

2023 Unaudited FY Results

Jan 2024



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Business Highlights

By Frederic Jacquin



Business Highlights

■ Sustainability & Environment:

- Safety is and remains Adisseo's first priority: Q4 TRIR landed at **0.4**, leading to an improved FY2023 TRIR 2023 at **0.54**
- Continuous on sustainability :
 - Pursuing sustainability path notably in product development: a new enzyme product Rovabio Phyplus and a new ruminant additive Dynamics
 - Nanjing steam recycling project in use since Jan 2024
 - Nanjing plant wastewater treatment project on track

■ Business highlights: improving operating performance in Q4 in an unprecedentedly tough market environment, thanks to:

- **+21%** volume growth in liquid methionine thanks to the successful penetration globally
- Methionine pricing recovery
- Continued growth in specialties driven by new product penetration
- Positive impact from cost control and operational excellent program delivering
- Partially offset by impairment provision on fixed assets arising from production line definitive shut-down

■ One-China Strategy on track

- Continuous acceleration of liquid methionine penetration
- Land purchase of the new 150KT powder methionine plant in Quanzhou completed
- 1st Chinese specialty manufacturing plant targeting to complete construction by 2024
- FeedKind®, the innovative single-cell protein obtained MARA registration in mid-January, allowing to sell the product from Q1 2024

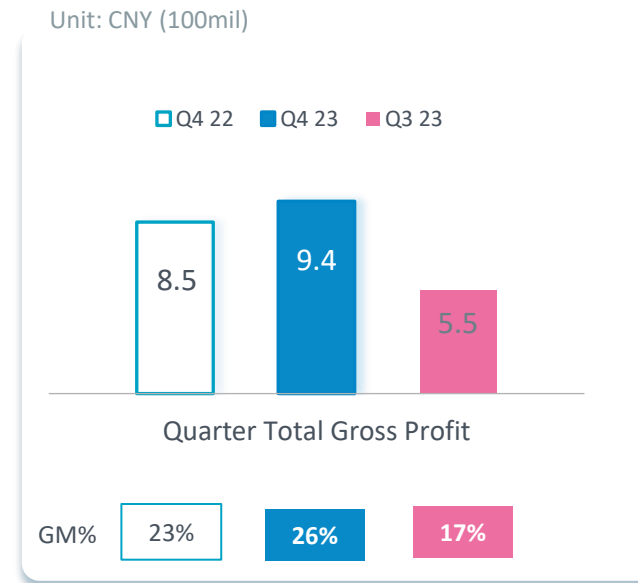
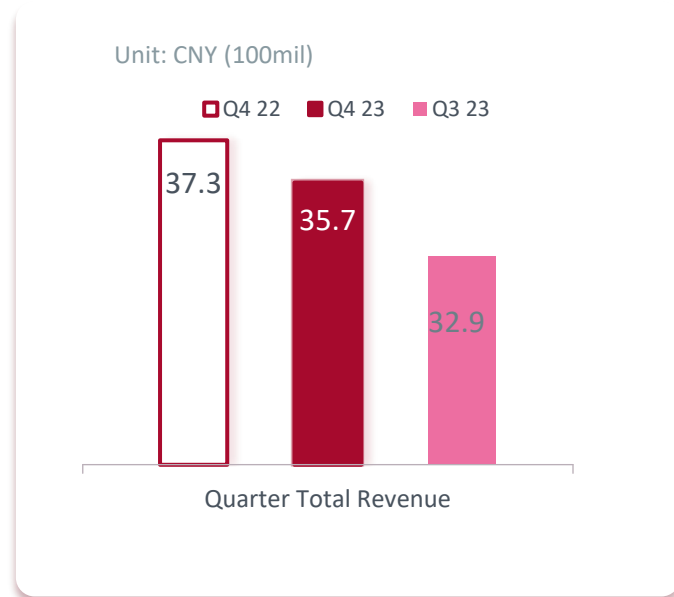
■ European Specialties Expansion Project construction being finalized, the start-up of the new factory is expected in Q2 2024

■ Competitiveness enhancement plan realized recurring savings of **CNY207 million** in 2023 with an extra cost efficiency program delivered **CNY242.5 million** cost savings

■ Cash position as of 31 December 2023 stood at CNY1 billion, increased by CNY0.2 billion compared to 31 December 2022. In 2023, Adisseo recorded a positive cashflow from operating activities of CNY2.8 billion.



