赣锋锂业
GanfengLithium









Company Presentation

May 2020

Strictly Private and Confiden

1. Recent Developments and Industry Update

Ganfeng Lithium



No.1
Lithium Metals Production Capacity Globally



No.2
Lithium Hydroxide Production Capacity Globally



7
Investments in Upstream Resources



361
Research & Development Staff



RMB5.25bn (US$754m)[1]
FY2019
Total Revenue



RMB1.32bn (US$190m)[1]
FY2019
Adj. EBITDA



2010
IPO on Shenzhen Stock Exchange

2018
IPO on Hong Kong Stock Exchange



US$8.25bn
Total Market Capitalization[2]

Note: 1.USD calculate using 2019 average FX rate of 6.962 (Federal Reserve). 2. As of May 6, 2020; calculation: A-share price x A-ordinary shares + H-share price x H-ordinary shares.

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Recent Developments

Mt. Marion



1 Increased stake in **Mt. Marion** to **50%**

Cauchari-Olaroz



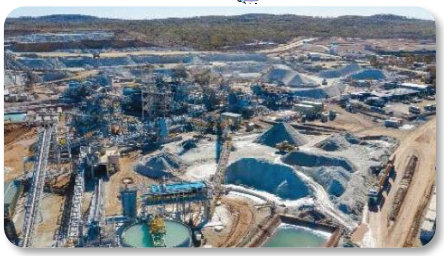
2 Increased shareholding in **Minera Exar** to **51%**

Bacanora / Sonora



3 Acquired **25.8% interest in Bacanora Lithium and 22.5% interest in Sonora (project level)**

Pilbara Minerals



4 Increased stake in **Pilbara Minerals** to **6.86%**

1 Increased capacity of consumer batteries to **30mm pieces per annum**



2 Started production in 1Q19 of **TWS batteries with multiple national patents**



3 Constructed a pilot production line of solid-state lithium battery with annual capacity of **over hundreds of Mwh**



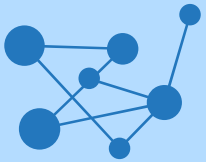
4 Expanded lithium battery recycling capacity to **34,000 tons per annum**



Source: Company disclosure.

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Business Update



COVID-19 Impact

- Resumed operation of **major production lines in late February**
- **Actively managing inventory level** of lithium products
- Further **government stimulus** to come



Pricing Outlook

- **Long-term pricing premium** of **high-quality lithium hydroxide is expected to continue** given limited qualified suppliers available



Capacity Expansion

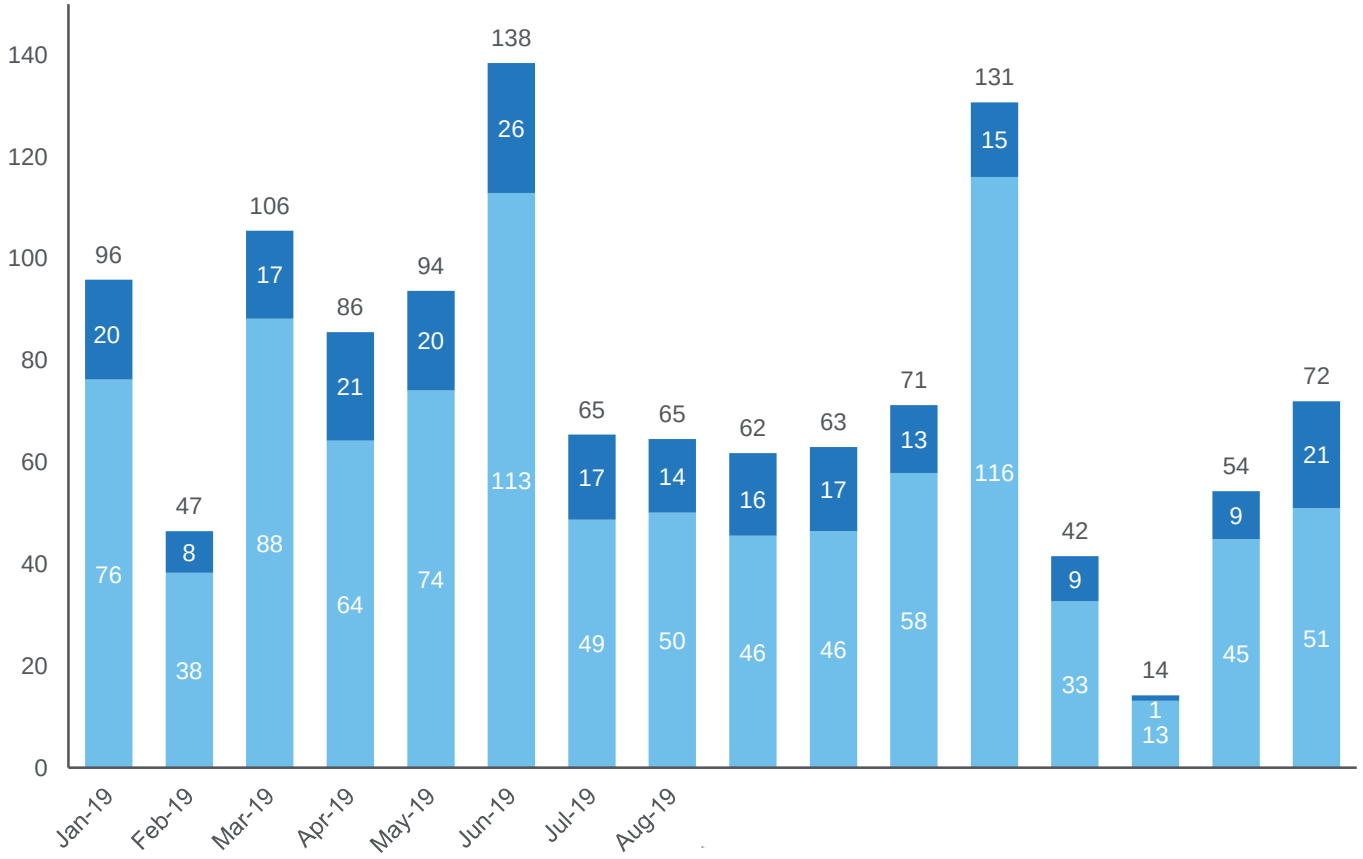
- Focus on **reducing production costs** and **expanding capacity**
- **Domestic capacity** expects to reach **100K** ton LCE in 2020E
- Brine and clay-based capacity to **increase by 100K** ton LCE by 2025E

Source: Company disclosure and broker research.

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Long-term EV Industry Prospects Remain Strong Despite COVID-19

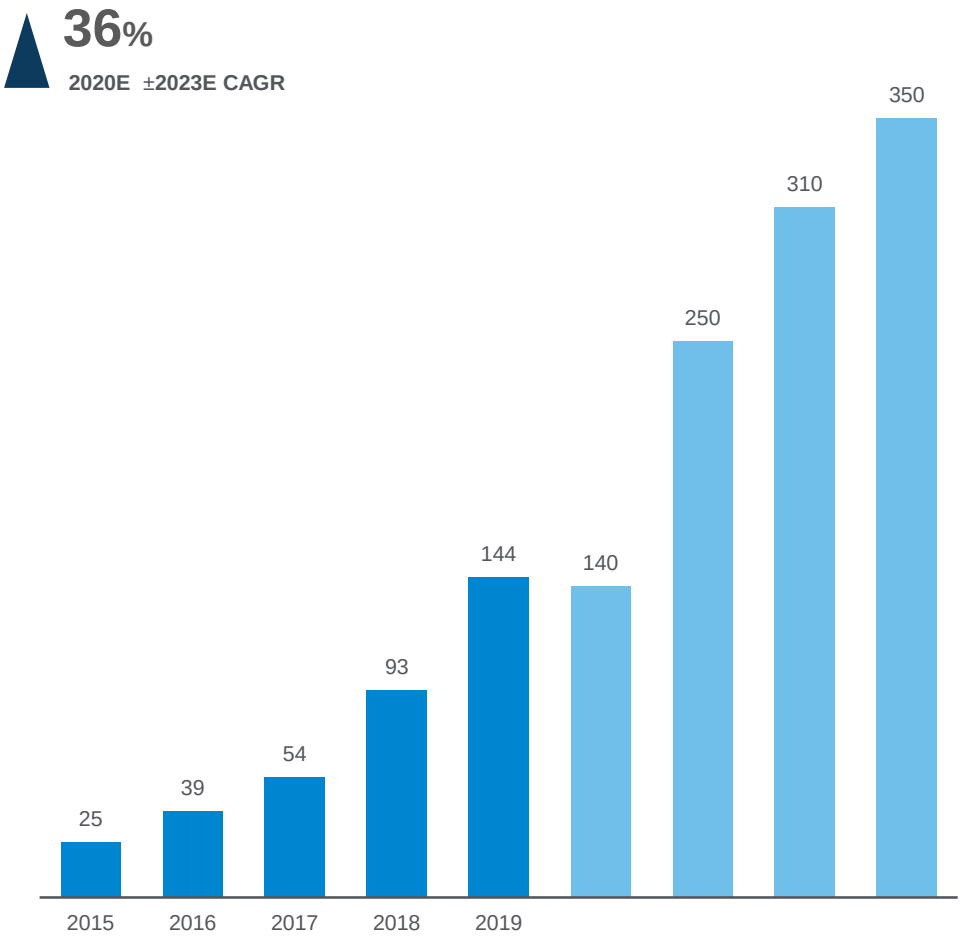
of new EV models expect to boost consumption demand and drive recovery of lithium compound prices.



