FY 2017 FINANCIAL RESULTS

26 February 2018

HALCYON AGRI

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Full-year 2017 Highlights

Headline Financials

- Full year 2017 Revenue, Operating Profits, EBITDA and PBT for continuing operations of US$1,988.4m, US$64.5m, US$66.4m and US$53.5m respectively.
- The business continues to generate strong cash flows from operations (before working capital changes) of US$58.4m in full year 2017.

Rubber Price Trend

- Rubber prices* started the year strongly at US$2,011/mT, peaking in mid-February 2017 of US$2,316/mT.
- Since then, the price has steadily declined to a year-low of US$1,344/mT before closing the year at US$1,469/mT.
- The price rally in Q1 2017 was due to flooding in Thailand, but has since retracted steadily to abnormally low levels due to the persistent excess inventory situation in China.

Significant Events

- Issuance of US$150m 4.5% senior perpetual securities, mainly for repayment of S$125m 6.5% fixed rate notes and also for working capital purposes.
- Completion of disposal of our minority shareholding in SIAT S.A and received proceeds of US$219.1 million in 31 October 2017
- Acquisition of RCMA Polymers business announced on 21 November 2017 and completed on 8 January 2018 for final purchase price of US$31.7m.
- Announced proposed acquisition of 5 factories producing Standard Indonesian Rubber.
- Completed strategic review of incoming assets from GMG and Sinochem, and established new reporting structure
- Announcement of cash dividend of 2 SG cents, made up of 1 SG cent final dividend and 1 SG cent of special dividend.

