



Halcyon Agri Corporation Limited
Presentation to Phillip Securities
25 August 2021



Think Rubber, **Think Halcyon**

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Agenda



1 Overview of Natural Rubber Industry

2 About Halcyon and the Natural Rubber Supply Chain

3 Capitalising on Developing Trends

4 Halcyon's operating and financial performance

Natural Rubber Keep the World Moving, and Keep People Safe

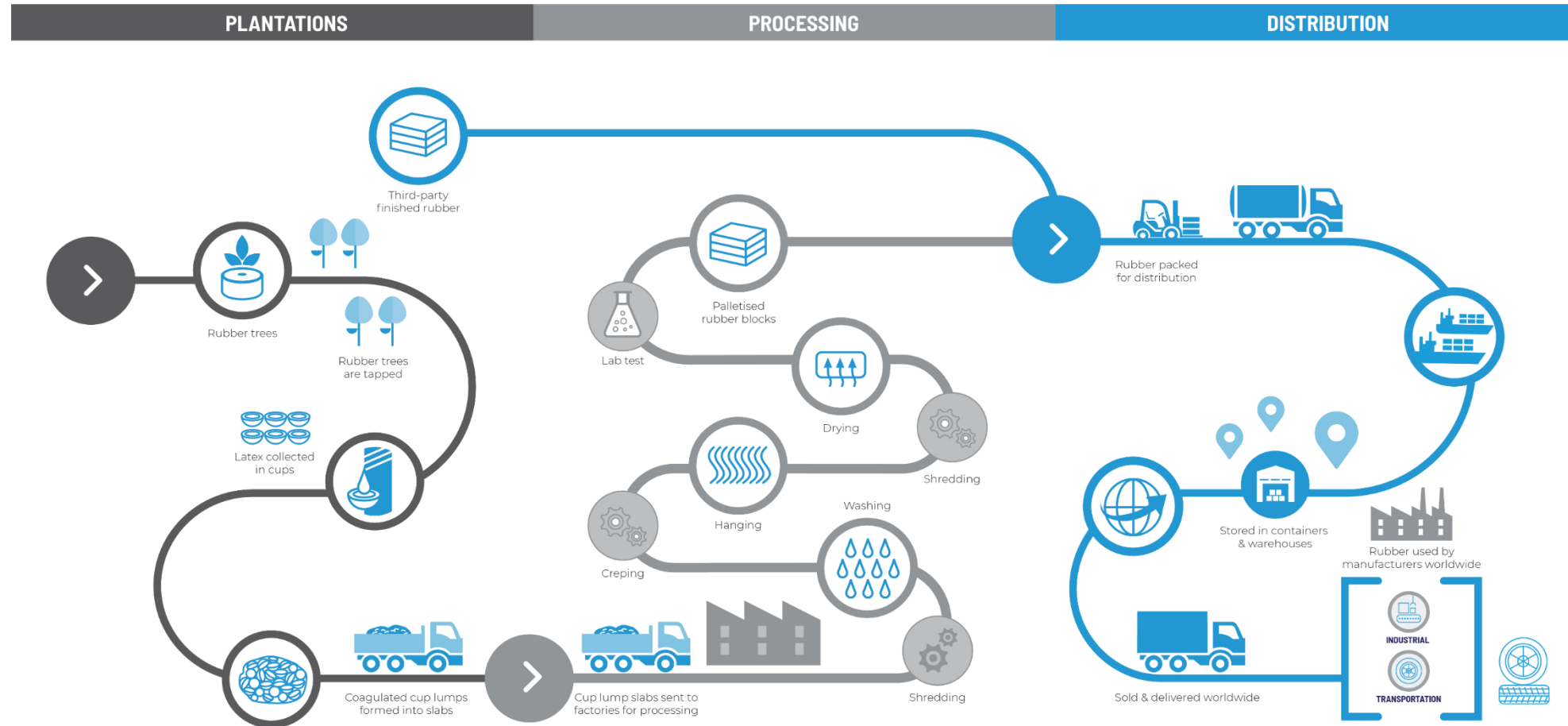
“Globally, natural rubber consumption is estimated to hit 13.6 million mT in 2021 and *this number is expected to continue to grow in line with GDP expansion.*”



Source: International Rubber Study Group (IRSG), “World Rubber Industry Outlook: Review and Prospects to 2030”, July 2021.

Overview of Natural Rubber Supply Chain

85% of global supplies are sourced from smallholders, implying that the upstream segment is largely fragmented. This segment is confronting with issues such as a lack of scale and access to resources required to function efficiently.



Halcyon’s Global Assets Strategically Located Across Key Origins and Major Consumption Areas



69,000 ha¹
across Africa and Malaysia

PLANTATIONS >



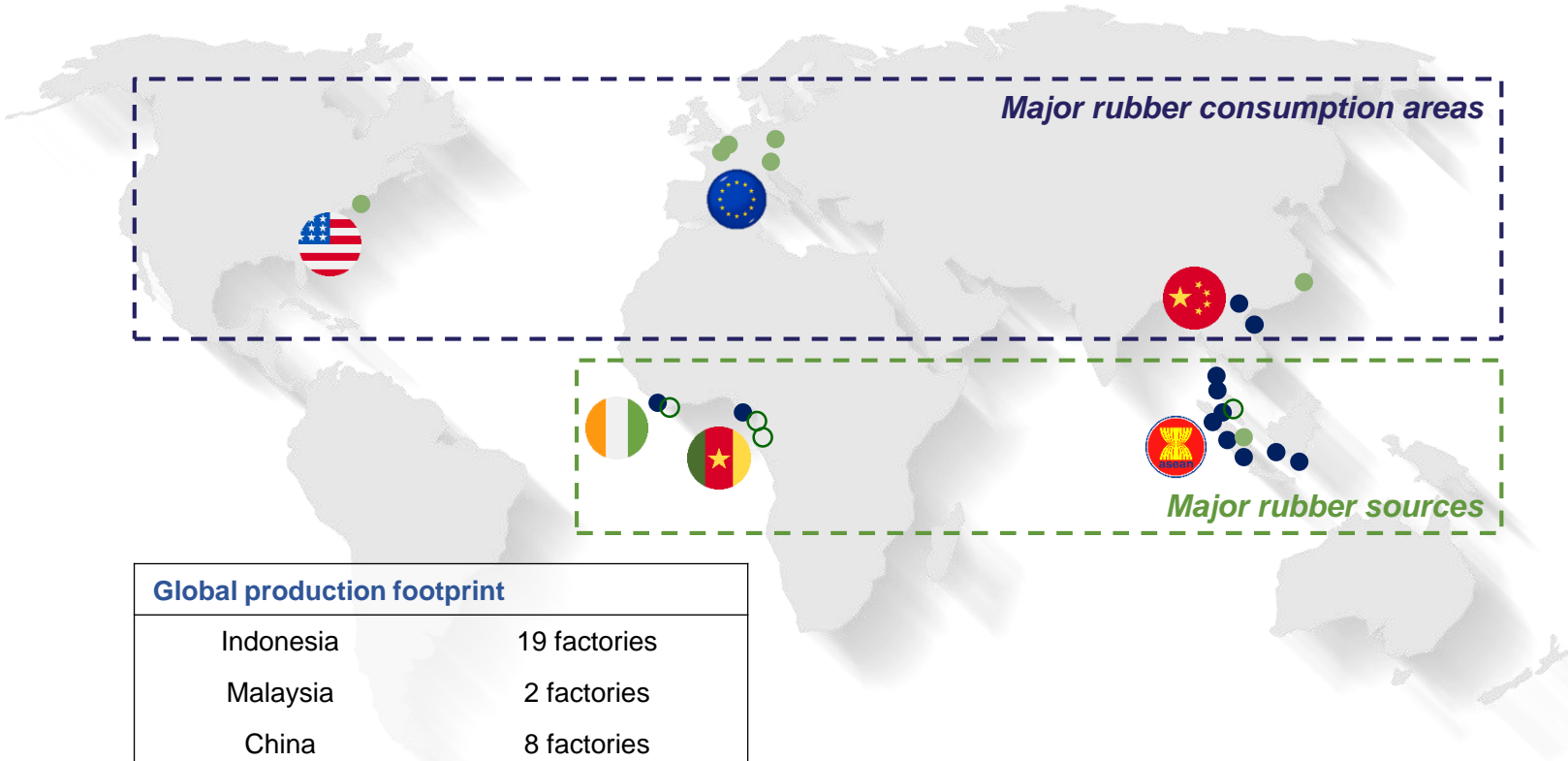
38 Production Facilities
Approximately **1.6 million mT**
per annum production
capacity

