Generic 1st 'CO' Future	-0.25	-0.22
JP Morgan GBI-EM Global Div	-0.27	-0.21
JPM EM Currency(EMCI) Fixing	-0.22	-0.16
Quant Styles:		
Momentum	0.16	0.24
Growth	0.18	0.17
Quality	0.35	0.16

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Jiangxi Copper - A *(Overweight; Price Target: Rmb55.00)*

Investment Thesis

We expect JXC's earnings to remain resilient in 2026, supported by improved contributions from its mining business and strong smelting by-product sulfuric acid prices, which have more than offset the still-unfavorable TC/RC environment. Combined with higher profits from copper and gold, and moderate volume growth anticipated for copper, we see potential for earnings to trend meaningfully upward in 2026–2027. JXC's completed acquisition of SolGold in 1Q26 further enhances the long-term outlook, with upstream copper contributions expected after 2029.

Valuation

Our Dec-27 PT of Rmb55 is based on a DCF valuation with a WACC of 11% and a terminal growth of 2%. The PT implies a FY27E P/E multiple of 14x and an EV/EBITDA multiple of 10x.

Table 10: JXC - Valuation

Breakdown	Rmb/shr	% of GAV
Self-produced copper	39.4	62%
Copper products	0.8	1%
Gold	8.1	13%
Self-produced silver	3.3	5%
Moly	1.6	3%
Trading and other non-core business	10.0	16%
GAV per share	**63.3**	
Net debt	(11.3)	
Minority	(2.4)	
Holding of First Quantum	4.9	
NAV per share	**55**	

Source: Company data, J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks include: (1) higher-than-expected copper prices; and (2) substantial increases in TC/RC due to a faster-than-expected rampup of copper concentrate mines.

Downside catalysts include: (1) potential hedging losses from the company's use of derivative instruments with limited disclosure; and (2) declines in copper prices.

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Jiangxi Copper - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**516,609**	**544,623**	**691,509**	**674,410**	**668,725**
COGS	(499,925)	(522,605)	(661,607)	(648,135)	(642,732)
Gross profit	**16,684**	**22,018**	**29,902**	**26,275**	**25,992**
SG&A	(3,267)	(3,388)	(4,302)	(4,195)	(4,160)
Adj. EBITDA	**12,896**	**14,463**	**28,130**	**24,891**	**24,712**
D&A	(2,996)	(3,398)	(3,765)	(4,003)	(4,056)
Adj. EBIT	**9,900**	**11,064**	**24,365**	**20,889**	**20,656**
Net Interest	(485)	(565)	(571)	(885)	(466)
Adj. PBT	**9,109**	**10,155**	**23,492**	**19,702**	**19,889**
Tax	(1,686)	(2,687)	(6,216)	(5,214)	(5,263)
Minority Interest	(461)	(338)	(781)	(655)	(661)
Adj. Net Income	**6,962**	**7,130**	**16,494**	**13,833**	**13,964**
Reported EPS	2.01	2.07	4.76	3.99	4.03
Adj. EPS	**2.01**	**2.07**	**4.76**	**3.99**	**4.03**
DPS	**0.70**	**1.00**	**2.31**	**1.93**	**1.95**
Payout ratio	34.7%	48.2%	48.4%	48.4%	48.4%
Shares outstanding	3,464	3,445	3,463	3,463	3,463

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	30,376	34,544	29,225	36,334	44,930
Accounts receivable	8,127	9,053	11,495	11,210	11,116
Inventories	44,853	68,188	86,323	84,567	83,862
Other current assets	76,995	101,304	122,994	120,824	119,981
Current assets	**114,995**	**142,037**	**158,408**	**163,347**	**171,100**
PP&E	28,677	31,978	35,219	36,222	36,172
LT investments	19,487	18,437	18,437	18,437	18,437
Other non current assets	40,359	35,983	35,983	35,983	35,983
Total assets	**193,128**	**218,691**	**238,303**	**244,245**	**251,948**
Short term borrowings	50,539	65,694	65,694	65,694	65,694
Payables	10,915	18,378	23,266	22,793	22,603
Other short term liabilities	24,753	28,973	29,874	29,787	29,752
Current liabilities	**86,207**	**113,046**	**118,834**	**118,274**	**118,049**
Long-term debt	17,335	9,669	9,669	9,669	9,669
Other long term liabilities	19,118	11,505	11,505	11,505	11,505
Total liabilities	**105,326**	**124,550**	**130,339**	**129,778**	**129,553**
Shareholders' equity	77,945	81,276	94,318	100,165	107,431
Minority interests	9,857	12,865	13,646	14,302	14,963
Total liabilities & equity	**193,128**	**218,691**	**238,303**	**244,245**	**251,948**
BVPS	**22.50**	**23.60**	**27.24**	**28.93**	**31.03**
y/y Growth	*15.5%*	*4.9%*	*15.4%*	*6.2%*	*7.3%*
Net debt/(cash)	37,499	40,819	46,139	39,030	30,434

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**2,428**	**(6,914)**	**7,741**	**22,703**	**21,901**
o/w Depreciation & amortization	2,996	3,398	3,765	4,003	4,056
o/w Changes in working capital	(10,326)	(17,971)	(15,902)	1,610	617
Cash flow from investing activities	**(12,223)**	**3,208**	**(7,000)**	**(5,000)**	**(4,000)**
o/w Capital expenditure	(6,681)	(4,587)	(7,000)	(5,000)	(4,000)
as % of sales	*1.3%*	*0.8%*	*1.0%*	*0.7%*	*0.6%*
Cash flow from financing activities	**5,733**	**3,302**	**(6,060)**	**(10,594)**	**(9,306)**
o/w Dividends paid	(4,934)	(6,224)	(6,060)	(10,594)	(9,306)
o/w Shares issued/(repurchased)	304	269	0	0	0
o/w Net debt issued/(repaid)	(3,691)	9,853	0	0	0
Net change in cash	**(3,982)**	**(544)**	**(5,319)**	**7,109**	**8,596**
Adj. Free cash flow to firm	**(4,253)**	**(11,501)**	**741**	**17,703**	**17,901**
y/y Growth	*(206.7%)*	*170.4%*	*(106.4%)*	*2289.2%*	*1.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	3.2%	4.0%	4.3%	3.9%	3.9%
EBITDA margin	2.5%	2.7%	4.1%	3.7%	3.7%
EBIT margin	1.9%	2.0%	3.5%	3.1%	3.1%
Net profit margin	1.3%	1.3%	2.4%	2.1%	2.1%
ROE	9.6%	9.0%	18.8%	14.2%	13.5%
ROA	3.9%	3.5%	7.2%	5.7%	5.6%
ROCE	6.0%	5.4%	11.0%	8.9%	8.5%
SG&A/Sales	0.6%	0.6%	0.6%	0.6%	0.6%
Net debt/Equity	0.4	0.4	0.4	0.3	0.2
Net debt/EBITDA	2.9	2.8	1.6	1.6	1.2
Sales/Assets (x)	2.9	2.6	3.0	2.8	2.7
Assets/Equity (x)	2.5	2.6	2.6	2.5	2.4
Interest cover (x)	26.6	25.6	49.2	28.1	53.1
Operating leverage	(1280.8%)	216.8%	445.7%	577.0%	132.1%
Tax rate	18.5%	26.5%	26.5%	26.5%	26.5%
Revenue y/y Growth	(1.0%)	5.4%	27.0%	(2.5%)	(0.8%)
EBITDA y/y Growth	11.1%	12.1%	94.5%	(11.5%)	(0.7%)
EPS y/y Growth	6.9%	3.0%	130.1%	(16.1%)	0.9%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	20.8	20.2	8.8	10.5	10.4
P/BV (x)	1.9	1.8	1.5	1.4	1.3
EV/EBITDA (x)	14.9	13.7	7.3	8.0	7.7
Dividend Yield	1.7%	2.4%	5.5%	4.6%	4.7%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Overweight

0358.HK, 358 HK
Price (08 Oct 26):HK$32.58
Price Target (Dec-27):HK$44.00

Asia Basic Materials

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J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

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	Prev	Cur	Δ
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Adj. EPS - 27E (Rmb)	3.61	3.99	10.6%

Style Exposure

Quant	Current	Hist %Rank (1=Top)			
Factors	%Rank	6M	1Y	3Y	5Y
Value	4	6	6	5	8
Growth	72	62	91	91	82
Momentum	16	3	9	21	35
Quality	65	68	73	76	86
Low Vol	85	74	58	34	70
ESGQ	91	97	97	22	98

Jiangxi Copper - H

Maintain OW

We revise up our sulfuric price assumptions to reflect the latest price movements while keeping all other assumptions constant. Therefore, we revise up JXC's 2026–2028E earnings forecasts by 11–31% and maintain our PT at HK$44.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



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Abs	-24.0%	-15.2%	10.2%	-7.4%
Rel	-16.8%	-9.1%	11.9%	3.9%

Company Data

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52-week range (HK$)	53.75-28.70
Market cap ($ mn)	14,374
Exchange rate	7.85
Free float (%)	72.8%
3M ADV (mn)	12.03
3M ADV ($ mn)	54.0
Volatility (90 Day)	61
Index	HSI
BBG ANR (Buy | Hold | Sell)	9|1|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
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EBITDA Growth Y/Y (%)	12.1%	94.5%	(11.5%)	(0.7%)
Adj. EPS growth	3.0%	130.1%	(16.1%)	0.9%
Ratios				
Adj. tax rate	26.5%	26.5%	26.5%	26.5%
Net debt/EBITDA	2.8	1.6	1.6	1.2
ROCE	5.4%	11.0%	8.9%	8.5%
ROE	9.0%	18.8%	14.2%	13.5%
Valuation				
FCFF yield	(12.0%)	0.8%	18.4%	18.6%
Dividend yield	3.6%	8.3%	6.9%	7.0%
EV/Revenue	0.3	0.2	0.2	0.2
EV/EBITDA	10.4	5.6	6.0	5.7
Adj. P/E	13.4	5.8	7.0	6.9
P/ BV	1.2	1.0	1.0	0.9

Summary Investment Thesis and Valuation

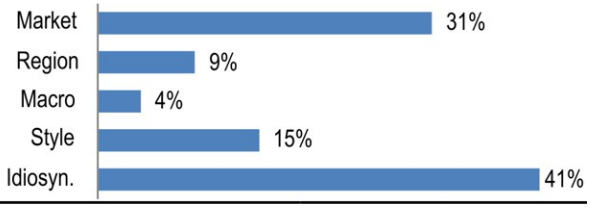
Investment Thesis

We expect JXC's earnings to remain resilient in 2026, supported by improved contributions from its mining business and strong smelting by-product sulfuric acid prices, which have more than offset the still-unfavorable TC/RC environment. Combined with higher profits from copper and gold, and moderate volume growth anticipated for copper, we see potential for earnings to trend meaningfully upward in 2026–2027. JXC's completed acquisition of SolGold in 1Q26 further enhances the long-term outlook, with upstream copper contributions expected after 2029.

Valuation

Our Dec-27 PT of HK$44 is based on a 44% average three-month A/H premium on our A-share PT. The PT implies a FY27E P/E multiple of 10x and an EV/EBITDA multiple of 7x.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.65	0.56
Region: China	0.40	0.37
Macro:		
Generic 1st 'CO' Future	-0.26	-0.23
Citi Economic Surprise - EM	-0.29	-0.18
Emerging Central Bank Rate	-0.01	-0.16
Quant Styles:		
Quality	0.53	0.31
Momentum	-0.03	0.17
LowVol	0.10	-0.09

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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J.P.Morgan

Investment Thesis, Valuation and Risks

Jiangxi Copper - H *(Overweight; Price Target: HK$44.00)*

Investment Thesis
We expect JXC's earnings to remain resilient in 2026, supported by improved contributions from its mining business and strong smelting by-product sulfuric acid prices, which have more than offset the still-unfavorable TC/RC environment. Combined with higher profits from copper and gold, and moderate volume growth anticipated for copper, we see potential for earnings to trend meaningfully upward in 2026–2027. JXC's completed acquisition of SolGold in 1Q26 further enhances the long-term outlook, with upstream copper contributions expected after 2029.

Valuation
Our Dec-27 PT of HK$44 is based on a 44% average three-month A/H premium on our A-share PT. The PT implies a FY27E P/E multiple of 10x and an EV/EBITDA multiple of 7x.

Risks to Rating and Price Target
Upside risks include: (1) higher-than-expected copper prices; and (2) substantial increases in TC/RC due to a faster-than-expected ramp up of copper concentrate mines.

Downside catalysts include: (1) potential hedging losses from the company's use of derivative instruments with limited disclosure; and (2) declines in copper prices.

