



## Q1 2020 Presentation

Apr 2020



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## Business Highlights

By Jean-Marc Dublanc



## Business Highlights

- ❑ **Adisseo's priority is first to ensure its employees' safety and second its business continuity**
  - Q1 2020 TRIR at 0.34 leading to 12-month rolling TRIR to 0.68 vs. 0.71 for 2019. Safety of our employees demonstrated as our top priority while sanitary crisis is expanding worldwide
  - Successful business continuity plans ensuring production and supply to market in the context of pandemic situation.
- ❑ **Q1 2020 y.o.y growth in revenues +4% and gross profit +10% respectively in the context of challenging macro-environment, thanks to:**
  - Double-digit volume growth in liquid methionine (+13%)
  - Best-ever volume record in Vitamin A
  - +26% revenue growth in Specialties, notably
    - ✓ +20% growth in Feed Digestibility (Enzyme)
    - ✓ +44% growth in Ruminant business
    - ✓ +23% growth in Health by Nutrition, another best-ever quarter for Selisseo
    - ✓ +12% growth in Aqua business despite in low season
  - Improved gross profit margin thanks to product mix and decreased raw material costs
- ❑ **Joint Venture with Calysta established early March to seize major aqua market opportunity with innovative solutions: Feedkind®**



## Our Priorities

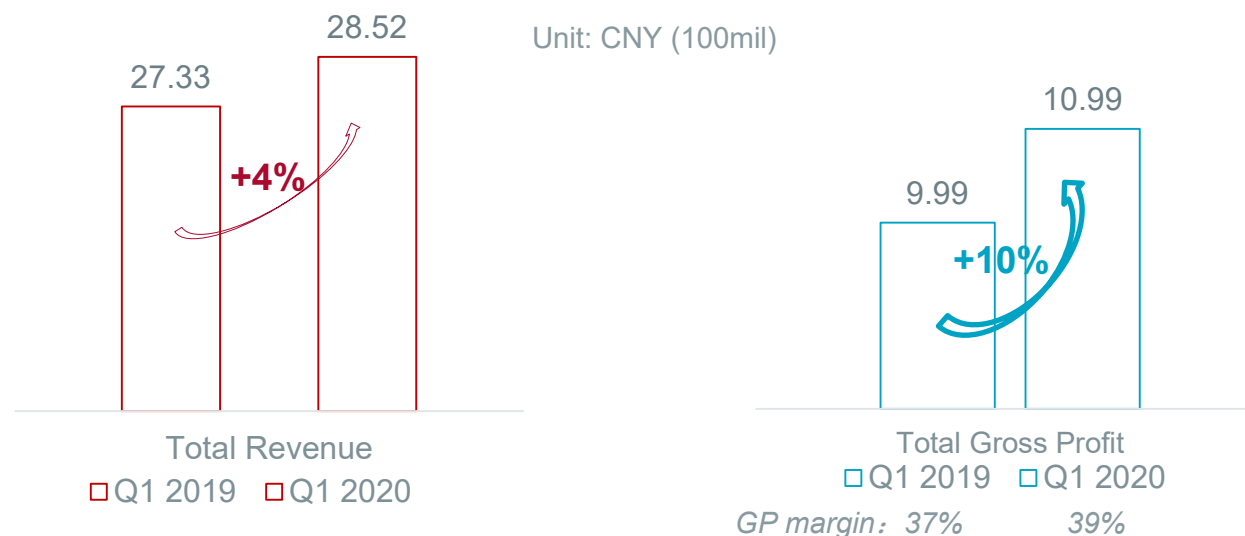
### ➤ **Safety is more than ever our first priority.**

- ✓ It is our duty to demonstrate this IN and OUT of ADISSEO.
- ✓ Daily Crisis meeting to monitor and coordinate the global situation, make decisions and update corporate guidelines.

