

# CGN Mining (1164 HK)

## Further upside driven by higher uranium price

We maintain our construction stance on the uranium price, given the strong demand from nuclear power but uncertain uranium supply arising from the commencement of new mines (for details please refer to our sector report "[Tight uranium supply continues to support a multi-year upcycle](#)"). 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. Despite the rally over the past two months, we expect the continuous recovery of uranium price driven by tight supply, will serve as a share price catalyst. Reiterate **BUY**.

- **Higher uranium price assumptions.** We revise up our 2026E/27E uranium spot price forecasts both by 9% to US\$90/93 per pound. We estimate this, together with the new off-take agreement signed with parent company (2026-28), will boost earnings growth of 235% YoY in 2026E (low base in 2025) and 19% in 2027E.
- **New NPV-based TP.** We roll over our valuation base to 2026E. Our long-term uranium price assumption (starting from 2031E) is revised up from US\$96 to US\$120 per pound. Our multiple for NPV is revised up to 3.5x from 3x, to reflect higher chance of conversion from resources to reserves on the back of rising uranium price.
- **Risk factors:** (1) unexpected trading loss; (2) pullback of spot uranium price; and (3) delay of sulphuric acid capacity commencement in Kazakhstan.

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (HK\$ mn)	7,363	8,624	7,947	11,944	13,261
YoY growth (%)	101.8	17.1	(7.9)	50.3	11.0
Adjusted net profit (HK\$ mn)	497.1	526.7	259.7	870.6	1,038.5
YoY growth (%)	(3.5)	6.0	(50.7)	235.3	19.3
EPS (Adjusted) (HK\$ cents)	6.54	6.93	3.42	11.45	13.66
Consensus EPS (HK\$ cents)	na	0.00	7.09	15.16	15.99
P/E (x)	48.2	70.0	92.2	27.5	23.1
P/B (x)	6.2	6.1	5.8	4.9	4.1
Yield (%)	0.0	0.3	0.2	0.7	0.9
ROE (%)	13.8	8.8	6.5	19.3	19.4
Net gearing (%)	18.8	9.5	(23.7)	(6.6)	(30.4)

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

<b>Target Price</b>	<b>HK\$3.67</b>
(Previous TP)	HK\$2.42)
<b>Up/Downside</b>	<b>16.4%</b>
<b>Current Price</b>	<b>HK\$3.15</b>

### China Materials

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### Stock Data

Mkt Cap (HK\$ mn)	23,942.2
Avg 3 mths t/o (HK\$ mn)	200.0
52w High/Low (HK\$)	3.22/1.24
Total Issued Shares (mn)	7600.7

Source: FactSet

### Shareholding Structure

China General Nuclear Power Corporation	56.9%
China Chengtong Holding Group	8.0%

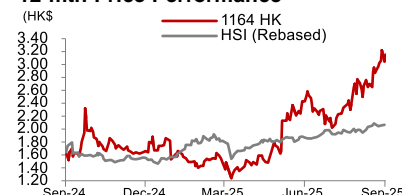
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	13.7%	8.5%
3-mth	29.6%	16.2%
6-mth	128.3%	96.5%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related reports:

CGN Mining - Potential loss in 1H25E but recovery in 2H25E; Expect a solid turnaround in 2026E – 24 Jul 2025 ([link](#))

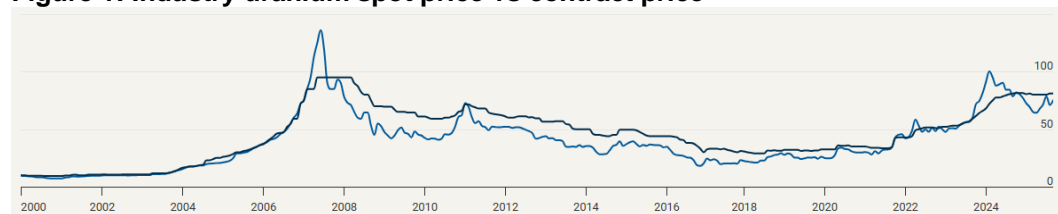
CGN Mining - New pricing formula for off-take agreement a big surprise – 4 Jun 2025 ([link](#))

CGN Mining – Uranium price gap likely to further narrow, a key catalyst for CGN Mining – 15 May 2025 ([link](#))

