



H1 2022 Results

July 2022



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Business Highlights

By Jean-Marc Dublanc



Business Highlights

■ Safety & Sustainability:

- H1 2022 TRIR at **0.44** (an improved result): safety is and remains Adisseo's First Priority
 - Completion of safety audit of all plants with associated corrective action plans performed to keep improving the safety performance
 - Mobilized to keep people safe first and minimize the negative business impact despite resurgence of COVID-19 in many regions
- A reinforced sustainability organization in place
- On-going sustainability projects launched both in Chinese and European plants

■ H1 2022 strong growth in revenue **(+20%)** and net profit contributed to shareholders **(+6.5%)** despite dramatic increase of raw material, energy and freight costs, thanks to:

- Strong revenue growth in performance products **(+26%)** led by methionine
- Continued proactive pricing management of all product lines
- Specialties driven by monogastric, aqua, ruminant business in China and exceptional growth in regions including Latin America, Asia and Middle East

■ European operations sustained and optimized

■ Nanjing plant achieved excellent production reliability after 45-day shut down and realized high production level since then

■ BANC2 commissioning at full speed, heading for expected start-up in the following month

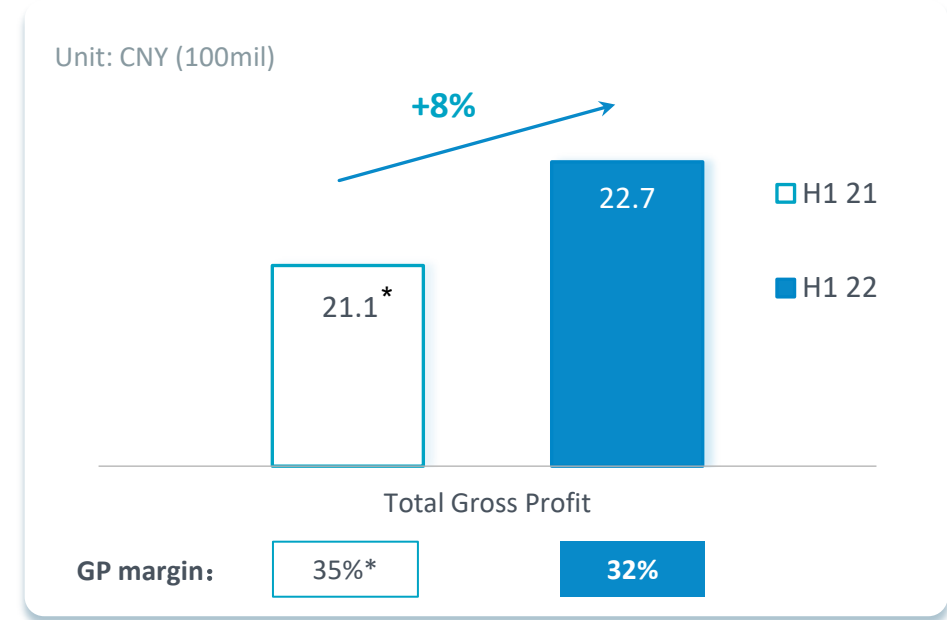
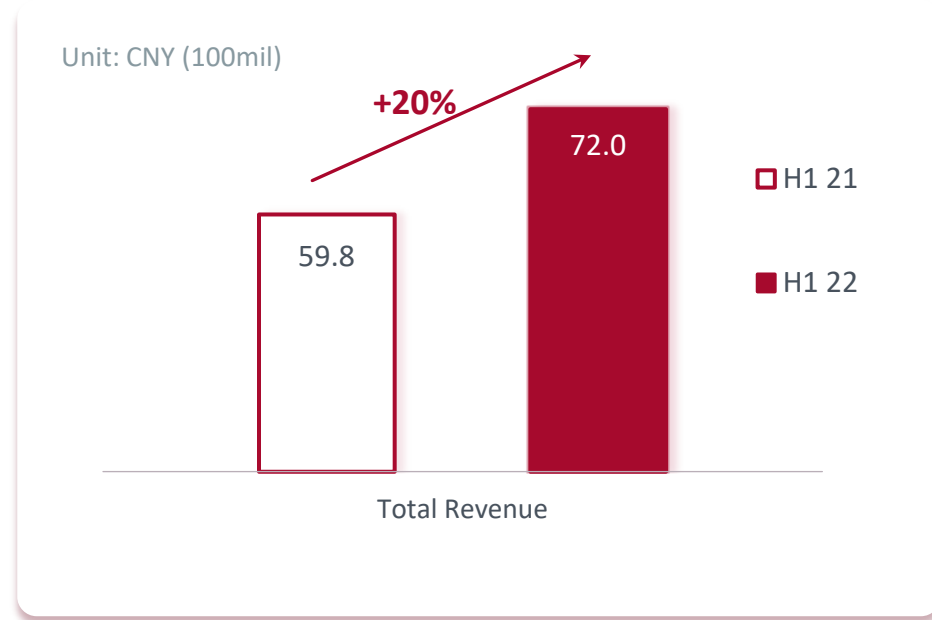
■ Feasibility Study of new China Specialty blending facility obtained approval