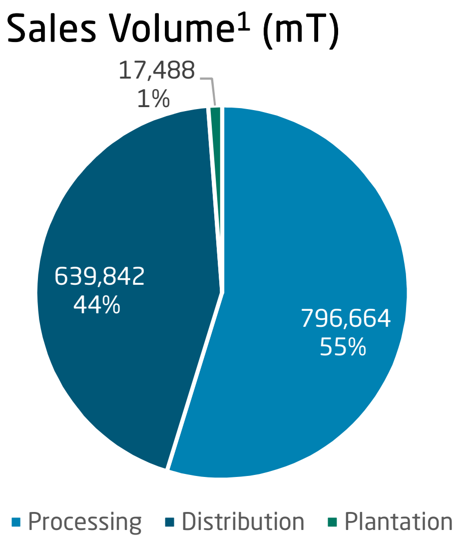
* SICOM TSR20 first position

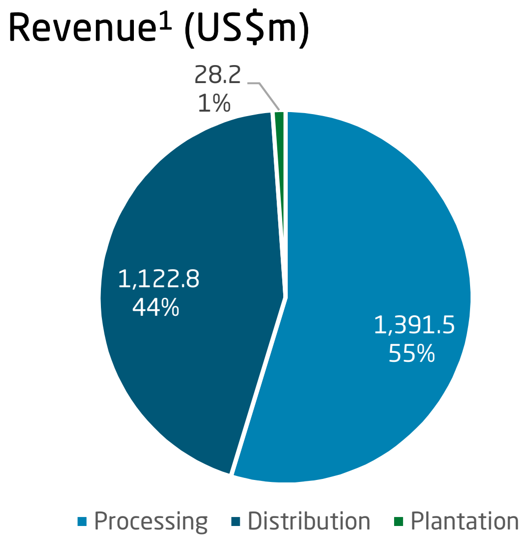
Key Financials

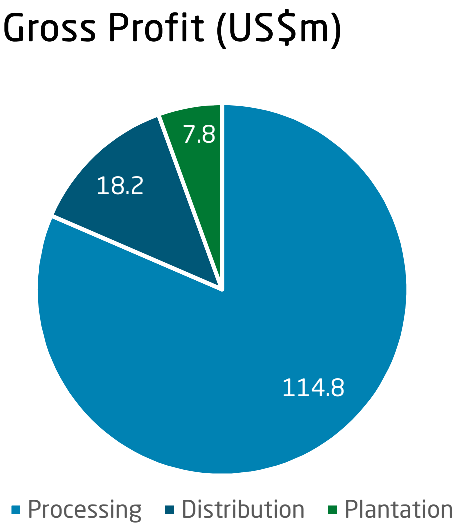
US$m	Full-year		
	2017	2016	Δ %
Revenue	1,988.4	970.5	104.9%
Gross profit	140.5	51.5	172.8%
EBITDA	66.4	(1.9)	n/m
Operating profit	64.5	76.3	(15.5%)
Net income	42.4	48.5	(12.4%)
EBITDA after working capital interest (US$m)	59.6	(10.2)	n/m
Operating profit after working capital interest (US$m)	57.7	68.0	(15.3%)
Sales volume (mT)	1,132,851	713,481	58.8%
Average selling price (US$)	1,755	1,360	29.0%
Gross profit/mT (US$)	124	72	71.8%
EBITDA/mT (US$)	59	(3)	n/m
EBITDA after working capital interest/mT (US$)	53	(14)	n/m
Operating profit/mT (US$)	57	107	(46.8%)
Operating profit after working capital interest/mT (US$)	51	95	(46.6%)

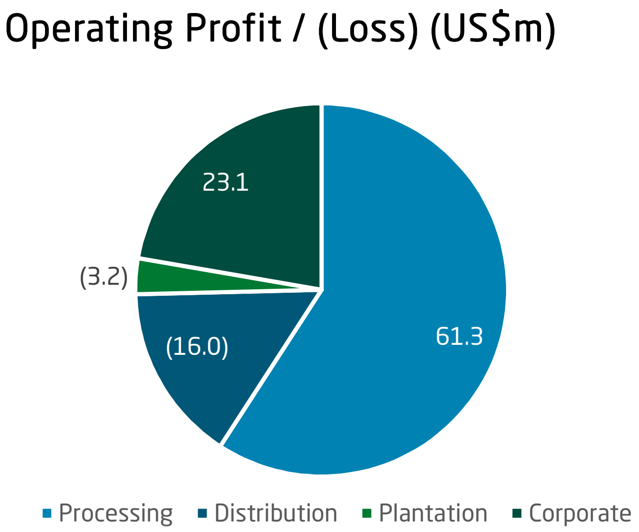
* For continuing operations only

Full-year 2017 Segment Contributions









- Processing segment remains profitable through consistent lock-in of the processing margin regardless of price level.
- Results of distribution segment suffered mainly due to market volatility and competition.
- Revenue from plantations segments are largely intercompany in nature, and mostly derived from sales of output from our Cameroonian plantation. Cost base are largely fixed plantation costs.
- Significant operating profit contribution from Corporate segment following the recognition of gain on disposal of SIAT S.A and Inobonto.

Note (1) Sales volume and revenue include intersegment amounts of 321,142 tonnes and US$564m respectively

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Cash Flow

US$m	Full-year	
	2017	2016
Operating cash flows before working capital changes	58.4	(5.0)
Changes in working capital	(84.6)	(37.1)
Tax and interests paid	(16.5)	(7.6)
Cash flow used in operating activities	(42.7)	(49.6)
Cash flow from investing activities	113.4	37.8
Cash flow from financing activities	11.2	7.4
Net increase/(decrease) in cash and cash equivalents	81.9	(4.4)

