



# 2014 FINANCIAL RESULTS

16 FEBRUARY 2015



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# Our purpose



We are a dynamic network of people & assets with the scale, scope & reach to provide the natural rubber that keeps the world moving



ORIGINATE



PRODUCE



DISTRIBUTE

# 2014 REVIEW



# Achievements in 2014

Early 2014

TRANSFORMATION

End 2014

## HALCYON AGRI

- Mid-size natural rubber processor
- 4 natural rubber factories with 340,000 tonnes annual licensed production capacity
- Presence in Singapore, Malaysia and Indonesia
- 79,108 tonnes of natural rubber sold in FY 2013

**Completion of CLS & JFL Agro acquisitions**

**Completion of PT Golden Energi acquisition**

**Acquisition of Anson announced & completed**

**Acquisition of New Continent Enterprises announced & completed**

**S\$25m private placement**

**S\$125m maiden bond issue**

**Proposed acquisition of CentroTrade announced**



- One of the world's largest natural rubber producers, with global distribution capacity in excess of 1 million tonnes per annum
- Integrated natural rubber supply chain manager, with assets and offices in Singapore, Malaysia, Indonesia, Vietnam, China, Germany, the Netherlands and the United States
- 14 natural rubber factories with 748,000 tonnes annual licensed production capacity
- 289,002 tonnes of natural rubber sold in FY 2014

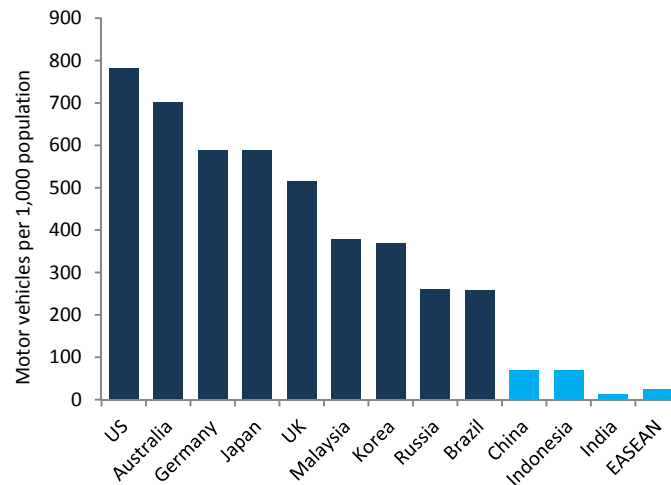


# Halcyon Agri today

## Positioned at the heart of rising global mobility...

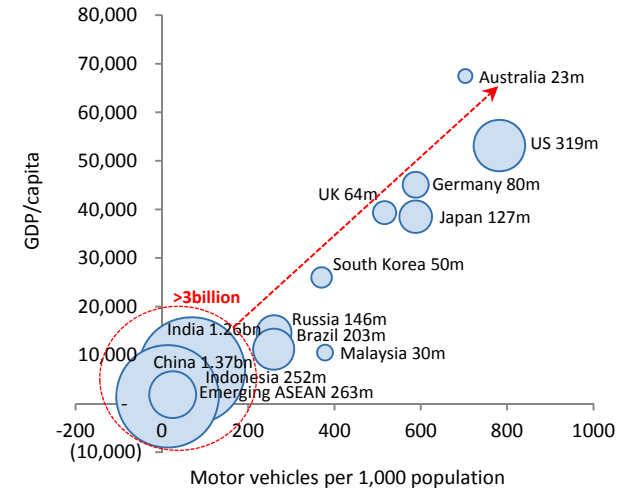
- Natural rubber essential for the production of tires and many other vehicle components
- Rising mobility in emerging markets only just beginning
- Rising global vehicle population to drive growth in tire demand and growth in natural rubber demand for 20+ years
- *Halcyon Agri produces the natural rubber that keeps the world moving*

### Very low vehicle penetration in emerging markets compared to the developed world



Source: The World Bank, Halcyon Agri Note: EASEAN is Emerging ASEAN and includes Cambodia, Laos, Myanmar, Philippines and Vietnam

### Large populations moving up the wealth curve drives high demand for vehicles... and tires



## ...with the right business model

- Halcyon Agri is a global natural rubber supply chain manager, providing customers with essential natural rubber when and where they need it, by producing it or sourcing it from other origins worldwide
- Customer-centric, focused on providing a specialised industrial raw material, not a generic commodity, and not “commodity trading”
- Leading global player, with the right scale, scope and reach



ORIGINATE



PRODUCE



DISTRIBUTE

# Halcyon Agri today

## ...the right assets and capabilities



### ORIGINATE

- 7,200ha land being developed as natural rubber plantation
- Estate management services
- Sourcing from all major natural rubber origins including South East Asia, India, Sri Lanka, West Africa and Central America



### PRODUCE

- 14 natural rubber factories with annual licensed capacity of 748,000 tonnes
- Technical expertise to produce high specification, premium products
- All factories are ISO 9001:2008 certified



