



H1 2021 Presentation

July 2021



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Business Highlights

By Jean-Marc Dublanc



Business Highlights

❑ Safety remains Adisseo's First Priority

- H1 2021 TRIR at **0.49**, zero accident remains our target.
- COVID-19 pandemic persisted across the world, we are fully mobilized to keep people safe first and ensure the business continuity

❑ Sustainability & Environment: encouraging performance towards our long-term target

- GHG emission, energy use intensity and water use intensity progressively reduced
- Newly acquired plant (FRAmelco Alcala plant) switched to renewable energy

❑ Stabilized YTD revenue **(+2%)** and continued growth in net profit contributed to shareholders **(+14%)** vs strong H1 2020 due to inventory build-up in the context of the COVID-19 pandemic:

- Continued strong volume growth in liquid methionine **(+11%)**
- Continued growth in Specialties
- Positive impact from 15% buy-back
- Proactive margin management offsetting rise in raw material costs

❑ One-China Strategy in progress with tangible benefits

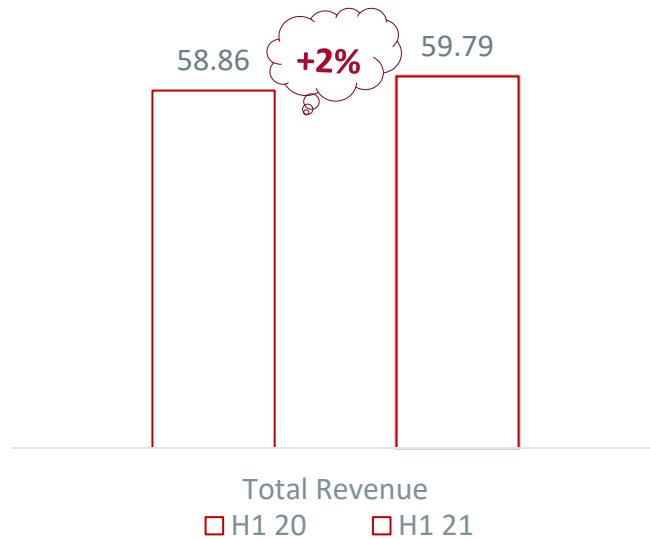
❑ European Methionine Debottlenecking project & 2nd Nanjing Plant (BANC 2 project) progressing well

❑ Calysseo: Construction of 1st Commercial FeedKind[®] plant on track

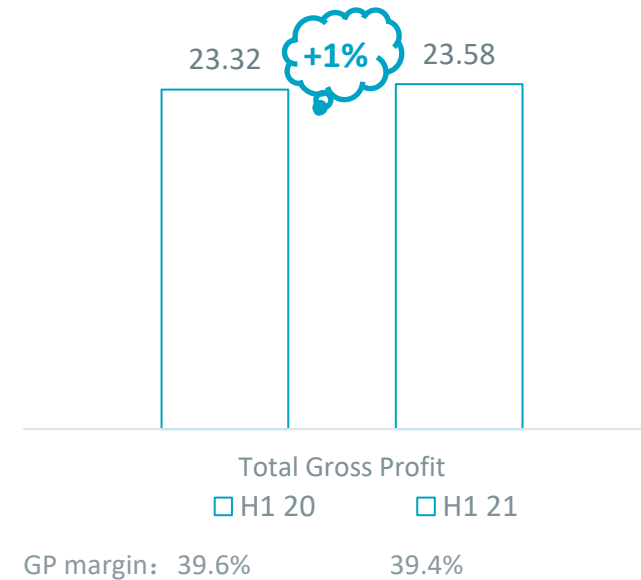
❑ FRAmelco (acquired in Nov 2020) business and organizational integration on-going delivering an encouraging contribution

❑ Investment of a minority stake in PigChamp representing a key milestone in Precision Livestock Farming

H1 2021 Growth in Revenue (+2%) and Gross Profit (+1%)



