Materials

Tight uranium supply continues to support a multi-year upcycle; Positive on CGN Mining

OUTPERFORM (Maintain)

Our bottom-up industry analysis suggests that nuclear power demand in 2026-30 will likely see upside surprise on the back of power plant's resumption in the US, with structural AI-driven demand growth in the long run (post-2030). On the supply side, however, we forecast existing uranium mines' output to peak in 2027, while new mines contribution will increase from 4% in 2027 to 17% in 2030, making the overall supply vulnerable to potential delay in commencement. The analysis implies that uranium pricing will be well-supported by the tight supply that could last longer-than-expected, which reaffirms our positive stance on the uranium sector. We reiterate **BUY** on **CGN Mining (1164 HK)** with new TP of HK$3.67.

- **Further upside of nuclear demand likely comes from the US.** We forecast the global nuclear installed capacity to increase 20% to 451GW in 2030 from 377GW in 2024. On top of this forecast, we see two factors to boost further upside: (1) demand arising from the restart of U.S. reactors, fuelled by deregulation; (2) the potential build-up of U.S. strategic reserve proposed by the US Secretary of Energy. Assuming a reserve to support one year of nuclear power generation in the US, ~15.5k tU of uranium will be needed.
- **Production cut by the global top two players to limit the upside of near-term supply.** With Kazatomprom (KAP LI) cutting its uranium licensed production capacity in 2025/26 by 17%/9%, and Cameco (CCJ US) trimming its 2025 production guidance by ~10%, the supply growth in the foreseeable future remains restrictive. We expect this will boost the uranium price over the coming 12-18 months.
- **Uranium supply growth vulnerable to potential delay of new mine commencement.** Our analysis suggests that global uranium output from existing uranium mines will peak in 2027E, and contribution from new mines will increase from 4% in 2027E to 17% in 2030E. Given that the commencement of new mines is subject to many factors and delay is common (due to long lead cycle of 8-15 years), we expect the actual supply will be less than that in the pipeline.
- **Long-term uranium price (post-2030E) will be supported by structural demand growth and tight supply.** Supportive regulatory changes, rising energy needs from AI, cloud services, energy security and climate goals, as well as small modular reactor (SMR) development, are main drivers for demand. On the supply side, long construction cycles, vulnerability to disruptions, a concentrated market landscape, and disciplined production strategies among major producers reinforce a structurally bullish pricing outlook.
- **CGN Mining (1164 HK, BUY, TP: HK$3.67) -** We revise up our 2026E-27E earnings forecast by 9-11%, after incorporating higher uranium spot price assumptions. We revise up our NPV-based TP to HK$3.67 from HK$2.42. We expect the continuous recovery of uranium price, driven by tight supply, will serve as share price catalyst (for details, please refer to our company report "*Further upside driven by higher uranium price*").

China Materials Sector

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What are the changes from previous forecast?

1. Lowered production estimates for Kazatomprom and Cameco to reflect their announced licensed production levels cuts and revised guidance. Revised production volumes for other key mines.
2. Revised completion dates for reactor restarts (notably in the U.S. and Japan) based on recent updates. We now expect three U.S. reactors, namely Palisades, Three Mile Island, and Duane to resume operation in 2025/27/28, respectively. For Japan, we anticipate the restarts of two Kashiwazaki-Kariwa reactors to be postponed from 2025-26 to 2029-31, respectively, due to delays in anti-terrorism facility construction.
3. Incorporated four new nuclear reactor projects under construction, with adjusted timelines for constructing projects (we expect eight projects to defer by one year and two projects to suspend construction).

Medium-term outlook (2026–30)

■ Medium-term demand

We forecast global nuclear capacity to reach 451 GW by 2030 (377 GW in 2024), by incorporating projects pipeline and potential reactor restarts with explicit timeline.

We see further upside potential arising from U.S. reactor restarts (total net capacity of shutdown reactors as of Sep 2025: ~20 GW), where regulatory processes are faster than that in Japan, despite the latter's larger potential size of restart (total net capacity of shutdown and suspension as of Sep 2025: 19 GW and 17 GW, respectively).

