

# Yancoal Australia (3668 HK)

## 3Q24 sales volume accelerated to +21% YoY; on track to achieve target

Yancoal's (YAL) 3Q24 operating data are slightly better than our expectation, with attributable production / sales volume increasing 10%/21% YoY (improved from -4%/+1% in 2Q24). Blended ASP dropped 14% YoY in 3Q24, which is largely in line with the market trend. We estimate Yancoal delivered ~A\$1.78bn of revenue in 3Q24 (+5% YoY; +15% QoQ). YAL maintains the full-year ranges of guidance on sales volume, unit cost and capex. We maintain our earnings forecast and our NPV-based TP of HK\$42. While any potential M&A progress, in our view, remains the key variable over the coming 3-6 months, we think such factor has been priced in with a <6x 2024E P/E. Maintain **BUY**.

- **Sales volume in 3Q24:** Attributable sales volume of thermal coal / metallurgical coal was +17%/+56% YoY to 9mn/1.4mn tonnes in 3Q24. Total attributable sales volume increased 21% YoY to 10.4mn tonnes. In 9M24, the total attributable sales volume grew 19% YoY to 27.3mn tonnes, which accounted for 73% of our full-year estimate of 37.3mn tonnes (run rate in 9M23: 71.6%).
- **ASP breakdown in 3Q24.** Thermal ASP dropped 12% YoY (-3.7% QoQ) to A\$157/t in 3Q24, within the range of GCNewc 6,000kCal (A\$210/t or US\$141/t) and API5 (A\$137/t or US\$87/t). Metallurgical ASP dropped 28% YoY to A\$259/t (-19% QoQ), which was slightly higher than the benchmarks (average of Low Vol PCI and Semi-Soft). The blended ASP dropped 14% YoY (-6% QoQ) to A\$170/t.
- **Solid balance sheet.** As at end-Sep, Yancoal had a gross cash balance of A\$1.98bn (+28% from Jun).
- **2024E full-year guidance unchanged:** (1) attributable saleable production: 35-39mn tonnes (up 5%-17% YoY); (2) operating cash cost (excluding royalties): A\$89-97/t (-7% to +1% YoY); (3) capex: A\$650-800mn (up 5%-29% YoY).
- **Key risks:** (1) further decline in coal price; (2) rebound of unit cost; (3) extreme weather that affects production.

### Earnings Summary

| (YE 31 Dec)          | FY22A   | FY23A   | FY24E   | FY25E   | FY26E   |
|----------------------|---------|---------|---------|---------|---------|
| Revenue (AUD mn)     | 10,548  | 7,778   | 7,138   | 6,893   | 6,872   |
| YoY growth (%)       | 95.2    | (26.3)  | (8.2)   | (3.4)   | (0.3)   |
| Net profit (AUD mn)  | 3,587.0 | 1,818.7 | 1,388.5 | 1,241.0 | 1,243.5 |
| EPS (Reported) (AUD) | 2.72    | 1.38    | 1.05    | 0.94    | 0.94    |
| YoY growth (%)       | 355.0   | (49.3)  | (23.7)  | (10.6)  | 0.2     |
| Consensus EPS (AUD)  | na      | na      | 0.88    | 0.97    | 0.93    |
| P/E (x)              | 2.2     | 4.3     | 5.6     | 6.3     | 6.3     |
| P/B (x)              | 1.0     | 0.9     | 0.8     | 0.8     | 0.8     |
| Yield (%)            | 20.7    | 11.7    | 8.9     | 7.9     | 8.0     |
| ROE (%)              | 50.6    | 22.1    | 15.6    | 13.0    | 12.5    |
| Net gearing (%)      | (25.2)  | (14.8)  | (27.8)  | (30.9)  | (39.3)  |

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** HK\$42.00  
**Up/Downside** 36.1%  
**Current Price** HK\$30.85

### China Energy

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### Stock Data

|                          |             |
|--------------------------|-------------|
| Mkt Cap (HK\$ mn)        | 40,735.6    |
| Avg 3 mths t/o (HK\$ mn) | 65.1        |
| 52w High/Low (HK\$)      | 38.90/23.50 |
| Total Issued Shares (mn) | 1320.4      |

Source: FactSet

### Shareholding Structure

|                 |       |
|-----------------|-------|
| Yanguang Energy | 62.3% |
| China Cinda AM  | 7.7%  |

