



## Company Presentation

November 2020





# **1. Recent Developments and Industry Update**

# Ganfeng Lithium – China's Largest Lithium Compounds Producer



**No.2**

Lithium Hydroxide Production  
Capacity Globally



**No.1**

Lithium Metals Production  
Capacity Globally



**7**

Investments in  
Upstream Resources



**361**

Research &  
Development Staff



**RMB5.25bn (US\$754m)<sup>1</sup>**  
FY2019  
Total Revenue



**RMB1.26bn (US\$180m)<sup>1</sup>**  
FY2019  
Adj. EBITDA



**2010**  
IPO on  
Shenzhen  
Stock Exchange

**2018**  
IPO on Hong  
Kong Stock  
Exchange



**US\$9.25bn**  
Total Market  
Capitalization<sup>2</sup>

Note: 1. USD calculate using 2019 average FX rate of 6.962 (Federal Reserve). 2. As of August 21, 2020; calculation: A-share price x A-ordinary shares + H-share price x H-ordinary shares.

# Recent Developments

## Lithium Resources

### 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%**

## Lithium Batteries

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



- 2 Started production in 1Q19 of **TWS batteries with multiple national patents**. Current daily production **100k-120k units**.



- 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**





## 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



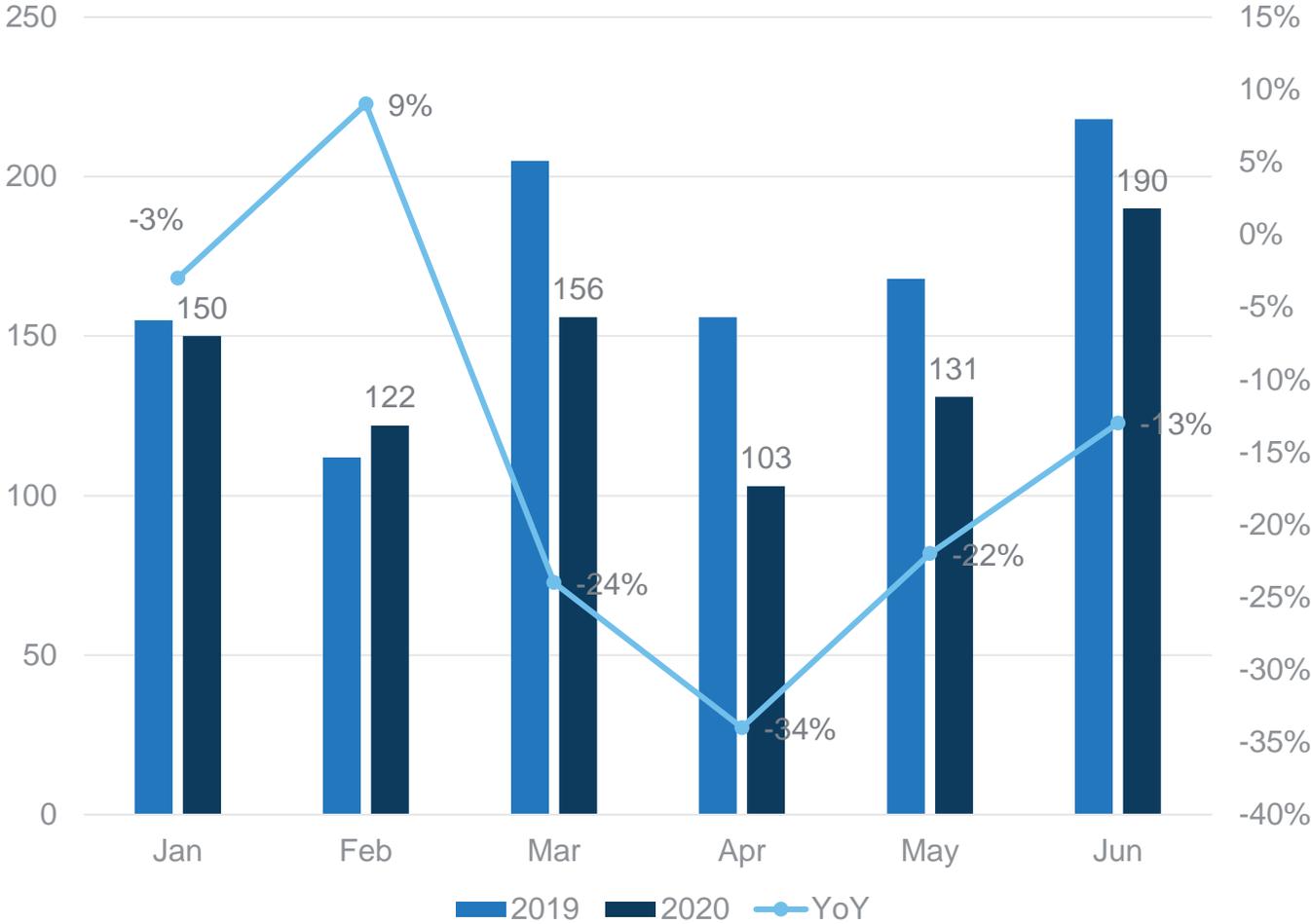
## Capacity Expansion

- ✓ 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

# 2020 EV Industry Prospects Remain Strong Despite COVID-19

## Monthly Sales Volume of Electric Vehicles (BEV+PHEV) Globally

(000's Units)



**1** EU reported a strong EV sales in the 1H 2020 (around 400k units), +61% YoY; EU EV sales in June was 93k units, +96% YoY, 98% MoM.

**2** China EV battery installation during Jan 2020 to July 2020 was 22.5GWH, -35% YoY; EV battery installation for July 2020 was 5GWH, +6% YoY, +6% MoM, representing a recovery in Chinese EV demand.