Figure 1: Uranium demand projection

Uranium demand	Unit	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Assumptions:								
Uranium consumption rate	160 tU/GW/Yr							
Uranium storage requirement	2 year(s)							
Secondary demand for financial investments	7,000 tU/Yr							
Projections:								
# of new nuclear reactors	Unit	-	11	10	12	8	9	6
# of restarted nuclear reactors	Unit	-	1	0	1	2	1	0
Change in year-end # of nuclear reactors	*Unit*	4	12	10	13	10	10	6
# of year-end nuclear reactors	**Unit**	**417**	**429**	**439**	**452**	**462**	**472**	**478**
Growth rate (yoy)	*%*	*1%*	*3%*	*2%*	*3%*	*2%*	*2%*	*1%*
Change in year-end nuclear capacity	GW	5	12	10	13	12	15	11
Year-end nuclear capacity	**GW**	**377**	**389**	**399**	**412**	**424**	**440**	**451**
Growth rate (yoy)	*%*	*1%*	*3%*	*3%*	*3%*	*3%*	*4%*	*2%*
Uranium consumption rate	tU/GWe/Yr	160	160	160	160	160	160	160
Uranium storage requirement	Year(s)	2	2	2	2	2	2	2
Uranium demand: power generation	tU	60,322	62,222	63,851	65,963	67,911	70,361	72,095
Uranium demand: storage	tU	1,750	3,801	3,257	4,224	3,896	4,900	3,468
Uranium demand for nuclear reactors	**tU**	**62,072**	**66,023**	**67,108**	**70,187**	**71,807**	**75,260**	**75,563**
Secondary demand	tU	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Total demand	**tU**	**69,072**	**73,023**	**74,108**	**77,187**	**78,807**	**82,260**	**82,563**
Growth rate (yoy)	*%*	*4%*	*6%*	*1%*	*4%*	*2%*	*4%*	*0%*

Source: IAEA PRIS, WNA, CMBIGM estimates

Figure 2: Nuclear power installed capacity projection

Country	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
USA	95,835	96,952	97,757	98,562	100,186	102,411	104,636	106,861
France	61,370	63,000	63,000	63,000	63,000	63,000	63,000	63,000
China	53,152	55,320	58,204	63,250	71,223	76,926	84,858	86,167
Russia	27,727	26,802	29,202	29,502	29,502	29,502	30,652	30,652
Korea	25,825	25,609	28,289	28,289	28,289	28,289	28,289	28,289
Ukraine	13,107	13,107	13,107	13,107	13,107	13,107	13,107	13,107
Canada	13,699	12,714	12,714	12,714	12,714	12,714	12,714	12,714
Japan	11,046	12,631	12,631	12,631	12,631	13,691	16,066	18,441
Spain	7,123	7,123	7,123	7,123	7,123	7,123	7,123	7,123
Sweden	6,944	7,008	7,008	7,008	7,008	7,008	7,008	7,008
India	6,290	6,920	7,390	9,224	11,688	11,688	11,688	11,688
UK	5,883	5,883	5,883	5,883	5,883	5,883	7,513	9,143
UAE	4,011	5,348	5,348	5,348	5,348	5,348	5,348	5,348
Finland	4,394	4,369	4,369	4,369	4,369	4,369	4,369	4,369
Czech	3,934	3,963	3,963	3,963	3,963	3,963	3,963	3,963
Belgium	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,908
Pakistan	3,262	3,262	3,262	3,262	3,262	3,262	3,262	3,262
Switzerland	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973
Slovakia	2,308	2,302	2,742	2,742	2,742	2,742	2,742	2,742
Belarus	2,220	2,220	2,220	2,220	2,220	2,220	2,220	2,220
Bulgaria	2,006	2,006	2,006	2,006	2,006	2,006	2,006	2,006
Hungary	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,916
Brazil	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884
South Africa	1,854	1,854	1,854	1,854	1,854	1,854	1,854	1,854
Argentina	1,641	1,641	1,641	1,641	1,666	1,666	1,666	1,666
Mexico	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Romania	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Taiwan	1,874	938	938	938	938	938	938	938
Iran	915	915	915	915	915	1,889	1,889	1,889
Slovenia	688	696	696	696	696	696	696	696
Netherlands	482	482	482	482	482	482	482	482
Armenia	416	416	416	416	416	416	416	416
Turkiye	0	0	1,114	2,228	3,342	4,456	4,456	4,456
Bangladesh	0	0	1,080	2,160	2,160	2,160	2,160	2,160
Egypt	0	0	0	0	0	1,100	1,100	4,400
Capacity (MWe)	**371,539**	**377,014**	**388,887**	**399,066**	**412,266**	**424,442**	**439,754**	**450,593**
Net Change		*5,475*	*11,873*	*10,179*	*13,200*	*12,176*	*15,312*	*10,839*
Growth YoY		*1%*	*3%*	*3%*	*3%*	*3%*	*4%*	*2%*

