



Unaudited FY 2022 Results

Feb 2023



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Business Highlights

By Jean-Marc Dublanc



Business Highlights

■ Safety and Sustainability:

- FY2022 TRIR **0.45**, down from **0.78** in 2021, zero accident remains Adisseo's target
- Adisseo ranking Top 10 "best corporate governance company" in "Golden Responsibility" award in 2022 among 1,500 companies
- **-10%** reduction of GHG emission vs 2021 in line with Adisseo's sustainability ambition

■ FY 2022: +13% growth in revenues and -15% decrease in net profit attributable to shareholders. Despite in a chaotic environment in 2022 (COVID 19, geopolitical conflicts and European energy crisis), Adisseo managed to deliver growth and protect its profitability at a solid level thanks to

- Proactive pricing management across all product line, especially in methionine and specialty
- Global industrial footprint, further reinforced by the successful BANC2 start up
- Continuous growth in Specialties with acceleration in H2 2022
- Swift competitiveness action plans implemented allowing to mitigate impact from huge increase in energy and raw material cost
 - European plants managed with agility, adapted to demand while protecting customer interest
 - Strict cost control plan with additional recurring saving in 2022 of **CNY137mil**, an accumulated savings of **CNY660mil since 2019**

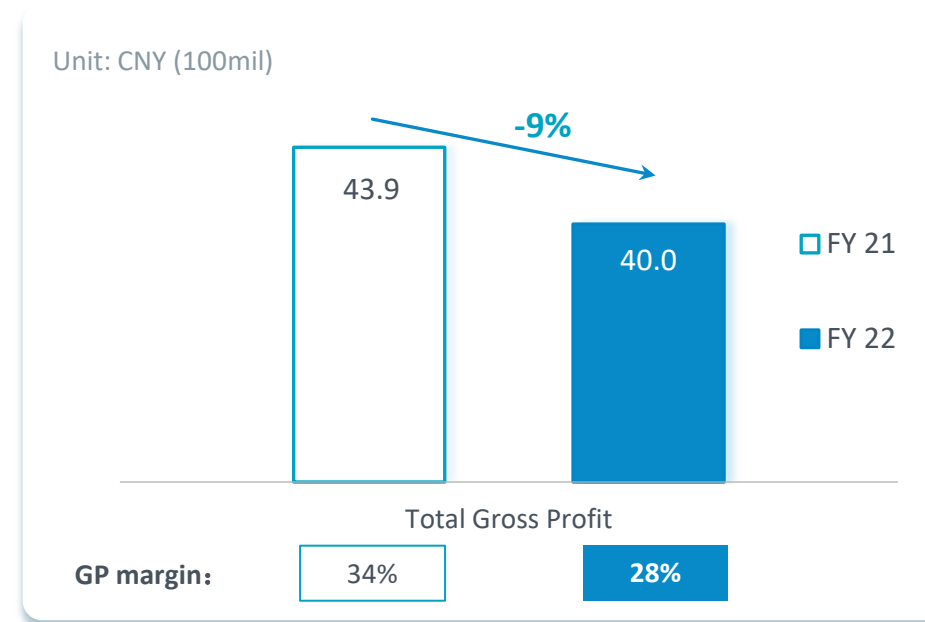
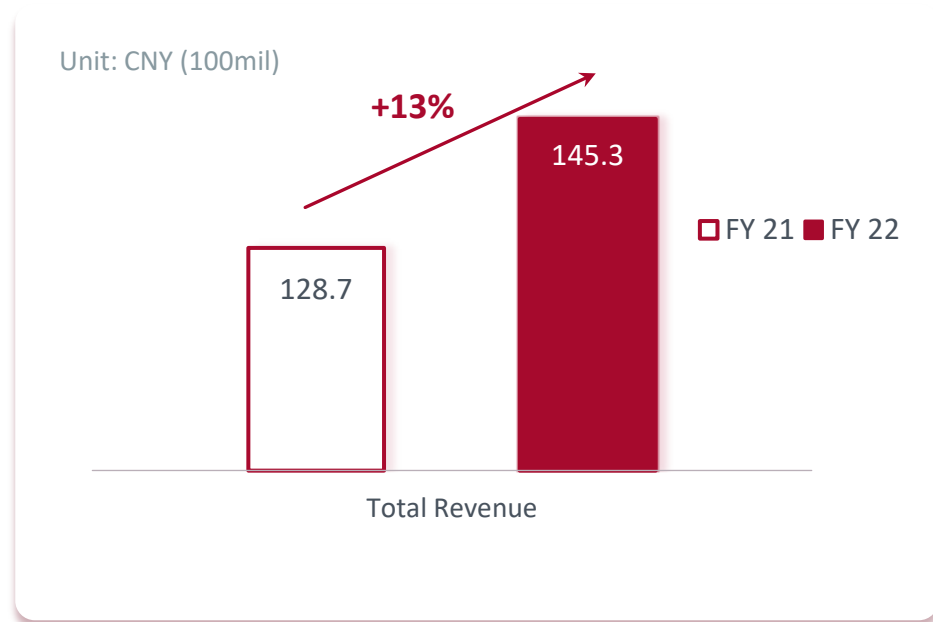
■ One-China Strategy

