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Bluestar Adisseo Company Announcement of Main Operating Data for first quarter 2020

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 2020 First Quarter report disclosure*, here present the 2020 first quarter operating data:

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 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	2,852,332,039	1,753,010,228	1,099,321,811	39%	4%	1%	+2ppt

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	1,990,956,398	1,329,954,093	33%	-1%	-2%	+1ppt
Specialty products	716,879,861	340,470,794	53%	26%	24%	+1ppt
Other products	144,495,780	82,585,341	43%	-11%	-17%	+4ppt
Total	**2,852,332,039**	**1,753,010,228**	**39%**	**4%**	**1%**	**+2ppt**

Analysis of the factors impacting the income from sale of products

Unit: Yuan Currency: RMB

In comparison with Q1 2019	Change in Volume	Change in sales price	Exchange rate impact
Performance products	167,396,015	(211,848,056)	34,140,789
Specialty products	123,270,952	10,093,199	14,268,870

In Q1 2020, the Company recorded an operating revenue of CNY 2,852,332,039 and a gross profit of CNY 1,099,321,811 respectively, representing increase by 4% and 10% respectively, which was mainly driven by double-digit volume growth in liquid methionine (+13%), best-ever quarterly volume in Vitamin A business and strong revenue growth in specialties (+26%). This has compensated the impact from a year-on-year lower but progressively moving-up prices for methionine and Vitamin A and negative impact from force majeure in France which was finally lifted in late February.

The gross profit margin improved by 2 ppt from 37% to 39% thanks to product mix with specialty business contributing 34% of the total gross profit (vs. 29% in Q1 2019) and the positive impact from decreased raw material costs which is expected to be fully materialized in the following months.

Performance Product:

Regarding the methionine business, liquid methionine achieved a quarterly-high volume result in the volatile macro-environment thanks to the strong demand of methionine in the first quarter with accelerated volume growth in liquid methionine notably driven by Asian (+30%) and Latin America markets (+22%). Though the pricing recorded a yoy decrease, the sign of rebounding was observed in late Q1 and the beginning of Q2.

Excellent manufacturing continuity was achieved in all plants worldwide with high reliability in spite of COVID-19 pandemic.

The new 180KT liquid methionine plant project (BANC2) has overcome the difficulties encountered during the COVID-19 pandemic in China and is progressing well. The project has introduced innovative solutions to further reduce the environmental footprint of the new plant, allowing environmental performance in some areas to exceed the regulation requirements.

The force majeure declared by the French plant in late December has some impact on the powder methionine's revenue and profitability. It was lifted in late February.

On Vitamins, thanks to its production continuity, Vitamin A achieved a best-ever quarterly volume in a context of market shortage due to COVID-19. However, the portfolio business was impacted due to the delayed restart of Chinese producers after Chinese New Year.

Specialty Business:

The specialty business continued its strong growth momentum in both revenue and gross profit with an increase of +26% and +28% respectively. The gross profit margin has improved to 53%. The accelerated growth is mainly driven by continued growth (+20%) in Feed Digestibility Business (Enzyme) resulting a best-ever quarterly result and ruminant strong rebound (+44%) benefitting from the ending of dairy market crisis, but now facing with uncertainties due to impact from COVID-19 in the following months. Health by nutrition (+23%), thanks to double-digit growth for all product lines especially for Selisseo that has achieved another best-ever quarterly result and a good start in Aqua (+12%) despite in its low season.

The joint venture with Calysta was established in early March to tap into a great opportunity to develop a major business in Aquaculture in Asia whose market size is about USD28 billion. This partnership enabled Adisseo to become a major contributor to food safety and sustainability in Asia via innovation solutions to provide high quality protein for aqua products. The initial plant of 20kt capacity will start up in 2022 and the innovative product FeedKind® will first enter the China market.

Two new investments via AVF fund are about to be confirmed in the coming weeks in the fields of livestock vaccines with higher cost effectiveness and innovative antibodies-based technologies to be applied in pigs

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 2019	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	207,877,287	-10%	decrease in operating cost
Methanol	Long-term contract	50,763,951	-5%	decrease in operating cost
Sulphur	Long-term contract	52,510,600	-23%	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

22nd April 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.)