

Yancoal Australia (3668 HK)

Production volume in 3Q25 affected by unfavourable weather

Yancoal's (YAL) 3Q25 attributable production/ sales volume -9%/+3% YoY. The decline in production was due to rainfall, while the increase in sales volume was due to the improvement of previous shipping delays. Blended ASP dropped 18% YoY in 3Q25, largely in-line with market trend. We estimate Yancoal delivered revenue of ~A\$1.48bn in 3Q25 (-17% YoY; +30% QoQ). Our 2025E/26E/27E earnings forecasts are revised down by 54%/49%/40%, largely due to lower assumptions on both thermal and metallurgical coal ASP but slightly offset by a 2% increase in volume forecast due to an increase in equity interest (3.75%) in Moolarben mines. While we see a lack of near-term catalysts due to the sluggish coal prices, we still maintain a **BUY** rating due to YAL's healthy balance sheet and consistent dividend policy (50% of after tax profit or free cash flow, whichever is higher). Our NPV-based TP is revised down by ~9% to HK\$31 (from HK\$34), after (1) incorporating our new earnings forecast and (2) rolling over our valuation base to 2026E.

- **Attributable sales volume +3% YoY in 3Q25:** Attributable sales volume of thermal coal/ metallurgical coal was flat /+14% YoY to 9mn/1.6mn tonnes in 3Q25. On the production side, the total attributable volume dropped 9% YoY to 9.3mn tonnes in 3Q25. In 9M25, the total attributable production volume grew 4% YoY to 28.2mn tonnes, which accounted for 72-80% of YAL's full-year guidance (35-39mn tonnes).
- **ASP breakdown in 3Q25.** Thermal ASP dropped 17% YoY to A\$130/t in 3Q25, within the range of GCNewc 6,000kCal (A\$165/t or US\$109/t) and API5 (A\$105/t or US\$69/t). Metallurgical ASP dropped 25% YoY to A\$195/t, within the range of the market price of Low Vol PCI and semi-soft.
- **Healthy cash position.** As at Sep 2025, Yancoal had gross cash of A\$1.8bn, equivalent to ~24% of the current market cap.
- **2025 full-year guidance unchanged:** (1) attributable saleable production: 35-39mn tonnes (-5% to +6% YoY); (2) operating cash cost (excluding royalties): A\$89-97/t (-4% to +4% YoY); (3) capex: A\$750-900mn (up 6%-28% YoY).
- **Key risks:** (1) further decline in coal price; (2) elevated unit cost; (3) extreme weather that affects production and delivery.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (AUD mn)	7,778	6,860	5,653	5,706	5,973
YoY growth (%)	(26.3)	(11.8)	(17.6)	0.9	4.7
Net profit (AUD mn)	1,818.7	1,215.9	365.3	458.4	575.4
EPS (Reported) (AUD)	1.38	0.92	0.28	0.35	0.44
YoY growth (%)	(49.3)	(33.1)	(70.0)	25.5	25.5
Consensus EPS (AUD)	na	na	0.50	0.57	0.62
P/E (x)	4.1	6.2	20.6	16.4	13.1
P/B (x)	0.9	0.8	0.8	0.8	0.8
Yield (%)	12.2	9.1	2.4	3.0	3.8
ROE (%)	22.1	13.7	4.0	5.1	6.2
Net gearing (%)	(14.8)	(25.2)	(20.6)	(21.6)	(26.5)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$31.00
(Previous TP)	HK\$34.00)
Up/Downside	8.1%
Current Price	HK\$28.68

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Stock Data

Mkt Cap (HK\$ mn)	37,870.2
Avg 3 mths t/o (HK\$ mn)	40.4
52w High/Low (HK\$)	34.35/21.85
Total Issued Shares (mn)	1320.4

Source: FactSet

Shareholding Structure

Yankuang Energy	62.3%
China Cinda AM	7.7%

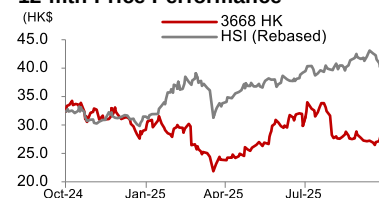
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.5%	5.2%
3-mth	-3.9%	-7.8%
6-mth	21.3%	0.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: ShineWing Australia

