

H1 2024 Presentation

August 2024

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Agenda

Executive Summary

H1 2024 Performance

2024 Outlook



Executive Summary – H1 2024

Sustainability & Environment

- Safety is and will remain Adisseo's first priority: H1 2024 TRIR landed at **0.11**
- On track towards sustainability ambition
 - ❖ GHG emission
 - ❖ Water consumption
 - **Nanjing plant wastewater treatment project**: piling completed, civil construction started

Business highlights

The positive market dynamics in Q1 2024 has continued in Q2 Adisseo delivered very solid results in H1 2024 with:

- **+15%** yoy revenue growth (**CNY7.26bn**)
- **+10ppt** increase in Gross margin
- FY Recurring savings of **CNY156 million** expected from cost competitiveness program better than initial target
- Recurring EBITDA ratio back to **23.4%**
- Strong recurring net profit (**CNY700m**), representing **9.7%** net margin





Key Projects

- **150KT powder methionine plant in Quanzhou**: Basic Engineering Design completed, pipe and piling started
- **37KT Specialty Blending Facility in Nanjing**: first equipment installation started, mechanic completion expected by the end of 2024
- **The European Specialties Expansion and Optimization Project in Spain**: the start-up rolled out successfully in May and expected to be fully operational by Q3 2024
- **The project to internalize esterification process to produce the key ruminant product**: started the groundbreaking work in Q2
- Successful management of **restructuring European methionine footprint**

One-China Strategy

- **Double-digit revenue growth** in Chinese market thanks to continuous penetration of liquid methionine as well as strong growth in aqua and ruminant despite difficult swine market in H1 2024
- New product tailor made for Chinese market is in commercializing phase
- **Calyseo**: the first sales of FeedKind® were delivered in Q2 2024. Operation KPI of FeedKind Chongqing Chongqing plant achieved tangible improvements in the last five trials

H1 2024 Performance by product

H1 2024 by Products (in RMB 100mil)	Revenue (vs. H1 2023)	Gross margin (vs. H1 2023)	Highlights
Performance Products	+9.1 (+20%)	+9.1 (+152%)	<div>  <ul style="list-style-type: none"> Strong growth in methionine industry driven by <ul style="list-style-type: none"> Continuous penetration of liquid methionine globally Strong volume growth in powder methionine Improved margin thanks to positive price dynamic, lower cash cost and continuous optimization of competitiveness and logistics, transportation and duties </div> <div>  <ul style="list-style-type: none"> Great resilience of Vitamin business in the context of stabilizing VA pricing and strong demand in VE and portfolio business </div>
Specialty Products	+0.2 (+1%)	+0.4 (+6%)	<div>  <ul style="list-style-type: none"> Solid performance in both monogastric and aqua </div> <div>  <ul style="list-style-type: none"> Impacted by reduced demand resulting from low milk prices in the US, but strong demand in new products: RumenSmart </div>

H1 2024 Performance

H1 2024 Overall (in RMB 100mil)	H1 2024	H1 2023	Var %
Revenue	72.6	63.3	+15%
Gross Profit	22.8	13.3	+71%
<i>Gross margin</i>	<i>31%</i>	<i>21%</i>	<i>+10ppt</i>
Recurring EBITDA	17.0	8.3	+105%
<i>Recurring EBITDA margin</i>	<i>23.4%</i>	<i>13.1%</i>	<i>+10.3 ppt</i>
Net profit attributable to shareholders	6.1	0.33	+1,719%
<i>Net margin</i>	<i>8.4%</i>	<i>0.5%</i>	<i>+7.9ppt</i>
Recurring net profit attributable to shareholders	7.0	0.11	+6,522%
<i>Recurring net margin</i>	<i>9.7%</i>	<i>0.1%</i>	<i>+9.6ppt</i>