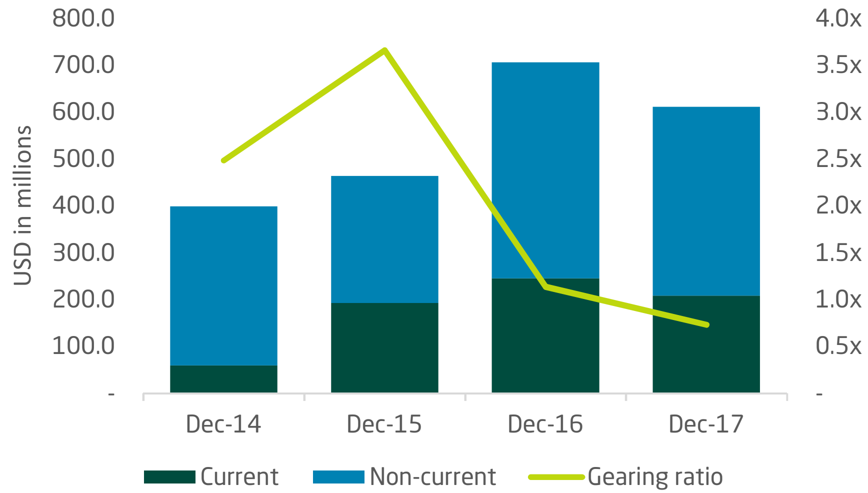
Balance Sheet

US$m	31-Dec-17	31-Dec-16
Non-current assets	827.9	980.2
Working capital assets	427.0	418.0
Other current assets	136.2	84.7
Assets held for sale	89.4	-
Cash and bank balances	152.2	66.6
Total assets	1,632.8	1,549.5
Working capital liabilities	235.3	280.4
Other current liabilities	93.1	132.3
Liabilities held for sale	16.5	-
Non-current liabilities	450.0	514.7
Total liabilities	795.0	927.4
Net assets	837.8	622.1

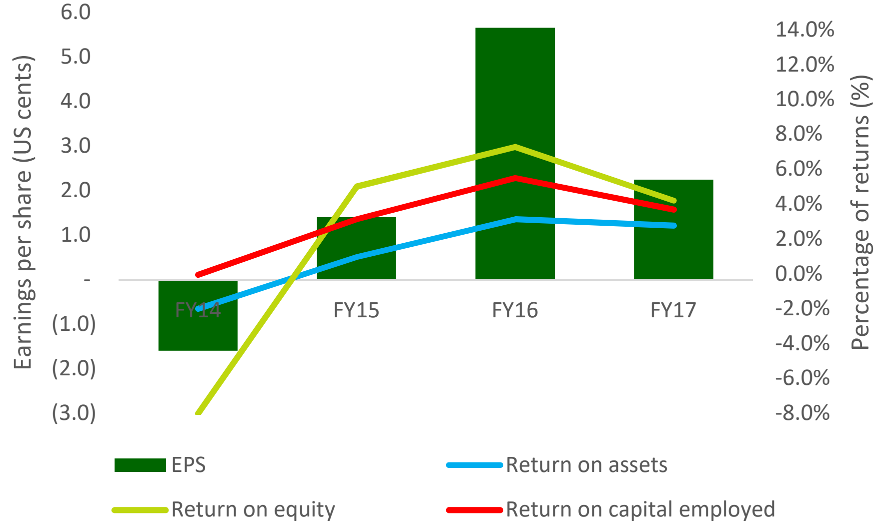
- Overall net assets level for the Group has improved since Dec-16 primarily due to numerous factors:
  - Earnings accretion arising from the synergistic benefits of enlarged Group post-merger
  - Issuance of US$150m perpetual securities that is of equity in nature, reducing the Group's gearing position
  - Disposal of SIAT S.A. at a premium to book value – proceeds used to pare down debts.
  - Strengthening of local currency vs United States Dollars (the Group's presentation currency)

Key Financial Metrics Overview

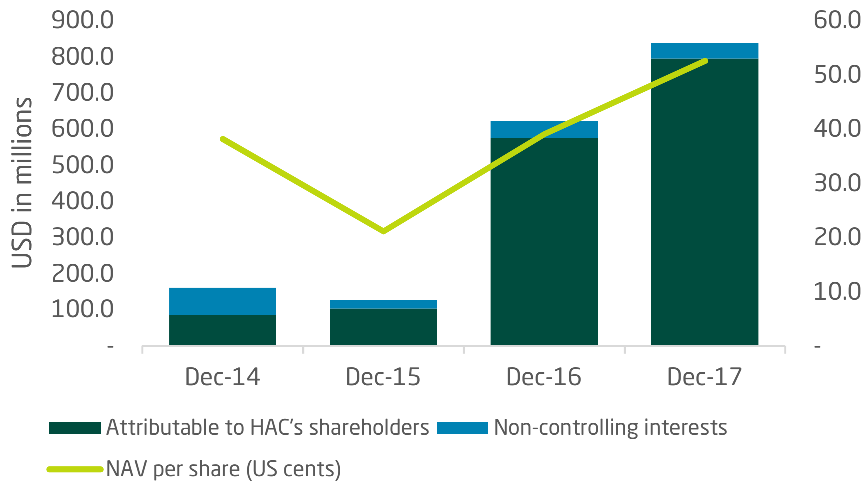
Debt Composition and Capital Structure



Earnings per Share and Rates of Return



Equity and Net Asset Value



- As we continue to grow our business sustainably, it is of utmost importance that we maintain a strong balance sheet to allow further scale increase. <u>The current gearing level of 0.7x represents a gearing position that management is comfortable with.</u>