Related Reports

1. Yancoal Australia – Weak earnings but largely anticipated; Expect an improvement trend of coal price – 20 Aug 2025 ([link](#))
2. Yancoal Australia - Strong production volume growth in 2Q25 but sales affected by logistical issue – 18 Jul 2025 ([link](#))
3. Yancoal Australia – Dividend resumed with 56% pay-out ratio – 21 Feb 2025 ([link](#))
4. Yancoal Australia – Potential dividend resumption a catalyst – 21 Jan 2025 ([link](#))

Figure 1: YAL's quarterly statistics

	1Q24	1Q25	Chg (YoY)	2Q24	2Q25	Chg (YoY)	3Q24	3Q25	Chg (YoY)	4Q23	4Q24	Chg (YoY)
Marketable coal production (mn tonnes)												
(100 % equity basis)												
Mines												
HVO	2.8	3.5	25%	2.0	3.1	55%	3.2	3.5	9%	3.3	3.7	12%
Mount Thorley Warkworth (MTW)	2.2	2.8	27%	2.5	2.7	8%	3.3	2.7	-18%	3.4	3.2	-6%
Moolarben	5.0	4.8	-4%	4.5	5.0	11%	5.3	4.7	-11%	4.8	4.2	-13%
Stratford Duralie	0.1	0.0	n/a	0.0	0.0	n/a	0.0	0.0	n/a	0.2	0.0	-100%
Yarrabee	0.4	0.6	50%	0.4	0.7	75%	0.7	0.7	0%	0.5	0.7	40%
Middlemount	0.5	0.7	40%	0.6	0.7	17%	0.5	0.6	20%	0.6	0.7	17%
Ashton	0.3	0.2	-33%	0.3	0.2	-33%	0.2	0.0	-100%	0.1	0.5	400%
Total	11.3	12.6	12%	10.3	12.4	20%	13.2	12.2	-8%	12.9	13.0	1%
Marketable coal production (mn tonnes)												
(Attributable basis)												
Total	8.8	9.5	8%	8.2	9.4	15%	10.2	9.3	-9%	9.7	9.7	0%
Attributable sales volume (mn tonnes)												
Thermal	7.3	7.0	-4%	7.5	6.8	-9%	9.0	9.0	0%	8.7	8.6	-1%
Metallurgical	1.0	1.4	40%	1.0	1.3	30%	1.4	1.6	14%	1.4	1.8	29%
Total	8.3	8.4	1%	8.6	8.1	-6%	10.4	10.7	3%	10.1	10.4	3%
ASP (\$/tonne)												
Thermal	159	145	-9%	163	130	-20%	157	130	-17%	180	163	-9%
Metallurgical	334	218	-35%	318	197	-38%	259	195	-25%	292	242	-17%
Blended	180	157	-13%	181	142	-22%	170	140	-18%	196	176	-10%
Revenue (\$ mn)												
Thermal	1,161	1,015	-13%	1,223	884	-28%	1,413	1,170	-17%	1,566	1,402	-10%
Metallurgical	334	305	-9%	318	256	-19%	363	312	-14%	409	436	7%
Total ex-mine coal revenue	1,495	1,320	-12%	1,541	1,140	-26%	1,776	1,482	-17%	1,975	1,837	-7%

