



Q1 2019 Presentation

April 25th 2019



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Business Update

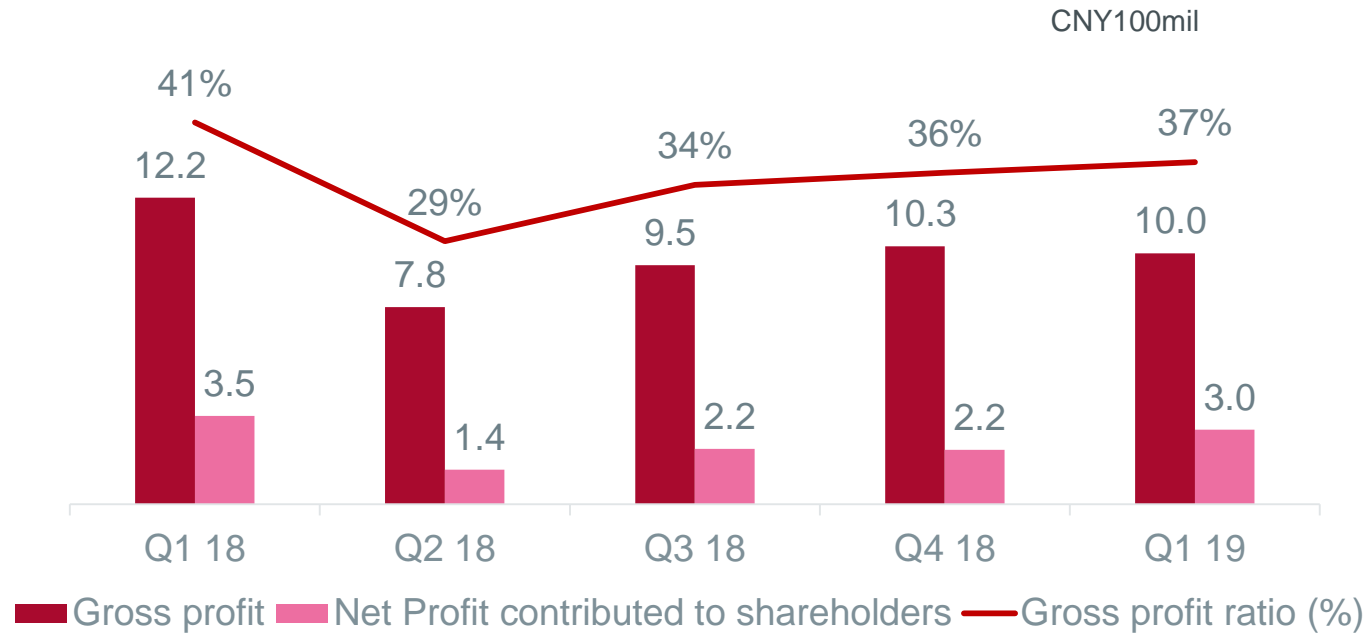
By Jean-Marc Dublanc



Q1 2019: Key highlights

- TRIR: 0.53 vs. 1.42 in Q1 2018 : safety is our priority and is proving continuous improvement
- As expected, revenue and gross profit decreased by -9% and -18% vs Q1 2018 which benefited from unusually high Vitamin prices and relatively high methionine prices.
 - Methionine: Continuous volume growth in liquid methionine offset by fierce competition on selling prices
 - Vitamins: VA pricing progressively normalizing and still being at a relatively high level
 - Specialty products: sales growth in spite of dairy crisis thanks to Nutriad synergies, two new products (Smartmine ML, Rovabio Advance Phy T) and successful registration of Selisseo in US market
- Net profit contributed to shareholders increased by +37% vs. Q4 2018, thanks to the progressive contribution of the competitiveness plan and raw material cost reduction
- Nanjing plant delivered strong safety results and achieved its historical lowest production cost
- Long-term Strategic Cooperation Project on sourcing of key Vitamin A intermediates well on track
- Recruitment of dedicated dairy market sales force in Europe, CIS and Middle East-Africa
- An investment from AVF fund to come in insects and parasites control

