First Read

Zijin Mining Group - A

Q3 misses on gold and copper volumes; cost control improves QoQ

Q: How did the results compare with expectations?

A: Zijin announced its Q3 2026 results on 23 October 2026, reporting net profit attributable to shareholders of Rmb18.4bn, down 4% QoQ. The result was below the UBS estimate of Rmb19.5bn and market consensus of Rmb19-20bn. We attribute the earnings miss mainly to weaker-than-expected gold and copper volume delivery.

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

A: **Copper**: Zijin produced c.820kt of copper in 9M26, including c.90kt attributable production from Kamoa-Kakula. This represented around 68% of the group's FY26 production target of 1.2mt, implying the need for production to accelerate in Q4 to meet the full-year target. Copper unit costs increased 4% QoQ and 14% YoY in Q3. While costs remained elevated, the pace of increase moderated sequentially. **Gold**: Zijin produced c.70t of gold in 9M26, equivalent to 67% of its FY26 target of 105t. The production shortfall was mainly attributable to weaker output from Zijin Gold's operations, including Porgera, Norton and Rosebel. Gold unit costs increased modestly by c.2% QoQ, but remained 12% higher YoY. The moderation in sequential cost inflation was mainly due to lower royalty payments associated with the QoQ decline in gold prices. **Lithium**: Lithium production reached c.79kt in 9M26, representing 66% of the group's FY26 target of 120kt.

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

A: The company has not announced any revisions to its full-year guidance. Zijin will host its results briefing at 3:00pm on 26 October, when we expect management to provide further details on Q4 production outlook, unit costs and the progress towards its full-year targets.UBS will also host a physical NDR with Zijin in Hong Kong on the afternoon of 29 October, with the company's newly appointed general manager. Registration is available upon request.

Q: How would we expect investors to react?

A: We expect a relatively negative investor reaction, as this marks Zijin's second consecutive soft quarterly result, with cost pressure weighing on Q2 and weaker volume delivery affecting Q3. With 9M26 copper and gold production reaching only 68% and 67% of their respective full-year targets, we see some risk to the company's 1.2mt copper and 105t gold production targets, both of which require a meaningful Q4 ramp-up. Zijin-A has corrected by c.7% over the past two weeks and is trading at 9x/8x 2026E/2027E P/E. We view the valuation as undemanding and maintain our Buy rating.

Equities

China
Mining

12-month rating	**Buy**
12m price target	**Rmb50.00**
Price (23 Oct 2026)	**Rmb28.79**

RIC: 601899.SS **BBG:** 601899 CH

Trading data and key metrics

52-wk range	Rmb43.45-25.10
Market cap.	Rmb765b/US$115b
Shares o/s	26,578m (ORDA)
Free float	66%
Avg. daily volume ('000)	219,227
Avg. daily value (m)	Rmb7,123.1
Common s/h equity (12/26E)	Rmb251b
P/BV (12/26E)	3.0x
Net debt to EBITDA (12/26E)	0.3x

EPS (UBS, diluted) (CNY)

	UBS	Cons.
12/26E	3.06	3.05
12/27E	3.52	3.45
12/28E	3.85	3.76

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Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	293,403	303,640	349,079	505,108	600,133	665,852	719,162	715,909
EBIT (UBS)	33,577	48,068	76,450	120,017	146,991	164,408	174,023	168,865
Net earnings (UBS)	21,119	32,051	51,777	81,414	93,605	102,263	104,917	104,351
EPS (UBS, diluted) (Rmb)	0.80	1.22	1.95	3.06	3.52	3.85	3.95	3.93
DPS (net) (Rmb)	0.25	0.38	0.58	1.30	1.60	1.80	1.90	1.86
Net (debt) / cash	(123,387)	(117,209)	(98,636)	(46,316)	32,885	90,269	170,861	250,448
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	11.4	15.8	21.9	23.8	24.5	24.7	24.2	23.6
ROIC (EBIT) %	15.3	19.7	27.6	38.6	45.4	48.9	49.5	47.2
EV/EBITDA (UBS core) x	9.9	9.2	7.6	6.2	4.9	4.2	3.7	4.0
P/E (UBS, diluted) x	15.0	13.1	11.2	9.4	8.2	7.5	7.3	7.3
Equity FCF (UBS) yield %	1.0	5.2	7.3	8.9	14.9	13.1	16.8	(312.1)
Dividend yield (net) %	2.1	2.4	2.7	4.5	5.6	6.2	6.6	6.4

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of Rmb 28.79 on 23-Oct-2026

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Forecast returns

Forecast price appreciation	73.7%
Forecast dividend yield	4.5%
Forecast stock return	78.2%
Market return assumption	6.7%
Forecast excess return	71.5%

Company Description

Zijin Mining is a China-based diversified mining company, principally engaged in the exploration, mining, smelting and distribution of gold, copper, zinc and other metal minerals. Zijin is a dual-listed company in the Hong Kong and Shanghai markets. MinxiXinghang State-Owned Investment & Operation is the largest shareholder, with a 23% stake as of 2025.

Valuation Method and Risk Statement

Our price target is based on a SOTP multiple.
The key risks to China's copper sector include but are not limited to: commodity price volatility, regulation changes and production disruption. Demand risks are mainly from sectors including property and construction; power grid and equipment; home appliances; and machinery and transportation.
Zijin's company-specific risks include but are not limited to: overseas political risks; the prices of two commodities (copper and gold); faster-/slower-than-expected ramp ups of new mines; and FX risks.



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 Mining Group - A

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	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)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
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?	