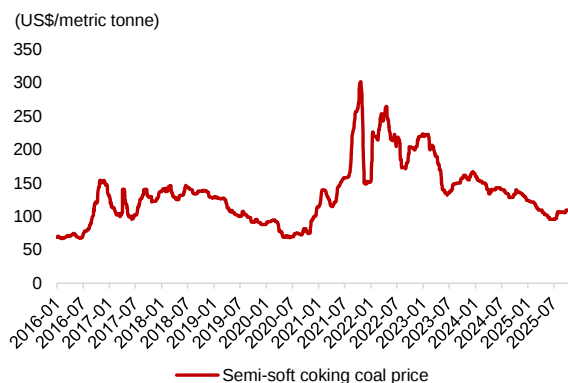
Source: Company data, CMBIGM

Figure 2: Change in key operating assumptions

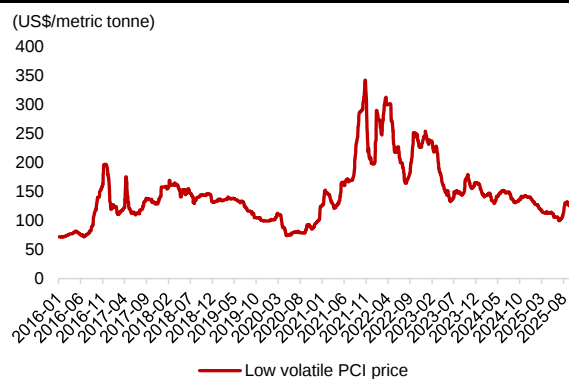
	2025E	Old 2026E	2027E	2025E	New 2026E	2027E	2025E	Change 2026E	2027E
Marketable coal production (mn tonnes)									
(100 % equity basis)									
Consolidated mines									
HVO	13.1	13.5	14.0	13.1	13.5	14.0	0.0%	0.0%	0.0%
Mount Thorley Warkworth (MTW)	11.8	12.8	13.5	11.8	12.8	13.5	0.0%	0.0%	0.0%
Moolarben	19.5	19.5	20.0	19.5	19.5	20.0	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	2.7	2.0	2.0	2.7	2.0	2.0	0.0%	0.0%	0.0%
Middlemount	2.6	3.0	3.0	2.6	3.0	3.0	0.0%	0.0%	0.0%
Ashton	1.3	1.3	1.3	1.3	1.3	1.3	0.0%	0.0%	0.0%
Total	51.0	52.1	53.8	51.0	52.1	53.8	0.0%	0.0%	0.0%
Sales volume (mn tonnes)									
Thermal	33.5	33.4	34.5	32.2	34.0	35.2	-4.0%	1.9%	1.8%
Metallurgical	5.5	5.9	6.1	7.5	6.0	6.2	38.3%	1.9%	1.8%
Total	39.0	39.3	40.6	39.7	40.1	41.4	1.9%	1.9%	1.8%
ASP (\$/t)									
Thermal	150	150	150	135	135	135	-10.0%	-10.0%	-10.0%
Metallurgical	200	200	200	155	165	180	-22.5%	-17.5%	-10.0%
Blended	157	158	158	139	140	142	-11.6%	-11.4%	-10.0%
Cash operating cost breakdown (\$/tonne)									
Unit cash operating cost									
	-107	-106	-105	-106	-104	-104	-1.6%	-1.6%	-1.4%
Unit cash operating cost (excluding government royalties)									
	-93	-91	-90	-93	-91	-90	0.0%	0.0%	0.0%
Unit cash margin (excluding government royalties)									
	64	67	67	46	49	51	-28.2%	-26.9%	-23.5%
Net profit (\$ mn)									
	796	892	965	365	458	575	-54.1%	-48.6%	-40.4%

Source: Company data, CMBIGM estimates

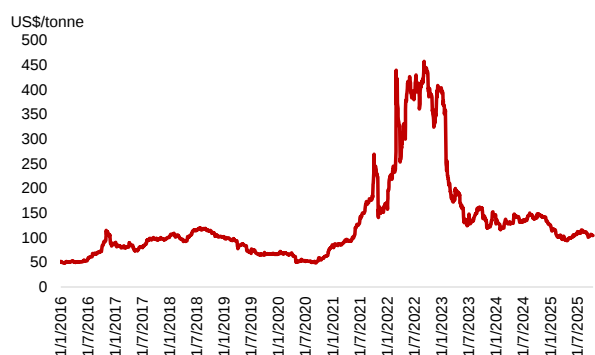
Note: Our unit cost figures are slightly different from the company's due to the difference in transportation cost calculation.

