Q1 2018 Results Presentation

7 May 2018

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Q1 2018 Financial Highlights

Q1 2018 financial highlights

Headline financials

- Q1 2018 Revenue, Gross Profit, Operating Profits, EBITDA and Loss Before Tax from continuing operations of US$429.9m, US$22.8m, US$2.2m, US$8.5m and US$0.9m respectively.
- Positive operating cash flows (before working capital changes) of US$11.6m, having turned around from negative of US$8.6m previous quarter.

Market price trend

- Compared to Q1 2017, the price volatility was not as extreme in Q1 2018, starting the year at US$1,454/mT and rallying to US$1,537/mT peak mid-January.
- However, absolute prices have remained between US$1,350 to US$1,500/mT for most parts of Q1 2018, ending the quarter with a trough of US$1,337/mT, below replacement cost under which raw material availability is very restricted, requiring producers to pay up and sacrificing margins to incentivise farmers to tap.

Significant events

- Completion of acquisition of Corrie MacColl^ Group on 8 January 2018, with final purchase consideration of US$31.8 million
- Completion of acquisition of 80% equity stake in PT Pulau Bintan Djaya on 27 February 2018
- Completion of buyout of minority shareholders in PT Sunan Rubber on 28 February 2018
- Completion of acquisition of entire shareholding of PT Sumber Djantin and PT Sumber Alam on 20 April 2018
- Approval of final and special cash dividend of total 2 Singapore cents on 23 April 2018, to be paid out on 7 May 2018

** SGX SICOM TSR20*

^ Corrie MacColl collectively refers to Wurfbain Polymer B.V, Corrie MacColl Rubber Ltd, Alan L Grant Polymer Inc, Centrotrade Hatyai Co Ltd and Kelvin Terminals B.V

Income statement highlights

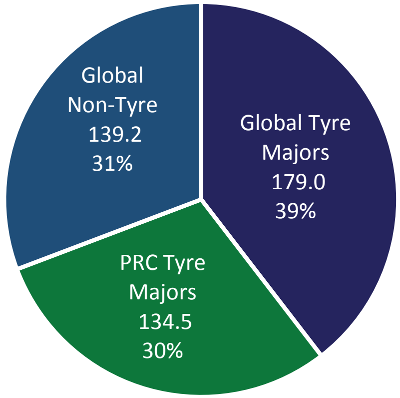
US$m	Q1 ended 31 March 2018	2017	▲%
Revenue	429.9	509.2	-16%
Gross profit	22.8	48.2	-53%
Operating profit	2.2	27.3	-92%
Operating profit after working capital interest	0.9	25.1	-96%
EBITDA	8.5	32.4	-74%
EBITDA after working capital interest	7.3	30.1	-76%
Net (loss)/income	(1.6)	17.5	-109%
Sales volume (mT)	276,562	261,877	6%
Average selling price (US$)	1,554	1,944	-20%
Gross profit per mT (US$)	82	184	-55%
Operating profit per mT (US$)	8	104	-92%
Operating profit after working capital interest per mT (US$)	3	96	-96%
EBITDA per mT (US$)	31	124	-75%
EBITDA after working capital interest per mT (US$)	26	115	-77%

Note: The results presented above relates to continuing operations of the Group. Please refer announcement for details on the discontinued operations.

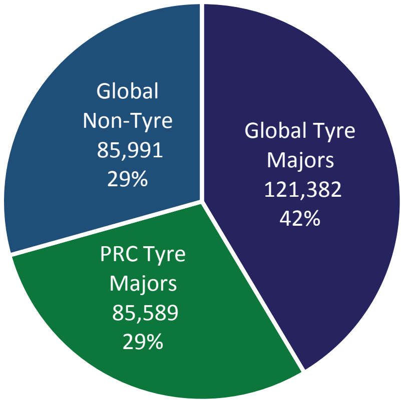
Segmental performance

Q1 2018 Performance by segment

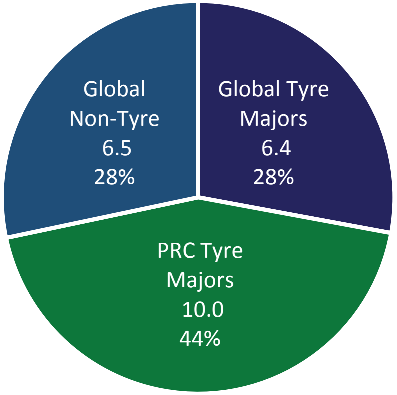
Revenue (US$m)[1]