- Double-digit business growth in China
- Nanjing plant running with high reliability following the smooth start up and ramp up of BANC2
- R&I organization reinforced (+20% R&I FTE) in 2022
- Calysseo (FeedKind®) project construction completed in 2022
- Specialty capacity expansion project in China entered basic engineering design stage

■ Signing of acquisition of Norfeed will allow Adisseo to enter attractive fast-growing segment of natural plant extracts

■ Specialty capacity expansion project in Europe being pursued on schedule

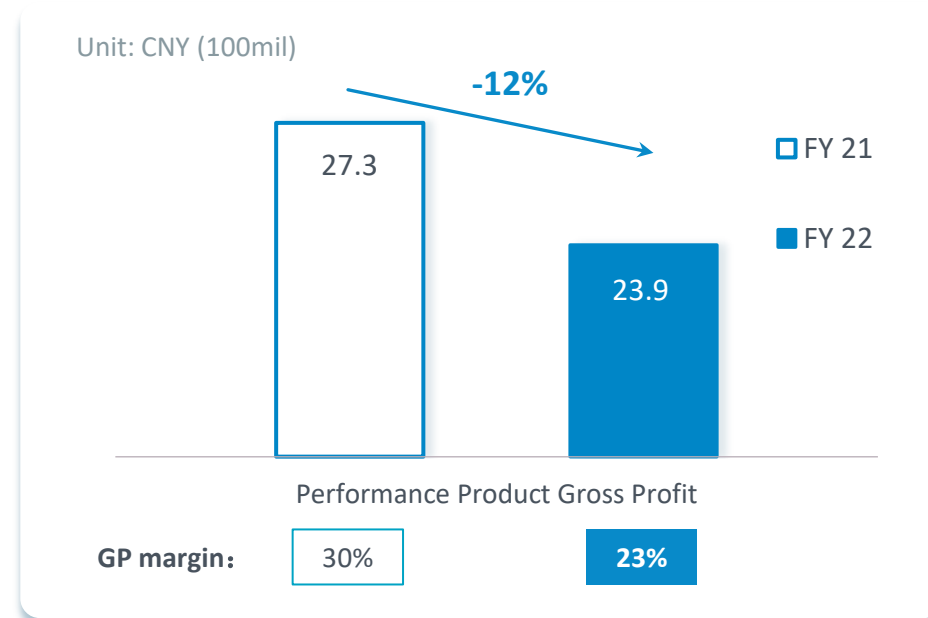
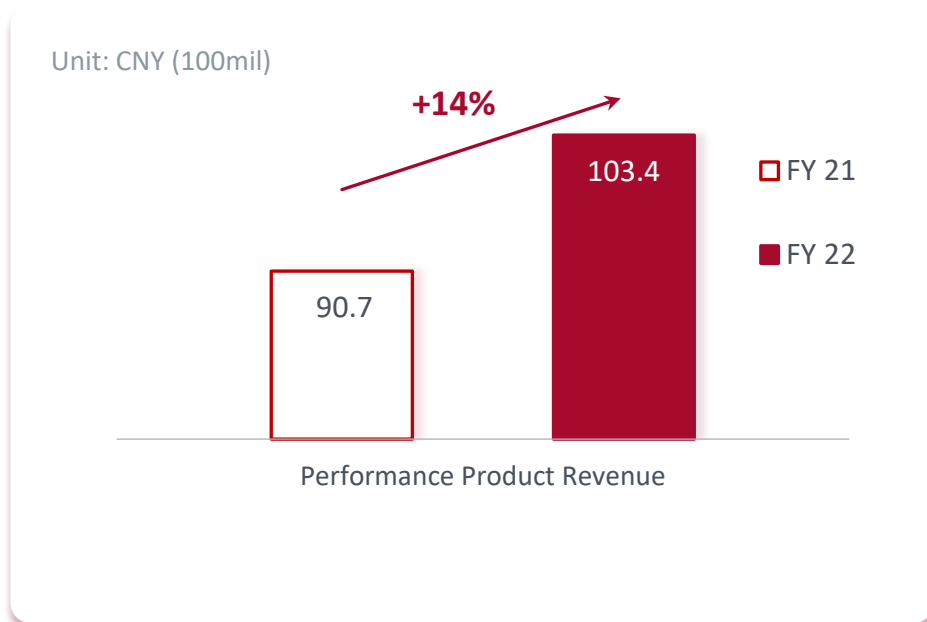
FY 2022 Double-digit Growth in Revenue (+13%) Protecting Profitability at a Solid Level