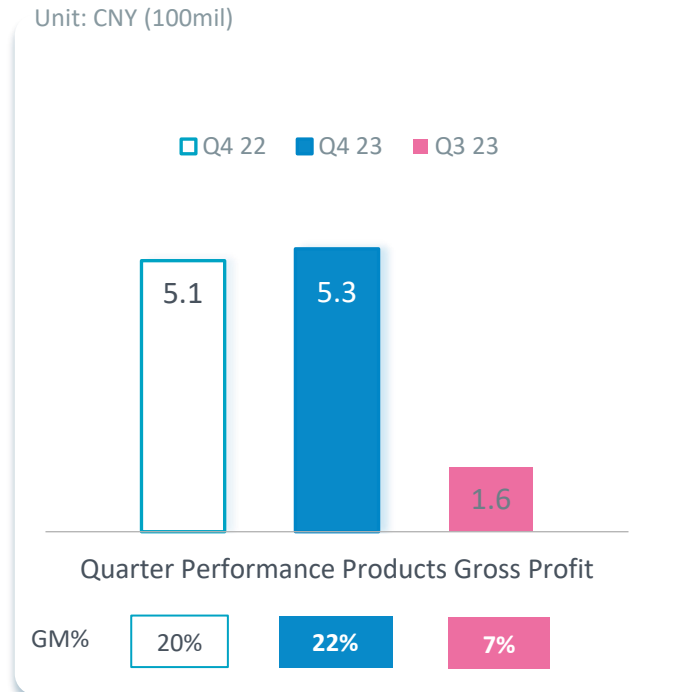
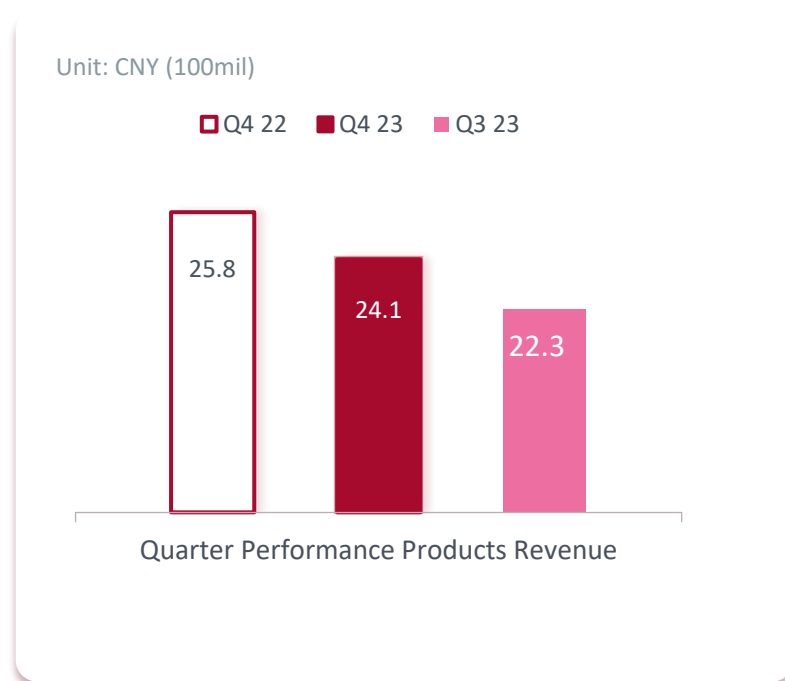
Q4 Operational performance progressively rebounding



In the context of a challenging macro-environment, Q4 revenue was recorded a -4% yoy decrease but the operational performance is rebounding with an +8.5% quarter to quarter revenue increase and gross margin improved from 17% in Q3 to 26% in Q4, thanks to:

- Continuous volume penetration in liquid methionine
- Continued specialty business growth driven by new products penetration
- Gross margin improvement thanks to methionine pricing rebound in Q4
- Positive benefits realized from cost saving plan as well as decreased raw material and energy prices

Performance Products in Q4: both revenue and gross margin increased vs. Q3



Thanks to continuous volume growth in methionine, pricing increase of methionine and gradual price stabilization of Vitamin A at the end of 2023, Q4 performance product performance had a quarter-to-quarter increase of +8% in revenue and +15ppt increase in margin, thanks to:

- Continued strong penetration in liquid methionine resulted a strong FY volume growth **(+21%)** contributed by all regions
- Vitamin business improving in Q4 2023
- Cost control and inventory management contributes to margin protection