**3** NCM and NCA accounted for 71% of Chinese EV battery market during Jan 2020 to July 2020; In July, LFP demand increased significantly, +109% YoY, the increasing demand of LFP is expected to be the main driver for Chinese EV market.

**4** The global EV sales for 2020 is expected to reach 2.2 mm to 2.4 mm units, representing an increase YoY, mainly due to the strong EV performance of EU EV sales.

Source: Broker research, Minmetals ,GGII

# Expected Strong End Market Demand Propelled by Transition to EV

## EV models to be launched in the next 2 years

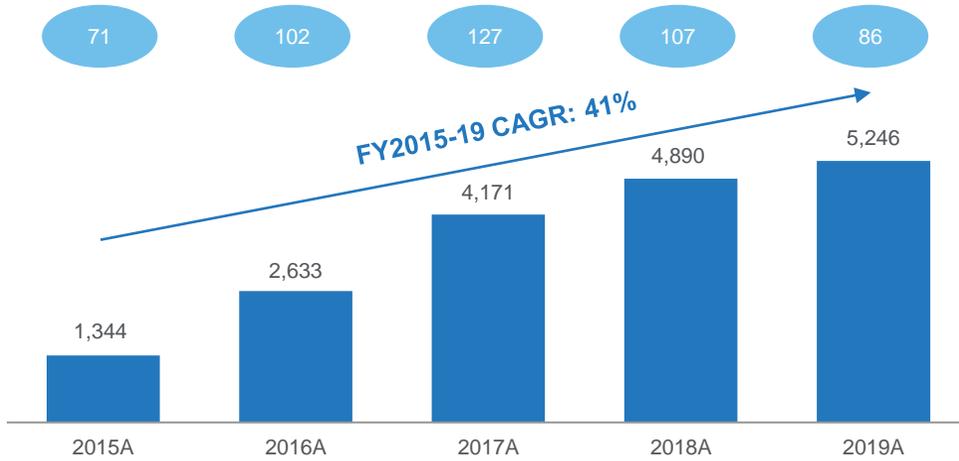
Brand	Models	Category	Battery size(kWh)	Range(km)	0-100 km/h(s)	Expected Launch Time
 <b>TESLA</b>	Model Y	BEV	72.5	410/425	3.7/5.1	2021
	Roaster	BEV	200	970	2.1	2022 June
	Cybertruck	BEV	100/120/200	390/460/750	2007/5/3	2022 March/2022 December
 <b>VOLKSWAGEN GROUP</b>	ID.3	BEV	45/58/77	275/350/450	2010/9/7	2020 2H
	ID.Crozz	BEV	83	500	—	End of 2020
	ID.4	BEV	77	420	7.5	2021 March
 <b>BMW GROUP</b>	iX3	BEV	74	350	6	2020 August
	i4	BEV	80	450	4	2021 January
	545e xDrive	PHEV	12	54	4.7	2020 2H
 <b>BYD</b>	Han EV	BEV	76.9	605/550(NEDC)	7.9/3.9	2020 July
	Han DM	PHEV	15.2	81(NEDC)	4.7	2020 July
	Tang EV	BEV	83	565/505(NEDC)	8.9/4.4	2020 August
	Tang DM	PHEV	17.1/18.5/22.3	81/100(NEDC)	5.1/4.3	2020 August
 <b>SAIC MOTOR</b>	VW ID.4 X	BEV	83	555	—	2020 October
	Roewe R ER6	BEV	69.9	620(NEDC)	—	2020 August
 <b>RENAULT</b>	Twingo ZE	BEV	21.3	130	12.6	2020 2H
 <b>VOLVO</b>	XC40 P8 AWD Recharge	BEV	75	375	4.9	2020 2H
 <b>AUDI</b>	e-tron Sportback 50 quattro	BEV	64.7/86.5	290/335/320	6.8/4.5	2020 2H
	e-tron GT	BEV	83.7	425	3.5	2021 February
	Q4 e-tron	BEV	77	400	6.3	2020 December
	Q4 Sportback e-tron	BEV	77	410	6.3	2021 February
 <b>DAIMLER</b>	EQV 300 Long	BEV	90	330	10	2020 2H
	EQA	BEV	60	350	5	2021 March
	Lexus EZ 450E	BEV	—	—	—	—
 <b>TOYOTA</b>	2021 Toyota Venza	HEV	—	—	—	2021
	Toyota RAV4 PHEV	PHEV	18.1	95	6	2020 June
 <b>HYUNDAI KIA MOTORS</b>	IONIQ 5	BEV	—	—	—	2021
	IONIQ 6	BEV	—	—	—	2022
	Elantra Hybrid	HEV	1.32	—	—	End of 2020
 <b>NISSAN</b>	Ariya(2WD)	BEV	65/90	430/450/580/610	5.1/5.4/7.5/7.6	2021
 <b>NIO</b>	EC6 Sports	BEV	70/100	430/605/615(NEDC)	5.4/4.5	2020 July

Source: Broker research, Minmetals.

# Proven Financial Track Record

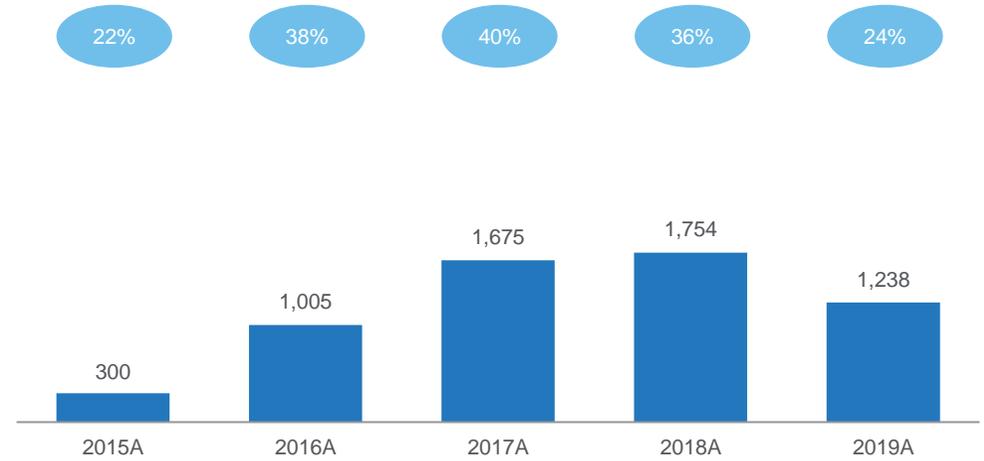
## Revenue | Revenue Growth | Average Selling Price<sup>1</sup>