PROCESSING >



Offices and Facilities in 100+
Locations Globally

DISTRIBUTION >



Global production footprint

Indonesia	19 factories
Malaysia	2 factories
China	8 factories
Thailand	5 factories
Ivory Coast	2 factories
Cameroon	2 factories




- Plantations operations
- Factory locations
- Distribution offices and logistics assets

*“Supported by more than 15,000 dedicated and respected employees, **Halcyon stands for its long term commitment to sustainable and quality natural rubber products.**”*

Halcyon Rubber Company – Pre-eminent Tyre-grade Rubber Supplier

One of the Group’s operating arms, **HRC processes and supplies superior rubber products to tyre manufacturers globally under the HeveaPro brand.**

HRC supplied c.900,000 mT and c.840,000 mT of HeveaPro brand tyre-grade rubber globally in FY2019 and FY2020 respectively to tyre majors including **Bridgestone, Michelin and Goodyear.**

-  Operates 36 factories in five key rubber origins: Indonesia, Malaysia, China, Thailand and Ivory Coast
-  Manages 3 sales and distribution centers in Singapore, Shanghai and Qingdao
-  Assess to raw material network across key origins, allowing HRC to manage the cost of raw materials

HRC’s integrated business model



HEVEAPro

The HeveaPro brand of natural rubber represents Halcyon’s commitment to the highest standards.

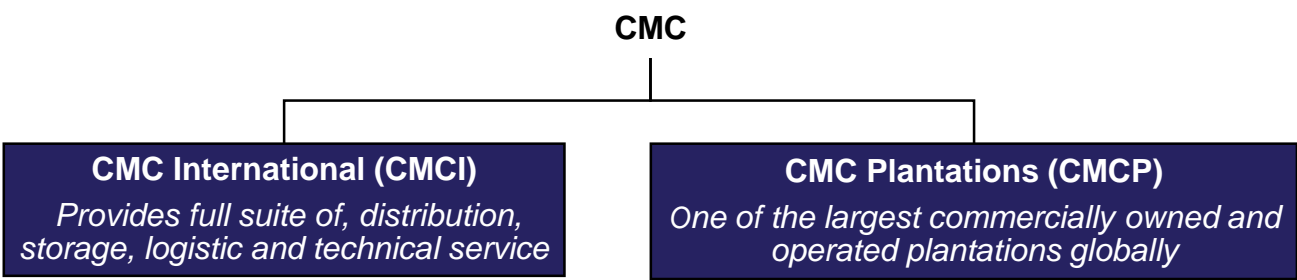
Four core attributes lie at the heart of HeveaPro:

- Quality Standards** 
- Environment, Health and Safety** 
- Supply Chain Security** 
- Social Responsibility** 

Corrie MacColl – Global Rubber Franchise with entrenched position in Europe and US

Another integral part of our business, CMC is the **leading integrated global distributor of fully traceable and sustainable in-house/third-party rubber products, with entrenched position in Europe and US**. CMC distributes under industry-leading *HEVEAPRO* and *LATEXPRO* brands to its tyre and non-tyre customers.

CMC fulfilled c.380,000 mT and c.350,000 mT of rubber products in FY2019 and FY2020 respectively.



CMC Plantations



Amassed a total concession area of 110,000 ha, championing low-intensity planting, **zero deforestation** and ceased new planting in 2018. Championing the community forest and the Cameroon Outgrower programmes¹

CMC International



The **largest latex tank terminal in Europe**, providing storage and logistic service to customers



Presence in strategic locations to provide bespoke, holistic and prompt services to its clients



- | | | | |
|---|--------------|---|---------------|
|  | Sales |  | Factory |
|  | Distribution |  | Laboratory |
|  | Head Office |  | Tank Terminal |
|  | Plantation |  | Warehouse |

1. Please refer to <https://www.corrie-maccoll.com/community-forest/> and <https://www.corrie-maccoll.com/cameroon-outgrower-programme-has-launched/> for more information on these programmes.

Halcyon's Global Scale has Enabled Market Leadership



2020 sales volume
1.2 million mT



Global market share of natural rubber
9% (as of 2020)



Global market share of tyre-grade NR
11% (as of 2020)

"We provide the key ingredients to power mobility and save lives. Our rubber products can be found in vehicle tyres, shoe soles, medical gloves and many more everyday items."

Halcyon's Revolution into a Pivotal Player in the Natural Rubber Industry



* Sustainable Natural Rubber Supply Chain Policy

Developing Trends in the Natural Rubber Industry



Industry trends

Recovering natural rubber prices ○

Consumption growth to exceed production growth ○

Vehicle-in-use and production to increase ○

Global miles travelled to rise ○

Drastic decline in new planting ○

Our strategic positioning

○ Unparalleled and strategic geographical presence

○ Wide-ranging approvals from tyre majors

○ Unwavering sustainability commitment

○ Has one of the largest commercially-owned rubber plantation

○ Leading the digitalisation of natural rubber supply chain

Developing Trends in the Natural Rubber Industry (cont'd)



