



Q3 and 9M 2018 Results Presentation

12 November 2018

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Q3 2018 Financial Highlights

Q3 and 9M 2018 Financial Highlights

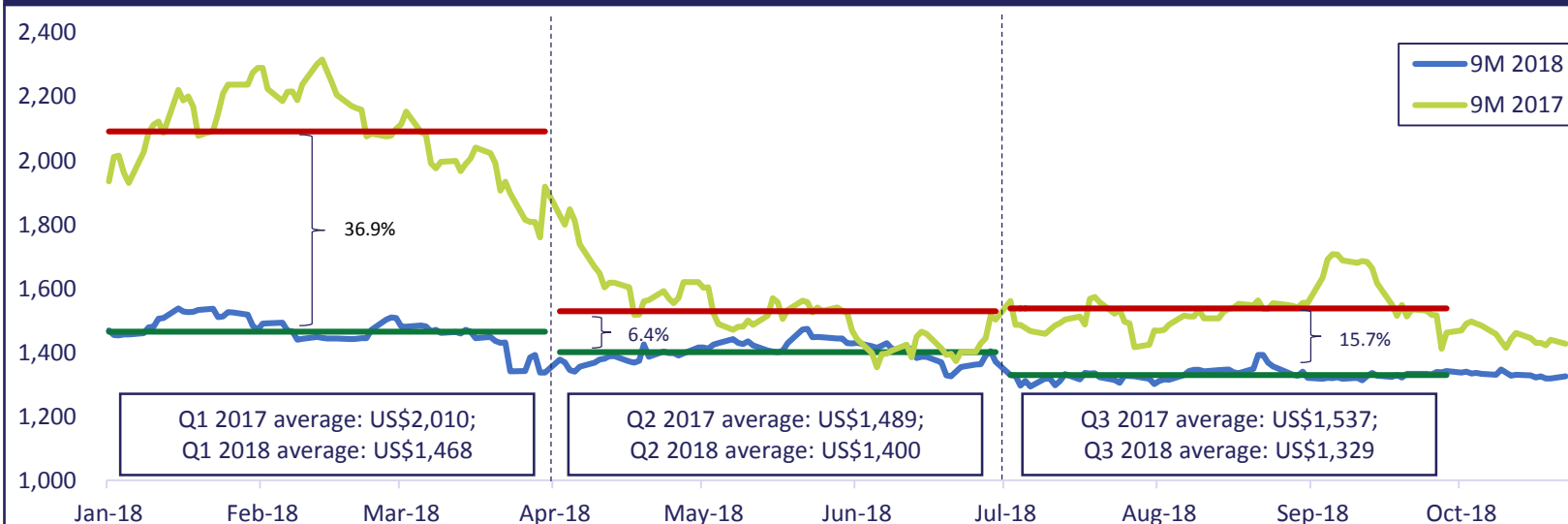
Headline Financials

US\$ in million	Q3 2018	9M 2018
Revenue	552.9	1,602.7
Gross profit	32.5	101.6
Operating profit	7.9	14.6
EBITDA	15.0	36.3
Profit / (Loss) before tax	0.1	(3.4)

Headline Commentary

- Market prices have continued its downwards trend and has resulted in compressed operating margins, especially in our Global Tyre and China Tyre segments.
- The Group has responded by optimising our factories' production volumes to align with the availability and pricing of raw materials.
- Global Non-Tyre segment continues its strong performance despite the challenging market environment, due to improved pricing power.

Market Prices Movement (SGX SICOM TSR20 First Position – in US\$ per mT)



Income Statement Highlights

US\$ in million	Q3 ended 30 September			9M ended 30 September		
	2018	2017	▲ %	2018	2017	▲ %
Revenue	552.9	513.8	8%	1,602.7	1,646.0	-3%
Gross profit	32.5	40.9	-21%	101.6	121.3	-16%
Operating profit	7.9	16.4	-52%	14.6	41.6	-65%
Operating profit after working capital interest	2.4	13.9	-83%	2.2	35.0	-94%
EBITDA	15.0	23.2	-35%	36.3	61.2	-41%
EBITDA after working capital interest	9.5	20.7	-54%	23.9	54.6	-56%
Net income/(loss)	0.8	8.4	-90%	(4.7)	21.1	-122%
Sales volume (mT)	374,380	319,321	17%	1,055,096	900,362	17%
Average selling price (US\$)	1,477	1,609	-8%	1,519	1,828	-17%
Gross profit per mT (US\$)	87	128	-32%	96	135	-29%
Operating profit per mT (US\$)	21	51	-59%	14	46	-70%
Operating profit after working capital interest per mT (US\$)	6	44	-86%	2	39	-95%
EBITDA per mT (US\$)	40	73	-45%	34	68	-50%
EBITDA after working capital interest per mT (US\$)	25	65	-62%	23	61	-63%