### DISTRIBUTE

- Sales offices in strategic locations in South East Asia, China, Europe and the United States
- 8 warehouses/tanks across Europe, US and Asia
- Global sales force servicing all key time zones

## ...and a world class management team

- Highly experienced management team , leading a workforce of nearly 4,000 people worldwide
- Key operational functions all led by individuals with >20 years' experience in their roles
- Deep bench of management talent

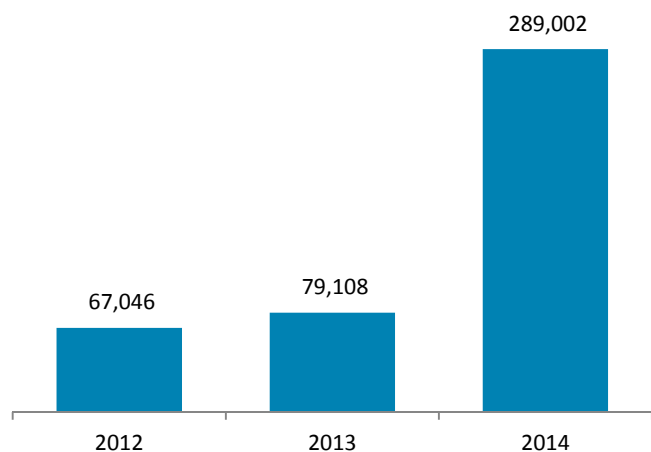
# FINANCIAL RESULTS



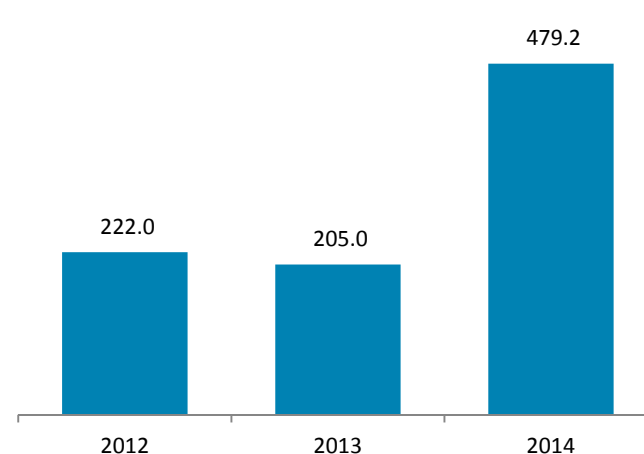


# FY 2014 results summary

### Sales volume (mT)

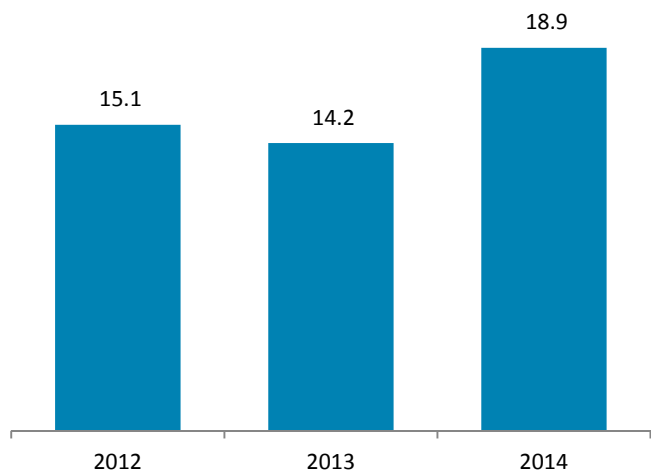


### Revenue (US\$m)

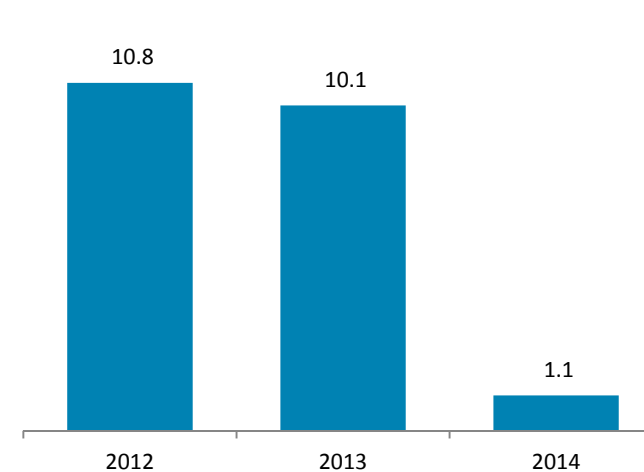


- FY2014 includes contributions from acquired businesses:
  - Anson Company Pte Ltd (c. 5 months)
  - New Continent Enterprises Pte Ltd (c. 3 months)