Source: IAEA PRIS, WNA, CMBIGM estimates

A new driver under the Trump administration is the potential build-up of strategic reserves for national security. While the strategic reserves focus mainly on enriched uranium, we see potential increase in demand for uranium. Assuming a storage level for one year's nuclear power generation, the U.S. government would need ~15.5k tU of uranium for the reserve.

Figure 3: Independent nuclear fuel cycle plan of the U.S. and EU

United States	
Mar-25	U.S. President Donald Trump signed an executive order to increase domestic production of critical minerals, including uranium, by identifying and approving priority projects immediately
Sep-25	U.S. Energy Secretary Chris Wright announced plans to expand the nation's strategic enriched uranium reserve to reduce dependence on Russia
EU	
May-25	the European Commission outlined a roadmap called RepowerEU to eliminate Russian uranium imports. In Action 5, it plans to build the EU's nuclear value chain and restrict new supply contracts for nuclear materials from Russia

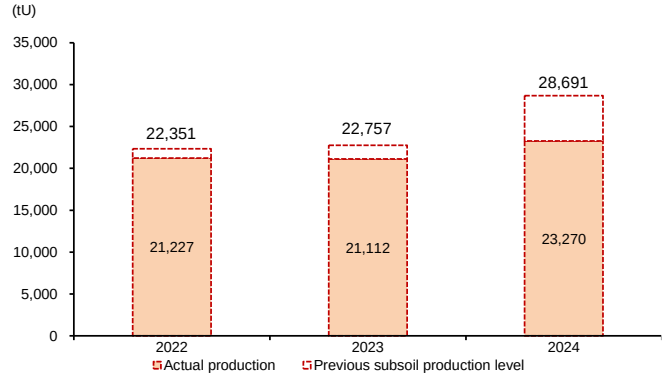
Source: The White House, Bloomberg, European Commission, CMBIGM

Medium-term supply

In Aug 2025, KAP reduced its Subsoil Use Agreement (SUA) levels (which is defined as the nominal licensed production capacity) by 17%/9% for 2025/26, respectively. KAP said these adjustments "reflect current market conditions and aim to preserve reserves for anticipated market deficits beyond 2030".

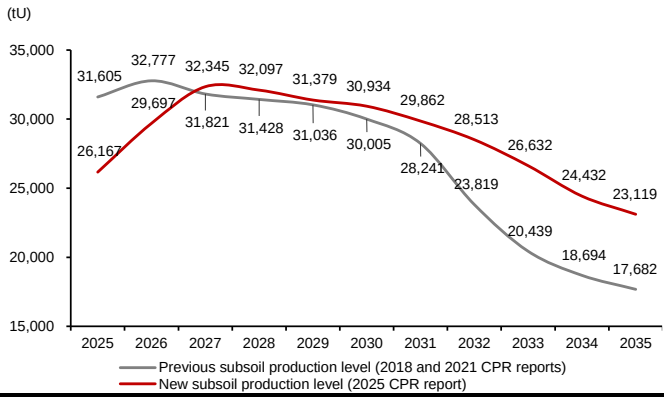
We believe the actual reduction on the production volume could be less than the aforementioned percentage, as the historical production has consistently fallen below SUA levels (e.g. by 5%/7%/19% in 2022/23/24, respectively). That said, it shows that upside on production will become difficult in the near term.

Figure 4: KAP actual production and previous subsoil production



Source: KAP data book, CMBIGM

Figure 5: Comparison of KAP previous and current subsoil production



Source: KAP data book, CMBIGM

In the same month, Cameco lowered its 2025 production guidance by 8%-11% (previous guidance: 36 mn pounds U3O8, equivalent to 13.8k tU; current guidance: 32-33 mn pounds U3O8, equivalent to 12.4k-12.7k tU), due to the delays in transitioning the McArthur River mine to new mining areas.

