



HALCYON AGRI

Building a Leading Global Natural Rubber Producer Q3 2013 Results & Business update

23 October 2013

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- 1 Review of results for Q3 2013
- 2 Executing our growth strategy: business update

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Review of results for Q3 2013

Sales Volume

- Sales volume up 4% on Q3 2012 at 19,362 tonnes
- Committed offtake for the remainder of 2013 of 26,575 tonnes, representing a contracted volume of more than 82,000 tonnes for FY 2013

Margins

- Gross profit increased by US\$ 0.8 million (15%) from Q3 2012 to US\$6.5million
- Gross Material Profit (“GMP”) per tonne increased from US\$415 in Q3 2012 to US\$449 in Q3 2013
- Adjusted profit after tax increased to US\$ 3.6m, up US\$0.4 million from Q3 2012

Corporate Actions

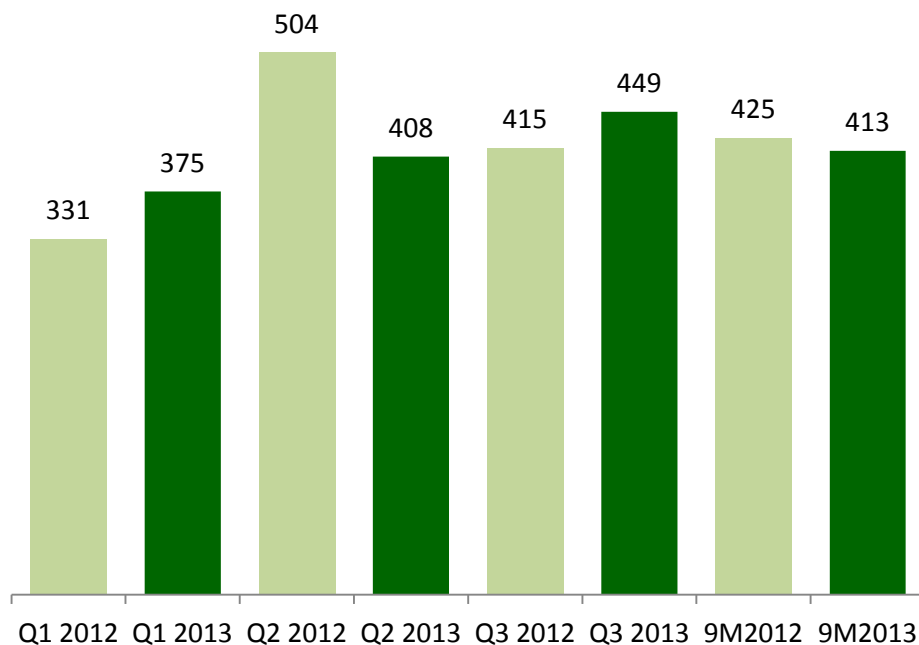
- Strategic upstream move with proposed acquisition of JFL Agro
- Strengthening our presence in Sumatra with proposed acquisition of PT Golden Energi

Income Statement highlights

US\$m	9M		3Q	
	2013	2012	2013	2012
Revenue	151.4	177.6	47.4	56.0
Gross profit	16.0	15.7	6.5	5.7
Operating profit	9.9	11.8	4.3	4.0
EBITDA (adjusted)*	11.1	12.3	4.6	4.2
Net profit (adjusted)*	8.1	9.2	3.6	3.2
Sales volume (tonnes)	55,822	51,691	19,362	18,672
Gross material profit per mT (US\$)	413	425	449	415
EBITDA per mT* (US\$)	198	239	238	224

* The results have been adjusted to exclude the non-recurring expenses of US\$0.1 million in Q3 2013 and US\$ 0.5 million in 9M 2013.

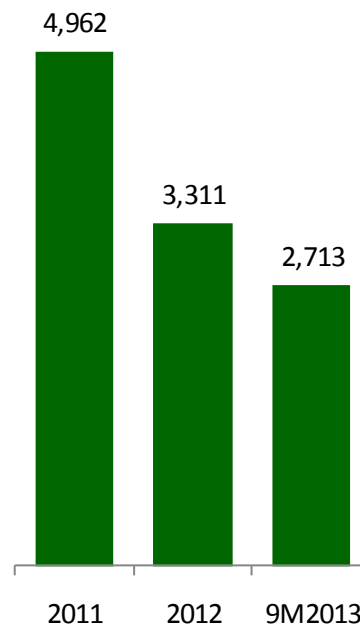
Quarterly gross material profit (US\$)