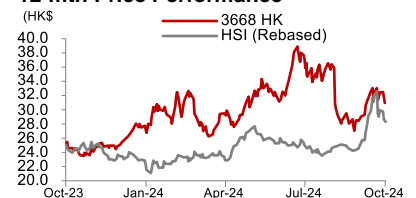
Source: HKEx

### Share Performance

|       | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 8.6%     | -4.5%    |
| 3-mth | -14.1%   | -24.1%   |
| 6-mth | 5.7%     | -14.5%   |

Source: FactSet

### 12-mth Price Performance



Source: FactSet

**Auditor: ShineWing Australia**

### Related Reports

1. Yancoal Australia (3668 HK) – 1H24 net profit -57% YoY below expectations; No interim dividend suggests potential M&A – 20 Aug 2024 ([link](#))
2. Yancoal Australia (3668 HK) – 2Q24 sales volume +1%; Full year target still achievable – 19 Jul 2024 ([link](#))
3. Yancoal Australia (3668 HK) – Higher coal price assumptions after the fire incident at Grosvenor coal mine – 8 Jul 2024 ([link](#))

Figure 1: YAL's quarterly operating statistics

|   | 1Q23         | 1Q24         | Chg (YoY)   | 2Q23         | 2Q24         | Chg (YoY)   | 3Q23         | 3Q24         | Chg (YoY)   | 4Q22         | 4Q23         | Chg (YoY)   |
|---|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
| <b>Marketable coal production (mn tonnes)</b> |              |              |             |              |              |             |              |              |             |              |              |             |
| <b>(100 % equity basis)</b>                   |              |              |             |              |              |             |              |              |             |              |              |             |
| <b>Mines</b>                                  |              |              |             |              |              |             |              |              |             |              |              |             |
| HVO   | 1.8          | 2.8          | 56%         | 2.4          | 2.0          | -17%        | 3.0          | 3.2          | 7%          | 1.6          | 3.3          | 106%        |
| Mount Thorley Warkworth (MTW)                 | 2.0          | 2.2          | 10%         | 2.6          | 2.5          | -4%         | 3.3          | 2.5          | -24%        | 2.3          | 3.4          | 48%         |
| Moolarben                                     | 2.6          | 5.0          | 92%         | 4.8          | 4.5          | -6%         | 4.5          | 5.3          | 18%         | 3.1          | 4.8          | 55%         |
| Stratford Duralie                             | 0.1          | 0.1          | 0%          | 0.1          | 0.0          | -100%       | 0.2          | 0.0          | -100%       | 0.2          | 0.2          | 0%          |
| Yarrabee                                      | 0.4          | 0.4          | 0%          | 0.5          | 0.4          | -20%        | 0.5          | 0.7          | 40%         | 0.6          | 0.5          | -17%        |
| Middlemount                                   | 0.5          | 0.5          | 0%          | 0.5          | 0.6          | 20%         | 0.6          | 0.5          | -17%        | 0.5          | 0.6          | 20%         |
| Ashton  | 0.3          | 0.3          | 0%          | 0            | 0.3          | n/a         | 0.0          | 0.2          | n/a         | 0.2          | 0.1          | -50%        |
| <b>Total</b>                                  | <b>7.7</b>   | <b>11.3</b>  | <b>47%</b>  | <b>10.9</b>  | <b>10.3</b>  | <b>-6%</b>  | <b>12.1</b>  | <b>12.4</b>  | <b>2%</b>   | <b>8.5</b>   | <b>12.9</b>  | <b>52%</b>  |
| <b>Marketable coal production (mn tonnes)</b> |              |              |             |              |              |             |              |              |             |              |              |             |
| <b>(Attributable basis)</b>                   |              |              |             |              |              |             |              |              |             |              |              |             |
| <b>Total</b>                                  | <b>5.9</b>   | <b>8.8</b>   | <b>49%</b>  | <b>8.5</b>   | <b>8.2</b>   | <b>-4%</b>  | <b>9.3</b>   | <b>10.2</b>  | <b>10%</b>  | <b>6.6</b>   | <b>9.7</b>   | <b>47%</b>  |
| <b>Attributable sales volume (mn tonnes)</b>  |              |              |             |              |              |             |              |              |             |              |              |             |
| Thermal                                       | 4.7          | 7.3          | 55%         | 7.3          | 7.5          | 3%          | 7.7          | 9.0          | 17%         | 5.5          | 8.7          | 58%         |
| Metallurgical                                 | 1.2          | 1.0          | -17%        | 1.2          | 1.0          | -17%        | 0.9          | 1.4          | 56%         | 1.4          | 1.4          | -2%         |
| <b>Total</b>                                  | <b>5.9</b>   | <b>8.3</b>   | <b>41%</b>  | <b>8.5</b>   | <b>8.6</b>   | <b>1%</b>   | <b>8.6</b>   | <b>10.4</b>  | <b>21%</b>  | <b>6.9</b>   | <b>10.1</b>  | <b>46%</b>  |
| <b>ASP (A\$/tonne)</b>                        |              |              |             |              |              |             |              |              |             |              |              |             |
| Thermal                                       | 338          | 159          | -53%        | 197          | 163          | -17%        | 178          | 157          | -12%        | 430          | 180          | -58%        |
| Metallurgical                                 | 383          | 334          | -13%        | 403          | 318          | -21%        | 360          | 259          | -28%        | 389          | 292          | -25%        |
| <b>Blended</b>                                | <b>347</b>   | <b>180</b>   | <b>-48%</b> | <b>226</b>   | <b>181</b>   | <b>-20%</b> | <b>197</b>   | <b>170</b>   | <b>-14%</b> | <b>422</b>   | <b>196</b>   | <b>-54%</b> |
| <b>Revenue (A\$ mn)</b>                       |              |              |             |              |              |             |              |              |             |              |              |             |
| Thermal                                       | 1,589        | 1,161        | -27%        | 1,438        | 1,223        | -15%        | 1,371        | 1,413        | 3%          | 2,369        | 1,566        | -34%        |
| Metallurgical                                 | 460          | 334          | -27%        | 484          | 318          | -34%        | 324          | 363          | 12%         | 556          | 409          | -27%        |
| <b>Total ex-mine coal revenue</b>             | <b>2,048</b> | <b>1,495</b> | <b>-27%</b> | <b>1,922</b> | <b>1,541</b> | <b>-20%</b> | <b>1,695</b> | <b>1,776</b> | <b>5%</b>   | <b>2,926</b> | <b>1,975</b> | <b>-32%</b> |