■ Calysseo launched commissioning as planned

■ Specialty capacity expansion project is progressing both in Europe and China



H1 2022: +20% Revenue Growth with Gross Margin Stabilized at 32%

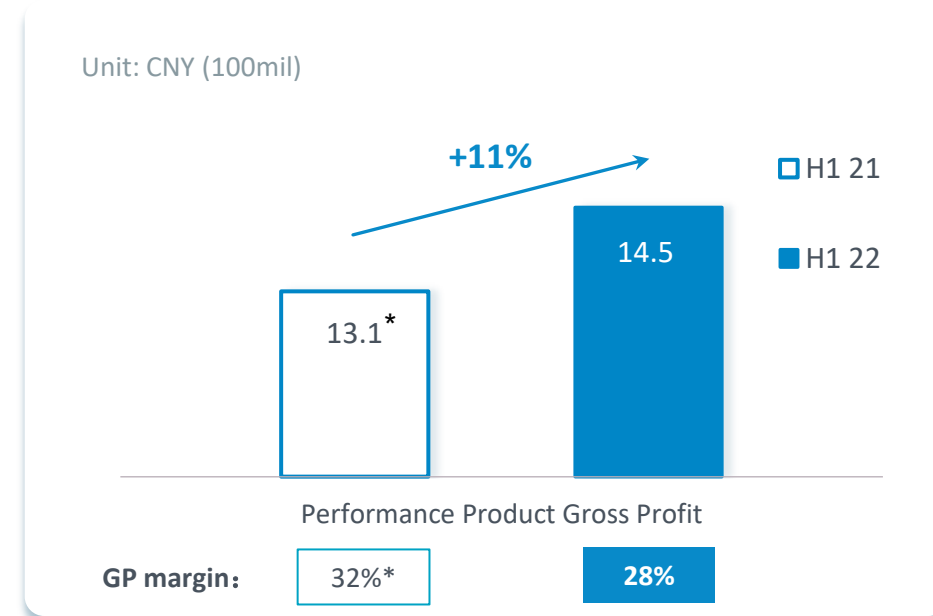
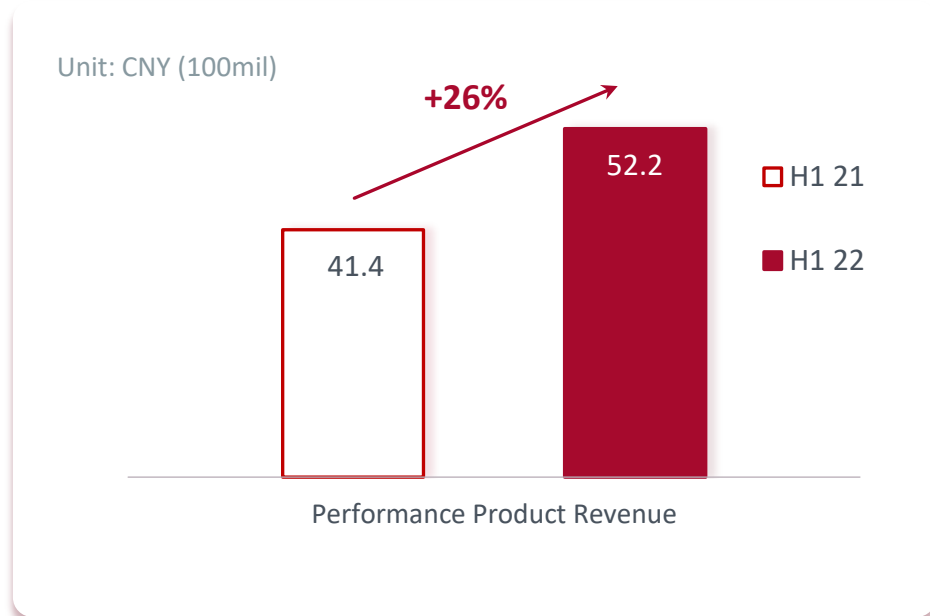