### EBITDA<sup>1</sup> (US\$m)



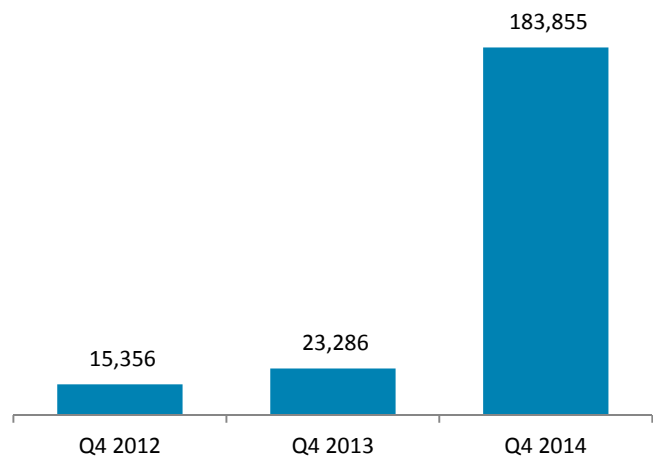
### Net income<sup>1</sup> (US\$m)



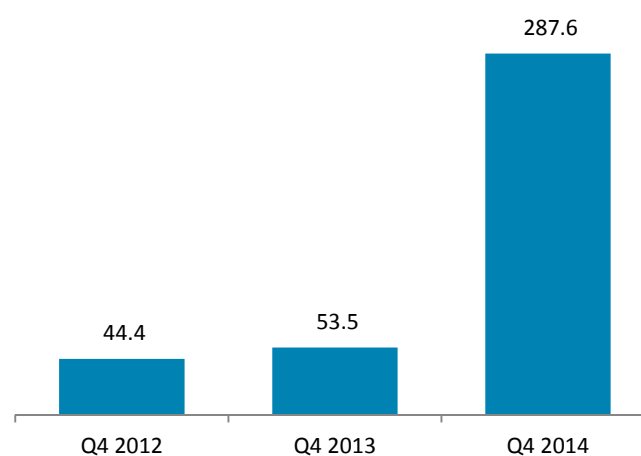
Note (1) Adjusted to exclude non-recurring items

# Q4 2014 results summary

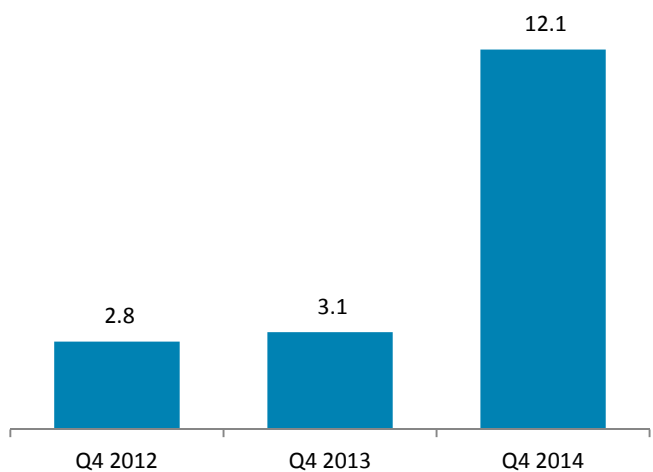
Sales volume (mT)



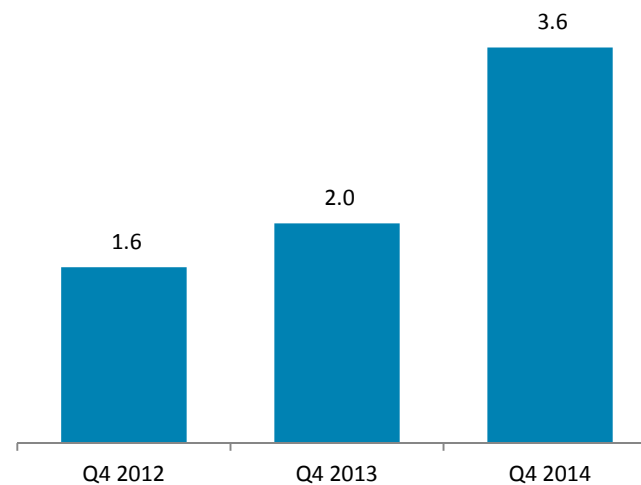
Revenue (US\$m)



EBITDA<sup>1</sup> (US\$m)



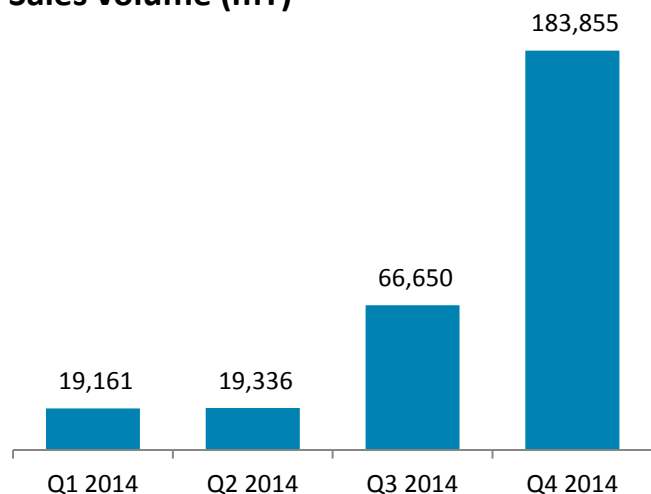
Net income<sup>1</sup> (US\$m)



