

Bluestar Adisseo Company

Communication Record of 2024 Q1 Investor Communication

- I. Meeting Time
6th May 2024 – 10th May 2024
- II. Participants or institutions
The list of participating institutions can be found in the attached list.
Important reminder: The list of participating institutions is provided by the organization and displayed after sorting. The Company cannot guarantee the completeness and accuracy of the names of participating institutions. Investors are advised to pay attention.
- III. Participants of the Company
Mr. Hao Zhigang, Chairman and General Manager (CEO)
Mr. Frederic Jacquin, Deputy General Manager and Chief Operating Officer of the Company
Ms. Virginie Cayatte, CFO of the Company
Ms. Cai Yun, Secretary of the Board of Directors
- IV. Meeting platform
Teams online meeting
- V. Communication content
The meeting was held virtually in the form of online communication. The senior management team of the Company introduced the Company's 2024 Q1 to investors in terms of operating results, business development and prospects, and the common concerned questions were answered by the Company at the Results Presentation.
 1. Comparison of the cost of Adisseo's methionine business with peers, and comparison of Adisseo's own European and domestic factories?
 - From the perspective of liquid methionine, we have two liquid methionine production platforms in China and Europe currently applying the same production process. These platforms can learn from each other through internal benchmarking to continuously improve quality and efficiency. Furthermore, from an end-to-end total cost perspective, considering various factors such as supply chain costs, tariff costs, and amortization and depreciation, the competitiveness of the two production platforms is at a similar leading level in the industry.
 - From the perspective of powder methionine, the new powder methionine plant will apply the optimized technology to ensure its manufacturing excellence in

addition to its cost advantage derived from the synergies of belonging to SinoChem group. The definitive closure of our French powder methionine production line in Commentry is an important part to boost our overall European plant competitiveness. Together with PICSAR project, our competitiveness in powder methionine will be strongly reinforced.

- Adisseo believes that research & innovation will boost the continuous enhancement of our competitiveness. There are new technologies being developed in our research and innovation pipeline, which will support our cost leadership. We are confident of being No. 1 in the market.
2. Compared with the first quarter, are there any fundamental changes in the supply of methionine in 2024 Q2 due to the maintenance of Adisseo and the suspension of production plans by some suppliers in the market in the second quarter of 2024?
 - In terms of methionine supply, different players chose different strategies resulting from the unprecedented difficulties faced in past 2 years.
 - As far as the current market situation is concerned, no fundamental changes have been found in the supply side.
 - The Company has completed the turnaround successfully in April.
 - Adisseo is aiming to become the No.1 global leader of methionine by reinforcing its methionine leadership by continuous capacity expansion and process optimization.
 3. Long-term demand forecast for Methionine.
 - The methionine market is a constantly growing market over the last decades thanks to very strong fundamentals: population growth, per capita meat consumption growth, and the increase in inclusion ratio along with the industrialization of the feed industry. In the long run, the fundamentals of methionine will remain, i.e. the demand for economically sustainable animal protein will be increasing. By 2050, the global population will exceed 9.7 billion. As a global leader in the animal nutrition, Adisseo's mission is to feed the planet in a high-quality, affordable, safe and sustainable way. The growth of population and per capita meat consumption has promoted the growth of feed demand, while the growth rate of methionine itself will be higher, which is attributed by the continuous growth of demand for economically healthy meat - chicken (preferred meat) and the increase in the inclusion rate. In addition, thanks to the high reliable operation of BANC2, the penetration rate of liquid methionine has continued to increase, driving Adisseo to achieve double-digit volume growth throughout 2023 and in 2024 Q1, at a speed better than the market average.
 4. In the context of some production problems of vitamin manufacturers this year, vitamin prices have gradually stabilized this year, how does the company view the development of the vitamin market in the second quarter?