Performance Products Business Highlights in Q4 2023



Methionine

- Continued strong penetration in liquid methionine led to a strong FY volume growth of **+21%** contributed by all regions, thanks to successful conversion of powder customers into liquid. This is driven by:
 - ✓ Industrialization of agriculture looking for efficiency and precision,
 - ✓ Significant increase of installation of the dosing systems, especially in China **(+335 units)**, thanks to Adisseo's strong service support
- Strong penetration allows more than double-digit volume growth in methionine, well beyond the market
- Methionine pricing is rebounding in Q4 in the context of a shifted dynamics between demand and supply
- Both Nanjing and European liquid methionine plant continued to improve production costs, thanks to lower raw materials and energy costs as well as cost competitiveness enhancement plan
- At the beginning of 2024, Adisseo has decided to definitely not restart the powder methionine production plant in Commentry to improve overall cost competitiveness of methionine business

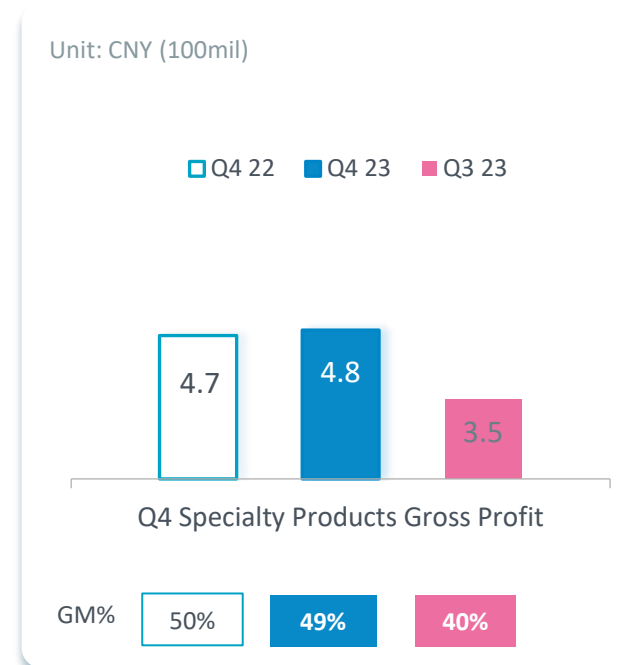
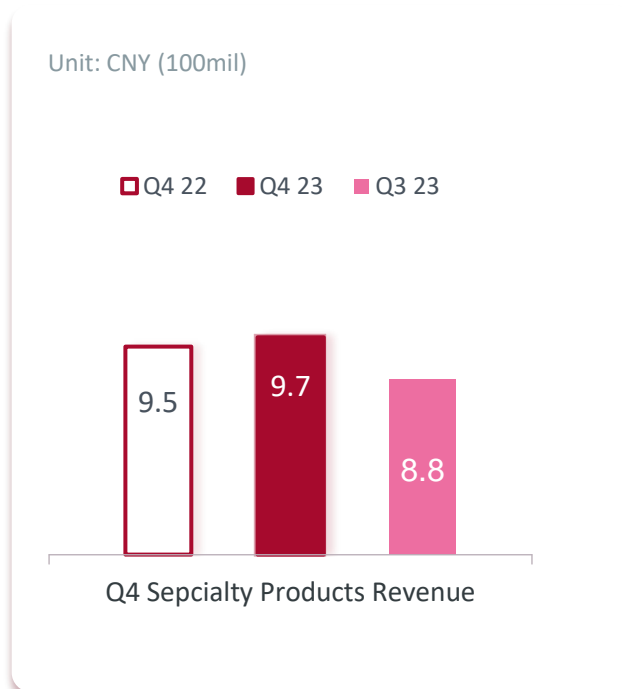


Vitamins

- On Vitamin A volumes optimized to protect margins
- Continuous implementation of sourcing strategy optimization, notably for Vitamin E and Vitamin Portfolio



Specialty Products in Q4: Revenue continued growth (+10% quarter-to-quarter) with margin increase to 49% in Q4



Despite a persistently challenging market condition, specialty business recorded a double-digit revenue growth **(+10%)** in Q4 compared with Q3, resulting in an **+8%** full year increase in 2023.