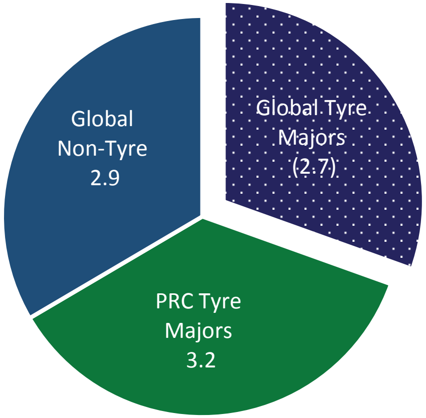
Sales volume (mT)[1]



Gross profit (US$m)



Op. profit/(loss) (US$m)

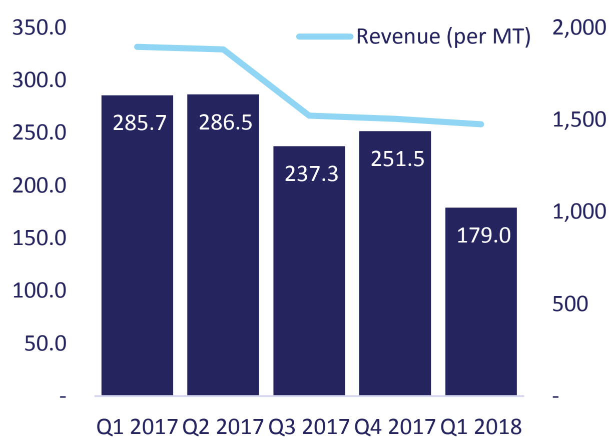


- Global Tyre Majors remain our largest revenue contributor, despite the imposition of AETS. However, margins were under pressure due to reduced raw material supply driven by wintering in Indonesia and prices that dis-incentivised tapping.
- PRC Tyre Majors' results have improved in Q1 2018 due to higher premiums paid by customers and improved positioning.
- Global Non-Tyre and Specialty Tyre's share of contribution to the Group has increased following the inclusion of the new businesses of Corrie MacColl. Margins improved on the back of slightly improved premiums.

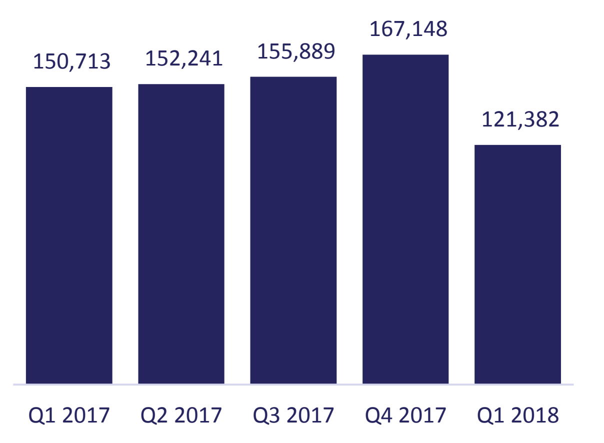
[1] *Includes intersegment revenue and volume of US$22.8m and 16,399 mT respectively.*

Global Tyre Majors

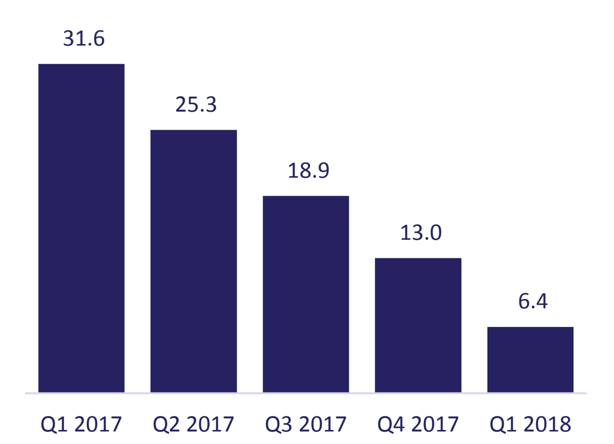
Revenue (US$m)[1]