Industry trends

Recovering natural rubber prices ○

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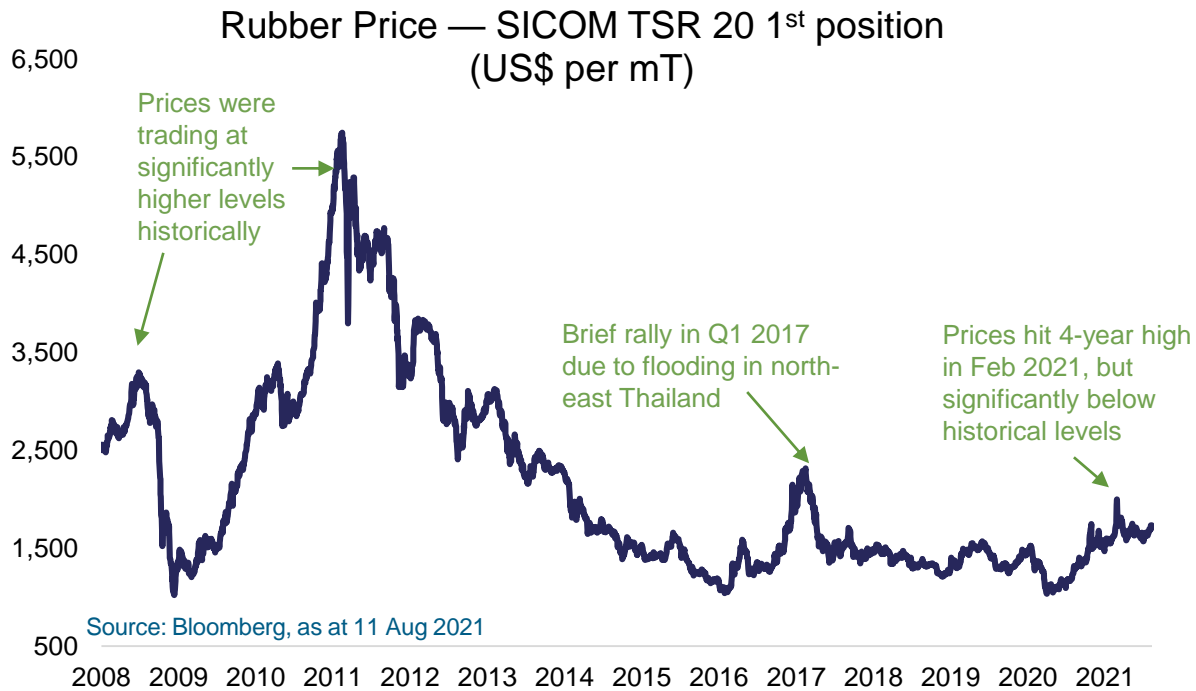
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○ Leading the digitalisation of natural rubber supply chain

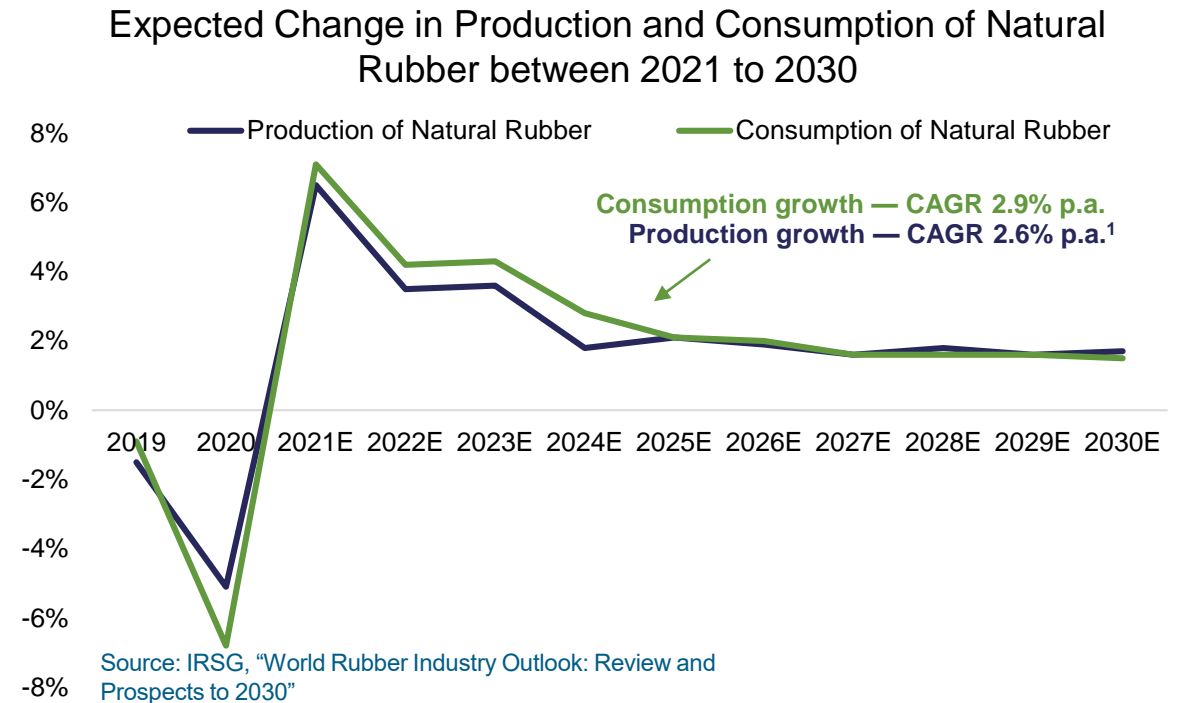
Strong Underlying Demand Fundamentals and Outlook for Natural Rubber

Rubber prices are recovering and has recently hit 4-year high



- Prices recovering amid strong underlying demand
- Global growth recovery to support price uptrend
- Abatement of logistical logjam and electronic component shortage expected to be tailwinds for prices

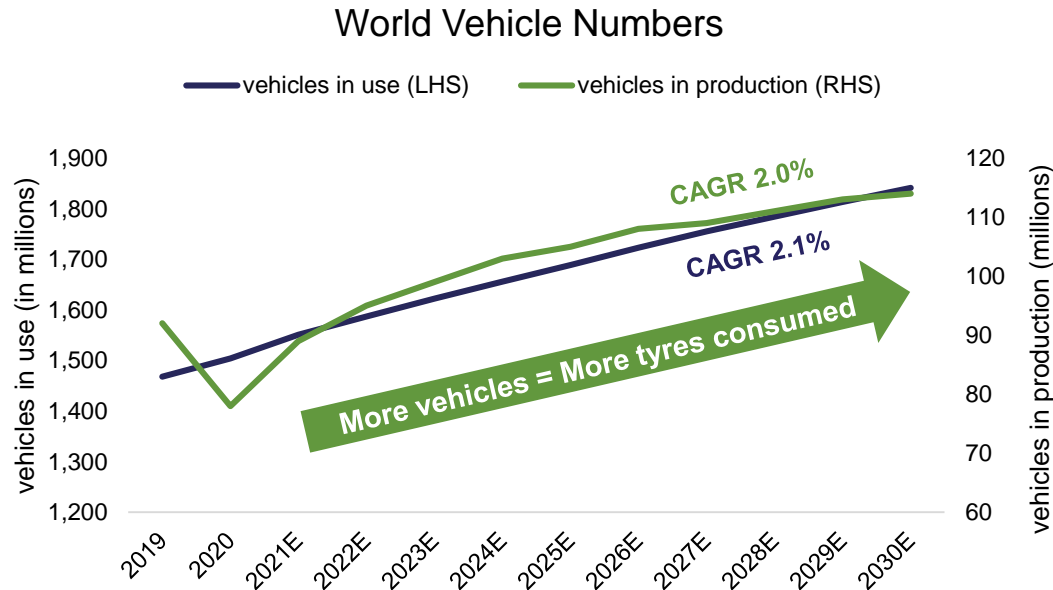
Consumption to outpace production levels