Gross margin was significantly improved to **49%** in Q4, representing a positive momentum for 2024, thanks to:

- Proactive margin protection actions
- Decrease in raw material, energy and logistic costs
- Optimization of product portfolio

Specialty Products Business Highlights in Q4 2023

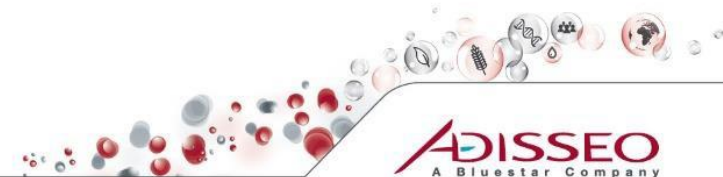
- Despite a challenging market environment, specialty revenue achieved growth **(+10%)** in Q4, thanks to:
 - ✓ Double-digit growth in new monogastric products **(+13.5%** in Selisseo) and successful penetration of Rovabio Phyplus
 - ✓ Sustained growth in aqua in Latin America and EU regions
 - ✓ Sustained health by Nutrition in Q4 2023 driven by Framelco business
 - ✓ Positive dynamic in phytogenics Norfeed business, especially in Latin America, France and Germany,
- The new plant built in France for **Innovia**, a drying formulation unit for specialties, enjoyed a successful start-up, allowing a bigger production capacity for formulation with higher efficiency and sustainability level

One-China Strategy

- Excellent penetration of **liquid methionine** in China market
- **Nanjing Plant (BANC360)** able to operate at full capacity and competitive cost with excellent safety performance and on-going enhancement in sustainability
 - The steam recycling project in Nanjing has completed its construction in Q3 2023. It will contribute to the energy consumption efficiency as well as cost competitiveness of the plant. The turbine is now in use since the end of January 2024
 - Nanjing plant wastewater treatment project is well on track, expecting to start its construction in Q2 2024
- All key projects on track, including
 - Powder methionine plant in Quanzhou/1st Speciality Blending Facility in Nanjing
 - SmartPlant, Smart HSE transformation and sustainability optimization projects in Nanjing plant
- FeedKind®, an innovative single-cell protein obtained MARA registration in mid-January, allowing to sell the product from Q1 2024

Cost Control and Optimization

- Ongoing **cost competitiveness enhancement program** realized recurring savings of **CNY207million** in 2023 and total recurring savings of around **CNY900 million** since 2019. It will be pursued further in the future
- An **extra cost efficiency program** allowed to cut further cost in 2023, which delivered **CNY242.5 million** cost savings.
- This reflects efforts across the organization and some main activities include:
 - Supplier contract renegotiation in transportation, toll manufacturing and new Vitamin sourcing contracts
 - Localization of dilution process to save distribution costs as well as to reduce carbon footprint
 - “Greener, smarter” manufacturing enabling energy & raw material costs optimization
 - Supply chain process fine-tuning allowing demurrage cost reduction
 - Office relocation for lower rental
 - Tight resource monitoring, especially on supporting function





