Quick Report 2019 Presentation

Feb 2020

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ADISSEO
A Bluestar Company

Business Highlights

By Jean-Marc Dublanc

Business Highlights

- 2019 TRIR at 0.71 for the global group (best ever performance) thanks to continued excellent result delivered by Nanjing and Burgos plant without accident for more than 600days and 2000days respectively

- FY 2019 Net profit contributed to shareholders +7.2% increase reflecting stabilizing trajectory despite challenging external factors, thanks to:
  - Continued volume growth in liquid methionine with **+19%** growth in Q4 driven by strong demand (notably **+23%** in China in Q4)
  - Strong contribution of Vitamins in a context of market shortage
  - +8% Specialties revenue growth notably
    - ✓ Double-digit growth in Feed Digestibility (Enzyme) and Ruminant
    - ✓ Always best-ever quarterly revenue of Selisseo (Health by Nutrition)
    - ✓ Strong momentum in Aqua business
  - Stabilized net profit margin thanks to proactive margin management and continuous contribution from cost competitiveness plan

- BANC2: Formal EIA permit obtained at the end of Oct 2019 with new enhanced processes to be embedded to improve the efficiency and environmental protection performance

- R&D international footprint accelerated with reinforcement of R&D centers in China, new partnership with a US university and inauguration of Aquaculture station in Singapore in December

- AVF investment: Another new investment is underway in the field of antibiotic replacement

- Competitiveness Enhancement project successfully implemented allowing to deliver annual savings of Euro36mil in 2019

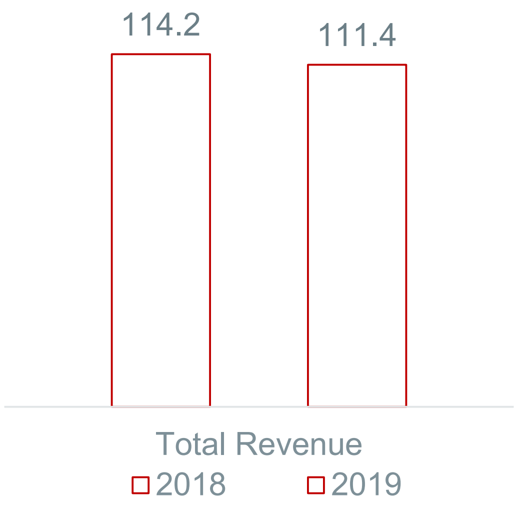
- 15% buy-back proposal approved by shareholders on 6th December

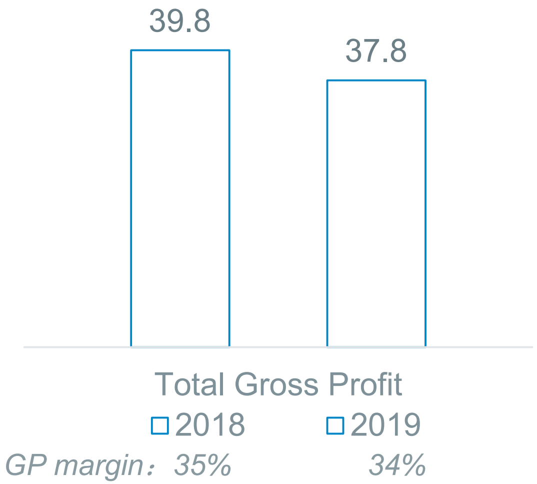
- €200m sustainability-linked low-cost financing secured in December 2019 provides adequate funds for potential investments

Note: TRIR: number of occupational accidents for 200,000 man-hours worded

2019 - Overall Business Performance

Revenue maintained nearly flat with stabilized gross margin

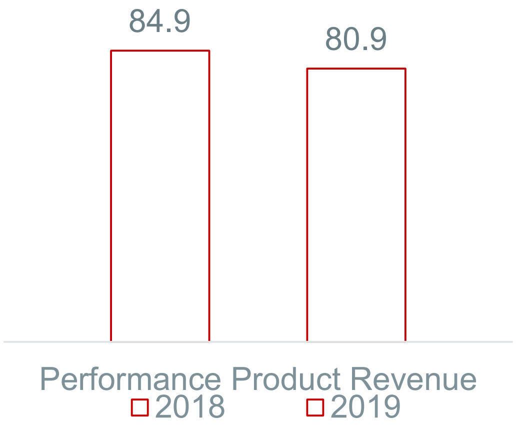


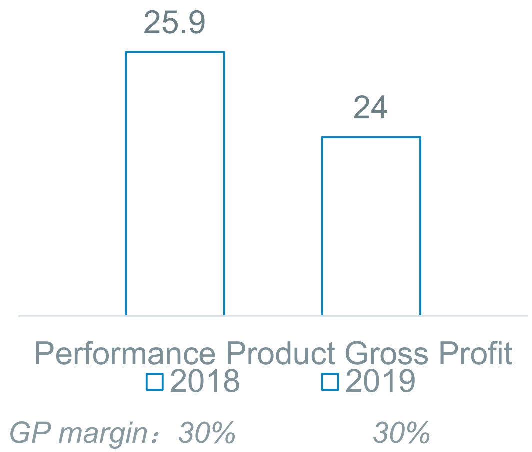


- 2019 revenue (CNY 11.14bn) relatively stabilized despite strong pressure on methionine and normalizing of vitamins prices thanks to the volume growth as follows:
  - ✓ Double-digit volume growth in liquid methionine **(+11% in 2019 with +19% in Q4)**
  - ✓ Vitamins A volume recovering with pricing maintained at relatively high level.
  - ✓ Continued significant revenue growth in specialties

