

FOR IMMEDIATE RELEASE

## Halcyon Agri reports Q2 2019 operating profit of US\$11.1 million

- Net profit attributable to shareholders is US\$1.2 million
- Resilient Q2 2019 revenue performance amid price volatility, led by the Group's operational strategy to focus on efficiency and cost containment
- 18% from efficiency gains per MT across key processing origins as Halcyon commences implementation of "Industry 4.0" processing technologies

**SINGAPORE, 13 August 2019** – Halcyon Agri Corporation Limited ("Halcyon Agri" and collectively with its subsidiaries, the "Group"), recorded positive market performance, reporting a revenue of US\$512.1 million, operating profit of US\$11.1 million and an EBITDA of US\$19.5 million for the second quarter ended 30 June 2019 ("Q2 2019"). By H1 2019 reporting standards, the loss incurred in the first quarter of 2019 has been reduced to US\$3.8 million<sup>1</sup>. Net profit attributable to shareholders stands at US\$1.2 million for the quarter.

The Group recorded a 451.2% increase in operating profit from US\$2 million in Q2 2018 to US\$11.1 million in Q2 2019, as a result of the Group's increased focus on investments in operational technology, aimed at improving cost efficiency while providing additional benefits for consumers of natural rubber. This is beginning to bear fruit and had a positive impact, with the Group reporting a quarter-on-quarter EBITDA increase of 105.2% from US\$9.5 million to US\$19.5 million.

Revenues contracted 10.8% to US\$512.1 million in line with a decrease in delivered volumes from 374,216 tonnes in Q2 2018 to 334,136 tonnes in Q2 2019.

While the Group maintains its focus on margin over volume, the outbreak of leaf blight (*Fusicoccum*) and white root (*Rigidoporus Microporus*) diseases in Indonesia and abnormal weather patterns in Thailand have led to further compression in gross profit. Notwithstanding the prevailing macro headwinds, the Group is starting to experience positive operational leverage in its Cameroon plantations as our focus on harvesting protocols, processing technology and accurate market positioning is starting to show positive results in our Cameroonian plantation operations.

"Throughout 2019, we have been focussed on developing our technology investment strategy, which will allow Halcyon to bridge the requirements of three key stakeholder groups: smallholders, NGO's and our customer base. By introducing a layer of digitisation at the factory and procurement level, we can capture provenance and production data and provide this to the marketplace in the form of a digital signature. This is the first step to generating data revenue for the supply chain and a milestone in our quest to de-commoditise this industry," said Mr Robert Meyer, Executive Director and Chief Executive Officer, Halcyon Agri.

"One such key initiative is [HeveaConnect](#), a digital marketplace to facilitate price discovery of responsibly produced tyre-grade rubber. Underlying our investment in technology is our deep understanding of the need for robust sustainability practices for the future of the industry. Not only do we want to stimulate rubber demand and stabilise supply chain returns for business growth, we also want to realise the promise of 'Future Rubber' and support the world's growing mobility needs through a sustainable supply of natural rubber in the long run."

HeveaConnect enables accurate discovery of the value of natural rubber, and ensures that prices better reflect true levels of supply and demand, and that rubber producers are compensated fairly. This is part of Halcyon Agri's efforts to reboot the price discovery process anchored in an industrialisation of natural rubber production standards.

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<sup>1</sup> Details provided in the "Group Financial Highlights" table in the Appendix below.

## APPENDIX

### GROUP FINANCIAL HIGHLIGHTS

<b>Snapshot</b>							
<b>Operating financial statistics</b>							
		<b>Q2 2019</b>	<b>Q2 2018</b>	<b>Change</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>Change</b>
Total sales volume	tonnes	334,136	374,216	-10.7%	612,490	680,716	-10.0%
Revenue	US\$ million	512.1	574.1	-10.8%	911.9	1,049.8	-13.1%
Revenue per tonne	US\$	1,533	1,534	-0.1%	1,489	1,542	-3.5%
Gross profit	US\$ million	34.0	40.5	-16.2%	65.7	69.0	-4.8%
EBITDA	US\$ million	19.5	9.5	105.2%	30.3	21.3	42.3%
Net profit/(loss)	US\$ million	1.2	(5.8)	n/m	(3.8)	(5.6)	-31.9%

n/m - not meaningful

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#### **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 HEVEAPRO 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.

Please visit us at [www.halcyonagri.com](http://www.halcyonagri.com)

#### **About HeveaConnect**

HeveaConnect is a digital marketplace for the trading of sustainably processed natural rubber. It serves the natural rubber market with a one-stop shop and exclusive platform for farmers, producers, consumers as well as facilitators such as financial institutions, logistics and warehousing suppliers. Through HeveaConnect, natural rubber producers and consumers are able to track pricing, access information and transact directly on the platform. Other offerings provided include value-added services such as financing, insurance and logistics.

For more information please visit <https://www.heveaconnect.com/>

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