Q1 2019 business performance

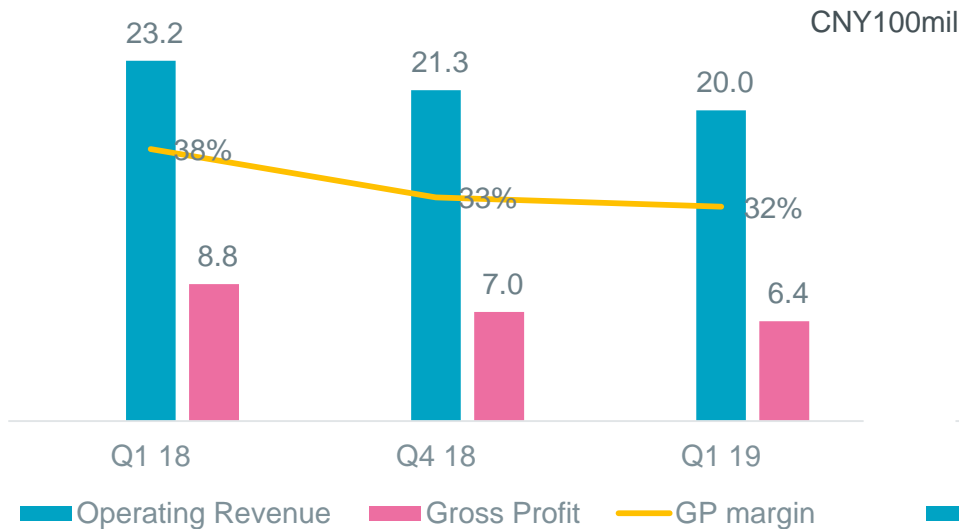


- Thanks to the continuous penetration of our liquid methionine and continuous growth in specialties as well as stabilizing prices in performance products, gross profit is stabilizing since Q3 2018.
- Gross profit margin maintained at 37% level, +1ppt up compared with Q4 2018, which was contributed by
 - ✓ Continuous volume growth in liquid methionine
 - ✓ Significant contribution from vitamin A which selling prices at a relatively high level
 - ✓ Continuous revenue growth in specialties thanks to Nutriad synergies and new product launching
 - ✓ Progressively implemented competitiveness plan

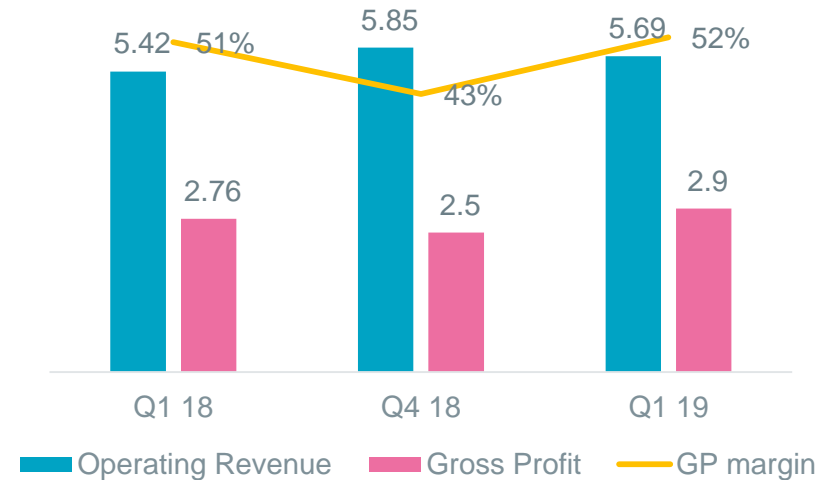


Q1 2019 business performance

Performance Products



Specialty Products



- As expected, Q1 2019 Company revenues of CNY2.73 billion and gross profit of CNY1 billion decreased of -9% and -18% respectively, due to Q1 2018 benefited from exceptionally high Vitamin A prices in the context of BASF plant shutdown and methionine still high selling prices compared to last 12 month average.
- Specialty business recorded a gross profit of CNY290 million, representing a yoy increase of 7% and an increase of 17% vs Q4 2018 in spite of non-ending dairy crisis in the U.S. and the gross profit margin also came back to more than 50% level. It contributed 29% of the total gross profit. The growth was attributed to the synergy derived from integration with Nutriad, new products introduced and strong sales growth of Selisseo.