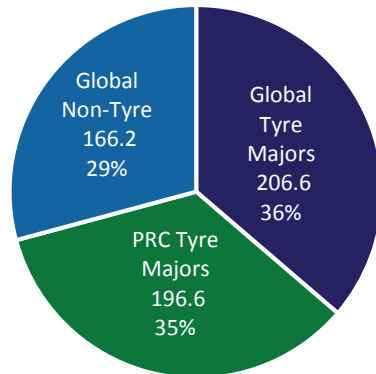
Note: Please refer announcement for details of the restatement of Q3 2017 and 9M 2017 financials.



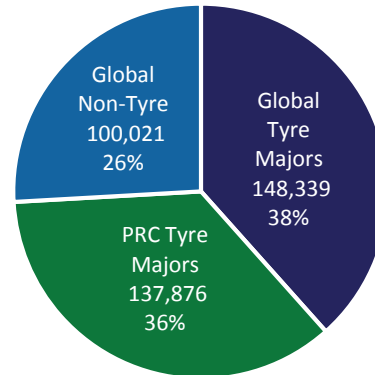
Segmental Performance

Q3 2018 Performance by Segment

Revenue (US\$m)¹

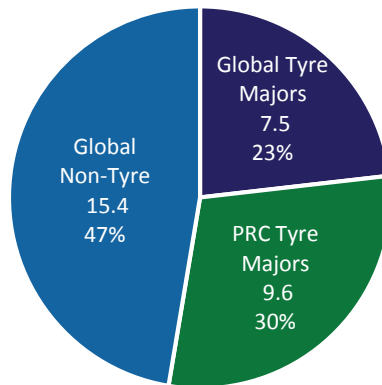


Sales Volume (mT)¹

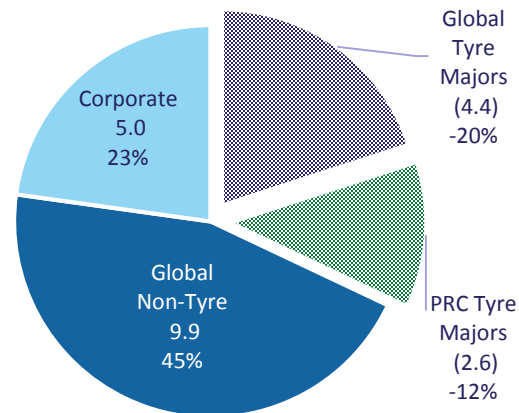


- Global Tyre Majors and PRC Tyre Majors both recorded lower revenue, gross profit, tonnage sold and gross profit per tonne in Q3 2018 as we optimised production volumes due to weak TSR pricing and raw material availability.

Gross Profit (US\$m)



Op. Profit/(Loss)² (US\$m)

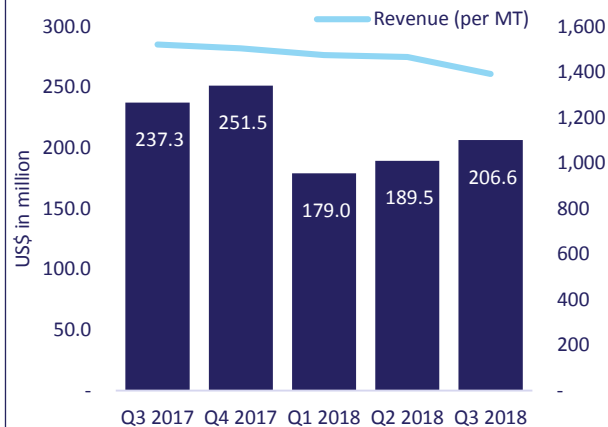


- Global Non-Tyre continues to strengthen with improved margins despite the current price environment, due to improved pricing power post-acquisition of Corrie MacColl Group.

