Q3 2019 Presentation

Bluestar Adisseo Company (SH 600299)

Investor Presentation
24 October 2019

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ADISSEO
A Bluestar Company

Q3 Business Highlights

Q3 Business Highlights

- **Q3 TRIR at 0.58 (12-month rolling TRIR at 0.71) : improved results thanks to no accident for 90 days and continuous excellent safety results delivered by Nanjing and Burgos**

- **+6% Q3 revenues growth and +26% increase in Q3 net profit contributed to shareholders compared with Q3 2018 thanks to:**
  - Double-digit volume growth in liquid methionine
  - Volume recovering in Vitamin A with still firm pricing
  - +9% revenue growth in specialty business thanks to
    - ✓ Double-digit growth in Enzyme, Ruminant and Selisseo
    - ✓ Strong momentum in Aqua business
  - Proactive margin management thanks to cost competitiveness plan

- **Historical-low production cost in Nanjing plant plus well on track BANC2 project**

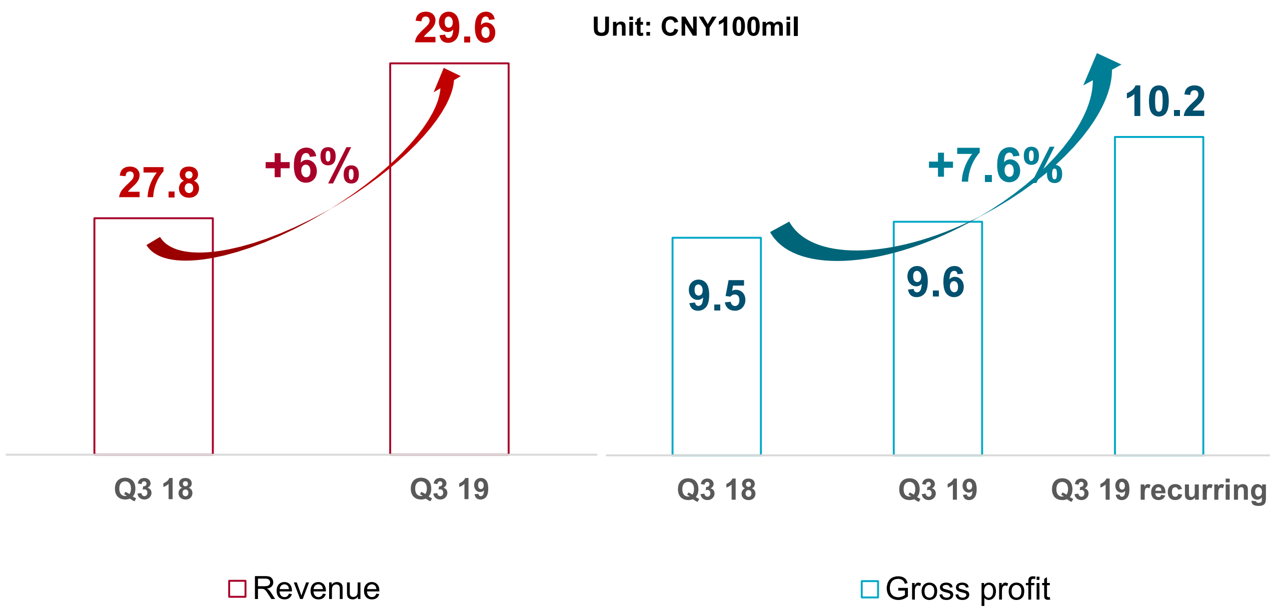
- **Recent AVF investment in Tibot, a pioneer in poultry robotics, in the field of smartfarming, was completed in early Oct.**

- **New terms 15% buy-back to be submitted to shareholder meeting to vote**

- **Special dividend proposal of CNY276mil, bringing total dividend @ CNY 2.76 per 10 shares in 2019 with yield at around 2.6%**

