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press release

(For immediate release)

China XLX Announces 2022 1Q Results

Production Capacity Entered a New Milestone with Net Profit Increasing by 88% YoY

2022 1Q Results Highlights:

- The unaudited consolidated revenue increased by 71% YoY to approximately RMB5,386 million; among which, urea sales revenue increased by 84% YoY to approximately RMB1,583 million;
- The unaudited consolidated net profit was approximately RMB520 million, representing an increase of 88% YoY;
- The unaudited total comprehensive income attributable to owners of the parent increased by 90% YoY to approximately RMB382 million.

(27 June 2022, 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 first quarter results for the year ended 31 March 2022 (the “Period”). The Group’s unaudited consolidated revenue amounted to RMB5,386 million, representing an increase of 71% YoY. The unaudited consolidated net profit was approximately RMB520 million, representing an increase of 88%YoY; The unaudited total comprehensive income attributable to owners of the parent increased by 90% YoY to approximately RMB382 million.

During the Period, the Group’s performance growth was mainly due to the raise of products’ volume and price, and the additional production capacity from new production base. The pandemic, supply chain stains and the Russia-Ukraine war sent food and energy prices soaring. Prices of fertilisers and petrol chemical related products have also risen in tandem. Meanwhile, with the addition of the Third Production Base in Jiangxi Jiujiang and the fixed-bed renovation and upgrading project of the Group’s second and third plant in Henan Xinxiang successfully



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commissioned, the Group's production capacity reached a new milestone.

During the Period, the Group's urea revenue reached approximately RMB1,583 million, representing an increase of 84% YoY. This was mainly due to the increase in the average selling price and sales volume of urea products of the Group by approximately 34% and 37% YoY respectively. Sales volume of urea for the first quarter of 2022 was approximately 646,000 tons.

Sales revenue of the compound fertilisers increased by approximately RMB1,477 million or 79% YoY, mainly due to the increase in the average selling price and sales volume by approximately 44% and 24% YoY respectively. Sales volume of compound fertilisers increased to 504,000 tons during the Period.

During the Period, methanol and DME revenue also recorded substantial growth. The sales revenue of methanol was RMB487 million, representing an increase of 82% YoY, mainly attributable to the increase in average selling price and sales volume by 29% and 40% YoY respectively. The increase in the selling volume was due to the release of new production capacity in Jiujiang base and expansion of the business channels by launching the methanol trading. The sales revenue of DME reached RMB431 million, representing an increase of 67% YoY, as a result of 20% and 39% YoY increase in the average selling price and selling volume respectively.

In addition, the Group's melamine revenue increased by 14% YoY to RMB273 million; furfuryl alcohol revenue increased by 68% YoY to RMB234 million; and sales revenue of the urea solution for vehicle was RMB116 million, representing an increase of 14% YoY.

Since 2022, affected by the conflict between Russia and Ukraine and the tight supply of international fertilisers, the prices of global basic energy and food have been growing, which resulted in a more obvious rigid demand for chemical fertilisers. Coupled with the rise in the price of raw materials, the international and domestic fertiliser prices have been rising. At the same time, with growing concerns on food



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security in the PRC, domestic food prices will remain strong in the medium and long term, which will benefit the agricultural use of fertilisers and provide further support for fertiliser prices. In addition, the stricter PRC domestic environmental protection policies propel backward capacities out of the market, leading to a tight balance of supply and demand. Thus, the price of fertilisers will remain high in accordance with the market conditions.

With the strengths of different bases and the advantage of its geographical reach, the Group will continue to optimise the product structure while strengthening high-efficiency fertilisers, improve the research and development and promotion of new fertilisers, and further highlight the competitive advantages of differentiated products. Meanwhile, the Group will leverage the flexible production mode and the extension of industrial chain with clear advantages of low cost and high-quality products to increase product added value and enhance profitability. The Group's DMF project with an annual output of 100,000 tons is expected to start pilot production by the end of this June. The first phase of Gansu Jinchang compound fertiliser project is also expected to be completed by the end of this year.

Mr. Liu Xingxu, Chairman of China XLX, pointed out that, “While giving full play to the advantages of the existing bases, the Group will further strengthen technological R&D and innovation, so as to facilitate the high-quality and healthy development of the Group. The Group will also continue to explore new development opportunities, integrate high-quality resources to maximise resource efficiency, and enhance industry presence.”

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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, the Group is principally engaged in developing, manufacturing, and selling of related differentiated products such as urea, compound fertiliser, methanol, dimethyl ether, melamine, furfuryl alcohol, furfural, 2-methylfuran and pharmaceutical intermediates. The Company's shares are traded on the main board of the Stock Exchange of Hong Kong Limited (stock code: 1866.HK).

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