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Jiangxi Copper - H: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**516,609**	**544,623**	**691,509**	**674,410**	**668,725**
COGS	(499,925)	(522,605)	(661,607)	(648,135)	(642,732)
Gross profit	**16,684**	**22,018**	**29,902**	**26,275**	**25,992**
SG&A	(3,267)	(3,388)	(4,302)	(4,195)	(4,160)
Adj. EBITDA	**12,896**	**14,463**	**28,130**	**24,891**	**24,712**
D&A	(2,996)	(3,398)	(3,765)	(4,003)	(4,056)
Adj. EBIT	**9,900**	**11,064**	**24,365**	**20,889**	**20,656**
Net Interest	(485)	(565)	(571)	(885)	(466)
Adj. PBT	**9,109**	**10,155**	**23,492**	**19,702**	**19,889**
Tax	(1,686)	(2,687)	(6,216)	(5,214)	(5,263)
Minority Interest	(461)	(338)	(781)	(655)	(661)
Adj. Net Income	**6,962**	**7,130**	**16,494**	**13,833**	**13,964**
Reported EPS	2.01	2.07	4.76	3.99	4.03
Adj. EPS	**2.01**	**2.07**	**4.76**	**3.99**	**4.03**
DPS	**0.70**	**1.00**	**2.31**	**1.93**	**1.95**
Payout ratio	34.7%	48.2%	48.4%	48.4%	48.4%
Shares outstanding	3,464	3,445	3,463	3,463	3,463

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	30,376	34,544	29,225	36,334	44,930
Accounts receivable	8,127	9,053	11,495	11,210	11,116
Inventories	44,853	68,188	86,323	84,567	83,862
Other current assets	76,995	101,304	122,994	120,824	119,981
Current assets	**114,995**	**142,037**	**158,408**	**163,347**	**171,100**
PP&E	28,677	31,978	35,219	36,222	36,172
LT investments	19,487	18,437	18,437	18,437	18,437
Other non current assets	40,359	35,983	35,983	35,983	35,983
Total assets	**193,128**	**218,691**	**238,303**	**244,245**	**251,948**
Short term borrowings	50,539	65,694	65,694	65,694	65,694
Payables	10,915	18,378	23,266	22,793	22,603
Other short term liabilities	24,753	28,973	29,874	29,787	29,752
Current liabilities	**86,207**	**113,046**	**118,834**	**118,274**	**118,049**
Long-term debt	17,335	9,669	9,669	9,669	9,669
Other long term liabilities	19,118	11,505	11,505	11,505	11,505
Total liabilities	**105,326**	**124,550**	**130,339**	**129,778**	**129,553**
Shareholders' equity	77,945	81,276	94,318	100,165	107,431
Minority interests	9,857	12,865	13,646	14,302	14,963
Total liabilities & equity	**193,128**	**218,691**	**238,303**	**244,245**	**251,948**
BVPS	**22.50**	**23.60**	**27.24**	**28.93**	**31.03**
y/y Growth	*15.5%*	*4.9%*	*15.4%*	*6.2%*	*7.3%*
Net debt/(cash)	37,499	40,819	46,139	39,030	30,434

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**2,428**	**(6,914)**	**7,741**	**22,703**	**21,901**
o/w Depreciation & amortization	2,996	3,398	3,765	4,003	4,056
o/w Changes in working capital	(10,326)	(17,971)	(15,902)	1,610	617
Cash flow from investing activities	**(12,223)**	**3,208**	**(7,000)**	**(5,000)**	**(4,000)**
o/w Capital expenditure	(6,681)	(4,587)	(7,000)	(5,000)	(4,000)
as % of sales	*1.3%*	*0.8%*	*1.0%*	*0.7%*	*0.6%*
Cash flow from financing activities	**5,733**	**3,302**	**(6,060)**	**(10,594)**	**(9,306)**
o/w Dividends paid	(4,934)	(6,224)	(6,060)	(10,594)	(9,306)
o/w Shares issued/(repurchased)	304	269	0	0	0
o/w Net debt issued/(repaid)	(3,691)	9,853	0	0	0
Net change in cash	**(3,982)**	**(544)**	**(5,319)**	**7,109**	**8,596**
Adj. Free cash flow to firm	**(4,253)**	**(11,501)**	**741**	**17,703**	**17,901**
y/y Growth	*(206.7%)*	*170.4%*	*(106.4%)*	*2289.2%*	*1.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	3.2%	4.0%	4.3%	3.9%	3.9%
EBITDA margin	2.5%	2.7%	4.1%	3.7%	3.7%
EBIT margin	1.9%	2.0%	3.5%	3.1%	3.1%
Net profit margin	1.3%	1.3%	2.4%	2.1%	2.1%
ROE	9.6%	9.0%	18.8%	14.2%	13.5%
ROA	3.9%	3.5%	7.2%	5.7%	5.6%
ROCE	6.0%	5.4%	11.0%	8.9%	8.5%
SG&A/Sales	0.6%	0.6%	0.6%	0.6%	0.6%
Net debt/Equity	0.4	0.4	0.4	0.3	0.2
Net debt/EBITDA	2.9	2.8	1.6	1.6	1.2
Sales/Assets (x)	2.9	2.6	3.0	2.8	2.7
Assets/Equity (x)	2.5	2.6	2.6	2.5	2.4
Interest cover (x)	26.6	25.6	49.2	28.1	53.1
Operating leverage	(1280.8%)	216.8%	445.7%	577.0%	132.1%
Tax rate	18.5%	26.5%	26.5%	26.5%	26.5%
Revenue y/y Growth	(1.0%)	5.4%	27.0%	(2.5%)	(0.8%)
EBITDA y/y Growth	11.1%	12.1%	94.5%	(11.5%)	(0.7%)
EPS y/y Growth	6.9%	3.0%	130.1%	(16.1%)	0.9%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	13.9	13.4	5.8	7.0	6.9
P/BV (x)	1.2	1.2	1.0	1.0	0.9
EV/EBITDA (x)	11.1	10.4	5.6	6.0	5.7
Dividend Yield	2.5%	3.6%	8.3%	6.9%	7.0%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Overweight

2259.HK, 2259 HK
Price (08 Oct 26):HK$136.20

▲**Price Target (Dec-27):HK$165.00**
Prior (Dec-27):HK$146.00

Zijin Gold International - H

Revise up PT to HK$165; Maintain OW

Based on the latest commodity price movement, we revised up our 2026–2028 gold price assumptions to USD4,448/4,255/4,447 per oz and therefore raised our 2026–2028E earnings forecasts by 2–3% and PT to HK$165. **Maintain OW.**

Asia Basic Materials

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	86	91	85	84	
Growth	26	5	8		
Momentum	74				
Quality	37	55	9		
Low Vol	91	88			

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-6.7%	-14.9%	30.6%	-7.0%
Rel	0.5%	-8.8%	32.3%	4.3%

Company Data

Shares O/S (mn)	2,676
52-week range (HK$)	268.00-84.20
Market cap ($ mn)	46,445
Exchange rate	7.85
Free float (%)	13.9%
3M ADV (mn)	7.89
3M ADV ($ mn)	135.7
Volatility (90 Day)	73
Index	HSI
BBG ANR (Buy | Hold | Sell)	17|1|0

Key Metrics (FYE Dec)

$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	5,383	8,114	8,389	10,143
EBITDA	3,200	5,414	5,537	6,783
Adj. EBITDA	3,200	5,414	5,537	6,783
Adj. EBIT	2,791	4,913	4,994	6,145
Adj. net income	1,532	3,029	3,112	3,877
Net income	1,602	2,985	3,068	3,833
Adj. EPS	0.57	1.13	1.16	1.45
BBG EPS	0.63	1.16	1.28	1.34
Net debt	(2,963)	(925)	(2,969)	(5,583)
Cashflow from operations	2,400	3,512	4,041	4,638
Investing cashflow	(4,840)	(5,000)	(1,000)	(1,000)
FCFF	1,780	2,512	3,041	3,638
Margins and Growth				
Revenue Growth Y/Y (%)	80.1%	50.7%	3.4%	20.9%
EBITDA Growth Y/Y (%)	131.4%	69.2%	2.3%	22.5%
Adj. EPS growth	(37.0%)	97.7%	2.7%	24.6%
Ratios				
Adj. tax rate	32.0%	29.2%	28.7%	29.5%
Net debt/EBITDA	NM	NM	NM	NM
ROCE	31.4%	33.9%	28.4%	28.8%
ROE	28.6%	31.5%	26.2%	27.0%
Valuation				
FCFF yield	3.8%	5.4%	6.5%	7.8%
Dividend yield	1.1%	2.1%	2.1%	2.7%
EV/Revenue	8.2	5.2	4.9	3.8
EV/EBITDA	13.7	7.8	7.4	5.7
Adj. P/E	30.3	15.3	14.9	12.0
P/ BV	5.5	4.3	3.6	2.9

Summary Investment Thesis and Valuation

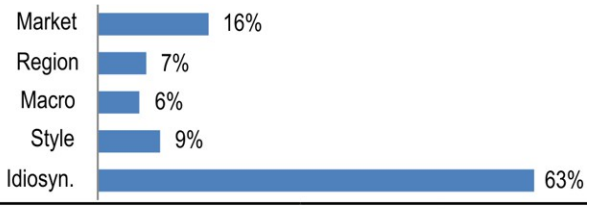
Investment Thesis

Zijin Gold, a subsidiary of Zijin Mining, has established a strong growth platform through acquisitions and reserve expansion, achieving a 15% CAGR in gold production from 2023 to 2025. Operating nine mines across four continents, the company is expanding capacity at key sites, with gold production target of 70-75t in 2028. Zijin Gold's disciplined acquisition strategy drives improving capital efficiency, with ROLTA reaching 29% in 2025 (vs. 12% in 2024). With a favorable gold price outlook and robust growth pipeline, we forecast earnings to grow at a 33% CAGR from 2025 to 2028. We have an OW rating and Dec-2027 PT of HK$165.

Valuation

Our Dec 2027 price target of HK$165 is based on a DCF valuation with a WACC of 8.5% and a terminal growth rate of 2.5%. Our PT implies a FY27E P/E multiple of 17.5x and a FY27E EV/EBITDA multiple of 9.8x.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.56	0.39
Region: Hong Kong	0.58	0.28
Macro:		
Emerging Economies CPI(YoY)	0.42	0.23
JP Morgan GBI-EM Global Div	0.13	0.19
Generic 1st 'CO' Future	-0.11	-0.18
Quant Styles:		
Size	-0.38	-0.40
Growth	-0.22	-0.23
Value	0.22	0.21

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Zijin Gold International - H *(Overweight; Price Target: HK$165.00)*

Investment Thesis

Zijin Gold, a subsidiary of Zijin Mining, has established a strong growth platform through acquisitions and reserve expansion, achieving a 15% CAGR in gold production from 2023 to 2025. Operating nine mines across four continents, the company is expanding capacity at key sites, with gold production target of 70-75t in 2028. Zijin Gold's disciplined acquisition strategy drives improving capital efficiency, with ROLTA reaching 29% in 2025 (vs. 12% in 2024). With a favorable gold price outlook and robust growth pipeline, we forecast earnings to grow at a 33% CAGR from 2025 to 2028. We have an OW rating and Dec-2027 PT of HK$165.

Valuation

Our Dec 2027 price target of HK$165 is based on a DCF valuation with a WACC of 8.5% and a terminal growth rate of 2.5%. Our PT implies a FY27E P/E multiple of 17.5x and a FY27E EV/EBITDA multiple of 9.8x.

Table 12: Zijin Gold - Valuation

NPV	
Enterprise value	49,456
Less: net debt	2,969
Less: minority interest	(5,295)
Plus: Porgera (equity basis)	3,277
Equity value	50,407
No. of share	2,676
NPV per share (USD/shr)	**19**
NPV per share (HKD/shr)	**147**
Premium	1.1
PT (HKD/shr)	**165**

Risks to Rating and Price Target

Key downside risks to our rating and price target include: 1) gold price volatility; 2) operational risks arising from exposure to multiple foreign jurisdictions, project construction delays, and illegal mining activities at the Buriticá gold mine in Colombia; and 3) lower-than-expected realized prices for mineral products.

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Zijin Gold International - H: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**2,990**	**5,383**	**8,114**	**8,389**	**10,143**
COGS	(1,856)	(2,547)	(3,045)	(3,301)	(3,873)
Gross profit	**1,134**	**2,837**	**5,069**	**5,088**	**6,270**
SG&A	(141)	(214)	(323)	(326)	(383)
Adj. EBITDA	**1,383**	**3,200**	**5,414**	**5,537**	**6,783**
D&A	(412)	(409)	(501)	(544)	(638)
Adj. EBIT	**971**	**2,791**	**4,913**	**4,994**	**6,145**
Net Interest	(34)	(37)	(35)	(35)	(35)
Adj. PBT	**937**	**2,754**	**4,878**	**4,959**	**6,110**
Tax	(316)	(882)	(1,422)	(1,421)	(1,804)
Minority Interest	(139)	(271)	(470)	(470)	(472)
Adj. Net Income	**496**	**1,532**	**3,029**	**3,112**	**3,877**
Reported EPS	0.88	0.60	1.12	1.15	1.43
Adj. EPS	**0.91**	**0.57**	**1.13**	**1.16**	**1.45**
DPS	**0.00**	**0.19**	**0.36**	**0.37**	**0.46**
Payout ratio	0.0%	32.2%	32.2%	32.2%	32.2%
Shares outstanding	546	2,676	2,676	2,676	2,676

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	241	3,617	1,578	3,623	6,237
Accounts receivable	118	217	327	338	408
Inventories	437	682	816	885	1,038
Other current assets	958	1,497	2,043	2,154	2,572
Current assets	**1,201**	**5,116**	**3,624**	**5,779**	**8,812**
PP&E	2,534	3,737	4,236	4,692	5,054
LT investments	-	-	-	-	-
Other non current assets	173	604	4,604	4,604	4,604
Total assets	**5,403**	**12,567**	**15,574**	**18,185**	**21,580**
Short term borrowings	131	180	180	180	180
Payables	245	345	413	447	525
Other short term liabilities	579	727	727	727	727
Current liabilities	**955**	**1,251**	**1,319**	**1,354**	**1,431**
Long-term debt	601	474	474	474	474
Other long term liabilities	1,546	2,421	2,421	2,421	2,421
Total liabilities	**2,501**	**3,672**	**3,740**	**3,775**	**3,852**
Shareholders' equity	2,325	8,374	10,844	12,950	15,795
Minority interests	577	521	991	1,460	1,933
Total liabilities & equity	**5,403**	**12,567**	**15,574**	**18,185**	**21,580**
BVPS	**4.26**	**3.13**	**4.05**	**4.84**	**5.90**
y/y Growth	*15.5%*	*(26.5%)*	*29.5%*	*19.4%*	*22.0%*
Net debt/(cash)	492	(2,963)	(925)	(2,969)	(5,583)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**876**	**2,400**	**3,512**	**4,041**	**4,638**
o/w Depreciation & amortization	412	409	501	544	638
o/w Changes in working capital	(117)	(438)	(479)	(76)	(341)
Cash flow from investing activities	**(400)**	**(4,840)**	**(5,000)**	**(1,000)**	**(1,000)**
o/w Capital expenditure	(487)	(620)	(1,000)	(1,000)	(1,000)
as % of sales	*16.3%*	*11.5%*	*12.3%*	*11.9%*	*9.9%*
Cash flow from financing activities	**(397)**	**5,816**	**(551)**	**(997)**	**(1,023)**
o/w Dividends paid	(127)	(37)	(551)	(997)	(1,023)
o/w Shares issued/(repurchased)	0	6,651	0	0	0
o/w Net debt issued/(repaid)	(60)	0	0	0	0
Net change in cash	**80**	**3,376**	**(2,038)**	**2,044**	**2,614**
Adj. Free cash flow to firm	**389**	**1,780**	**2,512**	**3,041**	**3,638**
y/y Growth	*(20.2%)*	*357.1%*	*41.1%*	*21.0%*	*19.6%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	37.9%	52.7%	62.5%	60.6%	61.8%
EBITDA margin	46.3%	59.4%	66.7%	66.0%	66.9%
EBIT margin	32.5%	51.8%	60.5%	59.5%	60.6%
Net profit margin	16.6%	28.5%	37.3%	37.1%	38.2%
ROE	22.9%	28.6%	31.5%	26.2%	27.0%
ROA	9.4%	17.1%	21.5%	18.4%	19.5%
ROCE	22.2%	31.4%	33.9%	28.4%	28.8%
SG&A/Sales	4.7%	4.0%	4.0%	3.9%	3.8%
Net debt/Equity	0.2	NM	NM	NM	NM
Net debt/EBITDA	0.4	NM	NM	NM	NM
Sales/Assets (x)	0.6	0.6	0.6	0.5	0.5
Assets/Equity (x)	2.4	1.7	1.5	1.4	1.4
Interest cover (x)	40.6	86.4	155.1	158.6	194.3
Operating leverage	349.2%	234.2%	149.9%	48.6%	110.3%
Tax rate	33.8%	32.0%	29.2%	28.7%	29.5%
Revenue y/y Growth	32.2%	80.1%	50.7%	3.4%	20.9%
EBITDA y/y Growth	60.9%	131.4%	69.2%	2.3%	22.5%
EPS y/y Growth	105.9%	(37.0%)	97.7%	2.7%	24.6%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	19.1	30.3	15.3	14.9	12.0
P/BV (x)	4.1	5.5	4.3	3.6	2.9
EV/EBITDA (x)	34.3	13.7	7.8	7.4	5.7
Dividend Yield	0.0%	1.1%	2.1%	2.1%	2.7%