- Consumption predicted to reach 13.6 million mT this year, back to pre-COVID-19 levels
- Given stronger consumption trend, **future demand is expected to exceed supply**

Positive Tailwind Factors Supporting Near-term Demand

Global vehicle-in-use and production are expected to increase, propelled further by emergence of EVs

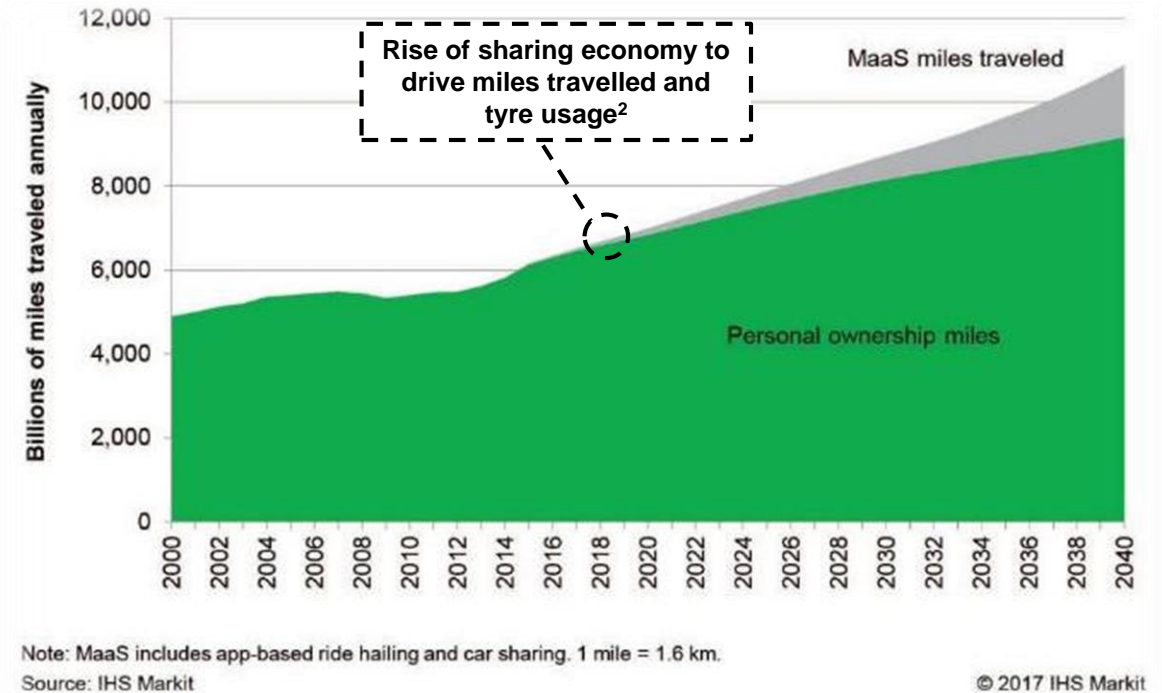


Source: IRSG, "World Rubber Industry Outlook: Review and Prospects to 2030"

- Global tyre production expected to **rise from c.1.86 billion in 2021 to c.2.4 billion units** by 2030, driven by increasing demand for OEM tyres
- Surge in demand for electric/electronic vehicles will **propel the rise in tyre consumption trend further** – due to instant torque technology
- Global infra. spending to hit US\$5.8 trillion by 2030¹, 35% more than 2019, anchored by US, China and India → **rising car no. and mobility**

1. <https://asia.nikkei.com/Economy/China-and-India-infrastructure-construction-paves-way-out-of-crisis>
 2. IHS Markit, "The Future of Cars 2040: Miles Travelled Will Soar While Sales of New Vehicles Will Slow"

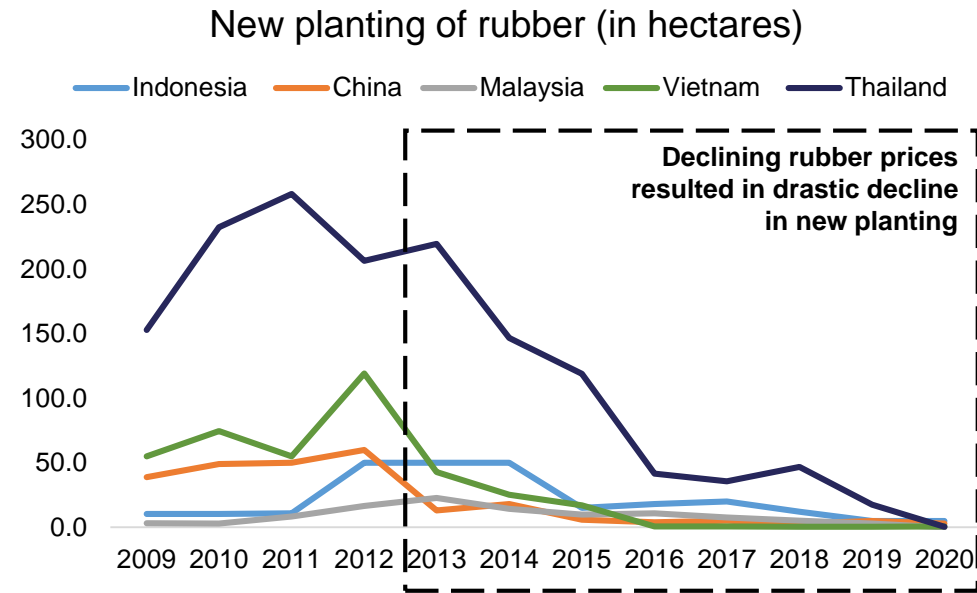
Growth in global miles travelled, accelerated by the improved global connectivity and rise of sharing economy



- COVID-19 has further propelled surge in delivery miles
- Vehicle on road time/utilisation ↑, Idle vehicles ↓, miles driven ↑
- Increase in miles is expected to translate into demand for replacement tyres**

Upstream Presence and Sustainability Focus Being Important Differentiating Factors

Drastic decline in new planting could spark future supply shortage



Source: IRSG, "World Rubber Industry Outlook: Review and Prospects to 2030"

- Other considerations restricting supplies:
 - ❖ Supply inelasticity — Rubber tree takes around 6 to 7 years to mature, and **existing supply may not be sufficient to fulfil surging demand**
 - ❖ Lack of maintenance cause vulnerability to tree diseases, affecting yield
 - ❖ Prolonged weak prices → smallholders leaving rubber trade