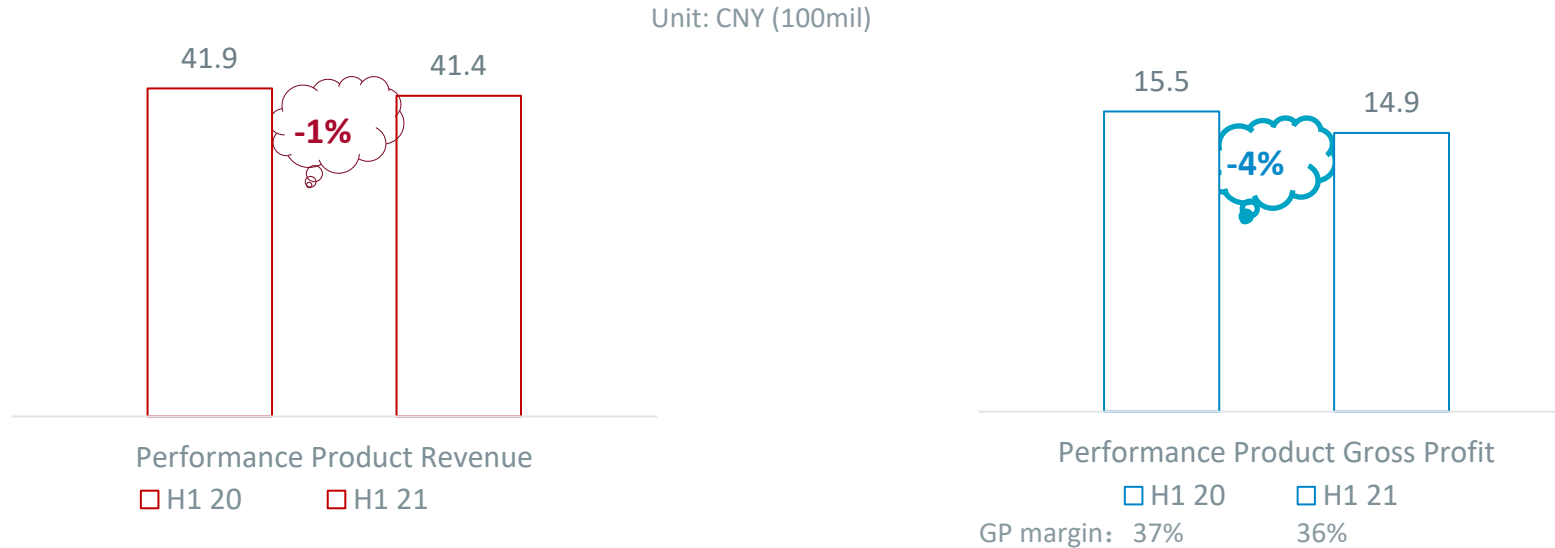
Unit: CNY (100mil)



- In the context of the COVID-19 pandemic, customers were building some inventories in H1 2020.
- Compared to the strong H1 2020, a stable performance was achieved in H1 2021 (+2% increase in revenue and +1% increase in gross profit) thanks to
 - ✓ Double-digit volume growth in liquid methionine (+11%)
 - ✓ Continued revenue growth in specialties despite supply chain difficulties arising from COVID-19
 - ✓ Proactive price management leading to the increased prices of main performance products allowing to offset partly the rise in raw material costs



Performance Products: slight decrease in revenue (-1%) and gross profit (-4%)



Slight decrease in revenue **(-1%)** and gross profit **(-4%)** as:

- ✓ Continued double-digit volume growth in liquid methionine
- ✓ Agile management with good results contributed to overcome the supply shortage of some key raw materials like sulfur, allowing the stable supply of liquid products
- ✓ Methionine prices increased to their highest level over the last 12 months
- ✓ Positive price impact on Vitamin A & E

Partly offsetting with

- ✓ Portfolio vitamins' selling prices still at their low level
- ✓ Rise in the raw material costs



