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Bluestar Adisseo Company Announcement of Main Operating Data for first quarter 2019

The board of directors and all directors guarantee that this announcement does not contain any false statement, misleading statement or material omission, and assume personal and joint liability for the authenticity, accuracy and integrity of this announcement.

In accordance with SSE *industrial information disclosure guidance No. 18-Chemical Industry* and the *notice of 2019 first quarter report disclosure*, here present the 2019 first quarter operating data:

1. Income & Cost Analysis

Analysis by industry

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	2,732,969,498	1,733,514,645	999,454,853	37%	-9%	-3%	-4%

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	2,001,267,650	1,359,191,553	32%	-14%	-5%	-6 ppt

Specialty products	569,246,840	274,682,656	52%	5%	3%	1ppt
Other products	162,455,008	99,640,436	39%	4%	6%	-1 ppt
Total	**2,732,969,498**	**1,733,514,645**	**37%**	**-9%**	**-3%**	**-4 ppt**

Analysis of the factors impacting the income from sale of products

In comparison with Q1 2018	Change in Volume	Change in sales price	Exchange rate impact
Performance products	19,390,697	(357,574,112)	24,241,836
Specialty products	17,299,670	2,705,994	7,375,417

Q1 2019 Revenues (CNY2.73 billion) and gross profit (CNY1.0 billion) decreased by -9% and -18% respectively vs Q1 2018 which benefited from unusually high vitamin prices and relatively high methionine selling prices.

Gross profit is improving as reflected by gross profit margin (37%) increasing by 1ppts vs Q4 2018. Thanks to the continuous volume growth in liquid methionine, significant contribution from vitamin A, +17% gross profit increase in specialties and competitiveness enhancement project, the net profit attributable to shareholders was CNY300 million increased by 37% vs Q4 2018.

<u>Performance Product:</u>

Regarding methionine business, Adisseo’ s leading position has been further strengthened with the completion of 50KT capacity expansion on the European platform in 2018 (Polar project), which has been commercialized since the start of 2019..

The new 180KT liquid methionine plant in Nanjing (BANC2) is progressing as planned in a context where Adisseo is taking all actions to ensure safety is priority and to meet and anticipate new environmental regulations.

For vitamins, the market is gradually getting back to normal and the pricing is still at a relatively high level. Adisseo’s strategic long-term cooperation agreement to secure the sourcing of key intermediate of Vitamin A is being implemented.

<u>Specialty Business:</u>
<u>Specialty business recorded a gross profit of CNY290 million, representing a yoy increase of 7% and an increase of 17% vs Q4 2018 in spite of non-ending dairy crisis in the U.S. It contributed 29% of the total gross profit. The growth is attributed to the synergy derived from integration with Nutriad, new products introduced and strong sales growth of Selisseo. Selisseo revenue grew by +27% vs Q1 2018 and is expected to continue thanks to the successful registration of Selisseo in the U.S.</u>

<u>Adisseo is also leveraging venture capital on top of internal research. Another AVF investment in the field of nature-derived products and technologies for insects and parasites control in animal protein production systems is about to be closed.</u>

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	239,005,653	-1%	Increase in operating cost
Methanol	Long-term Contract	255,166,113	0%	Increase in operating cost
Sulphur	Long-term Contract	215,801,051	16%	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

24th April 2019

(In case of discrepancies between the English version and the Chinese version of this announcement, the Chinese version, officially published and disclosed, shall prevail.)