



## 2018 H1 Presentation

July 26<sup>th</sup> 2018



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# Business Update

By Jean-Marc Dublanc



# H1 2018: Key highlights

- TRIR: YTD at 0.96: improvement in Q2 after difficult beginning of 2018 year
- H1 2018 revenues and gross margin had a Y.o.Y growth of 17% and 9% respectively mainly driven by
  - Double-digit volume growth in liquid methionine
  - Exceptional contribution from Vitamins in a context of market supply shortage in H1
  - Although for Ruminants exposed to milk crisis, Specialty products enjoyed accelerated growth including Nutriad (+30% sales)
- Investment agreement on 3rd platform signed between Adisseo and local authority
- Adry + ready for commercialization in US market for ruminant business.
- Strategic long term cooperation agreement in the production of Vitamin A
- Nutriad new integrated organization for business has been announced on schedule. Business synergies are confirmed and on good track especially in Asia and South America
- 10 main innovative projects selected out from 400+ screening with 1 or 2 to be finalized under Adisseo Venture Fund (AVF)

# H1 2018 business performance

Unit: CNY100mil	Operating revenue			Gross Profit			Gross Margin		
	H1 18	H1 17	Var. (%)	H1 18	H1 17	Var. (%)	H1 18	H1 17	Var. (ppt)
Performance products	43.3	38.4	13%	13.2	12.8	3%	30%	33%	-3ppt
Specialty products	11.1	8.3	33%	5.5	4.7	18%	50%	56%	-6ppt
Other products	3.1	2.5	24%	1.39	1.02	36%	44%	40%	+4ppt
Total	57.5	49.3	17%	20.1	18.5	9%	35%	37%	-2ppt

Despite headwinds, the revenue achieved double-digit growth (+17%).

Facing the deteriorated macro environment such as raw material costs increase, the gross profit margin was decreased down to 35% (-2ppt).



# Performance Product: H1 2018 Dynamics

## Methionine

- Double-digit volume growth in liquid methionine
- Margin remains under pressure mainly due a combination of price pressure and increase in raw material costs
- A-dry + / Polar Projects on track
- Investment Agreement of new Nanjing plant signed with local authorities

## Vitamins

- BASF stopped “Force Majeure” & plant restarted in May. The market is gradually getting back to normal
- Adisseo is implementing a new strategic long term cooperation agreement in the production of Vitamin A
- Some major Vitamins pricing still at high level in H1 2018, which contributed significantly to the result



# Specialties: H1 2018 Dynamics

Specialties strong performance in H1 (+33% Sales) in spite of dairy market crisis

## ➤ Business Dynamic

- Ruminant: RumenSmart ready for commercialization (Adry+ technology). Difficulties in the U.S. market due to the dairy crisis. Good performance in the rest of the world
- Confirmation of Rovabio Advance penetration based on Feedase technology. Business dynamics impacted by temporary difficult situation in South America and regulatory approval longer than expected
- Alterion® & Selisseo®: significant volume growth especially in Asia Pacific & North America. Alterion now registered in all main markets across the world
- Nutriad integration: new integrated organization for business has been announced on schedule. Business synergies are confirmed and on good track especially in Asia and South America

## ➤ AVF Update

- 10 main innovative projects identified from 400+ screenings with 1 or 2 to be finalized
- Allowing to fuel innovation in terms of new products & solutions development