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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J.P.Morgan

▼Underweight

Previous: Neutral

600547.SS, 600547 CH
Price (30 Sep 26):Rmb27.30

▼Price Target (Dec-27):Rmb21.00
Prior (Dec-27):Rmb33.00

Asia Basic Materials

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	1.68	1.47	-12.3%
Adj. EPS - 27E (Rmb)	2.18	1.62	-26.0%

Style Exposure

Quant	Current	Hist %Rank (1=Top)			
Factors	%Rank	6M	1Y	3Y	5Y
Value	67	63	73	89	66
Growth	33	9	17	33	94
Momentum	74	17	18	8	95
Quality	65	65	67	71	82
Low Vol	73	54	39	24	17

Shandong Gold - A

Revise down PT to Rmb21; downgrade to UW

Shandong Gold's A-share price has fallen 5% following its cut to FY26 gold output guidance from 49t+ to 36–38t in September. We have therefore lowered our FY26 volume forecast to 37t and also reduced our FY27–28 volume forecasts, as we expect safety-inspection impacts to persist into 2027 and the planned expansion to slow. After incorporating the latest gold price movements, we lower our FY26–28 earnings estimates by 6–22% and cut our PT to Rmb21. Meanwhile, structural headwinds — including rising unit COGS, a sector-low ROLTA of ~4%, and elevated leverage — continue to weigh on earnings quality and limit our conviction relative to peers. We therefore downgrade SD Gold from Neutral to Underweight.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-29.5%	-23.1%	18.2%	-30.6%
Rel	-26.3%	-20.3%	24.4%	-29.6%

Company Data

Shares O/S (mn)	4,473
52-week range (Rmb)	65.55-22.55
Market cap ($ mn)	18,210
Exchange rate	6.71
Free float (%)	42.7%
3M ADV (mn)	89.05
3M ADV ($ mn)	407.4
Volatility (90 Day)	59
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	10|3|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	104,287	109,639	116,807	135,405
EBITDA	18,285	21,284	23,851	27,722
Adj. EBITDA	18,285	21,284	23,851	27,722
Adj. EBIT	10,998	14,767	16,040	18,801
Adj. net income	5,950	6,800	7,447	8,879
Net income	4,232	6,832	7,479	8,911
Adj. EPS	1.32	1.47	1.62	1.93
BBG EPS	1.33	1.66	2.32	2.65
Net debt	48,072	51,011	52,378	48,181
Cashflow from operations	21,493	18,329	20,540	24,867
Investing cashflow	(13,609)	(18,276)	(17,911)	(16,424)
FCFF	8,409	53	2,629	8,443
Margins and Growth				
Revenue Growth Y/Y (%)	26.4%	5.1%	6.5%	15.9%
EBITDA Growth Y/Y (%)	41.0%	16.4%	12.1%	16.2%
Adj. EPS growth	101.7%	11.6%	9.5%	19.2%
Ratios				
Adj. tax rate	27.1%	27.1%	27.1%	27.1%
Net debt/EBITDA	2.6	2.4	2.2	1.7
ROCE	8.7%	10.9%	11.2%	12.5%
ROE	21.3%	20.3%	19.3%	20.2%
Valuation				
FCFF yield	6.8%	0.0%	2.1%	6.7%
Dividend yield	1.3%	2.1%	2.3%	2.7%
EV/Revenue	2.0	1.9	1.8	1.6
EV/EBITDA	11.1	9.8	9.0	7.7
Adj. P/E	20.7	18.5	16.9	14.2
P/ BV	2.7	2.5	2.3	2.1

Summary Investment Thesis and Valuation

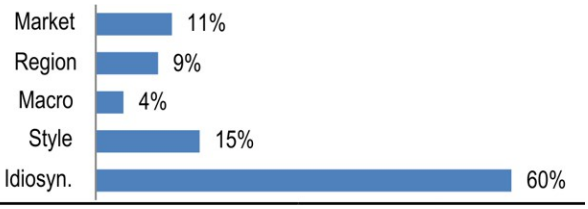
Investment Thesis

As China's largest domestic pure gold miner, SD Gold maintains a high-quality asset base and has delivered an 8% self-mined production CAGR from 2022 to 2024. We forecast a 32% earnings CAGR from 2025 to 2028, though this is predominantly price-driven rather than operationally driven, and subject to execution risk as production scales domestically and overseas. Structural headwinds — rising unit COGS, sector-low ROLTA of ~4%, and elevated leverage — weigh on earnings quality, and weaker earnings conversion vs. peers underpins our UW rating.

Valuation

Our Dec-2027 price target of Rmb21 is based on a DCF valuation with a WACC of 6% and a terminal growth rate of 2%. Our PT implies a FY27E P/E multiple of 13x and a FY27E EV/EBITDA multiple of 7x.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.42	0.33
Region: China	0.63	0.32
Macro:		
Emerging Economies CPI(YoY)	0.47	0.26
Markit EM Composite PMI SA	-0.23	-0.16
Generic 1st 'CO' Future	-0.05	-0.15
Quant Styles:		
Size	-0.41	-0.41
Quality	0.44	0.25
LowVol	0.24	0.17

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Shandong Gold - A *(Underweight; Price Target: Rmb21.00)*

Investment Thesis

As China's largest domestic pure gold miner, SD Gold maintains a high-quality asset base and has delivered an 8% self-mined production CAGR from 2022 to 2024. We forecast a 32% earnings CAGR from 2025 to 2028, though this is predominantly price-driven rather than operationally driven, and subject to execution risk as production scales domestically and overseas. Structural headwinds — rising unit COGS, sector-low ROLTA of ~4%, and elevated leverage — weigh on earnings quality, and weaker earnings conversion vs. peers underpins our UW rating.

Valuation

Our Dec-2027 price target of Rmb21 is based on a DCF valuation with a WACC of 6% and a terminal growth rate of 2%. Our PT implies a FY27E P/E multiple of 13x and a FY27E EV/EBITDA multiple of 7x.

Table 14: SD Gold – DCF Valuation

Breakdown	Rmb/shr	% of GAV
Mine produced gold	24.8	61%
Purchased gold	3.2	8%
Small gold bar	1.7	4%
Trade	0.4	1%
Others	10.6	26%
GAV per share	**40.8**	
Net debt/(cash)	(11.4)	
Perp	(3.0)	
Minority	(5.5)	
NAV per share	**21**	

Source: Company data, J.P. Morgan estimates.

Risks to Rating and Price Target

Key downside risks to our rating and price target include: 1) weaker-than-expected gold prices; 2) safety and environmental management risks surrounding the Shandong Province mines; 3) slower-than-expected project progress; 4) higher-than-expected operational costs; and 5) higher-than-expected investment losses exceeding projections.

Upside risks include: 1) Higher-than-expected gold prices; 2) better-than-expected mine production and reserve growth; 3) lower-than-expected mine gold costs; 4) better-than-expected progress in overseas project production ramp-up.

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Shandong Gold - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**82,518**	**104,287**	**109,639**	**116,807**	**135,405**
COGS	(68,902)	(82,950)	(88,209)	(93,667)	(108,361)
Gross profit	**12,320**	**19,118**	**19,096**	**20,653**	**24,161**
SG&A	(3,040)	(3,781)	(3,303)	(3,519)	(4,080)
Adj. EBITDA	**12,966**	**18,285**	**21,284**	**23,851**	**27,722**
D&A	(4,995)	(7,287)	(6,517)	(7,810)	(8,922)
Adj. EBIT	**7,970**	**10,998**	**14,767**	**16,040**	**18,801**
Net Interest	1,884	1,778	662	693	708
Adj. PBT	**5,682**	**9,089**	**14,074**	**15,315**	**18,061**
Tax	(1,243)	(2,462)	(3,812)	(4,148)	(4,892)
Minority Interest	(1,488)	(1,888)	(2,923)	(3,181)	(3,751)
Adj. Net Income	**2,927**	**5,950**	**6,800**	**7,447**	**8,879**
Reported EPS	0.57	0.94	1.48	1.62	1.93
Adj. EPS	**0.66**	**1.32**	**1.47**	**1.62**	**1.93**
DPS	**0.23**	**0.35**	**0.57**	**0.63**	**0.75**
Payout ratio	40.0%	37.7%	38.6%	38.6%	38.6%
Shares outstanding	4,468	4,502	4,610	4,610	4,610

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	11,077	17,491	14,552	13,185	17,382
Accounts receivable	617	515	541	576	668
Inventories	6,820	6,904	7,342	7,796	9,019
Other current assets	13,873	13,777	14,262	14,780	16,169
Current assets	**28,701**	**33,868**	**31,414**	**30,565**	**36,150**
PP&E	50,826	59,245	71,004	81,105	88,607
LT investments	2,660	2,726	2,726	2,726	2,726
Other non current assets	20,539	17,010	17,010	17,010	17,010
Total assets	**160,660**	**170,374**	**179,680**	**188,931**	**202,019**
Short term borrowings	33,168	39,889	39,889	39,889	39,889
Payables	16,968	18,018	19,160	20,346	23,538
Other short term liabilities	12,251	14,172	14,216	14,261	14,385
Current liabilities	**62,386**	**72,079**	**73,265**	**74,497**	**77,812**
Long-term debt	30,734	25,674	25,674	25,674	25,674
Other long term liabilities	39,704	33,916	33,916	33,916	33,916
Total liabilities	**102,090**	**105,995**	**107,181**	**108,412**	**111,727**
Shareholders' equity	24,856	30,956	36,153	40,992	47,014
Minority interests	20,773	19,480	22,403	25,584	29,334
Total liabilities & equity	**160,660**	**170,374**	**179,680**	**188,931**	**202,019**
BVPS	**8.46**	**9.97**	**10.87**	**11.92**	**13.22**
y/y Growth	*13.5%*	*17.9%*	*9.0%*	*9.7%*	*11.0%*
Net debt/(cash)	52,824	48,072	51,011	52,378	48,181

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**13,340**	**21,493**	**18,329**	**20,540**	**24,867**
o/w Depreciation & amortization	4,995	7,287	6,517	7,810	8,922
o/w Changes in working capital	8,697	1,396	701	713	1,927
Cash flow from investing activities	**(22,801)**	**(13,609)**	**(18,276)**	**(17,911)**	**(16,424)**
o/w Capital expenditure	(22,373)	(13,084)	(18,276)	(17,911)	(16,424)
as % of sales	*27.1%*	*12.5%*	*16.7%*	*15.3%*	*12.1%*
Cash flow from financing activities	**11,004**	**(1,875)**	**(2,992)**	**(3,996)**	**(4,246)**
o/w Dividends paid	(2,117)	(2,954)	(1,635)	(2,639)	(2,889)
o/w Shares issued/(repurchased)	3,000	7,548	0	0	0
o/w Net debt issued/(repaid)	7,338	(2,151)	(850)	(850)	(850)
Net change in cash	**1,579**	**6,062**	**(2,939)**	**(1,367)**	**4,197**
Adj. Free cash flow to firm	**(9,033)**	**8,409**	**53**	**2,629**	**8,443**
y/y Growth	*(27.9%)*	*(193.1%)*	*(99.4%)*	*4847.7%*	*221.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	14.9%	18.3%	17.4%	17.7%	17.8%
EBITDA margin	15.7%	17.5%	19.4%	20.4%	20.5%
EBIT margin	9.7%	10.5%	13.5%	13.7%	13.9%
Net profit margin	3.5%	5.7%	6.2%	6.4%	6.6%
ROE	12.2%	21.3%	20.3%	19.3%	20.2%
ROA	2.0%	3.6%	3.9%	4.0%	4.5%
ROCE	7.7%	8.7%	10.9%	11.2%	12.5%
SG&A/Sales	3.7%	3.6%	3.0%	3.0%	3.0%
Net debt/Equity	1.2	1.0	0.9	0.8	0.6
Net debt/EBITDA	4.1	2.6	2.4	2.2	1.7
Sales/Assets (x)	0.6	0.6	0.6	0.6	0.7
Assets/Equity (x)	6.2	5.9	5.2	4.8	4.4
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	141.5%	144.0%	667.7%	131.9%	108.1%
Tax rate	21.9%	27.1%	27.1%	27.1%	27.1%
Revenue y/y Growth	39.2%	26.4%	5.1%	6.5%	15.9%
EBITDA y/y Growth	41.8%	41.0%	16.4%	12.1%	16.2%
EPS y/y Growth	33.8%	101.7%	11.6%	9.5%	19.2%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	41.7	20.7	18.5	16.9	14.2
P/BV (x)	3.2	2.7	2.5	2.3	2.1
EV/EBITDA (x)	16.1	11.1	9.8	9.0	7.7
Dividend Yield	0.8%	1.3%	2.1%	2.3%	2.7%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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▼ **Underweight**
Previous: Neutral

