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Press Release
(For immediate release)

China XLX Announces 2019 Annual Results

2019 Annual Results Highlights:

- Achieved revenue of approximately RMB8,928 million, representing a YoY decrease of 2.9%.
- Sales from melamine increased by 59% with revenue increased 17% YoY to approximately RMB657 million.
- The relocation of our Xinxiang production facilities will complete and production commence in the 2nd half of 2020, while the Jiangxi production base will complete in the 4th quarter of 2020 and production commence in 2021.
- The Board recommended the payment of a final dividend of RMB8 cents per share for the year ended 31 December 2019. A total of RMB8 cents per share was distributed throughout the year.

(30 March 2020, Hong Kong) China XLX Fertiliser Ltd. (“China XLX” or the “Company”, together with its subsidiaries collectively known as the “Group”) (HKSE: 01866.HK) announced the annual results for the twelve months ended 31 December 2019 (the “Period”). The Group’s revenue amounted to RMB8,928 million, slightly drop by 2.9% YoY. Gross profit drop by 13.3% YoY to approximately RMB1,941 million. The Board recommended the payment of a final dividend of RMB8 cents per share for the year ended 31 December 2019. A total of RMB8 cents per share was distributed throughout the year.

During the Period, affected by lower average selling prices of dimethyl ether (DME), melamine, methanol, furfuryl alcohol and melamine, the Group’s consolidated net profit dropped by 36.8% YoY to approximately RMB414 million. The profit attributable to owners of the parent decreased by 49.9% YoY to approximately RMB316 million.

Due to the weakened demand in domestic chemical, average selling price of melamine decreased. The Group’s melamine project Phase II in Xinjiang Plant V with an annual production capacity of 60,000 tons successfully commenced operation, enabling the Group’s total annual melamine production increase to 120,000 tons. Sales volume of melamine increased by 59%, while revenue derived from the sales of melamine increased by 17% YoY to approximately RMB657 million.

During the Period, the urea sales volume was affected by the closure of Plant I during the relocation of the Group’s Xinxiang production facilities, and the average selling price of urea decreased due to the relatively ample market supply. During the Period, revenue derived from the sales of urea decreased by 7% YoY to approximately RMB3,313 million. In addition, the average selling price was driven by a higher percentage of high-efficient fertilizers sold, therefore revenue derived from the sales of compound fertilizers increased by 2% YoY to approximately RMB2,852 million.

Affected by the weakened international and domestic energy prices and declined export of petrochemical products, the average selling price and profit margin of DME dropped. Due to the adjustment in the production plan based on profitability of various products, revenue derived from the sales of methanol decreased by 79% YoY to approximately RMB74 million. However, revenue derived from the sales of furfuryl alcohol decreased by 22% YoY to approximately RMB407 million.



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Looking ahead, since the outbreak of the new coronavirus in early 2020, the efforts to curb the spread has escalated. With the escalation of domestic epidemic prevention and control pressure, it has had a certain negative impact on the domestic fertilizer and chemical products market and product demand, leading to a certain decline in the prices of the Company's fertilizer and chemical products. With the continuous control of the epidemic, it is expected that the market demand and selling prices of the Company's products will gradually recover. The international epidemic situation is expected to affect and reduce domestic exports of fertilizers and imports of grains to a certain extent, and then affect changes in domestic fertilizer market demand. This also brings certain challenges and opportunities to the Group's production and operation.

The relocation of our Xinxiang production facilities will complete, and production commence in the 2nd half of 2020, while the Jiangxi production base will complete in the 4th quarter of 2020 and production commence in 2021. The commencement of the new projects will further increase the scale of the Group and improve the profitability and production flexibility of the Group.

Mr. Liu Xingxu, Chairman of China XLX, said that, "Despite the challenging macro-economic environment, the Group will continue to steadfastly implement low cost and product differentiation strategy to further increase sale of high-efficient fertilizers, hence elevating the Group's competitiveness in the market. Furthermore, the Group will leverage on its coal gasification production competitive advantage to further increase its product offerings. The Group is able to flexibly adjust the fertilizer and chemical product mix according to changing market conditions, hence improving overall profitability and its ability to withstand market volatility."

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About China XLX Fertiliser Ltd.

China XLX Fertiliser Ltd., one of the largest and most cost efficient coal-based urea producers in China, is mainly engaged in the production and sale of urea, compound fertilizers and methanol. Its annual production capacity reaches 2.3 million tons of urea, 2.45 million tons of compound fertilizers, 500,000 tons of methanol, 120,000 tons of melamine, 400,000 tons of DME and 50,000 tons of furfuryl alcohol, respectively. The Company's shares are traded on the main board of the Stock Exchange of Hong Kong Limited (stock code: 01866.HK).

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