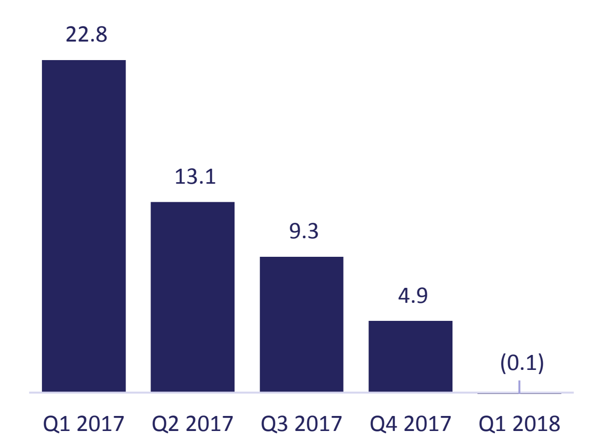
Sales volume (mT)[1]



Gross profit (US$m)



Op. profit/(loss)[2] (US$m)

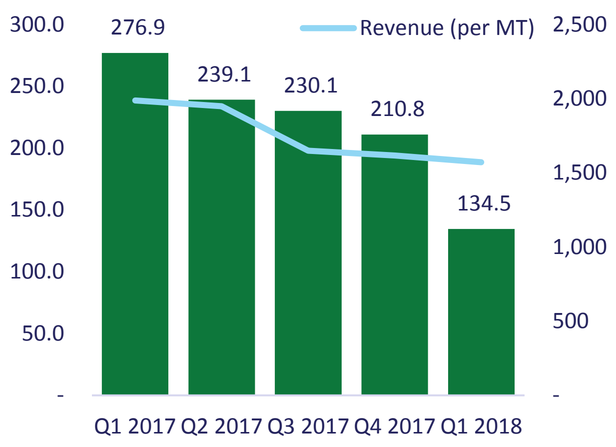


- Revenue declined from Q4 2017 to Q1 2018 on the back of lower sales volume due to impact of AETS, compounded by lower prices.
- Lower volume mainly due to wintering in Indonesia, as well as lack of incentive from smallholders to tap at existing price levels.
- Profitability impacted by raw material availability as we paid up to ensure adequate inventory levels.

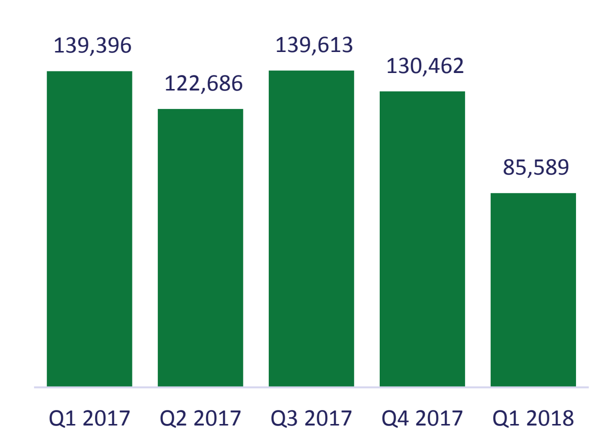
[1] *Includes intersegment figures*
[2] *Adjusted for management fees*

PRC Tyre Majors*

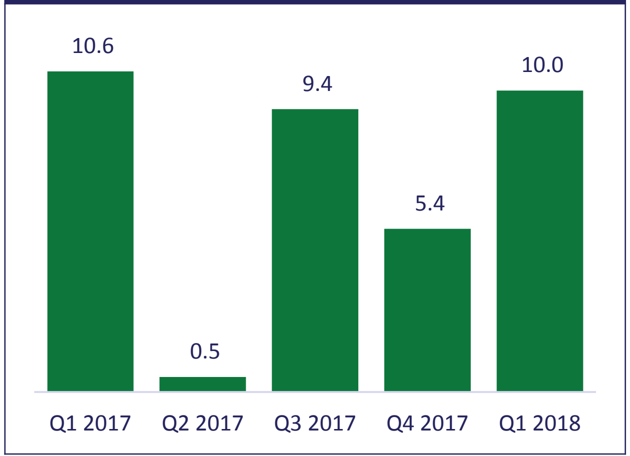
Revenue (US$m)[1]



