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Shandong Gold Mining Co. Ltd | Asia Pacific

3Q26 miss

AlphaSignals Earnings Reaction

Weakens our thesis
Impact to our thesis

Meaningful shortfall
Financial results versus consensus

Modest revision lower
Direction of next 12-month consensus EPS

Key Takeaways

- 9M26 NP was Rmb3.2bn, down 19.6% YoY. The 3Q26 net loss was Rmb363mn, vs. profits of Rmb2.1bn in 2Q26 and Rmb1.1bn in 3Q25.
- We expect inventory digestion to continue (2.4t in 9M26) in 4Q, providing some bottom line-support. Shanjin had 4.9t of mined gold inventory as of end-2025.

3Q26 earnings were dragged by:

- Lower sales volume following production declines, despite some inventory digestion.
- More of a gross profit decline (-Rmb3.4bn QoQ) than gold price/mined-gold volume suggested, which may have come from higher production costs and losses from other business (e.g., gold bar).
- Higher effective tax rate and larger YoY minority allocation: 69.4% in 3Q26, vs. 27.4% in 2Q26 and 26.0% in 3Q25. Tax expense of Rmb1.1bn in 3Q26, down just Rmb114mn QoQ despite a Rmb2.8bn QoQ drop in profit before tax.

Sharp declines in mined-gold output due to tightened safety production supervision: 9M26 output was 26.2t (-31% YoY), including 4.8t from Shanjin Int'l (SJI). Estimated 3Q26 output was 7.1t (-45% YoY/-25.6% QoQ), including 1.56t from SJI. **The company previously lowered its 2026 target from 49t to 36-38t, implying 10-12t output for 4Q26.**

Continued inventory digestion: 9M26 mined-gold sales were 28.6t (-22% YoY), including 5.4t from SJI, digesting 2.4t inventory. Estimated 3Q26 sales were 8.65t (-35% YoY/-16% QoQ), including 1.7t from SJI, digesting ~1.5t inventory in 3Q26.

Exhibit 1: Shandong Gold's production and sales volume data

Operation	1Q26	2Q26	3Q26	3Q26 YoY	3Q26 QoQ	9M25	9M26	YoY
Gold Production (ton)	**9.5**	**9.6**	**7.1**	-46%	-26%	**37.8**	**26.2**	-31%
- Shanjin Int'l	1.7	1.6	1.6	-17%	-3%	**5.6**	**4.8**	-14%
- Others	7.9	8.0	5.6	-50%	-30%	32.2	21.4	-34%
Annual Production Target (ton)								
% progress	0.2							
Gold Sales (ton)	**9.7**	**10.3**	**8.6**	-35%	-16%	**36.8**	**28.6**	-22%
- Shanjin Int'l	2.0	1.6	1.7	-6%	9%	**6.0**	**5.4**	-10%
- Others	7.7	8.7	6.9	-39%	-20%	30.8	23.2	-25%
Sales-to-production ratio	102%	107%	122%			97%	109%	

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the 2027 Extel Asia Research Survey. Voting opens 10 November 2026.

Shandong Gold Mining Co. Ltd (1787.HK, 1787 HK)

Greater China Materials | China

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	HK$21.20
Up/downside to price target (%)	24
Shr price, close (Oct 28, 2026)	HK$17.16
52-Week Range	HK$54.45-16.21
Sh out, dil, curr (mn)	859
Mkt cap, curr (mn)	Rmb102,855
EV, curr (mn)	Rmb152,453
Avg daily trading value (mn)	HK$504

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	1.06	1.37	2.54	2.25
EPS (Rmb)§	1.26	1.54	2.02	2.30
Revenue, net (Rmb mn)	104,287	104,184	124,601	127,266
EBITDA (Rmb mn)	19,624	20,972	30,487	27,673
ModelWare net inc (Rmb mn)	4,739	6,110	11,369	10,062
P/E	29.3	10.7	5.7	6.5
EV/EBITDA	11.0	7.2	4.7	5.0

framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates

investors should be aware that the firm may have a conflict of

Research as only a single factor i
decision.

**For analyst certification and oth
refer to the Disclosure Section, l
report.**

+= Analysts employed by non-U.S
with FINRA, may not be associate
and may not be subject to FINRA
communications with a subject c
and trading securities held by a re



Valuation Methodology and Risks

Shandong Gold Mining Co. Ltd (1787.HK)

Our price target for Shandong Gold H-share is derived from our A-share PT assuming a FX rate of 0.87 and 70% A-H premium.

Risks to Upside

- Stronger-than-expected gold price that moves the share price toward our bull case
- Further RMB depreciation
- Production upside from China or overseas operations

Risks to Downside

- Stronger RMB, which would be negative for Shandong Gold's earnings
- Execution risks on Veladero mine
- Overall mine grade dropping further

Shandong Gold Mining Co. Ltd (600547.SS)

DCF discounts our earnings estimates through 2030, and then normalizes them by a 7% WACC. We assume a steady-state revenue growth rate of 4% p.a.

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