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

2019 Q3 - Overall Performance
Revenue growth while protecting gross margin in challenging situations

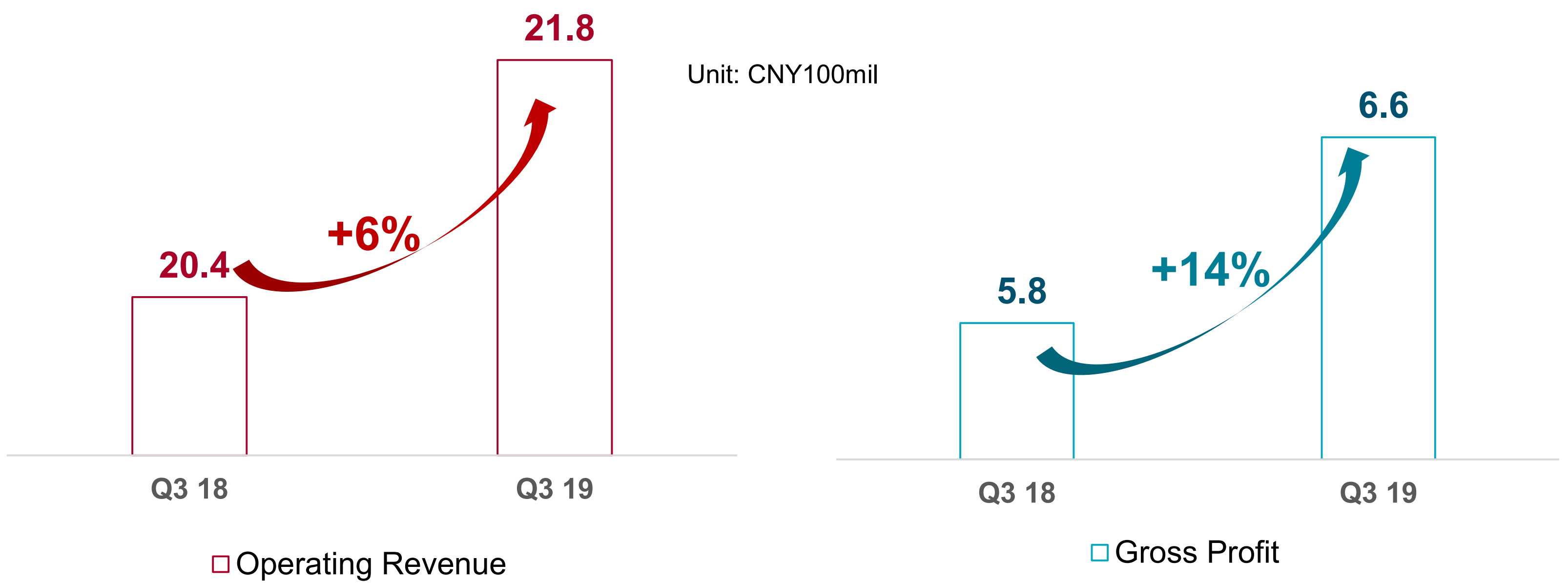


Note: GP Margin: Q3 18: 34% vs. Q3 19: 33% vs. Recurring Q3 19: 34.6%

- Q3 revenue (CNY2.95bn) resulted **+6%** increase compared with Q3 2018.
  - ✓ Double-digit volume growth in liquid methionine
  - ✓ Significant contribution from vitamin A selling prices at relatively high level but still lower compared with last year
  - ✓ +9% revenue growth in specialties

- Recurring Q3 gross profit enjoyed **+7.6%** increase

2019 Q3 - Performance Products



Note: GP Margin: Q3 18: 28% vs. Q3 19: 30%

+6% revenue growth and +14% gross profit growth of performance product in Q3 thanks to :

