



## H1 2019 Presentation

July 24<sup>th</sup> 2019



# Disclaimer

- This document has been produced by Bluestar Adisseo Company Limited. ("the Company") and is only used in the Company's investor meetings.
- There is information in this document which have not been independently verified by third parties. A number of factual or predictive descriptions in this document are from external and are not audited independently by the Company or its directors, supervisors, officers, employees, agents, affiliates, consultants or representatives
- There are no representations or warranties, either express or implied, about the fairness, accuracy, completeness or correctness of the information in this document. Therefore, no one shall have any dependence on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. The information stated or contained in this document may be changed without notice and will not be updated as the significant developments that occur afterwards. The Company or its directors, supervisors, officers, employees, agents, affiliates, consultants or representatives, will not be liable (for any negligence or otherwise) for any losses arising from any use of this document or its contents or any other reasons in relation to this document
- There are forward-looking statements in this document, such as those relating to the global economy, trend of the animal nutrition industry and company-related statements, which are based on a number of assumptions. Whether these assumptions are true or not is influenced by a range of unknown or known factors, including those beyond the control of the Company that could cause the actual performance of the Company materially differ from the forward-looking statements, or implied opinions contained in the statements. It is reminded that readers should not unreasonably rely on the forward-looking statements in this document as the actual results may be seriously deviated from the forward-looking statements contained in the document. Neither the Company nor its directors, supervisors, officers, employees, agents, affiliates, consultants or representatives, shall be responsible for updating the above opinions or forward-looking statements regarding events or circumstances that occur after the presentation
- This document does not constitute, nor is it intended to be, nor should it be construed as an offer or solicitation to sell, issue or invite to purchase or subscribe for securities issued in any jurisdiction by the Company, holding company or subsidiaries of the Company, nor does it constitute an investment inducement for the above securities. No part of this document, nor any distribution of this document, shall form the basis of any contract or commitment and no contract or promise shall be relied upon any part of this document
- This information is for your own use only and no part of this document may be reproduced in whole or in part, for any purpose, in any way, disclosed or distributed, directly or indirectly, to anyone else (insiders or outsiders). The Company, or its directors, supervisors, officers, employees, agents, affiliates, consultants or representatives, bears no responsibility and accepts no liability as to the copying or distribution of this document to anyone without the authorization, or as to the distribution of the information contained therein.

