9 Mar 2026

CMB International Global Markets | Equity Research | Company Update

招银国际 CMB INTERNATIONAL

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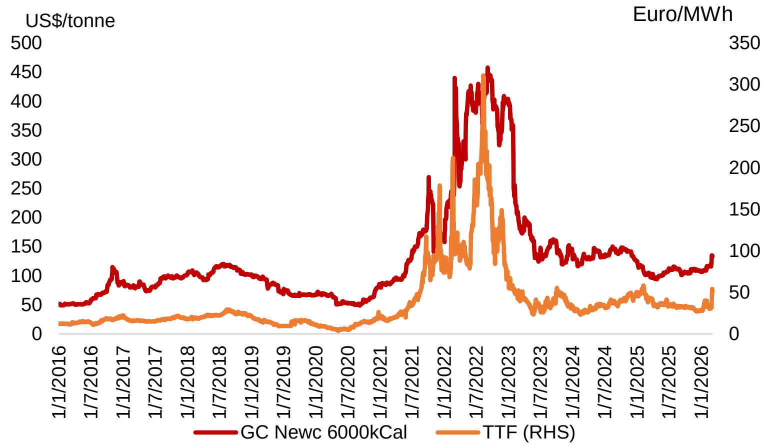
Yancoal Australia (3668 HK)

Coal price likely to gain alongside the surging gas price; Buying opportunity on Yancoal

Near-term catalyst. The shutdown of the Strait of Hormuz and disruption of natural gas production in the Middle East has pushed the gas price (TTF 1-mth forward) up 70% over the past week. The shortage and surging price of gas will possibly drive a switching from gas to coal which is subject to less disruption. Historically, seaborne thermal coal price moved in tandem with the European gas price (chart below) with a clear positive correlation of 0.86 over the past decade. We believe Yancoal is set to become a near-term beneficiary given its high portion of sales coming from thermal coal (84% in 2025). We estimate every 1% increase in thermal coal price will boost Yancoal's earnings by 5%. Maintain **BUY** with NPV-based TP of HK$38. Our current earnings forecast and TP has yet to price in the potentially higher coal price resulting from the Iran crisis.

GC Newc 6000kCal price vs TTF (1-mth forward) gas price



Source: Bloomberg, CMBIGM

Key risks: (1) decline in coal price; (2) elevated input cost; (3) extreme weather that affects production and delivery.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (AUD mn)	6,860	5,949	6,144	6,383	6,589
YoY growth (%)	(11.8)	(13.3)	3.3	3.9	3.2
Net profit (AUD mn)	1,215.9	439.9	577.1	633.9	664.4
EPS (Reported) (AUD)	0.92	0.33	0.44	0.48	0.50
YoY growth (%)	(33.1)	(63.8)	31.2	9.8	4.8
Consensus EPS (AUD)	na	na	0.46	0.49	na
P/E (x)	7.2	19.9	15.2	13.8	13.2
P/B (x)	0.9	1.0	0.9	0.9	0.9
Yield (%)	7.9	2.8	3.6	4.0	4.2
ROE (%)	13.7	4.8	6.3	6.7	6.8
Net gearing (%)	(25.2)	(22.6)	(22.3)	(26.3)	(25.9)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$38.00**
Up/Downside	**4.7%**
Current Price	**HK$36.30**

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Stock Data

Mkt Cap (HK$ mn)	47,932.0
Avg 3 mths t/o (HK$ mn)	79.0
52w High/Low (HK$)	36.30/21.85
Total Issued Shares (mn)	1320.4

Source: FactSet

Shareholding Structure

Yankuang Energy	62.3%
China Cinda AM	7.7%

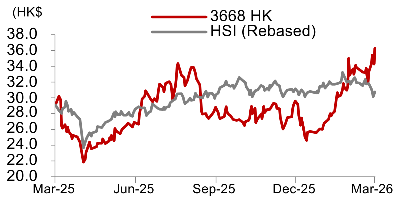
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	10.7%	14.2%
3-mth	22.6%	24.2%
6-mth	26.0%	24.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Reports