### ➤ **BUSINESS CONTINUITY is our 2nd priority.**

- ✓ The Food Chain is essential : feed the population in times of lockdown
- ✓ To contribute to avoid a global collapse of the world economy

## Q1 2020 - Overall Business Performance : Growth in Revenue (+4%) and in Gross Profit (+10%)



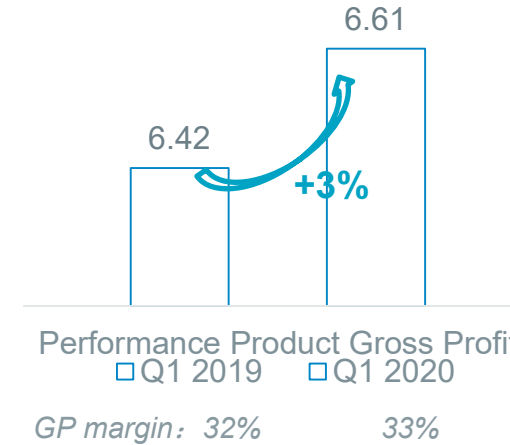
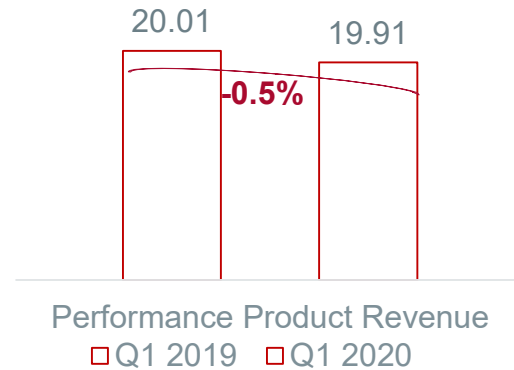
- Q1 2020 Revenues (CNY 2.85bn) and Gross Profit (CNY 1.1bn) of +4% and +10% respectively vs Q1 2019 despite y.o.y decrease although progressively moving-up recently in methionine and Vitamin A prices and negative impact from force majeure lifted in late Feb thanks to
  - ✓ Continued double-digit volume growth in liquid methionine (+13%)
  - ✓ Best-ever volume record of Vitamin A
  - ✓ +26% revenue growth in specialties
- Gross profit margin up from 37% to 39% thanks to
  - ✓ Product mix with specialty business contributing **34%** of the total gross profit **vs 29%** in Q1 2019
  - ✓ Decreased raw material costs



## Q1 2020 - Performance Products

### Nearly Flat Revenue with Improved Gross Margin

Unit: CNY (100mil)



Despite y.o.y lower methionine and Vitamin A prices and some negative impact arising from the force majeure in the first quarter, performance products revenues are nearly flat and gross profit margin increased by 1ppt thanks to:

- ✓ +13% volume growth of liquid methionine notably driven by Latin American (+22%) and Asian Markets (+30%)
- ✓ Best-ever volume record for Vitamin A in context of market shortage
- ✓ Excellent manufacturing continuity achieved in all our plants with high reliability in spite of COVID-19
- ✓ Positive impact from decreased oil Brent with full benefits expected to be realized in the following months



## Q1 2020 - Performance Products Business

### ➤ Methionine

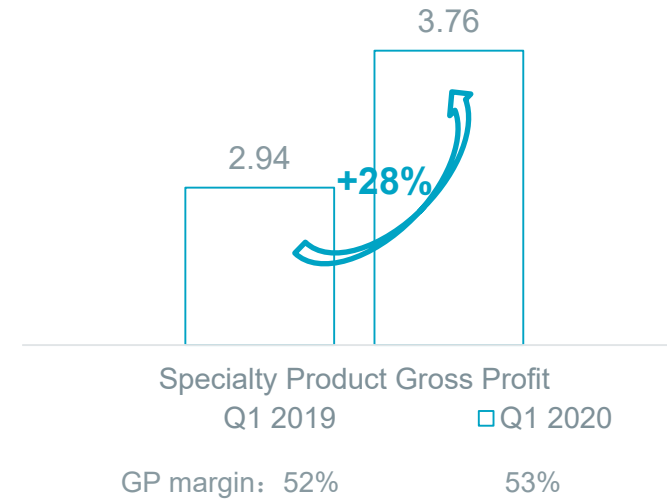
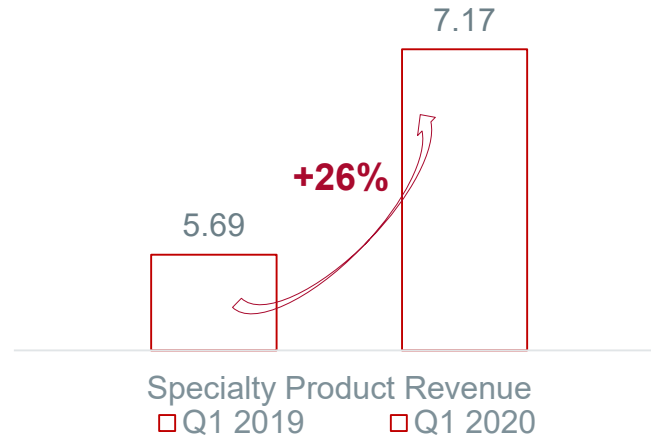
- ✓ Historical high quarterly volumes result despite a volatile macro-environment thanks to strong demand of methionine in Q1 with accelerated volume growth (+13%) in liquid methionine notably driven by Asian (+30%) and Latin American markets (+22%)
- ✓ Price still resulted a y.o.y decrease although progressively moving-up with clear sign of rebounding observed in late Q1 and the beginning of Q2
- ✓ Powder methionine was affected by force majeure declared by our French plant in late December, which was lifted in late Feb
- ✓ BANC2 update: The project has overcome the difficulties encountered during the COVID-19 pandemic in China. The project has introduced further innovative solutions to further reduce the environmental footprint of the new plant, in some areas allowing environmental performance to exceed even that required by the Chinese regulations.