Other long-term trends that are favouring natural rubber players

Sustainability



Increasing need for sustainable rubber

Digitalisation



Revolutionise rubber trade and improve operational efficiencies

Non-tyre demand



Growing demand in healthcare, allow diversification of revenue stream

Halcyon is Strategically Positioned to Capitalise on Positive Trends — Proof Points



Industry trends

Recovering natural rubber prices ○

Consumption growth to exceed production growth ○

Vehicle-in-use and production to increase ○

Global miles travelled to rise ○

Drastic decline in new planting ○

Our strategic positioning

○ Unparalleled and strategic geographical presence

○ Wide-ranging approvals from tyre majors

○ Unwavering commitment in sustainability




○ Has one of the largest commercially-owned rubber plantation

○ Leading the digitalisation of natural rubber supply chain

Halcyon is Strategically Positioned to Capitalise on Positive Trends — Proof Points (cont'd)

We have unparalleled and strategic geographical presence



Plantation	Processing	Distribution
		
1,600 ha plantable area in Ivory Coast, 1,400 ha planted	36 factories with production capacity of 1.5 million mT p.a.	China, Singapore
67,000 ha plantable area in Cameroon and Malaysia, 31,000 ha planted (under CMCP)	Production capacity of 90,000 mT p.a. (under CMCP)	9 countries including US, UK, China and Thailand (under CMCI)

“Leveraging its global presence and access to real-time supply-demand dynamics across the world, Halcyon is poised to **capitalise on growing demand for natural rubber.**”

Halcyon is Strategically Positioned to Capitalise on Positive Trends — Proof Points (cont'd)

We have wide-ranging approvals from international tyre majors



- Tyre majors have specific technical and sustainability requirements and stringent quality control
- **We supply rubber products that meet these requirements and build long-standing relationships with our extensive clientele base**

Our unwavering commitment in sustainability

ecovadis
Business Sustainability Ratings



Sustainability is a key business tenet for Halcyon, milestones and awards include:



Zero deforestation



Initiated Cameroon
Outgrower Programme



Attained US\$25m
sustainability-linked
financing from
Deutsche Bank¹



EcoVadis Gold¹ and Most
Transparent Rubber
Producing Company²

We strive to **differentiate ourselves, stay relevant and potentially capture more market share** as the supply chain gears towards sustainability.

1. <https://www.halcyonagri.com/en/press-release/halcyon-agri-provides-corporate-updates/>

2. <https://www.halcyonagri.com/en/press-release/halcyon-ranks-top-amongst-rubber-producers-in-spott-assessment/>

Halcyon is Strategically Positioned to Capitalise on Positive Trends — Proof Points (cont'd)

We have one of the largest commercially-operated rubber plantation



- >50% immature¹; as plantation matures, plantation yield ↑, per unit cost and capital investment ↓
- Improve traceability and quality control
- **Potential additional annual revenue² of US\$32 million in 2025**
- **Upside earnings potential from rubber price increase** as supply shortage looms following years of decline in new plantings

