

PRESS RELEASE

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H1 2018: double-digit growth driven by liquid methionine and specialties

H1 2018: Revenue (CNY5.75billion) and gross profit (CNY2.01billion) recorded yoy growth of 17% and 9% respectively, mainly driven by:


- Double-digit volume growth in liquid methionine
- Exceptional contribution from Vitamins in a context of market supply shortage
- Accelerated growth of more than 30% in sales of Specialty products

Key projects are on track:

- Investment agreement on the third platform signed between Adisseo and Nanjing local authority
- RumenSmart (A-dry+) is ready for commercialization in the U.S. market
- Strategic long term cooperation agreement in the production of Vitamin A
- New integrated organization following Nutriad acquisition has been announced and joint business synergies are confirmed and on good track especially in Asia and South America
- 10 main Innovative projects selected out from 400+ screening with 1 or 2 to be finalized under Adisseo Venture Fund (AVF)

2018 full year outlook:

- Continuous sales growth driven by liquid Methionine and Specialties
- Headwinds expected to remain, in particular methionine pricing and raw material costs, an operational efficiency plan is engaged to deliver sustainable profitable growth



Jean-Marc Dublanc, CEO of Adisseo, said: *“In a context of headwinds, we pursue the execution of our strategy. The double-digit sales volume growth in liquid methionine and specialty products signals the market demand of our first-class innovative products is still strong. Besides expanding our sales network, we also focus on delivering on our key projects including capacity expansion, new products launch, new strategic partnership and operational efficiency action plan to make us well prepared to embrace opportunities and tackle challenges in future.”*

Bluestar Adisseo Company (“Adisseo” or “the Company”) Board of Directors disclosed its 2018 interim results today.

I. Business Review: Revenues & Net Profit contributed to shareholders

Unit: CNY (100mil)

	2018 H1	2017 H1	Variance (%)
Operating revenue	57.5	49.3	+17%
- Performance Products	43.3	38.4	+13%
- Specialty Products	11.1	8.3	+33%
- Other Products	3.1	2.5	+24%
Gross profit <i>(in % of operating revenue)</i>	20.1 35%	18.5 37%	+9% -2ppt
- Performance Products	13.2	12.8	+3%
- Specialty Products	5.5	4.7	+18%
- Other Products	1.39	1.02	+36%
Net profit attributable to the shareholders of the Company	4.9	5.8	-15%

For the first half of 2018, the Company recorded an operating revenue of CNY5.75 billion and a gross profit of CNY2.01 billion, representing a yoy increase of 17% and 9% respectively thanks to the double-digit volume growth in liquid methionine, exceptional contribution from vitamins in a context of market supply shortage and accelerated growth of more than 30% in sales of specialty products including Nutriad’s offerings.

Regarding the methionine business, Adisseo confirmed its leadership especially in liquid methionine which recorded double-digit volume growth although facing more and more fierce competition. The leading position will be further strengthened with the commercialization of Rhodimet A-Dry+, and the completion of capacity expansion on the European platform in 2018.

The construction work of the 180KT liquid methionine plant in Nanjing has progressed smoothly. The investment agreement has been signed between Adisseo and the local authority in June 2018. Upon completion, the new plant will enable Adisseo to satisfy ever-increasing customer needs as well as to improve Adisseo cost efficiency.

In the first half of 2018, the selling price of some major vitamins is still at high level, which contributed significantly to the interim results. With the restart of BASF plants, the market is gradually getting back to normal. Adisseo is implementing a new strategic long term cooperation agreement in the production of Vitamin A.



Specialty products, consisting of enzymes, rumen-protected methionine, organic selenium and probiotics additives, now further supplemented by Nutriad products, achieved accelerated growth and is growing steadily to become the second business pillar of Adisseo. This business segment recorded an operating revenue of CNY1.11 billion, representing a strong yoy increase of 33% and a higher profit margin contribution of 27% in total. Business portfolio is becoming more balanced with the continued growth momentum in new products. RumenSmart with the application of A-dry+ technology is ready for commercialization in the U.S. The penetration of Rovabio Advance has been confirmed, though the business dynamics were impacted by temporary difficult situation in South America and regulatory approval longer than expected. During the period under review, Alterion and Selisseo recorded significant sales volume growth especially in Asia Pacific and North America. Alterion is now registered in all the main markets across the world.