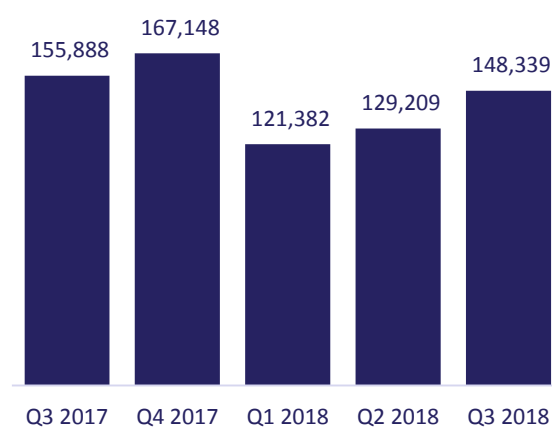
¹ Includes intersegment revenue and volume of US\$16.5m and 11,856 mT respectively.

Global Tyre Majors

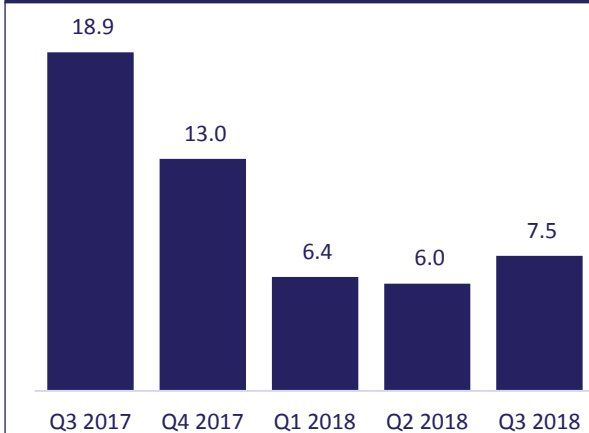
Revenue (US\$m)¹



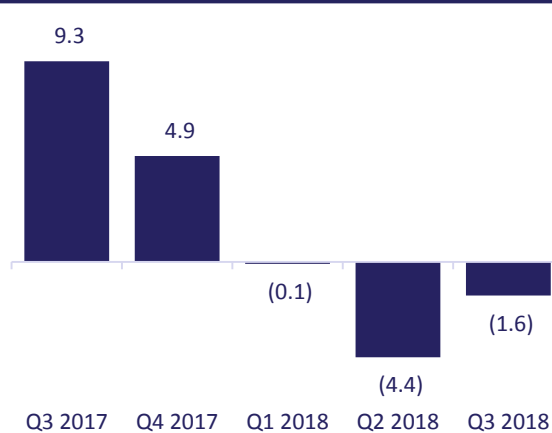
Sales Volume (mT)¹



Gross Profit (US\$m)



Op. Profit/(Loss)² (US\$m)



- Increased revenue from Q2 2018 to Q3 2018 on the back of higher sales volume mainly contributed by the newly acquired factories, partially offset by the lower average selling prices in line with the current market sentiment.

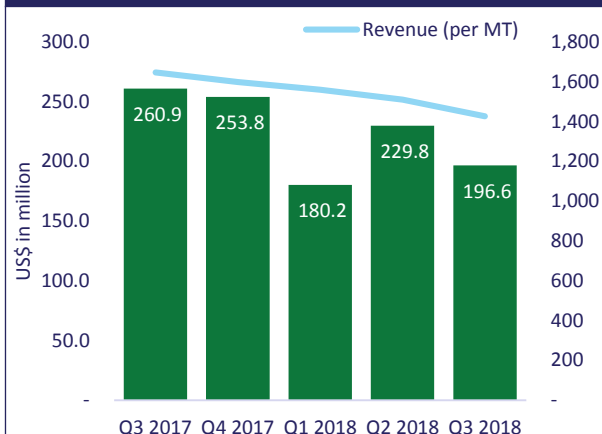
- Gross Profit remain compressed due to low prices, though slightly improved from Q2 2018 to Q3 2018 as a result of lower processing costs driven by favourable USD movement against IDR.

