



## Q1 2021 Presentation

April 2021



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## Business Highlights

By Jean-Marc Dublanc



# Business Highlights

## ❑ Safety remains Adisseo's First Priority

- Solid safety result Q1 2021 TRIR at **0.45**, **zero accident remains to be our target** while COVID-19 crisis is still quite serious in some regions
- COVID-19 continued to spread over across the world, we are fully mobilized to keep people safe first and ensure the business continuity

## ❑ Sustainability & Environment performance: continuous progress towards our long-term target

- BANC: 100% clean energy application
- Roussillon platform: increase renewable part in steam production
- Commentry plant: finalize the new water treatment station

## ❑ Sustainable growth in YTD revenues **(+5%)** and net profit contributed to shareholders **(+25%)** thanks to:

- Strong volume growth in liquid methionine **(+19%)**
- Continued growth in Specialties
- Cost effectiveness program
- Positive impact from 15% buy-back

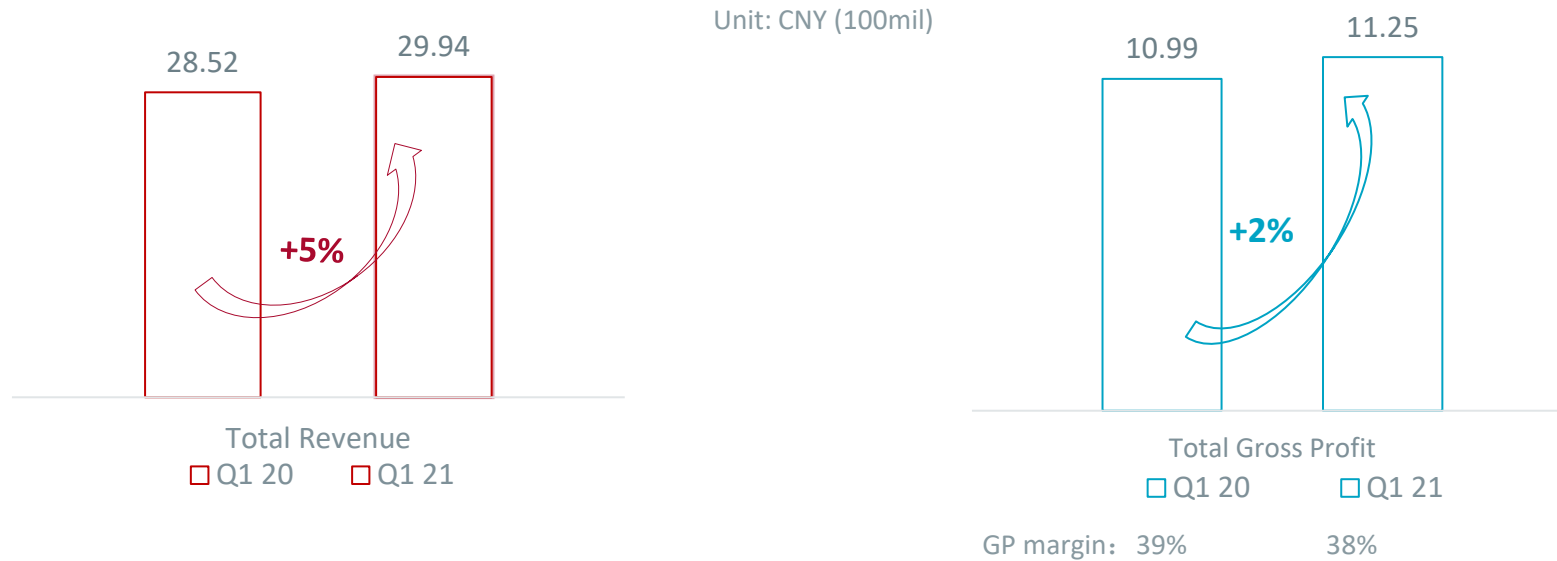
## ❑ European Methionine Debottlenecking project on track