1787.HK, 1787 HK
Price (08 Oct 26):HK$18.42

▼ **Price Target (Dec-27):HK$15.00**
Prior (Dec-27):HK$25.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	1.68	1.47	-12.3%
Adj. EPS - 27E (Rmb)	2.18	1.62	-26.0%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	34	41	53	78	50
Growth	25	8	17	42	95
Momentum	85	10	7	20	97
Quality	77	65	72	79	85
Low Vol	89	81	71	37	55
ESGQ	92	97	96	98	97

Shandong Gold - H

Revise down PT to HK$15; downgrade to UW

Shandong Gold's H-share price has fallen 10% following the company's cut to FY26 gold output guidance. We have therefore lowered our FY26 volume forecast to 37t and also reduced our FY27–28 volume forecasts, as we expect safety-inspection impacts to persist into 2027 and the planned expansion to slow. After incorporating the latest gold price movements, we lower our FY26–28 earnings estimates by 6–22% and cut our PT to HK$15. Meanwhile, structural headwinds — including rising unit COGS, a sector-low ROLTA of ~4%, and elevated leverage — continue to weigh on earnings quality and limit our conviction relative to peers. We therefore downgrade SD Gold from Neutral to Underweight.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-46.8%	-27.4%	-2.9%	-56.9%
Rel	-39.6%	-21.4%	-1.2%	-45.5%

Company Data

Shares O/S (mn)	4,473
52-week range (HK$)	54.45-16.21
Market cap ($ mn)	10,499
Exchange rate	7.85
Free float (%)	90.4%
3M ADV (mn)	22.65
3M ADV ($ mn)	66.4
Volatility (90 Day)	64
Index	HSI
BBG ANR (Buy | Hold | Sell)	5|3|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	104,287	109,639	116,807	135,405
EBITDA	18,285	21,284	23,851	27,722
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Adj. EBIT	10,998	14,767	16,040	18,801
Adj. net income	5,950	6,800	7,447	8,879
Net income	4,232	6,832	7,479	8,911
Adj. EPS	1.32	1.47	1.62	1.93
BBG EPS	1.33	1.42	2.09	2.43
Net debt	48,072	51,011	52,378	48,181
Cashflow from operations	21,493	18,329	20,540	24,867
Investing cashflow	(13,609)	(18,276)	(17,911)	(16,424)
FCFF	8,409	53	2,629	8,443
Margins and Growth				
Revenue Growth Y/Y (%)	26.4%	5.1%	6.5%	15.9%
EBITDA Growth Y/Y (%)	41.0%	16.4%	12.1%	16.2%
Adj. EPS growth	101.7%	11.6%	9.5%	19.2%
Ratios				
Adj. tax rate	27.1%	27.1%	27.1%	27.1%
Net debt/EBITDA	2.6	2.4	2.2	1.7
ROCE	8.7%	10.9%	11.2%	12.5%
ROE	21.3%	20.3%	19.3%	20.2%
Valuation				
FCFF yield	11.9%	0.1%	3.6%	11.6%
Dividend yield	2.3%	3.6%	4.0%	4.7%
EV/Revenue	1.5	1.4	1.4	1.2
EV/EBITDA	8.3	7.4	6.8	5.8
Adj. P/E	11.9	10.7	9.7	8.2
P/ BV	1.6	1.4	1.3	1.2

Summary Investment Thesis and Valuation

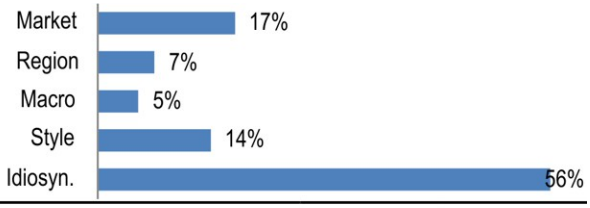
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Valuation

Our Dec 2027 price target of HK$15 is based on a 62% average 3-month A/H premium on our A-share PT. The price target implies an 8x FY2027E P/E.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.51	0.41
Region: China	0.55	0.30
Macro:		
Emerging Economies CPI(YoY)	0.55	0.28
Markit EM Composite PMI SA	-0.24	-0.15
Generic 1st 'CO' Future	-0.04	-0.15
Quant Styles:		
Size	-0.39	-0.38
Quality	0.47	0.29
Value	0.27	0.16

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Shandong Gold - H *(Underweight; Price Target: HK$15.00)*

Investment Thesis
As China's largest domestic pure gold miner, SD Gold maintains a high-quality asset base and has delivered an 8% self-mined production CAGR from 2022 to 2024. We forecast a 32% earnings CAGR from 2025 to 2028, though this is predominantly price-driven rather than operationally driven, and subject to execution risk as production scales domestically and overseas. Structural headwinds — rising unit COGS, sector-low ROLTA of ~4%, and elevated leverage — weigh on earnings quality, and weaker earnings conversion vs. peers underpins our UW rating.

Valuation
Our Dec 2027 price target of HK$15 is based on a 62% average 3-month A/H premium on our A-share PT. The price target implies an 8x FY2027E P/E.

Risks to Rating and Price Target
Key downside risks to our rating and price target include: 1) weaker-than-expected gold prices; 2) safety and environmental management risks surrounding the Shandong Province mines; 3) slower-than-expected project progress; 4) higher-than-expected operational costs; and 5) higher-than-expected investment losses exceeding projections.

Upside risks include: 1) Higher-than-expected gold prices; 2) better-than-expected mine production and reserve growth; 3) lower-than-expected mine gold costs; 4) better-than-expected progress in overseas project production ramp-up.

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Shandong Gold - H: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**82,518**	**104,287**	**109,639**	**116,807**	**135,405**
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SG&A	(3,040)	(3,781)	(3,303)	(3,519)	(4,080)
Adj. EBITDA	**12,966**	**18,285**	**21,284**	**23,851**	**27,722**
D&A	(4,995)	(7,287)	(6,517)	(7,810)	(8,922)
Adj. EBIT	**7,970**	**10,998**	**14,767**	**16,040**	**18,801**
Net Interest	1,884	1,778	662	693	708
Adj. PBT	**5,682**	**9,089**	**14,074**	**15,315**	**18,061**
Tax	(1,243)	(2,462)	(3,812)	(4,148)	(4,892)
Minority Interest	(1,488)	(1,888)	(2,923)	(3,181)	(3,751)
Adj. Net Income	**2,927**	**5,950**	**6,800**	**7,447**	**8,879**
Reported EPS	0.57	0.94	1.48	1.62	1.93
Adj. EPS	**0.66**	**1.32**	**1.47**	**1.62**	**1.93**
DPS	**0.23**	**0.35**	**0.57**	**0.63**	**0.75**
Payout ratio	40.0%	37.7%	38.6%	38.6%	38.6%
Shares outstanding	4,468	4,502	4,610	4,610	4,610

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	11,077	17,491	14,552	13,185	17,382
Accounts receivable	617	515	541	576	668
Inventories	6,820	6,904	7,342	7,796	9,019
Other current assets	13,873	13,777	14,262	14,780	16,169
Current assets	**28,701**	**33,868**	**31,414**	**30,565**	**36,150**
PP&E	50,826	59,245	71,004	81,105	88,607
LT investments	2,660	2,726	2,726	2,726	2,726
Other non current assets	20,539	17,010	17,010	17,010	17,010
Total assets	**160,660**	**170,374**	**179,680**	**188,931**	**202,019**
Short term borrowings	33,168	39,889	39,889	39,889	39,889
Payables	16,968	18,018	19,160	20,346	23,538
Other short term liabilities	12,251	14,172	14,216	14,261	14,385
Current liabilities	**62,386**	**72,079**	**73,265**	**74,497**	**77,812**
Long-term debt	30,734	25,674	25,674	25,674	25,674
Other long term liabilities	39,704	33,916	33,916	33,916	33,916
Total liabilities	**102,090**	**105,995**	**107,181**	**108,412**	**111,727**
Shareholders' equity	24,856	30,956	36,153	40,992	47,014
Minority interests	20,773	19,480	22,403	25,584	29,334
Total liabilities & equity	**160,660**	**170,374**	**179,680**	**188,931**	**202,019**
BVPS	**8.46**	**9.97**	**10.87**	**11.92**	**13.22**
y/y Growth	*13.5%*	*17.9%*	*9.0%*	*9.7%*	*11.0%*
Net debt/(cash)	52,824	48,072	51,011	52,378	48,181

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**13,340**	**21,493**	**18,329**	**20,540**	**24,867**
o/w Depreciation & amortization	4,995	7,287	6,517	7,810	8,922
o/w Changes in working capital	8,697	1,396	701	713	1,927
Cash flow from investing activities	**(22,801)**	**(13,609)**	**(18,276)**	**(17,911)**	**(16,424)**
o/w Capital expenditure	(22,373)	(13,084)	(18,276)	(17,911)	(16,424)
as % of sales	*27.1%*	*12.5%*	*16.7%*	*15.3%*	*12.1%*
Cash flow from financing activities	**11,004**	**(1,875)**	**(2,992)**	**(3,996)**	**(4,246)**
o/w Dividends paid	(2,117)	(2,954)	(1,635)	(2,639)	(2,889)
o/w Shares issued/(repurchased)	3,000	7,548	0	0	0
o/w Net debt issued/(repaid)	7,338	(2,151)	(850)	(850)	(850)
Net change in cash	**1,579**	**6,062**	**(2,939)**	**(1,367)**	**4,197**
Adj. Free cash flow to firm	**(9,033)**	**8,409**	**53**	**2,629**	**8,443**
y/y Growth	*(27.9%)*	*(193.1%)*	*(99.4%)*	*4847.7%*	*221.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	14.9%	18.3%	17.4%	17.7%	17.8%
EBITDA margin	15.7%	17.5%	19.4%	20.4%	20.5%
EBIT margin	9.7%	10.5%	13.5%	13.7%	13.9%
Net profit margin	3.5%	5.7%	6.2%	6.4%	6.6%
ROE	12.2%	21.3%	20.3%	19.3%	20.2%
ROA	2.0%	3.6%	3.9%	4.0%	4.5%
ROCE	7.7%	8.7%	10.9%	11.2%	12.5%
SG&A/Sales	3.7%	3.6%	3.0%	3.0%	3.0%
Net debt/Equity	1.2	1.0	0.9	0.8	0.6
Net debt/EBITDA	4.1	2.6	2.4	2.2	1.7
Sales/Assets (x)	0.6	0.6	0.6	0.6	0.7
Assets/Equity (x)	6.2	5.9	5.2	4.8	4.4
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	141.5%	144.0%	667.7%	131.9%	108.1%
Tax rate	21.9%	27.1%	27.1%	27.1%	27.1%
Revenue y/y Growth	39.2%	26.4%	5.1%	6.5%	15.9%
EBITDA y/y Growth	41.8%	41.0%	16.4%	12.1%	16.2%
EPS y/y Growth	33.8%	101.7%	11.6%	9.5%	19.2%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	24.0	11.9	10.7	9.7	8.2
P/BV (x)	1.9	1.6	1.4	1.3	1.2
EV/EBITDA (x)	12.1	8.3	7.4	6.8	5.8
Dividend Yield	1.4%	2.3%	3.6%	4.0%	4.7%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Overweight

002460.SZ, 002460 CH
Price (30 Sep 26):Rmb43.43

▼**Price Target (Dec-27):Rmb56.00**
Prior (Dec-27):Rmb80.00

Asia Basic Materials

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	3.61	3.42	-5.1%
Adj. EPS - 27E (Rmb)	3.78	3.30	-12.7%

Style Exposure

Quant	Current	Hist %Rank (1=Top)			
Factors	%Rank	6M	1Y	3Y	5Y
Value	49	71	79	20	92
Growth	37	20	9	57	15
Momentum	41	2	22	82	6
Quality	86	93	93	11	71
Low Vol	75	78	68	56	91

Ganfeng Lithium – A

Cut PT to Rmb56; maintain OW

Based on our regional team's latest lithium price forecast (link to report), our model now factors in lithium concentrate prices of Rmb157,745/163,539/141,330/t for 2026–2028E and a lower conversion cost. With downstream demand still resilient, we slightly revise up the FY26E sales growth of the battery business. Together, we revised down Ganfeng's 2026–2028E earnings forecasts by 5-32% and cut our PT to Rmb56. While the market remains divided on the lithium supply outlook, we believe Ganfeng is well positioned to benefit from the current ESS demand upcycle, given its exposure to both batteries and upstream lithium. Any further upside risk to lithium carbonate prices could also support additional share-price momentum. Maintain OW.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-30.9%	-21.0%	-33.6%	-28.7%
Rel	-27.7%	-18.2%	-27.4%	-27.6%

Company Data

Shares O/S (mn)	2,016
52-week range (Rmb)	91.67-41.67
Market cap ($ mn)	13,057
Exchange rate	6.71
Free float (%)	64.3%
3M ADV (mn)	40.11
3M ADV ($ mn)	313.5
Volatility (90 Day)	48
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	24|2|1

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	23,082	47,628	51,282	52,385
Adj. EBITDA	3,912	12,381	10,663	10,108
Adj. EBIT	1,383	10,034	8,619	8,409
Adj. net income	(901)	6,988	6,736	6,714
Adj. EPS	(0.44)	3.42	3.30	3.29
BBG EPS	0.27	3.56	3.84	4.18
Cashflow from operations	2,945	9,118	9,653	9,542
FCFF	(4,477)	5,516	6,052	5,940
Margins and Growth				
Revenue Growth Y/Y (%)	22.1%	106.3%	7.7%	2.2%
EBITDA margin	16.9%	26.0%	20.8%	19.3%
EBITDA Growth Y/Y (%)	114.5%	216.5%	(13.9%)	(5.2%)
EBIT margin	6.0%	21.1%	16.8%	16.1%
Net margin	(3.9%)	14.7%	13.1%	12.8%
Adj. EPS growth	1.6%	(875.5%)	(3.6%)	(0.3%)
Ratios				
Adj. tax rate	6.3%	26.9%	25.0%	25.0%
Interest cover	3.0	13.2	15.3	19.6
Net debt/Equity	0.5	0.3	0.2	0.1
Net debt/EBITDA	6.5	1.5	1.3	0.8
ROCE	1.7%	8.9%	7.3%	6.6%
ROE	(2.1%)	14.4%	12.2%	10.8%
Valuation				
FCFF yield	(5.0%)	6.2%	6.8%	6.7%
Dividend yield	0.3%	0.9%	0.8%	0.8%
EV/Revenue	10.9	5.2	4.7	4.5
EV/EBITDA	64.6	19.9	22.6	23.4
Adj. P/E	NM	12.7	13.2	13.2

Summary Investment Thesis and Valuation

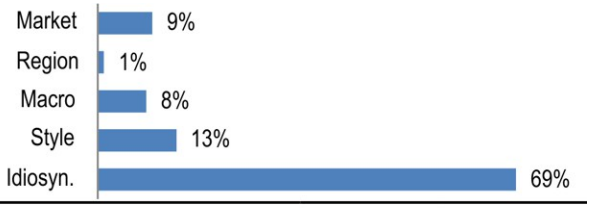
Investment Thesis

Ganfeng is among the largest lithium producers globally, with stakes in several key lithium assets such as Mt Marion and Cauchari-Olaroz. The company's battery production segment continues to show solid growth, driven by rising ESS and EV demand, and is emerging as an increasingly important earnings driver. We believe Ganfeng's fundamentals are improving, supported by a positive QoQ earnings trajectory, stronger battery-business growth, and potential upside from elevated lithium carbonate prices. While near-term supply-side uncertainty remains a factor to monitor, we think Ganfeng's integrated exposure across upstream lithium and batteries positions the company to benefit from the current ESS demand upcycle and the multi-year expansion of lithium demand. Following the recent share-price correction, we see a more attractive risk-reward profile.