By applying a bottom-up approach, we project that new mines could contribute 14k tU in 2030, which will account for 17% of the output in 2030 (vs 4% in 2025E). We see uncertainties on the actual time of commencement that will affect the actual output.

Figure 6: Uranium supply projection

Country	2025E	2026E	2027E	2028E	2029E	2030E
Kazakhstan	25,750	27,538	31,821	31,428	31,036	30,005
Canada	12,809	13,712	14,385	15,065	17,168	19,336
Namibia	8,654	9,413	10,700	11,285	11,859	12,146
Australia	4,657	5,272	5,272	5,272	5,272	5,273
Uzbekistan	3,300	3,300	3,300	3,300	3,300	3,300
Russia	2,508	2,508	2,508	2,997	3,974	4,463
Mainland China	1,700	1,700	1,700	1,700	1,700	1,700
India	600	600	600	600	600	600
United States	478	1,317	1,721	2,043	2,226	2,308
Malawi	231	923	923	923	923	924
South Africa	200	200	200	200	200	200
Finland	128	170	170	170	170	170
Ukraine	100	100	100	100	100	100
Pakistan	45	45	45	45	45	45
Brazil	43	43	458	1,287	1,701	1,845
Iran	20	20	20	20	20	20
Niger	0	298	893	1,190	1,190	1,190
Tanzania	0	0	0	0	0	638
Total production (tU)	**61,222**	**67,158**	**74,815**	**77,624**	**81,484**	**84,262**
Growth rate YoY	*8%*	*10%*	*11%*	*4%*	*5%*	*3%*

Source: IAEA PRIS, WNA, Company websites, Company reports, CMBIGM estimates

Figure 7: Planned/ prospective/ expansionary uranium mines production forecast

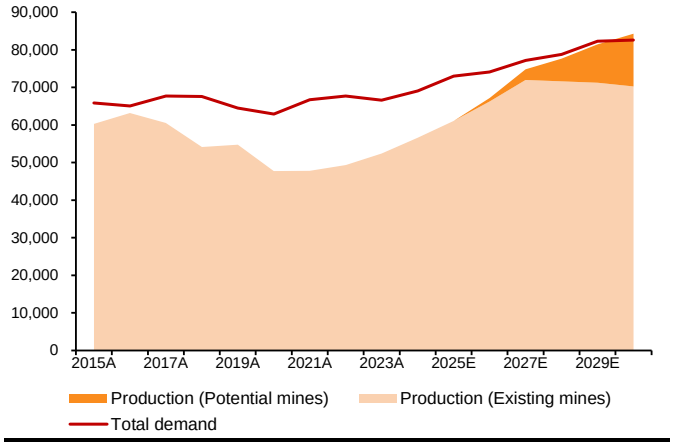
Key assumption:

1	Utilization rate	85%
2	Fully ramp-up in:	3 years
2	Assuming start at the middle of the year	

Country	Mine	Starting year	Nominal capacity (tU)	2024	2025	2026	2027	2028	2029	2030
Finland	Terraframe	2024	200	43	128	170	170	170	170	170
China	Ordos	2025	NA		NA	NA	NA	NA	NA	NA
United States	Shirley Basin	2026	770			164	491	655	655	655
Namibia	Tumas	2026	1,400			298	893	1,190	1,190	1,190
Niger	Dasa	2026	1,400			298	893	1,190	1,190	1,190
Brazil	Santa Quitéria	2027	1,950				415	1,244	1,658	1,658
United States	Dewey-Burdock	2028	385					82	245	327
Namibia	Etango	2028	1,350					287	861	1,148
Canada	Phoenix(a)	2028	3,200					680	2,040	2,720
Russia	Priargunsky (Mine 6)	2028	2,300					489	1,466	1,955
Canada	Triple R(b)	2029	3,500						744	2,231
Brazil	Caetité Expansion	2030	678							144
Tanzania	Mkuju River	2030	3,000							638
Russia	Elkon	2040	5,000							
Total				**43**	**128**	**929**	**2,861**	**5,986**	**10,219**	**14,026**