CGN Mining – Further downside risk should be reduced with large contract/spot uranium price gap – 23 Mar 2025 ([link](#))

## Uranium price

Figure 1: Industry uranium spot price vs contract price



Source: Cameco, CMBIGM

Figure 2: UxC Uranium U308 weekly spot price (US\$/lb)



Source: Bloomberg, CMBIGM

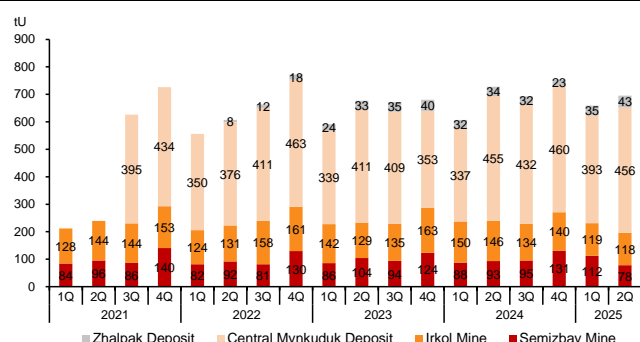
## Operating data and assumptions

**Figure 3: Change in key assumptions**

	Old			New			Change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
<b>Revenue (HK\$ mn)</b>									
Natural uranium trading	7,947	11,018	12,233	7,947	11,944	13,261	0.0%	8.4%	8.4%
<b>Gross margin</b>									
Natural uranium trading	-3.5%	1.9%	1.4%	-3.5%	1.2%	0.7%	0.0	-0.7	-0.7
<b>Key expense ratios</b>									
S&D expenses	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0	0.0	0.0
Administrative expenses	0.7%	0.7%	0.6%	0.7%	0.7%	0.6%	0.0	0.0	0.0
Expected credit losses of financial & contract assets, net	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0
(HK\$ mn)									
Net finance expense	-87	-73	-64	-87	-72	-57	0.0%	-1.8%	-10.1%
<b>Share of profit of JV and associates (Mining operation)</b>	<b>721</b>	<b>876</b>	<b>1,059</b>	<b>721</b>	<b>1,035</b>	<b>1,259</b>	<b>0.0%</b>	<b>18.2%</b>	<b>18.9%</b>
Reported net profit	260	797	935	260	871	1,038	0.0%	9.2%	11.1%
<b>Core net profit</b>	<b>260</b>	<b>797</b>	<b>935</b>	<b>260</b>	<b>871</b>	<b>1,038</b>	<b>0.0%</b>	<b>9.2%</b>	<b>11.1%</b>