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


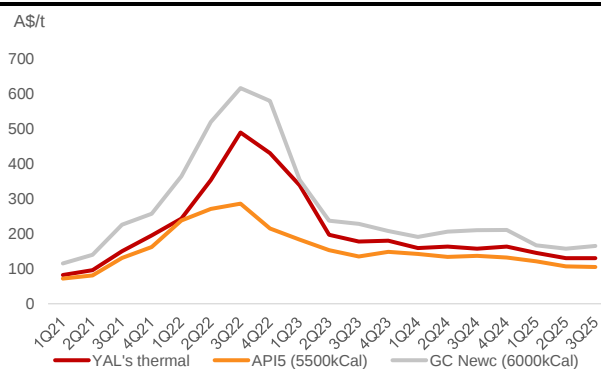
Source: Wind, CMBIGM

Figure 4: Seaborne pulverised coal injection (PCI) price


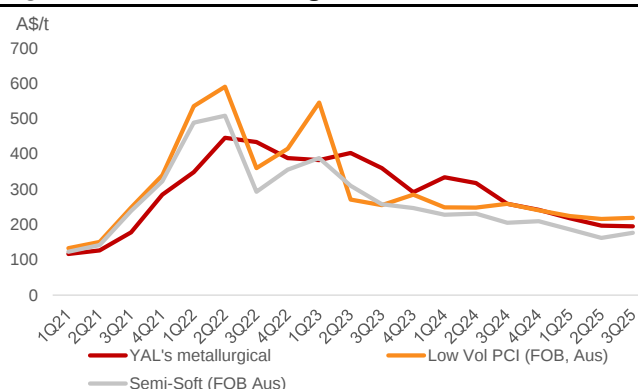
Source: Wind, CMBIGM

Figure 5: GC Newc (6000/kCal) pricing


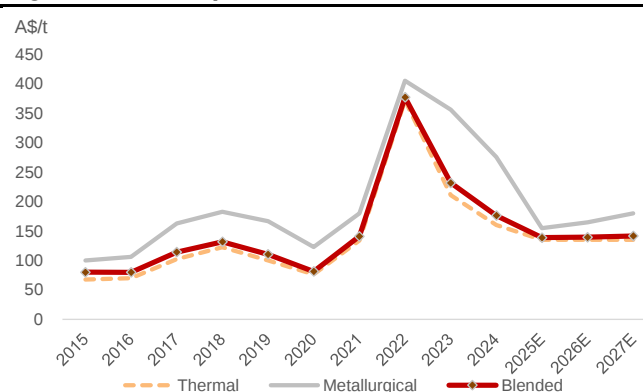
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

Figure 6: YAL's thermal ASP vs benchmarks


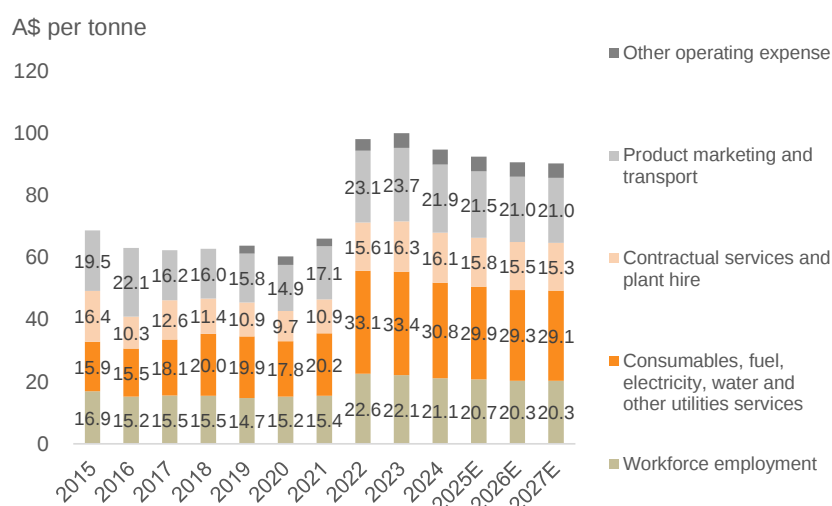
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

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\$31 (previously HK\$34), after (1) incorporating our new earnings forecast; (2) rolling over our valuation base to 2026E.

Our key assumptions include:

- Long-term thermal and metallurgical coal price (starting 2028E) of A\$130/t and A\$200/t respectively;
- Long-term unit cash cost inflation of 1% p.a.;
- WACC of 6.7%, based on risk-free rate of 4% (10-year Australian government bond yield), risk premium of 6%, 0.5x beta, and 10% debt/capital ratio;
- AUD/HKD rate of HK\$5.

Figure 10: TP sensitivity to coal price

WACC	LT coal thermal coal price (A\$/t)				
	90	110	130	150	170
4.7%	9	22	35	48	61
5.7%	9	21	33	44	56
6.7%	10	20	31	41	51
7.7%	10	20	29	38	48
8.7%	11	19	28	36	45

Note: Assuming LT thermal coal price = A\$130/t

WACC	LT metallurgical coal price (A\$/t)				
	160	180	200	220	240
4.7%	30	32	35	37	40
5.7%	28	30	33	35	37
6.7%	27	29	31	33	35
7.7%	26	27	29	31	32
8.7%	24	26	28	29	31

Note: Assuming LT metallurgical coal price = A\$200/t

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (AUD mn)						
Revenue	10,548	7,778	6,860	5,653	5,706	5,973
Royalties and other related payments	(967)	(685)	(639)	(527)	(531)	(556)
Staff costs	(662)	(730)	(796)	(822)	(812)	(839)
Others	(2,548)	(2,901)	(3,135)	(3,044)	(3,012)	(3,101)
Other income	(132)	26	159	28	29	30
EBITDA	6,239	3,488	2,449	1,289	1,379	1,506
Depreciation	(834)	(881)	(750)	(799)	(750)	(715)
EBIT	5,405	2,607	1,699	491	629	791
Interest expense	(459)	(53)	(39)	(6)	(6)	(6)
Others	146	29	29	23	14	14
Pre-tax profit	5,092	2,583	1,689	507	637	799
Income tax	(1,505)	(764)	(473)	(142)	(178)	(224)
After tax profit	3,587	1,819	1,216	365	458	575
Minority interest	0	0	0	0	0	0
Net profit	3,587	1,819	1,216	365	458	575

