

Q3 2024 Presentation

October 2024

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Agenda

Executive Summary

Q3 2024 Performance

2024 Outlook



Executive Summary – Q3 2024

Sustainability & Environment

- Safety is and will remain Adisseo's first priority: Q3 2024 TRIR landed at **0.13**
- Nor-Feed successfully obtained **B Corp label** in September, a very demanding & highly recognized international label for ESG achievements & commitments
- Close monitoring and concrete actions followed towards sustainability ambition
 - ❖ On track in GHG emission reduction & Energy Use
- **Nanjing plant wastewater treatment project**: key equipment installation started, completion targeted Q2 2025

Business Highlights

Strong business results in Q3:

- **+25%** yoy revenue growth
- **+12ppt increase in gross margin** driven by strong methionine performance, Vitamin price rebound in late Q3 and double-digit growth in Specialties
- Continuous effort on cost competitiveness plan leading to FY recurring savings of **CNY178 million**
- Recurring EBITDA ratio of Q3 @ **23%**
- Strong net profit (**CNY400mil in Q3**), representing **10%** net margin





Key Projects

- **Excellent safety result for all projects (TRIR =0)**
- **150KT powder methionine plant in Quanzhou**: long lead time equipment contract signed, and planning permit of construction engineering obtained
- **37KT Specialty Blending Facility in Nanjing**: the equipment installation on track with mechanic completion planned by the end of 2024
- **30KT European Specialties Expansion and Optimization Project**: ramp-up ongoing and successfully passed the FAMI-QS audit
- **Project to internalize esterification process to produce key ruminant product**: ongoing with start-up expected in Q3 2025
- Shut-down of **European powder methionine production line fully completed**, optimization of European platform on track

One-China Strategy

- **Continuous double-digit revenue growth in Q3** thanks to
 - historical record sales of liquid methionine
 - strong growth in aqua and monogastric business driven by feed digestibility and launch of Selisseo
 - offsetting difficult dairy market
- High yield and reliability in Nanjing plant
- Newly Developed acidifiers product tailor made for Chinese received positive feedback from customers
- **Calyseo**:
 - 2nd fermenter with modification started its trial, target to realize 80% design capacity, which is key to ensure economic mid-term profitability of the plant
 - 1st trial sales in Europe and in US for pet food

Q3 2024 Performance by product

Q3 2024 by Products (in RMB 100mil)	Revenue (vs. Q3 2023)	Gross margin (vs. Q3 2023)	Highlights
Performance Products	31.1 (+31%)	7.7 (+296%)	<ul style="list-style-type: none">  Outstanding performance in methionine driven by <ul style="list-style-type: none"> Record sales of liquid methionine, successful penetration globally Double-digit growth in powder methionine Close price monitoring and agile pricing management Strong industrial performance with historical production record in Nanjing plant, which offset the price downward pressure The shut-down of one of European power methionine lines fully completed  Vitamin A&E prices rebounded in the late Q3 had positive impact on margins
Specialty Products	10.0 (+10%)	4.3 (+20%)	<ul style="list-style-type: none">  Solid dynamic in monogastric and aqua. <ul style="list-style-type: none"> Continued outstanding performance of Selisseo, a highly innovative organic selenium Strong results from New Enzyme products (AdvPhy and PhyPlus).  Strong demand in protected amino acids for dairy cows, in particular for products boosting fat content into milk Nor-Feed business experienced strong business dynamic thanks to Norponine business, a dedicated anticoccidial solution (coccidias is one of the most prevalent parasites for Poultry)

Q3 2024 Performance

Q3 2024 Overall (in RMB 100mil)	Q3 2024	Q3 2023	Var %
Revenue	41.1	32.9	+25%
Gross Profit	12.0	5.5	+120%
<i>Gross margin</i>	<i>29%</i>	<i>17%</i>	<i>+12ppt</i>
Recurring EBITDA	9.3	3.5	+166%
<i>Recurring EBITDA margin</i>	<i>23%</i>	<i>11%</i>	<i>+12 ppt</i>
Net profit attributable to shareholders	4.0	-0.7	N/A
<i>Net margin</i>	<i>10%</i>	<i>-2%</i>	<i>+12ppt</i>
Recurring net profit attributable to shareholders	4.0	-0.7	N/A
<i>Recurring net margin</i>	<i>10%</i>	<i>-2%</i>	<i>+12ppt</i>