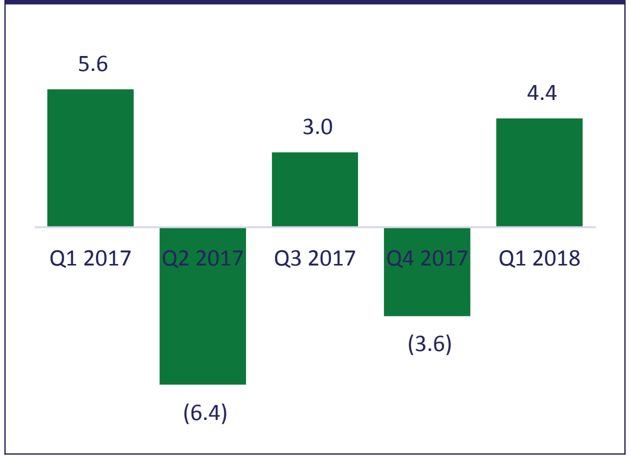
Sales volume (mT)[1]



Gross profit (US$m)



Op. profit/(loss)[2] (US$m)

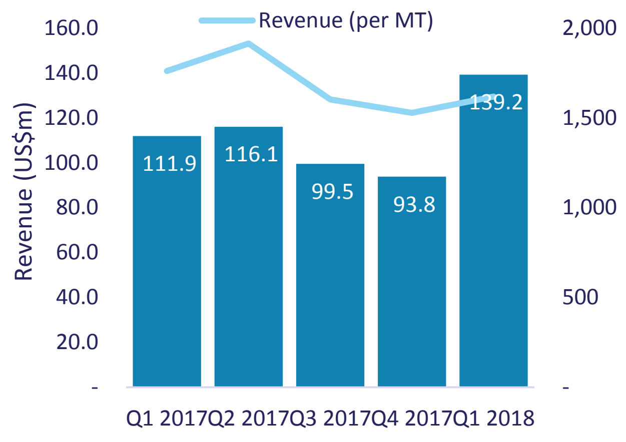


- In Q1 2018, profitability has improved as the customers were able to pay slight premium on the cargoes sold, on the back of the lower raw material prices.
- Improved positioning and supply chain management has resulted in improved results

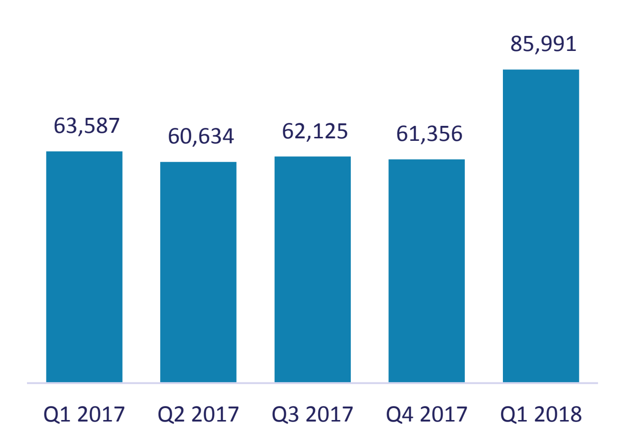
[1] *Includes intersegment figures*
[2] *Adjusted for management fees*
** Relates only to continuing operations.*

Global Non-Tyre and Specialty Tyres

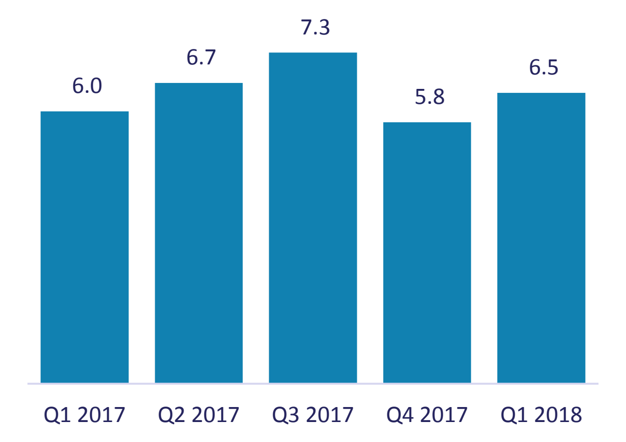
Revenue (US$m)[1]