In FY2022, despite in a chaotic environment, Adisseo managed to deliver double-digit revenue growth **(+13%, CNY14.53 billion)** and to protect profitability at a solid level **(gross margin @28%)**, mainly driven by:

- Robust revenue growth in methionine & specialties, but negatively impacted by Vitamin business due to lower demand as well as on-going price pressure on Vitamin A
- Gross margin heavily impacted by the huge rise in energy and raw material costs
- Sustainable revenue growth in Specialty business **(+5%)** with resilient gross margin at **47%**

Performance Products in 2022: Double-digit Growth in Revenue (+14%)



Double-digit growth in revenue (+14%) partly offsetting significant cost increase due to European energy crisis

- Led by strong revenue growth in methionine mainly driven by proactive pricing management and double-digit volume growth in China, Middle East and Africa
- Gross margin dropped by **-7ppt** due to the sharp rise in raw material, energy and logistic cost partly offset by price increase
- Slow-down in demand and on-going pricing pressure on Vitamin A
- Gross margin improvement to be continued thanks to
 - successful start up and ramp up of BANC 2, enabling Nanjing plant to run at full capacity
 - Temporary shut-down of 1 European powder methionine plant and reduction of liquid production in Europe
 - Adapted production of Vitamin A to optimize production costs as well as working capital

Performance Products Business Highlights



Methionine

- Excellent Safety result: TRIR at **0.06** for Nanjing
- Strong revenue growth in methionine despite a softening demand in 2nd half of 2022, mainly driven by price increase and double-digit volume growth in China, Middle East and Africa
- 180kt liquid methionine plant (BANC 2) start-up and ramp up allowing to reinforce its cost competitiveness advantage and its No. 1 market position in liquid methionine
- Key projects in Nanjing plant launched: water waste treatment & heat Recycling to achieve higher yield with less energy consumption and waste output
- Temporary shut-down of one European powder plant and reduction of liquid production in Europe to reduce costs
- In Q4, energy price decreased by **-25%** compared to its peak level, resulting in positive impacts on production costs, which are expected to be further reflected in 2023.