Expected Strong End Market Demand Propelled by Transition to EV

Global battery demand is growing rapidly, fueling capacity expansion

Global EV Battery Demand
(Gwh)



Global OEMs and Battery Producers have formed large-scale plans

OEM / Battery Producer	Brand	Future Strategy
EV OEMs	VOLKSWAGEN	US$40bn investment by 2022 1mm units of EV sales in 2023
	DAIMLER	US$11bn investment by 2025 Launch 10 new EV models by 2020
	BMW GROUP	Launch 25 new EV models by 2025
	RENAULT NISSAN	5mm units of EV sales by 2022
	Ford	US$11bn investment by 2022 Launch 40 EV models by 2022
	GM	1mm units of EV/PHEV sales by 2026 Launch 20 new EV & FCEV models by 2023
	TESLA	824,000 units of EV sales by 2025
	TOYOTA	5.5mm units of EV sales by 2030
	GEELY	600,000 units of EV sales by 2020
	BYD	274,000 units of EV sales by 2020
Battery Producers	LG Chem	Increase production capacity to 100 Gwh by 2020
	SK	Increase production capacity to 100 Gwh by 2025
	CATL	Increase production capacity to 137 Gwh by 2022
	northvolt	Increase production capacity to 150 Gwh by 2030

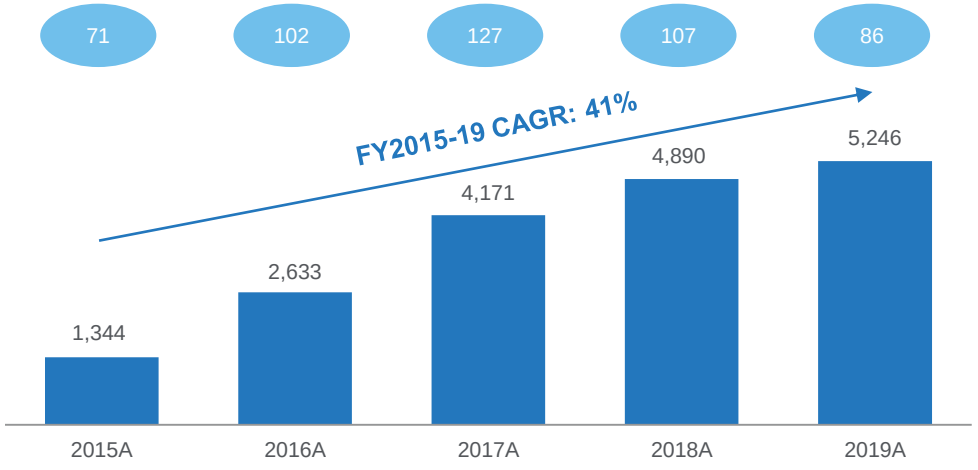
Source: Broker research.

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Proven Financial Track Record

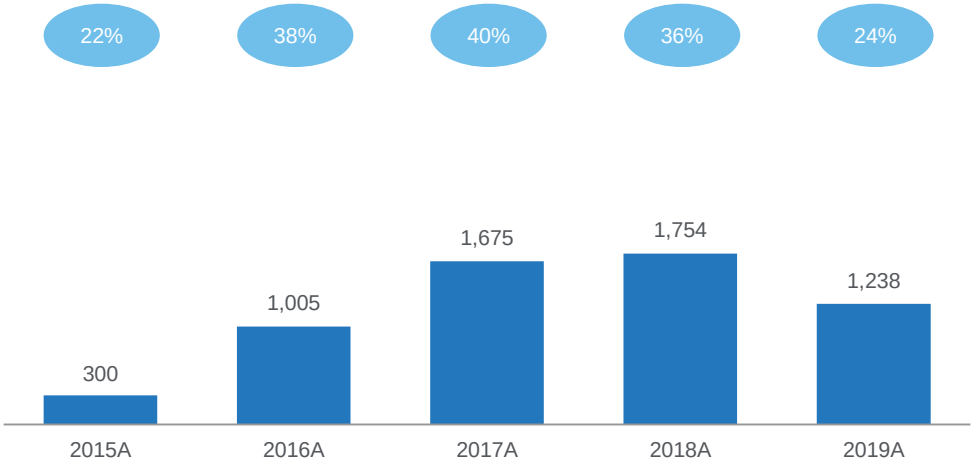
Revenue | Revenue Growth | Average Selling Price[1]

(RMB mm, %, RMB 000/ton)



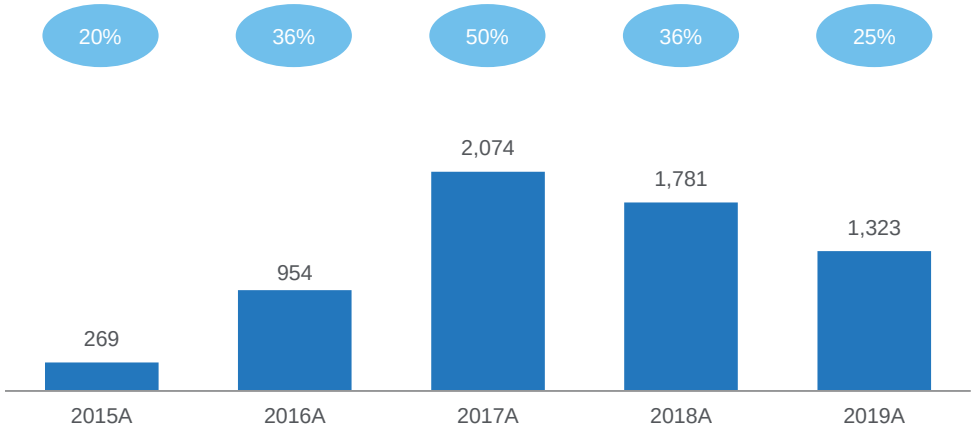
Gross Profit | Gross Profit Margin

(RMB mm, %)