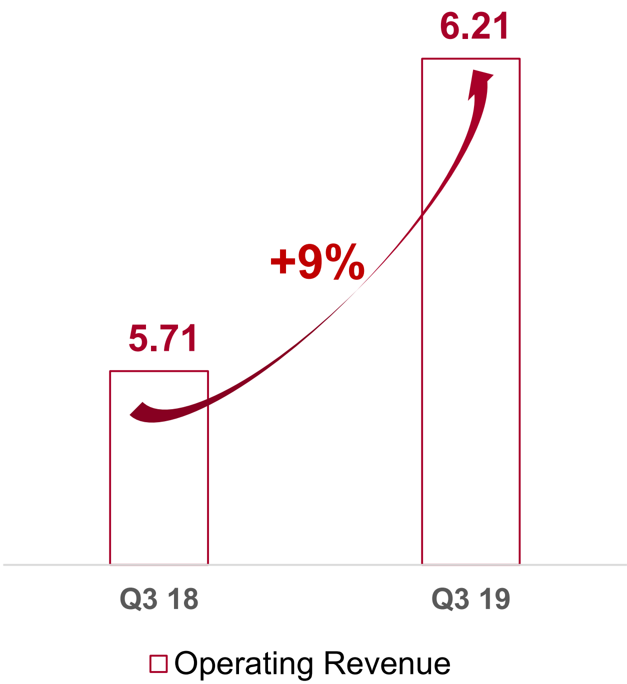
- Double-digit volume growth of liquid methionine
- Volume recovering of Vitamin A
- Excellent manufacturing cost in China

Gross margin has been stabilized in 2019 at the level of 30% thanks to the effective margin management.

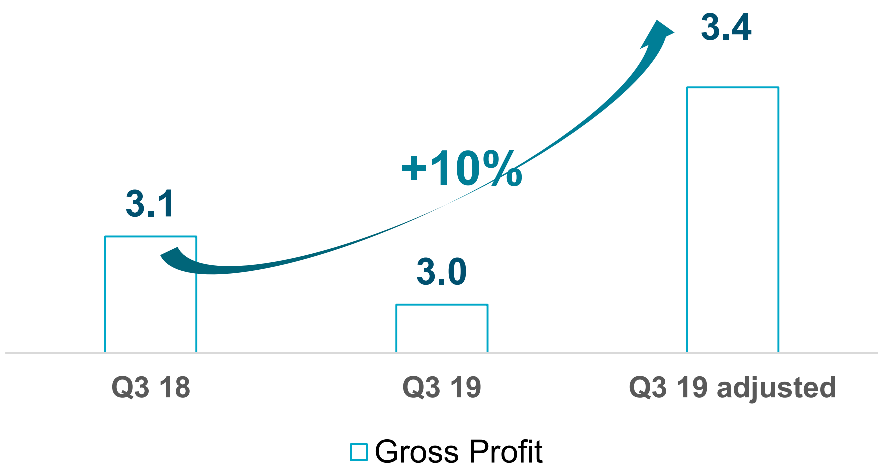
2019 Q3
- Performance Products Business

- **Methionine**
  - ✓ Liquid Methionine historical high quarterly sales with accelerated volume growth driven by +21% growth in China despite highly competitive market with continuous downward price pressure.
  - ✓ Positive opinion issued by experts for the BANC2 permit
  - ✓ Liquid Methionine historical-low production costs of Nanjing plant
  - ✓ Adisseo technical marketing encyclopedia (Methiopedia) updated and published in China with strong positive feedback.
- **Vitamins**
  - ✓ Favorable strong positioning of Adisseo Vitamin A in a context of shortage in the market

2019 Q3 - Specialty Products



Unit: CNY100mil



Note: GP Margin: Q3 18: 54% vs. Q3 19: 47% vs. Recurring Q3 19: 55.5%

- Specialty business enjoyed +9% growth in revenue in Q3 thanks to
  - ✓ Continued double-digit strong growth in enzyme business (+14%)
  - ✓ Ruminant growth (+16%) thanks to early positive signs from dairy market in the US
  - ✓ Selisseo achieved best quarter sales in Q3 (+26%)
  - ✓ Good performance in other product lines: Digestive Performance, Aqua as well as Mycotoxins products
- Recurring gross profit enjoyed +10% increase