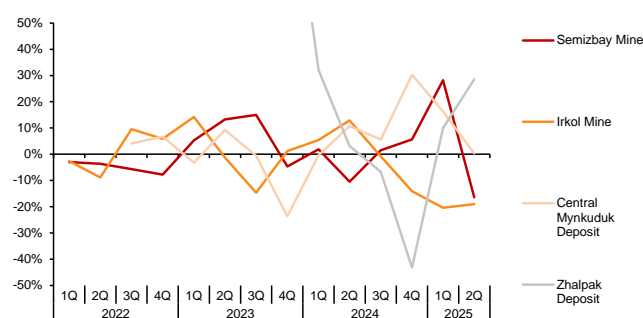
Source: Company data, CMBIGM estimates

**Figure 4: CGN Mining's quarterly uranium sales volume**



Source: Company data, CMBIGM

**Figure 5: CGN Mining's quarterly uranium sales volume growth**



Source: Company data, CMBIGM

**Figure 6: Key operating assumptions**

	2022	2023	2024	2025E	2026E	2027E
<b>JV and associates</b>						
<b>Semizbay Mine-U</b>						
Production volume (tU)	959	976	976	906	915	924
Change (YoY)	-1.6%	1.8%	0.0%	-7.2%	1.0%	1.0%
<b>Implied ASP (US\$/ib)</b>	<b>49</b>	<b>61</b>	<b>83</b>	<b>75</b>	<b>90</b>	<b>99</b>
Change (YoY)	29.3%	26.0%	36.0%	-10.0%	20.0%	10.0%
<b>Semizbay Mine (until 2031)</b>						
Production volume (tU)	385	407	407	411	415	419
Change (YoY)	-5.4%	5.7%	0.0%	1.0%	1.0%	1.0%
Unit cost (US\$/ib)	24	27	32	36	36	36
Change (YoY)	-	11.5%	18.5%	12.0%	0.0%	1.0%
<b>Irkol Mine (until 4 Mar 2030)</b>						
Production volume (tU)	574	569	569	495	500	505
Change (YoY)	1.1%	-0.9%	0.0%	-13.0%	1.0%	1.0%
Unit cost (US\$/ib)	17	23	24	27	27	27
Change (YoY)	-	34.7%	4.3%	12.0%	0.0%	1.0%
<b>Ortalyk</b>						
Production volume (tU)	1,639	1,644	1,783	1,902	2,060	2,226
Change (YoY)	2%	0%	8%	7%	8%	8%
<b>Implied ASP (US\$/ib)</b>	<b>48</b>	<b>64</b>	<b>83</b>	<b>75</b>	<b>90</b>	<b>99</b>
Change (YoY)	163%	33%	30%	-10%	20%	10%
<b>Central Mynkuduk (until 2033)</b>						
Production volume (tU)	1,600	1,513	1,663	1,746	1,764	1,781
Change (YoY)	-	-5%	10%	5%	1%	1%
Unit cost (US\$/ib)	14	17	22	25	25	26
Change (YoY)	-	23%	29%	12%	2%	2%
<b>Zhalpak (until 2042)</b>						
Production volume (tU)	39	131	120	156	296	445
Change (YoY)	-	236%	-8%	30%	90%	50%
Unit cost (US\$/ib)	25	27	31	35	35	36
Change (YoY)	-	9%	15%	12%	1%	2%
<b>Total JV / Associates</b>						
Total production volume (100% interest) (tU)	2,598	2,620	2,759	2,808	2,975	3,150
<b>Total production volume (attributable) (tU)</b>	<b>1,273</b>	<b>1,284</b>	<b>1,352</b>	<b>1,376</b>	<b>1,458</b>	<b>1,544</b>
<b>Calculated share of profit/(loss) HK\$m</b>	<b>488</b>	<b>586</b>	<b>886</b>	<b>721</b>	<b>1,035</b>	<b>1,259</b>
Change (YoY)	78%	20%	51%	-19%	44%	22%
Unit net profit (US\$/ib)	19	23	32	26	35	40

Source: Company data, CMBIGM estimates

## Valuation

We apply NPV methodology to value CGN Mining. Based on the life of the mines or relevant licenses, future cash flow (mainly from JVs dividends) is discounted to the present value.

Our target multiple of 3.5x NPV (previously 3x) is to reflect (1) the potential conversion from resources to reserves amid the uptrend of uranium price; and (2) the potential extension of mining licenses (currently our cash flow projection is based on expiry of mining right).

Our long-term assumptions include:

- (1) uranium price increasing 5% p.a. from US\$99/lb during 2027-31,
- (2) a stabilized price at US\$120/lb thereafter, and
- (3) unit production costs rising 1% p.a. during 2027-42 to reflect inflation.

**Figure 7: New NPV assumptions**

	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E-42E
<b>NPV projection</b>								
(HK\$ mn)								
EBIT	(328.6)	60.8	19.5	29.0	(16.2)	(68.6)	(79.7)	
Dividend from JV/associates	720.8	1,035.4	1,259.4	1,383.3	1,370.7	1,370.6	1,452.3	
Adjusted EBIT	392.2	1,096.2	1,278.9	1,412.3	1,354.5	1,302.0	1,372.6	
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
<b>EBIT*(1-t)</b>	<b>333.4</b>	<b>931.8</b>	<b>1,087.1</b>	<b>1,200.4</b>	<b>1,151.3</b>	<b>1,106.7</b>	<b>1,166.7</b>	
D&A	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Capex	(0.1)	(0.2)	(0.2)	0.0	0.0	0.0	0.0	
Working cap	1,281.2	(1,305.0)	760.5	(893.2)	873.0	(980.8)	756.3	
<b>FCFF</b>	<b>1,614.8</b>	<b>(373.0)</b>	<b>1,847.8</b>	<b>307.7</b>	<b>2,024.7</b>	<b>126.3</b>	<b>1,923.4</b>	<b>3,305.9</b>
PV of FCFF	1,614.8	(353.0)	1,654.8	260.7	1,623.9	95.9	1,381.5	1,912.7
<b>Enterprise Value</b>	<b>8,191</b>							
Net cash / (net debt)	-371							
Minority interest	0							
<b>Equity Value</b>	<b>7,821</b>							
P/NPV (x)	-							3.5
<b>Fair value (HK\$/shr)</b>	<b>-</b>							<b>3.60</b>
Proportionate market cap of Paladin Energy (2.61% interest)	488							0.06
<b>Target price (HK\$/shr)</b>	<b>-</b>							<b>3.67</b>
<b>Assumptions</b>								
Risk free rate	4.1%							
Risk premium	5.0%							
Beta	0.8							
Cost of equity	8.1%							
After tax cost of debt	0.0%							
Debt/total capital	30.0%							
<b>WACC</b>	<b>5.7%</b>							