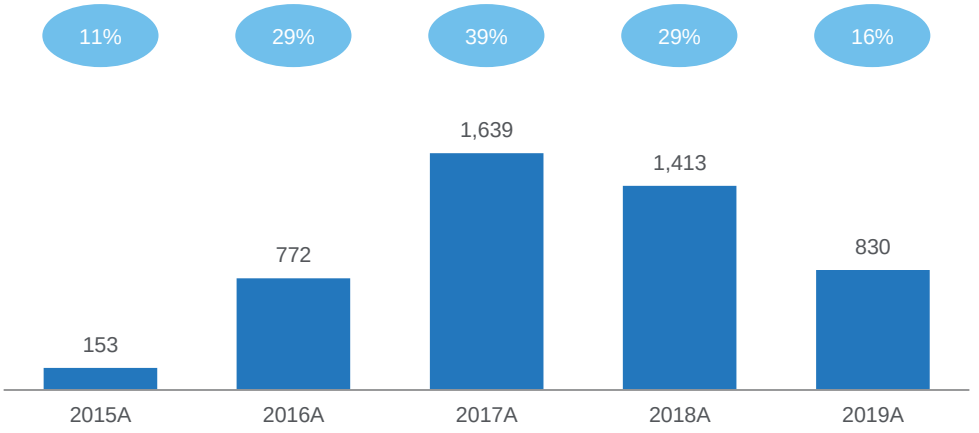
Adjusted EBITDA[2] | Adjusted EBITDA Margin

(RMB mm, %)



Adjusted Net Profit[2] | Adjusted Net Profit Margin

(RMB mm, %)



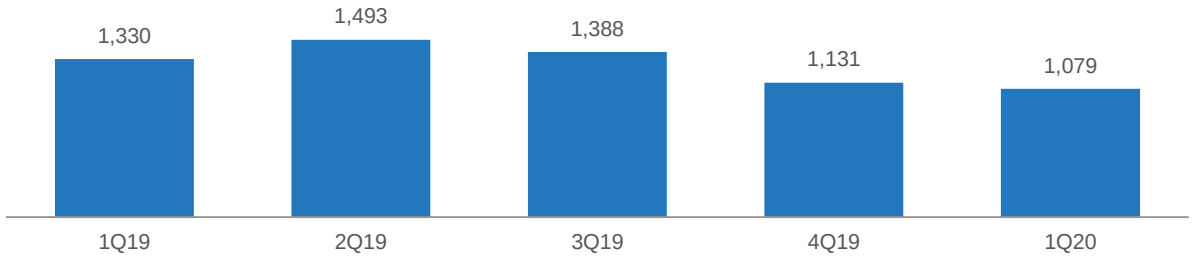
Source: Company disclosure.

Note: 1. ASP was calculated by dividing revenues from lithium compounds and metals segment with its sales volume 2. Adjusted EBITDA and adjusted net profit were calculated as EBITDA / net profit plus impairment loss and losses relating to Shenzhen fire incidents, minus fair value gains from derivative financial instruments, gain on derivative financial instruments and net gain on disposal of investments at fair value through profit or loss, excluding related income tax impact.

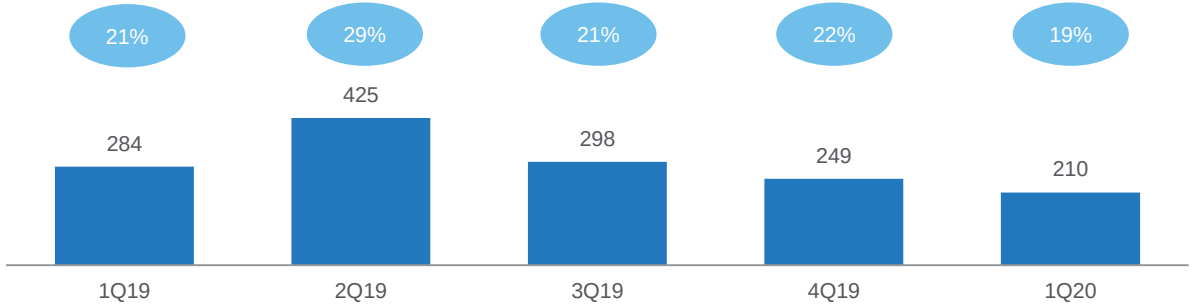
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1Q20 Update and 1H20 Outlook

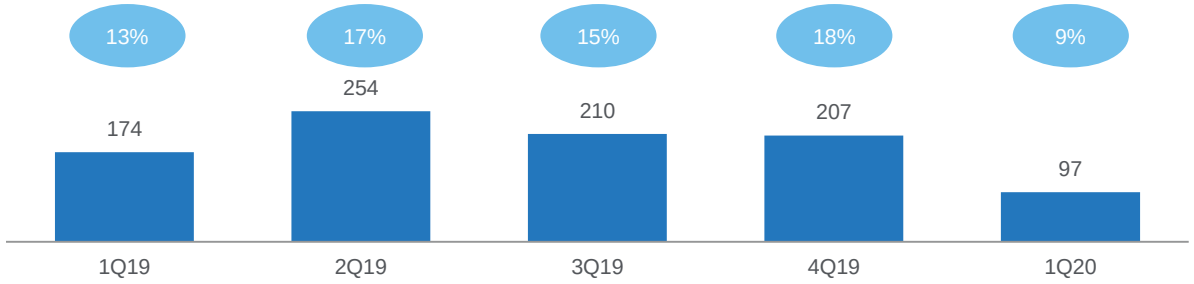
Revenue
(RMB mm)



Gross Profit | Margin
(RMB mm, %)



Adjusted Net Profit[1] | Margin
(RMB mm, %)



1Q20 Update

- **Revenue was RMB1.1bn, down 18.9% y-o-y**:
  - COVID-19 impact on operations
  - Weak demand from end customers
  - Price of lithium compounds continues to be under pressure
- **Gross profit margin dropped by 200bps from 21% to 19%**
- **Against the background of falling volume and ASP, 1Q20 adjusted net profit was RMB97mm, down 44% y-o-y:**
  - 1Q20 net profit was mainly adjusted by net fair value changes of RMB87.7mm due to decline in Pilbara share price

