

March 23, 2015

Outperform
Unchanged

业绩回暖,短期反弹

紫金矿业-H (2899 HK)

Market Data: Mar, 20

Closing Price (HK\$)	2.19
Price Target (HK\$)	2.5
HSCEI	12,156
HSCCI	4,457
52-week High/Low (HK\$)	2.65/1.61
Market Cap (USD Mn)	6,053
Market Cap (HK\$ Mn)	46,972
Shares Outstanding (Mn)	21,646
Exchange Rate (RMB-HK\$)	1.26

Price Performance Chart:



Source: Bloomberg

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Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (RMB million)	49,771.51	58,760.53	68,722.98	69,248.97	69,759.02
YOY (%)	2.80	18.06	16.95	0.77	0.74
Net income (RMB million)	2,052.12	2,345.06	2,594.38	2,953.97	3,353.27
YOY (%)	(60.62)	10.34	10.6	13.8	13.5
EPS (RMB)	0.10	0.11	0.12	0.14	0.16
Diluted EPS (RMB)	0.10	0.11	0.12	0.14	0.16
ROE (%)	7.65	8.47	8.75	8.88	8.92
Debt/asset (%)	51.23	55.45	56.55	55.32	54.69
Dividend Yield (%)	3.50	4.40	4.60	4.82	5.22
P/E (x)	17.50	15.92	14.58	12.52	11.21
P/B (x)	1.39	1.34	1.24	1.12	1.10
EV/EBITDA (x)	8.92	8.68	7.84	6.66	6.23

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised. P/E is calculated as closing price divided by each year's EPS.

投资要点:

- 紫金矿业公布 14 年年报。收入受益于销量增加上升 18.06%至 587.6 亿元。净利润同比上升 10.34%至 23.4 亿元。净利润符合我们之前的预期。EPS 为 0.11 元。
- 主要产品价格大幅下跌，控制成本显现成效。公司矿产金销售价格为 232 人民币/克。（同比下跌 12.81%）矿产铜精矿均价 35,804 元/吨。（同比下跌 9.18%）矿产锌销售均价 8146 人民币/吨。（同比上涨 7.61%）。公司提升采矿技术，控制成本取得成效。矿产金单位成本下降 5.51%至 143.9 人民币/吨。矿产铜成本小幅上升 3.12%至 18,467 人民币/吨。矿产锌单位成本下降 9.14%至 3509 人民币/吨。除冶炼业务综合毛利率为 44.32%，下降 4.65 个百分点。
- 产量继续扩张。集团矿产金 33.7 吨，同比上升 6.42%。矿产铜 138,462 吨，同比上升 10.72%。矿产锌 96,261 吨，同比上升 33.57%。公司 2015 年主要产量目标为 36 吨矿产金，150,000 吨矿产铜，以及 210,000 吨矿产锌。
- 持续海外扩张。公司 2014 年收购刚果金科卢韦齐铜矿，资源量为 154 万吨。同时，公司收购澳洲 Bullabulling 金矿，获得 117 吨黄金资源量。
- 铜价近期反弹。铜价从 1 月末低点累计反弹 12%。我们认为铜价之前下跌过度，反应足够悲观预期。短期美元阶段性回调以及市场对经济回暖有所预期，反弹有望持续。

- 维持公司增持评级。我们目前小幅上调公司盈利预测，反应公司最新产量扩张计划。EPS 预测为 15/16/17 年 0.12/0.14/0.16 人民币。公司 H 股目前仍然较 A 股有 53%折价，具有一定安全边际。我们同时上调公司目标价至 2.5 港币。

Weak recovery. Sales increased 18.06% to Rmb58.76bn on increasing sales volume. Net profit increased 10.34% to Rmb2.34bn. Net profit is in line with our estimation. EPS is Rmb 0.11.

Major product price decline against effective cost control. Gold ASP is 232 Rmb/g (-12.81% YoY). Copper ASP is 35,804 Rmb/t (-9.18% YoY). Zinc ASP is 8,146 Rmb/t (+7.61% YoY). The company had enhance its technology and management in order to control cost. After two years of rising cost of gold, its cost started to fall in 2014. Gold unit cost is 143.9 Rmb/g (-5.51% YoY). Copper unit cost is 18,467 Rmb/t. (+3.12% YoY). Zinc unit cost is 3,509 Rmb/g (-9.14% YoY). Overall gross margin excluding smelting business is 44.32% down 4.65ppt.

Volume growth. Own-mined gold production is 33.7 tonnes (+6.42% YoY). Own-mined copper production is 138,462 tonnes (+10.72% YoY). Own-mined zinc production is 96,261 tonnes (+33.57% YoY). The company set production target for 2015FY with 36 tonnes of gold (+6.8% YoY), 150,000 tonnes of copper (+8.7% YoY) and 210,000 tonnes of zinc concentrate (118% YoY).