Double-digit growth in revenue **(+20%)** and solid growth in gross profit **(+8%)** with stabilized gross margin at **32%** compared with H1 2021 (on a proforma basis), thanks to:

- Strong revenue growth in performance products **(+26%)** led by methionine
- Continuous proactive pricing management of all product lines
- Specialty business driven by
 - Double-digit growth of monogastric business
 - Double-digit growth of aqua business
 - Outstanding ruminant business in China
 - Exceptional specialties growth in regions including Latin America, Asia and Middle East

This allowed to partially offset the dramatic increase of raw material, energy and freight costs.

Performance Products in H1 2022: growth in revenue (+26%) and gross profit (+11%)



Sustainable growth in revenue (+26%) and gross profit (+11%), thanks to:

- Both the liquid and powder methionine recorded double-digit revenue growth, contributing to the extraordinary revenue growth in methionine (+44%)
- Vitamin E price remained at a solid level

Partly offset by

- Sharp decrease of Vitamin A selling prices
- Huge rise in raw material, energy and logistic costs

Performance Products Business Highlights



Methionine

- Strong revenue growth **(+44%)** in methionine driven by the double-digit revenue growth in both liquid and powder methionine
- European operations have been sustained and optimized despite huge challenges in raw materials and energy sourcing thanks notably to long-term contracts even though partially hedged
- Nanjing Plant achieved excellent production reliability after 45-day shut-down and realized high production level since then
- BANC2 project is progressing on schedule and on cost:
 - ✓ Excellent safety results: more than 7.25million man-hours with zero accident record
 - ✓ Formal commissioning started at full speed, heading for expected start-up in the following month
 - ✓ Global set-up allows Adisseo to optimize volume allocation in the context of fluctuated raw material and energy costs

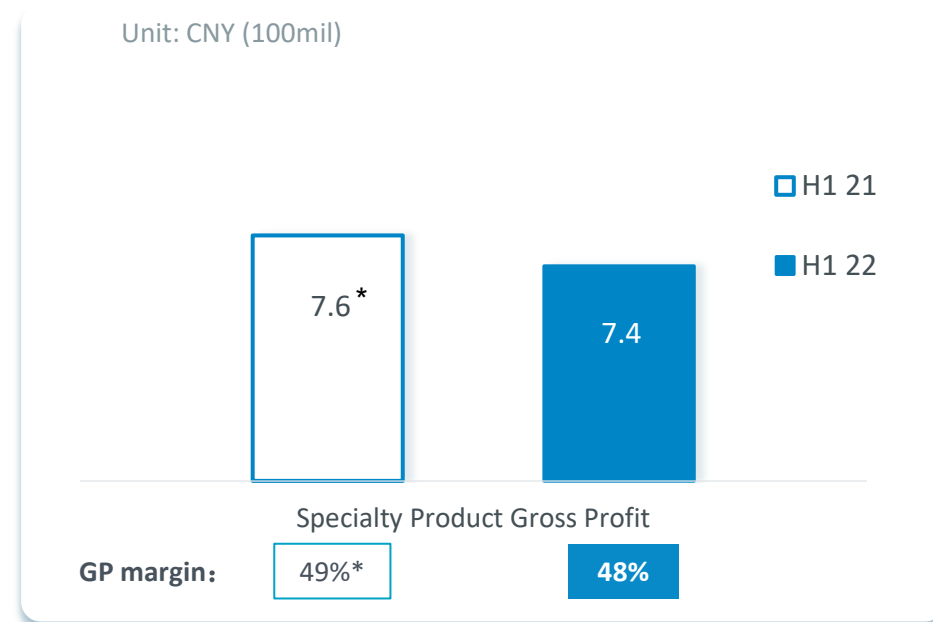
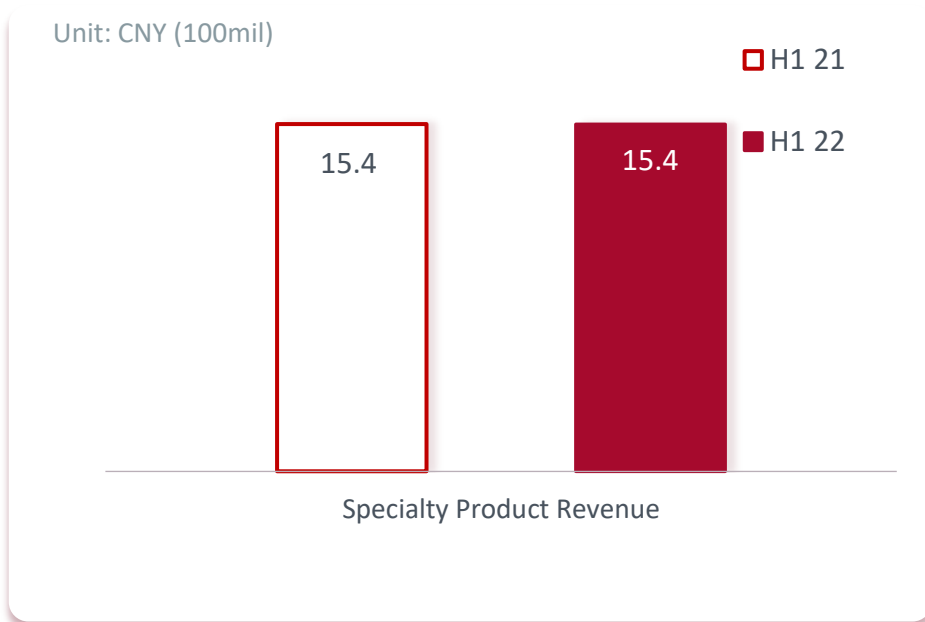
Vitamins