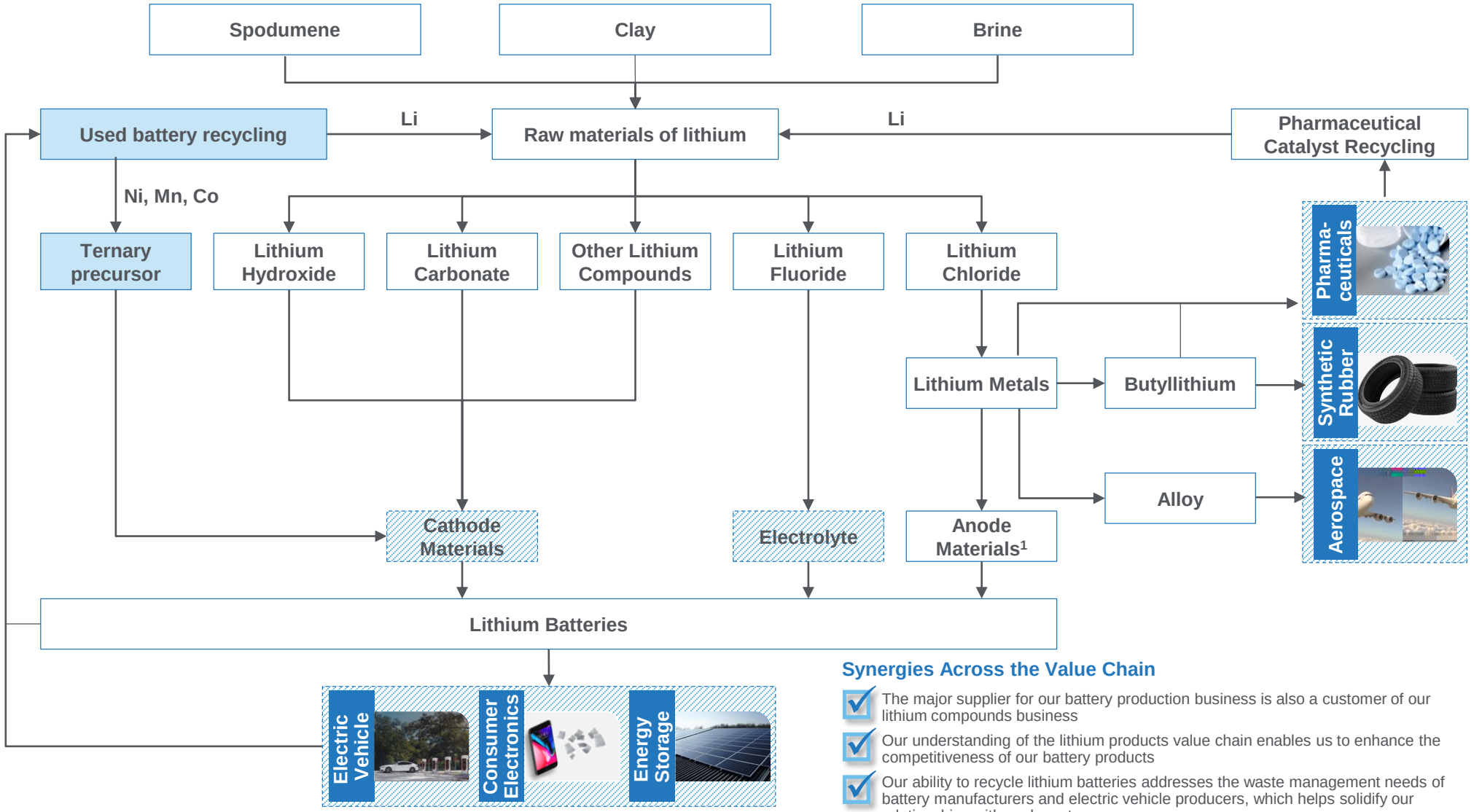
1H20 Outlook

- **Unadjusted net profit is expected to be in the range of RMB140-200mm for 1H20, down 32% to 53% from the same period in 2019**

Source: Company disclosure.
Note: Financials are based on PRC GAAP. 1. Adjusted net profit were calculated as net profit attributable to shareholders of the parent plus impairment loss, minus fair value gains from derivative financial instruments, gain on derivative financial instruments and net gain on disposal of investments at fair value through profit or loss, excluding related income tax impact.

2. Investment Highlights

1 Vertically Integrated Business Model with Synergies Across the Value Chain



Denotes products manufactured by our customers.

Synergies Across the Value Chain

- The major supplier for our battery production business is also a customer of our lithium compounds business
- Our understanding of the lithium products value chain enables us to enhance the competitiveness of our battery products
- Our ability to recycle lithium batteries addresses the waste management needs of battery manufacturers and electric vehicle producers, which helps solidify our relationships with such customers
- Expansion of downstream business is conducive to our adaptation of new market trends

Source: Annual report
Note: 1. We produce anode for primary battery.

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2 World-leading Position in Lithium Compounds and Metals with High Barriers to Entry

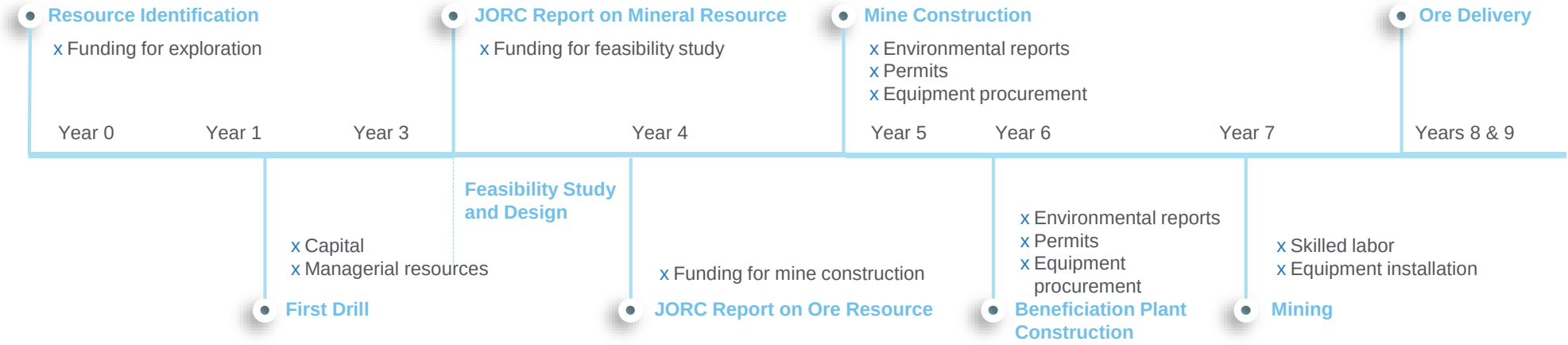
Upstream and Midstream Segments Offer the Highest Margin

	Upstream Resources	Lithium Compounds	Cathode Materials	Lithium Hexafluoro-phosphate	Electrolyte	Lithium Batteries
Entry Barrier	High	High	Low	Medium	Low	Medium
Capital Requirement	High	Medium	Low	Low	Low	Medium
Production Know-how	Medium	High	Low	High	Low	Medium
Clear Industry Standard	Yes	Yes	No	Yes	Yes	Yes
Access to Raw Material	Medium	Hard	Medium	Medium	Medium	Easy

High Barriers to Entry Favoring Established Producers

1. Production Technologies and Know-how
2. Product Development and Application Expertise
3. Customer Relationships and Product Accreditation Process
4. Secure Supply of Lithium Raw Materials at Competitive Cost
5. Operational Integration between Resource Extraction and Compound Production
6. Access to Experienced Management and Technical Personnel
7. Major Capital Expenditures and Investments

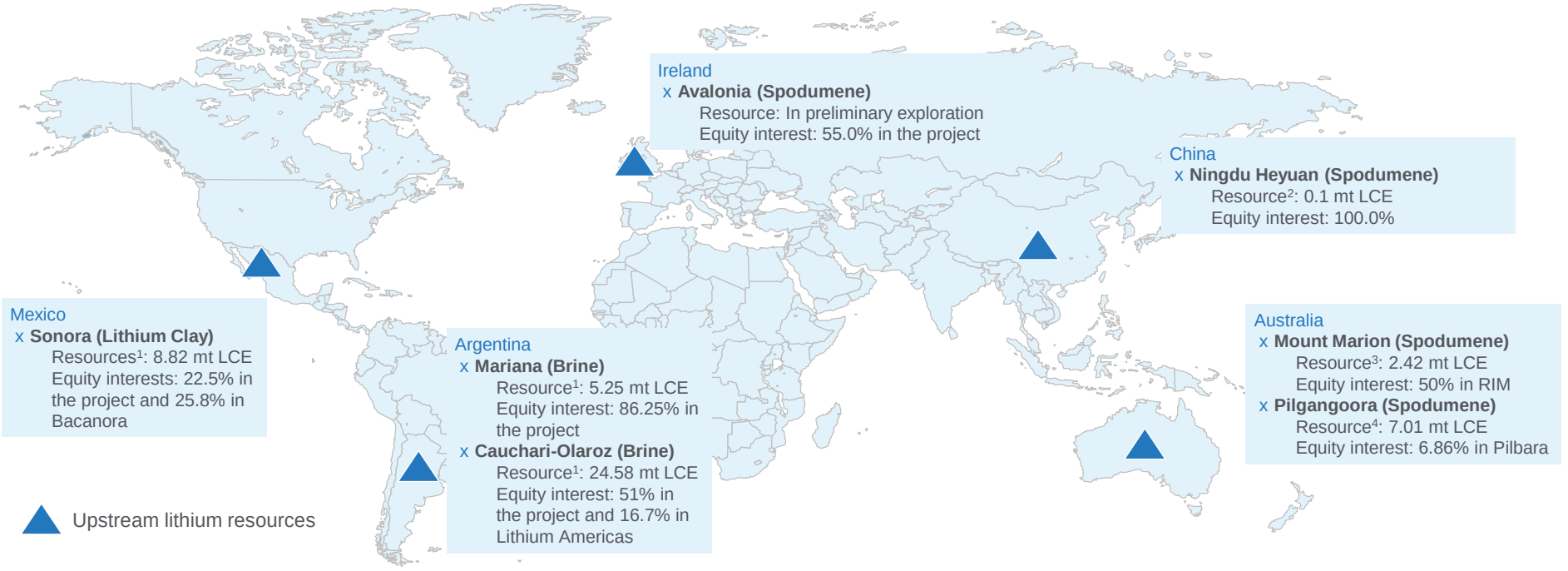
Indicative Development Timeline for Greenfield Spodumene Projects



Source: CRU report.