¹ Includes intersegment figures

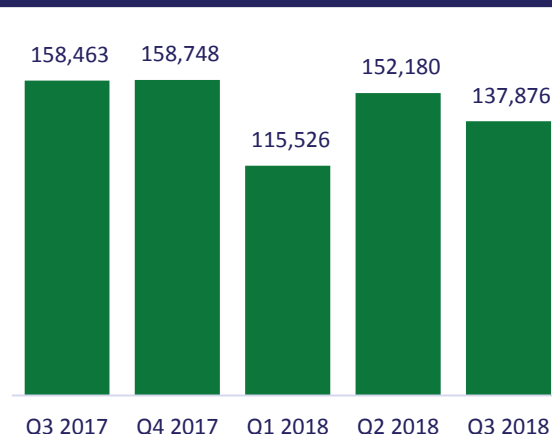
² Adjusted for management fees

PRC Tyre Majors

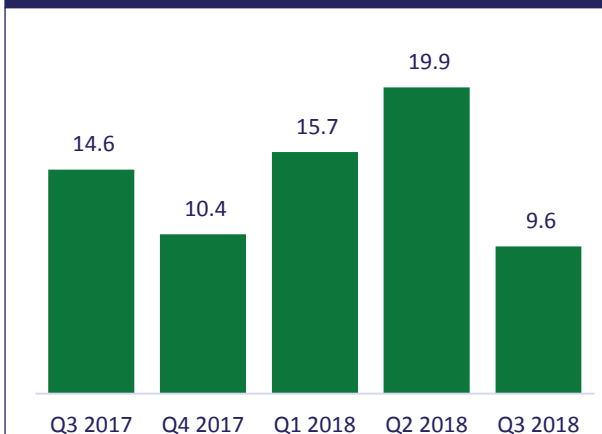
Revenue (US\$m)¹



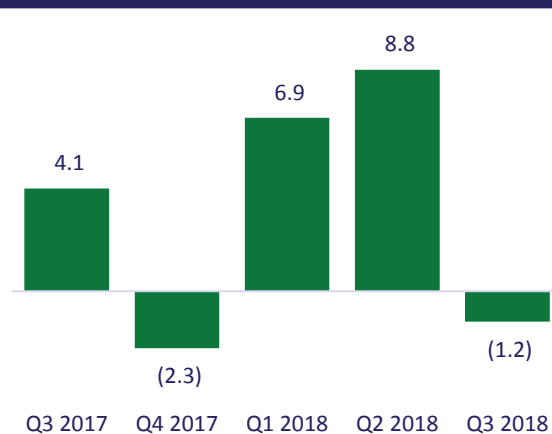
Sales Volume (mT)¹



Gross Profit (US\$m)



Op. Profit/(Loss)² (US\$m)



- Q3 2018 revenue have decreased due to lower sales volume, as tyre factories scaled back production over macroeconomic concerns and a reduction in selling prices.

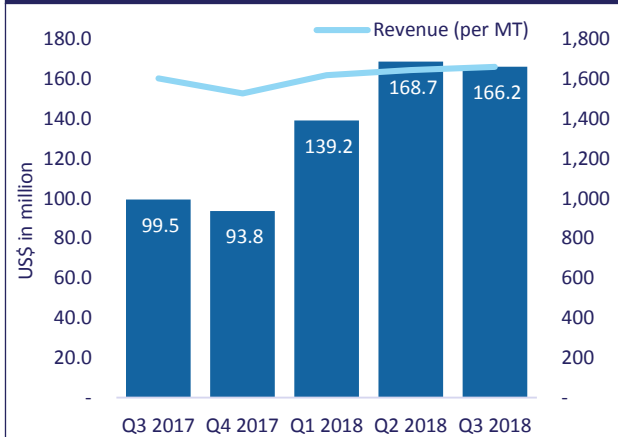
- Weaker prices had a direct impact on gross profit and operating loss for the segment.