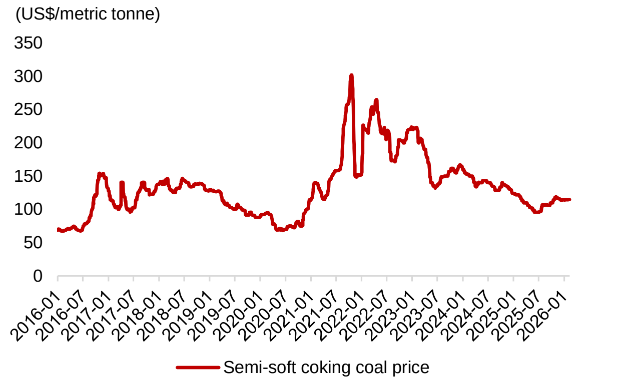
1. Yancoal Australia – 2025 profit below consensus; resilient coal price to support 2026 earnings – 26 Feb 2026 (link)
2. Yancoal Australia – Production volume in 3Q25 affected by unfavourable weather – 21 Oct 2025 (link)
3. Yancoal Australia – Weak earnings but largely anticipated; Expect an improvement trend of coal price – 20 Aug 2025 (link)

Figure 1: Key operating assumptions

	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Marketable coal production (mn tonnes)										
(100 % equity basis)										
Mines										
HVO	13.7	12.0	10.6	9.6	10.5	11.7	14.1	13.5	14.0	16.0
Mount Thorley Warkw orth (MTW)	12.1	11.9	11.2	8.1	11.3	11.2	11.8	12.0	12.5	12.8
Moolarben	17.8	19.7	18.4	14.9	16.7	19.0	19.1	19.5	20.0	20.5
Stratford Duralie	0.8	0.5	0.8	0.7	0.6	0.1	0.0	0.0	0.0	0.0
Yarrabee	2.8	3.0	2.6	2.1	1.9	2.2	2.7	2.0	2.0	2.0
Middlemount	2.7	2.9	3.7	2.6	2.2	2.3	2.6	2.6	2.7	2.9
Ashton	2.2	1.8	1.2	0.9	0.4	1.3	0.5	1.3	1.3	0.3
Total	**52.1**	**51.8**	**48.5**	**38.9**	**43.6**	**47.8**	**50.8**	**50.9**	**52.5**	**54.5**
Attributable sales volume (mn tonnes)										
Thermal	30.1	33.2	31.7	24.6	28.4	32.5	32.0	32.3	33.3	33.9
Metallurgical	5.5	4.2	5.8	4.7	4.7	5.2	6.1	7.1	7.3	7.4
Total	**35.6**	**37.4**	**37.5**	**29.3**	**33.1**	**37.7**	**38.1**	**39.4**	**40.6**	**41.3**
Change (YoY)										
Thermal	*6.0%*	*10.3%*	*-4.5%*	*-22.4%*	*15.4%*	*14.4%*	*-1.5%*	*0.9%*	*3.0%*	*1.9%*
Metallurgical	*7.8%*	*-23.6%*	*38.1%*	*-19.0%*	*0.0%*	*10.6%*	*17.3%*	*16.2%*	*3.0%*	*1.9%*
Average	***6.3%***	***5.1%***	***0.3%***	***-21.9%***	***13.0%***	***13.9%***	***1.1%***	***3.4%***	***3.0%***	***1.9%***
ASP (A$/tonne)										
Thermal	100	76	134	372	211	160	136	140	142	144
Metallurgical	167	123	180	405	356	276	203	195	196	198
Blended	**110**	**82**	**141**	**377**	**232**	**176**	**146**	**150**	**152**	**154**
ASP change (YoY)										
Thermal	*-18.3%*	*-23.8%*	*75.4%*	*177.4%*	*-43.3%*	*-23.9%*	*-15.3%*	*3.1%*	*1.4%*	*1.4%*
Metallurgical	*-8.8%*	*-26.3%*	*46.5%*	*125.0%*	*-12.1%*	*-22.6%*	*-26.3%*	*-3.9%*	*0.5%*	*1.0%*
Blended	***-16.2%***	***-26.1%***	***72.9%***	***167.3%***	***-38.5%***	***-23.9%***	***-17.0%***	***2.4%***	***1.2%***	***1.3%***
Cash operating cost breakdown (A$/tonne)										
Unit cash operating cost	**-73**	**-67**	**-77**	**-131**	**-121**	**-112**	**-112**	**-112**	**-113**	**-114**
Change (YoY)	*-0.9%*	*-8.2%*	*16.2%*	*69.6%*	*-8.0%*	*-7.5%*	*-0.1%*	*0.6%*	*0.9%*	*0.8%*
Unit cash operating cost (excluding government royalties)	**-64**	**-60**	**-66**	**-98**	**-100**	**-95**	**-97**	**-97**	**-98**	**-99**
Change (YoY)	*1.6%*	*-5.4%*	*9.5%*	*48.5%*	*1.9%*	*-5.3%*	*1.9%*	*0.8%*	*0.9%*	*0.8%*

