



**HALCYON** AGRI

**Building a Leading Global  
Natural Rubber Producer**  
FY2013 Results

27 February 2014

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1

4Q2013 & FY2013 full year results

2

Key developments in 2013

3

Outlook

1

4Q2013 & FY2013 full year results

## Sales Volume

- 4Q2013 sales volume up 52% over 4Q2012 at 23,286 tonnes
- Significantly higher throughput due to investment in expansion of Palembang processing facilities over the course of 2013

## Margins

- Gross Material Profit (“GMP”) per tonne lower at US\$297 vs US\$373 in 4Q2012 due to shipment delays from 3Q2013 inhibiting opportunistic spot sales
- Adjusted profit after tax US\$2.0m in 4Q2013 up 26% over 4Q2012

## Corporate Actions

- Announced acquisitions of JFL Agro Pte Ltd and PT Golden Energi
- Equity capital raising gross proceeds of S\$28.8m in connection with acquisitions

## Sales Volume

- Sales volume up 18% on FY2012 at 79,108 tonnes

## Margins

- Gross profit increased by 1.4% from FY2012 to US\$20.2 million
- Gross Material Profit ("GMP") per tonne down slightly from US\$412 in FY2012 to US\$379 in FY2013
- Adjusted profit after tax US\$10.1m in FY 2013 vs US\$10.8m in FY 2012

## Corporate Actions

- Sizeable increase in scale of operations
- In excess of US\$75m committed to acquisitions and expansion/improvement of existing facilities
- Three acquisitions announced in FY2013. All completed in Jan/Feb 2014
- US\$51.2 in new equity raised to partially fund expansion initiatives, including IPO in February 2013
- Directors propose first and final dividend of S\$0.01 per share

# 4Q2013 and FY2013 Results summary

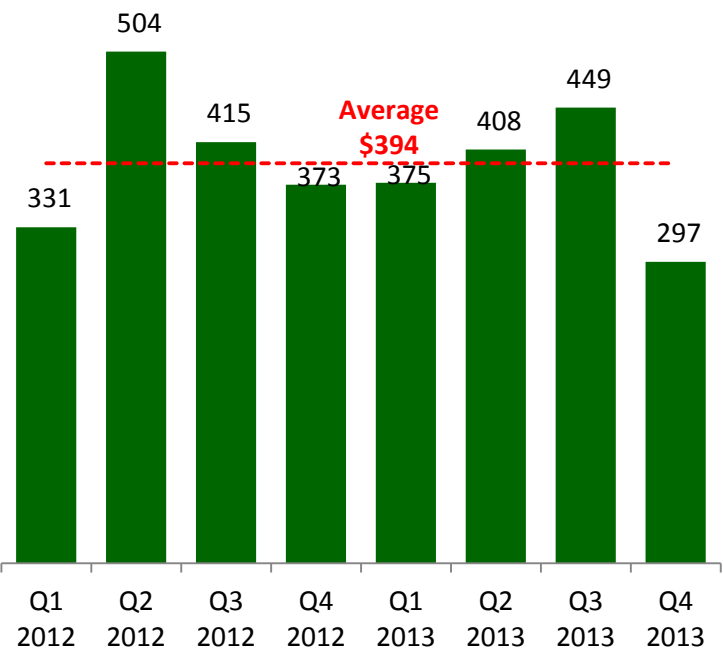
## Income Statement highlights

US\$m	Full year		4Q	
	2013	2012	2013	2012
Revenue	205.0	222.0	53.5	44.4
Gross profit	20.2	20.0	4.3	4.3
Operating profit	12.1	13.6	2.3	1.8
EBITDA (adjusted) *	14.2	15.1	3.1	2.8
Net profit (adjusted) *	10.1	10.8	2.0	1.6
Sales volume (tonnes)	79,108	67,046	23,286	15,356
Gross material profit per mT (US\$)	379	412	297	373
EBITDA per mT (US\$) *	180	225	133	182