- Through efficient use of funds and prudent capital management, <u>our NAV per share currently stands at 52.5 US cents (or 70 SG cents*).</u>

- We also strive to deliver sustainable returns on capital to our investors, in appreciation of their continued faith in Halcyon Agri.

* Based on closing rate as at 31 December 2017.

INTRODUCTION OF NEW OPERATING STRUCTURE

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Our Operating Structure

SUPPLY CHAIN PHASES	Halcyon Rubber & Plantations	Halcyon Rubber Company	SINRIO
	Global Non Tyre & Specialty Tyre	Global Tyre Majors	PRC Tyre Majors
Distribution	United States Europe China Southeast Asia	Singapore	China Singapore
Processing	Cameroon 1	Indonesia 19* Ivory Coast 2	Malaysia 3 Thailand 5 China 8
Plantations	Cameroon 2 111,432ha / 29,088ha[1]	Ivory Coast 1 1,581 ha / 1,415ha[1]	Malaysia 1 9,844ha / 2,951ha[1]
TARGET CUSTOMER SEGMENTS	Consumer & Industrial Goods	Tyre Majors	

[1] *Plantable areas*

* *Subject to Completion of acquisition of 5 factories that has been announced by the Group*

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Halcyon Rubber & Plantations – Global Non Tyre and Specialty Tyre

- Under the Centrotrade franchise, HRP is well positioned to supply specialised latex and other rubber products to customers
- Recent acquisition and revival of some of world's oldest rubber trading names in Wurfbain, Corrie MacColl and Alan L Grant allows us to further expand our distribution network through these regional champions.
- Processing is supported by Hevecam
- Our NR plantation land in Cameroon is almost 90,000 hectares (that is 1.2x land size of Singapore!)
- Key Customers:

nokian TYRES

bandag

Hartalega

TITAN

Halcyon Rubber Company - Global Tyre Majors

- HEVEA Global is well positioned to provide Technically Specified Rubber from Indonesia and Africa to the global tyre majors.
- Supported by production capacity of 18 factories in Indonesia and 2 factories in Ivory Coast.
- 5 factories expected to be added onto the Group's capacity by end Mar-18, making us the single largest SIR producer with 821,000 MT capacity
- Setting the industry standard – **HEVEA***PRO* framework represents our unwavering commitment to uphold the highest standard for quality, responsibility and sustainability in global rubber production.
- Major Customers:

BRIDGESTONE MICHELIN Continental COOPERTIRES GOODYEAR

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SINRIO - China Tyre Majors

- New Continent Enterprises and Halcyon Agri Shanghai spearheads our distribution into the PRC tyre manufacturers market.
- Backed by annual production capacity of 675,000 MT, NCE distributes HEVEA*PRO* quality TSR from Malaysia, Thailand and China.
- NCE also aim to serve as a partner for the PRC tyre majors, by providing end-to-end supply chain services for TSR products.
- Chinese arm of Global Tyre Majors:

BRIDGESTONE China

HANKOOK China

MICHELIN China

- Local trading companies/tyre manufacturers

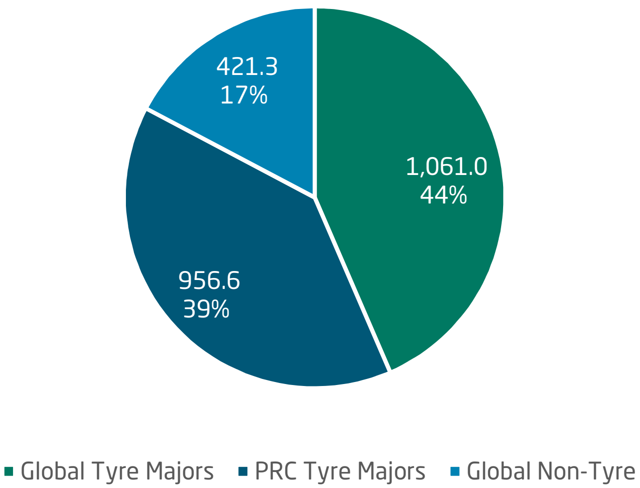
中策橡胶 zc rubber Hangzhou Zhongce Rubber Co.,Ltd.