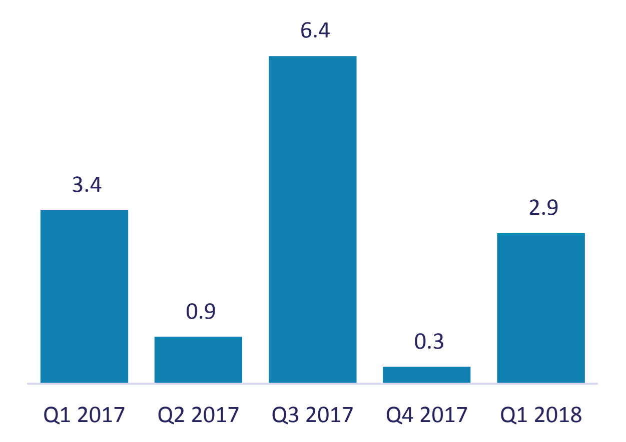
Sales volume (mT)[1]



Gross profit (US$m)



Operating profit[2] (US$m)



- Inclusion of the new businesses under Corrie MacColl has contributed positively to our volumes and higher revenue.
- GP per MT declined despite increase in absolute amount due to higher operating costs of our European business.
- Our profit has improved in Q1 2018, in the absence of one-off losses suffered in the previous quarter.

[1] Includes intersegment figures
[2] Adjusted for management fees

Balance sheet

Balance sheet highlights

US$m	31-Mar-18	31-Dec-17*
Non-current assets	899.9	827.9
Working capital assets	501.5	427.0
Other current assets	191.9	136.2
Cash and bank balances	164.5	152.2
Assets of disposal group classified as held for sale	104.1	89.4
Total assets	**1,861.9**	**1,632.7**
Working capital liabilities	(443.3)	(235.4)
Other current liabilities	(109.6)	(93.0)
Liabilities of disposal group classified as held for sale	(24.8)	(16.5)
Non-current liabilities	(455.4)	(454.7)
Total liabilities	**(1,033.1)**	**(799.6)**
Net assets	**828.8**	**833.1**
Net asset value per share (US cents)	52	52
Net asset value per share (SG cents)	68	69

** Restated. Please refer announcement for details of the restatement.*

Cash flows

Cash flows

US$m	Q1 ended 31 March	
	2018	2017
Operating cash flows before working capital changes	11.6	20.8
Changes in working capital	(107.8)	(168.8)
Payment of taxes and working capital loan interests	(4.0)	(2.7)
Net cash used in operating activities	**(100.2)**	**(150.7)**
Net cash used in investing activities	(82.5)	(5.4)
Net cash generated from financing activities	198.0	151.2
Net changes in cash and cash equivalents	**15.3**	**(4.9)**

Movement of Group's liquidity

US$m	As at Sep-17	Q4 2017 Source of funds	Q4 2017 Usage of funds	As at Dec-17	Q1 2018 Source of funds	Q1 2018 Usage of funds	As at Mar-18
Available liquidity:							
Cash and cash equivalents[1]	107.1	212.2	(165.9)	153.4	210.0	(194.9)	168.4
Financed by:							
Working capital loans	(323.6)	-	122.9	(200.7)	(204.8)	(8.7)	(414.2)
Term loans	(412.7)	-	2.9	(409.8)	3.4	(3.7)	(410.1)
Net debt	**(629.2)**	**212.2**	**(40.1)**	**(457.1)**	**8.6**	**(207.3)**	**(655.8)**

- Funds are sourced mainly from SIAT S.A's disposal, and it is used to pare down loans and partially channelled towards working capital.
- By using the excess funds to pare down the loans, the estimated savings from interest costs is c.US$0.4m[2]
- Net debt position has significantly improved during Q4 2017.

- Net outflow of funds in Q1 2018 mainly to acquire new businesses and NCI, as well as funding the increased working capital requirement for new businesses.
- The funds are recycled from our improved headroom in banking facilities, cleared up when the Group pared down the loans in Q4 2017 upon receipt of SIAT SA's proceeds.

[1] *Cash and cash equivalents as stated in the cash flow statements in the announcement, and includes cash held in disposal group.*
[2] *Computed for 2-month period which interest costs is saved, and derived by applying interest rate of 2%, representing the Group's estimated borrowing costs.*

Thank you