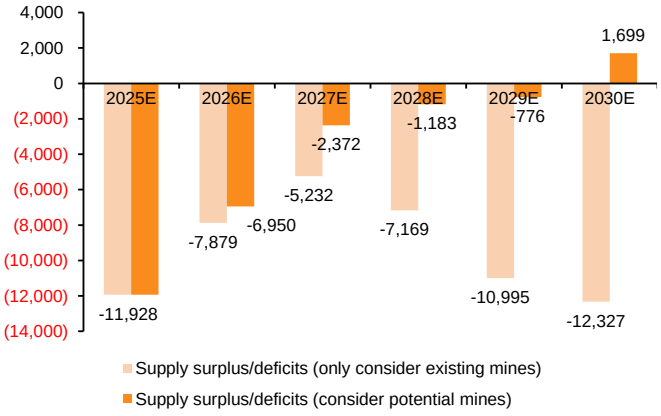
Source: IAEA PRIS, WNA, Company websites, Company reports, CMBIGM estimates

Figure 8: Demand & supply of uranium



Source: IAEA PRIS, WNA, CMBIGM estimates

Figure 9: Supply surplus/ deficit of uranium



Source: IAEA PRIS, WNA, CMBIGM estimates

Long-term outlook (post-2030)

■ Long-term demand

Following the initiatives to triple the nuclear power by 2050 at COP28, several countries set specific nuclear targets in 2025. Besides, the Trump administration set a target to quadruple the nuclear installed capacity to 400 GW by 2050, a further increase from the Biden administration's target of 300 GW.

We continue to see key long-term drivers from: (a) explosive demand from AI and cloud services; (b) SMR commencement; (c) energy security; and (d) climate goals.

Figure 10: Favourable nuclear policies

Country/ Org.	Date	Policy
Czech	Jan-25	Planned to increase nuclear power share from 40% in 2023 to 44% in 2030 and 68% in 2040
Japan	Feb-25	Basic Energy Plan: Planned to increase nuclear power generation share from 8.5% to 20% by 2040
Korea	Feb-25	Planned to increase nuclear power generation share from 31.4% in 2024 to 35.2% in 2038
Russia	Apr-25	Energy Strategy 2050: Planned to increase nuclear power generation share to 25%
Italy	Apr-25	Planned to increase installed capacity from 8.05 million kW to 100 million kW by 2047
U.S.	May-25	President Trump signed executive order to quadruple U.S. installed nuclear capacity to 400 GWe by 2050
Indonesia	May-25	Planned to add 10 GW of installed nuclear power capacity by 2040
Danmark	May-25	Considered lifting its 40-year ban on nuclear power development to enhance energy security
Belgium	May-25	Overturned the "nuclear power phase-out" policy
France	May-25	Approved legislation to raise nuclear capacity by 27 GWe by 2050
The World Bank	Jun-25	Lifted its long-standing ban on financing nuclear power
Taiwan, China	Jun-25	Reversed the "nuclear-free" policy
UK	Sep-25	UK and U.S. companies signed multiple deals to build at least 6 GWe nuclear power in UK

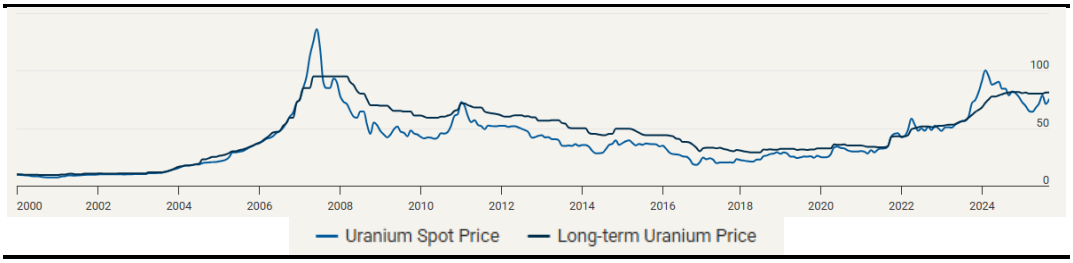
Source: Public information, CMBIGM

■ Long-term supply

Recent disruptions at key uranium mines (e.g., KAP's SUA production cuts, CCJ's reduced production guidance, Niger mines affected by nationalization, and Langer Heinrich's full production postponed two years to 2027) underscore supply volatility. Besides, new projects, with long lead time of 8-15 years, increase the uncertainties of actual commencement time. In addition, the secondary supply (historically accounted for ~10% of global supply) is diminishing over time. All these point to supply risk which is supportive to the uranium price.

