招銀国际 CMB INTERNATIONAL
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Yancoal Australia (3668 HK)

Strong sales volume in 2Q26 alongside increased ASP

Yancoal's (YAL) 2Q26 attributable production/ sales volume was +15%/+43% YoY. The higher sales volume growth was due to low base last year due to shipping delays. Given that blended ASP increased 13% YoY in 2Q26, we estimate Yancoal delivered revenue of ~A$1.85bn in 2Q26 (+63% YoY; +53% QoQ). In Jul (MTD), coking coal price/GC Newc price have been up >30%/20% (YoY). We revise up our 2026E/27E/28E earnings forecasts by 55%/14%/7%, largely due to higher assumptions on both thermal and metallurgical coal ASP. We maintain our **BUY** rating on YAL due to (1) resilient thermal coal price underpinned by the warm summer in Northern Hemisphere arising from El Nino impact, and (2) ongoing conflict in the Middle East that supports the energy prices. Our NPV-based TP is only slightly revised up to HK$39 (from HK$38), as we have left our long-term thermal coal price assumptions unchanged. Meanwhile, we have yet to model in the acquisition of Kestrel Coal Mine as we are awaiting relevant approvals (by end-Sep 2026, expected by YAL).

- **Attributable sales volume +43% YoY in 2Q26:** Attributable sales volume of thermal coal/ metallurgical coal was +44%/+38% YoY to 9.8mn/1.8mn tonnes in 1Q26. On the production side, the total attributable volume grew 15% YoY to 10.8mn tonnes in 2Q26. We believe YAL had a high utilisation rate in 2Q26. In 1H26, the total attributable production volume grew 5% YoY to 19.8mn tonnes, which accounted for 49-54% of YAL's full-year guidance (36.5-40.5mn tonnes).
- **ASP breakdown in 2Q26.** Thermal ASP increased 15% YoY to A$149/t in 2Q26, within the range of GCNewc 6,000kCal (A$191/t) and API5 (A$136/t). Metallurgical ASP increased 11% YoY to A$219/t, within the range of the market price of Low Vol PCI and semi-soft.
- **Stable cash position.** As at end-Jun 2026, Yancoal had gross cash of A$2bn, similar to the amount at end-Mar 2026.
- **2026 guidance unchanged:** (1) attributable saleable production: 36.5-40.5mn tonnes (-5% to +5% YoY); (2) operating cash cost (excluding royalties): A$90-98/t (-2% to +7% YoY); (3) capex: A$750-900mn (up 0%-20% YoY)

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (AUD mn)	6,860	5,949	6,649	6,521	6,625
YoY growth (%)	(11.8)	(13.3)	11.8	(1.9)	1.6
Net profit (AUD mn)	1,215.9	439.9	892.2	719.5	707.9
EPS (Reported) (AUD)	0.92	0.33	0.68	0.54	0.54
YoY growth (%)	(33.1)	(63.8)	102.8	(19.4)	(1.6)
Consensus EPS (AUD)	na	na	0.71	0.71	na
P/E (x)	6.1	16.9	8.3	10.3	10.5
P/B (x)	0.8	0.8	0.8	0.8	0.7
Yield (%)	9.3	3.3	6.6	5.3	5.2
ROE (%)	13.7	4.8	9.6	7.4	7.1
Net gearing (%)	(25.2)	(22.6)	(23.1)	(28.6)	(26.6)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$39.00**
(Previous TP	HK$38.00)
Up/Downside	**26.4%**
Current Price	**HK$30.86**

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Stock Data

Mkt Cap (HK$ mn)	40,748.8
Avg 3 mths t/o (HK$ mn)	84.0
52w High/Low (HK$)	47.40/24.60
Total Issued Shares (mn)	1320.4