Source: Company data, CMBIGM

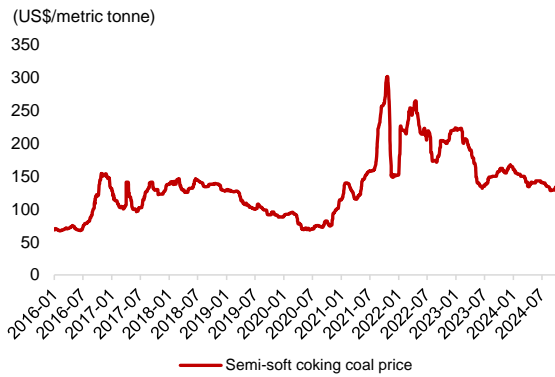
Figure 2: Key operating assumptions

|  | 2019          | 2020          | 2021         | 2022          | 2023          | 2024E         | 2025E        | 2026E        |
|--|---------------|---------------|--------------|---------------|---------------|---------------|--------------|--------------|
| <b>Marketable coal production (mn tonnes)</b>                    |               |               |              |               |               |               |              |              |
| <b>(100 % equity basis)</b>                                      |               |               |              |               |               |               |              |              |
| <b>Mines</b>   |               |               |              |               |               |               |              |              |
| HVO  | 13.7          | 12.0          | 10.6         | 9.6           | 10.5          | 13.0          | 14.0         | 15.0         |
| Mount Thorley Warkworth (MTW)                                    | 12.1          | 11.9          | 11.2         | 8.1           | 11.3          | 13.0          | 13.5         | 13.8         |
| Moolarben  | 17.8          | 19.7          | 18.4         | 14.9          | 16.7          | 18.5          | 19.0         | 19.5         |
| Stratford Duralie  | 0.8           | 0.5           | 0.8          | 0.7           | 0.6           | 0.0           | 0.0          | 0.0          |
| Yarrabee   | 2.8           | 3.0           | 2.6          | 2.1           | 1.9           | 2.0           | 2.0          | 2.0          |
| Middlemount  | 2.7           | 2.9           | 3.7          | 2.6           | 2.2           | 2.7           | 3.0          | 3.3          |
| Ashton   | 2.2           | 1.8           | 1.2          | 0.9           | 0.4           | 0.3           | 0.3          | 0.3          |
| <b>Total</b>   | <b>52.1</b>   | <b>51.8</b>   | <b>48.5</b>  | <b>38.9</b>   | <b>43.6</b>   | <b>49.5</b>   | <b>51.8</b>  | <b>53.9</b>  |
| <b>Attributable sales volume (mn tonnes)</b>                     |               |               |              |               |               |               |              |              |
| Thermal  | 30.1          | 33.2          | 31.7         | 24.6          | 28.4          | 32.1          | 33.3         | 33.9         |
| Metallurgical  | 5.5           | 4.2           | 5.8          | 4.7           | 4.7           | 5.2           | 5.4          | 6.0          |
| <b>Total</b>   | <b>35.6</b>   | <b>37.4</b>   | <b>37.5</b>  | <b>29.3</b>   | <b>33.1</b>   | <b>37.3</b>   | <b>38.7</b>  | <b>39.9</b>  |
