



Q3 2018 Presentation

Oct 25th 2018



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Business Update

By Jean-Marc Dublanc



Q3 YTD 2018: Key highlights

- TRIR: YTD @0.83: continuous improvement in Q3 (vs. H1 @ 0.96)
- In the context of fiercer competition and tougher macro-environment, Q3 YTD 2018 revenues and gross margin had a Y.o.Y growth of 12% and 5% respectively and the gross margin slight down to 35% (from 37% in YTD Q3 2017) but maintained at a same level of 35% as H1 2018, mainly driven by
 - Steady volume growth in liquid methionine
 - Exceptional contribution from Vitamins in a context of volatile market supply situation
 - In spite of ruminant business exposed to milk crisis, Specialty products enjoyed accelerated growth including Nutriad (+31% sales)
- BANC2 project on track in terms of schedule as well as budget
- RumenSmart with application of Adry technology realized first sales in Q3 with positive feedback from customers
- Polar project to start up in Oct 2018 with additional capacity to be available by the end of 2018
- Business synergies arising from Nutriad integration are confirmed
- First investment from Adisseo Venture Fund (AVF) to be closed this November in a biotech company, aiming at delivering new feed materials for both poultry and aquaculture markets in a very sustainable way, with another 4-5 projects in due diligence phase

Q3 YTD 2018 business performance

Unit: CNY100mil	Operating revenue		Var.	Gross Profit		Var.	Gross Margin		Var.
	Q3 18	Q3 17	(%)	Q3 18	Q3 17	(%)	Q3 18	Q3 17	(ppt)
Performance products	63.7	59.3	7%	19.0	19.4	-2%	30%	33%	-3ppt
Specialty products	16.8	12.8	31%	8.6	7.1	22%	52%	55%	-3ppt
Other products	4.84	4.07	19%	2.03	1.67	21%	42%	41%	+1ppt
Total	85.3	76.2	12%	29.7	28.2	5%	35%	37%	-2ppt

Despite headwinds, the revenue achieved double-digit growth (+12%).

Adisseo business remains resilient facing the deteriorated macro environment such as raw material cost increase. The gross profit margin decreased slightly down to 35% (-2ppt) but stabilized since H1 2018.



Performance Product: Q3 YTD 2018 Dynamics

Methionine

- Steady volume growth in liquid methionine
- Margins under greater pressure mainly due to the combination of price pressure and increase in raw material costs
- Polar Project start up in Oct 2018 with new capacity to be ready by the end of 2018
- BANC2 project is on track, both in terms of schedule and budget
- A-dry technology adjusted to serve specialty business with more value creation to ruminant products
- Renewed commitment towards sustainable growth and renewable energies:
 - ODISSEO project has been initiated to improve waste water treatment efficiency
 - After securing his supply of steam from biomass for his French Commentry plant in partnership with Neoen, Adisseo and the French energy major Engie have entered final stages of negotiation to supply Adisseo's Burgos site in Spain with 100% of renewable power (solar and wind) for 10 years at a competitive price.

Vitamins

- Vitamin A market is gradually getting back to normal but with high volatility
- Some major Vitamins pricing still at relatively high level in Q3 2018

Specialties: Q3 YTD 2018 Dynamics

Specialties continued performance (+31% Sales) in spite of dairy market crisis in US market

➤ Business Dynamic

- Ruminant: RumenSmart first sales realized in Q3
- Alterion® & Selisseo®: significant volume growth especially in APAC, EMEA and South America. Alterion now registered in all main markets across the world
- Nutriad integration: A new integrated organization following Nutriad acquisition has been set up and started to operate. Business synergies are confirmed

➤ AVF Update

- 1 investment in biotech industry is to be closed in November aiming at delivering new feed materials to both poultry and aqua market in a very sustainable way
- 4-5 projects in the pipeline, allowing to fuel innovation in terms of new products & solutions development