- Due to strong pressure on pricing of both methionine and vitamins, gross profit margin still maintained at 34% thanks to balanced product portfolio with specialty business contributing 32% of the total gross profit vs 28% in 2018 reflecting the successful execution of our strategy.

2019 - Performance Products





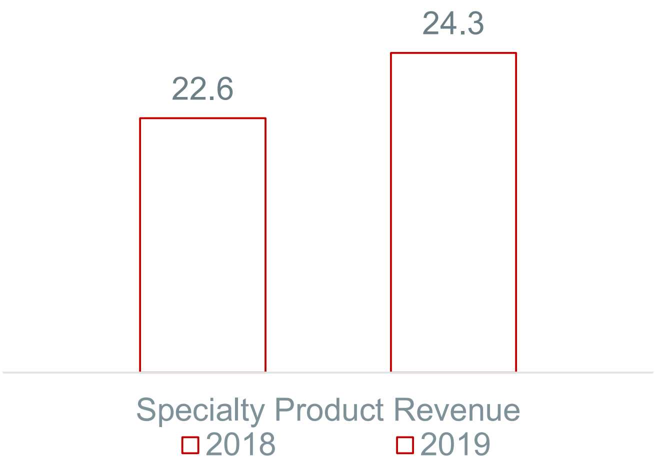
Despite continuous price decrease of methionine and pricing normalization of Vitamin A, gross margin has been stabilized at 30% in 2019 thanks to:

- ✓ Double-digit volume growth (+11%) of liquid methionine
- ✓ Volume recovery of Vitamin A
- ✓ Excellent manufacturing capacity achieved in Nanjing plant (high reliability + historical low cost)
- ✓ Proactive margin management across all plants

2019 - Performance Products Business

- **Methionine**
  - Another strong liquid methionine high quarter sales in Q4 with accelerated volume growth (+19%) notably driven by China market (+23%) despite highly competitive market with continuous downward price pressure
  - Profitability of powder methionine was affected by external factors resulting in force majeure declared by our French plant in late December
  - BANC2 update: EIA permit received in the end of Oct 2019 and construction on going. Processes to improve environmental performance and reduce further the already world-leading production costs being newly embedded, thus the project is expected to start around early 2022 with some modest increase in the total investment.
- **Vitamins**
  - Favorable strong positioning of Adisseo Vitamin A all along 2019 in a context of shortage in the market

2019 - Specialty Products



- ➢ Specialty revenues enjoyed continuous profitable growth (+8%) with stabilized gross profit margin at 49%

  - ✓ Continued double-digit growth in Feed Digestibility Business (Enzyme) (+12%)
  - ✓ Ruminant rebound (+11%) driven by ending of dairy market crisis especially in Q4 2019 (+27%)
  - ✓ Health by nutrition driven by Selisseo +27% growth
  - ✓ Good performance in other product lines: Digestive Performance, Aqua as well as Mycotoxins products

2019 - Specialty Products Business

- **Business Dynamics**
  - Enzyme business continued its double-digit growth throughout 2019 thanks to innovative offering (Rovabio Advance+)
  - Selisseo®: continued strong growth with another best-ever quarterly revenue achieved in Q4 2019 (+27% vs 2018)
  - Promising rebound to be expected in ruminants thanks to confirmed positive trend from the dairy market in the US (+27% growth in Q4 2019)
  - Acceleration in Aqua (+17%) thanks to strong sales in Asia Pacific and South America
  - Continuous rebounding performance in Mycotoxin Management (+12%)
- **Investment Innovation**
  - A new R&D center established in Singapore (Adisseo Aqua Station) on 13th Dec to reinforce capacity in aqua R&D
  - New R&D Center in China is now fully fledged.
  - Another investment via AVF in the field of antibiotics replacement is underway. The new investment has developed and commercially introduced the phage-based products preventing bacterial infection in live animals in livestock farming & aquaculture to fight with the critical and growing risk of antimicrobial resistance.