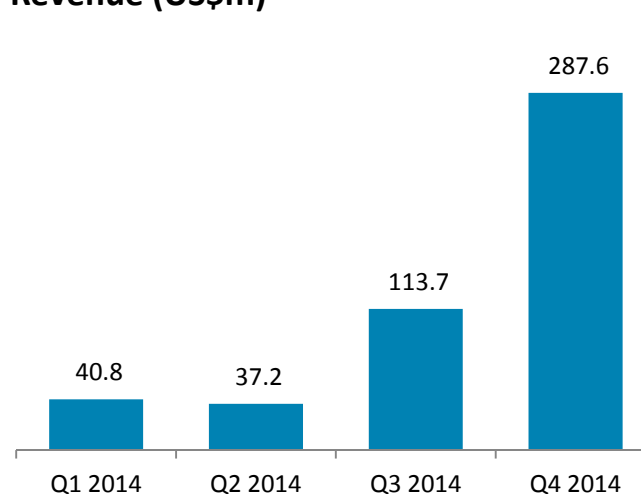
Note (1) Adjusted to exclude non-recurring items

# Quarterly performance summary

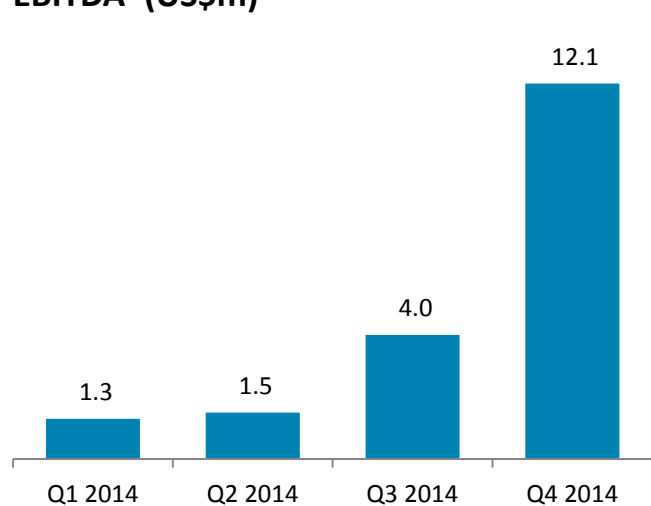
### Sales volume (mT)



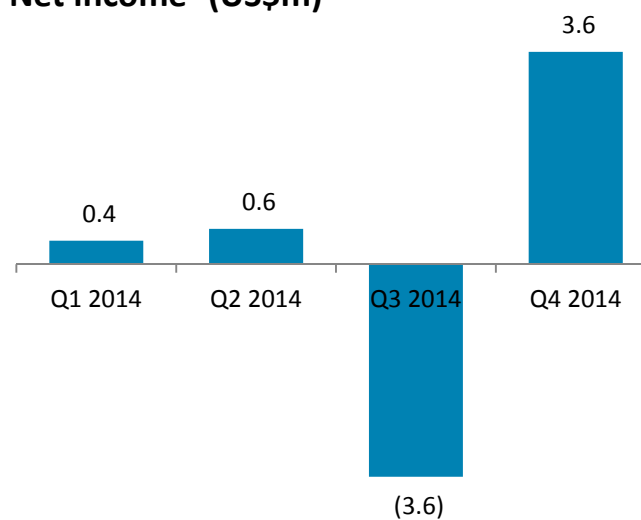
### Revenue (US\$m)



### EBITDA<sup>1</sup> (US\$m)



### Net income<sup>1</sup> (US\$m)



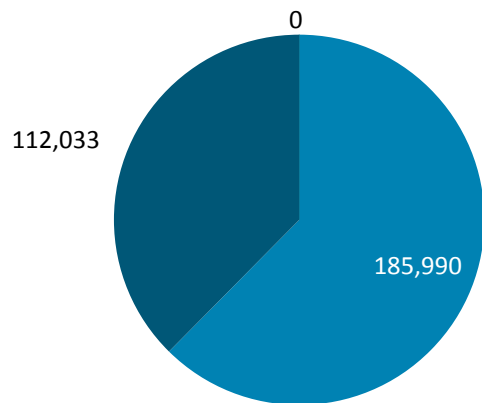
Note (1) Adjusted to exclude non-recurring items