¹ Includes intersegment figures

² Adjusted for management fees

Global Non-Tyre & Specialty Tyre

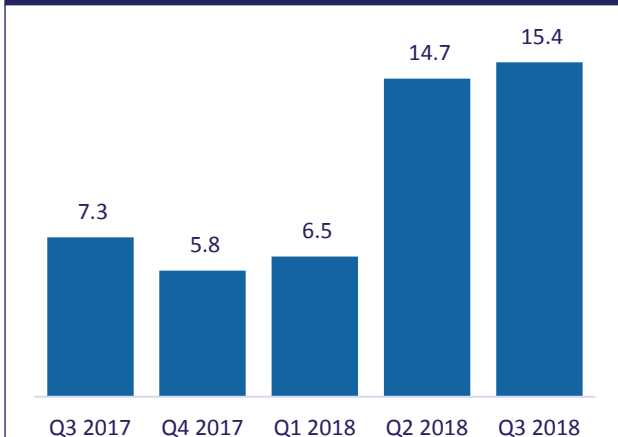
Revenue (US\$m)¹



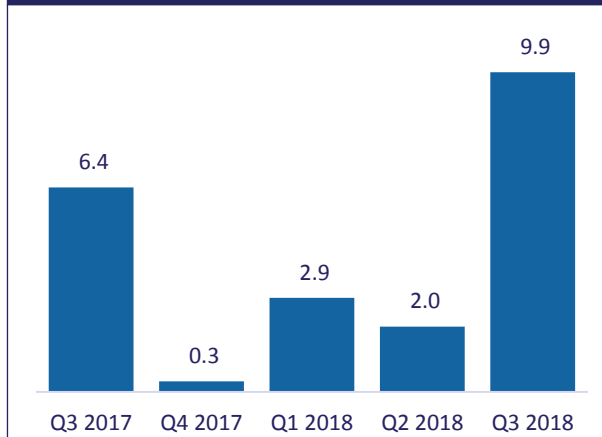
Sales Volume (mT)¹



Gross Profit (US\$m)



Op. Profit/(Loss)² (US\$m)



- Corrie MacColl Group continues to build on improved synergies between the distribution and technical support units in the EU and US. This has led to improved gross profit per tonne in Q3 2018 as compared to Q2 2018, despite the slight decrease in sales volume and revenue.

- The significant increase in operating profits are due to the non-recurrence of the foreign exchange loss suffered on Q2 2018 over our European assets, during a period where the Euro depreciated rapidly against the USD.

¹ Includes intersegment figures

² Adjusted for management fees



Balance Sheet

Balance Sheet Highlights

US\$ in million	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17*
<u>Assets partially funded by debt</u>				
Working capital employed ¹	513.8	536.0	550.4	427.7
Working capital loans	507.4	515.1	422.1	207.6
% Efficiency in working capital funding	98.8%	96.1%	76.7%	48.5%
Operational long term assets ¹	923.6	861.3	841.0	718.1
Term loans	394.2	394.0	402.2	403.0
% Fixed asset gearing	42.7%	45.7%	51.2%	56.2%
<u>Assets fully funded by equity</u>				
Cash and cash equivalents ¹	122.5	132.3	168.4	153.4
Non-core assets ¹	93.2	149.3	148.6	144.5
Total equity³	751.4	769.8	828.7	833.2
Net asset value per share (US cents)	47.1	48.3	52.0	52.2
Net asset value per share (SG cents) ²	64.4	65.8	68.3	69.8

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

Note 1: Please refer announcement for the definition of working capital employed, operational long term assets, cash and cash equivalents and non-core assets.

Note 2: Translated at the closing exchange rates for each respective period.

Note 3: Inclusive of perpetual securities of US\$148.7m.



Cash Flow

Cash Flow

US\$ in million	Q3 ended 30 Sep		9M ended 30 Sep	
	2018	2017	2018	2017
Operating cash flows before working capital changes	19.9	(0.9)	38.0	66.9
Changes in working capital	10.2	40.6	(93.8)	(127.5)
Payment of taxes and working capital loan interests	(7.8)	(3.9)	(16.6)	(8.9)
Cash flow generated from/(used in) operating activities	22.3	35.7	(72.4)	(69.5)
Cash flow used in investing activities	(18.9)	(16.4)	(178.0)	(36.7)
Cash flow (used in)/generated from financing activities	(7.4)	(145.6)	222.5	143.9
Net changes in cash and cash equivalents	(4.0)	(126.3)	(27.9)	37.7

The background is a dark blue gradient. A world map is rendered in a light blue, dotted, halftone style. Overlaid on the map and the entire background are various data visualization elements: vertical orange lines of varying heights, some with small circles at the top; scattered circles in red, orange, yellow, and white; and a few small white dots. The overall aesthetic is digital and data-driven.

Thank you