Financial Performance

By Virginie CAYATTE

FY2019 Financial Performance

Unit : CNY 100mil	2019	2018	vs PY
REVENUE	111.4	114.2	-2.5%
GROSS PROFIT	37.8	39.8	-5%
EBITDA	27.2	26.7	+2%
EBITDA MARGIN	24%	23%	
NET PROFIT	12.6	12.2	+3%
NET MARGIN	11%	11%	
Contributed to shareholders	9.92	9.26	+7.2%

- 2019 net profit contributed to shareholders CNY992million (+7.2%) driven by proactive margin management and continuous contribution from cost competitiveness plan

Unaudited figures presented to BAC Audit Committee
(Full year 2019 audited consolidated accounts are expected to be presented to the Board on 20th March and to Shareholders meeting for approval on 27th April).

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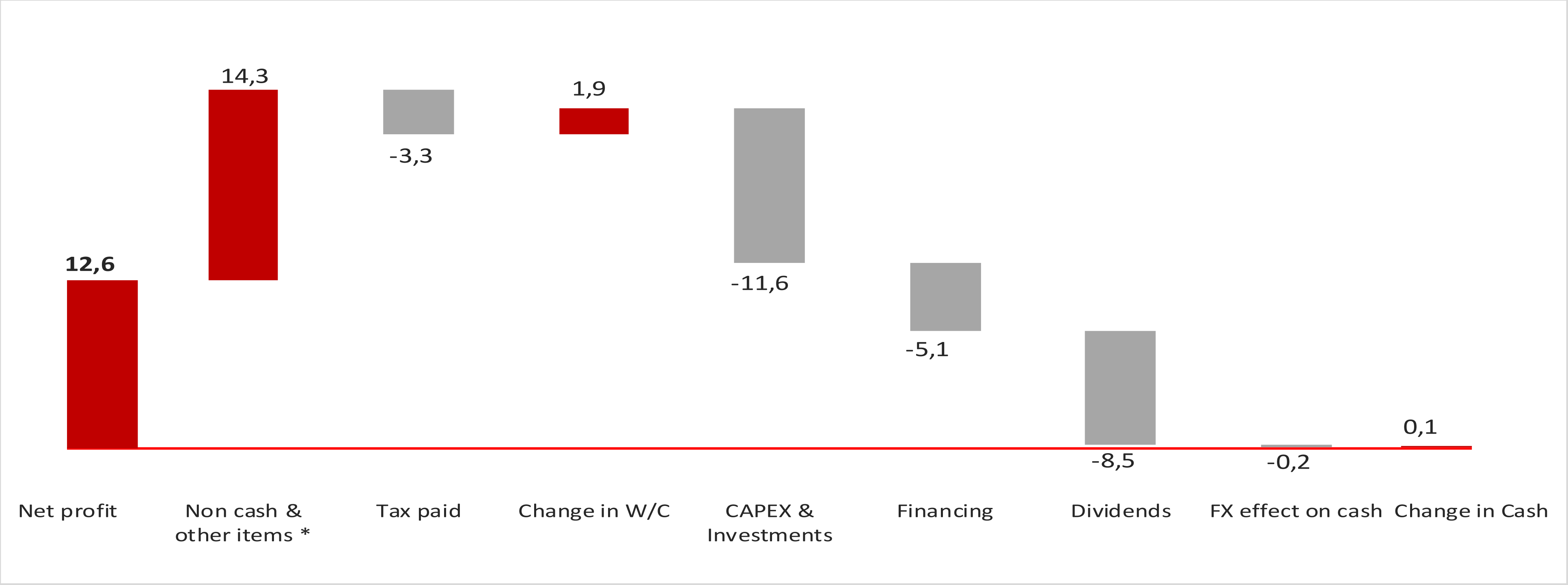
Cash flow



- Cash position as of end of 2019 is CNY 5,3bn stable compared to last year, the positive cash-flow from operating activities generated (+ CNY 2,55b) was invested in CAPEX (- CNY 1,16b), debt reimbursement including interest (- CNY 0,51b)and dividend (- CNY 0,85b).

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Competitiveness improvement plan

- **Total gross savings achieved for 2019: 36m€ (o.w. 32 m€ recurring) via short-term quick wins as well as long-term sustainable initiatives**
  - ✓ Revamping supply chain set up (optimization of flows, warehousing and packaging allowing reduction of costs and improved client satisfaction)
  - ✓ FTE remained flat in spite of investments in Sales force, such as internalizing Ruminant distribution in Europe.
- **Competitiveness enhancement plan will be continuously monitored and strictly implemented in 2020**

Outlook

By Jean-Marc Dublanc

Onward Outlook

Business Outlook

In the context of fierce competition, Adisseo is confirming its stabilizing trajectory and is expecting to pursue profitable growth driven by:

- Continued volume growth in liquid methionine
- Accelerated growth in Specialties
- Continuous margin and cost management

Beginning of 2020 was impacted by COVID-19 especially in China. However, the impact should be mitigated thanks to being a global player.

Financial Operation

✓ Closing of 15% buy-back to be expected in H1 2020 with 2019 proforma EPS to be increased from CNY0.37 to CNY0.44.

✓ €200m sustainability-linked low-cost financing secured in December 2019 provides adequate funds for potential investments

Thank you!

Q&A