We are a pioneer in digitalising the natural rubber supply chain



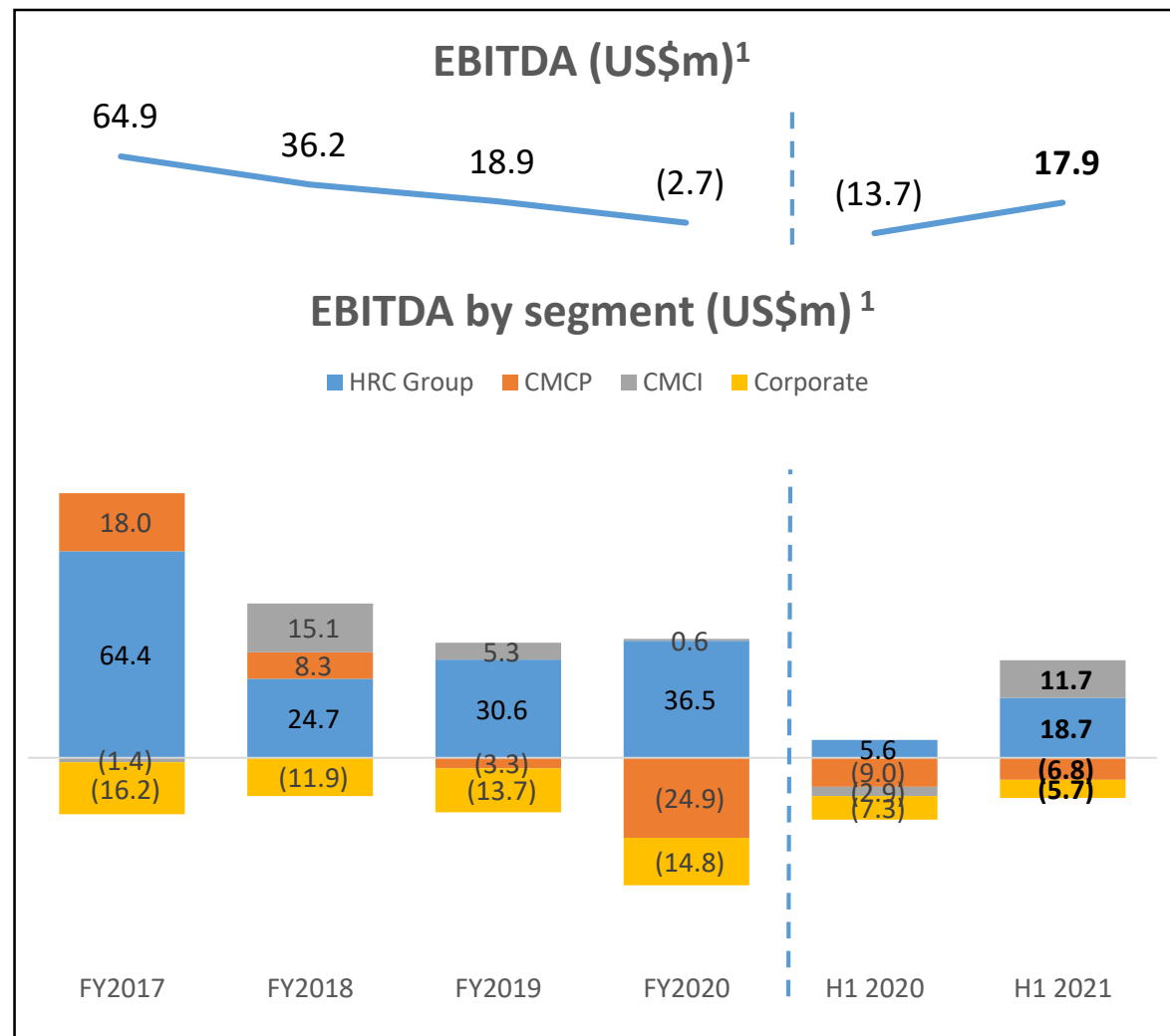
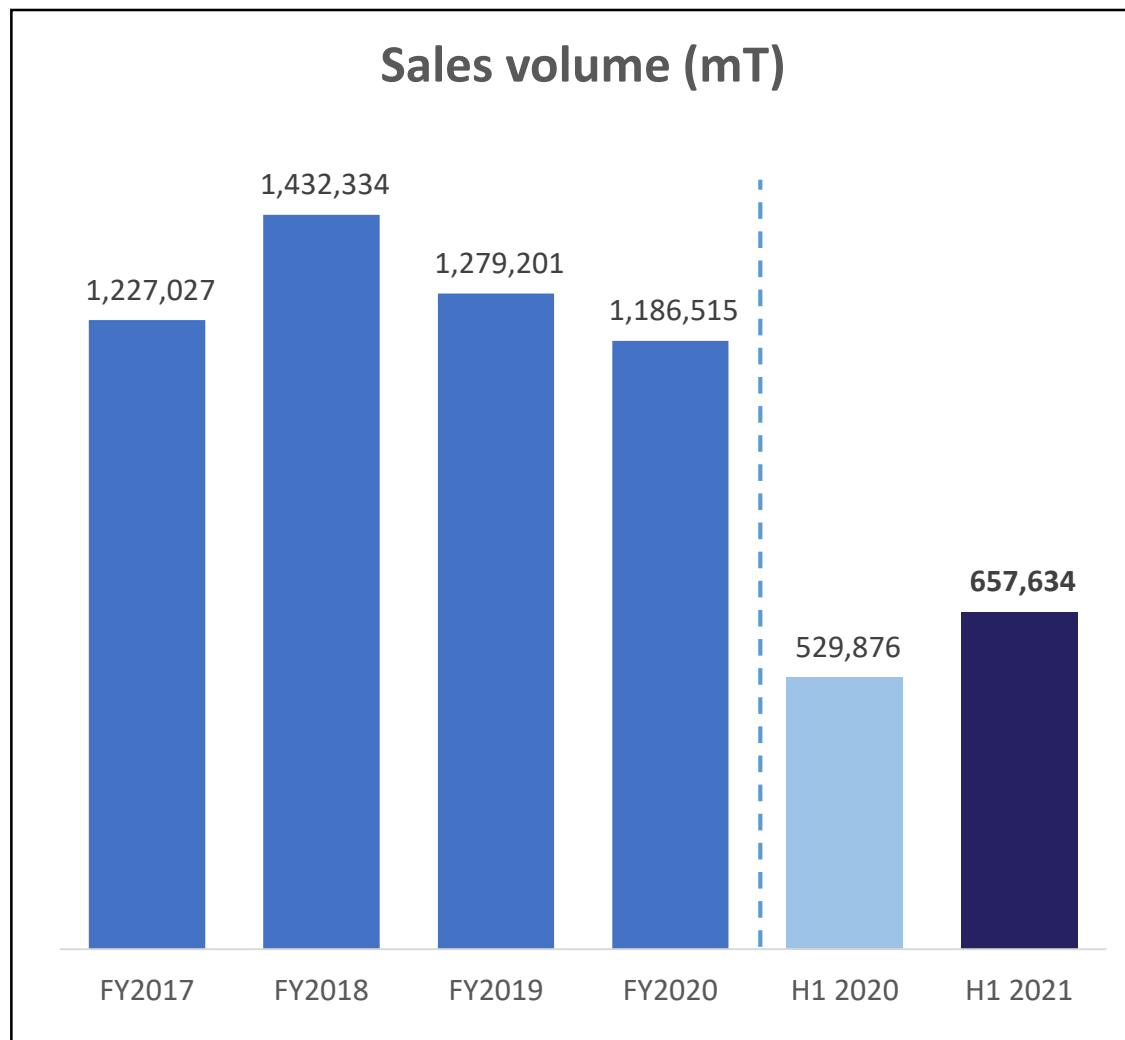
- **Our associate, HeveaConnect is an independent digital platform** to facilitate trades for sustainably-produced natural rubber
- Incubated within Halcyon, it has now secured investments from blue-chip institutions (**DBS Bank, ITOCHU Corporation and most recently SGX³**) and is **gaining traction in onboarding key tyre majors**
- **Promote fair and equitable remuneration among the supply chain**

