Bluestar Adisseo Company Announcement of Main Operating Data for FY2019

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 Annual report disclosure*, here present the 2019 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	8,086,108,163	5,683,719,046	30%	-5%	-4%	0ppt
Specialty products	2,431,310,166	1,240,507,642	49%	8%	8%	0ppt
Other products	618,071,510	432,907,829	30%	-6%	15%	−13ppt
Total	11,135,489,839	7,357,134,517	34%	-2.5%	-1%	-1ppt

Analysis of the factors impacting the income from sale of products

Unit: Yuan Currency: RMB

In comparison with 2018	Change in Volume	Change in sales price	Exchange rate impact
Performance products	389,150,861	(941,532,263)	142,925,475
Specialty products	125,427,571	8,741,899	35,598,127

The Company recorded an operating revenue of CNY11.14 billion in 2019, nearly stabilized thanks to volume growth despite price decrease. The gross profit reached CNY3.78 billion in 2019, representing a yoy decrease of 5%, mainly due to the downwards pressure on methionine' prices and progressive normalization of vitamins' prices.

The gross profit margin remained at 34% thanks to the more and more balanced business portfolio with the high-margin specialty business contributing more than 30% of the total gross profit reflecting the execution of our strategy.

Performance Product:

Regarding the methionine business, liquid methionine has recorded accelerated volume growth driven by strong growth in China (+21% volume growth) and production costs achieved their lowest level worldwide which contributed to the stabilization of the gross profit margin at 30%.

Nanjing plant successfully maintained its excellent manufacturing capacity, delivered high reliability and achieved its historical-low cost in 2019. The new 180KT liquid methionine plant project (BANC2) has received its environmental permit ("EIA") at the end of Oct 2019. Meanwhile, some production process changes have been newly embedded to further improve environmental performance and to reduce the already world-leading production costs. The changes will lead to a modest increase in the total investment and required a bit more construction time. The project is expected to start in 2022.

The force majeure declared by French plant in late December has some impact on the powder methionine production and its gross margin, but the impact is expected to be limited. The force majeure has been lifted in late Feb.

On Vitamins, Vitamin A achieved a stabilized production throughout the year.

Specialty Business:

The specialty business demonstrated its strong growth momentum in 2019 with revenue and gross profit reaching CNY2.4 billion (+8% vs FY 2018) and CNY1.2 billion respectively and gross profit margin stabilized at 49%.

The accelerated growth is mainly driven by +12% revenue increase in the feed digestibility (enzyme) business, +27% growth for Selisseo (Health by Nutrition) which continuously achieved historical-high quarterly revenue in 2019, a +11% rebound in ruminants in 2019 (especially +27% in Q4) thanks to early positive signs from the dairy market in the U.S., +17% sales increase in aqua thanks to the strong sales in Asia Pacific and South America plus rebounding performance in Mycotoxin Management with +12% revenue growth.

Adisseo set up a new aqua lab station in Singapore on 13th December, fully dedicated to developing innovative and sustainable feed solutions for aquaculture sector to tap into the huge global aqua feed market.

Besides the newly fully-fledged R&D center established in China, Adisseo continued to expand its international R&D footprint by establishing a new partnership with Wisconsin University in the U.S. on Ruminant research.

Another new investment was just completed via AVF fund in the field of antibiotics replacement. Overuse of antibiotics to fight bacteria in both livestock and humans has led to widespread antibiotic resistance. Novobind, the new invested target, has developed and commercially introduced the phage-based products preventing bacterial infection in live animals in livestock farming & aquaculture.

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**

Unit: Yuan Currency: RMB

Raw material	Purchasing pattern	Market value of raw material	Prices Fluctuation vs 2018	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	955,554,790	-9%	decrease in operating cost
turMethanol	Long-term contract	181,201,715	-22%	decrease in operating cost
Sulphur	Long-term contract	223,775,807	-3%	decrease 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

20th March 2020

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