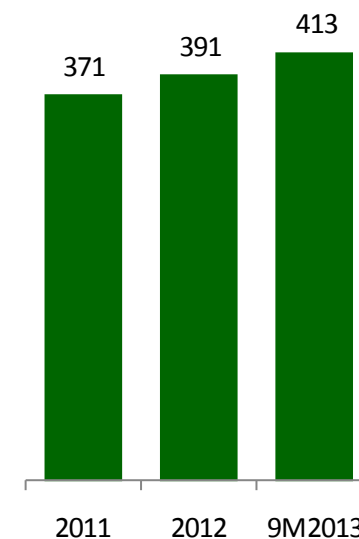
- GMP per tonne increased in Q3 2013 due to improved availability of raw material supply in South Sumatra

Gross material profit 2011 to 9M 2013 (US\$)

Average revenue/tonne



Average GMP



- Consistency in average GMP per tonne across financial periods, in spite of significant declines in market prices, illustrates the benefits of Halcyon Agri's business model and risk management approach

Selling & General administrative expenses

- Recurring selling and administrative expenses increased by US\$1.67m as business scaled up for expansion



US\$m	9M		3Q	
	2013	2012	2013	2012
Net cash from operating activities, before working capital changes	8.1	10.8	2.2	4.3
Changes in working capital	(9.3)	(1.5)	(2.2)	15.7
Net cash generated from/(used in) operating activities	(1.1)	9.3	0.0	20.0
Investing activities	(7.0)	(0.2)	(1.3)	(0.0)
Financing activities	27.4	(8.0)	3.4	(18.8)
Net increase/(decrease)in cash	19.3	1.1	2.2	1.1

- Higher working capital usage in 9M 2013 due to stocking up of raw materials in Q3 2013
- Significant increase in cash as a result of placement exercise

Balance sheet

US\$m	30-Sep-13	31-Dec-12
Total assets	92.5	62.1
Working capital cash and bank balances	16.3	11.9
Inventories	28.2	20.3
Trade receivables	5.6	6.8
Total working capital assets	50.1	39.0
Cash reserved for strategic purposes	14.2	-
Total liabilities	(35.3)	(35.8)
Trade payables	(0.1)	(1.6)
Working capital loans	(23.3)	(19.8)
Total working capital liabilities	(23.4)	(21.4)
Term loan	(6.5)	(8.3)
Total Equity	57.2	26.3
Net working capital	26.7	17.5

- Halcyon Agri's Balance sheet remains strong to support expansion
- Total cash holdings of US\$30.5m, including US\$14.2m proceeds remaining from the share placement, which are reserved for strategic purposes

Sales Volume

- Total contracted volume in 2013 of 82,397 tonnes
- Additional volume from Indonesia expansion, Chip Lam Seng acquisition and PT Golden Energi expected 2014 onwards

Pricing

- Natural Rubber price expected to continue to be depressed
- Price expected to be around current levels

Margins

- GMP per tonne subject to raw material availability and is affected by weather
- Bottom-line in 2013 reflects higher cost base to support expansion plans; benefits of expansion expected 2014 onwards

2 Executing our growth strategy: business update

Snapshot of Halcyon Agri's business



Upstream suppliers



Midstream



Downstream customers



400+ smallholders & dealer suppliers



SIR20, SIR20VK, Compound

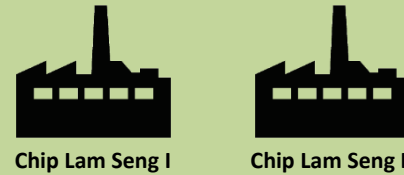


- Bridgestone
- Ceat India
- Continental
- Cooper tyre
- Goodyear
- JK Tyre India
- Kumho
- Sumitomo
- Toyo

Indonesia upon completion of PT Golden Energi acquisition



Smallholders, dealers
Future plantation in Kelantan



SMR, SMR CV, Compound



- Hankook
- Kumho
- Nexen
- Goodyear
- GT Tyres

Malaysia upon completion of Chip Lam Seng acquisition and JFL acquisition

16,000 acres to be developed as rubber plantation in Malaysia

Potential 360,000 tonnes annual processing capacity

Customers include many of the world's leading tyre producers

Key locations



Locations upon completion of Chip Lam Seng and JFL acquisitions in Malaysia and PT Golden Energi acquisition in Indonesia.