### ➤ Vitamins

- ✓ Strong positioning of Vitamin A in a context of shortage in the market due to COVID-19 thanks to excellent production continuity
- ✓ Portfolio business was impacted in February due to delayed restart of Chinese producers after Chinese New Year

## Q1 2020 - Specialty Products: Very Good Start in 2020!

Unit: CNY (100mil)



- Q1 2020 specialty revenues (CNY717 million) and gross profit (CNY376 million) up **+26%** and **+28%** vs Q1 2019 respectively with improved gross profit margin at 53%, notably driven by
  - ✓ Continued double-digit growth in Feed Digestibility Business (Enzyme) **(+20%)**
  - ✓ Ruminant strong rebound **(+44%)** driven by ending of dairy market crisis in US
  - ✓ Health by nutrition **(+23%)** thanks to double-digit growth for all products lines
  - ✓ Good start in Aqua **(+12%)** although still in low season

## Q1 2020 - Specialty Products Business

### ➤ Business Dynamics

- ✓ Enzyme business continued its double-digit growth thanks to further penetration of Rovabio Advance+ PHY and achieved its historical quarterly record in Q1 2020
- ✓ Health by nutrition business continued strong growth, led by double-digit growth for all product lines, especially Selisseo® which again achieved another quarterly record
- ✓ Strong rebound in ruminants business (+44% vs Q1 2019) driven by record sales in US. However, the situation in following months became uncertain due to COVID-19.
- ✓ Continued acceleration in Aqua (+12%) , a strong start despite in a low season

### ➤ AVF Investment

- ✓ 2 new investments to be confirmed in the coming weeks in the fields of livestock vaccines with higher cost effectiveness and innovative antibodies-based technologies to be applied for pig sector

## Key Events

### ➤ Calysseo, the Joint Venture with Calysta established in early March

- **Great opportunity** to develop a major business in Aquaculture in Asia (market size: USD28bn)
- Enable Adisseo to become a major contributor to **food safety and sustainability** in Asia via **innovative** solution to provide high quality protein to develop aqua products.
- **Phased-in approach** of the investment allowing us to capture a major business opportunity in risk-control manner, with its initial plant of 20kT capacity to become a real size Proof of Concept on yields, costs, and market acceptance to start up from 2022
- The innovative product: **Feedkind®** will first enter into China market.



