Bluestar Adisseo Company

Announcement of Main operating data for 2018 Q1

The Board of Directors, and Supervisory Committee of Bluestar Adisseo Company as well as all the directors, supervisors and senior executives hereby confirm that this announcement is true, accurate and complete, and no false statement, misleading statements or important omissions carried in this report, and that they shall take all responsibilities jointly and individually for such content.

In accordance with SSE industrial information disclosure guidance No. 18-Chemical Industry, the notice of Q1 report disclosure, here present the 2018 Q1 operating data:

1. Production volume, sales volume and earned income of the principal products

Main operation analysis by industry, by product

Unit: Yuan Currency: RMB

Main operations by industry							
By industry	Operating revenue	Cost of sales	Gross profit	Gross profit ratio (%)	Increase/de-crease 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
Health and Nutrition	3,013,914,234	1,793,208,808	1,220,705,426	41%	22%	19%	2%

Unit: Yuan Currency: RMB

Main operations by product							
By product	Operating revenue	Cost of sales	Gross profit	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	2,315,209,229	1,433,252,969	881,956,260	38%	19%	14%	2%
Specialty products	541,865,759	265,689,016	276,176,743	51%	32%	50%	-6%
Other products	156,839,246	94,266,823	62,572,423	40%	33%	31%	1%
Total	**3,013,914,234**	**1,793,208,808**	**1,220,705,426**	**41%**	**22%**	**19%**	**2%**

Analysis of the factors impacting the income from sale of products

In comparison with 2017 Q1	Change in Volume	Change in sales price	Exchange rate impact
Performance products	187,095,836	274,982,874	(89,143,070)
Specialty products	186,002,188	(15,234,889)	(38,202,780)

Performance products

Operating revenue from Performance products increased by 19% thanks to the impact of double-digit volume growth in liquid methionine as well as exceptional contribution from Vitamin business thanks to the successful management of Vitamin A market crisis. Adisseo further confirmed its leadership in methionine, thanks to the double-digit volume growth of liquid methionine in the period although facing with more and more fierce competition.

Although facing with deteriorated macro-environment, such as increased raw material cost and unfavorable FX impact, the Company retained at solid gross margin level at 38% for performance products thanks to the well-balanced and best-in-class operation management as well as one-off contribution from Vitamin business.

Specialty products

Operating revenue in Specialty products achieved significant growth of 32% compared with Q1 2017 and achieved a contributed 18% of total revenue thanks to the fast growth of new product range as well as portfolio expansion including Nutriad integration. Business portfolio is becoming more balanced with the continued strong growth momentum in new products and portfolio expansion, which is and will be the source for the growth of specialty business.

Enzymes grew as expected, with the contribution from the new product Rovabio® Advance Phy, achieved double-digit volume growth again. Newly introduced in Q1 2018, Rovabio® Advance Phy is the latest innovation from Adisseo's feed enzyme Rovabio® range.

Sales volume of Selisseo® and Alterion® realized a steady fast growth. The combined revenue doubled again compared with corresponding period. Among which, Alterion® volume almost tripled, reflecting the trend of banning antibiotics in the industry.

Profit contribution of specialty business is expected to accelerate thanks to innovation and product expansion with the full integration of Nutriad within Adisseo, which will allow significant synergies to be extracted from

2018 onwards.

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.

Global market demand for methionine is rather strong, continuing to grow at a pace of 5-6% per year but margins remain under pressure as expected and due to change of demand and supply dynamics and raw material condition.

Basic information of principal raw material

Raw material	Purchasing pattern	Market value of raw material	Prices Fluctuation vs Q1 2017
Propylene 95%	Long-term contract	263,172,235	7%
Methanol	Long-term contract	65,093,951	5%
Sulphur	Long-term contract	48,971,966	21%

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

None.