1. As of 30 Jun 2021

2. Expected 2025 yield multiplied with assumed market price of US\$1,600 per mT

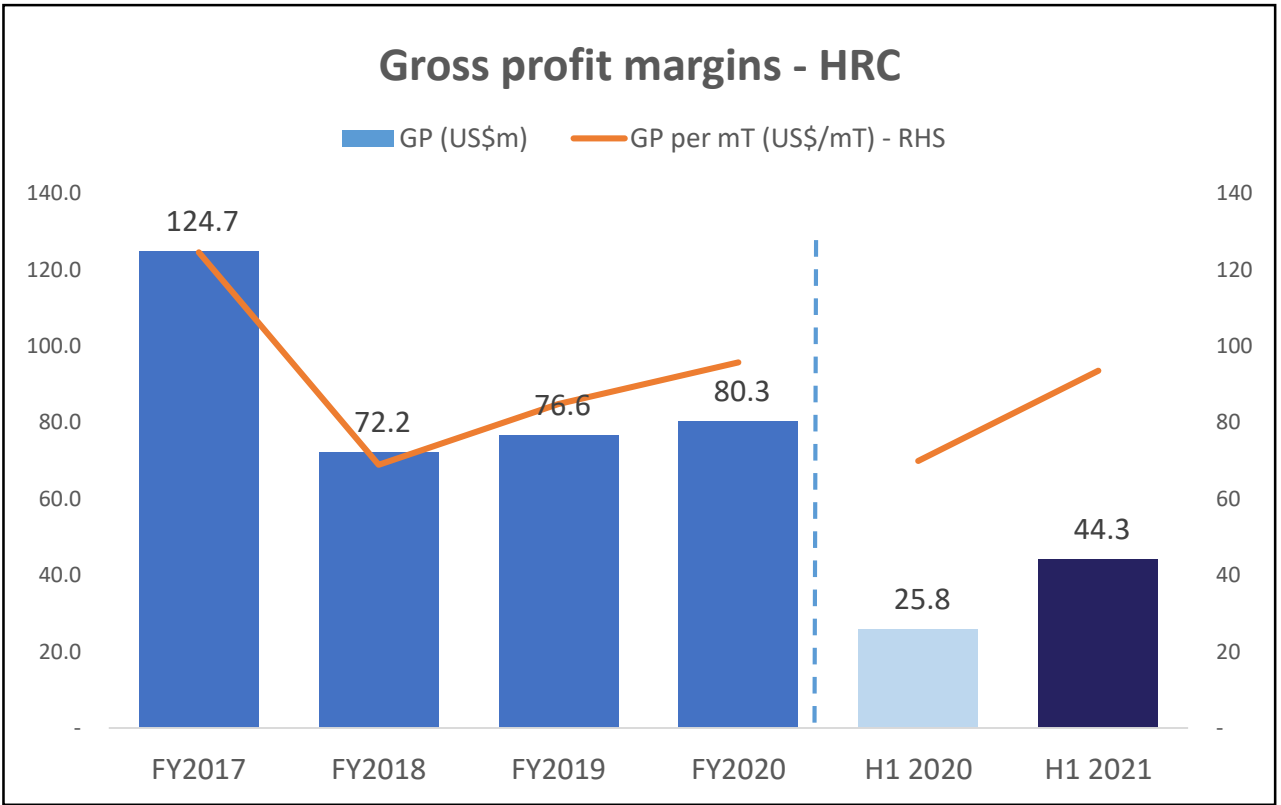
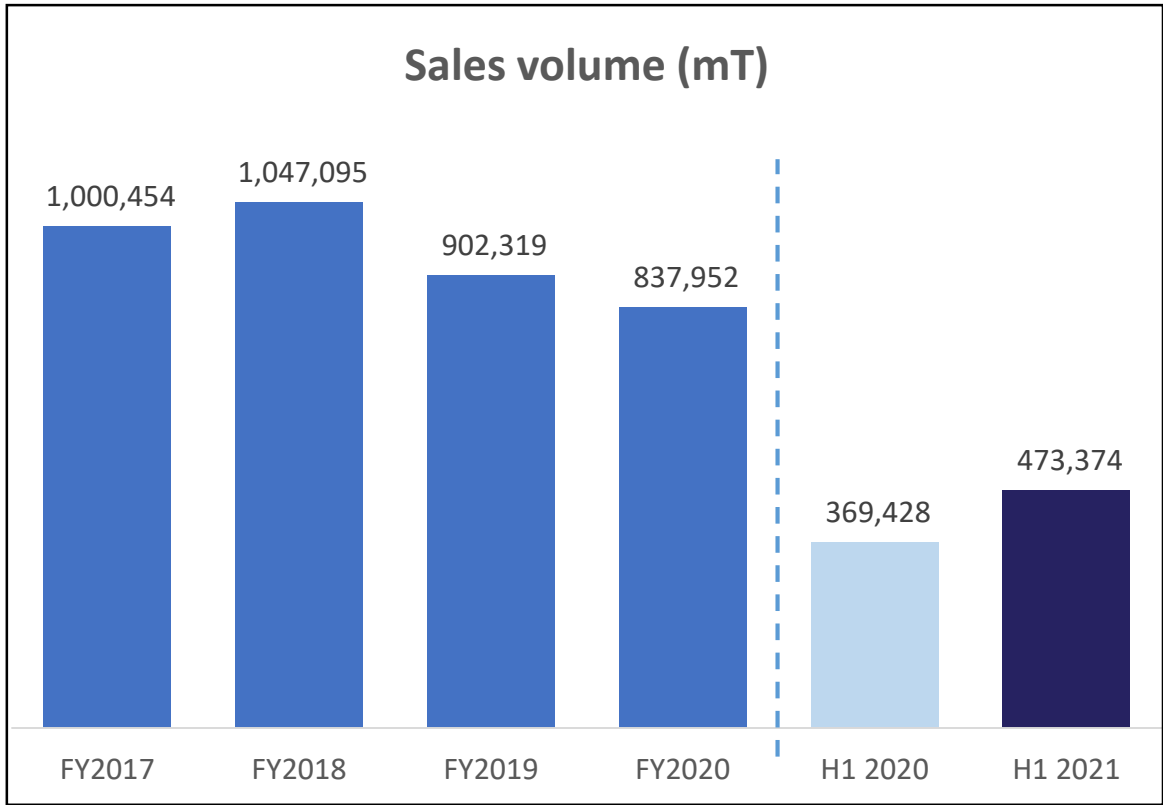
3. <https://www.halcyonagri.com/en/press-release/sqx-invests-in-heveaconnect/>