H1 2021 - Performance Products Business

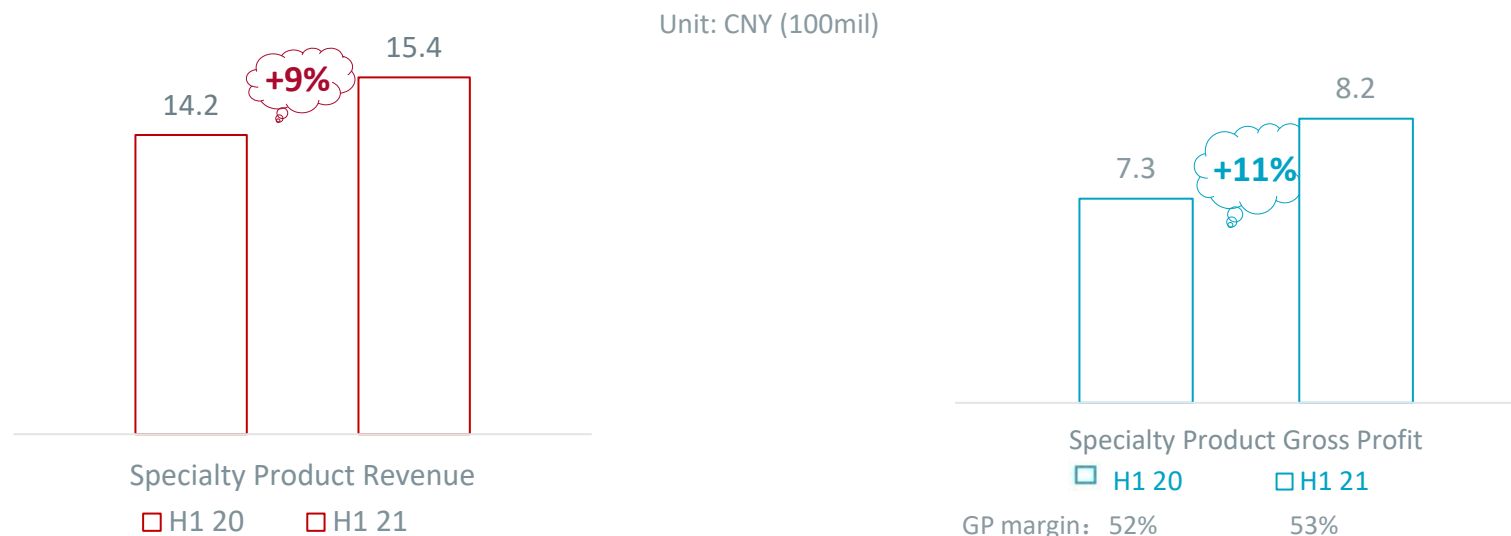
➤ Methionine

- ✓ Strong market demand leading to on-going significant volume growth in liquid methionine **(+11%)** driven by robust growth in main regions including Latin America, Indian Sub-continent, Europe and Middle East Africa.
- ✓ The new Nanjing plant (BANC2 project) is progressing well - 50% of the construction work has been achieved with all main civil work completed and all key equipment to be delivered onsite before the end of July 2021. The initialization of the main substation in mid-July started a new phase of the project.
- ✓ Debottlenecking of European plant (+30KT) is well on track:
 - The upstream part in Les Roches started successfully in the beginning of June
 - The downstream part in Burgos will start in August 2021
- ✓ A limited impact arising from the U.S. anti-dumping measure thanks to our global business footprint

➤ Vitamins

- ✓ Vitamin A & Vitamin E selling price still at a relatively high level in the context of other industry players facing production difficulties
- ✓ Portfolio vitamins selling prices still at their low level but with a limited impact on profitability

Specialty Products: +9% growth in revenue and +11% growth in gross profit



Despite unfavorable market environment and global supply chain disruptions, specialty business achieved continued growth in revenue **(+9%)** and gross profit **(+11%)** mainly driven by FRAmelco acquisition and sustained good performance in some business lines:

- ✓ Ruminant business continued its strong growth thanks to steady dynamics in the U.S. dairy market
- ✓ Continued strong growth in Aqua **(+24%)**
- ✓ Sustainable growth realized in Healthy by Nutrition mainly supported by good performance in Selisseo and Alterion **(+29% volume growth)**
- ✓ Palatability business back to growth despite difficulties due to African Swine fever