Source: FactSet

Shareholding Structure

Yankuang Energy	62.3%
China Cinda AM	7.7%

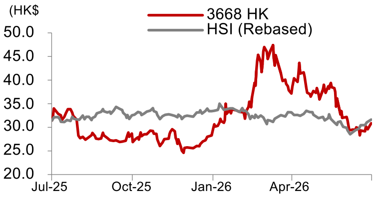
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-2.8%	-7.5%
3-mth	-17.0%	-12.9%
6-mth	6.0%	11.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Reports

1. Yancoal Australia (3668 HK) – Acquisition of metallurgical coal mine to bring growth and synergies – 15 Apr 2026 (link)
2. Yancoal Australia (3668 HK) – Coal price likely gains alongside the surging gas price; Buying opportunity on Yancoal – 8 Mar 2026 (link)
3. Yancoal Australia (3668 HK) – 2025 profit below consensus; resilient coal price to support 2026 earnings – 26 Feb 2026 (link)

Figure 1: YAL's quarterly statistics

	1Q25	1Q26	*Chg (YoY)*	2Q25	2Q26	*Chg (YoY)*	3Q24	3Q25	*Chg (YoY)*	4Q24	4Q25	*Chg (YoY)*
Marketable coal production (mn tonnes)												
(100 % equity basis)												
Mines												
HVO	3.5	3.7	*6%*	3.1	3.7	*19%*	3.2	3.5	*9%*	3.7	4.0	*8%*
Mount Thorley Warkworth (MTW)	2.8	2.3	*-18%*	2.7	3.1	*15%*	3.3	2.7	*-18%*	3.2	3.6	*13%*
Moolarben	4.8	4.4	*-8%*	5.0	5.4	*8%*	5.3	4.7	*-11%*	4.2	4.6	*10%*
Stratford Duralie	0.0	0.0	*n/a*	0.0	0.0	*n/a*	0.0	0.0	*n/a*	0.0	0.0	*n/a*
Yarrabee	0.6	0.4	*-33%*	0.7	0.7	*0%*	0.7	0.7	*0%*	0.7	0.7	*0%*
Middlemount	0.7	0.6	*-14%*	0.7	0.6	*-14%*	0.5	0.6	*20%*	0.7	0.7	*0%*
Ashton	0.2	0.4	*100%*	0.2	0.4	*100%*	0.2	0.0	*-100%*	0.5	0.1	*-80%*
Total	**12.6**	**11.8**	*-6%*	**12.4**	**13.9**	*12%*	**13.2**	**12.2**	*-8%*	**13.0**	**13.7**	*5%*
Marketable coal production (mn tonnes)												
(Attributable basis)												
Total	**9.5**	**9.0**	***-5%***	**9.4**	**10.8**	***15%***	**10.2**	**9.3**	***-9%***	**9.7**	**10.7**	***11%***
Attributable sales volume (mn tonnes)												
Thermal	7.0	7.0	*0%*	6.8	9.8	*44%*	9.0	9.0	*0%*	8.6	9.2	*7%*
Metallurgical	1.4	1.3	*-7%*	1.3	1.8	*38%*	1.4	1.6	*14%*	1.8	1.7	*-6%*
Total	**8.4**	**8.3**	*-1%*	**8.1**	**11.6**	*43%*	**10.4**	**10.7**	*3%*	**10.4**	**10.8**	*4%*
ASP (A$/tonne)												
Thermal	145	134	*-8%*	130	149	*15%*	157	130	*-17%*	163	138	*-15%*
Metallurgical	218	213	*-2%*	197	219	*11%*	259	195	*-25%*	242	203	*-16%*
Blended	**157**	**146**	***-7%***	**142**	**160**	***13%***	**170**	**140**	***-18%***	**176**	**148**	***-16%***
Revenue (A$ mn)												
Thermal	1,015	938	*-8%*	884	1,460	*65%*	1,413	1,170	*-17%*	1,402	1,270	*-9%*
Metallurgical	305	277	*-9%*	256	394	*54%*	363	312	*-14%*	436	345	*-21%*
Total ex-mine coal revenue	**1,320**	**1,215**	***-8%***	**1,140**	**1,854**	***63%***	**1,776**	**1,482**	***-17%***	**1,837**	**1,615**	***-12%***