# Table of Contents

1. Business Update
2. Financial Performance
3. Outlook





# Business Update

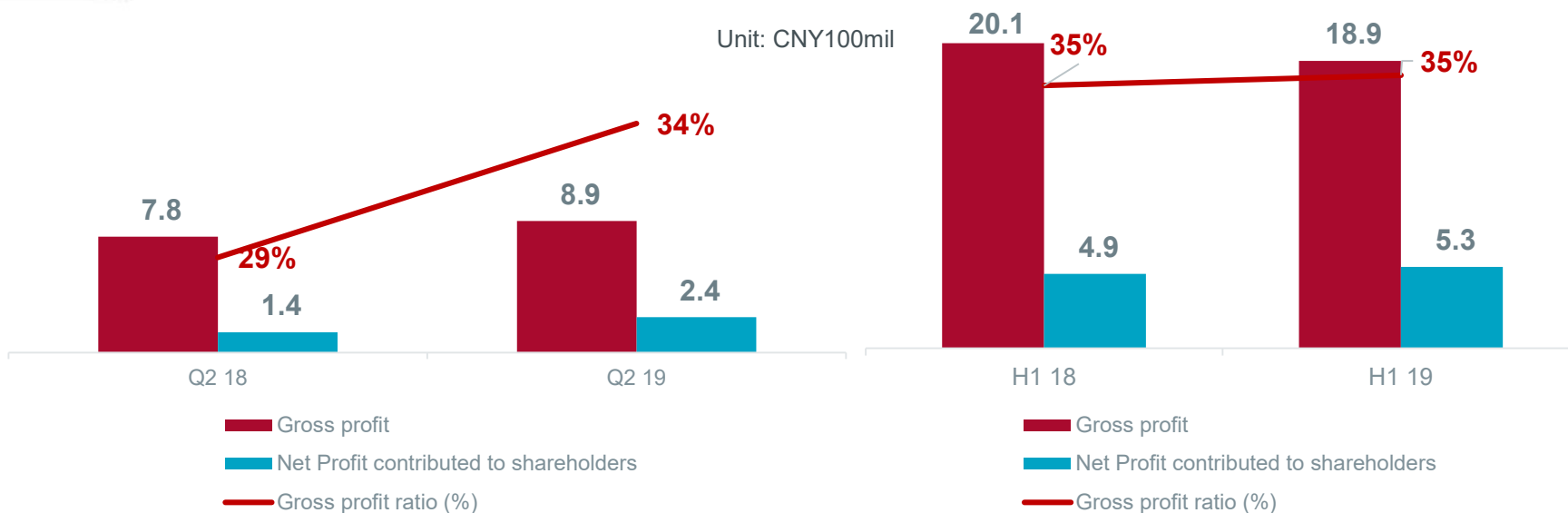
By Jean-Marc Dublanc



## Q2 & H1 2019: Key Highlights

- Q2 TRIR at 1.18 leading to 12-month rolling TRIR at 0.76 due to minor accidents while Nanjing and Burgos continued to deliver excellent safety results
- Q2 revenues and gross profit –4% and +14% vs Q2 2018 thanks to:
  - ✓ Volume growth in liquid methionine offset by fierce competition on selling prices
  - ✓ Volume recovering in VA with pricing still being at a relatively high level
  - ✓ Specialty continuous sales growth notably new products
- BANC2 project well on track with the obtaining of construction permit of new logistic facility as well as the completion of the high-level engineering of the facility
- Special efforts made by NJ plant in environmental protection, applying a strict self-monitoring program of water discharges and gas emissions
- Relaunch of methionine plants after annual technical maintenance
- Double-digit growth in enzyme and Selisseo business contributes to the accelerated development in Specialty business
- AVF is about to complete its another new investment in the field of smartfarming
- Shareholders' meeting conveyed on August 8th to vote on BANG 15% buy-back

# Q2 & H1 2019 business performance



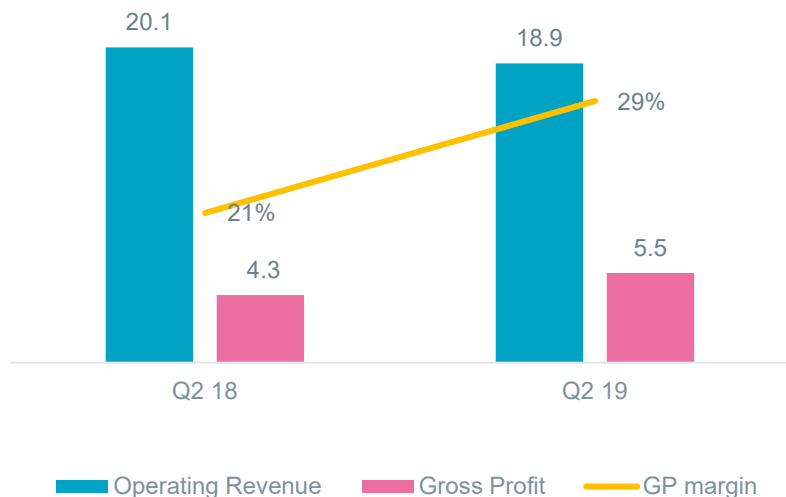
- Q2 revenue (CNY2.6bn) resulted a -4% decrease compared with Q2 2018. However, the gross profit achieved an increase of **+14% vs Q2 2019** and gross profit margin at 34% , **+5ppt** up compared with Q2 2018, which was contributed by
  - ✓ Continuous volume growth in liquid methionine
  - ✓ Significant contribution from vitamin A
  - ✓ Continuous revenue growth in specialties
  - ✓ Progressive contribution of competitiveness plan
- H1 gross profit margin maintained at 35% level despite price pressure from methionine offset by a more balanced product portfolio.