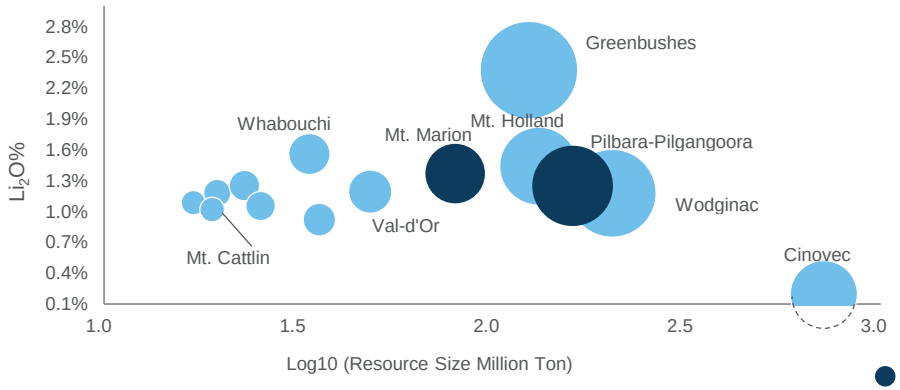
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3 Access to Secure, High Quality Supply of Lithium Raw Materials

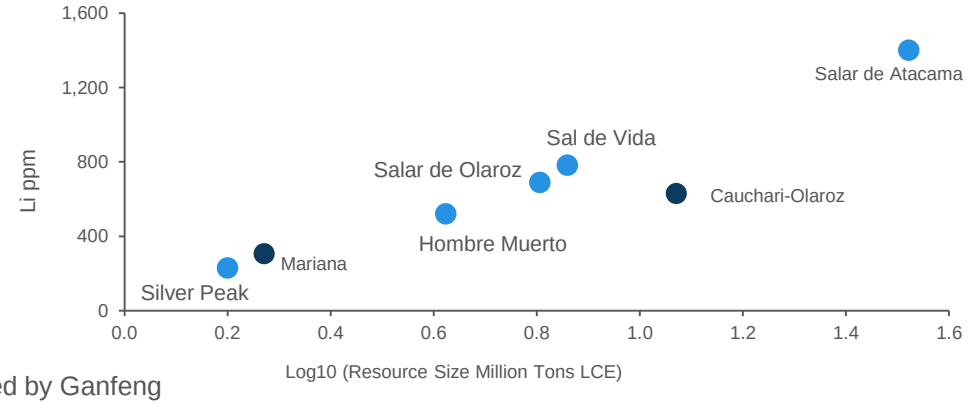


Resource Estimates for Lithium Hardrock Deposits[4]

Bubble Size = Contained LCE (Mt)



Resource Estimates for Lithium Brine Deposits[4]



Invested by Ganfeng

Source: Company disclosure, CRU report.

Note: 1. Total resource is the sum of measured resource, indicated resource and inferred resource. LCE data of total spodumene resources is converted through lithium oxide resources contained in ores 2. Measured pursuant to China national standards. 3. Measured pursuant to JORC standards. 4. Including indicated and inferred resource.

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3 Access

Our upstream offtakes are sufficient to support our downstream demand and the flexible pricing mechanism provide us margin protection in tough environment.

	Reed Industrial Minerals (Mt. Marion)	**Pilbara Minerals** (Pilgangoora)	**Altura Mining** (Pilgangoora)
Offtakes			
Spodumene	~400 kt/yr	160 kt/yr (Stage 1) [*operating*] 150 kt/yr (Stage 2)	70 kt/yr (Stage 1) [*operating*] 110 kt/yr (Stage 2)
Term	LOM[1]	**Stage 1:** 10 years + 10 year option **Stage 2:** LOM	**Stage 1:** Dec 2020 + 10 year extension **Stage 2:** LOM
Pricing		Long-term Formula Price	
LCE Equivalent[2]	50kt	**Stage 1:** 20kt **Stage 2:** 19kt	**Stage 1:** 9kt **Stage 2:** 14kt

x Offtake Pricing Formulas incorporate trailing (import & export carbonate and hydroxide prices)

x Spodumene concentrate pricing lags carbonate & hydroxide pricing (approx. 3-5 months)

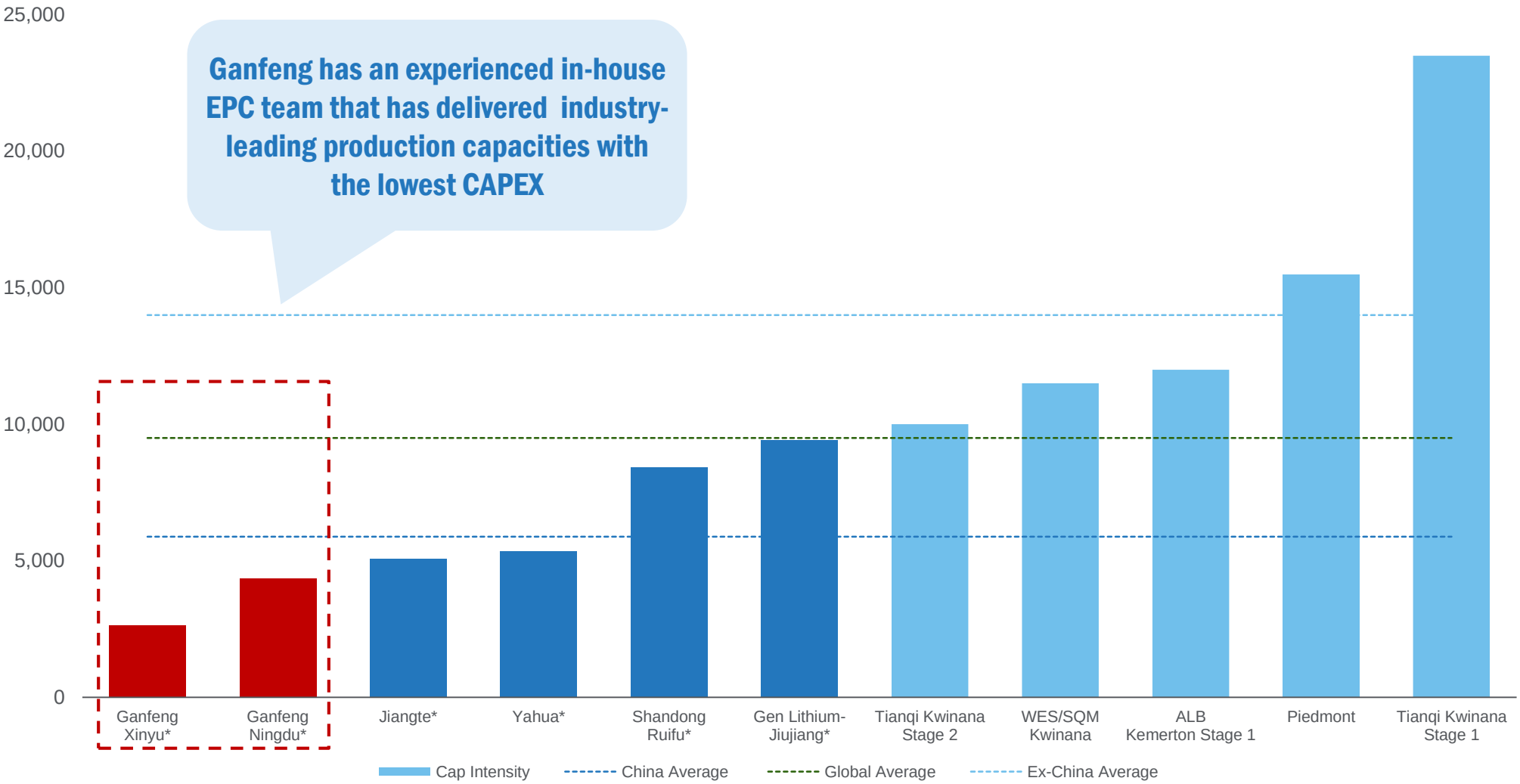
Source: Company disclosure, CRU report.
Note: 1. Neometals Ltd has an option to purchase up to 57kt dmt beginning Feb 2020. Mineral Resources Limited has option to purchase up to 51% of offtake as of Feb 2020. 2. Assuming 7.8t SC6% to produce 1t of LiCO3