2019 Q3 - Specialty Products Business

Business Dynamics

- ✓ Enzyme business continued its double-digit growth in Q3 2019 thanks to our innovative new Adisseo enzyme offering in all regions.
- ✓ Selisseo®: continued strong volume growth (+26%) and historical-high quarterly revenue.
- ✓ A promising rebound in ruminants thanks to early positive signs from the dairy market in the US
- ✓ Acceleration in Aqua (+15%) thanks to strong sales in Europe and Asia Pacific.
- ✓ Rebounding performance in Mycotoxin Management (+10%)

Investment Innovation

- ✓ Recent investment on 9th Oct in the field of smartfarming: Tibot, a pioneer in poultry robotics, developing robotic solutions for poultry farmers to increase their income, improve their working conditions, as well as to meet animal-welfare expectations.

Q3 2019
Financial Performance

2019 Q3 Financial Performance

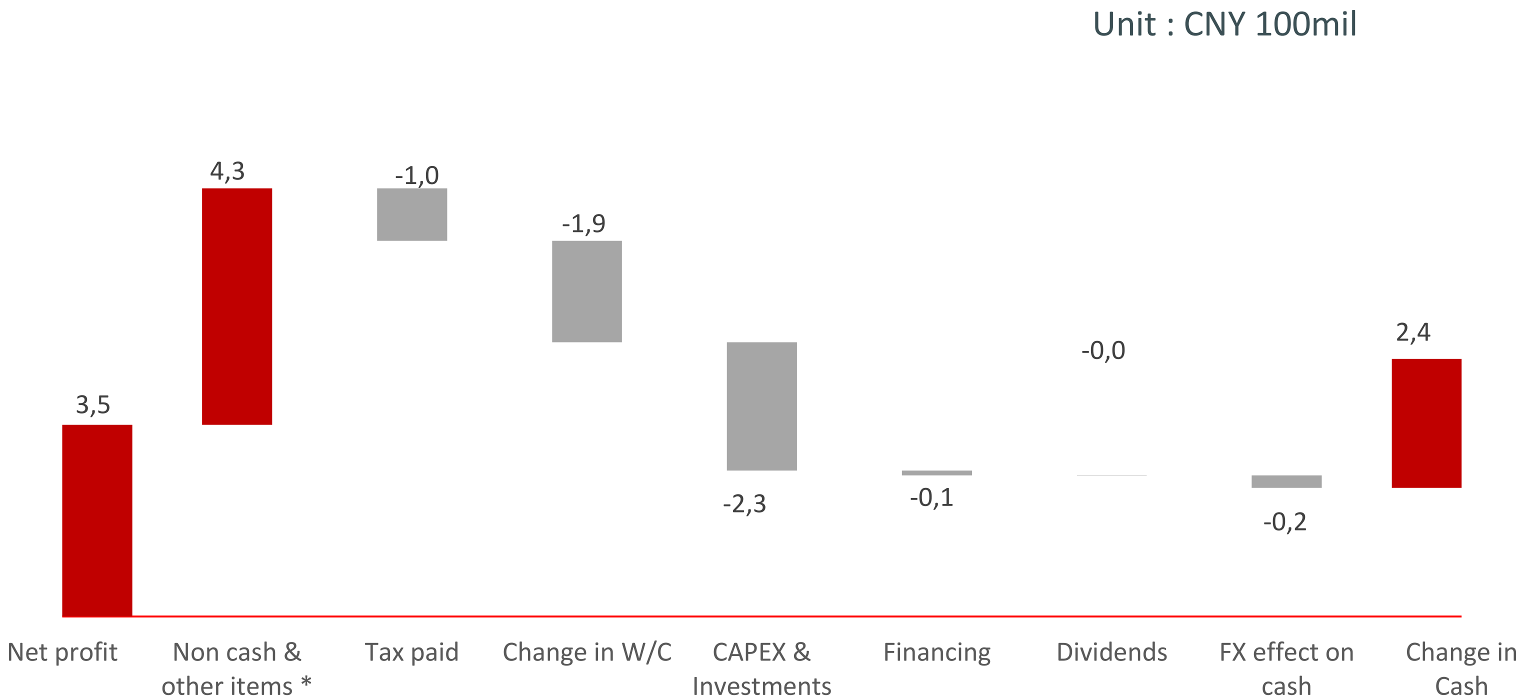
Unit : CNY 100mil	ACTUAL	PRIOR YEAR	vs PY
REVENUE	29,6	27,8	+6%
GROSS PROFIT	9,6	9,5	+1%
EBITDA	7,2	6,4	+12%
EBITDA MARGIN	24%	23%	
NET PROFIT	3,5	2,8	+24%
NET MARGIN	12%	10%	
Contributed to shareholders	2,8	2,2	+26%

