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Bluestar Adisseo Company
Announcement of Main Operating Data for Third 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 third-quarter report disclosure*, here present operating data of the first three quarters 2019:

1. Income & Cost Analysis

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 in the same period of last year (%)	Increase/decrease in operating cost in the same period of last year (%)	Variation in GP ratio in the same period of last year
Health and Nutrition	8,312,640,283	5,456,634,644	2,856,005,639	34%	-2%	-2%	0%

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 in the same period of last year (%)	Increase/decrease in operating cost in the same period of last year (%)	Variation in GP ratio in the same period of last year
Performance products	6,071,327,028	4,218,735,548	31%	-5%	-6%	1%
Specialty products	1,771,470,051	894,014,674	50%	6%	10%	-2%
Other products	469,843,204	343,884,422	27%	-3%	22%	-15%
Total	8,312,640,283	5,456,634,644	34%	-2%	-2%	0%

Analysis of the factors impacting the income from sale of products

In comparison with first three quarters 2018	Change in Volume	Change in sales price	Exchange rate impact
Performance products	337,613,605	(753,355,378)	122,492,383
Specialty products	63,626,417	(743,718)	31,808,170

Facing with competitive market situation, Adisseo's operating revenue and gross profit for first three quarters 2019 totaled CNY 8,312,640,283 and CNY 2,856,005,639 respectively, which has decreased by 2% and 4% respectively with gross profit margin ratio remained stable at the level of 34% compared to that of the first three quarters 2018.

The continuous rebounding performance in 3rd quarter: +6% of Q3 2019 revenues (CNY2.96 billion) and +7.6% recurring gross profit (CNY1 billion) was mainly attributed to:

- Double-digit volume growth in liquid methionine driven by +21% growth in China;
- Volume recovering in Vitamin A with pricing still being at a relatively high level
- Double-digit growth in enzymes, Ruminants and Selisseo business as well as strong momentum in aqua business
- Proactive Margin Management thanks to cost competitiveness plan.

Performance Products

In the reporting period, regarding the methionine business, despite fierce competitive in the market, liquid methionine has recorded accelerated volume growth driven by strong growth in China, and production costs reached their lowest level worldwide. On Vitamins, Adisseo benefited from a strong positioning of Vitamin A in a context of shortage in the market. Overall speaking, although revenue decreased due to the pricing pressure of main products compared with last year, the gross profit margin realized a slight increase of 1ppt thanks to the rebounding good performance in current quarter.

Specialty Business:

In reporting period, the specialty business confirmed its growing momentum. Operating revenue had an increase of 6%. Excluding one-off impact, recurring gross profit in the 3rd quarter achieved CNY345mil. Thus, the recurring profit margin of the reporting period remained at same level of last year.

The accelerated growth in Q3 is mainly attributed to 1) +14% revenue increase in the enzyme business, 2) +26% revenue growth for Selisseo which achieved historical-high quarterly revenue, 3) a promising rebound in ruminants (+16%) thanks to early positive signs from the dairy market in the U.S., 4) 15% sales increase in aqua thanks to the strong sales in Europe and Asia Pacific 5) rebounding performance in Mycotoxin Management with +10% revenue growth.

Adisseo completed on October 9th its recent investment in the field of smartfarming in Tibot, a pioneer in poultry robotics, developing robotic solutions for poultry farmers to increase their income, improve their working conditions and animal-welfare expectations.

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 same period of 2018	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	730,050,646	-6%	decrease in operating cost
Methanol	Long-term contract	138,986,376	-17%	decrease in operating cost
Sulphur	Long-term contract	174,838,648	3%	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

23rd Oct 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.)