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4 Lowest-CAPEX Intensity for New-Build Capacity

Chemical Plant Capital Intensity

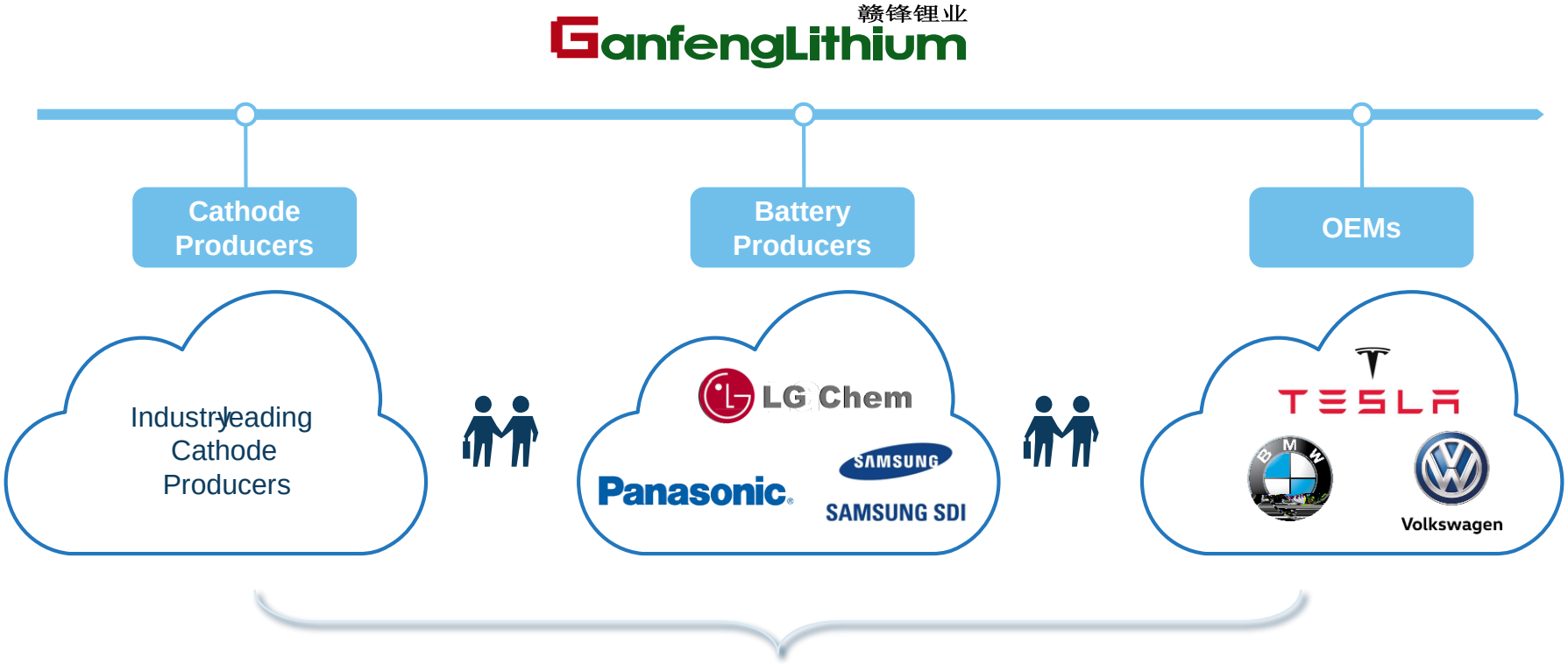
(US$/ton LCE)



Source: Canaccord Genuity.
* China based plants

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5 Blue-chip Customer Base with High Visibility for Growing Demand



1 Fixed Volume Long-term Contracts

- **Most** of contracts lock down purchasing volumes from clients, providing visibility on future revenue

Supply Contracts & Selected Collaboration Agreements

2 Market-based Adjustable Contract Pricings

- Help establish **long-term relationships** with blue-chip customers
- Effectively track chemical pricings and **stabilize margins**

Source: Company disclosure.

5 Blue-

Electric Vehicle

8%
of Global Car Sales from EV
Now



1/3
of Global Car Sales from EV
By 2025

51%
of Global Car Sales from EV
By 2030

Volkswagen

- Supplies lithium compounds to Volkswagen and its suppliers for the next ten years
- Cooperates in battery recycling and solid-state batteries

- Provides lithium compounds to certain suppliers of BMW from 2020 to 2024
- Flexibility to extend the contract by another 3 years

TESLA

- Commits 20% of its lithium hydroxide production capacity to Tesla from 2018 to 2020
- Flexibility to extend the contract by another 3 years

More to Come

- Continue seeking cooperation with other EV OEMs and its battery suppliers

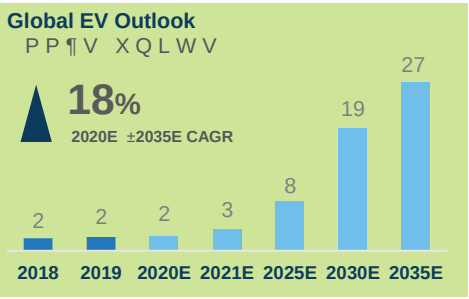
Favorable Industry Outlook on Electric Vehicles

Over the next ten years, Volkswagen will be launching **70+ new pure electric vehicles**, meaning that **a quarter** of its vehicles delivered in 2025 will be powered by **electricity**

Expect to produce 1mm EV cars by 2023

Announced that all brands and model series to be **electrified** by 2025 and expects electrified vehicles to account for **15-25% of its total sales**

Strong performance in 1Q20 will be further strengthened by **a large ramp-up** in production from Giga-factory in Shanghai



Source: Company disclosure, broker research.

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6 Advanced Technologies and Outstanding Research and Development

Outstanding Research and Development Capabilities

361 Research and Development staff

175 patents, **5** major categories of **40+** industry leading lithium compounds and metals[1]

Seeking **breakthroughs** and actively developing **next generation** solid-state batteries

Undertaken **17** national level R&D projects and **31** provincial level R&D projects

Only company in China with both spodumene extraction and lithium-containing brine extraction technologies

Recent Awards

- National Intellectual Property Advantages Enterprise
- Key High-tech Enterprise of China Torch Program
- National Technology Innovation Demonstration Enterprise
- Jiangxi Province Technological Invention Award (Second Prize)
- China Nonferrous Metals Industry Association Scientific and Technological Progress Award (Second Prize)
- All-China Federation of Industry and Commerce (Second Prize)

Source: Company disclosure.

7 Visionary and Experienced Management Team with an Established Talent Pool



LI Liangbin
Chairman
President

Nearly 30 years of industry experience

- Mr. Li, our founder, has been serving as Chairman of the Board of Directors since the incorporation of Ganfeng
- He has been serving as Vice President of the China Nonferrous Metal Industry Association, Lithium Branch
- Previously he worked at scientific research institute of Jiangxi Lithium Plant, a state-owned enterprise
- He
  and was selected to join the National Talents Project in 2015
- Mr. Li was a chemistry major in college and has extensive knowledge in lithium related chemicals



WANG Xiaoshen
Vice Chairman

25+ years of industry experience

- Mr. Wang joined Ganfeng in 2006 and was appointed Vice Chairman of the Board of Directors in 2010
- He worked at China National Nonferrous Metals Industrial Xinjiang Co., Ltd., Xinjiang Lithium Salts Plant, mainly responsible for lithium business
- engineering management from North China University of Technology and an EMBA from the China Europe International Business School
- As the new executive Director, he was appointed as the chairman of the Sustainable Development Committe



DENG Zhaonan
Vice President
(Production & Operation)

10+ years of industry experience



XU Jianhua
Vice President
(Engineering Construction, Equipment Management)

27+ years of industry experience



SHEN Haibo
Vice President
(Sales & Promotion Department)

20+ years of industry experience



OUYANG Ming
Vice President
(Secretary of the Board)

15+ years of industry experience



YANG Manying
Vice President
(Finance)

20+ years of industry experience



LIU Ming
Vice President
(Production Safety & Research)

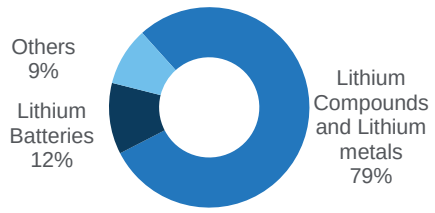
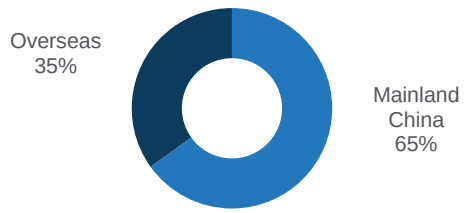
10+ years of industry experience

Source: Company disclosure.