The acquisition of Nutriad, a global feed additives producer, is part of Adisseo's strategy to become one of the worldwide leaders of feed specialty additives. Nutriad's product range, the animal species addressed (poultry, swine, aquaculture, dairy and cattle), and its customers are highly complementary to Adisseo's and will allow the combined businesses to implement integrated solutions and to offer even further values to its customers. A new integrated organization following Nutriad acquisition has been announced on schedule. Meanwhile, joint business synergies are confirmed and on good track especially in Asia and South America.

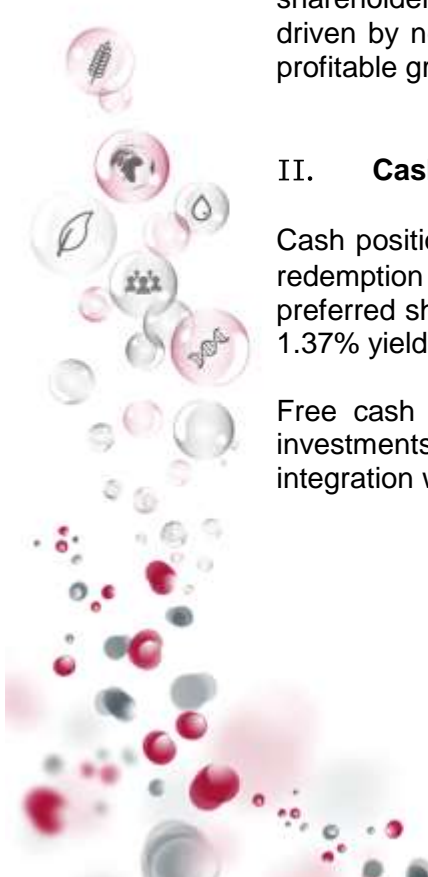
Launched by the European leading venture capital firm Seventure Partners in March 2018, Adisseo Venture Fund (AVF Professional Private Equity Investment Fund) with Adisseo as the cornerstone investor is actively working on 10 main projects out of more than 400 start-ups already screened. Among them, 1 to 2 projects will be finalized.

Facing the deteriorated macro environment such as raw material costs increase, the gross profit margin decreased down to 35% (-2ppt). The net profit contributed to shareholders landed at CNY490 million, representing a yoy decrease of 15% mainly driven by negative FX impact while pursuing investment in SG&A and R&D to fuel profitable growth of Specialities.

II. **Cash-flow and net debt**

Cash position as at 30 June 2018 was at CNY5.02billion after the M&A transactions, redemption of USD80million (i.e. approximately CNY520million) out of USD400million preferred shares and payment of a cash dividend of CNY1.73 per 10 shares offering a 1.37% yield.

Free cash flow for H1 2018 stood at -CNY2.64billion. Capital expenditures, M&A investments, dividend payment and working capital impact mainly driven by Nutriad integration were partially balanced by the cash flow from operating activities.



III. FY 2018 Outlook

Adisseo is expecting to maintain its sales growth momentum driven by the liquid methionine and specialties dynamics.

Current headwinds are not expected to improve in H2. That includes raw material costs and methionine selling price.

Adisseo is engaging in an operational efficiency plan to protect profitability and deliver long term profitable growth. The plan includes continuous and accelerated investment in liquid methionine, accelerating specialties development through innovation and business reinforcement, productivity improvement in plants and cost reduction initiatives.

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About Adisseo

Adisseo is one of the world's leading experts in feed additives. The group relies on its 11 research centers and its production sites based in Europe, USA and China to design, produce and market nutritional solutions for sustainable animal feed.

With around 2,120 employees, it serves around 3,500 customers in over 100 different countries through its global distribution network.

Adisseo is listed on the Shanghai Stock Exchange and is one of the main subsidiaries of China National BlueStar, leader in the Chinese chemical industry with nearly 23,000 employees and a turnover of CNY58 billion.

Adisseo Corporate websites: www.adisseo.com; www.bluestar-adisseo.com;

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