## ❑ The 2<sup>nd</sup> Nanjing Plant (BANC 2 project) progressing well

## ❑ Calysseo Chongqing plant obtained environment related approval and completed its piling work

## ❑ FRAmelco integration is progressing well with operational synergies underway

## Q1 2021 Revenue growth (+5%) and Gross Profit growth (+2%)



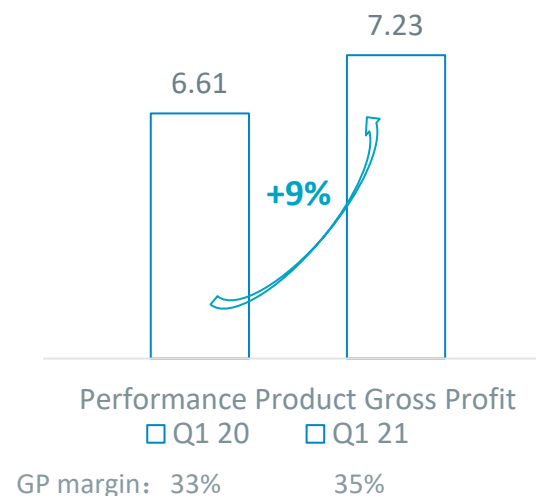
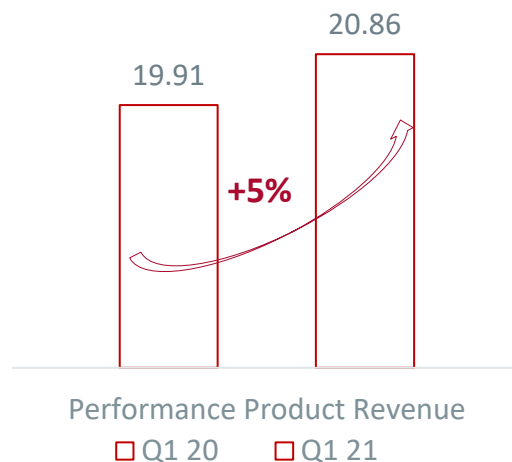
- In the context of COVID-19 in Q1 2020, customers were building some inventories to secure the supply
- On top of the strong quarter last year, continued growth was still achieved in Q1 this year (+5% in revenue and +2% in gross profit), thanks to:
  - ✓ Double-digit volume growth in liquid methionine (+19%)
  - ✓ Continued revenue growth in specialties
- In fact, it didn't yet fully reflect the promising business dynamics arising from the good momentum on prices of main performance products, which is already happening in March and the full positive benefit is expected to come in the following months





## Performance Products: +5% growth in revenue and +9% growth in Gross Profit

Unit: CNY (100mil)



Continued growth in revenue **(+5%)** and gross profit **(+9%)**, a combined result of the following factors:

- ✓ Strong volume growth in liquid methionine (+19%)
- ✓ High reliability of plants thanks to agile management to deal with the challenging sourcing of some raw materials
- ✓ Positive price impact on Vitamin E partly offset the low selling price of some other portfolio Vitamins

# Q1 2021 - Performance Products Business

## ➤ Methionine

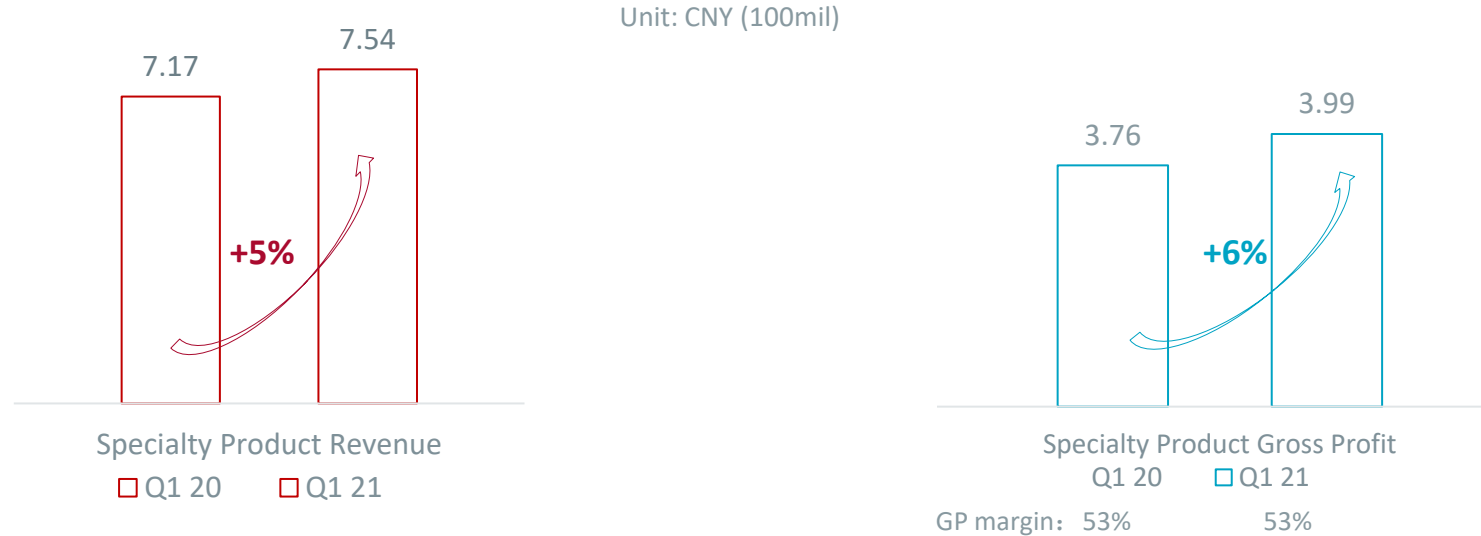
- ✓ Strong market demand leading to on-going significant volume growth in liquid methionine **(+19%)** driven by significant growth **(> +20%)** in China, Latin America, Indian Subcontinent and Middle East
- ✓ Nanjing plant achieved a new production record in March 2021
- ✓ The new Nanjing plant (BANC2 project) is progressing well with excellent safety performance illustrated by 2 million manhours without recordable accident. The piling work was completed, and all imported equipment has been delivered on site. The civil work is under completion and the total expected cost is under control and in line with the budget despite the increase in material prices, such as steel. The project is on track to start up by end of H1 2022
- ✓ Debottlenecking of European plant (+30KT) is well on track:
  - For the upstream part in Les Roches plant, the mechanical completion was done, and the project is under commissioning
  - As to the downstream part in Burgos plant, the schedule is also under control with start-up expected in Aug 2021