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Appendix

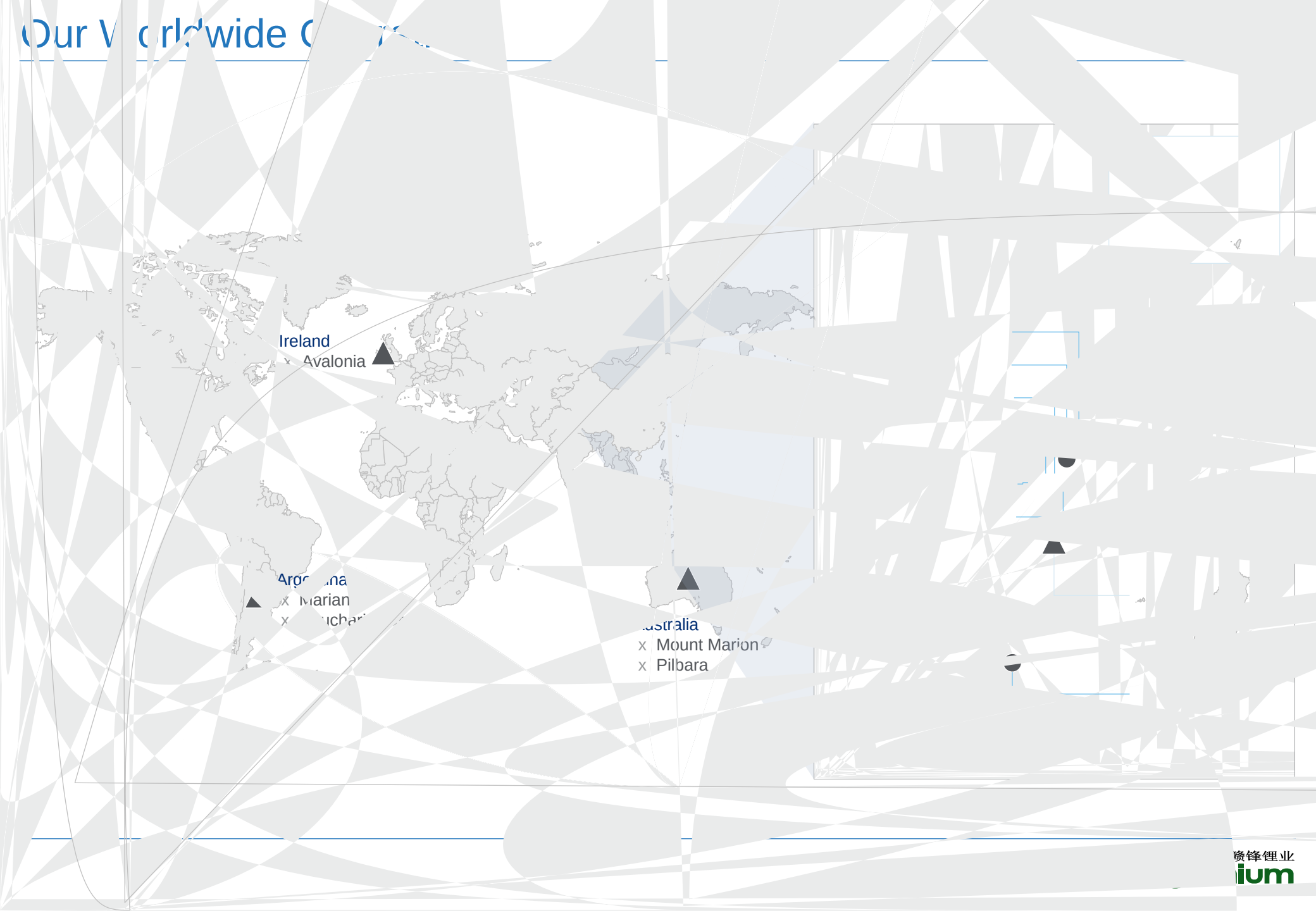
Highly Integrated Business Model

FY2019	Revenue: RMB5,246mm (USD754mm) / Adj. EBITDA: RMB1,323mm (USD190mm)		
	Lithium Compounds and Lithium Metals	**Lithium Batteries**	**Others**
Key Financials	Revenue: RMB4,151mm/USD649mm Gross Profit: RMB1,091mm/USD157mm Gross Margin: 26%	Revenue: RMB603mm/USD87mm Gross Profit: RMB79m/USD11mm Gross Margin: 13%	Revenue: RMB491mm/USD71mm Gross Profit: RMB68mm/USD10mm Gross Margin: 14%
Operational Footprint	x Xinyu Basic Lithium Plant (Jiangxi) x Specialty Lithium Plant (Jiangxi) x Ningdu Ganfeng (Jiangxi) x Fengxin Ganfeng Lithium Plant (Jiangxi) x Yichun Ganfeng Lithium Plant (Jiangxi)	x Dongguan Ganfeng Battery Plant (Guangdong) x Ganfeng Lithium Power Battery Plant (Jiangxi) x Ganfeng Electronics (Jiangxi) x Zhejiang Fengli (Jiangxi) x Jiangsu Ganfeng (Jiangsu)	x Ganfeng Recycling Technology (Jiangxi)
Segment Overview	x Manufacture and sale of lithium products, and rendering of processing services x Lithium compounds mainly includes (1) battery-grade lithium hydroxide; (2) battery-grade lithium carbonate; (3) lithium chloride; and (4) lithium fluoride x Lithium metals are mainly used (1) as lithium battery anode materials; (2) as pharmaceutical catalysts; and (3) in alloys and other industrial product materials	x Manufacture and sale of lithium batteries x Produces lithium-ion batteries, mainly from a majority of anodes materials, cathodes materials and electrolyte solutions sourced from its customers of the lithium compounds business segment x Developing technologies for solid-state lithium batteries	x Exploration and sale of lithium ore and other lithium products x **Lithium battery recycling**: Launched in 2017 to meet growing demand for retired battery management due to rising electric vehicle sales
Revenue Breakdown	**By Business Lines**  		**By Geography** 

Source: Company disclosure. RMB / USD = 6.962. (US Federal Reserve).