(RMB mm, %, RMB 000/ton)



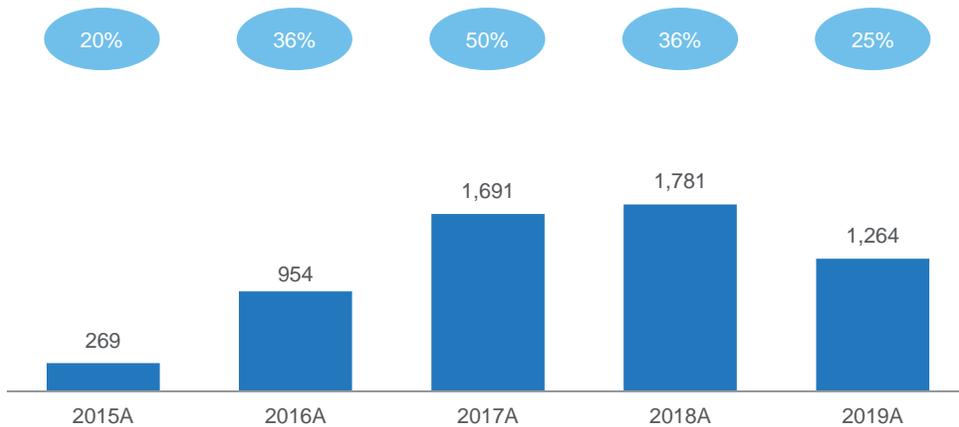
## Gross Profit | Gross Profit Margin

(RMB mm, %)



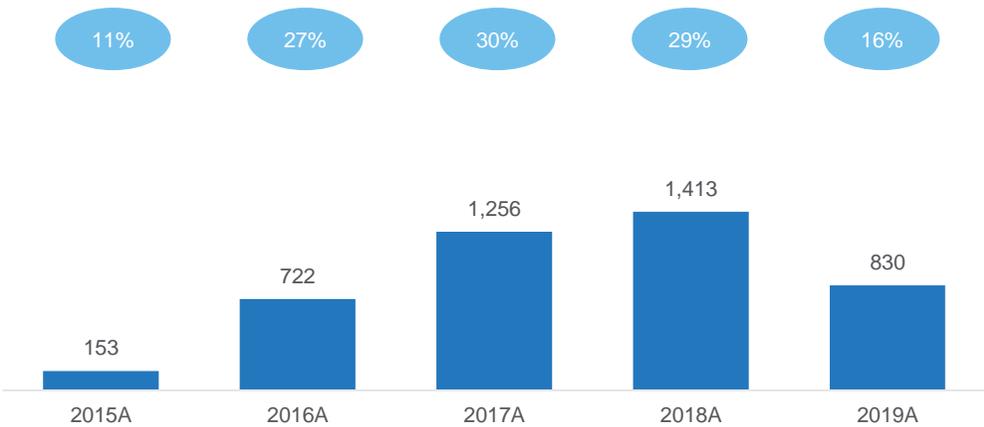
## Adjusted EBITDA<sup>2</sup> | Adjusted EBITDA Margin

(RMB mm, %)



## Adjusted Net Profit<sup>2</sup> | Adjusted Net Profit Margin

(RMB mm, %)



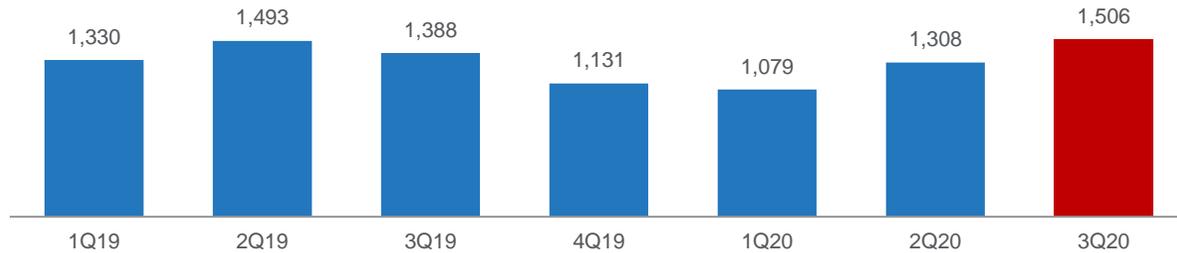
Source: Company disclosure.

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 Meibai's 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.