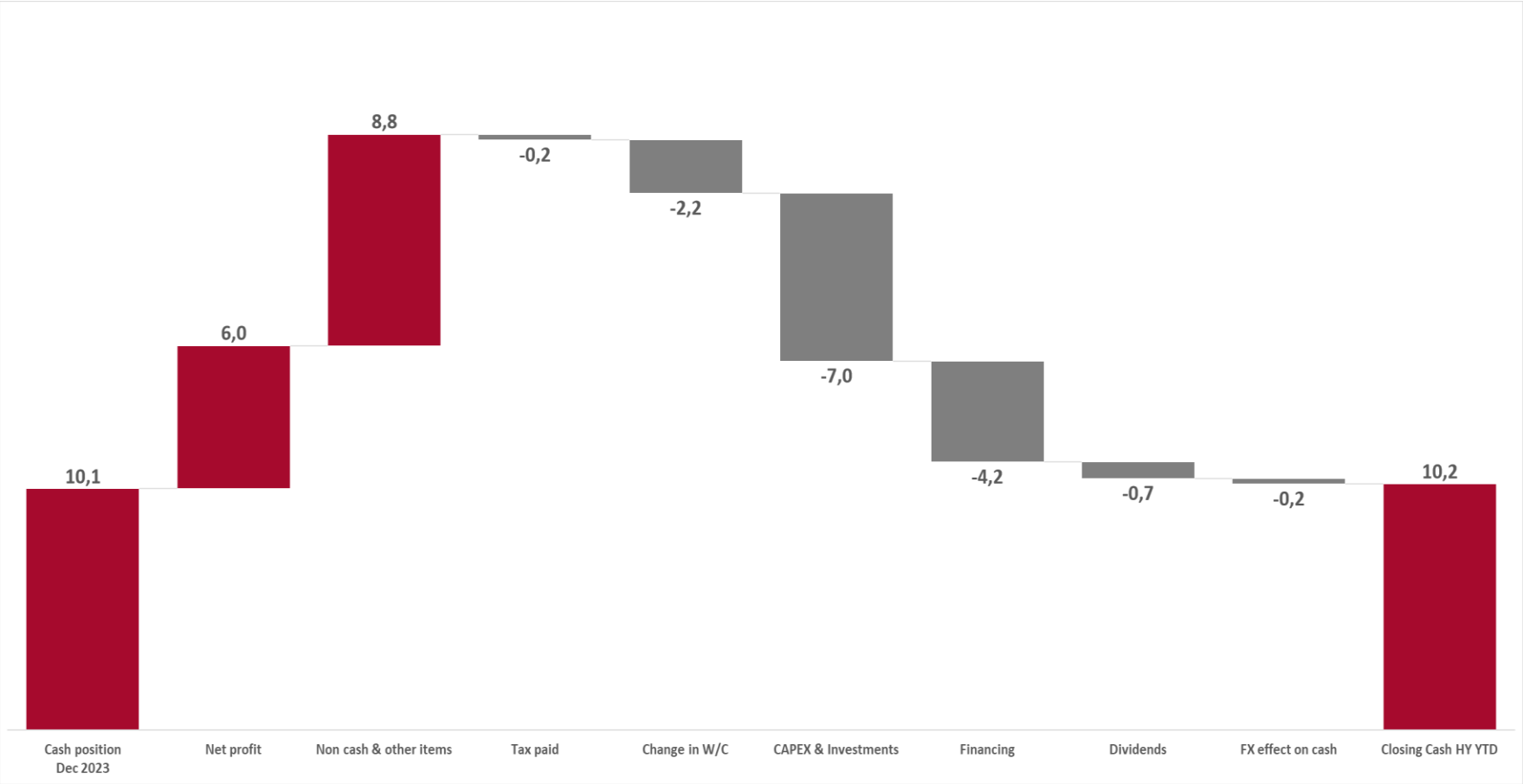
- Recurring EBITDA ratio rebounded from **13.1%** in H1 2023 to **23.4%** in H1 2024, largely contributed by
 - ❖ Improved gross margin
 - ❖ On-going cost competitiveness program allowing to deliver additional savings. Total recurring savings of **CNY156mil** is expected for FY2024, more than initial plan
 - ❖ Despite on-going investment in R&I, liquid dosing installations, business development in specialties to support future growth and innovation
- Recurring net profit attributable to shareholders margin is at **9.7%**, demonstrating reinforced business profitability and sustainability

H1 2024 Performance in Cash flow



Cash position change from 31 Dec 2023 to 30 June 2024

(unit: 100milCNY)



Cash position as of end of H1 remains flat comparing with the end of Dec 2023.

Positive cash flow generated from operating activities has been consumed on

- CAPEX
- Debt reimbursement

Dividend has been voted at AGM in June with pay-out ratio **more than 300%**. Dividend was paid in August.

2024 Outlook

- Sustainability and safety are Adisseo's top priorities.
- Market demand is recovering. Adisseo is fully engaged to deliver growth, improve margins and pursue strategic investments for the future.
- The good operating dynamics in H1 2024 is expected to be pursued in H2 2024 thanks to
 - Strong growth in methionine by continued penetration in liquid methionine
 - Contribution expected from Vitamin business thanks to the Vitamin A and Vitamin E's price rebounding
 - Sustained specialties dynamics leveraging the full range of services and product offerings to allow serving all species
 - Continuous optimization of supply thanks to the global set-up allowing to capture global market demand & local opportunities
 - Contribution from the operational excellence and cost control measures
- Adisseo is exploring all possible solutions and implementing the defined action plans in a swift and agile way to mitigate potential headwinds which could arise from
 - Commercial sanctions between Europe and Russia
 - Longer-than expected industrialization of disruptive FeedKind® technology

