

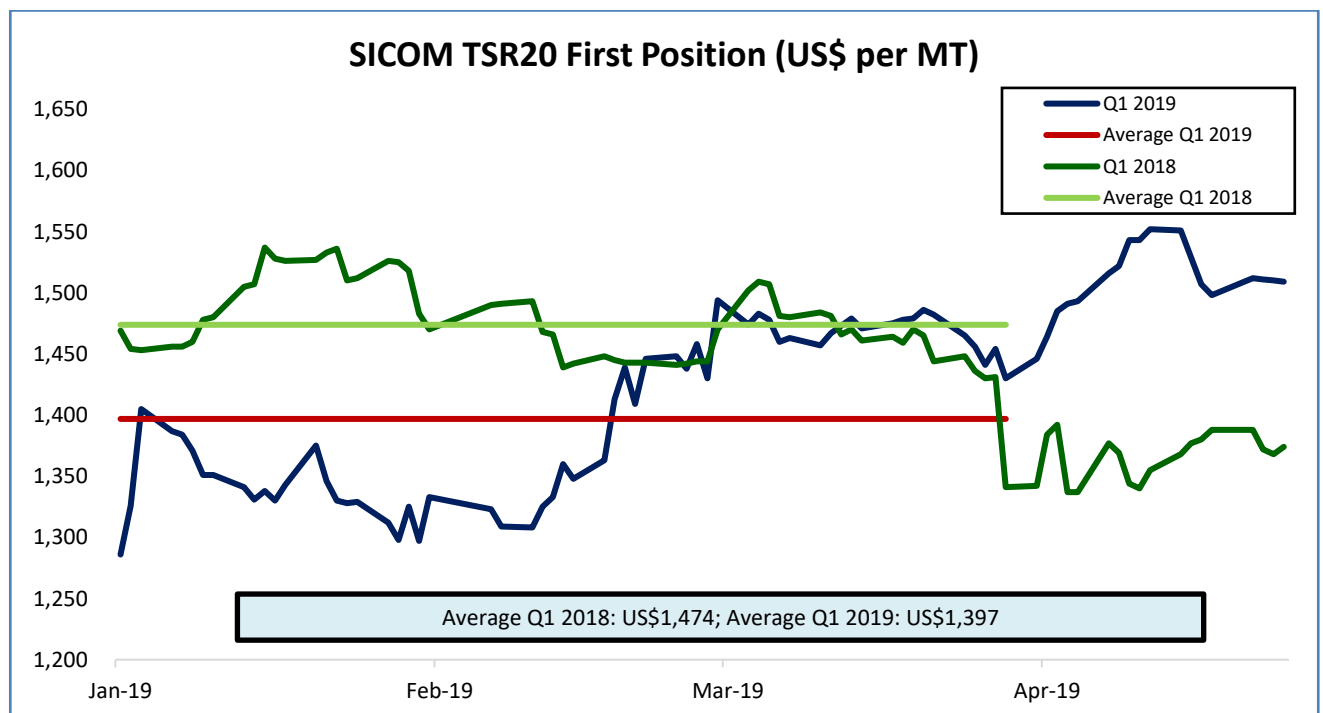
FOR IMMEDIATE RELEASE

Halcyon Agri records operating profit of US\$3.5 million in Q1 2019

- Improved Gross margin due to shift in sales strategy and modestly improved rubber prices
- Decline in volumes as Group prepares to transition to HeveaConnect

Singapore, 8 May 2019 - Halcyon Agri Corporation Limited (“Halcyon Agri” and collectively with its subsidiaries, the “Group”), announced revenue of US\$399.7 million, operating profit of US\$3.5 million, EBITDA of US\$10.8 million and net loss attributable to shareholders of US\$5.7 million for the quarter ended 31 March 2019 (“Q12019”).

Mr Robert Meyer, Executive Director and Chief Executive Officer, said, “Rubber prices experienced a modest recovery in Q1 2019 following marginally improved global sentiment. In view of the tight raw material situation in Indonesia and Thailand during the quarter, we decided to reduce output and to focus on margins. Absent any material improvement in weather conditions at key origins, we expect the supply side to experience more difficulties in the quarters to come, which should lend a degree of support to prices. On the demand side, China is contracting lower volumes and seems to be focused on reducing domestic inventory.”