Source: Company data, CMBIGM

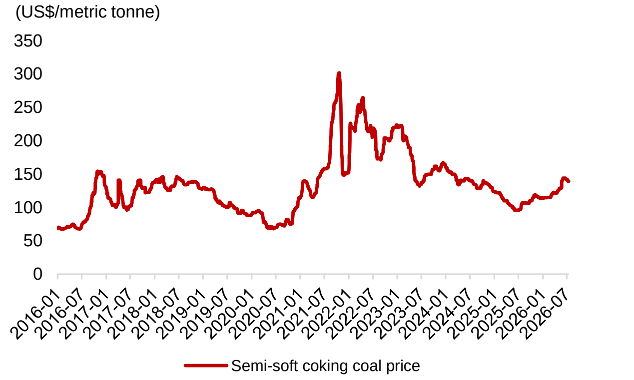
Figure 2: Changes in key operating assumptions

	Old			New			*Change*		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Marketable coal production (mn tonnes)									
(100 % equity basis)									
Consolidated mines									
HVO	13.5	14.0	16.0	13.5	14.0	16.0	*0.0%*	*0.0%*	*0.0%*
Mount Thorley Warkworth (MTW)	12.0	12.5	12.8	12.0	12.5	12.8	*0.0%*	*0.0%*	*0.0%*
Moolarben	19.5	20.0	20.5	19.5	20.0	20.5	*0.0%*	*0.0%*	*0.0%*
Stratford Duralie	0.0	0.0	0.0	0.0	0.0	0.0	*n/a*	*n/a*	*n/a*
Yarrabee	2.0	2.0	2.0	2.0	2.0	2.0	*0.0%*	*0.0%*	*0.0%*
Middlemount	2.6	2.7	2.9	2.6	2.7	2.9	*0.0%*	*0.0%*	*0.0%*
Ashton	1.3	1.3	0.3	1.3	1.3	0.0	*0.0%*	*0.0%*	*-100.0%*
Total	**50.9**	**52.5**	**54.5**	**50.9**	**52.5**	**54.2**	***0.0%***	***0.0%***	***-0.6%***
Sales volume (mn tonnes)									
Thermal	32.3	33.3	33.9	32.3	33.3	33.6	*0.0%*	*0.0%*	*-0.7%*
Metallurgical	7.1	7.3	7.4	7.1	7.3	7.4	*0.0%*	*0.0%*	*-0.7%*
Total	**39.4**	**40.6**	**41.3**	**39.4**	**40.6**	**41.0**	***0.0%***	***0.0%***	***-0.7%***
ASP (A$/t)									
Thermal	140	142	144	150	142	143	*7.1%*	*0.0%*	*-0.7%*
Metallurgical	195	196	198	220	214	213	*12.8%*	*9.2%*	*7.6%*
Blended	**150**	**152**	**154**	**163**	**155**	**156**	***8.5%***	***2.1%***	***1.2%***
Cash operating cost breakdown (A$/tonne)									
Unit cash operating cost	-112	-113	-114	-114	-114	-114	*1.1%*	*0.3%*	*0.2%*
Unit cash operating cost (excluding government royalties)	**-97**	**-98**	**-99**	**-97**	**-98**	**-99**	***0.0%***	***0.0%***	***0.0%***
Unit cash margin (excluding government royalties)	**53**	**54**	**55**	**65**	**57**	**57**	***24.1%***	***6.0%***	***3.4%***
Net profit (A$ mn)	**577**	**634**	**664**	**892**	**720**	**708**	***54.6%***	***13.5%***	***6.5%***

