



2023 Q3 Results

Oct 2023



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Business Highlights

By Frederic Jacquin



Business Highlights

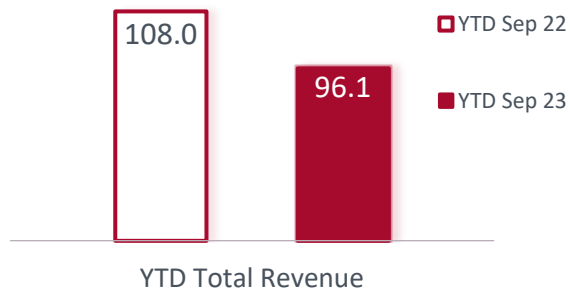
- **Sustainability & Environment:**
 - Safety is and remains Adisseo's first priority: YTD TRIR as of 30 Sept 2023 at **0.58**, some improvement compared to last quarter
 - On track towards sustainability ambition:
 - Construction of steam recycling project in Nanjing plant completed
 - Launch of DynOmik™, a new ruminant contributing to efficiency and sustainability of milk production
- **Business highlights: reduced decrease in revenues (-9% in Q3 2023 vs Q3 2022 vs -12% in H1 2023 vs H1 2022) and in restated gross profit* (-17% in Q3 2023 vs Q3 2022 vs -46% in H1 2023 vs H1 2022) thanks to:**
 - **+24%** volume growth in liquid methionine worldwide
 - Methionine prices stabilizing upwards during the quarter
 - Continued growth in specialties in a challenging environment
 - Positive impact from decreased raw material and energy costs
- **One-China Strategy in progress:**
 - Excellent penetration of liquid methionine in China market
 - 150KT powder methionine plant in Quanzhou expected to start up in 2027
 - Ground-breaking ceremony of Chinese Specialty Blending Facility in Nanjing held on 31st August
 - Calyseco Chongqing plant: trial production in progress targeting to have on spec alternative protein for fish meal by the end of the year
- **European Specialties Expansion Project** on track, the start-up of the new factory is expected in H1 2024
- **Competitive enhancement plan realized recurring savings of CNY120mil with extra cost efficiency program delivered around CNY160mil savings or more**
- **Positive cashflow from operating activities (CNY618 million) in Q3 thanks to stringent cash and working capital management**

*Excluding provision related to import duties in Q3 with USD2mil (CNY14m) impact in YTD 2023

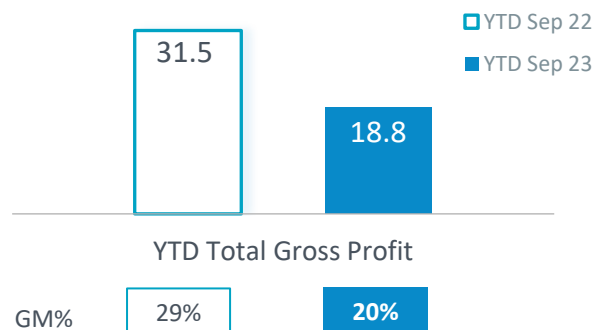


Q3 2023 Revenue decreased by -9% yoy with restated gross margin* reduced by -2ppt to 20%

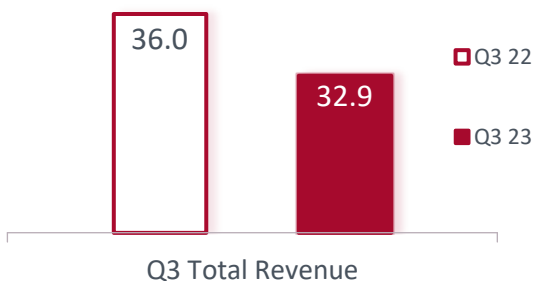
Unit: CNY (100mil)