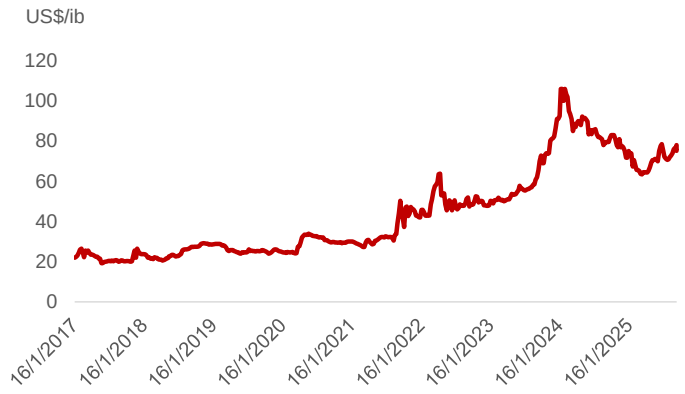
Uranium Price

Figure 11: Industry uranium spot price vs contract price



Source: UxC, TradeTech, Cameco, CMBIGM

Figure 12: UxC Uranium U308 weekly spot price (US$/lb)



Source: Bloomberg, CMBIGM

Figure 13: Peers comp

Ticker	Company	Rating	Price (local currency)	Market cap (US$ mn)	PE (x) FY25E	PE (x) FY26E	PB (x) FY25E	PB (x) FY26E	Yield (%) FY25E
US listed									
NXE US Equity	NEXGEN ENERGY LT	NR	9.01	5,147	n/a	n/a	5.1	3.9	0.0
UEC US Equity	URANIUM ENERGY	NR	13.89	6,455	n/a	115.8	6.4	5.9	n/a
DNN US Equity	DENISON MINES CO	NR	2.79	2,501	n/a	n/a	5.0	5.4	n/a
UUUU US Equity	ENERGY FUELS INC	NR	16.52	3,672	n/a	148.8	n/a	n/a	n/a
EU US Equity	ENCORE ENERGY CO	NR	3.09	578	n/a	n/a	n/a	n/a	n/a
CCJ US Equity	CAMECO CORP	NR	84.46	36,773	74.8	56.5	5.3	4.8	0.2
URG US Equity	UR-ENERGY INC	NR	1.76	642	n/a	176.0	n/a	n/a	n/a
UROY US Equity	URANIUM ROYALTY	NR	4.46	596	119.3	477.4	n/a	n/a	n/a
	Average				**97.1**	**194.9**	**5.5**	**5.0**	**0.1**
Canada listed									
NXE CN Equity	NEXGEN ENERGY LT	NR	12.56	5,248	n/a	n/a	7.1	5.4	0.0
EFR CN Equity	ENERGY FUELS INC	NR	22.92	3,727	n/a	148.4	n/a	n/a	n/a
EU CN Equity	ENCORE ENERGY CO	NR	4.31	590	n/a	n/a	n/a	n/a	n/a
CCO CN Equity	CAMECO CORP	NR	117.73	37,494	74.9	56.6	7.4	6.7	0.2
URE CN Equity	UR-ENERGY INC	NR	2.45	654	n/a	176.1	n/a	n/a	n/a
URC CN Equity	URANIUM ROYALTY	NR	6.22	608	119.6	478.5	n/a	n/a	n/a
ISO CN Equity	ISOENERGY LTD	NR	13.93	545	n/a	n/a	n/a	n/a	n/a
	Average				**97.3**	**214.9**	**7.3**	**6.1**	**0.1**
UK listed									
KAP LI Equity	NAC KAZATOG-REGS	NR	52.20	18,423	13.4	10.7	n/a	n/a	5.6
Australia listed									
PDN AU Equity	PALADIN ENERGY	NR	8.19	2,339	90.2	15.7	3.2	2.8	0.0
BOE AU Equity	BOSS ENERGY LTD	NR	2.06	560	n/a	11.5	1.6	1.4	0.0
DYL AU Equity	DEEP YELLOW LTD	NR	1.95	1,244	n/a	n/a	3.4	3.5	0.0
	Average				**n/a**	**13.6**	**2.7**	**2.6**	**0.0**
HK listed									
1164 HK Equity	CGN Mining	**BUY**	3.15	3,021	92.2	27.5	5.8	4.9	0.2

Source: Bloomberg, company data, CMBIGM estimates

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BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

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