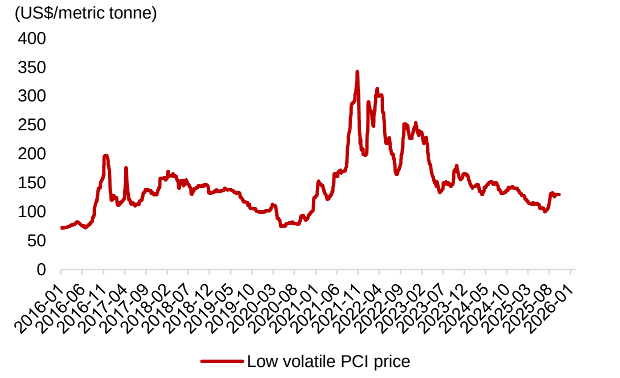
Source: Company data, CMBIGM estimates
Note: Our unit cost figures are slightly different from the company's due to the difference in transportation cost calculation.

Figure 2: Seaborne semi-soft coking coal (SSCC) price



Source: Wind, CMBIGM

Figure 3: Seaborne pulverised coal injection (PCI) price

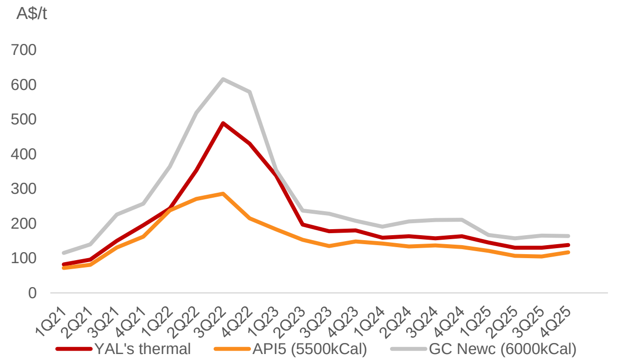


Source: Wind, CMBIGM

Figure 4: GC Newc (6000/kCal) pricing

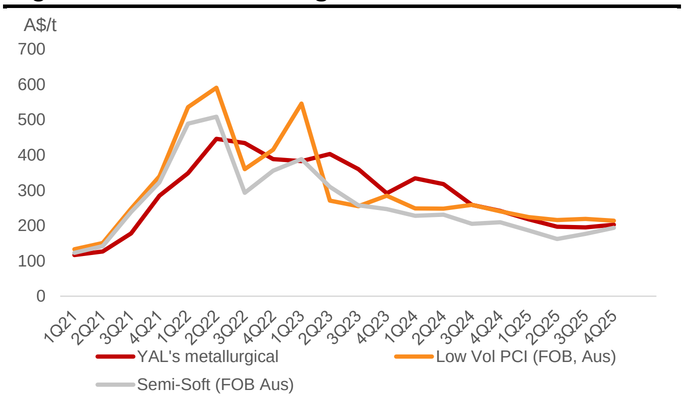
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

Figure 5: YAL's thermal ASP vs benchmarks



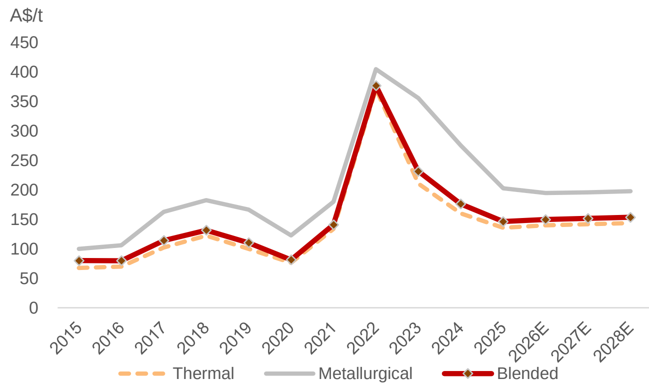
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

