

RESS RELEASE

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Q3 YTD 2018: resilient results with steady double-digit revenue growth in a challenging environment

Q3 YTD 2018: Revenue (CNY8.53 billion) and gross profit (CNY2.97 billion) recorded yoy growth of 12% and 5% respectively, mainly driven by:

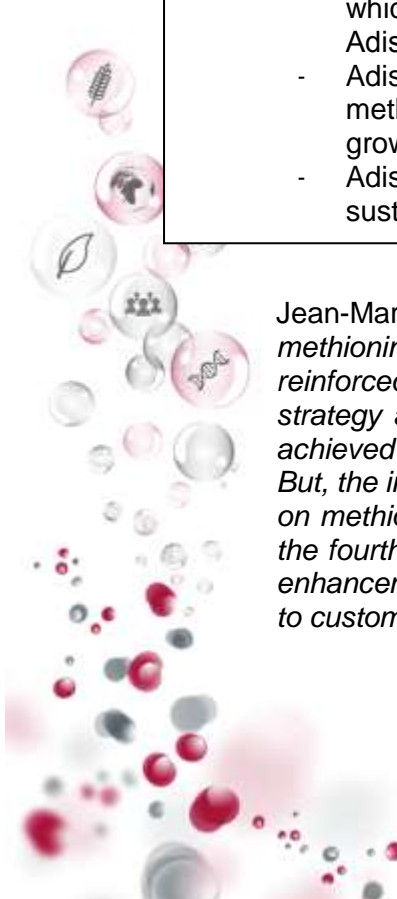
- Steady volume growth in liquid methionine
- Exceptional contribution from vitamins in a context of volatile market supply situation
- +31% specialty sales growth thanks to new speciality products together with Nutriad offerings

Key projects are on track:

- BANC2 project: well on track in terms of both schedule and budget
- Polar project: start up in Oct 2018
- Integration with Nutriad: business synergies are confirmed
- Adisseo Venture Fund: 1 investment in biotech industry to be closed in November aiming at delivering new feed materials to both poultry and aquaculture market in a very sustainable way, with other 4-5 projects in due diligence phase
- New product RumenSmart realized the first sales in Q3 with positive feedback from customers

Outlook for Q4 2018 and beyond:

- The overall environment is challenging, pressure on margin creation remains serious, which includes raw material costs and dairy market crisis in the US. In this context, Adisseo's business remains very competitive for all product categories.
- Adisseo is and will continue to implement its strategy to consolidate its leadership in methionine by further penetration of liquid methionine as well as acceleration of sales growth in specialties to deliver profitable and sustainable growth.
- Adisseo is undertaking and accelerating its competitiveness improvement plan with sustainable cost reduction actions



Jean-Marc Dublanc, CEO of Adisseo, said: *"Thanks to our leadership in methionine, especially liquid methionine and to our development in specialties reinforced by our remarkable add-on of Nutriad, we implemented our 'two-pillar' strategy and delivered steady growth in sales volume of liquid methionine and achieved strong growth in revenue and gross profit for specialty business. But, the increase of more than 20% in the price of crude oil together with pressure on methionine prices had a significant impact on our financial performance. For the fourth quarter in 2018, we will continue to execute our operational efficiency enhancement plan to make sure that we can offer the most cost-efficient products to customers and to improve our competitiveness and profitability in general."*

Bluestar Adisseo Company (“Adisseo” or “the Company”) Board of Directors disclosed its Q3 2018 results today.

I. Business Review: Revenues & Net Profit Contributed to Shareholders

Unit: CNY (100mil)

	Q3 YTD 2018	Q3 YTD 2017	Variance (%)
Operating revenue	85.3	76.2	+12%
- Performance Products	63.7	59.3	+7%
- Specialty Products	16.8	12.8	+31%
- Other Products	4.84	4.07	+19%
Gross profit <i>(in % of operating revenue)</i>	29.7 35%	28.2 37%	+5% -2ppt
- Performance Products	19.0	19.4	-2%
- Specialty Products	8.6	7.1	+22%
- Other Products	2.03	1.67	+21%
Net profit attributable to the shareholders of the Company	7.1	9.1	-22%

The Company recorded an operating revenue of CNY8.53 billion and a gross profit of CNY2.97 billion in the reporting period, representing a yoy increase of 12% and 5% respectively thanks to the steady volume growth in liquid methionine, exceptional contribution from vitamins in a context of volatile market supply situation and strong growth of 31% in sales of specialty products including Nutriad’s offerings.