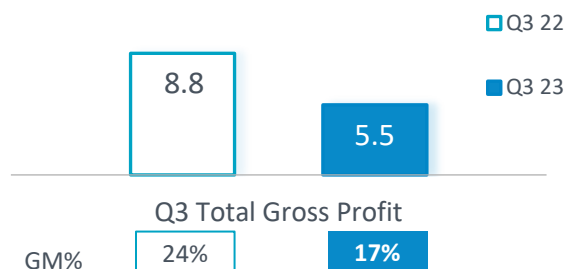
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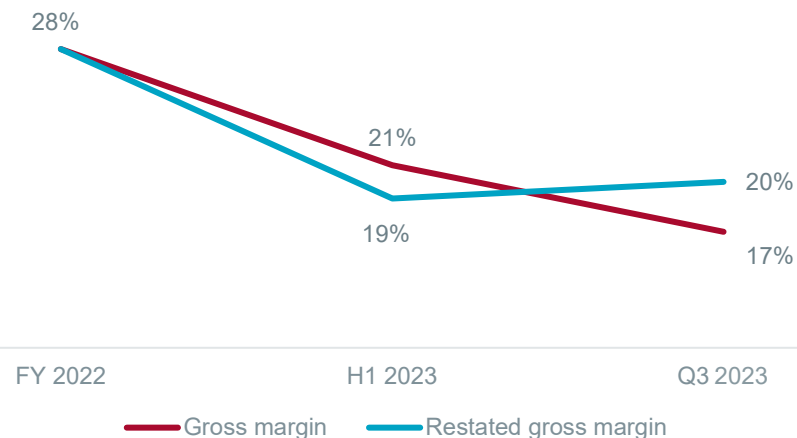
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Unit: CNY (100mil)



Impact of Import duty related provisions on gross margin

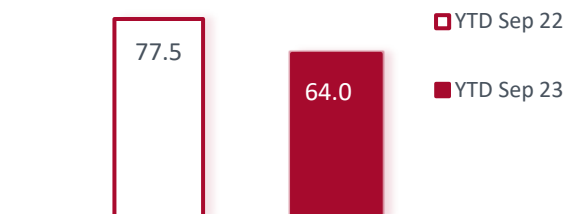


- In the context of challenging macro-environment, Q3 revenues decreased by **-9% yoy** to **CNY3.29 billion**
- If excluding provision related to import duties, restated gross profit margin* reduced by **-2ppt** to **20%**
- Restated gross profit* reduced by **-17% yoy**
- This represents a slower decrease trend compared with H1

*Excluding provision related to import duties in Q3 with USD2mil (CNY14m) impact in YTD 2023

Performance Products in Q3 2023: decrease in revenue (-12%) & restated gross profit* (-36%)

Unit: CNY (100mil)



YTD Performance Products Revenue

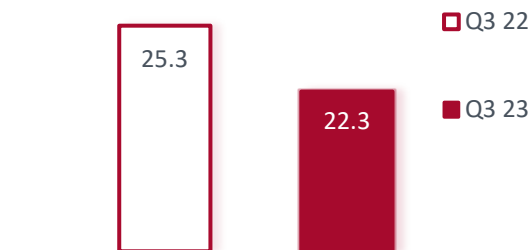
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YTD Performance Products Gross Profit

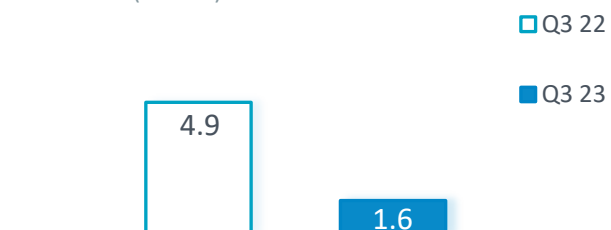
GM% 25% 10%

Unit: CNY (100mil)



Q3 Performance Products Revenue

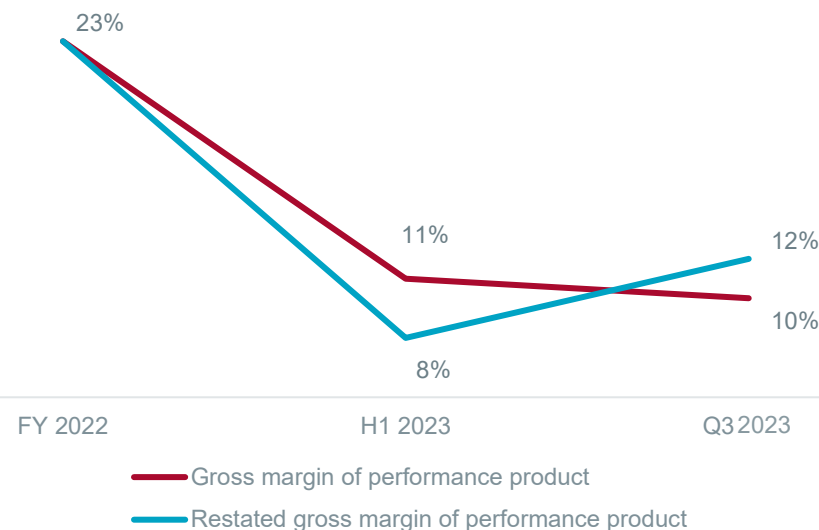
Unit: CNY (100mil)