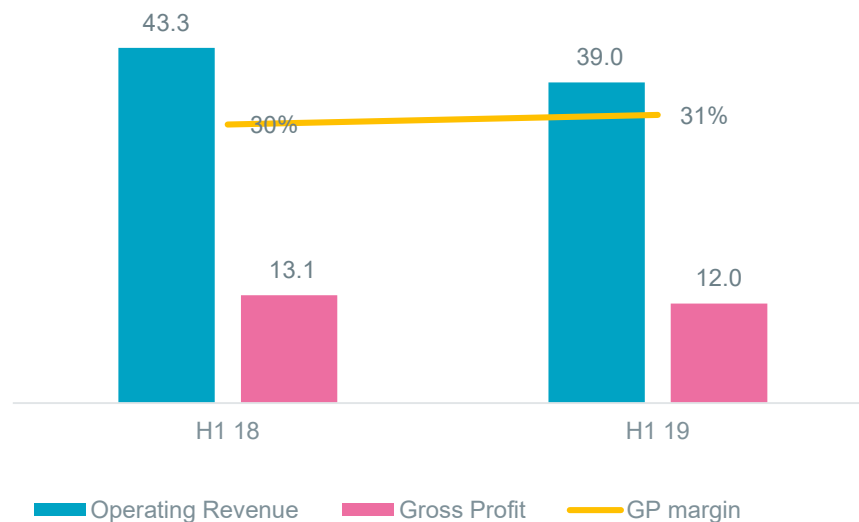
# Q2 & H1 2019 performance products business

Unit: CNY100mil

Performance Products



Performance Products



- Gross profit of Performance product increased **+28%** in Q2 2019 compared with Q2 2018, largely contributed to the exceptional volume growth in Vitamin A as well as the continuous volume growth in liquid methionine despite highly competitive market situation.



# Performance Product: Q2 2019 Dynamics

## Methionine

- Continuous volume growth in liquid methionine despite highly competitive market with double-digit decrease in selling price – illustrated by +24% volume growth in China.
- New 180KT liquid methionine plant project (BANC2) is on track.  
Upon obtaining of construction permit of the new logistic facility, high-level engineering of the new facility is now completed with detailed engineering progressing well.
- Special efforts made by NJ plant in environmental protection, applying a strict self-monitoring program of water discharges and gas emissions, demonstrating Adisseo commitment in Sustainable development.
- All manufacturing plants completed their annual maintenance and are now ready and running to satisfy all customer needs.
- Nanjing plant continues to improve its manufacturing competitiveness thanks for its maintaining of historical-low production costs