Source: Company data, CMBIGM estimates

Figure 8: Peers comp

Ticker	Company	Rating	Price (local currency)	Market cap (US\$ mn)	PE (x)		PB (x)		Yield (%)
					FY25E	FY26E	FY25E	FY26E	
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
DNIN 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

Note: Data as of 30 Sep 2025

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK\$ mn)						
<b>Revenue</b>	<b>3,649</b>	<b>7,363</b>	<b>8,624</b>	<b>7,947</b>	<b>11,944</b>	<b>13,261</b>
Cost of goods sold	(3,501)	(7,231)	(8,690)	(8,224)	(11,806)	(13,168)
<b>Gross profit</b>	<b>148</b>	<b>132</b>	<b>(66)</b>	<b>(277)</b>	<b>138</b>	<b>92</b>
Selling expense	(13)	(19)	(15)	(8)	(12)	(13)
Admin expense	(49)	(52)	(57)	(56)	(84)	(80)
Others	(3)	(6)	0	0	0	0
Other income	16	12	17	12	18	20
Share of (losses)/profits of associates/JV	523	606	1,016	721	1,035	1,259
<b>EBITDA</b>	<b>101</b>	<b>69</b>	<b>(119)</b>	<b>(328)</b>	<b>61</b>	<b>20</b>
Depreciation	2	2	1	0	0	0
<b>EBIT</b>	<b>100</b>	<b>67</b>	<b>(120)</b>	<b>(329)</b>	<b>61</b>	<b>20</b>
Interest income	6	18	40	56	64	71
Interest expense	(62)	(131)	(122)	(142)	(136)	(128)
<b>Net Interest income/(expense)</b>	<b>(56)</b>	<b>(114)</b>	<b>(82)</b>	<b>(87)</b>	<b>(72)</b>	<b>(57)</b>
<b>Pre-tax profit</b>	<b>567</b>	<b>559</b>	<b>814</b>	<b>305</b>	<b>1,024</b>	<b>1,222</b>
Income tax	(52)	(62)	(287)	(46)	(154)	(183)
Minority interest	0	0	(185)	0	0	0
<b>Net profit</b>	<b>515</b>	<b>497</b>	<b>342</b>	<b>260</b>	<b>871</b>	<b>1,038</b>
<b>Adjusted net profit</b>	<b>515</b>	<b>497</b>	<b>527</b>	<b>260</b>	<b>871</b>	<b>1,038</b>