| <b>Change (YoY)</b>  |               |               |              |               |               |               |              |              |
| Thermal  | 6.0%          | 10.3%         | -4.5%        | -22.4%        | 15.4%         | 12.9%         | 3.8%         | 2.0%         |
| Metallurgical  | 7.8%          | -23.6%        | 38.1%        | -19.0%        | 0.0%          | 11.1%         | 3.8%         | 10.6%        |
| <b>Average</b>   | <b>6.3%</b>   | <b>5.1%</b>   | <b>0.3%</b>  | <b>-21.9%</b> | <b>13.0%</b>  | <b>12.6%</b>  | <b>3.8%</b>  | <b>3.2%</b>  |
| <b>ASP (A\$/tonne)</b>   |               |               |              |               |               |               |              |              |
| Thermal  | 100           | 76            | 134          | 372           | 211           | 170           | 157          | 152          |
| Metallurgical  | 167           | 123           | 180          | 405           | 356           | 300           | 280          | 260          |
| <b>Blended</b>   | <b>110</b>    | <b>82</b>     | <b>141</b>   | <b>377</b>    | <b>232</b>    | <b>188</b>    | <b>174</b>   | <b>168</b>   |
| <b>ASP change (YoY)</b>  |               |               |              |               |               |               |              |              |
| Thermal  | -18.3%        | -23.8%        | 75.4%        | 177.4%        | -43.3%        | -19.3%        | -7.6%        | -3.2%        |
| Metallurgical  | -8.8%         | -26.3%        | 46.5%        | 125.0%        | -12.1%        | -15.7%        | -6.7%        | -7.1%        |
| <b>Blended</b>   | <b>-16.2%</b> | <b>-26.1%</b> | <b>72.9%</b> | <b>167.3%</b> | <b>-38.5%</b> | <b>-18.8%</b> | <b>-7.4%</b> | <b>-3.5%</b> |
| <b>Cash operating cost breakdown (A\$/tonne)</b>                 |               |               |              |               |               |               |              |              |
| <b>Unit cash operating cost</b>                                  | <b>-73</b>    | <b>-67</b>    | <b>-77</b>   | <b>-131</b>   | <b>-121</b>   | <b>-110</b>   | <b>-107</b>  | <b>-104</b>  |
| Change (YoY)   | -0.9%         | -8.2%         | 16.2%        | 69.6%         | -8.0%         | -8.8%         | -3.1%        | -2.2%        |
| <b>Unit cash operating cost (excluding government royalties)</b> | <b>-64</b>    | <b>-60</b>    | <b>-66</b>   | <b>-98</b>    | <b>-100</b>   | <b>-93</b>    | <b>-91</b>   | <b>-89</b>   |
| Change (YoY)   | 1.6%          | -5.4%         | 9.5%         | 48.5%         | 1.9%          | -6.8%         | -2.3%        | -2.0%        |

Source: Company data, CMBIGM estimates

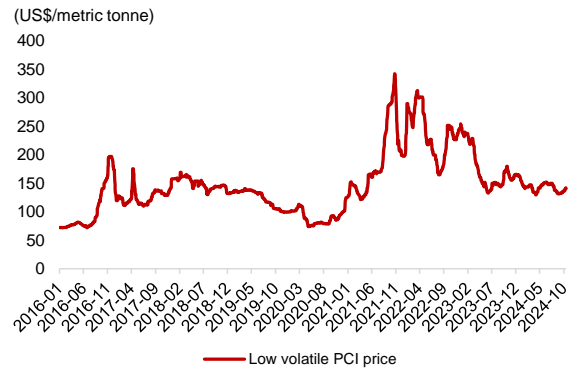
Note: Our unit cost figures are slightly different from the company's due to the difference in transportation cost calculation.