## ➤ Vitamins

- ✓ Vitamin A & Vitamin E selling price still at a high level in the context of other industry player's production difficulties
- ✓ Portfolio vitamins selling price still at a low level but with a limited impact on profitability



## Specialty Products: +5% growth in revenue and +6% growth in gross profit



Growth in revenue and gross profit of specialties business was mainly driven by

- ✓ Best-ever quarter for Smartamine business supported by the positive trend of milk prices
- ✓ Health by Nutrition business, especially for Selisseo and Alterion delivered strong sustainable growth
- ✓ Continued strong growth in Aqua
- ✓ Palatability business also realized growth despite difficulties in the China market due to the African Swine fever
- ✓ Other specialty product lines were unfortunately more seriously impacted by supply chain difficulties and limited capabilities in customer visits, which did not show the same dynamics in Q1 2021

# Q1 2021 - Specialty Business

## ➤ Business Dynamics

- ✓ Robust growth in dairy business
- ✓ Sustainable growth in Healthy by Nutrition business, especially Selisseo and Alterion
- ✓ Continued strong aqua growth (+32%)
- ✓ Growth in Palatability business despite difficulties in the China market due to ASF factors
- ✓ Encouraging contribution is expected from FRAMeclo thanks to the positive business dynamics following the successful integration

## ✓ Projects

- ✓ Calysseo: the first commercial FeedKind® plant obtained environment related approval and completed its piling work and is progressing well thanks to strong local management with expected start-up in Q4 2022
- ✓ Innov'ia: the French formulation capacity expansion project obtained its environment related authorization with expected start-up by the end of 2022