Offsetting with

- ✓ Factors disrupting specialties business



H1 2021 – Specialty Products Business

- In H1 2021, specialties business was disrupted by several factors:
 - ❖ the lower-than-expected demand due to squeezed profit arising from sharp increase of raw material cost for feed industry, reducing margins of the poultry business
 - ❖ pork business still negatively impacted by African Swine Fever
 - ❖ difficulties to explore new businesses due to restrained visits in the context of COVID-19
 - ❖ global supply chain disruptions
- Despite above factors, specialty business realized growth in H1 2021 in both revenue **(+9%)** and gross profit **(+11%)**
- With the normalization of market condition in the coming quarters, we are confident in our ability to meet the market demand and to resume the acceleration in business development of all specialties



H1 2021 – R&I Development and Key Projects in Specialties

➤ Update

- ✓ FRAmelco: an encouraging contribution from FRAmelco is under-way thanks to the on-going business and organizational integration
- ✓ Calysseo: the first commercial FeedKind® plant progressing well with 50% completion rate and confirmed to be started in Q4 2022; positive feedback from customers has been received
- ✓ Minority stake investment in PigChamp, a Spanish company with 20-year history, focusing its service on digital transformation of the swine sector, representing a key milestone in the Precision Livestock Farming (PLF) where Adisseo aims to invest and bring innovative solutions to the market, to support the sustainability of the animal production industry and offer efficiency, welfare, biosecurity and traceability at the same time
- ✓ Two new R&I Centers in France are being established: one in Lyon to regroup all chemistry, engineering, nutrition and analytical capabilities and the other in La Rochelle to regroup and develop product formulation capabilities including encapsulation, drying, additives protection which is to be operational by the end of 2021
- ✓ Adisseo Research Grant (ARG) launched worldwide: an initiative for collaborative research projects addressing feed industry challenges and a reinforcement of Adisseo thought leadership
- ✓ Innovation pipeline of products and services: a new online tool called Adict which facilitates the utilization of data generated by Adisseo's PNE (Precise Nutrition Evaluation) is being launched; one new enzyme product is in the final stage of the development as well as several services



H1 2021 – One-China Strategy into Implementation Phase

- Pursue accelerated penetration of liquid methionine in China market with the 2nd NJ plant progressing well to meet the ever-increasing market demand
- Significant growth of Specialty business in China **(+63%)** in H1 2021 thanks to strong growth across all main categories in specialties led by
 - ✓ Significant growth in Health by Nutrition as well as in palatability contributed by local customized solutions
 - ✓ Highly robust growth in Aqua business, preparing for FeedKind® launch in China market
 - ✓ Positive signals of rebounding in swine business are appearing, which could trigger accelerated growth in China market
- ✓ **R&I project in China**
 - ✓ RICA (Research & Innovation Center) project is in the final stage of its construction, targeting to open in Q3 2021
 - ✓ It will allow Adisseo to establish another global R&I center, aiming to become an "innovation engine" and accelerator in Asian markets