Source: Company data, CMBIGM estimates

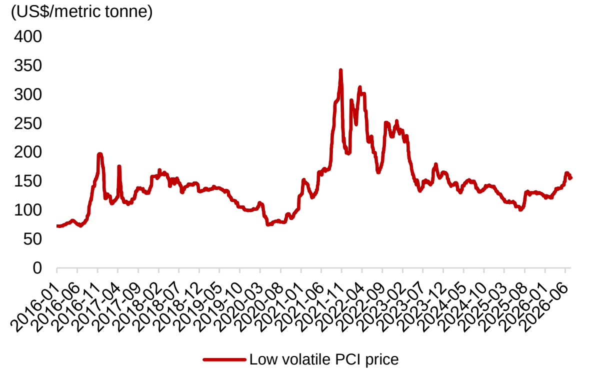
Note: Our unit cost figures are slightly different from the company's due to the difference in transportation cost calculation.

Figure 3: Seaborne semi-soft coking coal (SSCC) price



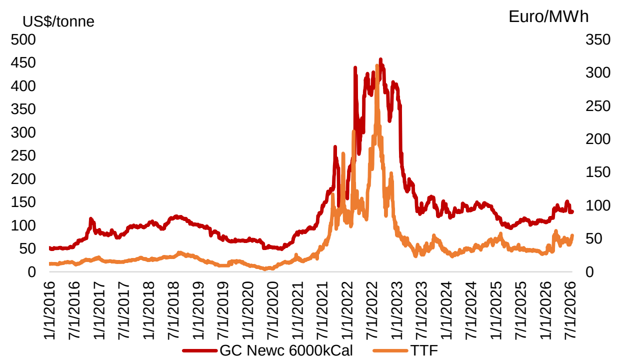
Source: Wind, CMBIGM

Figure 4: Seaborne pulverised coal injection (PCI) price



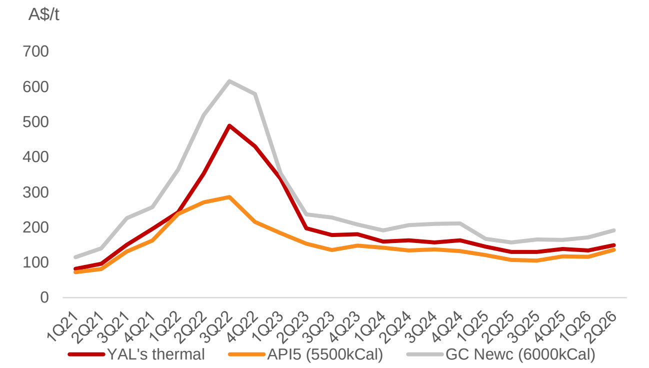
Source: Wind, CMBIGM

Figure 5: GC Newc (6000/kCal) price vs TTF gas price



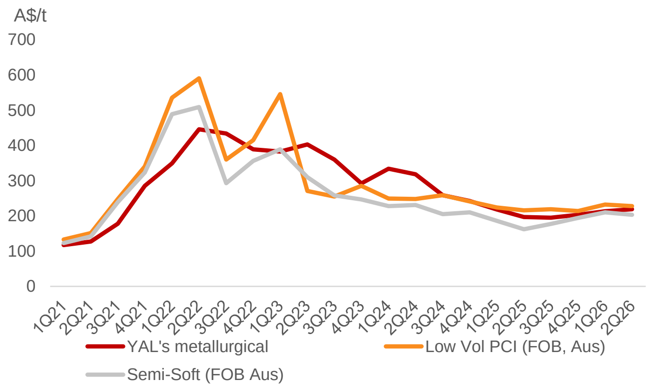
Source: Bloomberg, CMBIGM

Figure 6: YAL's thermal ASP vs benchmarks



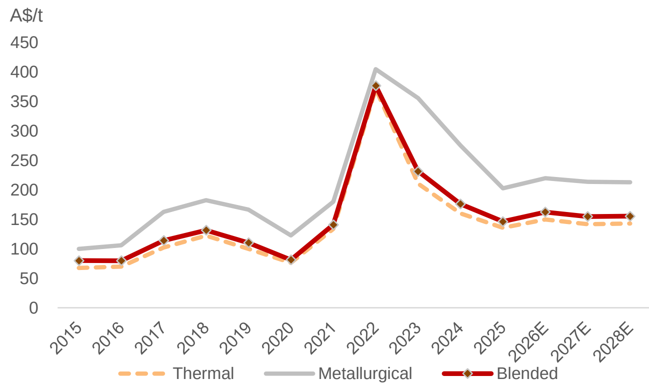
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

Figure 7: YAL's metallurgical ASP vs benchmarks



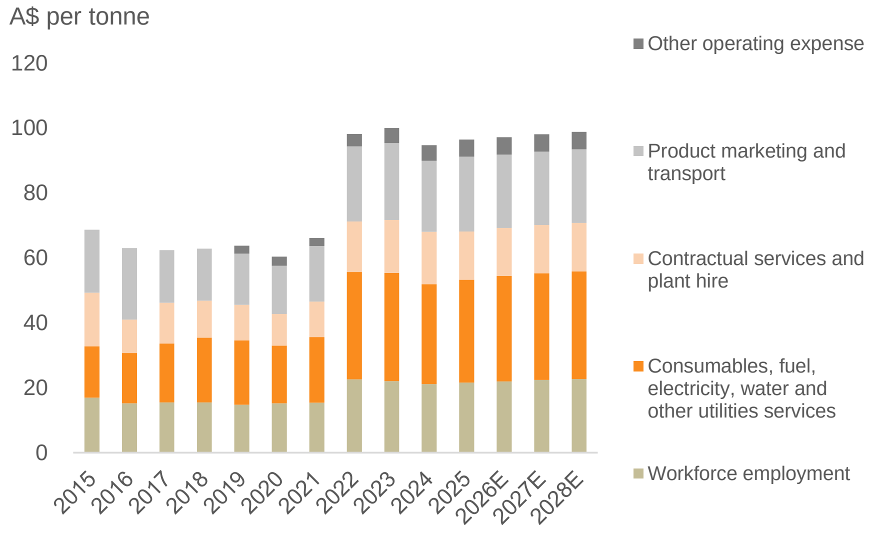
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

Figure 8: Assumptions on YAL's ASP



Source: Company data, CMBIGM estimates

Figure 9: 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 new TP of HK$39 (previously HK$38).

Key assumptions include:

- Long-term thermal and metallurgical coal price (starting from 2029E) of A$140/t and A$200/t (both unchanged) respectively.
- Long-term unit cash cost inflation of 1% p.a. (unchanged).
- 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 (unchanged).
- AUD/HKD rate of HK$5.5.

Figure 10: TP sensitivity to coal price

WACC	LT coal thermal coal price (A$/t)				
	100	120	**140**	160	180
5.2%	21	33	45	58	70
6.2%	20	31	42	53	64
7.2%	19	29	**39**	49	59
8.2%	19	28	37	46	55
9.2%	19	27	35	43	52

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

WACC	LT metallurgical coal price (A$/t)				
	160	180	**200**	220	240
5.2%	44	45	45	46	46
6.2%	41	42	42	42	43
7.2%	39	39	**39**	40	40
8.2%	36	37	37	37	38
9.2%	34	35	35	35	36