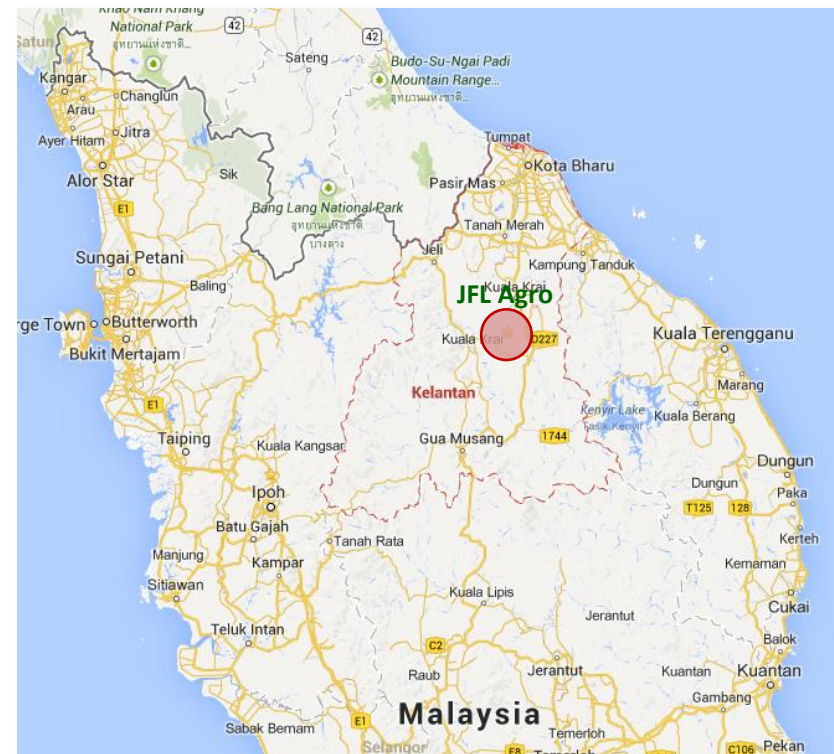
Proposed acquisition of JFL Agro

Key terms

	Acres	Hectares
Total land size	24,327	9,845
Estimated cultivable land	16,062	6,500
Estimated non-cultivable land	8,265	3,345
Proposed acquisition price (MYR millions)	130.9	130.9
Implied price per unit total land (MYR)	5,381	13,296
Implied price per unit total land (USD)	1,617	3,995
Implied price per unit cultivable land (MYR)	8,150	20,138
Implied price per unit cultivable land (USD)	2,449	6,051

- Sultanate land in Kelantan
- Pricing subject to finalisation of terms including confirmation of cultivable land area
- Acquisition would include various operational assets as well as 300 Ha of planted oil palm

Location

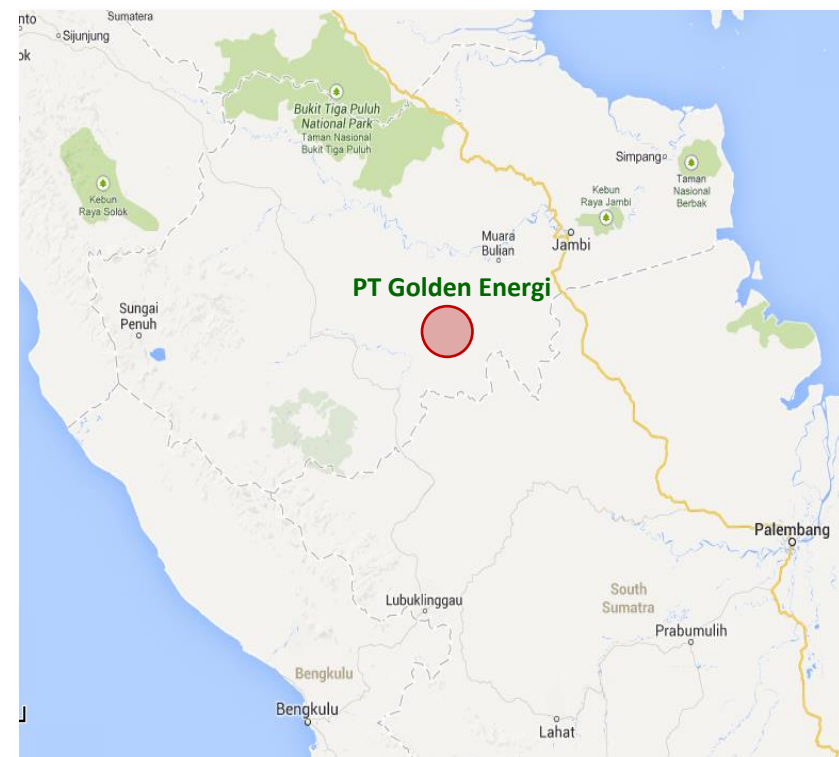


Proposed acquisition of PT Golden Energi

Key terms

- Acquisition cost of US\$7m
- Natural Rubber producer with a registered export capacity of 50,000* tonnes per annum
- Producing SIR20 rubber
- Located in Jambi province, neighbouring province to South Sumatra
- Significant scope for upgrades and expansion
- Subject to due diligence and definitive documentation

Location



* Revised from 18,000 tonnes to 50,000 tonnes on 11 September 2013

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