## Vitamins

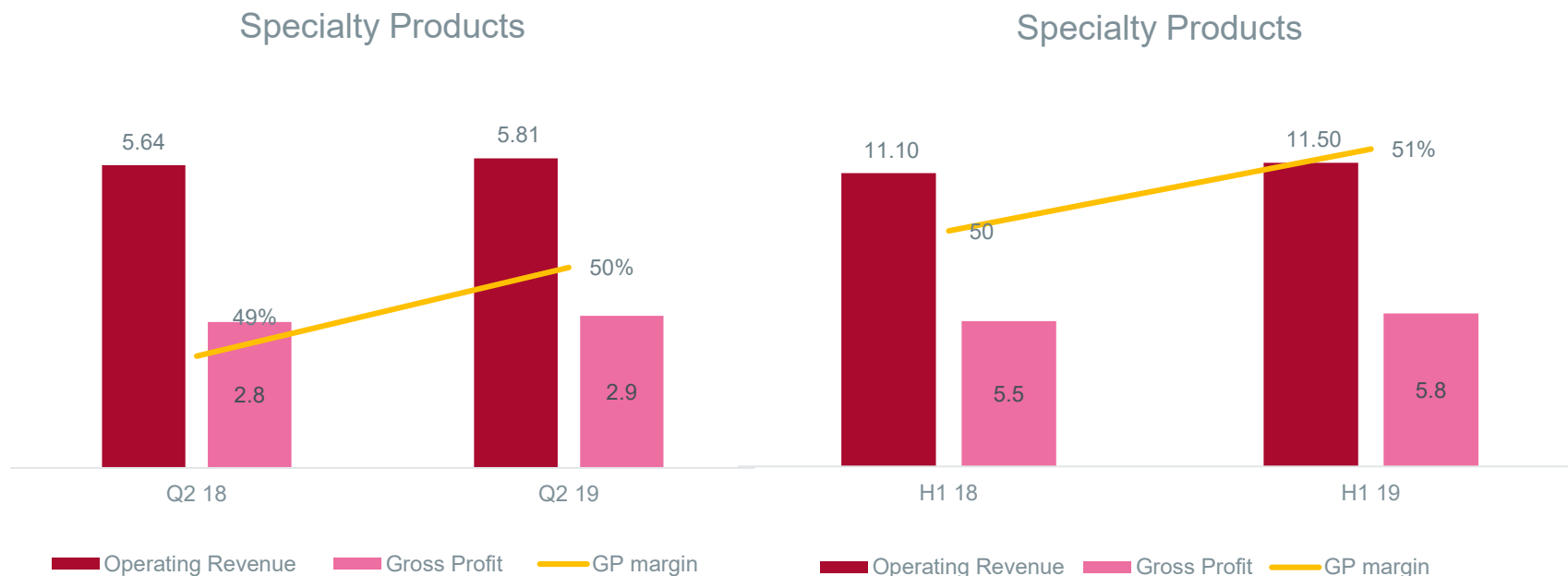
- Favorable Strong positioning of Adisseo Vitamin A in a context of new incident in the market
- Vitamin A production and long-term strategic relationship to secure supply on good track





# Q2 & H1 2019 specialty products business

Unit: CNY100mil



- Specialty business enjoyed growth in revenue as well as in gross profit which ensured the continuous growth in H1 result.
- The contribution of gross profit from specialty business achieved historical high level, i.e. 32% in Q2 2019. More balanced portfolio will help to consolidate the profitability of the Company.

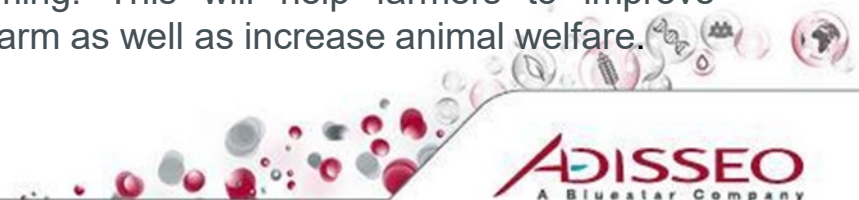
# Specialties: Q2 2019 Dynamics

## ➤ Business Dynamics

- ✓ Enzyme business achieved +14% growth in Q2 2019 thanks to our innovative new Adisseo enzyme offering Rovabio Advance, which has been further strengthened by the successful launch in USA due to its unmatched efficiency.
- ✓ Selisseo®: continued strong volume growth (+30%) in Q2 2019. Successful launching in the US market and forthcoming availability in China, two biggest market for organic Selenium promising to sustain future growth
- ✓ Satisfactory customer feedback has been received after the launching of new product: (Smartamine ML), a new and competitive source of methionine and protected lysine for the dairy market.
- ✓ In 1<sup>st</sup> quarter, aqua business growth was delayed due to the climate reason and the low shrimp pricing. Slight rebound experienced in Q2 2019 and further growth expected in H2 2019.

