Press Release

FOR IMMEDIATE RELEASE

Halcyon Agri delivers record Q1 volumes amidst lackluster rubber market conditions

- Q1 2018 volume was 276,562 mT, up 5.6% from Q1 2017 due to broader market reach
- Q1 2018 revenue of US$429.9 million compared to US$509.2 million in Q1 2017
- Revenue per tonne down 20.1% in Q1 2018 vs Q1 2017 due to weak rubber prices
- Net profit attributable to shareholders of US$0.3 million
- Global rubber prices trading below replacement cost, posing an acute threat to industry

Singapore, 7 May 2018 - Halcyon Agri Corporation Limited ("Halcyon Agri" and collectively with its subsidiaries, the "Group"), the world's leading natural rubber franchise, today announced revenue of US$429.9 million and net profit attributable to shareholders of US$0.3 million for the first quarter ended 31 March 2018 ("Q1 2018").

The Group's Q1 2018 results included Halcyon Agri's newly acquired assets namely Wurfbain Polymer B.V., Corrie MacColl Rubber Ltd, Alan L Grant Polymer, Inc., Kelvin Terminals B.V. and Momentum Technologies International, which collectively form part of Halcyon Rubber & Plantations, as well as an Indonesian SIR factory operating under PT Pulau Bintan Djaya.

Mr Robert Meyer, Executive Director and Chief Executive Officer, said, "Global natural rubber prices continued to remain depressed in Q1 2018 despite the implementation of market curbs by member countries of the Tripartite Rubber Council. The outdated nature of the rubber industry's price discovery model leads to volatile distortions of price and value, creating the current price situation that does not incentivise farmers to tap trees, or invest in new plantings. This is the greatest threat to the long-term sustainability of the rubber industry."

Financial Highlights

Continuing Operations:	**Q1 2018 (Unaudited)** 1 Jan 18 to 31 Mar 18	**Q1 2017 (Restated)** 1 Jan 17 to 31 Mar 17	**% change**
Revenue (US$m)	429.9	509.2	(15.6)
EBITDA (US$m)	8.5	32.4	(73.7)
Operating profit (US$m)	2.2	27.3	(92.0)
Profit attributable to owners of the Company (US$m)	0.3	15.3	(98.3)
Earnings / share (US cents)	0.02	0.96	(98.3)
Cash and cash equivalents at the end of the period (US$m)	161.2	58.2	177.0

PLANTATIONS PROCESSING DISTRIBUTION

Segmental Reporting:

Q1 2018 (US$m)	Global Non-Tyre & Specialty Tyre	Global Tyre Majors	PRC Tyre Majors
Revenue	139.2	179.0	134.5
Gross Profit	6.5	6.4	10.0
Operating Profit / (loss)	2.9	(2.7)	3.2
Segment Assets	1,132.5	581.7	511.2
Segment Liabilities	682.4	484.2	441.2

Group Performance

Halcyon Agri reported revenue of US$429.9 million in Q1 2018, down 15.6% from US$509.2 million in the corresponding period in 2017 ("Q1 2017"). The decline in revenue was mainly due to lower rubber prices, partially offset by higher sales volume. Revenue per tonne declined 20.1% from US$1,944 in Q1 2017 to US$1,554 in Q1 2018, in line with the price movement of the global natural rubber market. Sales volume inched 5.6% higher from 261,877 tonnes in Q1 2017 to 276,562 tonnes in Q1 2018, primarily due to the better market reach of the Group.

The Group's gross profit decreased 52.7% to US$22.8 million in Q1 2018, down from US$48.2 million in Q1 2017. Higher gross profit was recorded in Q1 2017 due to a rally in rubber prices in January and February 2017, which allowed the Group's Global Tyre Majors segment to capture a good processing margin, as well as distribution margin for the PRC Tyre Majors segment. However, as rubber prices continued on a downward trend into 2018, gross profit for Q1 2018 was impacted.

Net profit attributable to shareholders of US$0.3 million was down 98.3%, mainly due to the decrease in gross profit that was partially offset by lower net finance cost in Q1 2018.

The Group's cash and cash equivalents increased by US$15.3 million in Q1 2018 compared to Q4 2017. Net cash used in operating activities decreased to US$100.2 million in Q1 2018, from US$150.7 million in Q1 2017. Cash used in investing activities stood at US$82.5 million, mainly due to the acquisition activities under Halcyon Rubber & Plantations, the acquisition of PT Pulau Bintan Djaya and non-controlling minority interests, capital expenditure on property, plant and equipment, as well as plantation assets. Net cash generated from financing activities was US$198.0 million, mainly due to net loan proceeds, offset by the payment of associated interest costs. In all, cash and cash equivalents (including discontinued operations) as at 31 March 2018 stood at US$168.4 million, up from US$61.1 million as at 31 March 2017.

Unlocking Value

The implementation of the fifth wave of Agreed Export Tonnage Scheme over Q1 2018 by member countries of Tripartite Rubber Council, did not yield the expected results, as there has been no significant improvement in prices even after the imposition of export curbs. The continued depressed prices have affected our performance in Q1 2018. However, with the expiry of the export curbs at the end of March 2018, we expect sales volume from our factories in Indonesia, Malaysia and Thailand to improve for the remainder of 2018. While we expect that market prices moving forward will be anchored by the volatility caused by economic uncertainties as well as speculative activities, Halcyon Agri remains cautiously optimistic that the market price of natural rubber will improve with its growing demand spurred by increased infrastructure spending such as China's One Belt One Road initiative and the growth of e-commerce and hence, last mile deliveries worldwide.

Raw material supply remains a challenge in Indonesia as the country's production is recovering from wintering season in Q4 2017. At current price levels, smallholders are less incentivised to tap rubber or plant more rubber trees. This affects the supply, requiring more aggressive pricing of raw material purchased by our local factories, which in turn, affects our margins as reflected in our Q1 results. While we remain positive that the current situation will improve, we are conscious that the availability of raw material is dependent on factors beyond our control such as weather, soil conditions and the absolute level of the reference TSR 20 contract.

For the remainder of 2018, management is focused on the following:

- Integration of the five newly acquired SIR factories under PT Pulau Bintan Djaya, PT Sumber Alam and PT Sumber Djantin. We expect to realise the benefits from the creation of our second Indonesian hub in Pontianak over the course of 2018 as well as from the enlarged production base in Indonesia where we are the largest producer of SIR
- Actively manage our raw materials procurement strategy in Indonesia to capitalise on our significantly enlarged raw material purchasing base
- Review the strategic options for Teck Bee Hang Co., Ltd, our Thai subsidiary, with our minority partners on a mutually beneficial restructuring plan
- Strategic review of our SINRIO PRC Tyre Majors business with the goal of transforming our China-focused vertical into the market leader for the Chinese tyre market
- Strengthen the positioning of our Global Non-Tyre & Specialty Tyre business

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Notes to editor:

About Halcyon Agri

Halcyon Agri (SGX: 5VJ) is a leading supply chain franchise of natural rubber with a production capacity of 1.63 million metric tonnes per annum. The Group owns 37 processing factories in most major rubber producing origins and produces sustainable natural rubber under its proprietary HEVEA*PRO* brand. The Group leverages its extensive network of warehouses, terminals, laboratories and sales offices across the world to distribute a range of natural rubber grades, latex and specialised rubber for the tyre and non-tyre industries. The Group is headquartered in Singapore and has more than 15,000 employees located in over 50 locations. Halcyon Agri is listed on the Main Board of the Singapore Exchange with a market capitalisation of more than US$700 million.

Please visit us at www.halcyonagri.com and @HalcyonAgri

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