Regarding methionine business, Adisseo’s leading position will be further strengthened with the completion of capacity expansion on the European platform in 2018 (Polar project).

The new 180KT liquid methionine plant in Nanjing (BANC2) is on well track, both in terms of project schedule and budget. 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 three quarters of 2018, the selling price of some major vitamins is still at high level, which contributed significantly to the 9-month results. Vitamin A market is gradually getting back to normal but with high volatility.



Adisseo illustrates again its commitment towards sustainable growth and renewable energies, therefore reducing greenhouse gas emissions through several projects:

- A new environment friendly project: ODISSEO project has been initiated in France to improve waste water treatment efficiency in the third quarter.
- After securing the supply of steam from biomass for its French Commentry plant, Adisseo and the French energy supplier Engie have entered into final stage of negotiation to supply Adisseo's Burgos site in Spain with 100% of renewable energy for 10 years at a competitive price, which will also benefit to the reduction of production cost.

Specialty products, consisting of Rovabio enzymes, Smartamine and Metasmart rumen-protected methionine, Selisseo organic selenium and Alterion probiotics additives, now further supplemented by Nutriad products, continued to perform and reinforced its position as a solid second business pillar of Adisseo. This business segment recorded an operating revenue of CNY1.68 billion, representing a strong yoy increase of 31% and contributed 29% of Group profit margin. Business portfolio is becoming more balanced with the continued growth momentum in new products. RumenSmart realized its first sales in the third quarter despite difficulties in the U.S. market due to the dairy crisis. Alterion® and Selisseo® recorded significant sales volume growth especially in Asia Pacific, Europe and South America.

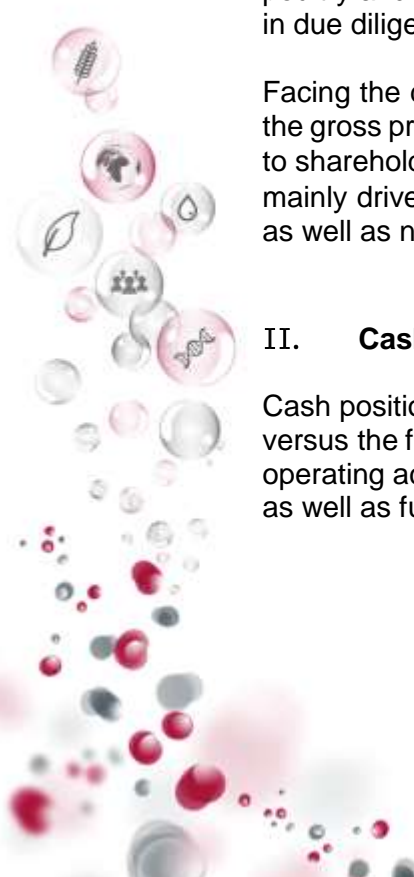
A new integrated organization following Nutriad acquisition has been set up and started to operate. Meanwhile, joint business synergies are confirmed.

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 about to close its first investment in biotech industry this November aiming at delivering new feed materials to both poultry and aquaculture market in a very sustainable way, with other 4-5 projects in due diligence phase.

Facing the deteriorated macro environment such as raw material costs increase, the gross profit margin remained flat as H1 2018 at 35%. The net profit contributed to shareholders landed at CNY710 million, representing a yoy decrease of 22% mainly driven by increased depreciation arising from the continuous investments as well as negative FX impact.

II. Cash-flow and Net Debt

Cash position as at 30 September 2018 was at CNY 5.08 billion and remained flat versus the first half of 2018 (CNY 5.02 billion). The positive cash flow obtained from operating activities in the third quarter of 2018 has been consumed for tax payment as well as further CAPEX investment.



III. Outlook for Q4 2018 and Beyond

The overall environment is challenging, pressure on margin creation remains serious, which includes raw material costs and dairy market crisis in the U.S. In this context, Adisseo's business remains very competitive for all product categories.

Adisseo is and will continue to implement its strategy to consolidate its leadership in methionine by further penetration of liquid methionine as well as acceleration of sales growth in specialties to deliver a profitable and sustainable growth.

Adisseo is undertaking and accelerating its competitiveness improvement plan with sustainable cost reduction actions.

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

Adisseo 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 6.4 billion euros. Adisseo is listed on the Shanghai Stock Exchange.

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

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