# 3Q20 Financial Update

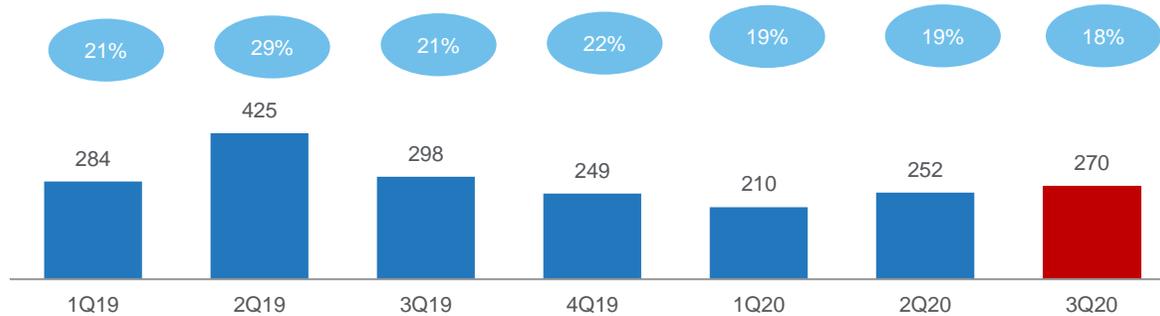
## Revenue<sup>1</sup>

(RMB mm)



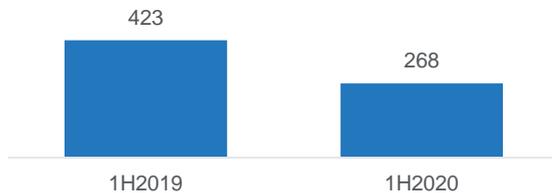
## Gross Profit<sup>1</sup> | Margin

(RMB mm, %)



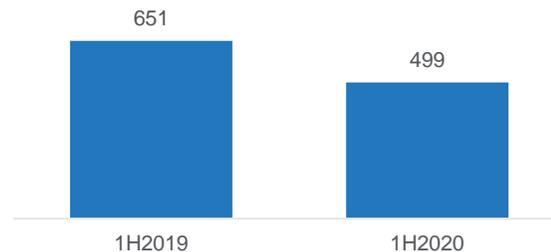
## YoY Half-year Adjusted Net Profit<sup>2</sup>

(RMB mm)



## YoY Half-year Adjusted EBITDA<sup>2</sup>

(RMB mm)



## 3Q20 Update

- Revenue was RMB1.5bn, +15.13% QoQ :
  - Lithium Carbonate sales increased significantly:
    - 1H2020 Carbonate 7k+, Hydroxide 14k+
    - Q32020 Carbonate 6k+, Hydroxide 7+
- GP Margin slightly lower due to higher vol of Carbonate

## 4Q20 Forecast

- Net profit to be RMB400mm-500mm, +11.7% to +39.6%:
  - Carbonate produce 20kt+
  - Hydroxide produce 30kt+
- GP Margin recovery due to higher lithium carbonate price and lower COGS

## 2021 Forecast

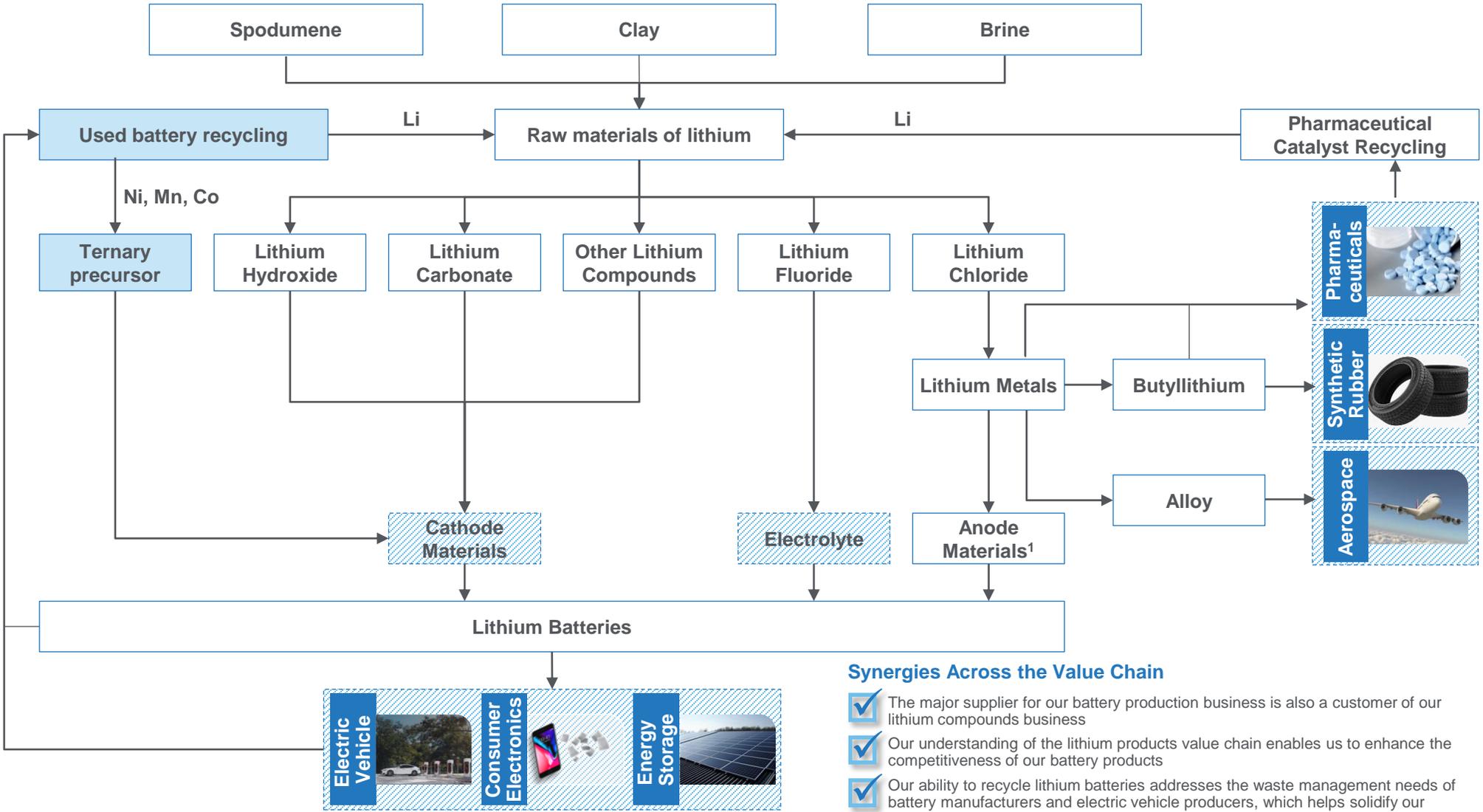
- Carbonate produce 20kt-30kt
- Hydroxide produce 50kt-60kt

Source: Company disclosure.