Valuation

Our Dec-27 PT of Rmb56 is based on a target FY27E P/B of 2x, slightly above global peers, reflecting the company's expanding battery business. The PT implies a 15x FY27E P/E.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.29	0.30
Region: China	0.02	0.11
Macro:		
Emerging Central Bank Rate	-0.06	0.21
JPM Global Equity Sentiment	0.21	0.16
US 10 Year Yield	-0.08	-0.15
Quant Styles:		
DivYld	-0.15	-0.21
Size	-0.09	-0.19
Growth	0.19	0.18

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Ganfeng Lithium – A *(Overweight; Price Target: Rmb56.00)*

Investment Thesis
Ganfeng is among the largest lithium producers globally, with stakes in several key lithium assets such as Mt Marion and Cauchari-Olaroz. The company's battery production segment continues to show solid growth, driven by rising ESS and EV demand, and is emerging as an increasingly important earnings driver. We believe Ganfeng's fundamentals are improving, supported by a positive QoQ earnings trajectory, stronger battery-business growth, and potential upside from elevated lithium carbonate prices. While near-term supply-side uncertainty remains a factor to monitor, we think Ganfeng's integrated exposure across upstream lithium and batteries positions the company to benefit from the current ESS demand upcycle and the multi-year expansion of lithium demand. Following the recent share-price correction, we see a more attractive risk-reward profile.

Valuation
Our Dec-27 PT of Rmb56 is based on a target FY27E P/B of 2x, slightly above global peers, reflecting the company's expanding battery business. The PT implies a 15x FY27E P/E.

Risks to Rating and Price Target
Upside risks include: (1) earlier-than-expected downstream inventory restocking; (2) stronger-than-expected battery demand growth; and (3) a sharp reduction in supply or significant production cuts.

Downside risks include: (1) weaker lithium prices; (2) softer ESS demand growth; (3) supply materially ramping up in response to higher prices; and (4) a potential equity raise post share price strength.

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Ganfeng Lithium – A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**18,906**	**23,082**	**47,628**	**51,282**	**52,385**
COGS	(16,861)	(19,453)	(34,424)	(39,169)	(40,408)
Gross profit	**2,045**	**3,629**	**13,204**	**12,113**	**11,978**
SG&A	(1,018)	(1,357)	(1,361)	(1,441)	(1,472)
Adj. EBITDA	**1,824**	**3,912**	**12,381**	**10,663**	**10,108**
D&A	(1,384)	(2,529)	(2,347)	(2,044)	(1,699)
Adj. EBIT	**440**	**1,383**	**10,034**	**8,619**	**8,409**
Net Interest	(854)	(1,303)	(936)	(698)	(517)
Adj. PBT	**(2,301)**	**1,188**	**11,783**	**10,536**	**10,506**
Tax	(329)	75	(3,165)	(2,634)	(2,626)
Minority Interest	556	350	(339)	(310)	(310)
Adj. Net Income	**(875)**	**(901)**	**6,988**	**6,736**	**6,714**
Reported EPS	(1.03)	0.79	4.05	3.72	3.71
Adj. EPS	**(0.43)**	**(0.44)**	**3.42**	**3.30**	**3.29**
DPS	**0.15**	**0.15**	**0.39**	**0.36**	**0.36**
Payout ratio	NM	19.0%	9.7%	9.7%	9.7%
Shares outstanding	2,014	2,042	2,042	2,042	2,042

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	5,944	8,422	15,078	20,302	25,483
Accounts receivable	4,827	8,822	11,376	11,890	12,146
Inventories	8,613	13,002	16,554	17,408	18,179
Other current assets	16,043	26,563	33,233	34,647	35,696
Current assets	**22,003**	**35,158**	**48,485**	**55,122**	**61,353**
PP&E	16,383	21,221	22,516	24,073	25,975
LT investments	13,327	11,574	12,505	12,505	12,505
Other non current assets	40,588	35,817	35,157	35,157	35,157
Total assets	**100,832**	**113,258**	**126,724**	**134,920**	**143,052**
Short term borrowings	16,028	16,508	13,990	13,990	13,990
Payables	12,197	16,134	19,619	20,632	21,545
Other short term liabilities	3,445	5,632	7,335	7,444	7,542
Current liabilities	**31,670**	**38,274**	**40,944**	**42,066**	**43,077**
Long-term debt	15,613	17,289	19,843	19,843	19,843
Other long term liabilities	21,574	23,147	27,405	27,405	27,405
Total liabilities	**53,244**	**61,421**	**68,350**	**69,471**	**70,483**
Shareholders' equity	41,782	45,145	51,933	58,696	65,507
Minority interests	5,806	6,692	6,837	7,148	7,457
Total liabilities & equity	**100,832**	**113,258**	**127,120**	**135,315**	**143,447**
BVPS	**20.75**	**22.39**	**25.76**	**29.11**	**32.49**
y/y Growth	*(11.3%)*	*7.9%*	*15.0%*	*13.0%*	*11.6%*
Net debt/(cash)	25,697	25,375	18,755	13,531	8,349

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**5,161**	**2,945**	**9,118**	**9,653**	**9,542**
o/w Depreciation & amortization	1,384	2,529	2,347	2,044	1,699
o/w Changes in working capital	4,811	(3,403)	(2,410)	(293)	(37)
Cash flow from investing activities	**(12,242)**	**(4,407)**	**(3,601)**	**(3,601)**	**(3,601)**
o/w Capital expenditure	(9,905)	(7,422)	(3,601)	(3,601)	(3,601)
as % of sales	*52.4%*	*32.2%*	*7.6%*	*7.0%*	*6.9%*
Cash flow from financing activities	**3,447**	**3,720**	**(315)**	**(828)**	**(759)**
o/w Dividends paid	(2,498)	(1,375)	(315)	(828)	(759)
o/w Shares issued/(repurchased)	109	3,238	0	0	0
o/w Net debt issued/(repaid)	7,748	3,674	0	0	0
Net change in cash	**(3,652)**	**2,227**	**5,133**	**5,224**	**5,181**
Adj. Free cash flow to firm	**(4,744)**	**(4,477)**	**5,516**	**6,052**	**5,940**
y/y Growth	*(54.5%)*	*(5.6%)*	*(223.2%)*	*9.7%*	*(1.8%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	10.8%	15.7%	27.7%	23.6%	22.9%
EBITDA margin	9.6%	16.9%	26.0%	20.8%	19.3%
EBIT margin	2.3%	6.0%	21.1%	16.8%	16.1%
Net profit margin	(4.6%)	(3.9%)	14.7%	13.1%	12.8%
ROE	(2.0%)	(2.1%)	14.4%	12.2%	10.8%
ROA	(0.9%)	(0.8%)	5.8%	5.1%	4.8%
ROCE	0.7%	1.7%	8.9%	7.3%	6.6%
SG&A/Sales	5.4%	5.9%	2.9%	2.8%	2.8%
Net debt/Equity	0.5	0.5	0.3	0.2	0.1
Net debt/EBITDA	14.1	6.5	1.5	1.3	0.8
Sales/Assets (x)	0.2	0.2	0.4	0.4	0.4
Assets/Equity (x)	2.2	2.5	2.5	2.4	2.2
Interest cover (x)	2.1	3.0	13.2	15.3	19.6
Operating leverage	205.9%	970.2%	588.4%	(183.8%)	(113.6%)
Tax rate	(14.3%)	6.3%	26.9%	25.0%	25.0%
Revenue y/y Growth	(42.7%)	22.1%	106.3%	7.7%	2.2%
EBITDA y/y Growth	(59.7%)	114.5%	216.5%	(13.9%)	(5.2%)
EPS y/y Growth	(131.9%)	1.6%	(875.5%)	(3.6%)	(0.3%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	NM	NM	12.7	13.2	13.2
P/BV (x)	2.1	1.9	1.7	1.5	1.3
EV/EBITDA (x)	138.2	64.6	19.9	22.6	23.4
Dividend Yield	0.3%	0.3%	0.9%	0.8%	0.8%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which



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Overweight

1772.HK, 1772 HK
Price (08 Oct 26):HK$29.34

▼**Price Target (Dec-27):HK$40.00**
Prior (Dec-27):HK$70.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	3.61	3.42	-5.1%
Adj. EPS - 27E (Rmb)	3.78	3.30	-12.7%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	31	64	74	11	89
Growth	42	19	10	60	14
Momentum	40	1	79	77	7
Quality	86	93	93	12	72
Low Vol	95	95	92	83	95
ESGQ	19	87	9	10	12

Ganfeng Lithium – H

Cut PT to HK$40; Maintain OW

Based on our regional team's latest lithium price forecast (link to report), our model now factors in lithium concentrate prices of Rmb157,745/163,539/141,330/t for 2026–2028E and a lower conversion cost. With downstream demand still resilient, we slightly revise up the FY26E sales growth of the battery busiess. Together, we revise down Ganfeng's 2026–2028E earnings forecasts by 5-32% and cut our PT to HK$40. While the market remains divided on the lithium supply outlook, we believe Ganfeng is well positioned to benefit from the current ESS demand upcycle, given its exposure to both batteries and upstream lithium. Any further upside risk to lithium carbonate prices could also support additional share-price momentum. Maintain OW.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-43.5%	-19.4%	-33.0%	-40.5%
Rel	-33.4%	-14.8%	-32.1%	-24.6%

Company Data

Shares O/S (mn)	2,016
52-week range (HK$)	91.20-29.26
Market cap ($ mn)	7,537
Exchange rate	7.85
Free float (%)	92.0%
3M ADV (mn)	11.14
3M ADV ($ mn)	54.8
Volatility (90 Day)	56
Index	HSCEI
BBG ANR (Buy | Hold | Sell)	16|3|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	23,082	47,628	51,282	52,385
Adj. EBITDA	3,912	12,381	10,663	10,108
Adj. EBIT	1,383	10,034	8,619	8,409
Adj. net income	(901)	6,988	6,736	6,714
Adj. EPS	(0.44)	3.42	3.30	3.29
BBG EPS	0.33	3.62	3.91	4.36
Cashflow from operations	2,945	9,118	9,653	9,542
FCFF	(4,477)	5,516	6,052	5,940
Margins and Growth				
Revenue Growth Y/Y (%)	22.1%	106.3%	7.7%	2.2%
EBITDA margin	16.9%	26.0%	20.8%	19.3%
EBITDA Growth Y/Y (%)	114.5%	216.5%	(13.9%)	(5.2%)
EBIT margin	6.0%	21.1%	16.8%	16.1%
Net margin	(3.9%)	14.7%	13.1%	12.8%
Adj. EPS growth	1.6%	(875.5%)	(3.6%)	(0.3%)
Ratios				
Adj. tax rate	6.3%	26.9%	25.0%	25.0%
Interest cover	3.0	13.2	15.3	19.6
Net debt/Equity	0.5	0.3	0.2	0.1
Net debt/EBITDA	6.5	1.5	1.3	0.8
ROCE	1.7%	8.9%	7.3%	6.6%
ROE	(2.1%)	14.4%	12.2%	10.8%
Valuation				
FCFF yield	(8.7%)	10.8%	11.8%	11.6%
Dividend yield	0.6%	1.6%	1.4%	1.4%
EV/Revenue	10.9	5.2	4.7	4.5
EV/EBITDA	64.6	19.9	22.6	23.4
Adj. P/E	NM	7.3	7.6	7.6

Summary Investment Thesis and Valuation

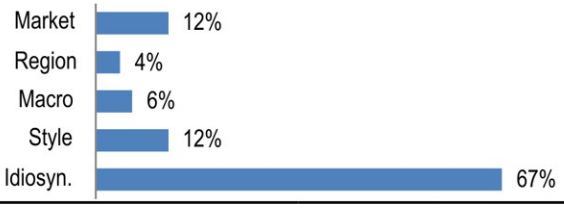
Investment Thesis

Ganfeng is among the largest lithium producers globally, with stakes in several key lithium assets such as Mt Marion and Cauchari-Olaroz. The company's battery production segment continues to show solid growth, driven by rising ESS and EV demand, and is emerging as an increasingly important earnings driver. We believe Ganfeng's fundamentals are improving, supported by a positive QoQ earnings trajectory, stronger battery-business growth, and potential upside from elevated lithium carbonate prices. While near-term supply-side uncertainty remains a factor to monitor, we think Ganfeng's integrated exposure across upstream lithium and batteries positions the company to benefit from the current ESS demand upcycle and the multi-year expansion of lithium demand. Following the recent share-price correction, we see a more attractive risk-reward profile.