## Financial Performance

By Virginie CAYATTE



## Q1 2021 Financial Performance

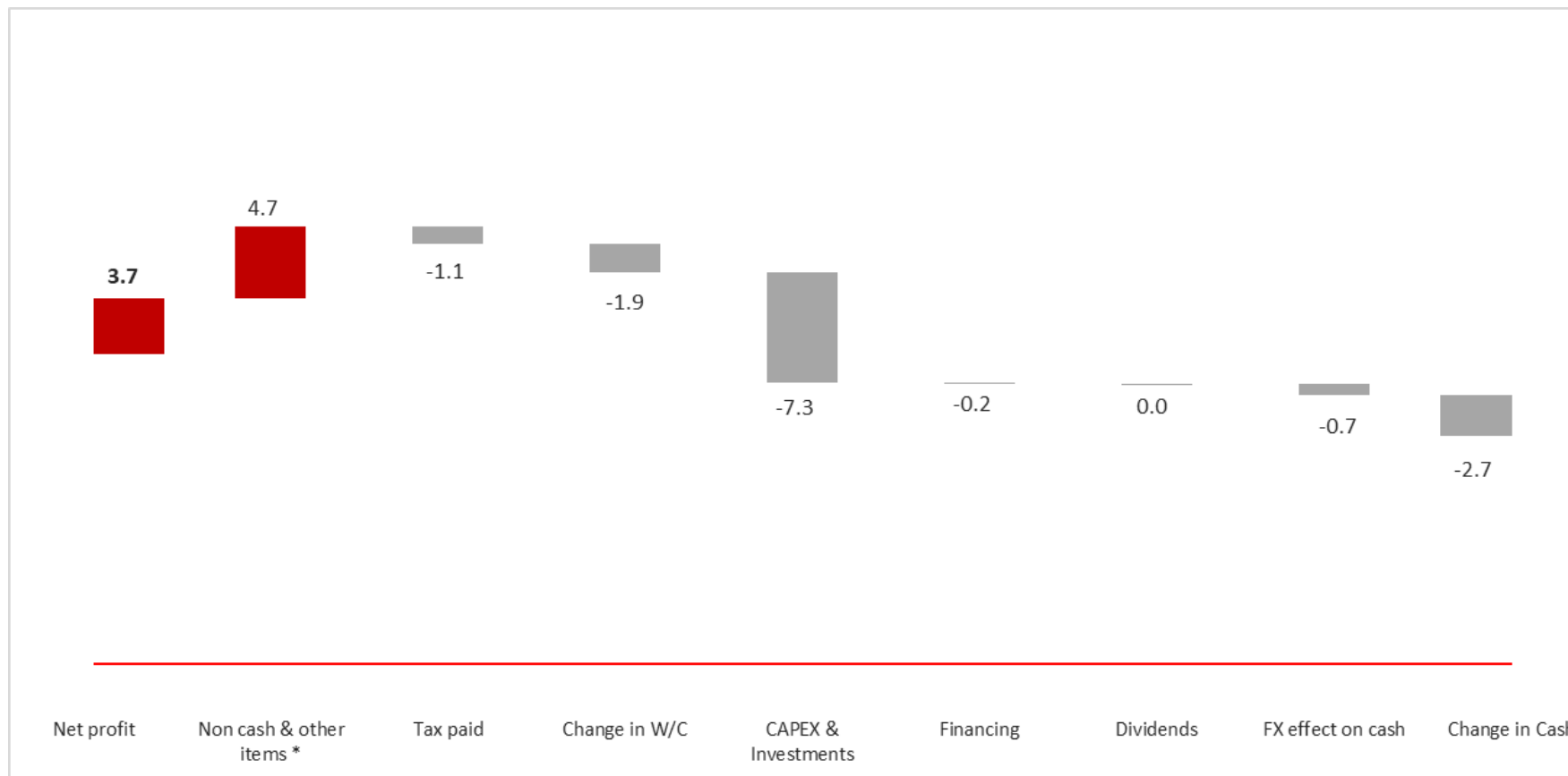
| Unit : CNY 100mil                  | Q1 2021 | Q1 2020 | VS<br>PY% |
|------------------------------------|---------|---------|-----------|
| <b>REVENUE</b>                     | 29.9    | 28.5    | +5%       |
| <b>GROSS PROFIT</b>                | 11.2    | 11.0    | +2%       |
| <b>EBITDA</b>                      | 8.1     | 7.4     | +8%       |
| EBITDA MARGIN                      | 27%     | 26%     |           |
| <b>NET PROFIT</b>                  | 3.7     | 3.4     | +6%       |
| NET MARGIN                         | 12%     | 12%     |           |
| <b>Contributed to shareholders</b> | 3.7     | 2.9     | +25%      |

Q1 2021 net profit contributed to shareholders achieved a yoy growth of **+25%** thanks to:

- Gross profit growth
- Positive impact from 15% buy-back
- Strict cost management ensuring a flat SG&A, despite continued investment in sales and marketing as well as in research & innovation

## Cash flow Q1 2021

Unit: CNY (100mil)



\* including amortization, provision & deferred tax

Cash position as of end of Mar 2021 is CNY2.5bn, a reduction of CNY 0.27bn compared to 31<sup>st</sup> Dec 2020.

Positive cash-flow from operating activities was largely invested in CAPEX.



# Shareholder Structure

## Shareholder Structure

- ❖ The exchangeable bonds issued by Bluestar started its conversion from 21<sup>st</sup> October with conversion period till 2024.
- ❖ As of 22<sup>nd</sup> April 2021, around 22% of total EB has been converted into Adisseo shares, representing more floating in the market.





## 2021 Outlook

By Jean-Marc Dublanc



# 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.

Adisseo is confident that continuous strong market demand together with firming prices for key products will have their full positive impact starting from Q2 and accelerating in the second half of the year.

We expect to accelerate growth in sales in the following quarters with a solid margin level being maintained despite increased pressure on raw materials. The key drivers are:

- Continued volume growth in liquid methionine
- Accelerating robust growth in Specialties
- Seizing market Opportunities in Vitamins Sector
- Proactive margin and cost optimization thanks to our competitiveness enhancement program
- Leveraging innovation capabilities as well as external growth opportunities



**Thank you!**

**Q&A**