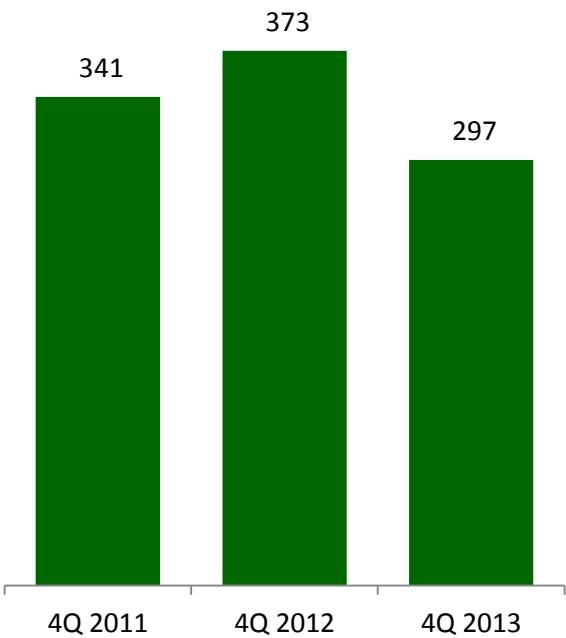
\* Adjusted to exclude non-recurring expenses and pre-operation expenses for the Group's proposed acquisitions during FY 2013, totalling US\$0.6 million in Q4 2013 (Q4 2012: US\$0.8 million) and US\$1.0 million in FY 2013 (FY 2012: US\$0.8 million)

# Gross material profit ("GMP") track record

Quarterly GMP (US\$/tonne)



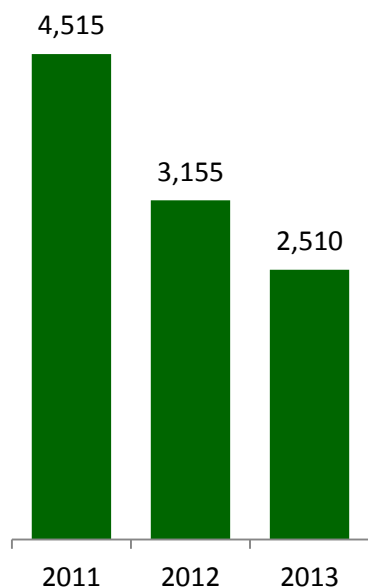
Q4 GMP trend (US\$/tonne)



- Delayed 3Q2013 shipments delivered in 4Q2013
- As a result, facilities operating at increased capacity with no room for opportunistic spot sales

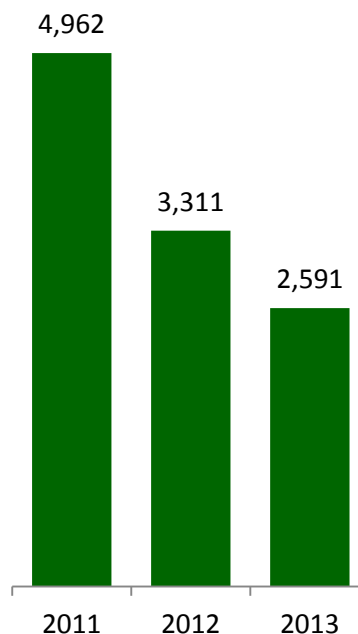


**Average TSR20 mkt price  
(US\$/tonne)**



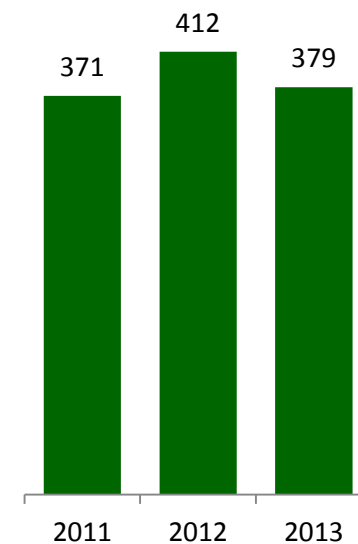
- TSR20 prices in decline since 2011
- Peak to trough decline of 62%