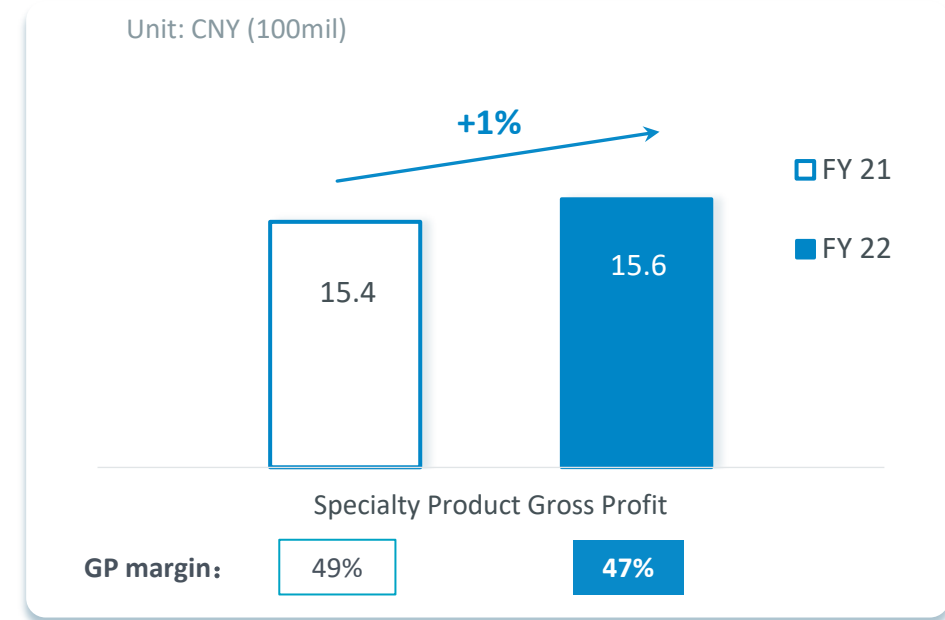
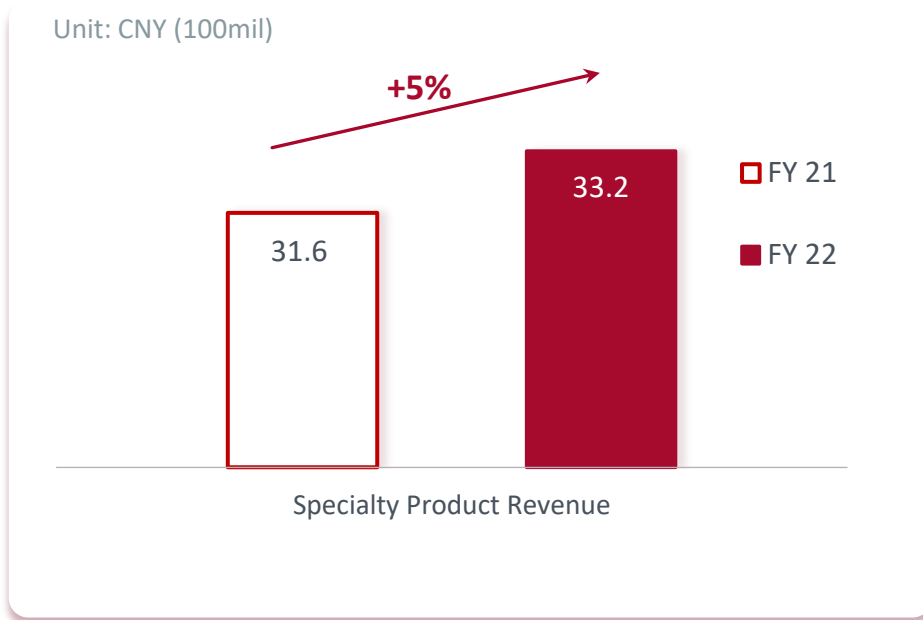


Vitamins

- In the context of slow-down demand and on-going pricing pressure in Vitamin A, production adapted to optimize production costs as well as working capital
- Vitamin E prices remained at solid level



2022 Specialty Products: Growth in Revenue (+5%) with Resilient Gross Margin @ 47%



In FY 2022, specialties business recorded sustainable growth in revenue **(+5%)** with resilient gross margin at 47% thanks to

- Solid growth across species
- Proactive pricing adjustment
- Ongoing product portfolio optimization

Key Business Highlights in Specialties

- **High value-added benefits from specialty products recognized by customers, allowing continued revenue growth with significant contribution from the following product lines:**
 - Strong ruminant business with best quarter ever in Q4 2022 thanks to growth across markets, reinforced by development of new products: Smartamine® ML and Rumensmart®
 - Good performance in Monogastric business driven by healthy by nutrition (Selisseo, Alterion), feed digestibility (Rovabio Enzyme) as well as mycotoxin
 - Continuous growth in Aqua across regions, driven notably by significant growth in digestion portfolio powered by Aqualyso leveraging FRAmelco acquisition
- **European Specialties Capacity Expansion and Optimization Project has been pursued: FSR approval obtained, industrial layout validated, flatting work finalized with major contracts signed on engineering and key equipment**
- **Signing of the acquisition of Nor-Feed, a key step to allow Adisseo to enter the attractive fast-growing segment of natural plant extracts**