- Q3 2019 net profit contributed to shareholders (+26%) landed at CNY280million, thanks to the strict control on operating expenses, positive financial results and one-off positive impact.

Competitiveness improvement plan

- **Short Term quick wins**
  - ✓ Optimization of production costs: Liquid Methionine Plants delivering historical lowest production costs
  - ✓ Optimization of transportation costs in the context of US/China Trade war
  - ✓ Close monitoring on headcount: selective investment in business development while optimizing operating platform
- **Long Term sustainable initiatives**
  - ✓ Extensive review of all supplier contract: allowing to secure and reinforce savings notably on energy and transportation
  - ✓ Revamping of supply chain set-up: Optimization of flows, warehousing and packaging allowing reduction of costs and improved client satisfaction
  - ✓ General and Administrative functions operational efficiency: Offices optimization, simplification of legal structure

2019 Q3 Cash flow statement



** including amortization, provision & deferred tax*

Cash position as of September 30th 2019: CNY5,2bn, showing a quarterly cash generation of CNY 0,24bn thanks to:

- operating activities (+CNY 0,5bn),
- reinvested partly in CAPEX (-CNY 0.2bn)

Special Dividend Proposal

- A special dividend proposal amounting to CNY276mil has been submitted to shareholders meeting for approval.

  - Total dividend in 2019 up to CNY2.76 per 10shares

  - Annual yield at around 2.6%

  - Total pay-out ratio if combined with 2018 annual dividend already distributed will be increased from 50% to 80%

Buy-Back of 15% operating entity (BANG)

	Previous term	New term
Valuation (CNY100mil)	36.14	30.86
Closing & Payment term	2^{nd} closing is subject to successful financing	15% shares to be transferred wholly to BAC upon 1st payment with 2nd payment be postponed up to 1 year

Adisseo Outlook with Reinforced China Strategy

Février 2017

FY 2019 outlook

In a highly competitive market putting pressure on prices, Adisseo is expecting to pursue our profitable growth trajectory driven by:

- Acceleration of liquid methionine volume growth
- Vitamin A business significant contribution
- Specialties accelerated growth
- Continuous margin and cost management.

China growth is vital to the success of our global strategy

- Strong demand in CHINA in poultry favored by the African Swine Fever with the positive impact on poultry last until 2020.
- Synchronized production and sales forces ensure our liquid methionine leadership in China
- Excellent manufacturing competitiveness in Nanjing plant
- Accelerate growth in specialty business in China by external growth opportunities
- Not only to be a close-to-customer innovation platform, China R&D center will also become one of our two global chemistry R&D centers
- Controlling Shareholders committed to offering continuous strong support

Thank you / Merci!

Time for Q&A.