**Average sales revenue  
(US\$/tonne)**



- Average sales revenue/tonne higher than average TSR20 market price/tonne by:
  - US\$447/tonne in 2011
  - US\$156/tonne in 2012
  - US\$81/tonne in 2013

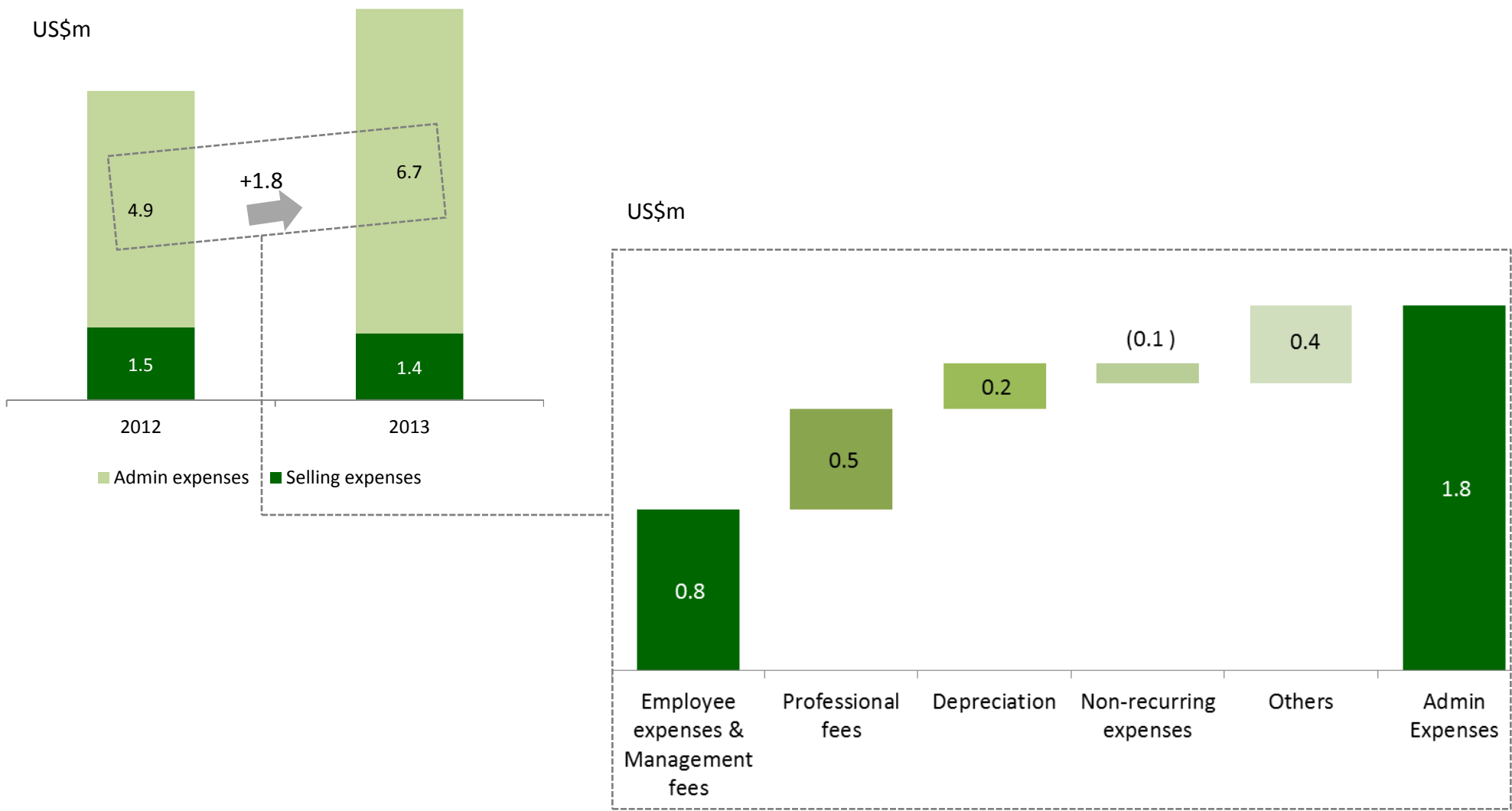
**Average GMP  
(US\$/tonne)**



- Consistent in spite of market volatility
- Relatively resilient to significant movements in market prices