Note: 1. Financials are based on PRC GAAP. 2. Adjusted EBITDA and adjusted net profit were calculated as EBITDA / net profit plus impairment loss and losses relating to Shenzhen Meibai's 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.

## 2. Investment Highlights

# 1 Vertically Integrated Business Model with Synergies Across the Value Chain



## 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

Denotes products manufactured by our customers.

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

## 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 Hexafluorophosphate	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

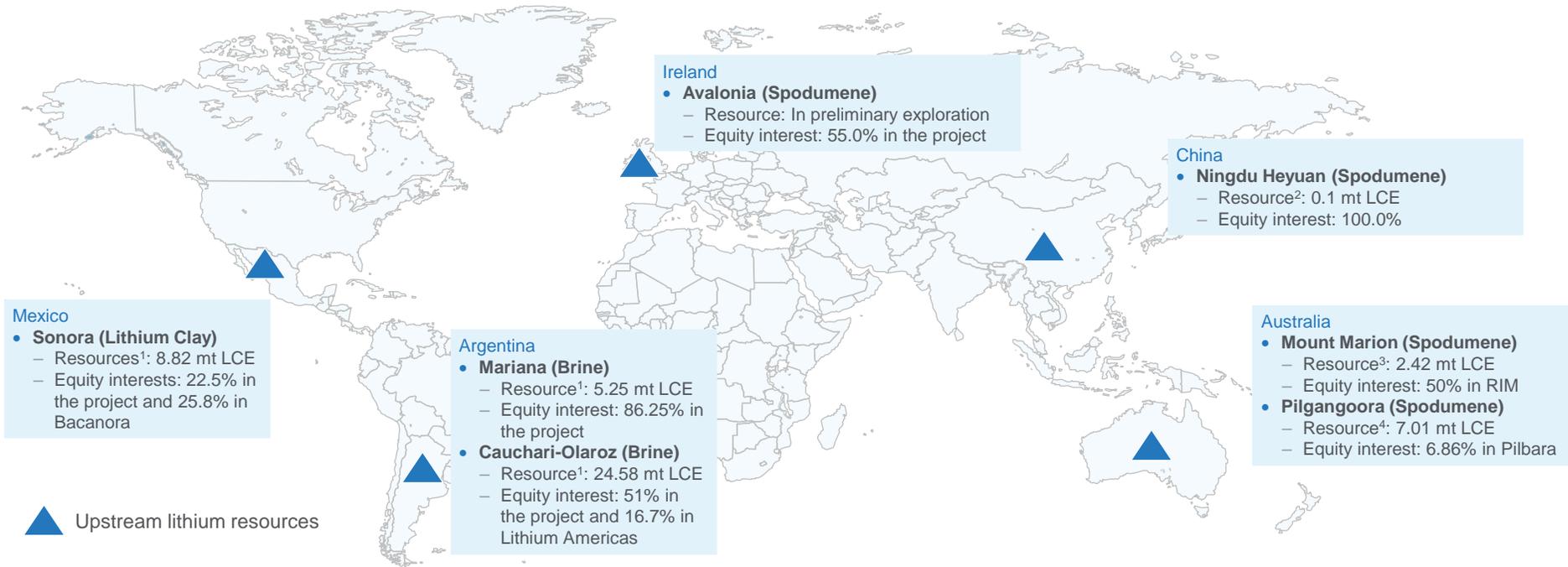
- 1 Production Technologies and Know-how
- 2 Product Development and Application Expertise
- 3 Customer Relationships and Product Accreditation Process
- 4 Secure Supply of Lithium Raw Materials at Competitive Cost
- 5 Operational Integration between Resource Extraction and Compound Production
- 6 Access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

### Indicative Development Timeline for Greenfield Spodumene Projects



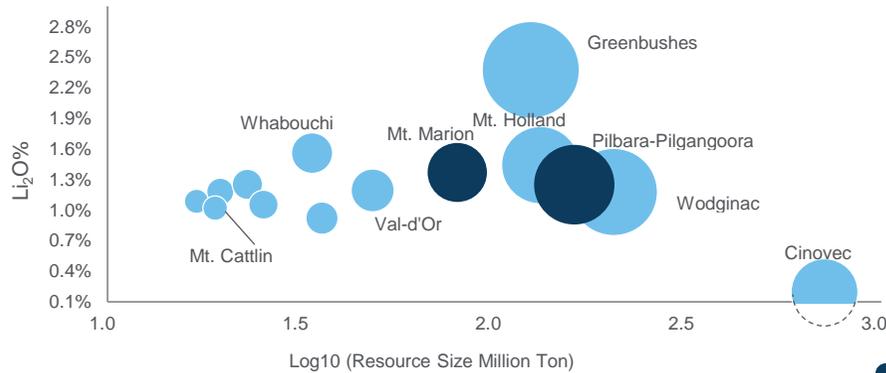
Source: CRU report.