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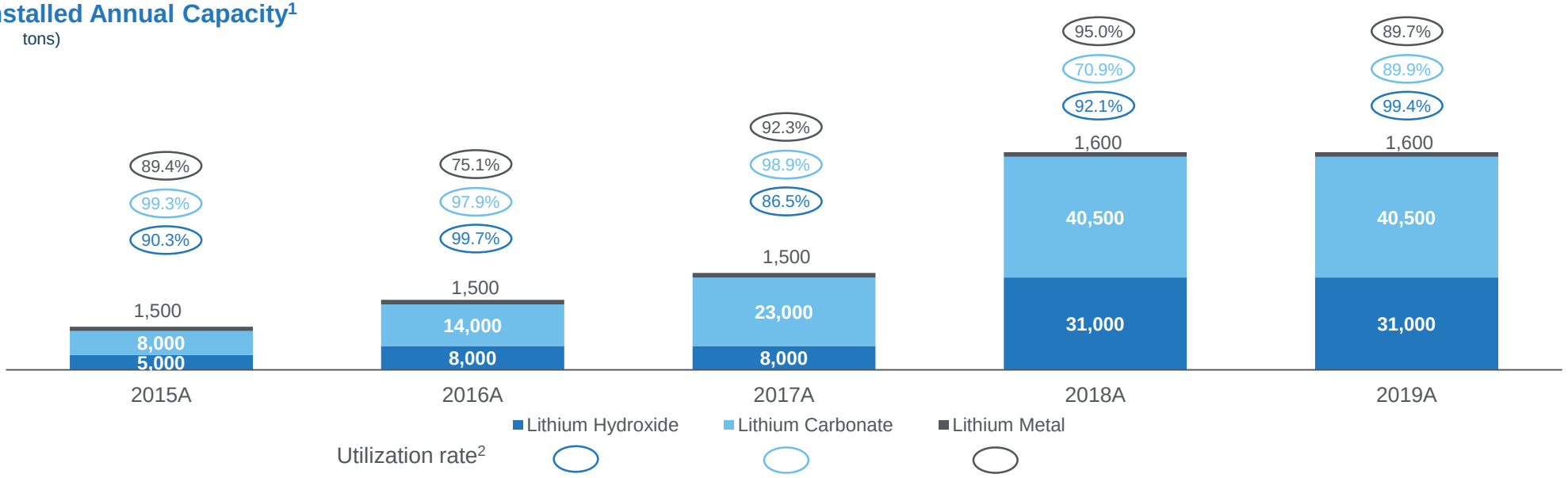
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Capacity and Production Growth

Installed Annual Capacity[1]

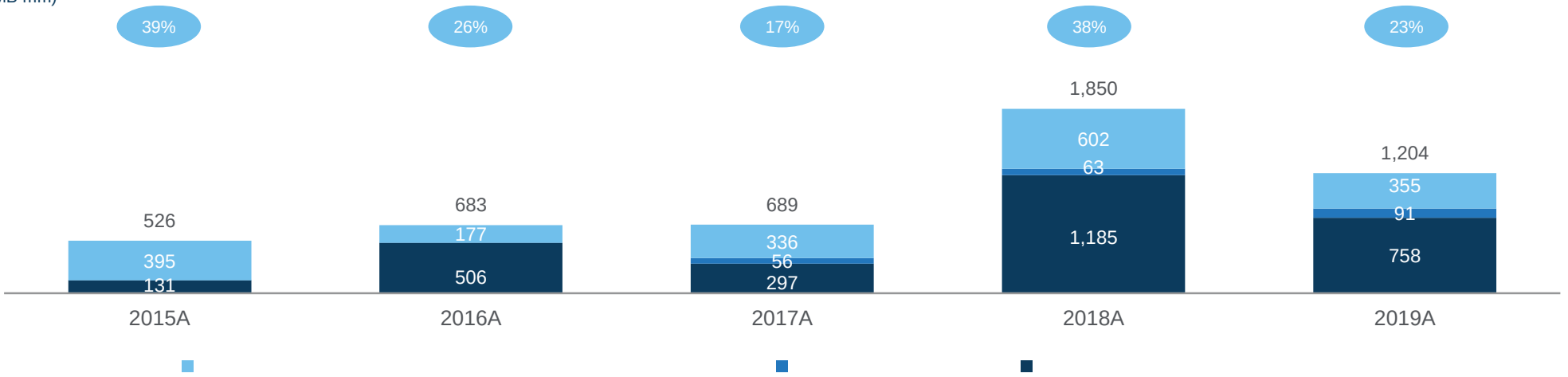
(tons)



Capital Expenditures

Capex[3] | As % of Total Revenue

(RMB mm)



Source: Company disclosure.

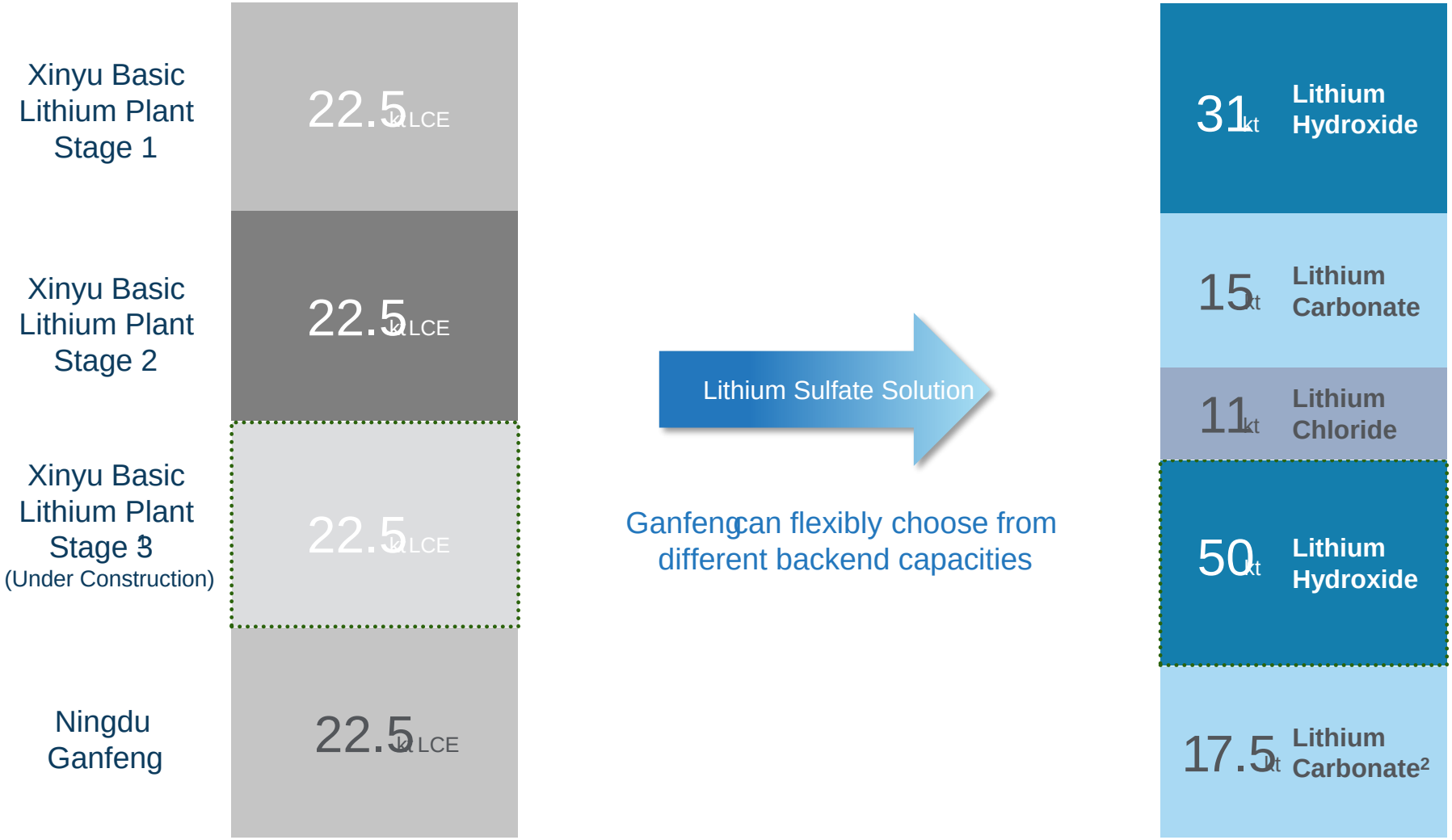
Note: 1. Based on the changing situation of lithium carbonate market, the Company made the best advantage of flexible production line, deliberately reduced the production of lithium carbonate in 2018 and 2019, and increased the production of lithium hydroxide at the same time. 2. Utilization rates based on effective annual capacity. 3. Purchase of property, plant and equipment includes increase of prepaid land lease payments.

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Spodumene-Based Capacity By 2020

Fronted Ore Processing Capacities

Backend Lithium Compounds Capacities



Source: Company disclosure. Capacity expected for 2020E.
Note: 1. Expects to be operational in 2020. 2. Ningdu Ganfeng is using 4% Spodumene concentrate.

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