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



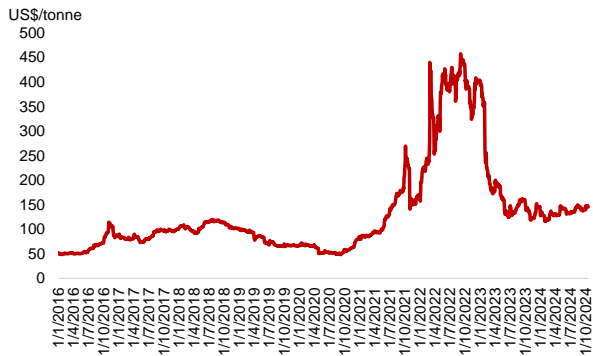
Source: Wind, CMBIGM

**Figure 4: Seaborne pulverised coal injection (PCI) price**



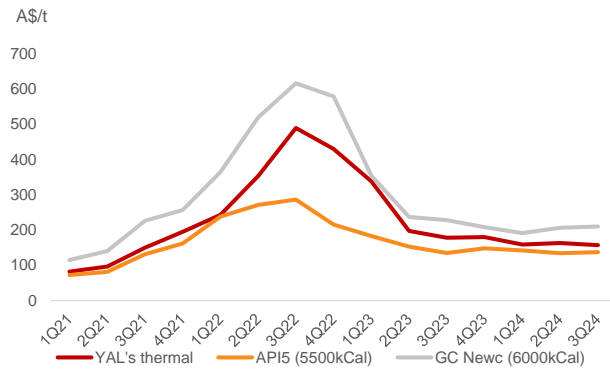
Source: Wind, CMBIGM

**Figure 5: GC Newc (6000/kCal) pricing**



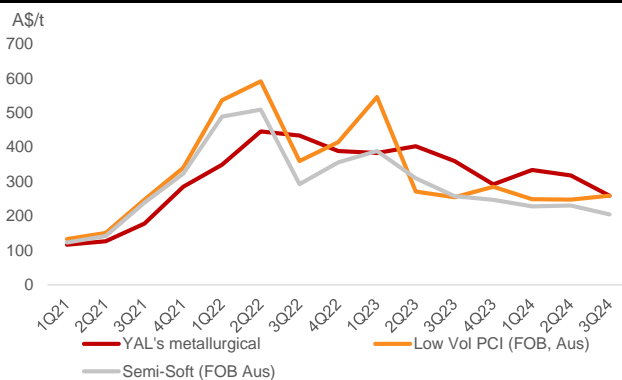
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

**Figure 6: YAL's thermal ASP vs benchmarks**



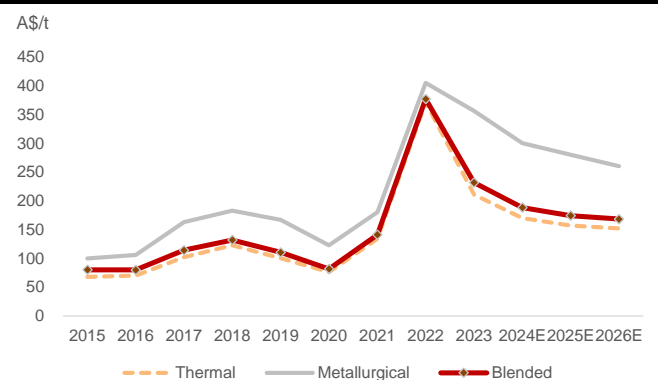
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

**Figure 7: YAL's metallurgical ASP vs benchmarks**



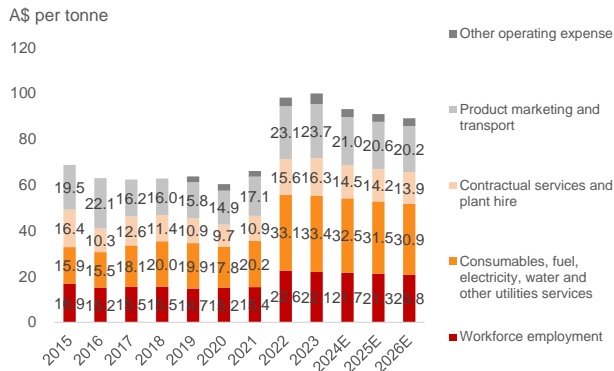
Source: Company data, Argus/McCloskey, GlobalCOAL, CMBIGM