Figure 6: YAL's metallurgical ASP vs benchmarks



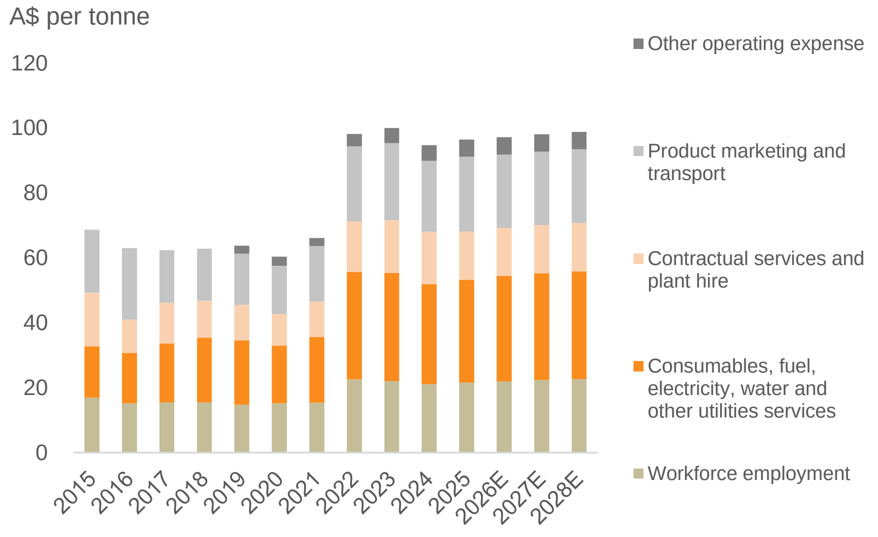
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

Figure 7: Assumptions on YAL's ASP



Source: Company data, CMBIGM estimates

Figure 8: YAL's unit cash cost breakdown



Source: Company data, CMBIGM estimates
Note: Excluding government royalties

Valuation

We value YAL by net present value (NPV), calculated by the future cash flow of all the reserves based on their effective mine life. We maintain our **BUY** rating with TP of HK$38.

Key assumptions:

- Long-term thermal and metallurgical coal price (starting from 2029E) of A$140/t and A$200/t respectively.
- Long-term unit cash cost inflation of 1% p.a.
- WACC of 7.2%: Risk-free rate of 4.5%, based on 10-year Australian government bond yield; risk premium of 6%, 0.5x beta, and 10% debt/capital ratio.
- AUD/HKD rate of HK$5.5.

Figure 9: TP sensitivity to coal price

WACC	LT coal thermal coal price (A$/t)				
	100	120	**140**	160	180
5.2%	19	31	44	56	69
6.2%	18	29	41	52	63
7.2%	18	28	**38**	48	58
8.2%	17	26	35	45	54
9.2%	17	25	33	42	50

Note: Assuming LT thermal coal price = A$140/t

WACC	LT metallurgical coal price (A$/t)				
	160	180	**200**	220	240
5.2%	43	43	44	44	45
6.2%	40	40	41	41	41
7.2%	37	37	**38**	38	39
8.2%	35	35	35	36	36
9.2%	33	33	33	34	34