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (AUD mn)						
Current assets	3,810	2,533	3,540	2,833	3,232	3,483
Cash & equivalents	2,699	1,397	2,461	1,946	2,090	2,624
Account receivables	736	662	600	453	641	439
Inventories	330	416	419	381	440	358
Other current assets	45	58	60	53	60	61
Non-current assets	8,991	8,721	8,816	8,874	8,898	8,907
PP&E	3,486	3,582	3,909	4,250	4,506	4,707
Right-of-use assets	4,642	4,278	4,023	3,732	3,496	3,300
Deferred income tax	0	0	0	0	0	0
Investment in JVs & assos	413	431	447	458	465	472
Intangibles	133	131	134	131	128	125
Other non-current assets	317	299	303	303	303	303
Total assets	12,801	11,254	12,356	11,707	12,130	12,389
Current liabilities	2,532	1,048	1,234	989	1,157	1,097
Short-term borrowings	48	44	37	37	37	37
Account payables	863	734	975	730	898	838
Other current liabilities	1,621	270	222	222	222	222
Non-current liabilities	2,239	1,764	1,805	1,805	1,805	1,805
Long-term borrowings	625	102	75	75	75	75
Other non-current liabilities	1,614	1,662	1,730	1,730	1,730	1,730
Total liabilities	4,771	2,812	3,039	2,794	2,962	2,902
Total shareholders equity	8,028	8,440	9,315	8,911	9,166	9,486
Minority interest	2	2	2	2	2	2
Total equity and liabilities	12,801	11,254	12,356	11,707	12,130	12,389

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (AUD mn)						
Operating						
Profit before taxation	5,092	2,583	1,689	507	637	799
Depreciation & amortization	834	881	754	799	750	715
Tax paid	0	(2,123)	(660)	(142)	(178)	(224)
Change in working capital	80	(129)	315	(53)	(86)	223
Others	759	(10)	(47)	(108)	(79)	(72)
Net cash from operations	6,765	1,202	2,051	1,003	1,043	1,442
Investing						
Capital expenditure	(544)	(611)	(698)	(820)	(750)	(700)
Acquisition of subsidiaries/ investments	0	0	0	(25)	(17)	(17)
Others	287	97	100	103	78	71
Net cash from investing	(257)	(514)	(598)	(742)	(689)	(646)
Financing						
Dividend paid	(1,626)	(1,413)	(429)	(769)	(204)	(256)
Net borrowings	(1,320)	(496)	(34)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(2,465)	(95)	(42)	(6)	(6)	(6)
Net cash from financing	(5,411)	(2,004)	(505)	(775)	(210)	(261)
Net change in cash						
Cash at the beginning of the year	1,495	2,699	1,397	2,461	1,946	2,090
Exchange difference	107	14	116	0	0	0
Cash at the end of the year	2,699	1,397	2,461	1,946	2,090	2,624
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	95.2%	(26.3%)	(11.8%)	(17.6%)	0.9%	4.7%
EBITDA	192.1%	(44.1%)	(29.8%)	(47.4%)	6.9%	9.3%
EBIT	314.3%	(51.8%)	(34.8%)	(71.1%)	28.2%	25.8%
Net profit	353.7%	(49.3%)	(33.1%)	(70.0%)	25.5%	25.5%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
EBITDA margin	59.1%	44.8%	35.7%	22.8%	24.2%	25.2%
Return on equity (ROE)	50.6%	22.1%	13.7%	4.0%	5.1%	6.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.3)	(0.1)	(0.3)	(0.2)	(0.2)	(0.3)
Current ratio (x)	1.5	2.4	2.9	2.9	2.8	3.2
Receivable turnover days	25.0	32.8	33.6	34.0	35.0	33.0
Inventory turnover days	47.4	52.2	54.6	53.0	55.0	52.0
Payable turnover days	99.4	87.3	87.0	87.0	84.0	87.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	2.1	4.1	6.2	20.6	16.4	13.1
P/B	0.9	0.9	0.8	0.8	0.8	0.8
Div yield (%)	21.5	12.2	9.1	2.4	3.0	3.8

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

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