# Segmental approach

|                                 | Description   | Financial profile   |
|---------------------------------|---|---|
| <b>1</b><br><b>Plantations</b>  | <b>Upstream business</b> <ul style="list-style-type: none"><li>▪ Hevea Estates plantation being developed in Kelantan, Malaysia</li><li>▪ Future plantation management</li></ul>  | <ul style="list-style-type: none"><li>▪ Expenses associated with new plantings</li><li>▪ Not expected to be revenue producing until c.FY2020</li><li>▪ Biological asset gains</li></ul> |
| <b>2</b><br><b>Processing</b>   | <b>Midstream business</b> <ul style="list-style-type: none"><li>▪ 14 natural rubber processing factories in Indonesia and Malaysia</li><li>▪ Purchases raw material and sells finished goods to customers, typically on FOB basis</li></ul>   | <ul style="list-style-type: none"><li>▪ Key drivers are production volume and margin</li><li>▪ Key performance measure is operating profit/tonne</li></ul>                              |
| <b>3</b><br><b>Distribution</b> | <b>Downstream business</b> <ul style="list-style-type: none"><li>▪ Network of procurement and sales offices, and logistics assets worldwide</li><li>▪ Purchases finished goods and delivers to customers</li><li>▪ Includes New Continent Enterprises and will include CentroTrade once completed</li></ul> | <ul style="list-style-type: none"><li>▪ Key drivers are volume transacted and margin</li><li>▪ Key performance measure is operating profit/tonne</li></ul>                              |

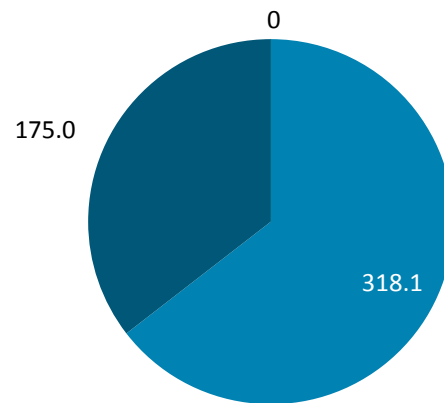
# FY 2014 segment breakdown

Sales volume<sup>1</sup> (mT)



■ Plantations ■ Processing ■ Distribution

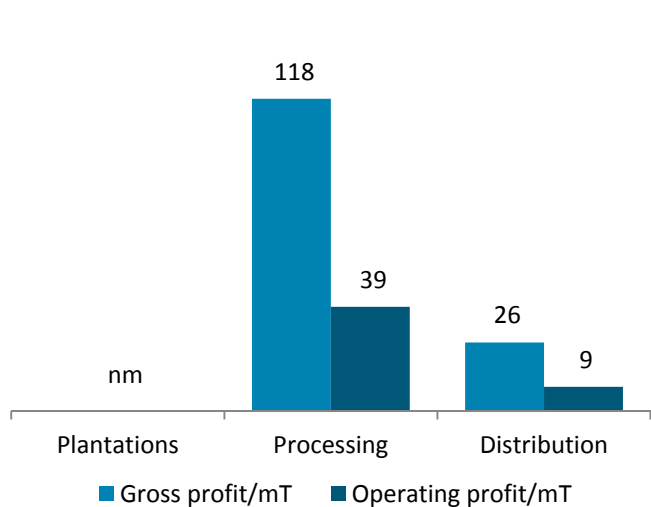
Revenue<sup>1</sup> (US\$m)



■ Plantations ■ Processing ■ Distribution

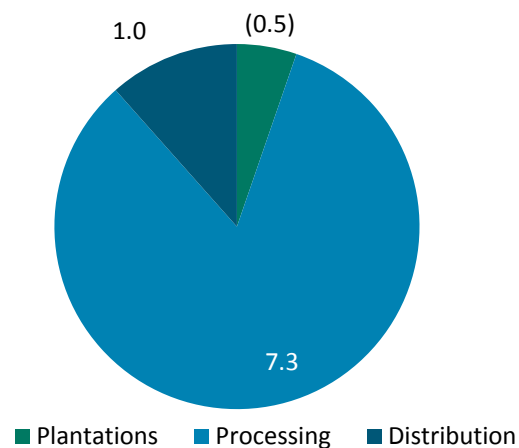
Note (1) Sales volume and revenue include intersegment amounts of 9,021 tonnes and US\$13.9m respectively

Profit/mT (US\$)



■ Gross profit/mT ■ Operating profit/mT

Operating profit (US\$m)

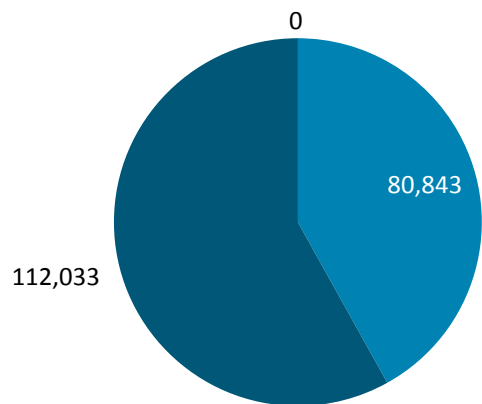


■ Plantations ■ Processing ■ Distribution

- Processing contributed 65% of revenue and 94% of operating profit in FY2014
- Profit margins distorted by part-year contributions and partial margin capture on Anson production