Financial Performance

By Virginie Cayatte



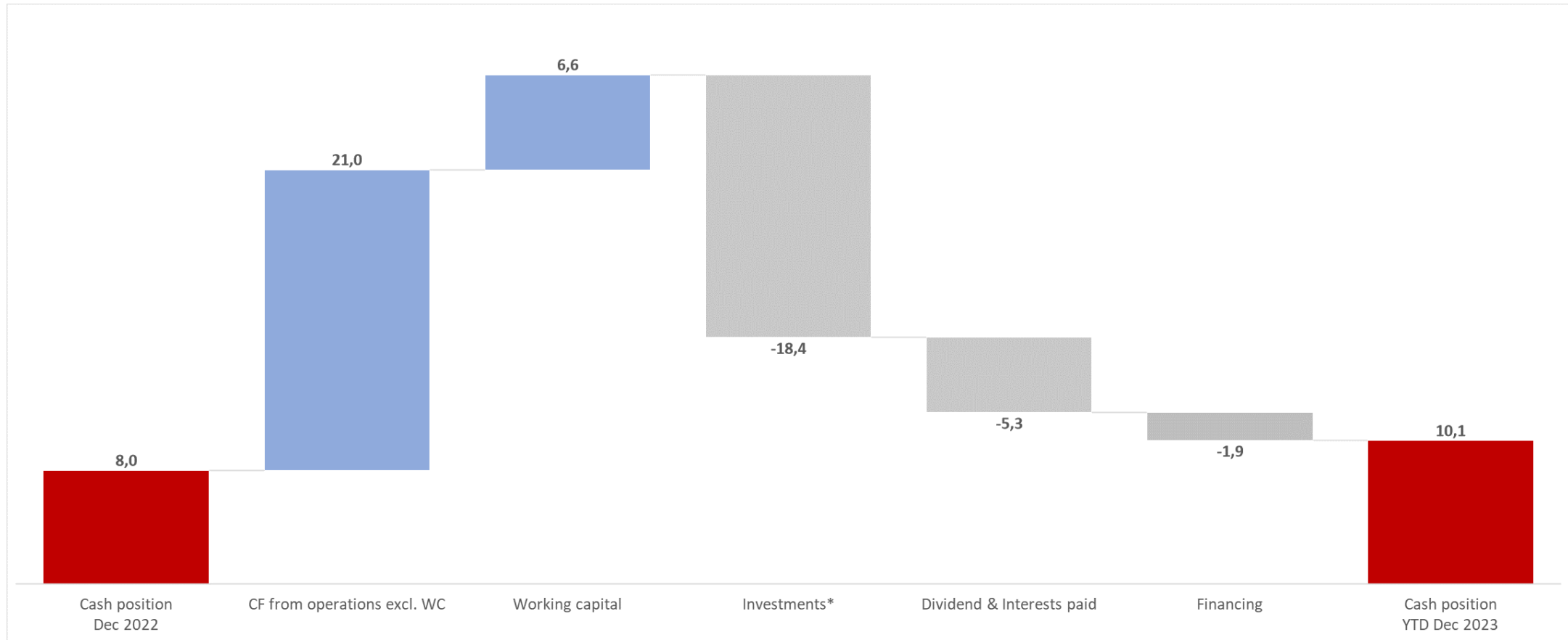
FY2023 Financial Performance

Unit: CNY 100mil	Yearly Closing		2023 vs 2022	Quarterly Closing		Q4 2023 vs Q3 2023
	FY 2023	FY 2022		Q4 2023	Q3 2023	
Revenue	131.8	145.3	-9%	35.7	32.9	9%
Gross profit	28.2	40.0	-29%	9.4	5.5	73%
Contribution on sales	20%	28%		26%	17%	
EBITDA	19.2	29.4	-35%	7.2	3.50	106%
EBITDA margin	15%	20%		20%	11%	
Net profit	0.52	12.5	-96%	0.9	-0.7	Not applicable
Net margin	1%	9%		3%	-2%	
Net Profit attributable to shareholders	0.52	12.1	-96%	0.9	-0.7	Not applicable
Net Profit attributable to shareholders deducting of non-recurring profit or losses	0.34	12.06	-97%	0.9	-0.7	Not applicable

- 2023 net profit attributable to shareholders landed **CNY52 million**, a positive result in an unprecedented tough market environment.
- **EBITDA ratio improved from 11% in Q3 to 20% in Q4**, largely contributed by the improving gross margin.
- Net profit largely impacted by the impairment & restructuring mostly from Commentry and old Innovia plant as well as close down of Kallo (Belgium plant)

FY2023 Cash Flow

Unit: CNY100mil



*Investments include Norfeed acquisition

- **Cash position** as of 31 December 2023 stood at **CNY1 billion**, increased by **CNY0.2 billion** compared to 31 December 2022
- In 2023, Adisseo recorded a positive cashflow from operating activities of **CNY2.8 billion**
- In Q4, free cash flow after tax (FCFAT) generated a positive flow of **CNY428 million**, which was mainly driven by stringent cash and working capital optimization with optimized net debt position





Long-term Strategy & Business Outlook

By Zhigang Hao



Long-term Strategy

- **Two-pillar Strategy**

- ✓ The land for the new 150KT powder methionine plant in Quanzhou has been purchased. It will allow Adisseo to optimize its industrial set-up, to produce locally to meet local customers' demands and to reinforce its leadership in methionine.
- ✓ The European Specialties Expansion and Optimization project construction is being finalised and the start-up of the new factory is expected in Q2 2024.
- ✓ The first Chinese Specialty Blending Facility in Nanjing is aiming to complete construction by the end of 2024

- **R&I Investment**

- ✓ Following opening in 2022, RICA in stage of further expanding
- ✓ A new European R&I center opened in Nov 2023 in the Chemical Valley in Lyon, allowing to gather more than 100 international researchers with strong dynamics, thus reinforcing Adisseo's global R&I network and capacity

- **External Growth**

- ✓ Adisseo is actively exploring external strategic partnerships and acquisitions opportunities to boost its future growth



Outlook

Business Outlook

Sustainability and safety are Adisseo's top priorities.

Despite the volatility and uncertainty which are still prevailing, market demand is slowly recovering.

In this context, Adisseo is fully engaged to support growth, improve margins and pursue strategic investments for the future. This includes:

- Continuous operational excellence implementation while reinforcing cost leadership and delivering sustainability
- Acceleration of liquid methionine growth and revamping powder footprint
- Dynamic pricing management
- Continuous growth in specialties
- Continuous acceleration of innovation
- Significant strategic investment plan to support sustainable and profitable business growth

The good operating dynamics is expected to be pursued in Q1 2024.