**Figure 8: YAL's ASP assumptions**



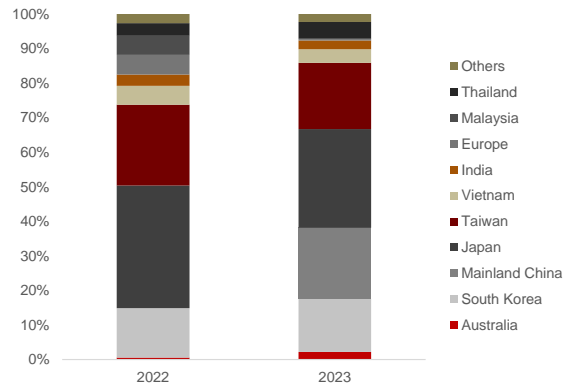
Source: Company data, CMBIGM estimates

**Figure 9: YAL's unit cash cost breakdown**



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

**Figure 10: YAL's revenue breakdown**



Source: Company data, CMBIGM

## Valuation

**Maintain BUY with TP of HK\$42.** We value YAL by net present value (NPV), calculated by the future cash flow of all the reserves based on their effective mine life.

Our key assumptions include:

- Long-term thermal and metallurgical coal price (starting 2027E) 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\$5.27.

**Figure 11: TP sensitivity to coal price**

| WACC        | LT coal thermal coal price (A\$/t) |     |           |     |     |
|-------------|------------------------------------|-----|-----------|-----|-----|
|             | 90                                 | 110 | 130       | 150 | 170 |
| 4.7%        | 21                                 | 34  | 48        | 61  | 75  |
| 5.7%        | 21                                 | 33  | 44        | 56  | 68  |
| <b>6.7%</b> | 21                                 | 31  | <b>42</b> | 52  | 63  |
| 7.7%        | 20                                 | 30  | 39        | 49  | 58  |
| 8.7%        | 20                                 | 29  | 37        | 46  | 54  |

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

| WACC        | LT metallurgical coal price (A\$/t) |     |           |     |     |
|-------------|-------------------------------------|-----|-----------|-----|-----|
|             | 160                                 | 180 | 200       | 220 | 240 |
| 4.7%        | 43                                  | 45  | 48        | 50  | 53  |
| 5.7%        | 40                                  | 42  | 44        | 47  | 49  |
| <b>6.7%</b> | 38                                  | 40  | <b>42</b> | 44  | 46  |
| 7.7%        | 36                                  | 38  | 39        | 41  | 43  |
| 8.7%        | 34                                  | 36  | 37        | 39  | 40  |