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

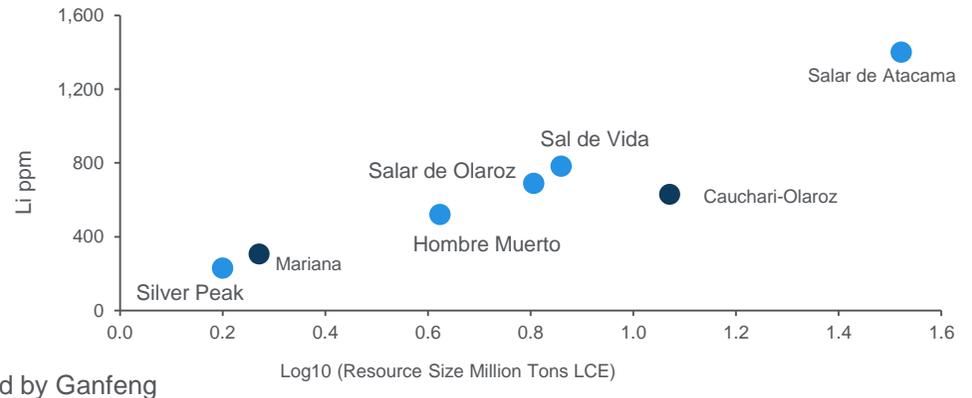


## Resource Estimates for Lithium Hardrock Deposits<sup>4</sup>

Bubble Size = Contained LCE (Mt)



## Resource Estimates for Lithium Brine Deposits<sup>4</sup>



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.

### 3 Access to Secure, High Quality Supply of Lithium Raw Materials (Cont'd)

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)
<b>Offtakes</b> Spodumene Concentrate ("SC")	~400 kt/yr	160 kt/yr (Stage 1) [ <i>operating</i> ] 150 kt/yr (Stage 2)	70 kt/yr (Stage 1) [ <i>operating</i> ] 110 kt/yr (Stage 2)
<b>Term</b>	LOM <sup>1</sup>	<b>Stage 1:</b> 10 years + 10 year option <b>Stage 2:</b> LOM	<b>Stage 1:</b> Dec 2020 + 10 year extension <b>Stage 2:</b> LOM
<b>Pricing</b>	Long-term Formula Price		
<b>LCE Equivalent<sup>2</sup></b>	50kt	<b>Stage 1:</b> 20kt <b>Stage 2:</b> 19kt	<b>Stage 1:</b> 9kt <b>Stage 2:</b> 14kt

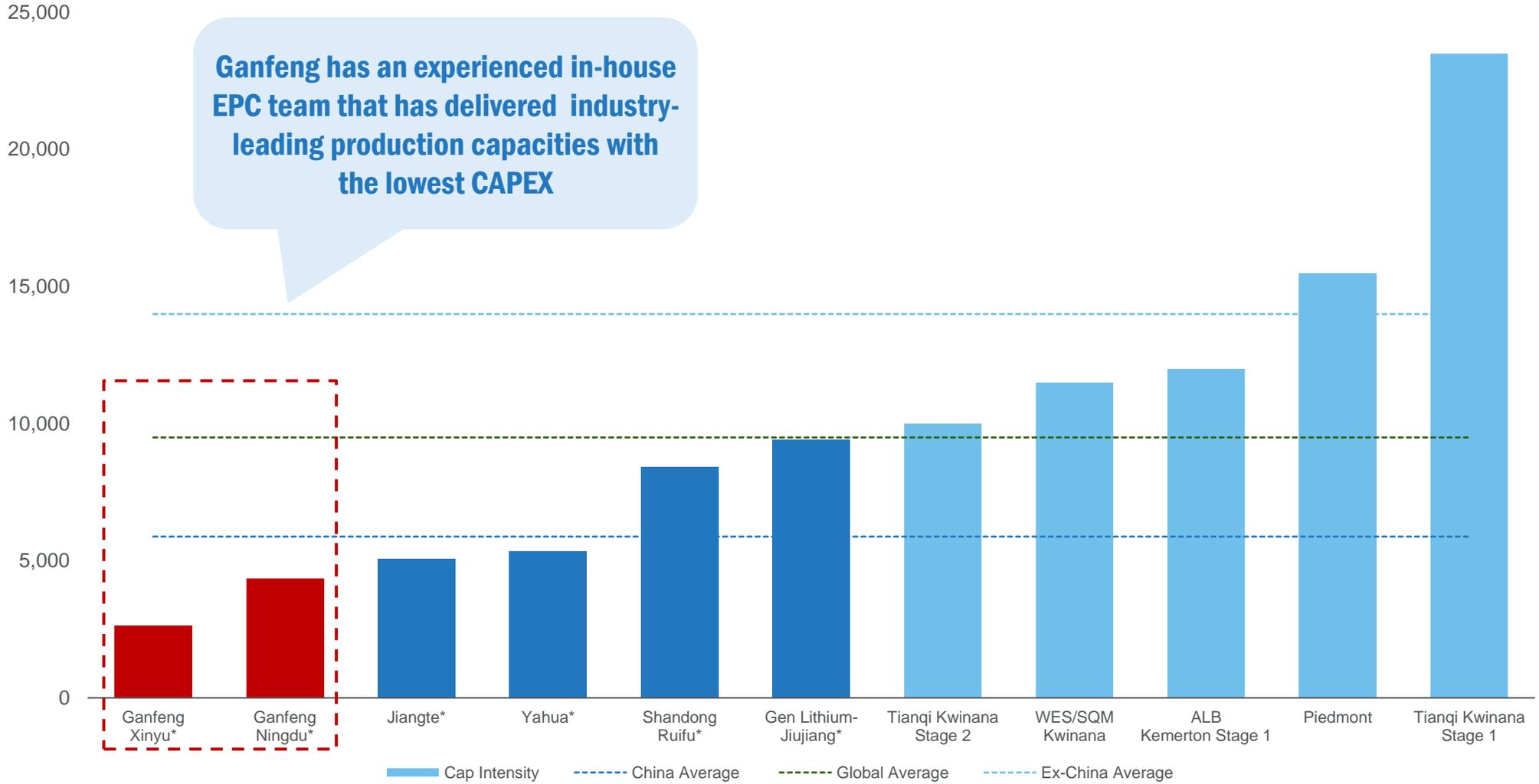
- Ganfeng's Offtake Pricing Formulas incorporate trailing (import & export carbonate and hydroxide prices)
- Spodumene concentrate pricing lags carbonate & hydroxide pricing (approx. 3-5 months)

