Bluestar Adisseo Company
Announcement of Main Operating Data for the year 2017

In accordance with SSE *industrial information disclosure guidance No. 18-Chemical Industry* and the *notice of Q3 report disclosure*, here present the 2017 annual operating data:

1. Income & Cost Analysis

Analysis by product

Unit: Yuan Currency: RMB

Main operations by product						
By product	Operating revenue	Cost of sales	Gross profit ratio (%)	Increase/decrease in operating revenue on the same period of last year (%)	Increase/decrease in operating cost on the same period of last year (%)	Variation in GP ratio on the same period of last year
Performance products	8,101,555,708	5,290,143,748	35%	-7%	16%	-13%
Specialty products	1,729,578,118	757,693,985	56%	27%	11%	6%
Other products	566,689,282	302,921,427	47%	-5%	-17%	8%
Total	**10,397,823,108**	**6,350,759,160**	**39%**	**-3%**	**13%**	**-8%**

Analysis of the factors impacting the income from sale of products

In comparison with 2016	Change in Volume	Change in sales price	Exchange rate impact
Performance products	819,262,312	(1,854,230,666)	402,366,152
Specialty products	367,581,202	(16,787,551)	21,774,781

Adisseo's operating revenue in 2017 totaled RMB 10,397,823,108 and decreased by 6% at constant EUR/CNY rate (i.e. -3% at current EUR/CNY rate), compared to 2016.

Performance products are mainly driven by the methionine business. The decrease in operating revenue by 7% is due to the sharp decrease in methionine prices in 2017 compared to 2016. The negative price impact on methionine has been partly balanced by a very significant volume growth of 11%, especially on liquid methionine. Adding a negative US$/€ and raw material purchasing price impact, gross profit ratio decreased but still maintained at a quite solid level.

Due to rigorous cost management, pricing tactic, proactive purchasing management, including management of a global Vitamin A short supply, initiated by the accidental shutdown of the unit of our n°1 intermediate supplier that enable Vitamin business also achieve very good results in 2017, especially in Q4.

Operating revenue in Specialty products is significantly increasing with 27% annual growth rate. Adisseo confirms its leadership in the Ruminants segment with 2017 volumes recovery after 2016 milk crisis especially with 50% of volume increase is Smartamine®. Enzymes also delivered a double digit growth thanks to the successful innovation in a fierce competitive environment. Selisseo® and Alterion®, products launched in recent years, more than almost double their operating revenue compared to last year, confirming Adisseo ability to successfully leverage on its innovation investments. This revenue increase allowed a gross profit improvement.

Cost of sales suffered from raw material prices increase partly balanced by rigorous cost management.

2. Price variation of the principal products and raw materials

- **Pricing strategy and price variation of principal product**

  Our global pricing policy is implemented at three levels: global, regional and national. Our global pricing strategy is established by our Global business directors. The responsibility of the Regional business managers is to adapt this global pricing strategy according to the specific market and competitive environment of the countries under their responsibility.

  Regular reviews facilitate Adisseo ability to secure contracts with key customers at the right price and to seize profit-maximizing opportunities. A substantial number of our contracts across all our business lines are concluded on a quarterly basis with fixed pricing for such period.

  Historical pricing volatility in the methionine market has been attributable to exogenous factors like natural disasters or animal disease outbreaks and competitive behaviors from industry participants.

Competitive behaviors within the industry and related new capacity announcements or start-ups could also affect the supply and demand balance.

The pricing environment for vitamins is primarily driven by supply and demand dynamics. The primary end for vitamin A and E markets are animal feed. However, vitamin E is also driven by the human food, pharmaceutical and cosmetics markets.

The pricing of our products is in most cases in-line with market pricing which can vary from region to region. Where possible, our prices also reflect a premium for the value-added support services that we provide to our customers.

- **Basic information of principal raw material**

Raw material	Purchasing pattern	Market value of raw material	Prices Fluctuation vs 2016	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	879,365,557	16%	Slight increase in operating cost
Methanol	Long-term contract	220,859,850	31%	Slight increase in operating cost
Sulphur	Long-term contract	157,946,914	14%	Slight increase in operating cost

3. Other events that have significant impact over the company's production and operation

None.

It is hereby announced.

Board of Directors of Bluestar Adisseo Company

27 March 2018