Financial Performance

By Virginie CAYATTE



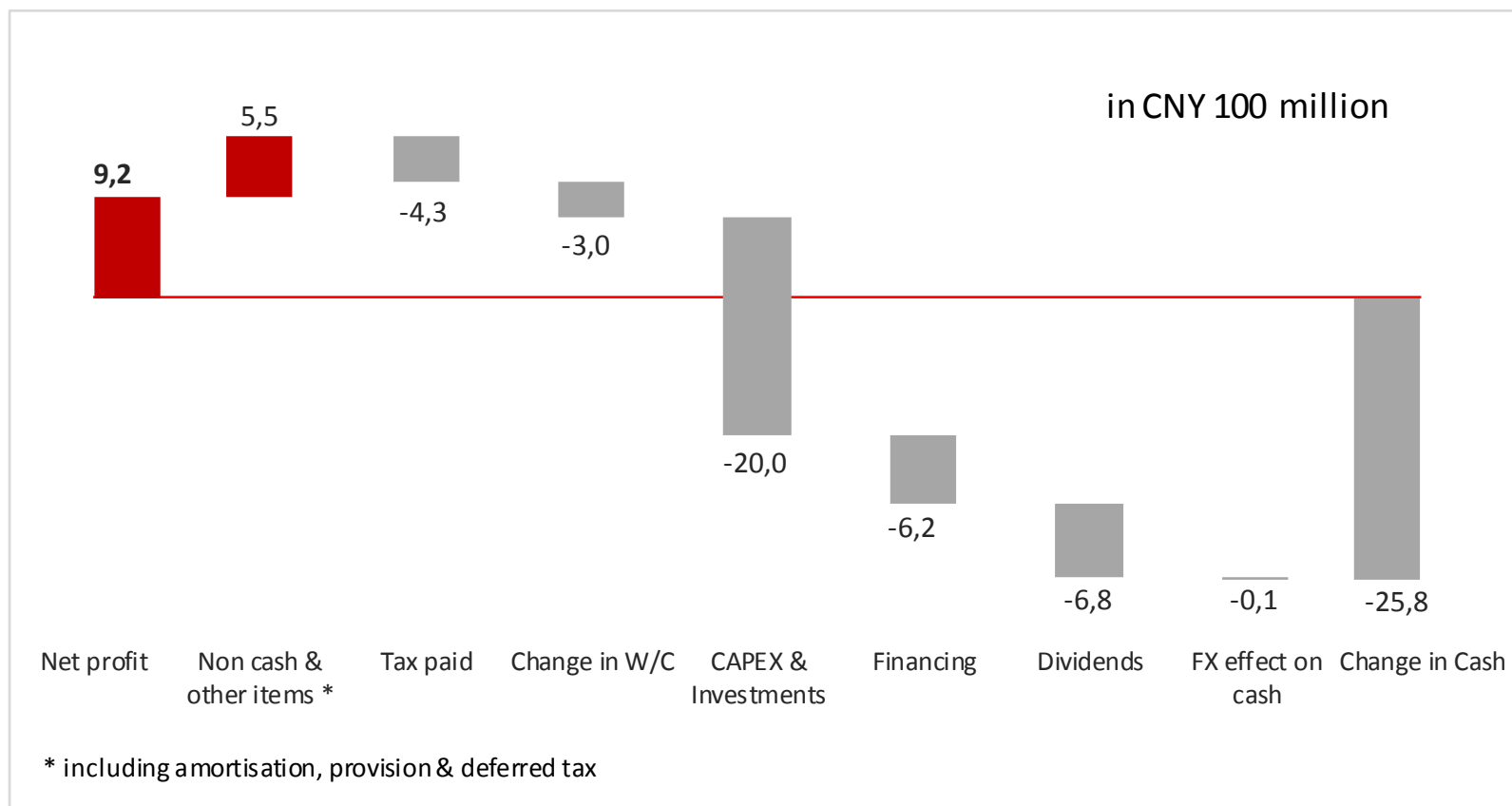
Q3 YTD 2018 Financial Performance

Unit : CNY 100mil	ACTUAL	PRIOR YEAR	VS PY
REVENUE	85,3	76,2	+12%
GROSS PROFIT	29,6	28,2	+5%
CONTRIBUTION ON SALES	35%	37%	
EBITDA	20,3	21,3	-5%
EBITDA MARGIN	24%	28%	
Depreciation/Provision	-6,8	-6,3	+8%
Financial result incl. changes in FV	-0,5	1,1	-145%
OPERATING PROFIT	13,0	16,0	-19%
Income tax expenses	-3,85	-4,53	+15%
EFFECTIVE TAX RATE	-29,6%	-28,3%	
NET PROFIT	9,2	11,7	-21%
NET MARGIN	11%	15%	
- Contributed to shareholders	7,1	9,1	-22%
- Contributed to non-controlling interests	2,1	2,5	-17%

- The net profit contributed to shareholders landed at CNY710 million, representing a yoy decrease of -22% mainly due to increased depreciation, negative FX impact



Q3 YTD 2018 Cash flow statement



- Cash position reduced to CNY 5.08 billion at the end of Q3 2018, but remained flat vs H1 2018 (CNY 5.02 billion)
- The positive cash flow obtained from operating activities was mainly consumed on tax payment as well as CAPEX investments in Q3 2018.



Outlook

By Jean-Marc Dublanc



Outlook for Q4 2018 and Beyond

- The overall environment is challenging, pressure on margin creation remains serious, which includes raw material costs and dairy market crisis in the US. In this context, our business remains very competitive for all product categories.
- Adisseo is and will continue to implement its strategy to consolidate its leadership in methionine by further penetration of liquid methionine as well as acceleration of sales growth in specialties to deliver profitable and sustainable growth.
- Adisseo is undertaking and accelerating its competitiveness improvement plan with sustainable cost reduction actions



Thank you!