## ➤ AVF

- ✓ AVF with Adisseo as the cornerstone investor is about to complete its another new investment in the field of smartfarming. This will help farmers to improve their profitability and working conditions on farm as well as increase animal welfare.





# Financial Performance

By Virginie CAYATTE



## Q2 and H1 2019 Financial Performance

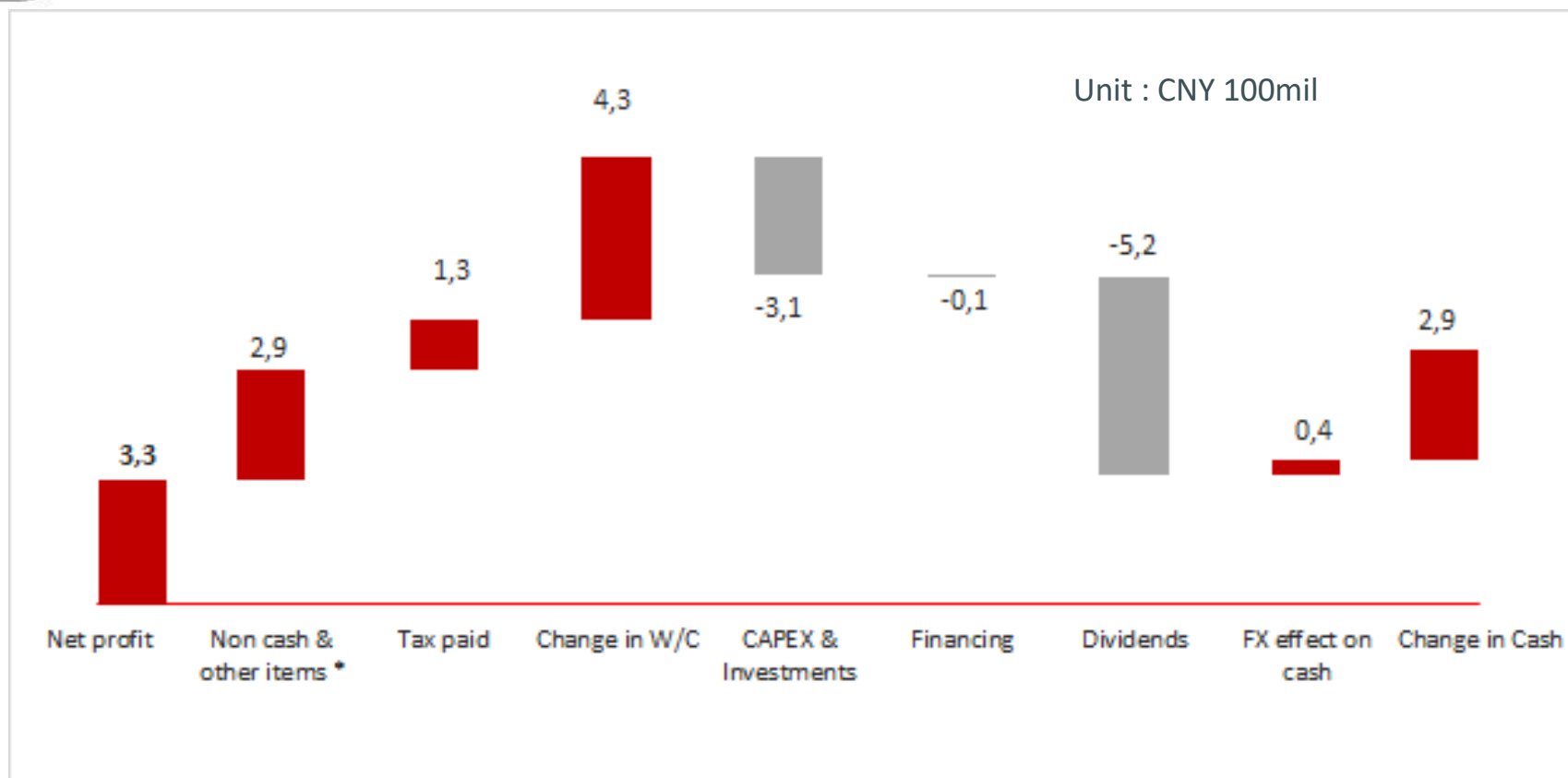
Q2					YEAR TO DATE			
ACTUAL	PRIOR YEAR	VS PY	VS PY	Unit : CNY 100mil	ACTUAL	PRIOR YEAR	VS PY	VS PY
26,2	27,4	-1,1	-4%	REVENUE	53,6	57,5	-3,9	-7%
8,9	7,8	+1,1	+14%	GROSS PROFIT	18,9	20,1	-1,1	-6%
34%	29%			CONTRIBUTION ON SALES	35%	35%		
6,6	5,4	+1,2	+22%	EBITDA	13,4	13,9	-0,5	-3%
25%	20%			EBITDA MARGIN	25%	24%		
-2,3	-2,3	+0,0	+2%	Depreciation/Provision	-4,5	-4,4	-0,1	-2%
0,3	-0,4	+0,7	+173%	Financial result incl. changes in FV	0,4	-0,4	+0,9	+199%
4,6	2,6	+1,9	+73%	OPERATING PROFIT	9,3	9,0	+0,3	+3%
-1,3	-0,7	-0,5	-72%	Income tax expenses	-2,6	-2,6	+0,0	+2%
-27,5%	-27,7%			EFFECTIVE TAX RATE	-27,5%	-29,0%		
3,3	1,9	+1	+74%	NET PROFIT	6,8	6,4	+0	+6%
13%	7%			NET MARGIN	13%	11%		
2,4	1,4	+1,0	+73%	- Contributed to shareholders	5,3	4,9	+0,4	+9%
0,9	0,5	+0,4	+75%	- Contributed to non-controlling interests	1,4	1,5	-0,1	-4%