FY 2022 – Competitiveness Enhancement Program

- **Competitiveness enhancement program:** a global systematic and transversal program initiated in 2019, continued to deliver significant savings
 - ❑ Recurring saving in 2022 : around **CNY 137mil**
 - ❑ Accumulated savings since 2019: **more than CNY660mil**, thanks to:
 - ✓ Industrial process upgrading allowing to deliver yield improvement
 - ✓ Energy consumption reduction and recycling
 - ✓ Contract Renegotiation
 - ✓ Supply chain optimization
 - ✓ Digital application in animal test, marketing, data monitoring and manufacturing
- **Extra Cost control plan** implemented instantly following European energy crisis
 - ❑ Temporary shutdown of 1 powder plant in Europe and reduction of liquid production in Europe
 - ❑ More benefits to come in 2023
- **More stringent implementation of cost control plan** is and will be rolled out in following years to ensure cost competitiveness



2022: One-China Strategy Successfully Implemented with Tangible Benefits Realized

- **Double-digit growth in China** both on
 - ❑ Liquid and powder methionine
 - ❑ Specialties, driven by high double-digit growth in Ruminants, Aqua and Mycotoxin
- **Research & Innovation:**
 - ❑ Reinforced organization with **+20%** FTE in 2022
 - ❑ **4** new patents received grants among **7** new applications
 - ❑ Important contribution to the optimization of key industrial process as well as technology/service application in China and globally
- **Strategic projects:**
 - ❑ Digitalization Transformation of Nanjing plant at full speed to improve operation efficiency, yield, HSE performance and sustainability
 - ❑ Specialty capacity expansion project in China entered basic engineering design stage
 - ❑ Calysseo Chongqing plant, the world's first commercial FeedKind® facility, completed its construction in 2022 with excellent safety performance (TRIR=0)
 - ❑ First strategic alliance agreement on FeedKind® has been signed with one of top feed producers in China