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK\$ mn)						
<b>Current assets</b>	<b>2,447</b>	<b>2,214</b>	<b>3,440</b>	<b>3,536</b>	<b>4,824</b>	<b>4,843</b>
Cash & equivalents	52	1,017	1,154	2,548	1,698	3,033
Account receivables	343	462	80	486	300	572
Inventories	2,048	697	2,158	455	2,779	1,189
Other current assets	2	38	48	48	48	48
<b>Non-current assets</b>	<b>4,419</b>	<b>4,536</b>	<b>4,402</b>	<b>4,523</b>	<b>4,687</b>	<b>4,876</b>
PP&E	1	1	1	0	0	0
Right-of-use assets	2	1	5	5	5	5
Investment in JVs & assos	4,369	4,495	4,040	4,162	4,325	4,515
Other non-current assets	46	39	356	356	356	356
<b>Total assets</b>	<b>6,866</b>	<b>6,750</b>	<b>7,842</b>	<b>8,059</b>	<b>9,511</b>	<b>9,719</b>
<b>Current liabilities</b>	<b>2,064</b>	<b>1,391</b>	<b>3,732</b>	<b>3,766</b>	<b>4,398</b>	<b>3,742</b>
Short-term borrowings	958	349	1,520	1,570	1,370	1,270
Account payables	1,044	999	797	780	1,613	1,057
Tax payable	11	12	4	4	4	4
Other current liabilities	50	30	1,409	1,409	1,409	1,409
Lease liabilities	2	1	2	2	2	2
<b>Non-current liabilities</b>	<b>1,454</b>	<b>1,479</b>	<b>188</b>	<b>188</b>	<b>188</b>	<b>188</b>
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	1,454	1,479	188	188	188	188
<b>Total liabilities</b>	<b>3,518</b>	<b>2,870</b>	<b>3,921</b>	<b>3,954</b>	<b>4,587</b>	<b>3,930</b>
<b>Total shareholders equity</b>	<b>3,348</b>	<b>3,880</b>	<b>3,922</b>	<b>4,105</b>	<b>4,924</b>	<b>5,788</b>
Minority interest	0	0	0	0	0	0
<b>Total equity and liabilities</b>	<b>6,866</b>	<b>6,750</b>	<b>7,842</b>	<b>8,059</b>	<b>9,511</b>	<b>9,719</b>

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (HK\$ mn)</b>						
<b>Operating</b>						
Profit before taxation	567	559	814	305	1,024	1,222
Depreciation & amortization	2	2	1	0	0	0
Tax paid	(15)	(35)	(287)	(46)	(154)	(183)
Change in working capital	24	989	(1,282)	1,281	(1,305)	761
Others	(465)	(476)	(934)	(634)	(963)	(1,202)
<b>Net cash from operations</b>	<b>113</b>	<b>1,040</b>	<b>(1,689)</b>	<b>907</b>	<b>(1,397)</b>	<b>597</b>
<b>Investing</b>						
Capital expenditure	(1)	(0)	(0)	(0)	(0)	(0)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	419	499	763	655	935	1,141
<b>Net cash from investing</b>	<b>419</b>	<b>499</b>	<b>763</b>	<b>655</b>	<b>935</b>	<b>1,141</b>
<b>Financing</b>						
Dividend paid	0	0	0	(76)	(52)	(174)
Net borrowings	570	(609)	1,171	50	(200)	(100)
Proceeds from share issues	776	0	0	0	0	0
Others	(1,896)	27	(122)	(142)	(136)	(128)
<b>Net cash from financing</b>	<b>(550)</b>	<b>(582)</b>	<b>1,049</b>	<b>(168)</b>	<b>(388)</b>	<b>(402)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	81	52	1,017	1,154	2,548	1,698
Exchange difference	(11)	8	13	0	0	0
<b>Cash at the end of the year</b>	<b>52</b>	<b>1,017</b>	<b>1,154</b>	<b>2,548</b>	<b>1,698</b>	<b>3,033</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Revenue	(5.5%)	101.8%	17.1%	(7.9%)	50.3%	11.0%
Gross profit	67.7%	(10.9%)	na	na	na	(33.2%)
EBITDA	145.1%	(32.1%)	na	na	na	(67.4%)
EBIT	151.8%	(32.7%)	na	na	na	(67.9%)
Net profit	188.5%	(3.5%)	(31.2%)	(24.1%)	235.3%	19.3%
Adj. net profit	188.5%	(3.5%)	6.0%	(50.7%)	235.3%	19.3%
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Gross profit margin	4.1%	1.8%	(0.8%)	(3.5%)	1.2%	0.7%
EBITDA margin	2.8%	0.9%	(1.4%)	(4.1%)	0.5%	0.2%
Adj. net profit margin	14.1%	6.8%	6.1%	3.3%	7.3%	7.8%
Return on equity (ROE)	18.7%	13.8%	8.8%	6.5%	19.3%	19.4%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	0.7	0.2	0.1	(0.2)	(0.1)	(0.3)
Current ratio (x)	1.2	1.6	0.9	0.9	1.1	1.3
Receivable turnover days	22.1	20.0	11.5	13.0	12.0	12.0
Payable turnover days	111.9	51.6	37.7	35.0	37.0	37.0
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
P/E	43.9	48.2	70.0	92.2	27.5	23.1
P/B	7.2	6.2	6.1	5.8	4.9	4.1
Div yield (%)	0.0	0.0	0.3	0.2	0.7	0.9

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

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