- Vitamin A prices decreased sharply in the context of increasing market competition
- Vitamin E price remained at a solid level
- Most portfolio Vitamin prices at a historically low level but with a limited impact on global profitability



Specialty Products in H1 2022: Revenue back to growth in Q2 with an improving margin trend



Market demand has been softening mainly due to:

1. Sharp increase in agricultural raw materials, putting pressure on customer profitability
2. Global uncertainty of economic environment
3. Impact of diseases and disruptions in some regions, such as soft and disruptive market demand in the U.S. and avian flu in Europe

Despite this soft market demand, specialty business was back to growth in Q2 2022 with an improving margin trend, thanks to:

- Continued Double-digit growth in Feed Digestibility
- High double-digit ruminant growth in China and Latin America
- Sustained solid growth in Health by Nutrition
- Continued robust growth in aqua
- Proactive price adjustment across the product lines

Key Business Highlights in Specialties

- Ruminant business led by high double-digit ruminant growth in China and Latin America as well as continuous penetration of new ruminant products in US despite lower momentum in the market
- Sustained solid growth in Health by Nutrition driven by the continued penetration of new products such as Rovabio Phyplus, Alterion and Selisseo as well as Adimix
- Continued robust growth in aqua thanks to excellent performance in Europe, Asia Pacific (mainly to boost Thailand and Vietnam), Indian Sub-continent and Latin America regions with strong growth across main product lines
- Simplification of the product range by region has been pursued: product portfolios of feed preservation and mycotoxin management are being optimized to limit its exposure to volatile and commoditized markets and to refocus commercial efforts on higher value specialty additives
- Specialties Capacity Expansion Project is progressing both in Europe and China to support business growth, optimize industrial set-up, enhance competitiveness and sustainability as well as improve customer services



China Priorities

- Stronger specialty business growth achieved in China despite COVID-19 resurgence driven by ruminant business
 - ✓ In the 2nd quarter, specialty business in China accelerated its development, resulting in a yoy growth rate at **+32%**
- Feasibility Study of new China Specialty blending facility obtained approval
- Adisseo China Digitalization Transformation journey continued and accelerated with priority projects focusing on:
 - ✓ Smart HSE
 - ✓ Operation efficiency improvement
 - ✓ Customer journey experience enhancement
 - ✓ Optimization of back-bone systems including upgrading of information infrastructure and ERP system
- Calysseo Chongqing Plant: commissioning launched as planned at the world's first industrial-scale FeedKind® facility
 - ✓ Successfully heralding a new era of food safety for China with start-up expected before year-end
 - ✓ Excellent safety performance (1.5million manhour without accident)