# Financial Performance

By Virginie CAYATTE



## 2018H1 Financial Performance

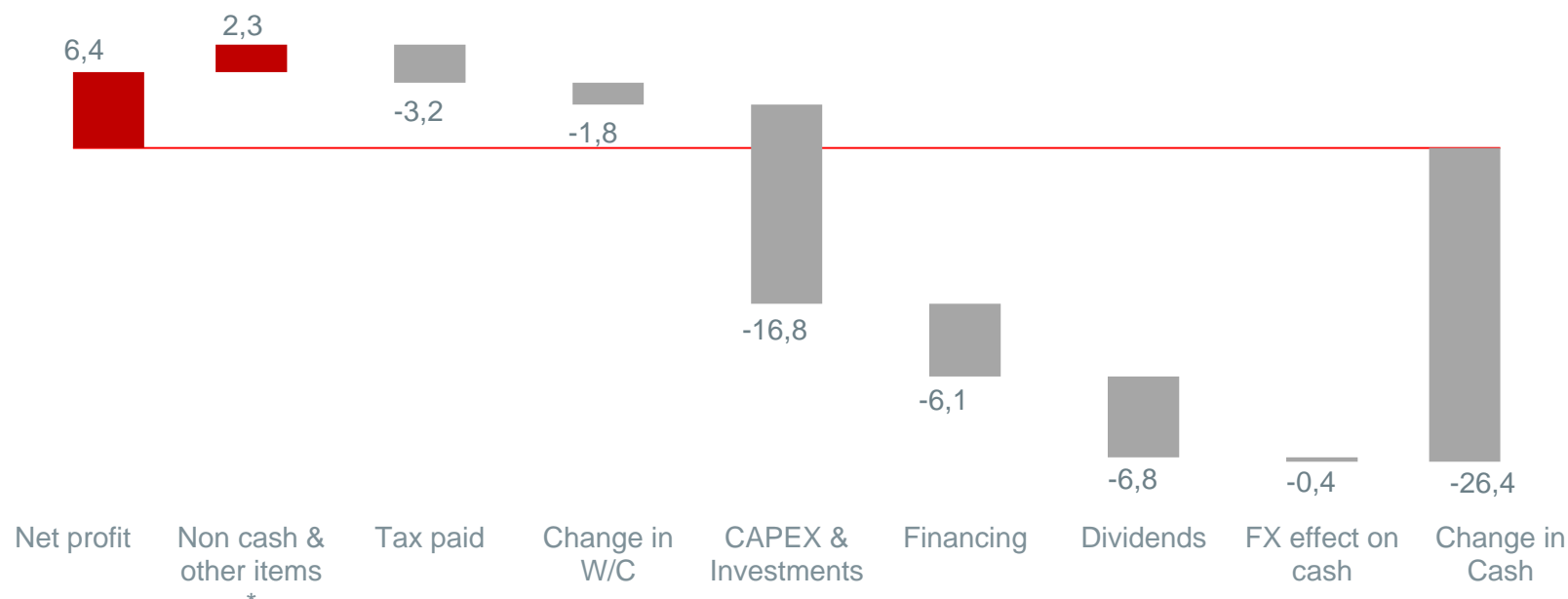
Unit : CNY 100mil	ACTUAL	PRIOR YEAR	VS PY
<b>REVENUE</b>	57,5	49,3	+17%
<b>GROSS PROFIT</b>	20,1	18,5	+9%
CONTRIBUTION ON SALES	35%	37%	
<b>EBITDA</b>	13,9	13,9	-0%
Depreciation/Provision	-4,4	-4,1	
Financial result incl. changes in FV	-0,4	0,7	
<b>OPERATING PROFIT</b>	9,0	10,5	-14%
Income tax expenses	-2,6	-3,2	+17%
EFFECTIVE TAX RATE	-29,0%	-30,0%	
<b>NET PROFIT</b>	6,4	7,4	-13%
NET MARGIN	11%	15%	
- Contributed to shareholders	4,9	5,8	-15%
- Contributed to non-controlling interests	1,5	1,6	-6%

- The net profit contributed to shareholders landed at CNY490 million, representing a yoy decrease of 15% mainly driven by negative FX impact and management decision to pursue investment in SG&A and R&D to fuel profitable growth in Specialties



# YTD June Cash flow statement

Unit: 100 million CNY



\* including amortization, provision & deferred tax

Operating cash flow allows to fund Capex, M&A investment and dividend payment

- Negative Working Capital impact (- CNY 0.2bn) mainly related to Nutriad.
- Capex & investment mainly include Nutriad acquisition
- Financing flow is relating to the repayment of preferred shares
- The dividend payment amounted to CNY1.73 per 10 shares offering a 1.37% yield
- Cash position end of 1H at CNY 5.02billion



# Outlook

By Jean-Marc Dublanc



# Outlook for Full Year 2018

- Adisseo is expecting to maintain its sales growth momentum driven by the liquid methionine and specialties dynamics
- Current headwinds are not expected to improve in H2. That includes raw material costs and Methionine prices
- Adisseo is engaging in an operational efficiency plan to protect profitability and deliver long term profitable growth:
  - Continuous & accelerated investment in liquid methionine
  - Specialties development through innovation and business reinforcement
  - Productivity improvement in plants
  - Cost reduction initiatives





**Thank you!**

**Q&A**