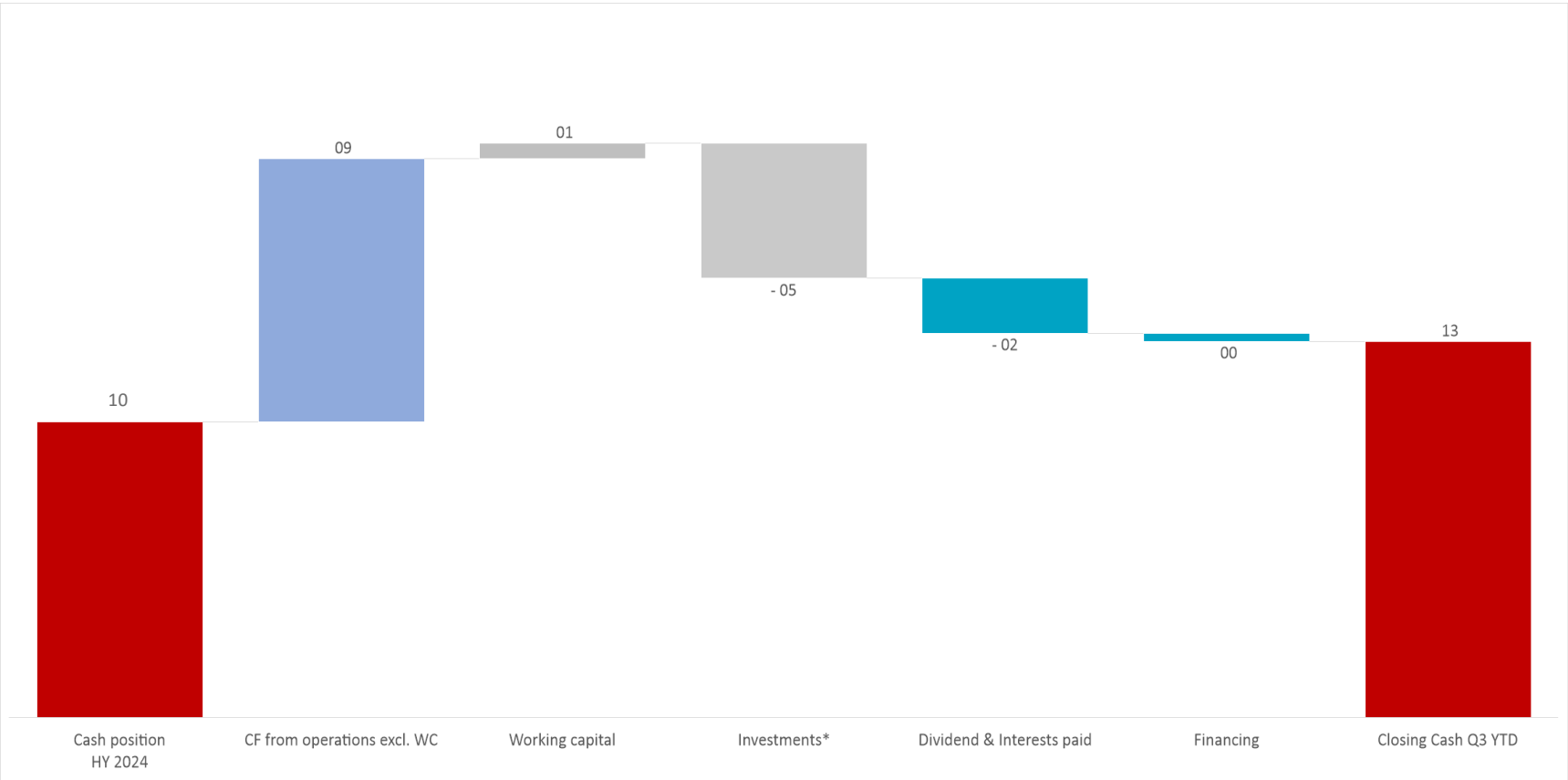
- Recurring EBITDA ratio continued in Q3 **(23%) vs. Q3 2023 (11%)**, largely contributed by
 - ❖ the improved gross margin driven by continuous strong performance
 - ❖ effective cost competitiveness program allowing to deliver additional savings
 - ❖ despite on-going investment in R&I, liquid dosing installations, business development in specialties to support future growth and innovation
- Net profit attributable to shareholders margin increased by 12ppt to **10%**, demonstrating sustained business profitability.

Q3 2024 Performance in Cash flow



Cash position change from H1 2024 to 30 Sep 2024

(unit: 100milCNY)



Cash position as of end of Q3 increased 310mil comparing with that of H1 2024, driven by :

- Positive cash flow generated from operating activities
- Strict working capital management

2024 Outlook

- Sustainability and safety are Adisseo's top priorities.
- Despite volatility and uncertainty, market demand continues to grow.
- Adisseo is fully engaged to deliver growth, improve margins and pursue strategic investments for the future.
- FY 2024 operational dynamics expected to be sustained thanks to
 - Strong volume growth in methionine driven by continued penetration in liquid methionine
 - Positive contribution from Vitamin business thanks to the price rebound
 - Solid specialties dynamics leveraging the full range of services and product offerings
 - Continuous optimization of supply allowing to capture global market demand & local opportunities
 - Contribution from the operational excellence and cost control measures
- Adisseo is also exploring all possible solutions and implementing the defined action plans in a swift and agile way to mitigate potential headwinds which could arise from longer-than expected full-scale industrialization of disruptive FeedKind® technology