Financial Performance

By Virginie CAYATTE



H1 2022 Financial Performance

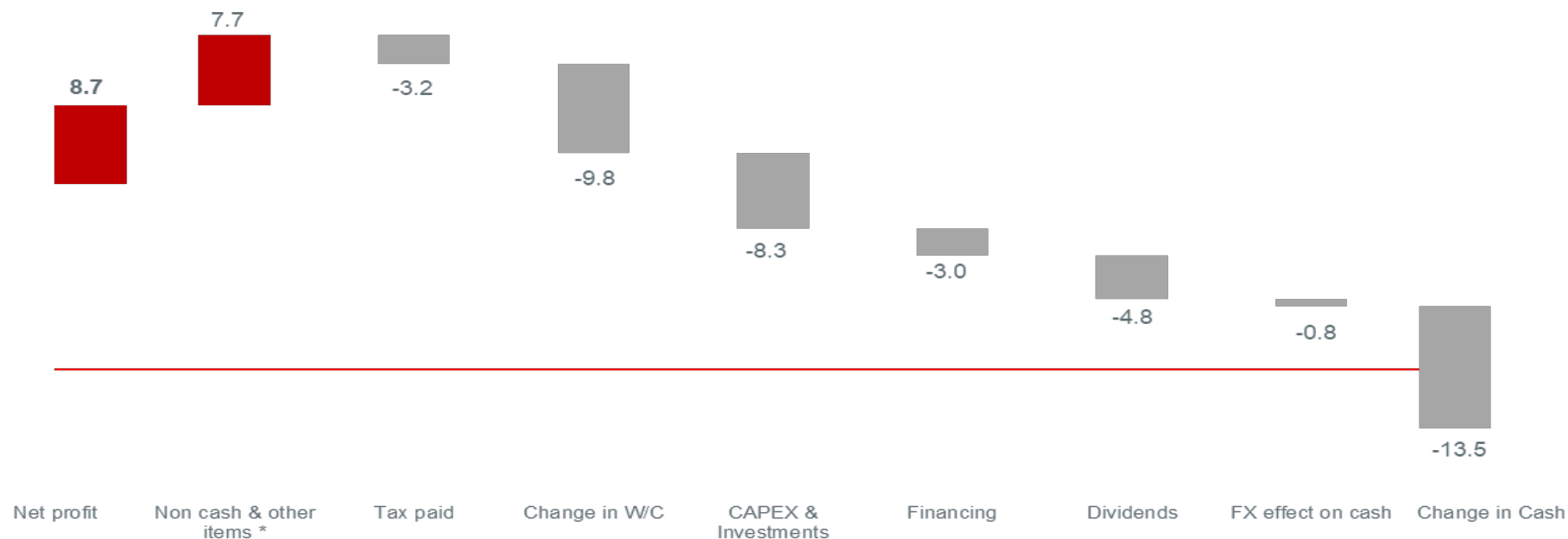
Unit: CNY 100mil	H1 2022	H1 2021	vs PY%
REVENUE	72.0	59.8	20%
GROSS PROFIT	22.7	21.1 *	8%
EBITDA	17.0	16.8	1%
EBITDA MARGIN	24%	28%	
NET PROFIT	8.7	8.2	6.5%
NET MARGIN	12%	14%	
EUR/CNY exchange rate	7.1	7.8	-9%

2022 H1 net profit contributed to shareholders **+6.5% vs 2021 H1** thanks to growth in gross profit partly offset by the continued investment in research and innovation as well as sales and marketing in specialties to pursue business growth.

The overall positive FX impact on business resulted from USD vs. Euro was partly offset by the appreciation of CNY vs. Euro.



H1 2022 Cash Flow



* including amortization, provision & deferred tax

- Cash position as of end of June 2022 is **CNY 0.8bn**, a reduction of **CNY 1.3bn** compared to 31st Dec 2021, mainly driven by
 - CAPEX financing notably capacity expansion and HSE investment
 - Repayment of outstanding preferred shares (**USD250 million**) partially refinanced by low-cost financing
 - Annual dividend payment at committed pay-out ratio of more than 30%
 - Increased inventory level due to global supply chain disruption as well as cost increase due to the Ukrainian crisis

All these factors offset the positive cash flow arising from operating activities.



H2 2022 Outlook

By Jean-Marc Dublanc



H2 2022 Outlook

Business Outlook

Sustainability and safety remain our top priorities.

Volatility and uncertainty are more than ever prevailing in the context of historically high inflation level and the persistent pandemic. Facing the challenges from raw material supply shortage and cost increase in addition to on-going supply chain disruptions, Adisseo is engaged in delivering sustainable profitable growth while pursuing long-term value-creating investments.

In H2 2022, revenue growth is expected to continue and to offset dramatic raw material cost increase thanks to

- Stronger growth in methionine supported by capacity expansion projects
- Robust growth in Specialties
- Cost optimization arising from competitiveness enhancement program
- Leveraging innovation capabilities

Adisseo will continue the execution of the major projects fueling its growth to build its future.