- Q2 2019 net profit contributed to shareholders landed at CNY240million, representing a year-on-year increase of +73% or +32% on recurring basis thanks to the strict control on operating expenses as well as no negative FX impact on financial results.
- As a result, H1 2019 net profit contributed to shareholders increased by +9% vs. H1 2018.

# Competitiveness plan on track

- **Significant and quality work performed throughout the organization:**
  - ✓ **Optimization of production costs:** Nanjing Plant is delivering its historical lowest production costs maintaining its cost leadership
  - ✓ **Extensive review of all supplier contract:** allowing to secure and reinforce savings notably on raw material
  - ✓ **Revamping of supply chain set-up:** Optimization of flows, reduction of costs and improved client satisfaction are expected thanks to re-design of distribution flows
  - ✓ **Close monitoring on headcount:** selective investment in business development while optimizing operating platform

## Q2 2019 Cash flow statement



- Cash position as of June 30th 2019 at CNY 5bn, showing a generation of net cash in Q2 for CNY 0.29bn thanks to:
  - operating activities (+ CNY 1.1bn),
  - reinvested partly in CAPEX (- CNY 0.31bn) and
  - dividend payment (- CNY 0.52 bn).



# Outlook

By Jean-Marc Dublanc





# H2 outlook

## ➤ Business development

Adisseo is further stabilizing its profits thanks to:

- ✓ stabilization of methionine prices
- ✓ accelerated volume growth in liquid methionine
- ✓ significant contribution from the Vitamin A business
- ✓ accelerated and profitable growth in specialties
- ✓ specific benefits from strong methionine manufacturing capacity in China
- ✓ accelerated contributions from our competitiveness improvement plan and strict cost control measures

## ➤ Financial structure -15% Buy-back

Both controlling shareholder and executives of the company expressed their confidence to the long-term development of Adisseo by:

- ✓ offering special guarantees to the market value of Adisseo
- ✓ reinforcing alignment of compensation with proposed transaction price

Shareholders' meeting to be conveyed on August 8th, 2019 to vote on the proposed transaction



**Thank you!**

**Q&A**