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

Source: Company data, CMBIGM estimates

## Financial Summary

| INCOME STATEMENT                     | 2021A         | 2022A         | 2023A         | 2024E         | 2025E         | 2026E         |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>YE 31 Dec (AUD mn)</b>            |               |               |               |               |               |               |
| <b>Revenue</b>                       | <b>5,403</b>  | <b>10,548</b> | <b>7,778</b>  | <b>7,138</b>  | <b>6,893</b>  | <b>6,872</b>  |
| Royalties and other related payments | (421)         | (967)         | (685)         | (629)         | (607)         | (605)         |
| Staff costs                          | (578)         | (662)         | (730)         | (809)         | (823)         | (832)         |
| Others                               | (2,232)       | (2,548)       | (2,901)       | (2,924)       | (2,950)       | (2,959)       |
| Other income                         | (36)          | (132)         | 26            | 36            | 34            | 34            |
| <b>EBITDA</b>                        | <b>2,136</b>  | <b>6,239</b>  | <b>3,488</b>  | <b>2,812</b>  | <b>2,548</b>  | <b>2,510</b>  |
| Depreciation                         | (831)         | (834)         | (881)         | (859)         | (800)         | (750)         |
| <b>EBIT</b>                          | <b>1,305</b>  | <b>5,405</b>  | <b>2,607</b>  | <b>1,953</b>  | <b>1,748</b>  | <b>1,760</b>  |
| Interest expense                     | (259)         | (459)         | (53)          | (8)           | (8)           | (8)           |
| Others                               | 57            | 146           | 29            | 26            | 22            | 14            |
| <b>Pre-tax profit</b>                | <b>1,103</b>  | <b>5,092</b>  | <b>2,583</b>  | <b>1,972</b>  | <b>1,762</b>  | <b>1,766</b>  |
| Income tax                           | (312)         | (1,505)       | (764)         | (583)         | (521)         | (522)         |
| <b>After tax profit</b>              | <b>791</b>    | <b>3,587</b>  | <b>1,819</b>  | <b>1,389</b>  | <b>1,241</b>  | <b>1,243</b>  |
| Minority interest                    | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Net profit</b>                    | <b>791</b>    | <b>3,587</b>  | <b>1,819</b>  | <b>1,389</b>  | <b>1,241</b>  | <b>1,243</b>  |
| <b>BALANCE SHEET</b>                 |               |               |               |               |               |               |
| <b>YE 31 Dec (AUD mn)</b>            |               |               |               |               |               |               |
| <b>Current assets</b>                | <b>2,531</b>  | <b>3,810</b>  | <b>2,533</b>  | <b>3,797</b>  | <b>4,215</b>  | <b>5,237</b>  |
| Cash & equivalents                   | 1,495         | 2,699         | 1,397         | 2,759         | 3,136         | 4,194         |
| Account receivables                  | 707           | 736           | 662           | 648           | 598           | 645           |
| Inventories                          | 264           | 330           | 416           | 337           | 424           | 345           |
| Other current assets                 | 65            | 45            | 58            | 53            | 57            | 53            |
| <b>Non-current assets</b>            | <b>9,269</b>  | <b>8,991</b>  | <b>8,721</b>  | <b>8,575</b>  | <b>8,287</b>  | <b>8,043</b>  |
| PP&E                                 | 3,232         | 3,486         | 3,582         | 3,774         | 3,761         | 3,744         |
| Right-of-use assets                  | 5,149         | 4,642         | 4,278         | 3,930         | 3,646         | 3,416         |
| Deferred income tax                  | 0             | 0             | 0             | 0             | 0             | 0             |
| Investment in JVs & assos            | 303           | 413           | 431           | 444           | 455           | 462           |
| Intangibles                          | 138           | 133           | 131           | 128           | 125           | 122           |
| Other non-current assets             | 447           | 317           | 299           | 299           | 299           | 299           |
| <b>Total assets</b>                  | <b>11,800</b> | <b>12,801</b> | <b>11,254</b> | <b>12,372</b> | <b>12,501</b> | <b>13,280</b> |
| <b>Current liabilities</b>           | <b>826</b>    | <b>2,532</b>  | <b>1,048</b>  | <b>1,207</b>  | <b>1,068</b>  | <b>1,225</b>  |
| Short-term borrowings                | 66            | 48            | 44            | 44            | 44            | 44            |
| Account payables                     | 743           | 863           | 734           | 893           | 754           | 911           |
| Other current liabilities            | 17            | 1,621         | 270           | 270           | 270           | 270           |
| <b>Non-current liabilities</b>       | <b>4,828</b>  | <b>2,239</b>  | <b>1,764</b>  | <b>1,764</b>  | <b>1,764</b>  | <b>1,764</b>  |
| Long-term borrowings                 | 3,369         | 625           | 102           | 102           | 102           | 102           |
| Other non-current liabilities        | 1,459         | 1,614         | 1,662         | 1,662         | 1,662         | 1,662         |
| <b>Total liabilities</b>             | <b>5,654</b>  | <b>4,771</b>  | <b>2,812</b>  | <b>2,971</b>  | <b>2,832</b>  | <b>2,989</b>  |
| <b>Total shareholders equity</b>     | <b>6,144</b>  | <b>8,028</b>  | <b>8,440</b>  | <b>9,400</b>  | <b>9,667</b>  | <b>10,289</b> |
| Minority interest                    | 2             | 2             | 2             | 2             | 2             | 2             |
| <b>Total equity and liabilities</b>  | <b>11,800</b> | <b>12,801</b> | <b>11,254</b> | <b>12,372</b> | <b>12,501</b> | <b>13,280</b> |

