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Bluestar Adisseo Company Announcement of Main Operating Data for Half-year 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 Annual report disclosure*, here present the 2020 half year 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	5,885,775,768	3,553,612,085	2,332,163,683	40%	10%	3%	+4ppt

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	4,193,280,098	2,639,189,086	37%	8%	-2%	6ppt
Specialty products	1,420,876,515	686,216,789	52%	24%	21%	1ppt
Other products	271,619,155	228,206,210	16%	-13%	15%	-20ppt
Total	**5,885,775,768**	**3,553,612,085**	**40%**	**10%**	**3%**	**+4ppt**

Analysis of the factors impacting the income from sale of products

Unit: Yuan Currency: RMB

In comparison with 2019 half-year	Change in Volume	Change in sales price	Exchange rate impact
Performance products	309,128,172	(100,048,495)	88,323,475
Specialty products	204,119,865	33,182,041	33,561,484

In 2020 H1, the Company recorded operating revenues of CNY 5,885,775,768 and gross profits of CNY 2,332,163,683, representing an increase of +10% and +23% respectively in the context of challenging macro-environment, which was mainly driven by double-digit volume growth in liquid methionine, firm Vitamin prices in the context of supply concern, and continued strong revenue growth in Specialties notably driven by diary market.

The gross profit margin was improved by +4.3 ppt from 35.3% to 39.6% thanks to decreased raw material costs with more positive impacts, positive impacts from pricing and volume as well as accelerated growth in dairy products with higher profitability level.

Competitiveness enhancement program continued its successful implementation, with recurring savings of more than Euro 15mil realized in 2020 H1.

Performance Product:

Regarding the methionine business, liquid methionine achieved a double-digit volume growth in 2020 H1 (+11% in Q2 yoy).

Manufacturing and supply chain continuity were achieved in all plants worldwide all along COVID-19 pandemic. Nanjing plant restarted smoothly after its annual maintenance shutdown in June, now entering into full-capacity production.

On-site preparatory work for construction of the new 180KT liquid methionine plant project (BANC2) has been completed with the permit in place and construction work continues as expected.

On Vitamins, in a context of supply concern as a peer company encountered difficulties in production, Vitamin A enjoyed a strong positioning with prices remaining at high level, and Vitamin E business benefited from the increased prices.

Specialty Business:
In 2020 H1, the specialty business continued its strong growth momentum in both revenue and gross profit with an increase of +24% and +26% respectively, which is mainly driven by accelerated growth in dairy business of which the revenue increased by +55% YOY in Q2 with record sales of Smartamine in the US market, best quarter ever of Aqua business (+67% growth YOY in Q2) despite negative COVID-19 impact on fish and shrimp market, palatability business back to growth in Q2 (+19%) driven by sales in the US and Latin America, and strong penetration achieved in Q2 in US and Latin America with a volume growth of +76% for Selisseo business

Calysseo, the joint venture with Calysta signed an investment agreement with Chongqing Changshou District Economic Development Area at the end of June, a major step to develop FeedKind® business to capture aqua market opportunities in Asian market. The initial plant of 20kt capacity will start up in 2022 and the innovative product FeedKind® will first enter the China market.

AVF Professional Private Equity Investment Fund with Adisseo as the cornerstone investor completed another new investment in ViroVet, which is dedicated to the development of disruptive technologies for the control of viral diseases in livestock with potential to reduce the use of antibiotics and significantly improve the livestock industry worldwide.

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 2019	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	373,369,139	-20%	decrease in operating cost
Methanol	Long-term contract	84,351,341	-23%	decrease in operating cost
Sulphur	Long-term contract	94,061,585	-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

30th July 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.)