## Financial Performance

By Virginie CAYATTE



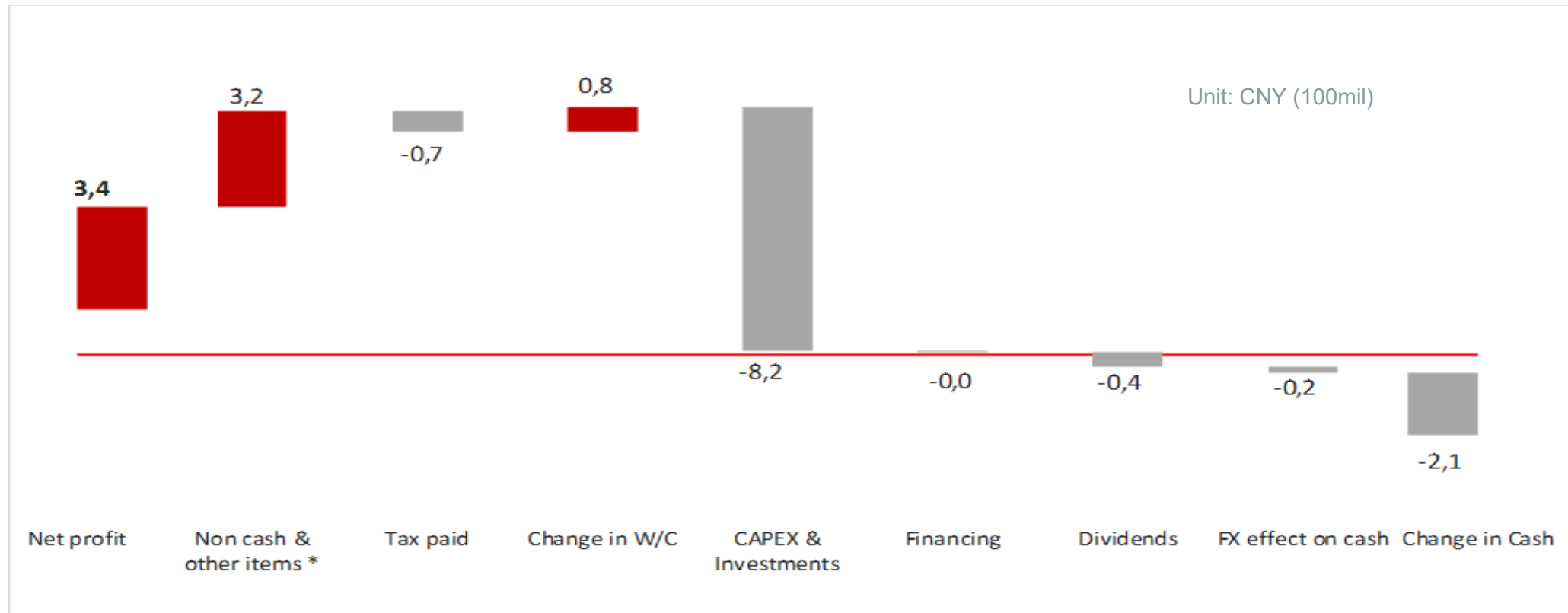
# Q1 2020 Financial Performance

Unit : CNY 100mil	Q1 2020	Q1 2019	vs PY
<b>REVENUE</b>	28.5	27.3	+4%
<b>GROSS PROFIT</b>	11.0	10.0	+10%
<b>EBITDA</b>	7.4	6.8	+9%
EBITDA MARGIN	26%	25%	
<b>NET PROFIT</b>	3.4	3.4	+0%
NET MARGIN	12%	13%	
<b>Contributed to shareholders</b>	2.95	2.96	-0.4%

- Q1 2020 net profit contributed to shareholders was flat compared with last year.
- The gross profit growth was mainly offset with
  - Reinforcement of sales & marketing capacities to support notably future growth in specialty business
  - Negative FX impact resulting from sharp currency decrease in Brazil, Mexico and Russia due to COVID-19 and sharp decreased oil Brent.



## Cash flow Q1 2020



- Cash position as of end of March 2020 is CNY 5.1bn (-CNY0.2bn vs compared to last year), the positive cash-flow from operating activities generated (+CNY680mil) was invested in CAPEX & M&A (-CNY820mil) for future growth.



## 2020 Outlook

By Jean-Marc Dublanc



# 2020 Outlook

## Business Outlook

Even though COVID-19 pandemic is adding major uncertainties and volatility to the business, Adisseo, being a critical part in the global food chain, is confident and engaged to ensure its employees' safety and business continuity with stabilized profits thanks to:

- Better-than-market volume growth in liquid methionine
- Accelerated growth in Specialties
- Proactive margin and cost management

## Financial Operation

Closing of 15% buy-back is expected to be closed in April.





**Thank you!**

**Q&A**