Performance Product: Q1 2019 Dynamics

Methionine

- Continuous volume growth in liquid methionine
- Margins under greater pressure mainly due to the continuous price pressure and despite reduced raw material costs not fully materializing yet
- Additional capacity from European plants (Polar project) now commercialized
- The second platform project (BANC2) is progressing as expected without any accident.
- Nanjing Plant achieved its historical lowest production costs

Vitamins

- Vitamin A pricing relatively high while progressively normalizing
- Long-term Strategic Cooperation Agreement in sourcing key intermediates of Vitamin A is well on track



Specialties: Q1 2019 Dynamics

Specialties continued its growth in spite of non-ending dairy market crisis in US market

➤ Business Dynamics

- ✓ Selisseo®: Strong Y.o.Y growth (+27%) expected to continue thanks to the registration in the US market, one of the biggest market for organic Selenium.
- ✓ Two new products successfully launched: the most effective source of protected lysine for the dairy market (Smartamine ML) and powder formula of Adisseo enzyme offering: Rovabio Advance Phy T
- ✓ Synergies on Nutriad allowing to deliver margin improvement
- ✓ Ending of existing partnership and recruitment of salesforce to cover Europe, CIS and Middle East-Africa dairy market allowing Adisseo to accelerate the successful development of MetaSmart and Smartamine
- ✓ Formulation positioning further strengthened thanks to expansion of capacity with acquisitions in France (Innodry and Capsulae).



Specialties: Q1 2019 Dynamics

- **R&D & Innovation - International expansion of R&D capabilities and network**
 - Two new R&D centers outside of Europe established: in Nanjing to be close to our plant and in Singapore to fuel product development for the aqua market
 - Strategic Cooperation Agreement signed with universities in the US and in China

- **AVF Update**
 - Another AVF investment is underway in the field of nature-derived products and technologies for insects and parasites control in animal protein production systems.





Financial Performance

By Virginie CAYATTE



Q1 2019 Financial Performance

Unit : CNY 100mil	YEAR TO DATE		
	ACTUAL	PRIOR YEAR	VS PY
REVENUE	27.3	30.1	-9%
Cost of sales	-17.3	-17.9	+3%
GROSS PROFIT	10.0	12.2	-18%
CONTRIBUTION ON SALES	37%	41%	
EBITDA	6.8	8.5	-19%
EBITDA MARGIN	25%	28%	
Depreciation/Provision	-2.2	-2.1	-7%
Financial result incl. changes in FV	0.1	0.0	+611%
OPERATING PROFIT	4.7	6.4	-26%
Income tax expenses	-1.3	-1.9	+30%
EFFECTIVE TAX RATE	-27.5%	-29.5%	
NET PROFIT	3.4	4.5	-23%
NET MARGIN	13%	15%	
- Contributed to shareholders	3.0	3.5	-16%
- Contributed to non-controlling interests	0.5	1.0	-49%

- As expected, net profit contributed to shareholders landed at CNY3 million, representing a yoy decrease of -16% in line with gross profit and EBITDA evolution.
- However, net profit contributed to shareholders continuously increased over the last 4 quarters and notably increased by +37% vs Q4 2018, thanks to stabilization of gross profit and strict control on SG&A expenses as well as the positive impact from FX.