Oversea acquisitions continue and mine resources expand. Zijin acquired Kolwezi copper mine in Congo's with copper resources of 1.54mt. It also acquired Bullabulling gold mine in Australia to gain additional 117tonnes of gold resources.

Copper price rebound. SHFE Copper price has rebounded 12% from bottom at the end of January. We believe its previous large fall is due to stronger US dollar and over concern on Chinese economy. Short term rebound may continue under the expectation of potential recovery of short term economy.

Maintain outperform. We slightly improve our earnings forecast for 2015/2016 on higher volume. Our earnings forecast is at Rmb 0.12 (+10% YoY) in 2015E, Rmb0.14 (+13% YoY) in 2016E and Rmb 0.16 (+13% YoY) in 2017E. Zijin's H share is currently trading at 53% discount to A share. Accordingly, We rise our target price from HK\$2.2 to HK\$2.5 based on latest DCF model.

Appendix

Table 1: Consolidated Income Statement

million RMB	2012	2013	2014E	2015E	2016E
Revenue	49,772	58,761	68,723	69,249	69,759
Cost of Sales	40,846	50,882	59,583	59,554	59,295
Gross Profit	8,925	7,879	9,140	9,695	10,464
Other Income	(947)	132	(100)	(50)	(98)
SGA Expenses	2,166	2,175	3,093	3,116	3,139
EBITDA	7,618	6,523	7,561	8,538	9,728
EBIT	5,514	3,960	4,604	5,124	5,860
Finance Costs	733	768	600	601	602
Profit Before Tax	3,835	3,324	3,904	4,473	5,160
Income Tax Expense	973	689	914	1,060	1,260
Minority Interests	718	290	396	460	547
Profit for the Year	2,052	2,345	2,594	2,954	3,353

Source: SWS Research

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Consolidated Cash Flow Statement

million RMB	2012	2013	2014E	2015E	2016E
Profit Before Taxation	3,835	3,324	3,904	4,473	5,160
Depr And Amortisation	2,104	2,563	2,956	3,413	3,869
Finance Cost	733	768	600	601	602
Losses From Investments	0	0	0	0	0
Change In Working Capital	(403)	(418)	(637)	(138)	7
Others	(50)	(729)	(1,526)	(511)	481
CFF From Operating Activities	6,218	5,508	5,298	7,839	10,119
CAPEX	7,349	8,623	10,688	9,878	5,476
Other CFF From Investing Activities	(3,735)	(134)	275	(7)	(99)
CFF From Investing Activities	(11,084)	(8,757)	(10,412)	(9,885)	(5,575)
Equity Financing	0	0	0	0	0
Net Change In Liabilities	(3,626)	1,777	228	(2,749)	251
Dividend And Interest Paid	(2,374)	(2,368)	(2,492)	(2,437)	(2,384)
Other CFF From Financing Activities	(503)	0	0	0	0
CFF From Financing Activities	(6,503)	(591)	(2,265)	(5,186)	(2,134)
Net Cash Flow	(11,368)	(3,840)	(7,379)	(7,232)	2,410
FCFF	13,591	14,040	16,698	17,218	13,952
FCFE	9,233	15,049	16,325	13,868	13,601

Source: SWS Research

Table 3: Consolidated Balance Sheet

million RMB	2012	2013	2014E	2015E	2016E
Current Assets	17,931	19,618	15,668	8,619	11,381
Bank Balances And Cash	4,491	4,139	4,232	4,538	4,923
Trade And Other Receivables	2,310	2,494	5,502	5,589	5,599
Inventories	8,200	10,354	11,349	11,344	11,294

OtherCurrentAssets	3,976	3,317	1,665	815	897
LongTermInvestment	4,311	4,444	4,169	4,176	4,275
PPE	19,353	25,003	43,936	50,645	51,772
IntangibleAndOtherAssets	8,498	9,385	11,646	11,953	12,282
TotalAssets	60,732	66,782	78,123	77,700	81,684
CurrentLiabilities	19,959	23,504	23,302	23,710	24,177
Borrowings	2,774	4,551	4,779	5,017	5,268
TradeAndOtherPayables	8,335	10,448	12,271	12,216	12,183
OtherCurrentLiabilities	4,000	4,000	4,000	4,000	4,000
LongTermLiabilities	10,185	11,527	11,943	9,393	9,853
TotalLiabilities	27,647	33,114	35,840	33,758	34,750
MinorityInterests	5,473	5,609	7,471	7,930	8,477
ShareholderEquity	33,085	33,668	42,283	43,942	46,934
ShareCapital	2,170	2,157	2,181	2,181	2,181
Reserves	7,502	7,329	9,042	9,042	9,042
EquityAttributable	16,978	17,591	22,828	24,788	27,234
TotalLiabilitiesAndEquity	60,732	66,782	78,123	77,700	81,684

Source: SWS Research

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