Group Financial Performance



¹ Excludes fair value gains and management fees

Halcyon Rubber Company Financials



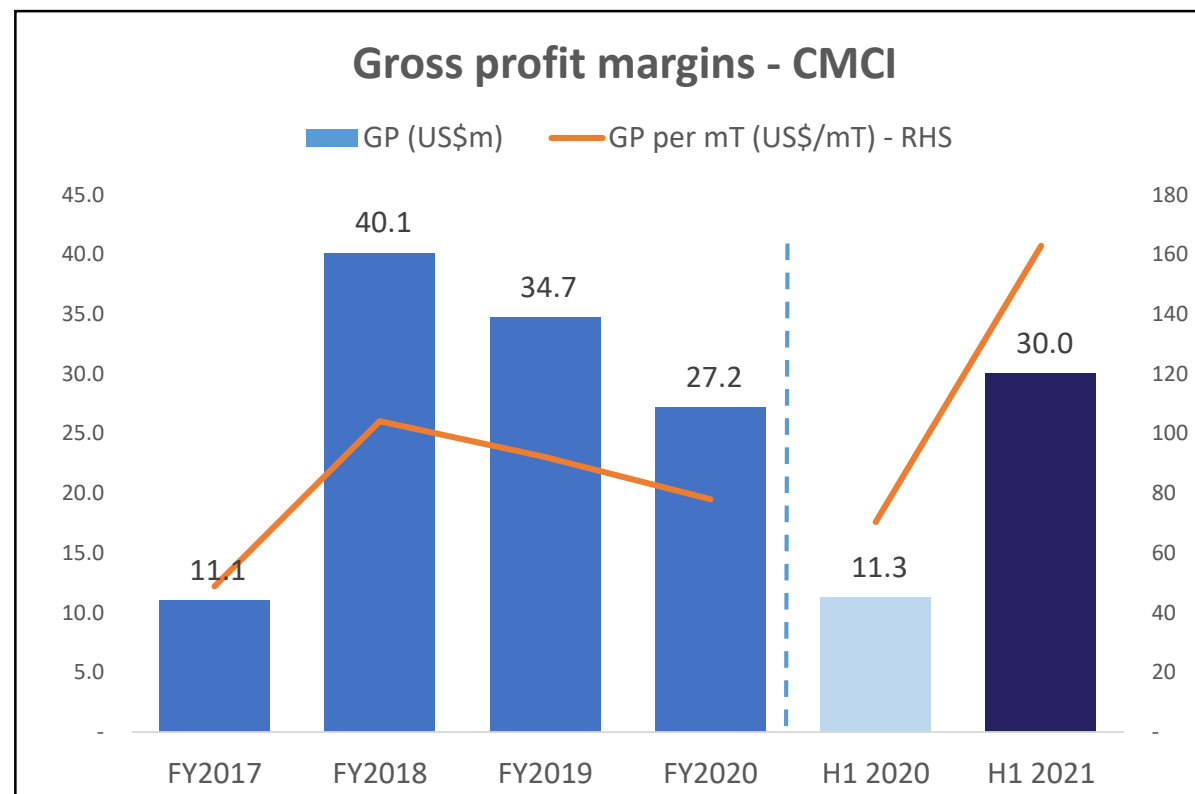
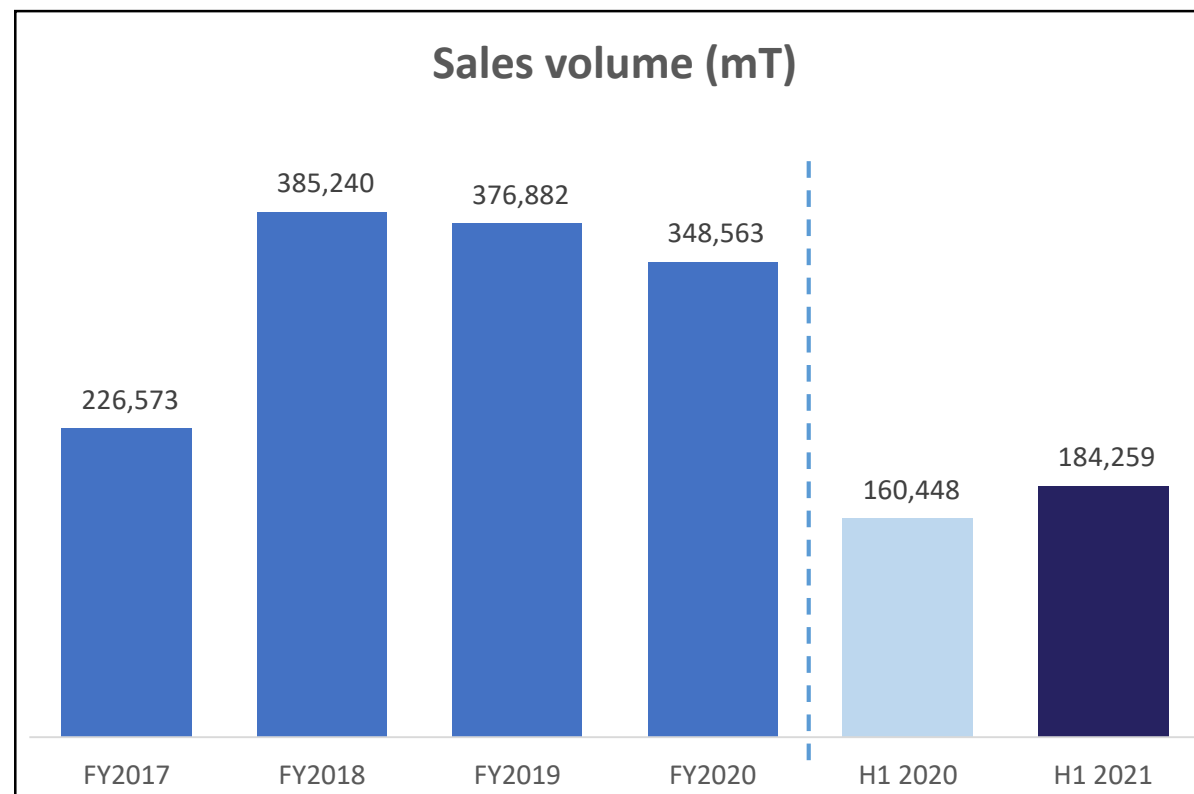
Headline figures
(FY2017 – H1 2021)

Annual sales volume
837,000 to 1,047,000 mT

Gross profit per mT
US\$70 – US\$125

EBITDA per mT
US\$25 - 65

4. Corrie MacColl Financials – CMCI



Headline figures
(FY2017 – H1 2021)

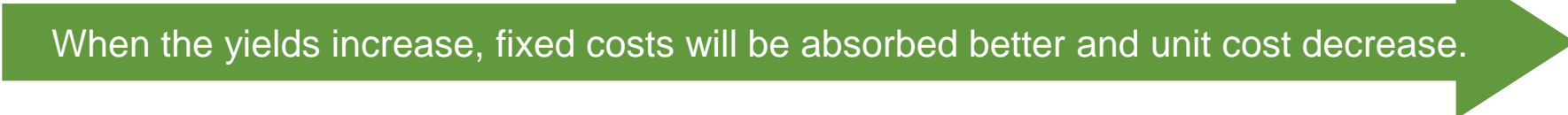
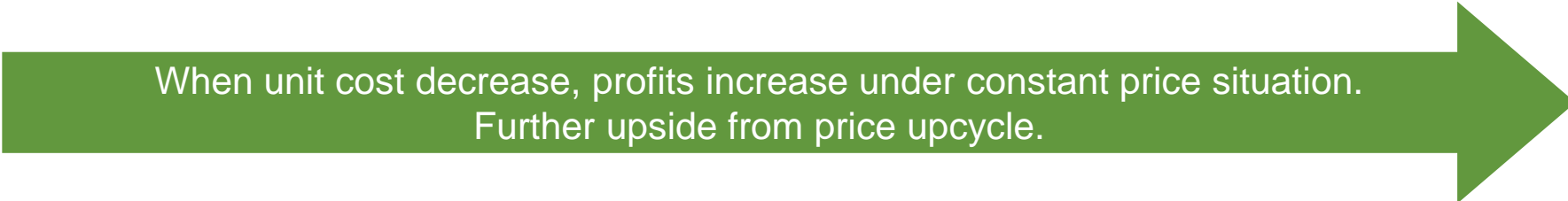
Annual sales volume
348,000¹ to 385,000 mT

Gross profit per mT
US\$80 - 165

EBITDA per mT
US\$5 - 65

1. The Group acquired Corrie MacColl on Jan 2018, therefore the effect of the enlarged scale is only realised from FY2018 onwards.

4. Corrie MacColl Financials – CMCP

	Current	2025	2030
Yields	c.20,000 mT <i>(2.1 mT per matured hectare)*</i> <i>(7.2 years average tree age)*</i>	40,000 mT	55,000 mT
Unit costs	 When the yields increase, fixed costs will be absorbed better and unit cost decrease.		
Profits	 When unit cost decrease, profits increase under constant price situation. Further upside from price upcycle.		

* Yield and average tree age exclude 7,300 ha of very old trees earmarked for replanting.

Recap – What Investment in Halcyon Agri Means

Our Value and Growth Propositions

- 1 Unparalleled and strategic geographical presence
- 2 Wide-ranging approvals from tyre majors, while non-tyre business has entrenched position in US and Europe
- 3 Unwavering sustainability commitment
- 4 Has one of the largest commercially-owned rubber plantation
- 5 Pioneer in digitalising rubber trades

Our Priorities

- Capture the growing natural rubber demand
- Solidifying the position of our key profit drivers, HRC and CMCI
- Continued emphasis on quality and sustainable products, as the supply chain shifts towards sustainability
- Conscious cost management approach in nurturing our immature plantation and capture upside when the yield ramps up
- Promote greater price transparency in natural rubber supply chain

*“Anchored by our financing initiatives, we continue to **strengthen our capital structure**. We also seek to **deleverage and unlock value of underperforming assets through opportunistic divestment**.”*



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Thank you!