Financial Performance

By Virginie CAYATTE



H1 2021 Financial Performance

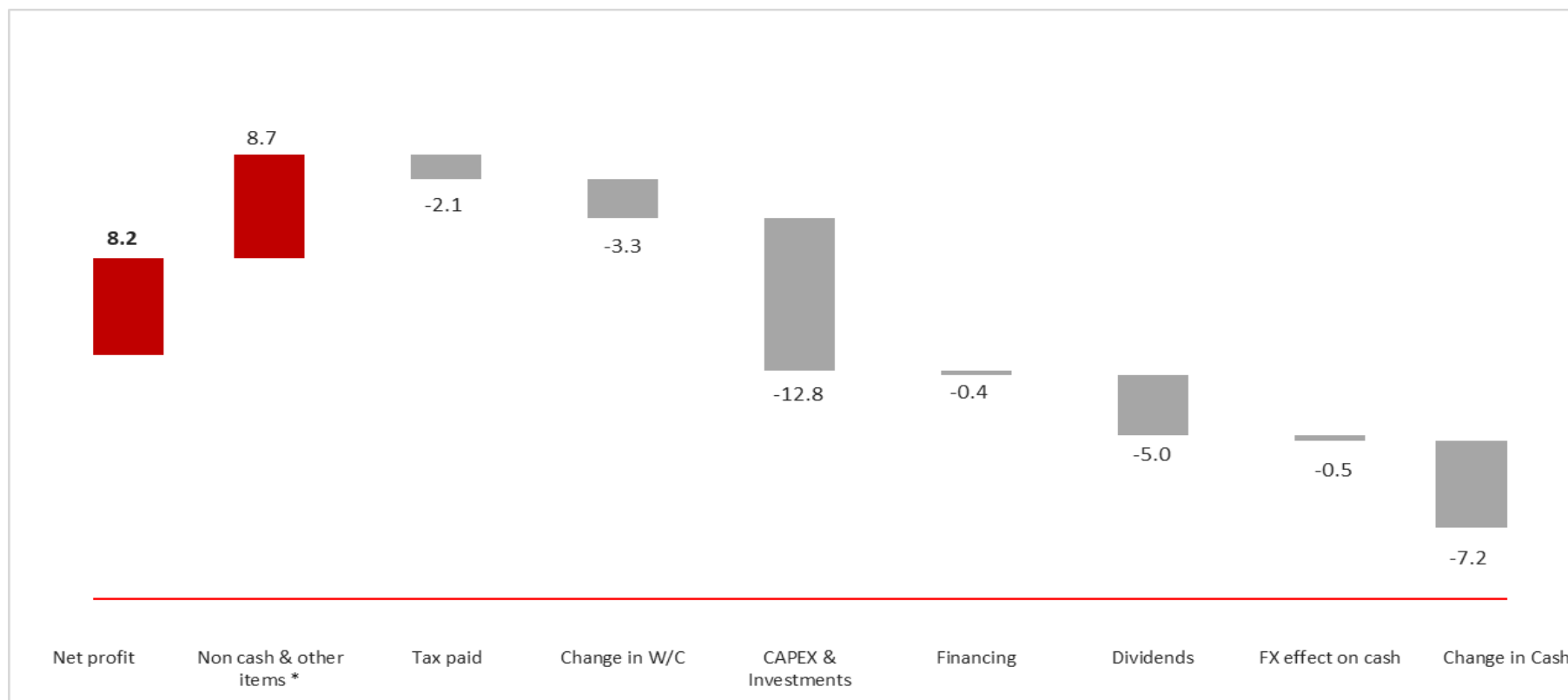
Unit : CNY 100mil	H1 2021	H1 2020	vs PY%
REVENUE	59.8	58.9	2%
GROSS PROFIT	23.6	23.3	1%
EBITDA	16.8	16.8	0%
EBITDA MARGIN	28%	29%	
NET PROFIT	8.2	8.1	1%
NET MARGIN	14%	14%	
- Contributed to shareholders	8.2	7.2	14%

H1 2021 net profit contributed to shareholders achieved a yoy growth of **+14%** thanks to positive impact from 15% buy-back.

Competitiveness enhancement program delivered additional recurring savings partially offset with investments in sales & marketing and research & innovation to support accelerated sustainable development.

Cash flow H1 2021

Unit: CNY (100mil)



* including amortization, provision & deferred tax

Cash position as of end of Jun 2021 is CNY2bn, a reduction of CNY0.7bn compared to 31st Dec 2020.

Positive cash-flow from operating activities in H1 2021 was largely invested in CAPEX and dividend payment.



Shareholder Structure

Shareholder Structure

- ❖ The exchangeable bonds issued by Bluestar started its conversion from 21st October 2020 with conversion period till 2024.
- ❖ As of 20th July 2021, around 22% of total EB has been converted into Adisseo shares. Floating thus reaches 14.2% of Adisseo market capitalization.



H2 2021 Outlook

By Jean-Marc Dublanc



H2 2021 Outlook

Business Outlook

In an environment where volatility and uncertainty will still prevail, Adisseo is confident and engaged to ensure its employees' safety and business continuity and to keep investing in sustainable growth.

Thanks to the continuous strong market demand including swine market and improved global supply chain situation in the coming quarters, Adisseo is confident to accelerate growth in sales in H2 at a solid margin level, driven by the following factors:

- Continued volume growth in liquid methionine and an improved volume increase in powder methionine
- Proactive price management
- Accelerating robust growth in Specialties
- Seizing market opportunities in vitamins sector
- Proactive margin and cost optimization thanks to our competitiveness enhancement program
- Expanded innovation capabilities as well as external growth opportunities



Thank you!

Q&A