| <b>CASH FLOW</b>                         | <b>2021A</b> | <b>2022A</b>   | <b>2023A</b>   | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> |
|--|--------------|----------------|----------------|--------------|--------------|--------------|
| <b>YE 31 Dec (AUD mn)</b>                |              |                |                |              |              |              |
| <b>Operating</b>                         |              |                |                |              |              |              |
| <b>Profit before taxation</b>            | <b>1,103</b> | <b>5,092</b>   | <b>2,583</b>   | <b>1,972</b> | <b>1,762</b> | <b>1,766</b> |
| Depreciation & amortization              | 831          | 834            | 881            | 859          | 800          | 750          |
| Tax paid                                 | 0            | 0              | (2,123)        | (583)        | (521)        | (522)        |
| Change in working capital                | (193)        | 80             | (129)          | 256          | (179)        | 193          |
| Others                                   | 332          | 759            | (10)           | (107)        | (134)        | (129)        |
| <b>Net cash from operations</b>          | <b>2,073</b> | <b>6,765</b>   | <b>1,202</b>   | <b>2,397</b> | <b>1,728</b> | <b>2,057</b> |
| <b>Investing</b>                         |              |                |                |              |              |              |
| Capital expenditure                      | (268)        | (544)          | (611)          | (700)        | (500)        | (500)        |
| Acquisition of subsidiaries/ investments | (100)        | 0              | 0              | 0            | 0            | 0            |
| Others                                   | 69           | 287            | 97             | 102          | 131          | 130          |
| <b>Net cash from investing</b>           | <b>(299)</b> | <b>(257)</b>   | <b>(514)</b>   | <b>(598)</b> | <b>(369)</b> | <b>(370)</b> |
| <b>Financing</b>                         |              |                |                |              |              |              |
| Dividend paid                            | 0            | (1,626)        | (1,413)        | (429)        | (973)        | (621)        |
| Net borrowings                           | (494)        | (1,320)        | (496)          | 0            | 0            | 0            |
| Proceeds from share issues               | 0            | 0              | 0              | 0            | 0            | 0            |
| Others                                   | (447)        | (2,465)        | (95)           | (8)          | (8)          | (8)          |
| <b>Net cash from financing</b>           | <b>(941)</b> | <b>(5,411)</b> | <b>(2,004)</b> | <b>(437)</b> | <b>(981)</b> | <b>(629)</b> |
| <b>Net change in cash</b>                |              |                |                |              |              |              |
| Cash at the beginning of the year        | 637          | 1,495          | 2,699          | 1,397        | 2,759        | 3,136        |
| Exchange difference                      | 25           | 107            | 14             | 0            | 0            | 0            |
| <b>Cash at the end of the year</b>       | <b>1,495</b> | <b>2,699</b>   | <b>1,397</b>   | <b>2,759</b> | <b>3,136</b> | <b>4,194</b> |
| <b>GROWTH</b>                            | <b>2021A</b> | <b>2022A</b>   | <b>2023A</b>   | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> |
| <b>YE 31 Dec</b>                         |              |                |                |              |              |              |
| Revenue                                  | 55.6%        | 95.2%          | (26.3%)        | (8.2%)       | (3.4%)       | (0.3%)       |
| EBITDA                                   | na           | 192.1%         | (44.1%)        | (19.4%)      | (9.4%)       | (1.5%)       |
| EBIT                                     | na           | 314.3%         | (51.8%)        | (25.1%)      | (10.5%)      | 0.7%         |
| Net profit                               | na           | 353.7%         | (49.3%)        | (23.7%)      | (10.6%)      | 0.2%         |
| <b>PROFITABILITY</b>                     | <b>2021A</b> | <b>2022A</b>   | <b>2023A</b>   | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> |
| <b>YE 31 Dec</b>                         |              |                |                |              |              |              |
| EBITDA margin                            | 39.5%        | 59.1%          | 44.8%          | 39.4%        | 37.0%        | 36.5%        |
| Return on equity (ROE)                   | 13.9%        | 50.6%          | 22.1%          | 15.6%        | 13.0%        | 12.5%        |
| <b>GEARING/LIQUIDITY/ACTIVITIES</b>      | <b>2021A</b> | <b>2022A</b>   | <b>2023A</b>   | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> |
| <b>YE 31 Dec</b>                         |              |                |                |              |              |              |
| Net debt to equity (x)                   | 0.3          | (0.3)          | (0.1)          | (0.3)        | (0.3)        | (0.4)        |
| Current ratio (x)                        | 3.1          | 1.5            | 2.4            | 3.1          | 3.9          | 4.3          |
| Receivable turnover days                 | 35.5         | 25.0           | 32.8           | 33.5         | 33.0         | 33.0         |
| Inventory turnover days                  | 53.3         | 47.4           | 52.2           | 52.0         | 52.0         | 52.0         |
| Payable turnover days                    | 100.8        | 99.4           | 87.3           | 86.0         | 86.0         | 86.0         |
| <b>VALUATION</b>                         | <b>2021A</b> | <b>2022A</b>   | <b>2023A</b>   | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> |
| <b>YE 31 Dec</b>                         |              |                |                |              |              |              |
| P/E                                      | 9.9          | 2.2            | 4.3            | 5.6          | 6.3          | 6.3          |
| P/B                                      | 1.3          | 1.0            | 0.9            | 0.8          | 0.8          | 0.8          |
| Div yield (%)                            | 11.9         | 20.7           | 11.7           | 8.9          | 7.9          | 8.0          |

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

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