Financial Performance

By Virginie CAYATTE



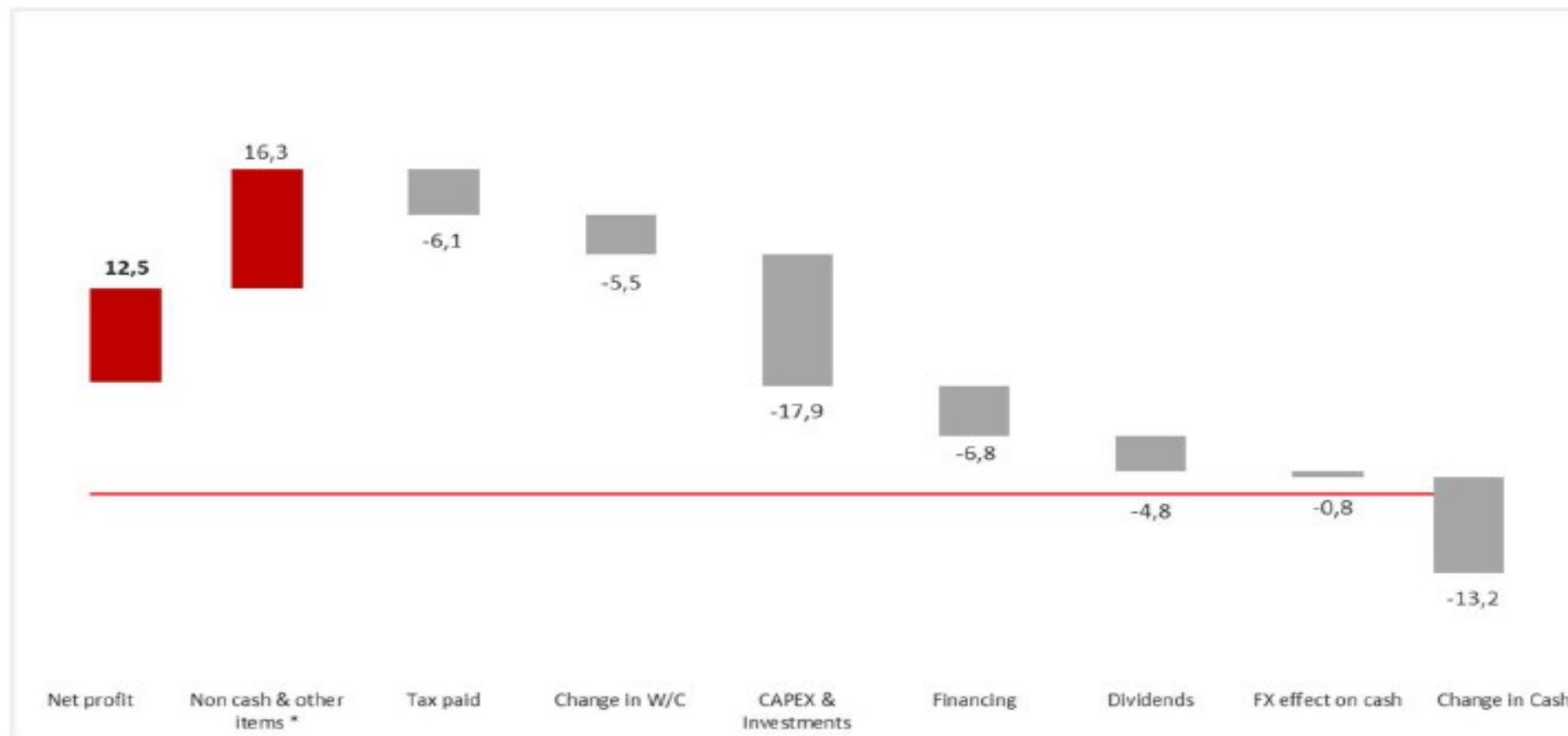
FY 2022 Financial Performance

Unit : CNY 100mil	FY 2022	FY 2021	VS PY%
REVENUE	145.3	128.7	+13%
GROSS PROFIT	40.0	43.9	-9%
CONTRIBUTION ON SALES	28%	34%	
EBITDA	29.4	33.2	-11%
EBITDA MARGIN	20%	26%	
NET PROFIT	12.5	15.4	-19%
NET MARGIN	9%	12%	
Attributable to shareholders	12.5	14.7	-15%

2022 net profit contributed to shareholders decreased by **-15%** due to

- Reduction in gross profit
- Continuous investment in sales & marketing and accelerated research & innovation
- Negative FX financial result due to volatility between invoicing and payment, however fully offset by positive FX impact on EBITDA
- Partially compensated by the benefits from competitiveness enhancement program

Cash Flow FY 2022



Cash position as of end of December 2022 is **CNY 0.8bn**, a reduction of **CNY 1.32bn** compared to 31st Dec 2021. Cash flow generated via operating activities has been invested in:

- CAPEX financing
- Extra working capital consumption in the context of supply challenges
- Dividend payment and preferred shares redemption

Corporate Governance & Shareholder Structure

Corporate Governance

- Adisseo received a recognition of 2022 Annual Outstanding Practice Case of Office of Board of Directors of Public Companies organized by CAPCO (China Association for Public Companies)

Shareholder Structure

- The exchangeable bonds issued by Bluestar can be converted from 21st October 2020 till 2024.
- No conversion recorded in 2022.
- As of 31st December 2022, the conversion rate stayed at around **22%** with floating reaching **14.2%** of Adisseo market capitalization.



FY2023 Outlook

By Jean-Marc Dublanc



Business Outlook

Safety and sustainability remain Adisseo's top priorities.

In 2023, volatility and uncertainty keep prevailing. Adisseo continues to reinforce its market position while protecting margins by:

- Acceleration of liquid methionine penetration supported by capacity expansion projects
- Robust growth in Specialties
- Continuous action plans to manage margins and optimize cost
- Leveraging global footprint and innovation capabilities

Adisseo is also intending to pursue its investments in long-term projects including innovation and external growth opportunities to support sustainable and profitable business growth in the future.