Valuation

Our Dec-27 PT of HK$40 is based on an average three-month A/H premium of 64% applied to our A-share valuation.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.30	0.34
Region: China	0.09	0.21
Macro:		
JPM EM Currency(EMCI) Fixing	0.09	0.14
JPM Global Equity Sentiment	0.26	0.13
Emerging Central Bank Rate	-0.07	0.10
Quant Styles:		
Size	-0.15	-0.16
DivYld	-0.04	-0.10
Momentum	0.02	0.10

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Ganfeng Lithium – H *(Overweight; Price Target: HK$40.00)*

Investment Thesis
Ganfeng is among the largest lithium producers globally, with stakes in several key lithium assets such as Mt Marion and Cauchari-Olaroz. The company's battery production segment continues to show solid growth, driven by rising ESS and EV demand, and is emerging as an increasingly important earnings driver. We believe Ganfeng's fundamentals are improving, supported by a positive QoQ earnings trajectory, stronger battery-business growth, and potential upside from elevated lithium carbonate prices. While near-term supply-side uncertainty remains a factor to monitor, we think Ganfeng's integrated exposure across upstream lithium and batteries positions the company to benefit from the current ESS demand upcycle and the multi-year expansion of lithium demand. Following the recent share-price correction, we see a more attractive risk-reward profile.

Valuation
Our Dec-27 PT of HK$40 is based on an average three-month A/H premium of 64% applied to our A-share valuation.

Risks to Rating and Price Target
Upside risks include: (1) earlier-than-expected downstream inventory restocking; (2) stronger-than-expected battery demand growth; and (3) a sharp reduction in supply or significant production cuts.

Downside risks include: (1) weaker lithium prices; (2) softer ESS demand growth; (3) supply materially ramping up in response to higher prices; and (4) a potential equity raise post share price strength.

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Ganfeng Lithium – H: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**18,906**	**23,082**	**47,628**	**51,282**	**52,385**
COGS	(16,861)	(19,453)	(34,424)	(39,169)	(40,408)
Gross profit	**2,045**	**3,629**	**13,204**	**12,113**	**11,978**
SG&A	(1,018)	(1,357)	(1,361)	(1,441)	(1,472)
Adj. EBITDA	**1,824**	**3,912**	**12,381**	**10,663**	**10,108**
D&A	(1,384)	(2,529)	(2,347)	(2,044)	(1,699)
Adj. EBIT	**440**	**1,383**	**10,034**	**8,619**	**8,409**
Net Interest	(854)	(1,303)	(936)	(698)	(517)
Adj. PBT	**(2,301)**	**1,188**	**11,783**	**10,536**	**10,506**
Tax	(329)	75	(3,165)	(2,634)	(2,626)
Minority Interest	556	350	(339)	(310)	(310)
Adj. Net Income	**(875)**	**(901)**	**6,988**	**6,736**	**6,714**
Reported EPS	(1.03)	0.79	4.05	3.72	3.71
Adj. EPS	**(0.43)**	**(0.44)**	**3.42**	**3.30**	**3.29**
DPS	**0.15**	**0.15**	**0.39**	**0.36**	**0.36**
Payout ratio	NM	19.0%	9.7%	9.7%	9.7%
Shares outstanding	2,014	2,042	2,042	2,042	2,042

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	5,944	8,422	15,078	20,302	25,483
Accounts receivable	4,827	8,822	11,376	11,890	12,146
Inventories	8,613	13,002	16,554	17,408	18,179
Other current assets	16,043	26,563	33,233	34,647	35,696
Current assets	**22,003**	**35,158**	**48,485**	**55,122**	**61,353**
PP&E	16,383	21,221	22,516	24,073	25,975
LT investments	13,327	11,574	12,505	12,505	12,505
Other non current assets	40,588	35,817	35,157	35,157	35,157
Total assets	**100,832**	**113,258**	**126,724**	**134,920**	**143,052**
Short term borrowings	16,028	16,508	13,990	13,990	13,990
Payables	12,197	16,134	19,619	20,632	21,545
Other short term liabilities	3,445	5,632	7,335	7,444	7,542
Current liabilities	**31,670**	**38,274**	**40,944**	**42,066**	**43,077**
Long-term debt	15,613	17,289	19,843	19,843	19,843
Other long term liabilities	21,574	23,147	27,405	27,405	27,405
Total liabilities	**53,244**	**61,421**	**68,350**	**69,471**	**70,483**
Shareholders' equity	41,782	45,145	51,933	58,696	65,507
Minority interests	5,806	6,692	6,837	7,148	7,457
Total liabilities & equity	**100,832**	**113,258**	**127,120**	**135,315**	**143,447**
BVPS	**20.75**	**22.39**	**25.76**	**29.11**	**32.49**
y/y Growth	*(11.3%)*	*7.9%*	*15.0%*	*13.0%*	*11.6%*
Net debt/(cash)	25,697	25,375	18,755	13,531	8,349

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**5,161**	**2,945**	**9,118**	**9,653**	**9,542**
o/w Depreciation & amortization	1,384	2,529	2,347	2,044	1,699
o/w Changes in working capital	4,811	(3,403)	(2,410)	(293)	(37)
Cash flow from investing activities	**(12,242)**	**(4,407)**	**(3,601)**	**(3,601)**	**(3,601)**
o/w Capital expenditure	(9,905)	(7,422)	(3,601)	(3,601)	(3,601)
as % of sales	*52.4%*	*32.2%*	*7.6%*	*7.0%*	*6.9%*
Cash flow from financing activities	**3,447**	**3,720**	**(315)**	**(828)**	**(759)**
o/w Dividends paid	(2,498)	(1,375)	(315)	(828)	(759)
o/w Shares issued/(repurchased)	109	3,238	0	0	0
o/w Net debt issued/(repaid)	7,748	3,674	0	0	0
Net change in cash	**(3,652)**	**2,227**	**5,133**	**5,224**	**5,181**
Adj. Free cash flow to firm	**(4,744)**	**(4,477)**	**5,516**	**6,052**	**5,940**
y/y Growth	*(54.5%)*	*(5.6%)*	*(223.2%)*	*9.7%*	*(1.8%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	10.8%	15.7%	27.7%	23.6%	22.9%
EBITDA margin	9.6%	16.9%	26.0%	20.8%	19.3%
EBIT margin	2.3%	6.0%	21.1%	16.8%	16.1%
Net profit margin	(4.6%)	(3.9%)	14.7%	13.1%	12.8%
ROE	(2.0%)	(2.1%)	14.4%	12.2%	10.8%
ROA	(0.9%)	(0.8%)	5.8%	5.1%	4.8%
ROCE	0.7%	1.7%	8.9%	7.3%	6.6%
SG&A/Sales	5.4%	5.9%	2.9%	2.8%	2.8%
Net debt/Equity	0.5	0.5	0.3	0.2	0.1
Net debt/EBITDA	14.1	6.5	1.5	1.3	0.8
Sales/Assets (x)	0.2	0.2	0.4	0.4	0.4
Assets/Equity (x)	2.2	2.5	2.5	2.4	2.2
Interest cover (x)	2.1	3.0	13.2	15.3	19.6
Operating leverage	205.9%	970.2%	588.4%	(183.8%)	(113.6%)
Tax rate	(14.3%)	6.3%	26.9%	25.0%	25.0%
Revenue y/y Growth	(42.7%)	22.1%	106.3%	7.7%	2.2%
EBITDA y/y Growth	(59.7%)	114.5%	216.5%	(13.9%)	(5.2%)
EPS y/y Growth	(131.9%)	1.6%	(875.5%)	(3.6%)	(0.3%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	NM	NM	7.3	7.6	7.6
P/BV (x)	1.2	1.1	1.0	0.9	0.8
EV/EBITDA (x)	138.2	64.6	19.9	22.6	23.4
Dividend Yield	0.6%	0.6%	1.6%	1.4%	1.4%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Neutral

002466.SZ, 002466 CH
Price (30 Sep 26):Rmb40.25

▼**Price Target (Dec-27):Rmb45.00**
Prior (Dec-27):Rmb62.00

Tianqi Lithium – A

Cut PT to Rmb45; Maintain N

Based on our regional team's latest lithium price forecast (link to report), our model now factors in lithium concentrate prices of Rmb157,745/163,539/141,330/t for 2026–2028E and a lower production cost. We revise up Tianqi's 2026–2028E earnings forecasts by 0-17% but cut our PT to Rmb45 due to a de-rating in the FY27E target P/B multiple from 1.8x to 1.3x, in line with global peers. Maintain N.

Asia Basic Materials

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	4.06	4.73	16.5%
Adj. EPS - 27E (Rmb)	4.47	4.71	5.4%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	38	53	66	16	96
Growth	58	26	2	93	55
Momentum	18	3	37	93	2
Quality	88	96	96	11	98
Low Vol	78	75	66	70	96

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-27.3%	-19.7%	-34.4%	-15.4%
Rel	-24.1%	-16.9%	-28.2%	-14.4%

Company Data

Shares O/S (mn)	1,652
52-week range (Rmb)	82.49-39.27
Market cap ($ mn)	9,916
Exchange rate	6.71
Free float (%)	66.4%
3M ADV (mn)	47.31
3M ADV ($ mn)	339.6
Volatility (90 Day)	54
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	18|5|1

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	10,346	24,572	26,300	25,844
Adj. EBITDA	5,181	20,838	23,283	22,196
Adj. EBIT	3,513	15,343	16,538	15,964
Adj. net income	440	7,821	7,787	7,458
Adj. EPS	0.27	4.73	4.71	4.51
BBG EPS	0.45	4.06	4.09	4.09
Cashflow from operations	2,961	13,202	17,551	17,282
FCFF	(643)	11,041	15,391	15,121
Margins and Growth				
Revenue Growth Y/Y (%)	(20.8%)	137.5%	7.0%	(1.7%)
EBITDA margin	50.1%	84.8%	88.5%	85.9%
EBITDA Growth Y/Y (%)	55.6%	302.2%	11.7%	(4.7%)
EBIT margin	34.0%	62.4%	62.9%	61.8%
Net margin	4.3%	31.8%	29.6%	28.9%
Adj. EPS growth	(105.5%)	1678.2%	(0.4%)	(4.2%)
Ratios				
Adj. tax rate	24.4%	24.7%	24.7%	24.7%
Interest cover	12.2	47.1	91.6	363.2
Net debt/Equity	0.2	NM	NM	NM
Net debt/EBITDA	1.9	NM	NM	NM
ROCE	4.7%	18.8%	17.7%	15.4%
ROE	1.0%	16.6%	13.9%	11.8%
Valuation				
FCFF yield	(1.0%)	16.6%	23.1%	22.7%
Dividend yield	0.0%	2.3%	2.3%	2.2%
EV/Revenue	18.7	7.5	6.7	6.5
EV/EBITDA	37.4	8.8	7.6	7.6
Adj. P/E	151.2	8.5	8.5	8.9

Summary Investment Thesis and Valuation

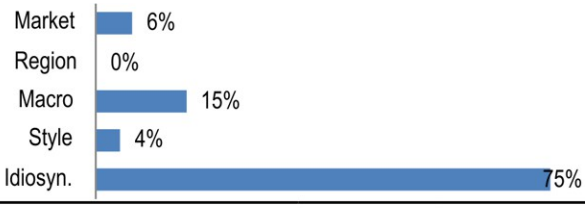
Investment Thesis

Tianqi Lithium stands out as a major global producer, with a significant 26% stake in Greenbushes—recognized as the world's lowest-cost source of spodumene. The company's unique position as the only Chinese lithium producer with full mine self-sufficiency has supported its strong margins, especially following the stabilization of its finances through the H-share listing. Looking ahead, Tianqi is poised to benefit from continued growth in ESS-driven lithium demand. However, potential risks remain around inventory management and the timing of further mine ramp-ups or resumptions, which could impact both operational performance and market pricing.

Valuation

Our Dec-27 PT of Rmb45 is based on a target FY27E P/B of 1.3x, in line with global peers. The PT implies a 14x FY27E P/E.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.28	0.24
Region: China	-0.03	0.00
Macro:		
JPM Global Equity Sentiment	0.48	0.35
US 10 Year Yield	-0.18	-0.19
Emerging Central Bank Rate	0.05	0.15
Quant Styles:		
DivYld	-0.25	-0.22
Value	-0.22	-0.21
Growth	0.23	0.19

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Tianqi Lithium – A *(Neutral; Price Target: Rmb45.00)*

Investment Thesis
Tianqi Lithium stands out as a major global producer, with a significant 26% stake in Greenbushes—recognized as the world's lowest-cost source of spodumene. The company's unique position as the only Chinese lithium producer with full mine self-sufficiency has supported its strong margins, especially following the stabilization of its finances through the H-share listing. Looking ahead, Tianqi is poised to benefit from continued growth in ESS-driven lithium demand. However, potential risks remain around inventory management and the timing of further mine ramp-ups or resumptions, which could impact both operational performance and market pricing.

Valuation
Our Dec-27 PT of Rmb45 is based on a target FY27E P/B of 1.3x, in line with global peers. The PT implies a 14x FY27E P/E.

Risks to Rating and Price Target
Upside risks include: (1) earlier-than-expected downstream inventory restocking; (2) stronger-than-expected battery demand growth; and (3) a sharp reduction in supply or significant production cuts.

Downside risks include: (1) weaker lithium prices; (2) softer ESS demand growth; (3) supply materially ramping up in response to higher prices; and (4) potential equity raise post share price strength.