Q3 Performance Products Gross Profit

GM% 20% 7%

Impact of Import duty related provisions on gross margin of performance products



Restated Q3 gross profit* (-36% yoy) and with restated margin*@12%

- Strong volume growth **(+24%)** in liquid methionine, especially driven by Chinese market
- Vitamin business was still under great pressure due to weak market demand, overcapacity thus fierce competition in the industry

*Excluding provision related to import duties in Q3 with USD2mil (CNY14m) impact in YTD 2023

Performance Products Business Highlights in Q3



Methionine

- Adisseo achieved strong volume growth **(+24%)** in liquid methionine, notably in China, which was achieved thanks to successful conversion of customers into liquid as a result of increasing installation of the dosing systems **(+40% yoy)**
- Adisseo has gained market share in liquid methionine in a difficult market
- Methionine pricing is stabilizing upwards globally
- Adisseo announced its investment of **CNY4.9 billion** to build a new **150KT** powder methionine plant in Quanzhou Fujian in order to:
 - optimize its industrial set-up
 - produce locally to meet local customers' demands
 - reinforce its leadership in methionine

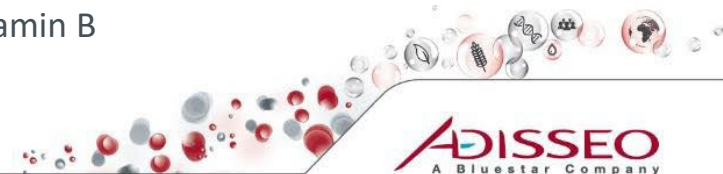
Leveraging SinoChem local platform, the Project will create significant synergies in supply chain and operations and achieve strong cost competitiveness thanks to innovative process. The project is expected to start up in 2027.

- The European platform continued to optimize its margin with liquid methionine plant restarted at full speed in Spain, acceleration of production in one of our French powder methionine plants, while the less profitable powder methionine plant still shutdown in France too

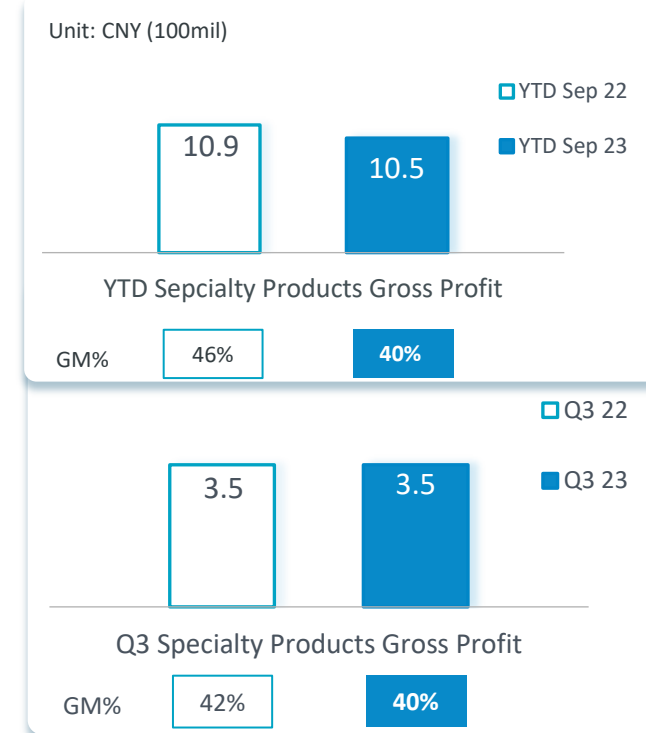
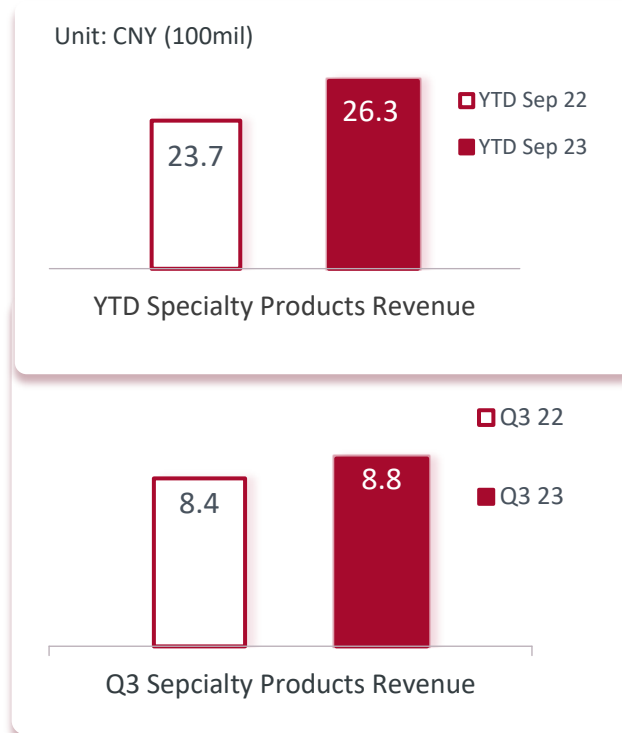