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 LiCO<sub>3</sub>

# 4 Lowest-CAPEX Intensity for New-Build Capacity

**Chemical Plant Capital Intensity**  
(US\$/ton LCE)



Source: Canaccord Genuity.  
\* China based plants

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

**GanfengLithium**

Cathode  
Producers

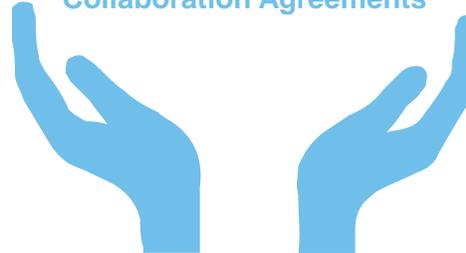
Battery  
Producers

OEMs

### 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**

# 5 Blue-chip Customer Base with High Visibility for Growing Demand (Cont'd)

**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

**BMW**

- 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

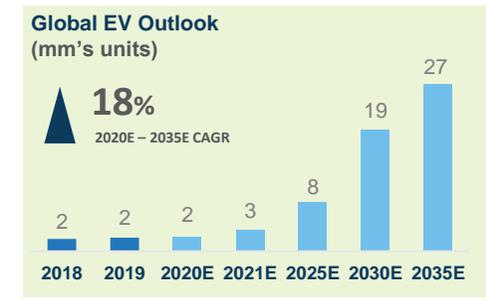
## Favorable Industry Outlook on Electric Vehicles

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.

# 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<sup>1</sup>



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 was named “Expert with Outstanding Contribution” 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
- He obtained bachelor’s degree in industrial 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 Committee



**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

# 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	<ul style="list-style-type: none"> <li>• Xinyu Basic Lithium Plant (Jiangxi)</li> <li>• Specialty Lithium Plant (Jiangxi)</li> <li>• Ningdu Ganfeng (Jiangxi)</li> <li>• Fengxin Ganfeng Lithium Plant (Jiangxi)</li> <li>• Yichun Ganfeng Lithium Plant (Jiangxi)</li> </ul>	<ul style="list-style-type: none"> <li>• Dongguan Ganfeng Battery Plant (Guangdong)</li> <li>• Ganfeng Lithium Power Battery Plant (Jiangxi)</li> <li>• Ganfeng Electronics (Jiangxi)</li> <li>• Zhejiang Fengli (Jiangxi)</li> <li>• Jiangsu Ganfeng (Jiangsu)</li> </ul>	<ul style="list-style-type: none"> <li>• Ganfeng Recycling Technology (Jiangxi)</li> </ul>														
Segment Overview	<ul style="list-style-type: none"> <li>• Manufacture and sale of lithium products, and rendering of processing services</li> <li>• Lithium compounds mainly includes (1) battery-grade lithium hydroxide; (2) battery-grade lithium carbonate; (3) lithium chloride; and (4) lithium fluoride</li> <li>• Lithium metals are mainly used (1) as lithium battery anode materials; (2) as pharmaceutical catalysts; and (3) in alloys and other industrial product materials</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacture and sale of lithium batteries</li> <li>• 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</li> <li>• Developing technologies for solid-state lithium batteries</li> </ul>	<ul style="list-style-type: none"> <li>• Exploration and sale of lithium ore and other lithium products</li> <li>• <b>Lithium battery recycling:</b> Launched in 2017 to meet growing demand for retired battery management due to rising electric vehicle sales</li> </ul>														
Revenue Breakdown	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>By Business Lines</b></p> <table border="1"> <caption>Revenue Breakdown by Business Lines</caption> <thead> <tr> <th>Business Line</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Lithium Compounds and Lithium metals</td> <td>79%</td> </tr> <tr> <td>Lithium Batteries</td> <td>12%</td> </tr> <tr> <td>Others</td> <td>9%</td> </tr> </tbody> </table> </div> <div style="text-align: center;"> <p><b>By Geography</b></p> <table border="1"> <caption>Revenue Breakdown by Geography</caption> <thead> <tr> <th>Geography</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Mainland China</td> <td>65%</td> </tr> <tr> <td>Overseas</td> <td>35%</td> </tr> </tbody> </table> </div> </div>			Business Line	Percentage	Lithium Compounds and Lithium metals	79%	Lithium Batteries	12%	Others	9%	Geography	Percentage	Mainland China	65%	Overseas	35%
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Source: Company disclosure. RMB / USD = 6.962. (US Federal Reserve).