# Selling & General administrative expenses

- Admin expenses increased as business scaled up for expansion



# Cash flow

US\$m	Full year		4Q	
	2013	2012	2013	2012
Net cash from operating activities, before working capital changes	12.5	12.1	4.4	1.2
Changes in working capital	(0.8)	(4.6)	8.5	(3.1)
Net cash generated from/(used in) operating activities	11.7	7.5	12.9	(1.9)
Investing activities	(10.9)	(0.5)	(4.0)	(0.3)
Financing activities	41.4	(1.8)	14.0	6.2
Net increase in cash	42.2	5.2	22.9	4.0

- Strong operating cash flow as HMK factories operating at increased capacity in 4Q2013
- Investing cash outflows due to deposit on Hevea KB assets and purchases of property, plant and equipment
- Financing cash flow from IPO and placement exercises (reduced by loan repayments, interest payments and dividend payments)

# Balance sheet

US\$m	31-Dec-13	31-Dec-12
<b>Total assets</b>	<b>107.8</b>	<b>62.1</b>
Working capital cash and bank balances	52.7	11.9
Inventories	16.4	20.3
Trade receivables	7.3	6.8
<b>Total working capital assets</b>	<b>76.4</b>	<b>39.0</b>
Cash reserved for strategic purposes	37.8	-
<b>Total liabilities</b>	<b>(27.5)</b>	<b>(35.8)</b>
Trade payables	-	(1.6)
Working capital loans	(15.3)	(19.8)
<b>Total working capital liabilities</b>	<b>(15.3)</b>	<b>(21.4)</b>
Term loan	(5.8)	(8.3)
<b>Total Equity</b>	<b>80.3</b>	<b>26.3</b>
<b>Net working capital</b>	<b>23.3</b>	<b>17.6</b>

- Halcyon Agri's Balance sheet remains strong to support expansion
- Total cash holdings of US\$52.7m, including US\$37.8m reserved for strategic purposes