Vitamins

- On Vitamin A, the volumes were optimized to protect margins given the on-going significant downward pressure in pricing
- Margin is tightly managed by optimization of sourcing strategy, notably for Vitamin E and Vitamin B



Specialty Products in Q3 2023: Revenue continued growth (+5%) with margin maintained (40%)



In Q3, despite slow-recovery in market demand, specialty business continued its revenue growth (+5%) thanks to

- Growth in aqua and new monogastric products and strong growth in RumenSmart [Ca-MHA] despite weak dairy market in the U.S. and China
- Gross margin was maintained (40%) in Q3, thanks to
 - ✓ Proactive margin protection actions
 - ✓ Start of recovery of ruminant business in China

Specialty Products Business Highlights in Q3

- Despite slow recovery in market demand, specialty revenue achieved growth **(+5%)**, thanks to:
 - Growth in aqua
 - Growth in new monogastric products
 - Strong growth in RumenSmart [Ca-MHA].
- Adisseo launched a new ruminant product to the market - DynOmik™
 - It increases nutrient intake and positively impact milk production and sustainability
 - The new product launch demonstrates the long-term commitment of Adisseo in helping the feed industry to find scientific and technical solutions to address sustainability and costs challenges
- European Specialties Expansion and Optimization project is on track
 - Start-up of the new factory is expected in H1 2024



One-China Strategy

- Excellent penetration of **liquid methionine** in China market
- **Nanjing Plant (BANC360)** operates at full capacity and competitive cost with excellent safety performance
- The ground-breaking ceremony for **Chinese Specialty Blending Facility** in Nanjing was held on 31 Aug 2023
- **Calyseo Chongqing plant**, the world's first commercial FeedKind® facility pursued its trial production, targeting to have on spec alternative protein for fish meal by the end of the year



Ongoing Margin Protection Measures

- Competitive enhancement plan: realized YTD recurring savings of **CNY120 million**
- Extra cost efficiency program: delivered **CNY160 million** more
- This reflects efforts across organizations notably:
 - localization of dilution process to save distribution costs as well as to reduce carbon footprint
 - “greener and cheaper” manufacturing enabling energy costs optimization
 - raw material consumption reduction thanks to digitalization
 - supply chain process fine-tuning allowing demurrage cost reduction
 - office relocation for lower rental
 - ...