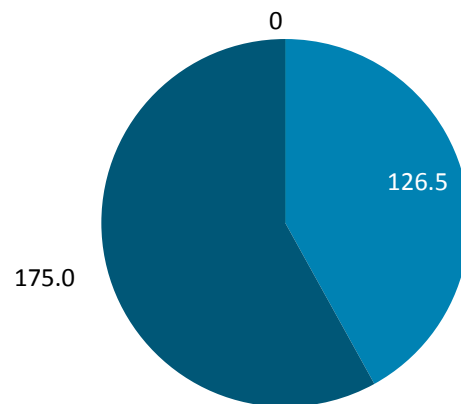
# Q4 2014 segment breakdown

Sales volume<sup>1</sup> (mT)



■ Plantations ■ Processing ■ Distribution

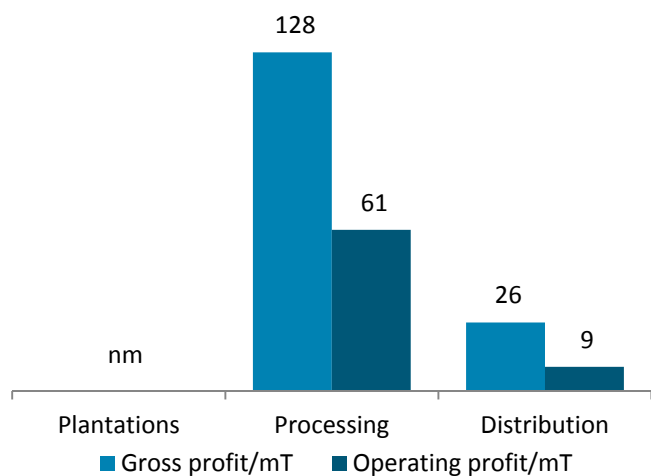
Revenue<sup>1</sup> (US\$m)



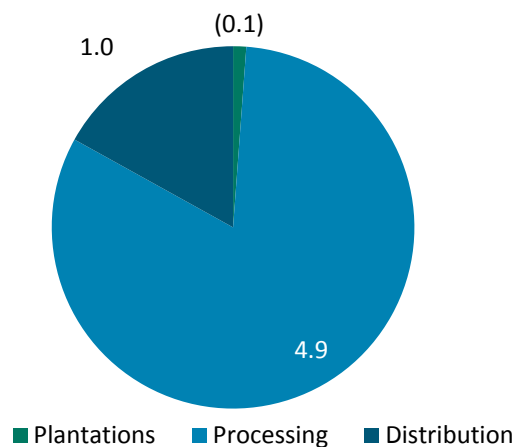
■ Plantations ■ Processing ■ Distribution

Note (1) Sales volume and revenue include intersegment amounts of 9,021 tonnes and US\$13.9m respectively

Profit/mT (US\$)



Operating profit (US\$m)

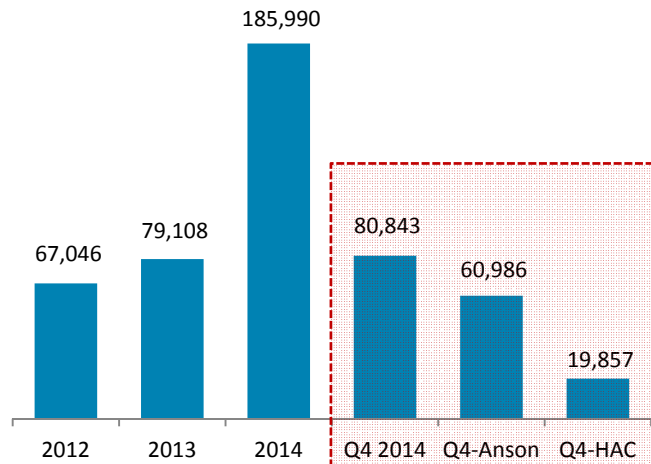


■ Plantations ■ Processing ■ Distribution

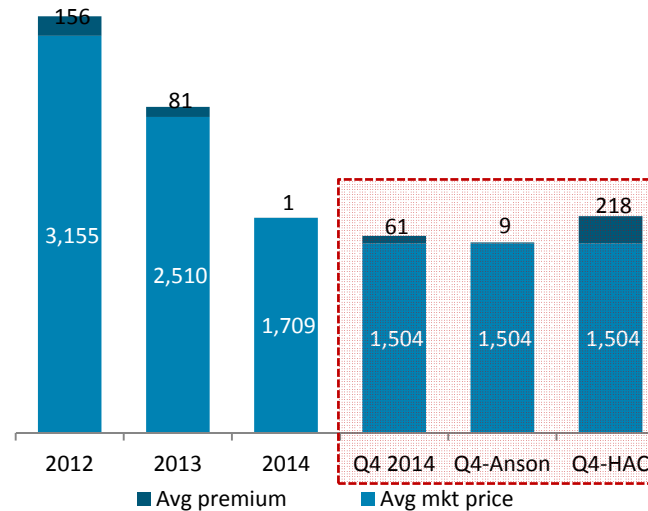
- Processing contributed 42% of revenue and 84% of operating profit in FY2014
- Processing profit margin distorted by partial margin capture on Anson production