- The vitamins business demonstrated encouraging trend in Q1 2024. But we remain cautious about the price trend of vitamin A onward. Generally, Vitamin A market is in the state of overcapacity.
 - Vitamin business is running at a very low-level capital employed manner. Hence, the margin stabilization and quick turnover is key for the business.
 - At the bottom of the industry cycle, DSM ANH transaction will bring big impact on the overall industry landscape. Adisseo is closely following the process and will continue implementing various cost management and operational efficiency improvement measures for margin protection.
 - Our main competitiveness in Vitamin business lies in a strong brand of Microvit® and customer-centric one-stop service.
5. The price of methionine has rebounded this year, and the company's liquid methionine sales have shown a double-digit growth trend. Compared with 2022 Q1, the Company's operating income and profit in the first quarter of 2024 have not increased significantly.
- Compared to 2022 Q1, the price of methionine in 2024 Q1 did not recover to the level of the same period in 2022. The Company achieved a significant increase in profitability level for its methionine business due to a substantial growth in sales volume of liquid methionine and the decrease in raw material and energy costs. However, the profitability of vitamin A business was heavily affected by a significant decline in the price of vitamin A. Additionally, since the successful ramp-up of BANC2 in Nanjing in 2022 Q3, amortization and depreciation expenses also increased accordingly.
 - In Q1 2024, the revenue recorded a yoy double-digit growth (+11%) to reach CNY3.5 billion and gross margin improved by +11ppt yoy to 32%, thanks to: continuous penetration in liquid methionine, i.e. consecutive double-digit growth in liquid methionine and continued specialty business growth in monogastric and aqua business offsetting struggling dairy market both in China and in US; gross margin was improved thanks to decreased raw material and energy costs as well as improved yield and tolling terms; positive impacts arising from global supply chain, distribution, and duties management.
 - The EBITDA ratio for 2024 Q1 was 22%, and the recurring EBITDA ratio landed at 25%, a similar level compared to the EBITDA ratio (24%) in 2022 Q1.
6. Whether the Company will increase the dividend ratio as the cash flow is good
- Since 2016, Adisseo strictly follows its cash dividend distribution policy, with distributing dividend representing on average a pay-out ratio of 37%. Adisseo is planning to pursue its development and investment in future growth while ensuring sustainable dividends to its shareholders. Despite the needs of ambitious CAPEX investment, the Company proposed its annual dividend

amounting to CNY160mil in 2023 annual board, i.e. pay-out ratio is more than 300%, which is subject to the approval of the approaching AGM.

- In addition, regarding the long-term cash dividend ratio, the Company also put forward the following proposal in 2024 Q1 board: Except for special circumstances, the Company shall distribute dividends in cash when it is profitable for the current year and the cumulative undistributed profits are positive, the annual cash dividends shall not be less than 30% of the distributable profits shown in the consolidated financial statements. In addition to that, except for special circumstances, the Company shall distribute dividends in cash when it is profitable for the current year, the cumulative undistributed profits are positive and the Company's leverage ratio (Net Debt / EBITDA) is no higher than 2, the annual cash dividends shall not be less than 40% of the distributable profits shown in the consolidated financial statements. This adjustment reflects the Company's confidence in the healthy development of future business and its commitment to long-term value growth for shareholders.

7. FY2024 Outlook for the Company?

- As the global economy gradually recovers, the feed additives market is expected to maintain a trend of stable growth, with market demand progressively rebounding. Adisseo's business condition has improved in 2024 Q1, and it is expected to be pursued in Q2.
- Adisseo is fully engaged to deliver growth, improve margins, and pursue strategic investments for future development. This includes: 1) Continue to improve our operational excellence, while reinforcing cost leadership and delivering sustainability. 2) Accelerate methionine and specialties growth including turnover and volume. 3) Continuously accelerate innovation to deliver improvement on cost position and technical service to customers and new product offerings or solutions. 4) Pursue strategic investment to support sustainable and profitable business growth.

Attachement :

No.	Institution name
1	Ningquan Assets
2	Minsheng Securities
3	CICC
4	Guolian Securities
5	Pacific Securities
6	Everbright Securities
7	Jinshan Lake Investment
8	Dongxing Securities
9	Zhongtai Securities
10	UBS Securities
11	China Electronics Investment Holdings Co., Ltd.
12	CITIC Investment Securities
13	Great Wall Securities
14	Zheshang Securities
15	Huaan Securities
16	Industrial Securities
17	Shenwanhongyuan Securities
18	Shanghai Wenpan Investment
19	Jefferies
20	Goldman Sachs
21	Lombard Odier Asset Management