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Tianqi Lithium – A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**13,063**	**10,346**	**24,572**	**26,300**	**25,844**
COGS	(7,045)	(6,262)	(8,556)	(8,967)	(9,099)
Gross profit	**6,019**	**4,084**	**16,016**	**17,333**	**16,745**
SG&A	(666)	(644)	(560)	(599)	(588)
Adj. EBITDA	**3,329**	**5,181**	**20,838**	**23,283**	**22,196**
D&A	(1,138)	(1,438)	(1,957)	(2,328)	(2,307)
Adj. EBIT	**5,331**	**3,513**	**15,343**	**16,538**	**15,964**
Net Interest	(335)	(424)	(443)	(254)	(61)
Adj. PBT	**1,292**	**3,969**	**18,820**	**20,680**	**19,808**
Tax	(1,321)	(967)	(4,650)	(5,107)	(4,892)
Minority Interest	(7,875)	(2,540)	(6,327)	(7,787)	(7,458)
Adj. Net Income	**(7,907)**	**440**	**7,821**	**7,787**	**7,458**
Reported EPS	(4.82)	0.28	4.75	4.71	4.51
Adj. EPS	**(4.82)**	**0.27**	**4.73**	**4.71**	**4.51**
DPS	**0.00**	**0.00**	**0.92**	**0.91**	**0.87**
Payout ratio	0.0%	0.0%	19.3%	19.3%	19.3%
Shares outstanding	1,640	1,652	1,652	1,652	1,652

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	5,767	4,382	19,950	35,008	50,130
Accounts receivable	2,268	1,702	4,128	4,396	4,320
Inventories	2,289	2,406	2,510	2,676	2,715
Other current assets	6,428	6,320	8,912	9,350	9,312
Current assets	**12,850**	**11,882**	**30,369**	**45,866**	**60,950**
PP&E	12,480	12,175	18,124	17,957	17,810
LT investments	26,251	26,186	25,981	25,981	25,981
Other non current assets	37,541	41,799	35,786	35,786	35,786
Total assets	**68,678**	**72,110**	**90,341**	**105,671**	**120,608**
Short term borrowings	2,413	2,178	2,674	2,674	2,674
Payables	1,601	1,436	1,330	1,418	1,439
Other short term liabilities	1,027	656	4,078	4,079	4,079
Current liabilities	**5,041**	**4,270**	**8,082**	**8,171**	**8,192**
Long-term debt	11,203	12,216	11,742	11,742	11,742
Other long term liabilities	14,454	15,948	15,586	15,586	15,586
Total liabilities	**19,496**	**20,218**	**23,668**	**23,757**	**23,778**
Shareholders' equity	41,893	42,362	51,955	59,741	67,199
Minority interests	7,290	9,530	14,718	22,505	29,963
Total liabilities & equity	**68,678**	**72,110**	**90,341**	**106,003**	**120,940**
BVPS	**25.54**	**25.64**	**31.45**	**36.16**	**40.67**
y/y Growth	*(18.7%)*	*0.4%*	*22.6%*	*15.0%*	*12.5%*
Net debt/(cash)	7,850	10,011	(5,533)	(20,592)	(35,713)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**5,554**	**2,961**	**13,202**	**17,551**	**17,282**
o/w Depreciation & amortization	1,138	1,438	1,957	2,328	2,307
o/w Changes in working capital	2,126	236	(2,591)	(350)	59
Cash flow from investing activities	**(5,883)**	**(4,482)**	**(2,161)**	**(2,161)**	**(2,161)**
o/w Capital expenditure	(4,524)	(3,603)	(2,161)	(2,161)	(2,161)
as % of sales	*34.6%*	*34.8%*	*8.8%*	*8.2%*	*8.4%*
Cash flow from financing activities	**(3,241)**	**(428)**	**0**	**0**	**0**
o/w Dividends paid	(6,186)	(1,253)	0	0	0
o/w Shares issued/(repurchased)	5	0	0	0	0
o/w Net debt issued/(repaid)	3,048	963	0	0	0
Net change in cash	**(3,695)**	**(1,889)**	**10,998**	**15,391**	**15,121**
Adj. Free cash flow to firm	**1,030**	**(643)**	**11,041**	**15,391**	**15,121**
y/y Growth	*(94.4%)*	*(162.4%)*	*(1817.3%)*	*39.4%*	*(1.7%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	46.1%	39.5%	65.2%	65.9%	64.8%
EBITDA margin	25.5%	50.1%	84.8%	88.5%	85.9%
EBIT margin	40.8%	34.0%	62.4%	62.9%	61.8%
Net profit margin	(60.5%)	4.3%	31.8%	29.6%	28.9%
ROE	(16.9%)	1.0%	16.6%	13.9%	11.8%
ROA	(11.1%)	0.6%	9.6%	7.9%	6.6%
ROCE	(0.2%)	4.7%	18.8%	17.7%	15.4%
SG&A/Sales	5.1%	6.2%	2.3%	2.3%	2.3%
Net debt/Equity	0.2	0.2	NM	NM	NM
Net debt/EBITDA	2.4	1.9	NM	NM	NM
Sales/Assets (x)	0.2	0.1	0.3	0.3	0.2
Assets/Equity (x)	1.5	1.7	1.7	1.8	1.8
Interest cover (x)	9.9	12.2	47.1	91.6	363.2
Operating leverage	124.4%	163.9%	244.9%	110.7%	200.3%
Tax rate	102.3%	24.4%	24.7%	24.7%	24.7%
Revenue y/y Growth	(67.7%)	(20.8%)	137.5%	7.0%	(1.7%)
EBITDA y/y Growth	(91.0%)	55.6%	302.2%	11.7%	(4.7%)
EPS y/y Growth	(210.0%)	(105.5%)	1678.2%	(0.4%)	(4.2%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	NM	151.2	8.5	8.5	8.9
P/BV (x)	1.6	1.6	1.3	1.1	1.0
EV/EBITDA (x)	56.8	37.4	8.8	7.6	7.6
Dividend Yield	0.0%	0.0%	2.3%	2.3%	2.2%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Neutral

9696.HK, 9696 HK
Price (08 Oct 26):HK$27.22

▼**Price Target (Dec-27):HK$25.00**
Prior (Dec-27):HK$36.00

Tianqi Lithium – H

Cut PT to HK$25; Maintain N

Based on our regional team's latest lithium price forecast (link to report), our model now factors in lithium concentrate prices of Rmb157,745/163,539/141,330/t for 2026–2028E and a lower production cost. We revise up Tianqi's 2026–2028E earnings forecasts by 0-17% but cut our PT to HK$25, based on an average three-month A/H premium of 48% applied to our A-share valuation. Maintain N.

Asia Basic Materials

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	4.06	4.73	16.5%
Adj. EPS - 27E (Rmb)	4.47	4.71	5.4%

Style Exposure

Quant	Current	Hist %Rank (1=Top)			
Factors	%Rank	6M	1Y	3Y	5Y
Value	28	44	57	5	91
Growth	65	27	2	92	99
Momentum	29	10	28	79	
Quality	89	97	97	12	100
Low Vol	91	91	90	78	
ESGQ	7	3	5	-	-

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-46.7%	-21.7%	-25.1%	-44.4%
Rel	-36.6%	-17.1%	-24.2%	-28.5%

Company Data

Shares O/S (mn)	1,652
52-week range (HK$)	69.15-27.22
Market cap ($ mn)	5,730
Exchange rate	7.85
Free float (%)	71.8%
3M ADV (mn)	4.78
3M ADV ($ mn)	20.9
Volatility (90 Day)	52
Index	HSCEI
BBG ANR (Buy | Hold | Sell)	9|4|1

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	10,346	24,572	26,300	25,844
Adj. EBITDA	5,181	20,838	23,283	22,196
Adj. EBIT	3,513	15,343	16,538	15,964
Adj. net income	440	7,821	7,787	7,458
Adj. EPS	0.27	4.73	4.71	4.51
BBG EPS	0.38	3.81	3.91	3.88
Cashflow from operations	2,961	13,202	17,551	17,282
FCFF	(643)	11,041	15,391	15,121
Margins and Growth				
Revenue Growth Y/Y (%)	(20.8%)	137.5%	7.0%	(1.7%)
EBITDA margin	50.1%	84.8%	88.5%	85.9%
EBITDA Growth Y/Y (%)	55.6%	302.2%	11.7%	(4.7%)
EBIT margin	34.0%	62.4%	62.9%	61.8%
Net margin	4.3%	31.8%	29.6%	28.9%
Adj. EPS growth	(105.5%)	1678.2%	(0.4%)	(4.2%)
Ratios				
Adj. tax rate	24.4%	24.7%	24.7%	24.7%
Interest cover	12.2	47.1	91.6	363.2
Net debt/Equity	0.2	NM	NM	NM
Net debt/EBITDA	1.9	NM	NM	NM
ROCE	4.7%	18.8%	17.7%	15.4%
ROE	1.0%	16.6%	13.9%	11.8%
Valuation				
FCFF yield	(1.7%)	28.7%	40.0%	39.3%
Dividend yield	0.0%	3.9%	3.9%	3.7%
EV/Revenue	18.7	7.5	6.7	6.5
EV/EBITDA	37.4	8.8	7.6	7.6
Adj. P/E	87.4	4.9	4.9	5.2

Summary Investment Thesis and Valuation

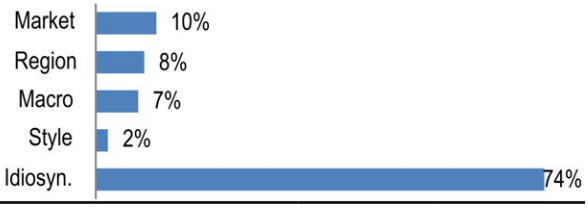
Investment Thesis

Tianqi Lithium stands out as a major global producer, with a significant 26% stake in Greenbushes—recognized as the world's lowest-cost source of spodumene. The company's unique position as the only Chinese lithium producer with full mine self-sufficiency has supported its strong margins, especially following the stabilization of its finances through the H-share listing. Looking ahead, Tianqi is poised to benefit from continued growth in ESS-driven lithium demand. However, potential risks remain around inventory management and the timing of further mine ramp-ups or resumptions, which could impact both operational performance and market pricing.

Valuation

Our Dec-27 PT of HK$25 is based on an average three-month A/H premium of 48% applied to our A-share valuation.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.27	0.31
Region: China	0.22	0.30
Macro:		
JPM Global Equity Sentiment	0.47	0.28
JPM EM Currency(EMCI) Fixing	0.10	0.17
JP Morgan GBI-EM Global Div	0.02	0.15
Quant Styles:		
Size	-0.21	-0.15
DivYld	-0.07	-0.05
Growth	0.05	0.05

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Tianqi Lithium – H *(Neutral; Price Target: HK$25.00)*

Investment Thesis
Tianqi Lithium stands out as a major global producer, with a significant 26% stake in Greenbushes—recognized as the world's lowest-cost source of spodumene. The company's unique position as the only Chinese lithium producer with full mine self-sufficiency has supported its strong margins, especially following the stabilization of its finances through the H-share listing. Looking ahead, Tianqi is poised to benefit from continued growth in ESS-driven lithium demand. However, potential risks remain around inventory management and the timing of further mine ramp-ups or resumptions, which could impact both operational performance and market pricing.

Valuation
Our Dec-27 PT of HK$25 is based on an average three-month A/H premium of 48% applied to our A-share valuation.

Risks to Rating and Price Target
Upside risks include: (1) earlier-than-expected downstream inventory restocking; (2) stronger-than-expected battery demand growth; and (3) a sharp reduction in supply or significant production cuts.

Downside risks include: (1) weaker lithium prices; (2) softer ESS demand growth; (3) supply materially ramping up in response to higher prices; and (4) potential equity raise post share price strength.

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Tianqi Lithium – H: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**13,063**	**10,346**	**24,572**	**26,300**	**25,844**
COGS	(7,045)	(6,262)	(8,556)	(8,967)	(9,099)
Gross profit	**6,019**	**4,084**	**16,016**	**17,333**	**16,745**
SG&A	(666)	(644)	(560)	(599)	(588)
Adj. EBITDA	**3,329**	**5,181**	**20,838**	**23,283**	**22,196**
D&A	(1,138)	(1,438)	(1,957)	(2,328)	(2,307)
Adj. EBIT	**5,331**	**3,513**	**15,343**	**16,538**	**15,964**
Net Interest	(335)	(424)	(443)	(254)	(61)
Adj. PBT	**1,292**	**3,969**	**18,820**	**20,680**	**19,808**
Tax	(1,321)	(967)	(4,650)	(5,107)	(4,892)
Minority Interest	(7,875)	(2,540)	(6,327)	(7,787)	(7,458)
Adj. Net Income	**(7,907)**	**440**	**7,821**	**7,787**	**7,458**
Reported EPS	(4.82)	0.28	4.75	4.71	4.51
Adj. EPS	**(4.82)**	**0.27**	**4.73**	**4.71**	**4.51**
DPS	**0.00**	**0.00**	**0.92**	**0.91**	**0.87**
Payout ratio	0.0%	0.0%	19.3%	19.3%	19.3%
Shares outstanding	1,640	1,652	1,652	1,652	1,652