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

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

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (AUD mn)						
Revenue	**7,778**	**6,860**	**5,949**	**6,649**	**6,521**	**6,625**
Royalties and other related payments	(685)	(639)	(574)	(642)	(629)	(639)
Staff costs	(730)	(796)	(821)	(866)	(909)	(929)
Others	(2,901)	(3,135)	(3,199)	(3,132)	(3,234)	(3,294)
Other income	26	159	74	33	33	33
EBITDA	**3,488**	**2,449**	**1,429**	**2,043**	**1,781**	**1,797**
Depreciation	(881)	(750)	(778)	(789)	(771)	(804)
EBIT	**2,607**	**1,699**	**651**	**1,254**	**1,009**	**993**
Interest expense	(53)	(39)	(42)	(4)	(4)	(4)
Others	29	29	14	14	14	14
Pre-tax profit	**2,583**	**1,689**	**623**	**1,263**	**1,019**	**1,002**
Income tax	(764)	(473)	(183)	(371)	(299)	(295)
After tax profit	**1,819**	**1,216**	**440**	**892**	**720**	**708**
Minority interest	0	0	0	0	0	0
Net profit	**1,819**	**1,216**	**440**	**892**	**720**	**708**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (AUD mn)						
Current assets	**2,533**	**3,540**	**3,218**	**3,442**	**3,872**	**4,106**
Cash & equivalents	1,397	2,461	2,127	2,292	2,887	2,776
Account receivables	662	600	530	745	434	909
Inventories	416	419	489	331	473	346
Other current assets	58	60	72	74	78	75
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**	**12,414**	**12,857**	**13,076**
Current liabilities	**1,048**	**1,234**	**1,390**	**1,089**	**1,260**	**1,164**
Short-term borrowings	44	37	43	43	43	43
Account payables	734	975	1,084	783	954	858
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**	**2,871**	**3,042**	**2,946**
Total shareholders equity	**8,440**	**9,315**	**9,031**	**9,541**	**9,813**	**10,128**
Minority interest	2	2	2	2	2	2
Total equity and liabilities	**11,254**	**12,356**	**12,205**	**12,414**	**12,857**	**13,076**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (AUD mn)						
Operating						
Profit before taxation	**2,583**	**1,689**	**623**	**1,263**	**1,019**	**1,002**
Depreciation & amortization	881	750	778	789	771	804
Tax paid	(2,123)	(660)	(285)	(371)	(299)	(295)
Change in working capital	(129)	315	67	(361)	337	(441)
Others	(10)	(43)	(9)	(86)	(79)	(85)
Net cash from operations	**1,202**	**2,051**	**1,174**	**1,235**	**1,749**	**986**
Investing						
Capital expenditure	(611)	(698)	(744)	(750)	(760)	(760)
Acquisition of subsidiaries/ investments	0	0	(68)	(17)	(17)	(17)
Others	97	100	158	83	76	77
Net cash from investing	**(514)**	**(598)**	**(654)**	**(684)**	**(701)**	**(700)**
Financing						
Dividend paid	(1,413)	(429)	(769)	(382)	(448)	(393)
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)**	**(386)**	**(452)**	**(397)**
Net change in cash						
Cash at the beginning of the year	2,699	1,397	2,461	2,127	2,292	2,887
Exchange difference	14	116	(31)	0	0	(0)
Cash at the end of the year	**1,397**	**2,461**	**2,127**	**2,292**	**2,887**	**2,776**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	(26.3%)	(11.8%)	(13.3%)	11.8%	(1.9%)	1.6%
EBITDA	(44.1%)	(29.8%)	(41.7%)	43.0%	(12.8%)	0.9%
EBIT	(51.8%)	(34.8%)	(61.7%)	92.7%	(19.5%)	(1.7%)
Net profit	(49.3%)	(33.1%)	(63.8%)	102.8%	(19.4%)	(1.6%)
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
EBITDA margin	44.8%	35.7%	24.0%	30.7%	27.3%	27.1%
Return on equity (ROE)	22.1%	13.7%	4.8%	9.6%	7.4%	7.1%
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	3.2	3.1	3.5
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	4.1	6.1	16.9	8.3	10.3	10.5
P/B	0.9	0.8	0.8	0.8	0.8	0.7
Div yield (%)	12.4	9.3	3.3	6.6	5.3	5.2

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

Disclosures & Disclaimers

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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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