Competitiveness plan

- A competitiveness plan aiming at delivering 30m€ savings on an annual basis is being implemented.
- Project team established with dedicated resources across the whole company, covering all BU, all entities and all functions
- Detailed schedules constructed with designated persons responsible to ensure the on-time high quality implementation, including:

- ✓ **Optimisation of production costs**



- ✓ **Extensive review of all supplier contract**



- ✓ **Revamping of supply chain set-up**



- ✓ **Nutriad Integration synergies**



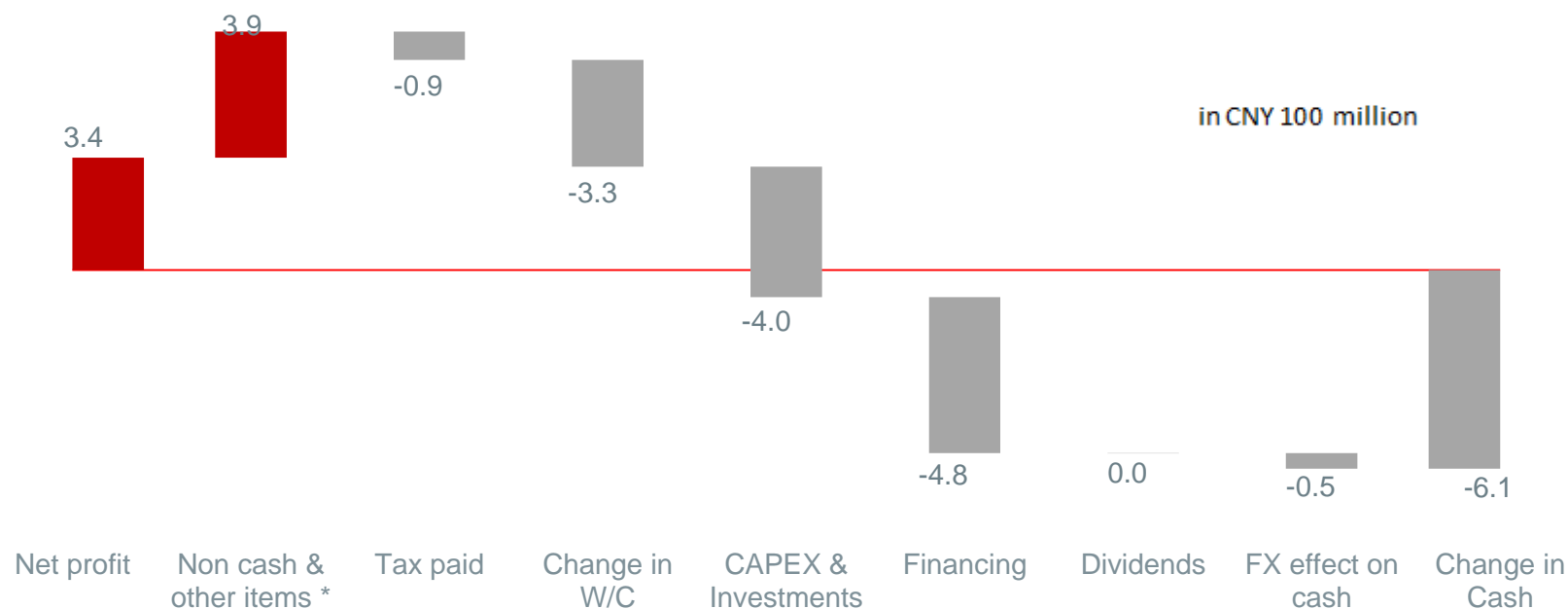
- ✓ **Legal structure simplification**



- ✓ **Review of T&E policy**



Q1 2019 Cash flow statement



* including amortization, provision & deferred tax

- Cash position as of March 31st, 2019: CNY 4.7bn down from CNY 5,3bn as of December 31st, 2018 as positive cash-flow from operating activities (CNY 0,31bn) including funding of plant shutdown was reinvested in CAPEX and partial repayment of preferred shares (USD70mil, CNY 0,48bn). Outstanding preferred shares represent USD 250mil.



Outlook

By Jean-Marc Dublanc



Outlook for 2019 and onwards

➤ Business development

Adisseo is expecting to progressively stabilize its profits thanks to:

- ✓ continued volume growth in liquid methionine
- ✓ accelerated and profitable specialty growth
- ✓ specific benefits from strong methionine manufacturing capability in China
- ✓ the competitiveness plan and strict cost control

➤ Financial structure -15% Buy-back

The transaction is still under regulatory review and will be subject to the approval of shareholders' meeting.



Thank you!

Q&A