# Operational metrics: Processing

Sales volume (mT)

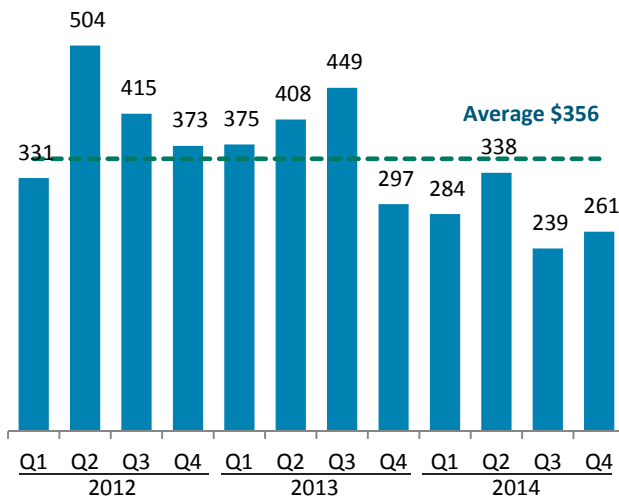


Market price & premium per tonne (US\$/mT)

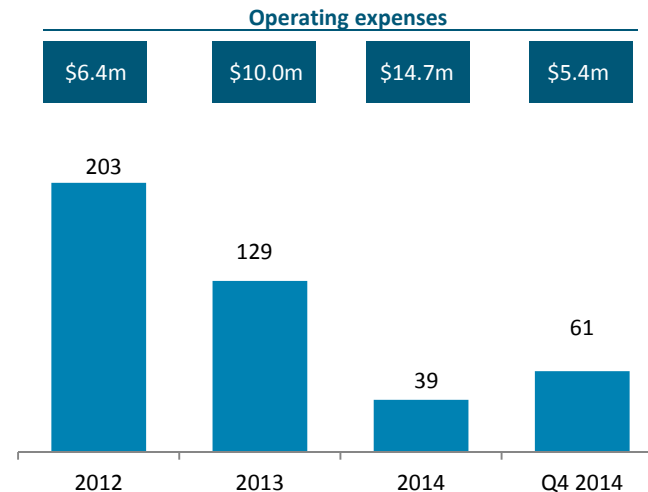


- Anson contributed 75% of the production sold in Q4 2014 and 73% of revenue
- Anson selling prices and margins lower due to transitional sales & marketing arrangements, which expired at the end of 2014
- ASP on Anson production US\$209/mT lower than non-Anson production in Q4 2014

Gross material profit/mT (US\$)

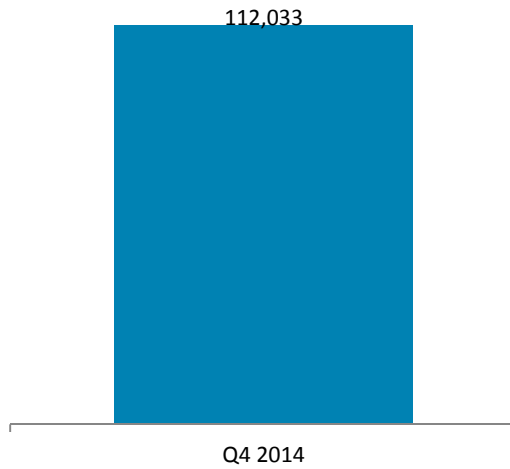


Operating profit/mT (US\$)