Note: Assuming LT metallurgical coal price = A$200/t
Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (AUD mn)						
Revenue	**7,778**	**6,860**	**5,949**	**6,144**	**6,383**	**6,589**
Royalties and other related payments	(685)	(639)	(574)	(593)	(616)	(636)
Staff costs	(730)	(796)	(821)	(866)	(909)	(936)
Others	(2,901)	(3,135)	(3,199)	(3,119)	(3,231)	(3,315)
Other income	26	159	74	31	32	33
EBITDA	**3,488**	**2,449**	**1,429**	**1,597**	**1,660**	**1,735**
Depreciation	(881)	(750)	(778)	(789)	(771)	(804)
EBIT	**2,607**	**1,699**	**651**	**808**	**888**	**931**
Interest expense	(53)	(39)	(42)	(4)	(4)	(4)
Others	29	29	14	14	14	14
Pre-tax profit	**2,583**	**1,689**	**623**	**817**	**898**	**941**
Income tax	(764)	(473)	(183)	(240)	(264)	(276)
After tax profit	**1,819**	**1,216**	**440**	**577**	**634**	**664**
Minority interest	0	0	0	0	0	0
Net profit	**1,819**	**1,216**	**440**	**577**	**634**	**664**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (AUD mn)						
Current assets	**2,533**	**3,540**	**3,218**	**3,207**	**3,665**	**3,908**
Cash & equivalents	1,397	2,461	2,127	2,155	2,607	2,652
Account receivables	662	600	530	648	506	830
Inventories	416	419	489	332	472	352
Other current assets	58	60	72	72	80	73
Non-current assets	**8,721**	**8,816**	**8,987**	**8,972**	**8,984**	**8,969**
PP&E	3,582	3,909	4,283	4,491	4,703	4,870
Right-of-use assets	4,278	4,023	3,833	3,607	3,404	3,214
Deferred income tax	0	0	0	0	0	0
Investment in JVs & assos	431	447	448	455	462	474
Intangibles	131	134	131	127	124	120
Other non-current assets	299	303	292	292	292	292
Total assets	**11,254**	**12,356**	**12,205**	**12,178**	**12,650**	**12,877**
Current liabilities	**1,048**	**1,234**	**1,390**	**1,090**	**1,259**	**1,178**
Short-term borrowings	44	37	43	43	43	43
Account payables	734	975	1,084	784	953	872
Other current liabilities	270	222	263	263	263	263
Non-current liabilities	**1,764**	**1,805**	**1,782**	**1,782**	**1,782**	**1,782**
Long-term borrowings	102	75	41	41	41	41
Other non-current liabilities	1,662	1,730	1,741	1,741	1,741	1,741
Total liabilities	**2,812**	**3,039**	**3,172**	**2,872**	**3,041**	**2,960**
Total shareholders equity	**8,440**	**9,315**	**9,031**	**9,304**	**9,607**	**9,915**
Minority interest	2	2	2	2	2	2
Total equity and liabilities	**11,254**	**12,356**	**12,205**	**12,178**	**12,650**	**12,877**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (AUD mn)						
Operating						
Profit before taxation	**2,583**	**1,689**	**623**	**817**	**898**	**941**
Depreciation & amortization	881	750	778	789	771	804
Tax paid	(2,123)	(660)	(285)	(240)	(264)	(276)
Change in working capital	(129)	315	67	(260)	162	(278)
Others	(10)	(43)	(9)	(83)	(73)	(80)
Net cash from operations	**1,202**	**2,051**	**1,174**	**1,022**	**1,494**	**1,111**
Investing						
Capital expenditure	(611)	(698)	(744)	(750)	(760)	(760)
Acquisition of subsidiaries/ investments	0	0	(68)	(17)	(17)	(17)
Others	97	100	158	81	71	72
Net cash from investing	**(514)**	**(598)**	**(654)**	**(686)**	**(706)**	**(705)**
Financing						
Dividend paid	(1,413)	(429)	(769)	(304)	(331)	(356)
Net borrowings	(496)	(34)	(28)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(95)	(42)	(26)	(4)	(4)	(4)
Net cash from financing	**(2,004)**	**(505)**	**(823)**	**(308)**	**(336)**	**(360)**
Net change in cash						
Cash at the beginning of the year	2,699	1,397	2,461	2,127	2,155	2,607
Exchange difference	14	116	(31)	0	0	0
Cash at the end of the year	**1,397**	**2,461**	**2,127**	**2,155**	**2,607**	**2,652**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(26.3%)	(11.8%)	(13.3%)	3.3%	3.9%	3.2%
EBITDA	(44.1%)	(29.8%)	(41.7%)	11.7%	3.9%	4.6%
EBIT	(51.8%)	(34.8%)	(61.7%)	24.1%	9.9%	4.8%
Net profit	(49.3%)	(33.1%)	(63.8%)	31.2%	9.8%	4.8%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
EBITDA margin	44.8%	35.7%	24.0%	26.0%	26.0%	26.3%
Return on equity (ROE)	22.1%	13.7%	4.8%	6.3%	6.7%	6.8%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.1)	(0.3)	(0.2)	(0.2)	(0.3)	(0.3)
Current ratio (x)	2.4	2.9	2.3	2.9	2.9	3.3
Receivable turnover days	32.8	33.6	34.7	35.0	33.0	37.0
Inventory turnover days	52.2	54.6	58.5	55.0	52.0	52.0
Payable turnover days	87.3	87.0	102.9	95.0	85.0	87.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	4.8	7.2	19.9	15.2	13.8	13.2
P/B	1.0	0.9	1.0	0.9	0.9	0.9
Div yield (%)	10.5	7.9	2.8	3.6	4.0	4.2

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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