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	5,767	4,382	19,950	35,008	50,130
Accounts receivable	2,268	1,702	4,128	4,396	4,320
Inventories	2,289	2,406	2,510	2,676	2,715
Other current assets	6,428	6,320	8,912	9,350	9,312
Current assets	**12,850**	**11,882**	**30,369**	**45,866**	**60,950**
PP&E	12,480	12,175	18,124	17,957	17,810
LT investments	26,251	26,186	25,981	25,981	25,981
Other non current assets	37,541	41,799	35,786	35,786	35,786
Total assets	**68,678**	**72,110**	**90,341**	**105,671**	**120,608**
Short term borrowings	2,413	2,178	2,674	2,674	2,674
Payables	1,601	1,436	1,330	1,418	1,439
Other short term liabilities	1,027	656	4,078	4,079	4,079
Current liabilities	**5,041**	**4,270**	**8,082**	**8,171**	**8,192**
Long-term debt	11,203	12,216	11,742	11,742	11,742
Other long term liabilities	14,454	15,948	15,586	15,586	15,586
Total liabilities	**19,496**	**20,218**	**23,668**	**23,757**	**23,778**
Shareholders' equity	41,893	42,362	51,955	59,741	67,199
Minority interests	7,290	9,530	14,718	22,505	29,963
Total liabilities & equity	**68,678**	**72,110**	**90,341**	**106,003**	**120,940**
BVPS	**25.54**	**25.64**	**31.45**	**36.16**	**40.67**
y/y Growth	*(18.7%)*	*0.4%*	*22.6%*	*15.0%*	*12.5%*
Net debt/(cash)	7,850	10,011	(5,533)	(20,592)	(35,713)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**5,554**	**2,961**	**13,202**	**17,551**	**17,282**
o/w Depreciation & amortization	1,138	1,438	1,957	2,328	2,307
o/w Changes in working capital	2,126	236	(2,591)	(350)	59
Cash flow from investing activities	**(5,883)**	**(4,482)**	**(2,161)**	**(2,161)**	**(2,161)**
o/w Capital expenditure	(4,524)	(3,603)	(2,161)	(2,161)	(2,161)
as % of sales	*34.6%*	*34.8%*	*8.8%*	*8.2%*	*8.4%*
Cash flow from financing activities	**(3,241)**	**(428)**	**0**	**0**	**0**
o/w Dividends paid	(6,186)	(1,253)	0	0	0
o/w Shares issued/(repurchased)	5	0	0	0	0
o/w Net debt issued/(repaid)	3,048	963	0	0	0
Net change in cash	**(3,695)**	**(1,889)**	**10,998**	**15,391**	**15,121**
Adj. Free cash flow to firm	**1,030**	**(643)**	**11,041**	**15,391**	**15,121**
y/y Growth	*(94.4%)*	*(162.4%)*	*(1817.3%)*	*39.4%*	*(1.7%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	46.1%	39.5%	65.2%	65.9%	64.8%
EBITDA margin	25.5%	50.1%	84.8%	88.5%	85.9%
EBIT margin	40.8%	34.0%	62.4%	62.9%	61.8%
Net profit margin	(60.5%)	4.3%	31.8%	29.6%	28.9%
ROE	(16.9%)	1.0%	16.6%	13.9%	11.8%
ROA	(11.1%)	0.6%	9.6%	7.9%	6.6%
ROCE	(0.2%)	4.7%	18.8%	17.7%	15.4%
SG&A/Sales	5.1%	6.2%	2.3%	2.3%	2.3%
Net debt/Equity	0.2	0.2	NM	NM	NM
Net debt/EBITDA	2.4	1.9	NM	NM	NM
Sales/Assets (x)	0.2	0.1	0.3	0.3	0.2
Assets/Equity (x)	1.5	1.7	1.7	1.8	1.8
Interest cover (x)	9.9	12.2	47.1	91.6	363.2
Operating leverage	124.4%	163.9%	244.9%	110.7%	200.3%
Tax rate	102.3%	24.4%	24.7%	24.7%	24.7%
Revenue y/y Growth	(67.7%)	(20.8%)	137.5%	7.0%	(1.7%)
EBITDA y/y Growth	(91.0%)	55.6%	302.2%	11.7%	(4.7%)
EPS y/y Growth	(210.0%)	(105.5%)	1678.2%	(0.4%)	(4.2%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	NM	87.4	4.9	4.9	5.2
P/BV (x)	0.9	0.9	0.7	0.6	0.6
EV/EBITDA (x)	56.8	37.4	8.8	7.6	7.6
Dividend Yield	0.0%	0.0%	3.9%	3.9%	3.7%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Neutral

600019.SS, 600019 CH
Price (30 Sep 26):Rmb5.93

Price Target (Dec-27):Rmb6.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	0.41	0.35	-15.2%
Adj. EPS - 27E (Rmb)	0.54	0.42	-21.1%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	23	22	27	21	19
Growth	90	78	89	97	89
Momentum	75	79	63	45	16
Quality	75	72	79	80	77
Low Vol	12	15	13	13	34
ESGQ	93	93	91	7	99

Baosteel – A

Maintain Neutral

We expect Baosteel's margin to be compressed, factoring in the decline in HRC/CRC prices and increasing coking coal costs. We now forecast Rmb3,981/3,941/3,941/t and Rmb3,307/3,274/3,286/t for CRC and HRC, respectively. We raised coking coal cost to Rmb1,437/1,351/1,351/t for 2026-2028E. We revised down 2026-2028E NPAT by 15-30% and maintain our PT at Rmb 6.0, implying 0.6x FY27E P/B.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-20.4%	1.7%	9.2%	-16.1%
Rel	-17.2%	4.5%	15.4%	-15.1%

Company Data

Shares O/S (mn)	21,782
52-week range (Rmb)	7.83-5.30
Market cap ($ mn)	19,260
Exchange rate	6.71
Free float (%)	30.4%
3M ADV (mn)	94.82
3M ADV ($ mn)	82.2
Volatility (90 Day)	23
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	11|3|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	317,508	320,453	315,942	316,477
EBITDA	33,509	29,735	31,711	32,158
Adj. EBITDA	33,509	29,735	31,711	32,158
Adj. EBIT	14,139	10,839	12,815	13,262
Adj. net income	9,903	7,624	9,201	9,544
Net income	10,346	7,664	9,201	9,544
Adj. EPS	0.45	0.35	0.42	0.44
BBG EPS	0.48	0.47	0.56	0.63
Net debt	17,837	10,608	7,564	5,074
Cashflow from operations	33,597	26,851	29,014	29,520
Investing cashflow	(22,635)	(17,854)	(18,368)	(18,368)
FCFF	15,090	8,483	10,646	11,153
Margins and Growth				
Revenue Growth Y/Y (%)	(1.4%)	0.9%	(1.4%)	0.2%
EBITDA Growth Y/Y (%)	11.4%	(11.3%)	6.6%	1.4%
Adj. EPS growth	45.6%	(22.3%)	20.7%	3.7%
Ratios				
Adj. tax rate	13.3%	11.8%	11.8%	11.8%
Net debt/EBITDA	0.5	0.4	0.2	0.2
ROCE	5.0%	4.0%	4.7%	4.8%
ROE	4.9%	3.7%	4.4%	4.6%
Valuation				
FCFF yield	11.6%	6.6%	8.2%	8.6%
Dividend yield	5.0%	3.7%	4.4%	4.6%
EV/Revenue	0.8	0.9	0.9	0.9
EV/EBITDA	8.0	9.2	8.6	8.4
Adj. P/E	13.2	16.9	14.0	13.5
P/ BV	0.6	0.6	0.6	0.6

Summary Investment Thesis and Valuation

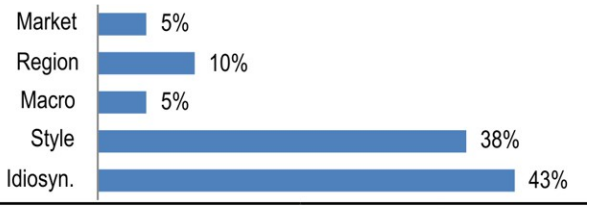
Investment Thesis

Baosteel is the world's second-largest steelmaker, with 2025 crude steel output at 51mn tons (5% of China's total output) produced from its four bases in Shanghai, Nanjing, Wuhan and Zhanjiang. We think Baosteel is the best-managed steel company, as it is the only one to remain profitable in this low-margin environment and weak steel demand outlook. The company's outperformance can be attributed to two factors: (1) high operational standards and efficiency, with an increasing focus on high-end products, e.g., silicon steel; and (2) a good corporate action track record supported by Baowu Group. However, as the recovery in steel margins is likely to remain subdued over the coming quarters, we rate Baosteel Neutral.

Valuation

Our Dec-27 PT of Rmb6.0 is based on a target P/BV of 0.6x, 1 sd below historical average. We value our steel coverage using target P/BVs that are arrived at by benchmarking forward ROE against historical P/BVs, with adjustments based on our company-specific views. We believe this is the most suitable valuation methodology, as it can incorporate earnings impact while avoiding highly volatile multiples, given the cyclicality of the steel sector. We also perform a DCF valuation as a cross-check to look at the stock from a cash flow perspective.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.23	0.23
Region: China	0.47	0.32
Macro:		
Generic 1st 'CO' Future	0.29	0.21
JPM EM Currency(EMCI) Fixing	0.18	0.18
JP Morgan GBI-EM Global Div	0.13	0.18
Quant Styles:		
Value	0.57	0.52
LowVol	0.53	0.51
Growth	-0.51	-0.44

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Baosteel – A *(Neutral; Price Target: Rmb6.00)*

Investment Thesis
Baosteel is the world's second-largest steelmaker, with 2025 crude steel output at 51mn tons (5% of China's total output) produced from its four bases in Shanghai, Nanjing, Wuhan and Zhanjiang. We think Baosteel is the best-managed steel company, as it is the only one to remain profitable in this low-margin environment and weak steel demand outlook. The company's outperformance can be attributed to two factors: (1) high operational standards and efficiency, with an increasing focus on high-end products, e.g., silicon steel; and (2) a good corporate action track record supported by Baowu Group. However, as the recovery in steel margins is likely to remain subdued over the coming quarters, we rate Baosteel Neutral.

Valuation
Our Dec-27 PT of Rmb6.0 is based on a target P/BV of 0.6x, 1 sd below historical average. We value our steel coverage using target P/BVs that are arrived at by benchmarking forward ROE against historical P/BVs, with adjustments based on our company-specific views. We believe this is the most suitable valuation methodology, as it can incorporate earnings impact while avoiding highly volatile multiples, given the cyclicality of the steel sector. We also perform a DCF valuation as a cross-check to look at the stock from a cash flow perspective.

Risks to Rating and Price Target
Key downside risks include: (1) higher-than-expected raw material cost hikes; and (2) a further weakening of the economy.

Upside risks include: (1) a faster-than-expected recovery in steel margins due to production cuts or stimulus fiscal/monetary policies; and (2) a better-than-expected strengthening of the economy.

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Baosteel – A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E
Revenue	**322,116**	**317,508**	**320,453**	**315,942**
COGS	(304,546)	(294,523)	(304,512)	(297,724)
Gross profit	**17,569**	**22,985**	**15,941**	**18,218**
SG&A	(10,803)	(10,867)	(9,522)	(9,403)
Adj. EBITDA	**30,076**	**33,509**	**29,735**	**31,711**
D&A	(19,460)	(19,370)	(18,896)	(18,896)
Adj. EBIT	**10,616**	**14,139**	**10,839**	**12,815**
Net Interest	(2,003)	(1,707)	(1,143)	(1,174)
Adj. PBT	**9,339**	**13,157**	**9,696**	**11,641**
Tax	(772)	(1,745)	(1,145)	(1,375)
Minority Interest	(1,206)	(1,066)	(887)	(1,065)
Adj. Net Income	**6,841**	**9,903**	**7,624**	**9,201**
Reported EPS	0.33	0.47	0.35	0.42
Adj. EPS	**0.31**	**0.45**	**0.35**	**0.42**
DPS	**0.21**	**0.29**	**0.22**	**0.26**
Payout ratio	61.8%	62.6%	62.0%	62.0%
Shares outstanding	22,120	21,985	21,782	21,782

Balance Sheet	FY24A	FY25A	FY26E	FY27E
Cash and cash equivalents	26,152	19,158	23,283	26,327
Accounts receivable	29,910	31,052	29,814	29,515
Inventories	38,188	37,212	39,396	38,240
Other current assets	107,514	99,177	100,978	99,523
Current assets	**133,696**	**118,390**	**124,271**	**125,859**
PP&E	160,758	160,671	161,476	160,948
LT investments	518	386	386	386
Other non current assets	53,325	64,963	68,284	68,284
Total assets	**364,874**	**363,020**	**369,461**	**370,522**
Short term borrowings	19,519	27,155	29,275	29,275
Payables	50,596	52,020	54,665	53,062
Other short term liabilities	40,887	40,464	45,315	45,315
Current liabilities	**111,002**	**119,639**	**129,256**	**127,653**
Long-term debt	24,238	9,841	4,616	4,616
Other long term liabilities	33,708	18,191	14,309	14,309
Total liabilities	**144,710**	**137,830**	**143,565**	**141,962**
Shareholders' equity	200,548	206,165	206,488	208,087
Minority interests	19,615	19,025	19,408	20,473
Total liabilities & equity	**364,874**	**363,020**	**369,461**	**370,522**
BVPS	**9.07**	**9.38**	**9.48**	**9.55**
y/y Growth	*0.8%*	*3.4%*	*1.1%*	*0.8%*
Net debt/(cash)	17,604	17,837	10,608	7,564

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E
Cash flow from operating activities	**27,736**	**33,597**	**26,851**	**29,014**
o/w Depreciation & amortization	19,460	19,370	18,896	18,896
o/w Changes in working capital	(5,659)	9,338	5,695	(148)
Cash flow from investing activities	**(20,921)**	**(22,635)**	**(17,854)**	**(18,368)**
o/w Capital expenditure	(19,336)	(18,507)	(18,368)	(18,368)
as % of sales	*6.0%*	*5.8%*	*5.7%*	*5.8%*
Cash flow from financing activities	**(6,991)**	**(17,525)**	**(5,413)**	**(7,603)**
o/w Dividends paid	(9,595)	(67,334)	(7,657)	(7,603)
o/w Shares issued/(repurchased)	132	49	1,676	0
o/w Net debt issued/(repaid)	4,145	(9,113)	2,880	0
Net change in cash	**(176)**	**(6,563)**	**3,584**	**3,043**
Adj. Free cash flow to firm	**8,399**	**15,090**	**8,483**	**10,646**
y/y Growth	*96.6%*	*79.7%*	*(43.8%)*	*25.5%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E
Gross margin	5.5%	7.2%	5.0%	5.8%
EBITDA margin	9.3%	10.6%	9.3%	10.0%
EBIT margin	3.3%	4.5%	3.4%	4.1%
Net profit margin	2.1%	3.1%	2.4%	2.9%
ROE	3.4%	4.9%	3.7%	4.4%
ROA	1.8%	2.7%	2.1%	2.5%
ROCE	4.0%	5.0%	4.0%	4.7%
SG&A/Sales	3.4%	3.4%	3.0%	3.0%
Net debt/Equity	0.1	0.1	0.0	0.0
Net debt/EBITDA	0.6	0.5	0.4	0.2
Sales/Assets (x)	0.9	0.9	0.9	0.9
Assets/Equity (x)	1.8	1.8	1.8	1.8
Interest cover (x)	15.0	19.6	26.0	27.0
Operating leverage	515.1%	(2320.3%)	(2516.2%)	(1294.8%)
Tax rate	8.3%	13.3%	11.8%	11.8%
Revenue y/y Growth	(6.6%)	(1.4%)	0.9%	(1.4%)
EBITDA y/y Growth	(15.4%)	11.4%	(11.3%)	6.6%
EPS y/y Growth	(34.1%)	45.6%	(22.3%)	20.7%

Valuation	FY24A	FY25A	FY26E	FY27E
P/E (x)	19.2	13.2	16.9	14.0
P/BV (x)	0.7	0.6	0.6	0.6
EV/EBITDA (x)	9.1	8.0	9.2	8.6
Dividend Yield	3.5%	5.0%	3.7%	4.4%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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