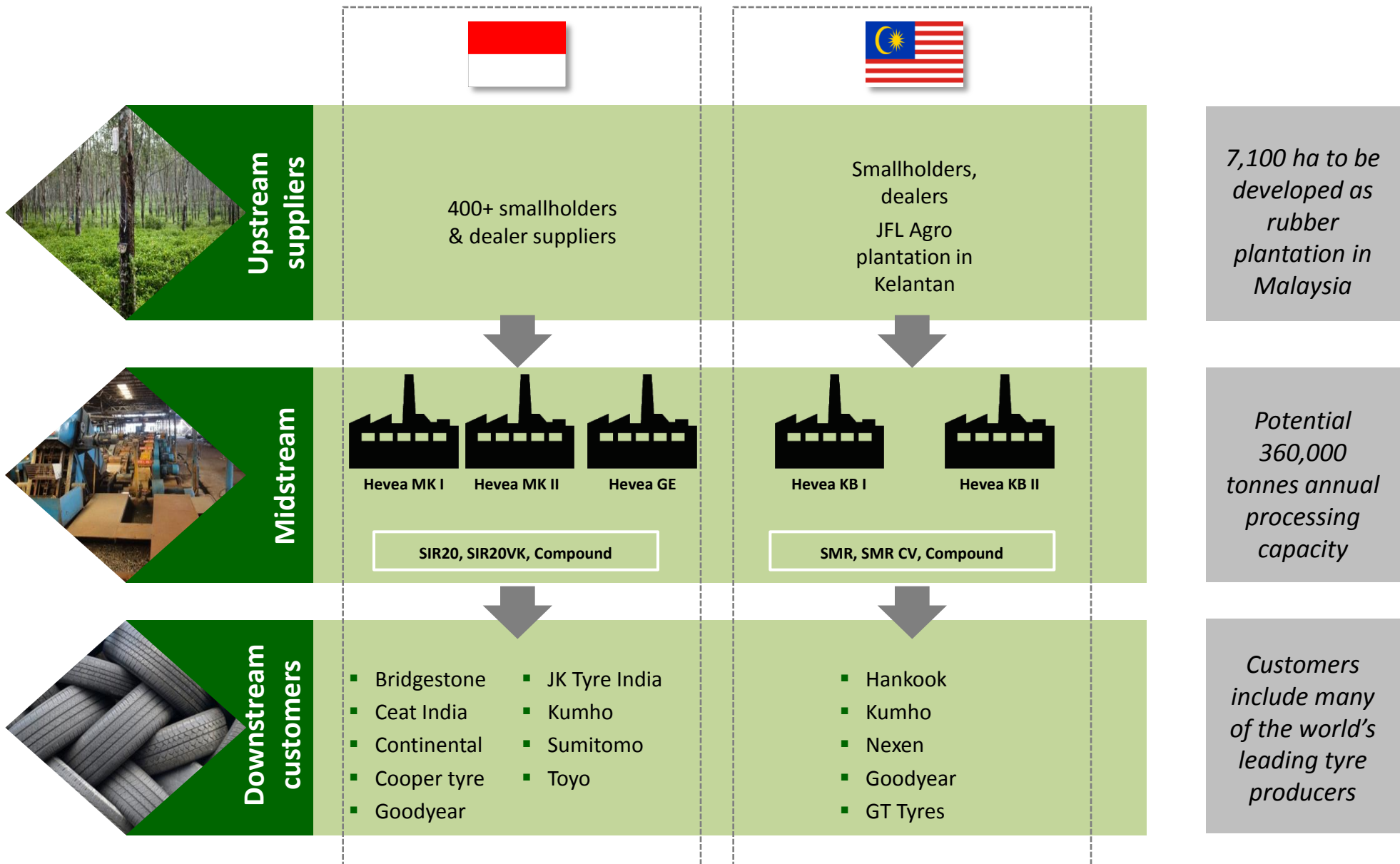
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## Key developments in 2013

# Key initiatives in 2013

- Expansion of management team with appointment of senior Technical Director and key appointments in operations and business development
- Extension and improvements at Hevea MK facilities including construction of a new wet line, raw material storage sheds, hanging sheds and water treatment plants
- Acquisition of Chip Lam Seng (now Hevea KB) – 180,000 tonne annual capacity in Malaysia
- Acquisition of JFL Agro – 7,100 ha for rubber plantation
- Acquisition of Golden Energi – 50,000 tonne gazetted annual capacity
- Completion of two equity fund raisings to support growth initiatives
- Internalisation of Halcyon Corporate Services
- Appointment of additional Independent Director
- Various CSR initiatives; release of sustainability report





3

Outlook



## Sales Volume

**Significantly higher in 2014**

- Current committed offtake for FY2014 of 66,420 tonnes, of which about 60% for delivery in the first half of the year
- Hevea KB operations commenced 16 January 2014; production to commence in March 2014
- Hevea GE operations commenced 25 February 2014 ; production to commence in 2Q2014

## Pricing

**Unclear but optimistic**

- Current natural rubber price significantly lower than 2013
- Reaching levels where natural market forces should find a floor and force appreciation

## Margins

**Positive**

- GMP should continue to be sustainable
- Significant economies of scale as administrative costs applied over a significantly larger business once new acquisitions begin generating sales

## Strategic Actions

**Reviewing**

- Further industry consolidation expected
- Halcyon Agri intends to be selectively acquisitive

# HALCYON AGRI