Financial Performance

By Virginie CAYATTE

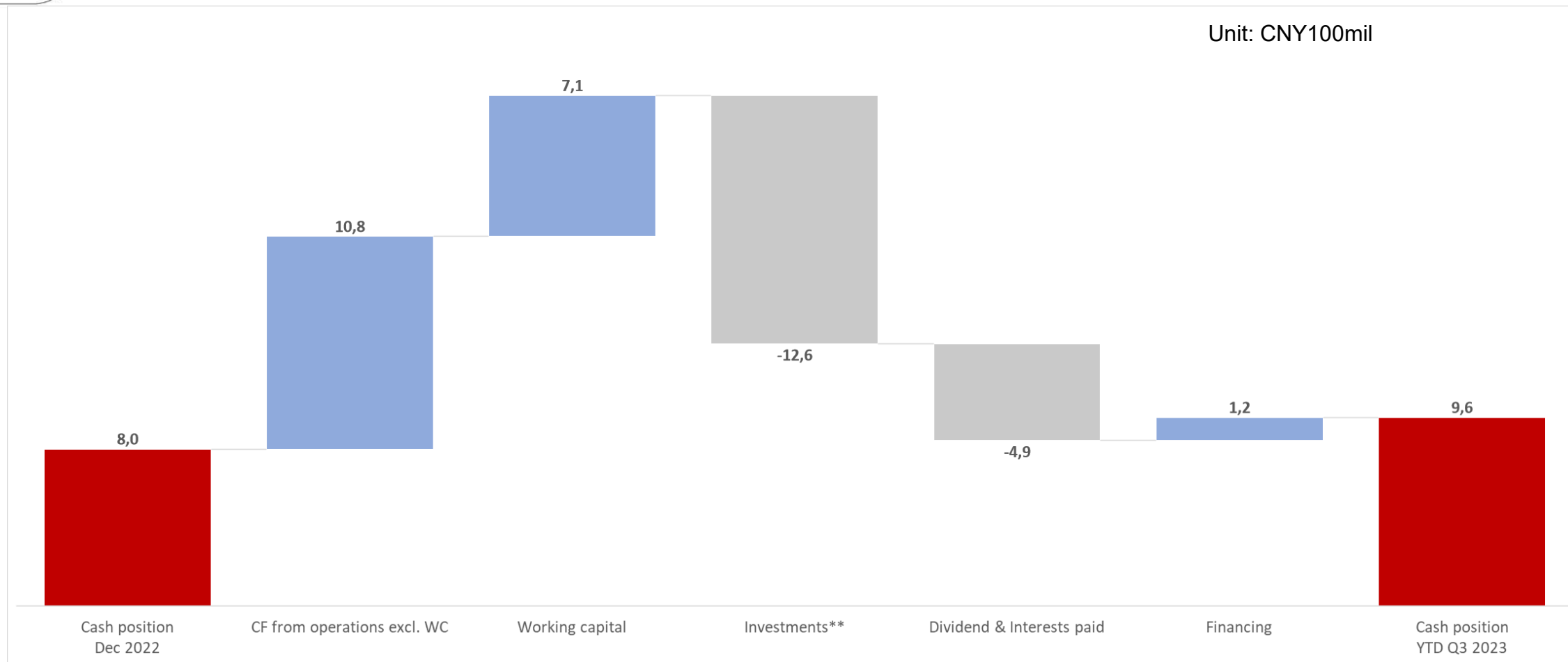


Q3 and YTD 2023 Financial Performance

Unit : CNY 100mil	QUARTER TO DATE			YEAR TO DATE		
	ACTUAL	PRIOR YEAR	VS PY	ACTUAL	PRIOR YEAR	VS PY
REVENUE	32.9	36.0	-9%	96.1	108.0	-11%
GROSS PROFIT	5.5	8.8	-37%	18.8	31.5	-40%
CONTRIBUTION ON SALES	17%	24%		20%	29%	
EBITDA	3.50	6.50	-46%	12.0	23.5	-49%
EBITDA MARGIN	11%	18%		12%	22%	
NET PROFIT	-0.7	2.7	-126%	-0.4	11.5	-103%
NET MARGIN	-2%	8%		0%	11%	
Net Profit attributable to shareholders	-0.7	2.7	-125%	-0.34	11.44	-103%

2023 YTD net profit attributable to shareholders recorded a loss of **CNY34 million**, mainly due to the reduced margins and increased depreciation.

YTD change in cash



**Investments include Norfeed acquisition*

- Cash position as of end of Sep 2023 is CNY 958 million, increased by CNY88 million compared to 30th June 2023
- Q3 positive cash flow from operating activities stood at CNY618 million thanks to stringent cash and working capital optimization

2023 Outlook

By Zhigang Hao



2023 Outlook

Business Outlook

Sustainability and safety remain Adisseo's top priorities.

Despite the uncertainty which is still prevailing, market demand is slowly recovering. In this context, Adisseo is fully engaged to support growth, improve margins and to pursue strategic investments for the future. This includes:

- Continuous volume growth in liquid methionine
- Dynamic pricing management
- Continuous growth in specialties
- Full leverage of raw material and energy costs decrease
- Cost and competitiveness optimization
- Delivery of innovation and strategic projects to support sustainable and profitable business growth in the long term