HUASHENG 华盛轮胎

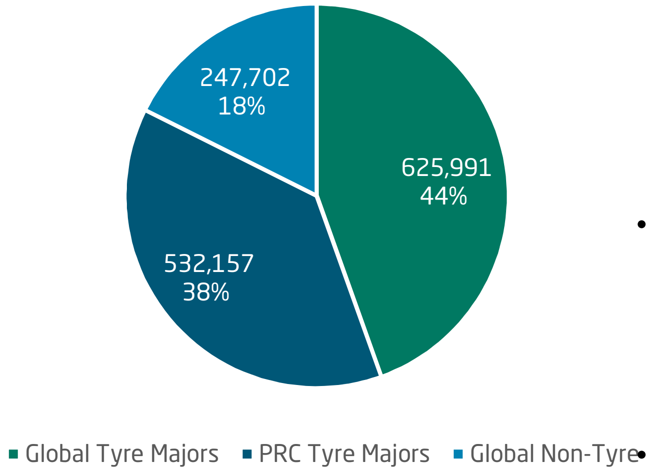
CACHLAND TIRES

Contributions by Vertical Segments

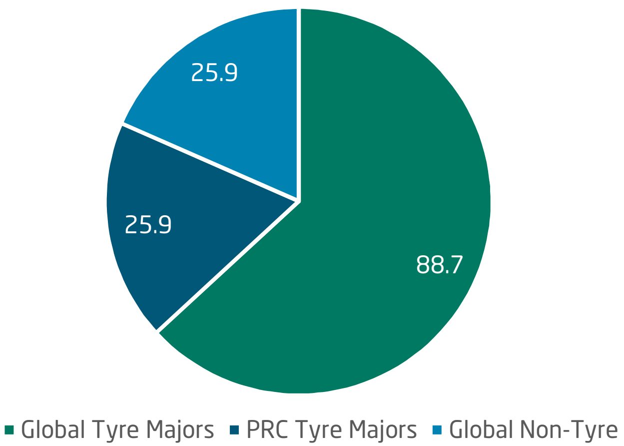
Revenue[1]



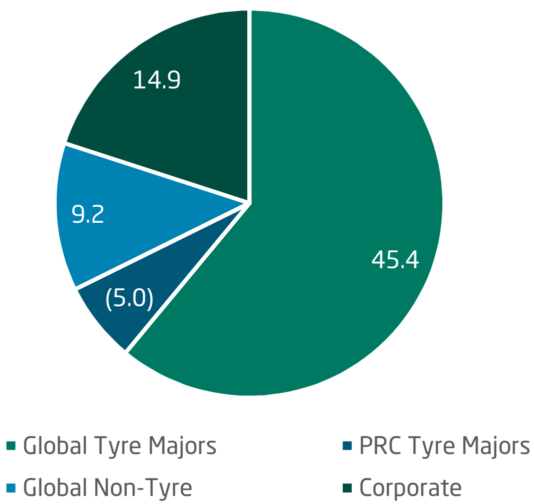
Sales Volume (mT) [1]



Gross Profits



Operating Profits / (Loss)



[1] *Before elimination of US$460.5m and 272,999 mT respectively*

- Global Tyre Majors' with its 44% contribution towards the Group's top line, have delivered consistently good results that provides a solid foundation for the Group to invest and grow other business segments.
- Despite PRC Tyre Majors' high revenue and sales volume, market competition and volatility in prices had resulted in pressure in the margins and profitability.
- Although Global Non-Tyre & Specialty Tyre segment generates lower revenue compared to the other two segments, it is compensated by higher gross profits and operating profits due to the inherently high-margin business.
- Operating profits at Corporate level in 2017 is due to the inclusion of gain of disposal of SIAT S.A US$18.1m, and Inobonto of US$3.4m.

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