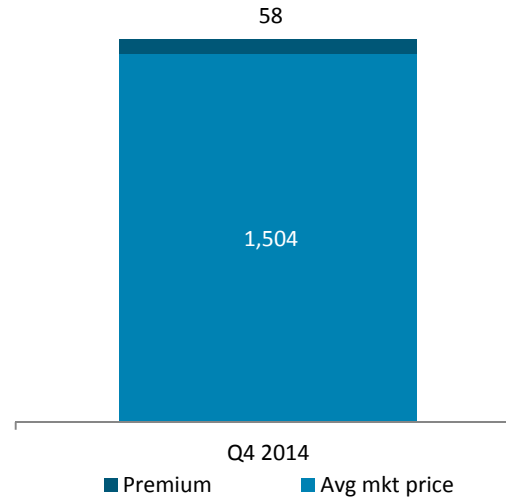


# Operational metrics: Distribution

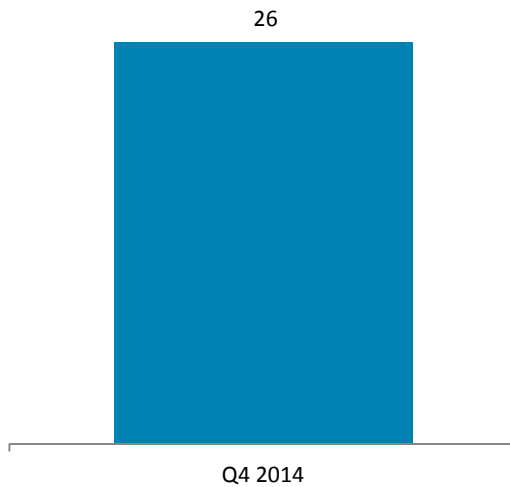
Sales volume (mT)



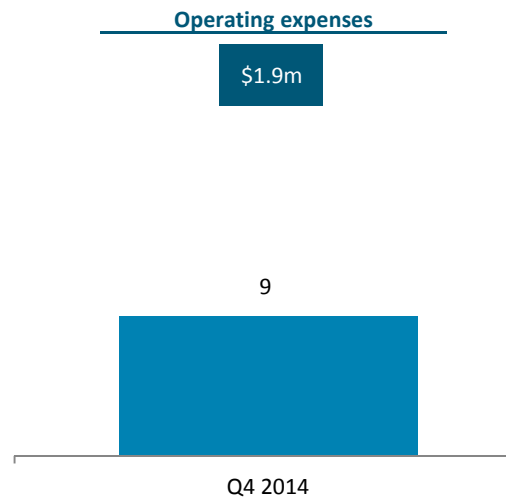
Revenue per tonne (US\$/mT)



Gross profit/mT (US\$)



Operating profit/mT (US\$)





# Cash flow

| US\$m   | Full year |        | Q4     |       |
|---|-----------|--------|--------|-------|
|   | 2014      | 2013   | 2014   | 2013  |
| Net cash from operating activities, before working capital changes <sup>1</sup> | 4.4       | 13.5   | 4.4    | 5.0   |
| Changes in working capital  | 13.7      | (0.8)  | 6.3    | 8.5   |
| Net cash generated (used in)/from operating activities <sup>1</sup>             | 18.1      | 12.7   | 10.7   | 13.5  |
| Non-recurring items   | (13.9)    | (1.0)  | (0.8)  | (0.6) |
| Investing activities  | (351.4)   | (10.9) | (34.4) | (4.0) |
| Financing activities  | 379.7     | 41.4   | (15.7) | 14.0  |
| Net increase/(decrease) in cash   | 32.5      | 42.2   | (40.2) | 22.9  |

Note (1) Adjusted to exclude non-recurring items

# Balance sheet

| US\$m                                    | 31-Dec-14      | 31-Dec-13     |
|--|----------------|---------------|
| <b>Total assets</b>                      | <b>641.3</b>   | <b>107.8</b>  |
| Working capital cash and bank balances   | 62.5           | 14.9          |
| Inventories                              | 88.1           | 16.4          |
| Trade receivables                        | 65.0           | 7.3           |
| <b>Total working capital assets</b>      | <b>215.6</b>   | <b>38.6</b>   |
| Cash reserved for strategic purposes     | 15.0           | 37.8          |
| <b>Total liabilities</b>                 | <b>(480.6)</b> | <b>(27.6)</b> |
| Trade payables                           | (27.0)         | -             |
| Working capital loans (current)          | (55.4)         | (15.3)        |
| <b>Total working capital liabilities</b> | <b>(82.4)</b>  | <b>(15.3)</b> |
| Term loans and MTN                       | (341.4)        | (5.8)         |
| <b>Total Equity</b>                      | <b>160.5</b>   | <b>80.2</b>   |
| <b>Net working capital</b>               | <b>133.2</b>   | <b>23.3</b>   |

# OUTLOOK



# Halcyon Agri 2015

1

## Servicing our customers

- Number one focus is servicing the needs of our customers by delivering high quality natural rubber products when and where they are needed
- Utilising our production scale and sourcing and distribution reach to better service existing customers and develop new customers
- Upholding our values and supporting the values of our customers by maintaining high standards of corporate governance and corporate and social responsibility

2

## Integration & operational performance

- Maximising the value opportunity of our supply chain model by integrating the component parts
- Leveraging individual group strengths to benefit entire business
- Focusing on operational performance to maximise efficiencies and margins

3

## Volume & margin growth

- Focus on driving volume growth and optimising margins

4

## Optimising capital structure

- Replacing bridge loan with a working capital facility and a term loan facility
- Establishing optimal working capital financing arrangements
- Deleveraging through operating performance