Press Release

GROUP FINANCIAL HIGHLIGHTS

| US\$m | Q1 2019 (Unaudited) | Q1 2018 (Restated) | % change |
|---|------------------------|-----------------------|-------------|
| Total sales volume (mT) | 278,355 | 306,499 | (9.2) |
| Revenue | 399.7 | 475.7 | (16.0) |
| Gross Profit | 31.7 | 28.5 | 11.3 |
| EBITDA | 10.8 | 11.8 | (8.3) |
| Operating profit | 3.5 | 4.6 | (24.8) |
| (Loss)/profit attributable to owners of the Company | (5.7) | 1.3 | n/m |

Group Performance

The Group's revenue declined 16.0% to US\$399.7 million in Q1 2019, as compared with US\$475.7 million in Q1 2018. This drop is attributable to a 7.5% decline in revenue per mT, coupled with a 9.2% decline in sales volumes, which contracted from 306,499 mT in Q1 2018 to 278,355 mT in Q1 2019. The decline in volumes is largely due to the Group migrating its sales strategy away from long-term contract ("LTC") sales, towards spot sales.

This move is in-line with Halcyon's stated commitment to shift the majority of its tyre-focused sales volumes to the new digital platform, HeveaConnect, in late Q2 2019. In the past, LTC sales delivered a favorable mix of guaranteed capacity utilisation at market-neutral price risk. Since late 2017 however, the increased divergence in raw material availability and cost of production across origins has shown LTC sales to deliver less dependable margins, and even losses, as seen in Indonesia in 2018 and Q1 2019.

The transition to spot sales allowed the Group to deliver an 11.3% improvement in gross profit from US\$28.5 million in Q1 2018 to US\$31.7 million for the quarter under review. As compared to the US\$16.9 million gross profit generated in Q4 2018, this represents an improvement of 68.6%. In addition to the benefits of reducing the proportion of LTC sales, our operations in Ivory Coast saw further improvement and returned to profitability in Q1 2019.

Improvements of gross profit notwithstanding, the drop in volumes and increased financing costs resulted in a loss before tax of US\$4.3 million, from profit before tax of US\$0.9 million in Q1 2018. The increase in financing costs is mainly due increased working capital utilisation and higher interest rates.

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Group Funding Structure

Halcyon Agri's treasury operations are focused on prudently matching tenors thus sustainably providing funding for the Group's global operations.

| US\$m | Balance at 31-Mar-19 | Balance at 31-Dec-18 | Balance at 30-Sep-18 | Balance at 30-Jun-18 |
|--|----------------------|----------------------|----------------------|----------------------|
| Working capital employed ⁽¹⁾ | 659.3 | 539.4 | 513.8 | 536.0 |
| Working capital loans | 636.4 | 520.4 | 507.4 | 515.1 |
| % Efficiency of Working Capital Funding | 96.5% | 96.5% | 98.8% | 96.1% |
| Operational long term assets ⁽²⁾ | 943.4 | 938.7 | 923.6 | 861.3 |
| Other borrowings | 561.7 | 391.6 | 394.2 | 394.0 |
| % Fixed Asset Gearing | 59.5% | 41.7% | 42.7% | 45.7% |
| Cash and cash equivalents ⁽³⁾ | 133.0 | 122.9 | 122.5 | 132.3 |
| Non-core assets ⁽⁴⁾ | 48.0 | 46.8 | 93.2 | 149.3 |
| Total equity (excluding Perpetual Securities) | 585.4 | 587.2 | 602.7 | 621.2 |
| Perpetual Securities | - | 148.7 | 148.7 | 148.7 |
| Total equity (including Perpetual Securities) | 585.4 | 735.9 | 751.4 | 769.9 |

Note 1: Working capital employed for the Group are defined as the sum of operational trade and other receivables, net derivative assets, cash and cash equivalents, pledged deposits, inventories and right-of-use assets, netted off against trade and other payables. In Dec-18, loan receivable from third party has been reclassified from non-core assets.

Note 2: Operational long term assets of the Group are defined as intangible assets, property, plant and equipment, plantation and biological assets, other non-current assets and right-of-use assets, net off against non-current liabilities. In Sep-18, plantation assets and PPE in Malaysia have been re-classified from non-core assets.

Note 3: Cash and cash equivalents adjusted to working capital employed.

Note 4: Non-core assets include loan receivable from third party (up to Sep-18) and investment properties, as well as plantation assets in Malaysia (up to June-18).

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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 38 processing factories in most major rubber producing origins and produces sustainable natural rubber under the audited **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. Halcyon Agri is headquartered in Singapore and has about 17,000 employees in over 50 locations.

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