

九天化工集团有限公司  
JIUTIAN CHEMICAL GROUP LIMITED

**Results Briefing  
for 3Q2020 Quarterly Results**

12 November 2020

## Recap of 2020 Financial Results

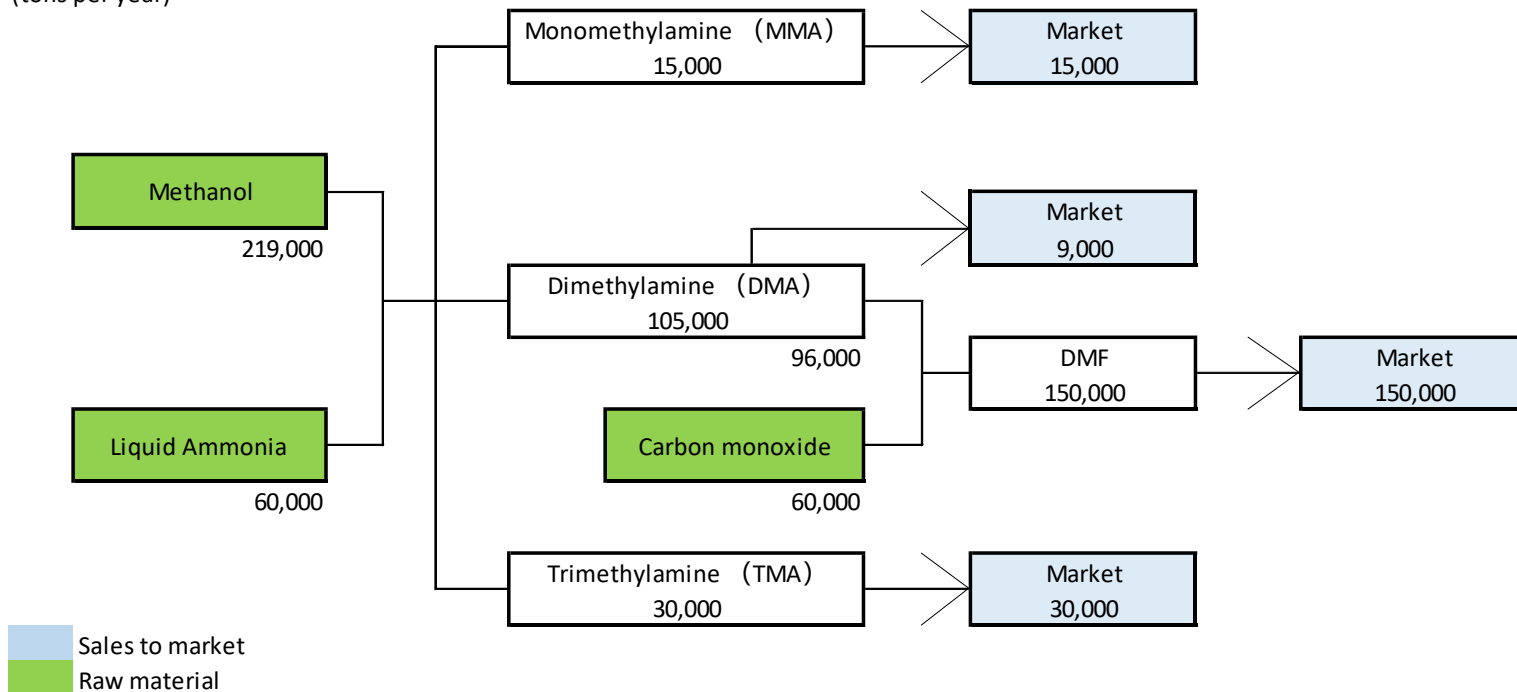
		3Q2020 RMB million	2Q2020 RMB million	1Q2020 RMB million	9M2020 RMB million	9M2019 RMB million
<b>Revenue</b>		267.00	276.35	199.39	742.74	841.49
<b>Profit/(loss) after tax</b>		51.30	32.61	2.78	86.69	(11.17)
<b>Earnings/ (loss) per share<sup>(2)</sup> (RMB fen)</b>		2.58	1.64	0.14	4.36	(0.56)
<b>Capacity utilisation %<sup>(4)</sup></b>	<b>DMF<sup>(1)</sup></b>	44% <sup>(3)</sup>	56%	56%	53%	68%
	<b>MA<sup>(1)</sup></b>	90% <sup>(3)</sup>	100%	89%	96%	100%
<b>Average selling price (RMB)</b>	<b>DMF</b>	6,195	4,512	4,725	5,086	4,361
	<b>MA</b>	7,421	7,041	6,735	7,082	7,391

### Notes:

- 1) **DMF**: Dimethylformamide      **MA**: Methylamine
- 2) For illustration purpose, Diluted EPS calculated using assumed enlarged share capital of 1,988,444,000 shares as of 11 Nov 2020.
- 3) Taking into account a 20-day shutdown in September 2020.
- 4) Average capacity utilisation of DMF in 2018: 70%, 2019: 62%

# Quick Glance of DMF/ MA's Operation

Production flow  
(tons per year)



Total annual tonnage of all products available for sale to market: 204,000 tons per year.  
 Total MA production capacity: 150,000 tons per year (MMA+DMA+TMA)

## Why the Improving Results during 9M2020

1. Demand for DMF and MA has been up since 2Q2020 and gathered speed in 3Q2020 in line with China's recovery. Second largest player of DMF and MA (annual capacity 180k tons) shut permanently, making Jiutian the second largest player by production capacity in China. This also reduced total market supply.
2. Raw material cost, mainly methanol and liquid ammonia, remain low given low global energy prices and excess capacity in China for methanol.
3. Recovery of China's economy has been in full swing since 3Q2020, resulting in strong product demand experienced by our customers in traditional industries like Polyurethane, animal feed and pesticides.
4. Rising demand from customers in high growth sectors of lithium batteries, semiconductor/electronics and medicine.
5. General improvement in export market for China's manufacturers as most other export oriented countries have not regained manufacturing capacity due to Covid 19 disruptions. This has resulted in higher demand for our products used to produce goods for export.

## Summary of Jiutian's 2 Main Assets

Product	Ownership	Annual Capacity
Dimethylformamide ("DMF")/ Methylamine ("MA")	100%	150,000 tons DMF 150,000 tons MA (If 96,000 tons is used for DMF production, 54,000 tons can be sold to market)
Sodium Hydrosulfite ("SH")*	74%	140,000 tons SH

\* Both lines had been mothballed for reconfiguration and modification since Mid 2019.

## Steps Going Forward (4Q2020 and Beyond)

1. Operate DMF/MA plants efficiently, at high to full utilisation by end 2020.
2. Restart SH plant by 1H2021, with one line producing SH and 3 other intermediate products as built, and discussion is in advance stage to modify the second line with a potential JV partner for other more profitable products.
3. Explore potential acquisition targets in synergistic and high growth sectors, including the possibility of downward integration and plant expansion where the market demand for the product is expected to be strong and sustainable.

**THANK YOU**