# Our Worldwide Operations

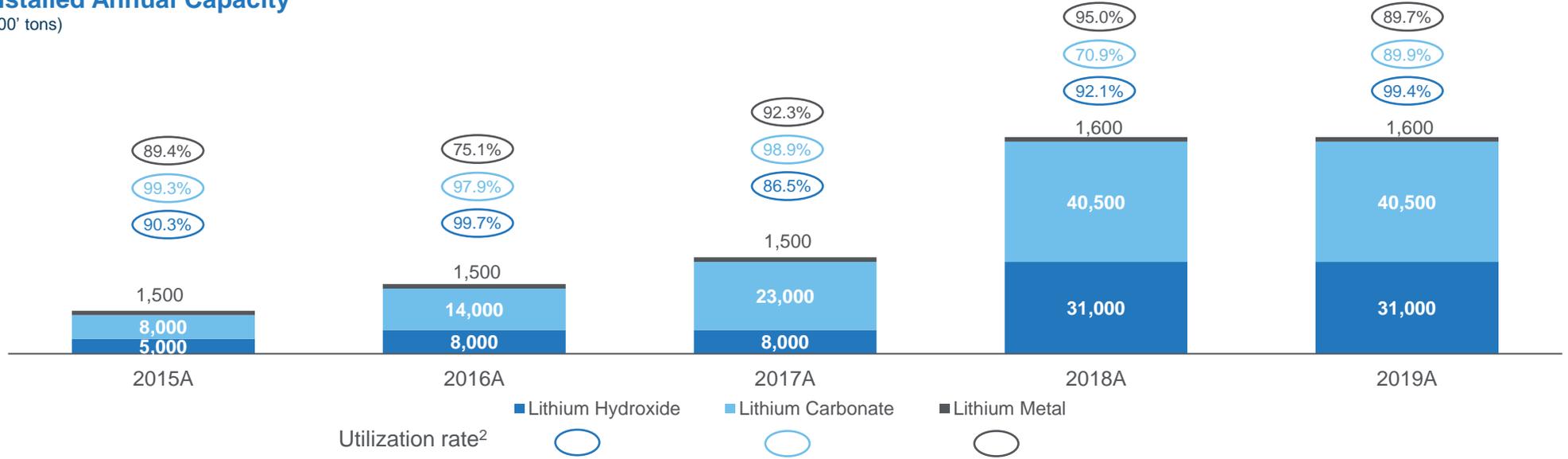


Notes: 1. Under construction. 2. Includes R&D facilities.

# Capacity and Production Growth

## Installed Annual Capacity<sup>1</sup>

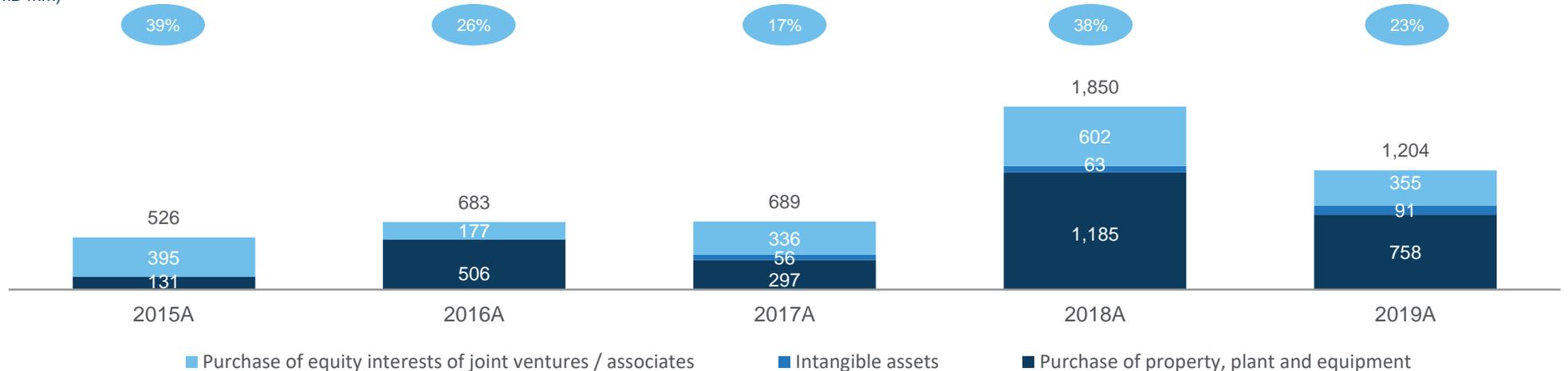
(000' tons)



## Capital Expenditures

Capex<sup>3</sup> | As % of Total Revenue

(RMB mm)



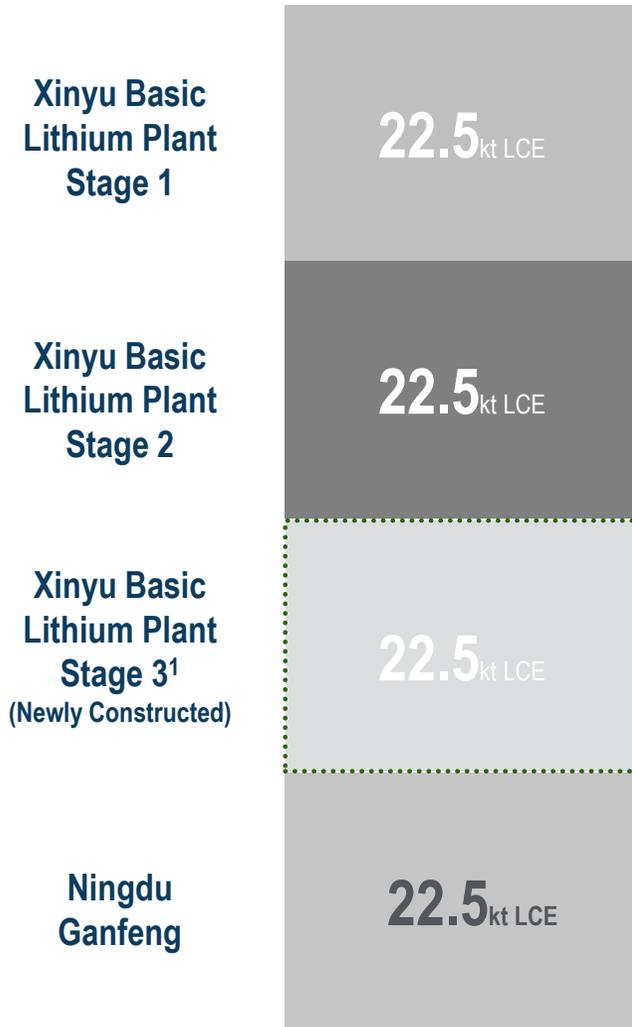
Source: Company disclosure.

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.

# Spodumene-Based Capacity By 2020

## Fronted Ore Processing Capacities



Ganfeng can flexibly choose from different backend 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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