First Read

Zijin Gold International

Q3 volume miss pressures full-year guidance; AISC down on lower royalties

Equities

Hong Kong
Precious Metals

12-month rating	**Buy ***
12m price target	**HK$196.00**
	Prior : HK$203.00
Price (16 Oct 2026)	**HK$148.40**

RIC: 2259.HK **BBG:** 2259 HK

Trading data and key metrics

52-wk range	HK$253.20-88.50
Market cap.	HK$389b/US$49.6b
Shares o/s	2,624m (ORD)
Free float	100%
Avg. daily volume ('000)	7,617
Avg. daily value (m)	HK$1,065.9
Common s/h equity (12/26E)	US$10.2b
P/BV (12/26E)	5.0x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (USD)

	From	To	% ch	Cons.
12/26E	1.02	1.00	-2	1.18
12/27E	1.23	1.20	-2	1.29
12/28E	1.37	1.35	-2	1.36

Sharon Ding
Analyst
sharon.ding@ubs.com
+852-2971 6284

Suxi Zheng, PhD
Analyst
suxi.zheng@ubs.com
+852-3712 2601

Q: How did the results compare with expectations?

A: Zijin Gold announced its Q3 2026 results on 19 October 2026, reporting net profit attributable to shareholders of US$564mn, down 12% QoQ. The result was below the UBS estimate of US$650mn and market consensus of US$700mn, mainly due to weaker-than-expected gold production.

Q: What were the most noteworthy areas in the results?

A: Based on our discussion with the company, the production shortfall was the main driver of the earnings miss. At **Norton**, ageing mining equipment, equipment replacement and scheduled quarterly maintenance weighed on production. At **Rosebel**, delays in the delivery and deployment of equipment during the ongoing technical upgrade temporarily constrained haulage capacity, although operations have now broadly recovered. **Porgera**, in which Zijin Gold holds a 24.5% interest, also recorded lower-than-expected production, mainly due to water and power shortages, according to Barrick. 9M26 **AISC** was US$1,649/oz. Based on the reported production and cost data, we estimate Q3 AISC at c. US$1,600/oz, down c.7% QoQ. According to the company, the sequential cost improvement mainly reflected a lower realised gold price and the resulting reduction in royalty payments. On an ex-royalty basis, our estimates suggest that underlying AISC was broadly flat QoQ.

Q: Has the company's outlook/guidance changed?

A: No. The company maintained its full-year gold production guidance of 59.2t. However, achieving the target would require c.18t of production in Q4, implying a material acceleration from the first nine months.

Q: How would we expect investors to react?

A: We expect a relatively negative investor reaction, as this marks the company's second quarterly earnings miss in 2026. Although management maintained its 59.2t full-year production guidance, the implied Q4 production requirement of c.18t appears challenging, in our view. We lower our 2026E earnings estimate by 2% and reduce our full-year gold production forecast to c.58t, from 59.2t previously. Zijin Gold is trading at 19x/16x 2026E/2027E P/E.

Highlights (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	2,262	2,990	5,383	8,089	9,500	11,395	12,118	11,415
EBIT (UBS)	471	993	2,623	4,346	5,225	5,893	6,212	5,132
Net earnings (UBS)	230	481	1,602	2,669	3,218	3,600	3,869	3,326
EPS (UBS, diluted) (US$)	0.10	0.21	0.60	1.00	1.20	1.35	1.45	1.24
DPS (net) (US$)	0.00	0.00	0.19	0.32	0.39	0.43	0.47	0.40
Net (debt) / cash	(494)	(370)	3,035	4,711	6,900	7,818	9,335	11,025

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E
EBIT (UBS) margin %	20.8	33.2	48.7	53.7	55.0	51.7
ROIC (EBIT) %	15.9	31.4	58.7	72.7	79.9	74.9
EV/EBITDA (UBS core) x	-	-	13.5	8.5	7.0	6.2
P/E (UBS, diluted) x	-	-	30.0	19.0	15.7	14.1
Equity FCF (UBS) yield %	-	-	3.8	5.2	6.6	4.6
Dividend yield (net) %	-	-	1.1	1.7	2.0	2.3

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha
price of HK$ 148.40 on 16-Oct-2026

This report has been prepared by UBS Securities Asia Limited. * Exception to core rating bands; See Required
**ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANT
REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.**



Forecast returns

Forecast price appreciation	32.1%
Forecast dividend yield	1.7%
Forecast stock return	33.8%
Market return assumption	8.6%
Forecast excess return	25.2%

Company Description

Zijin Gold International is a subsidiary of Zijin Mining Group, the spin-off of its overseas gold business. Zijin Gold International's principal businesses are gold exploration, mining, processing and sales. Its major products are gold bullion, gold alloy and gold concentrate. Zijin Gold International focuses on the mining and development of quality global assets.

Valuation Method and Risk Statement

Our price target for Zijin Gold is based on PE methodology. We believe upside risks include better-than-expected gold prices and higher-than-expected production volumes. Downside risks include weaker-than-expected gold prices if the Fed continues to implement tighter-than-expected monetary policy, and worse-than-expected progress of expansion plans or potential.

Quantitative Research Review

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

Zijin Gold International

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