HALCYON

H1 2021 Results Presentation

12 August 2021

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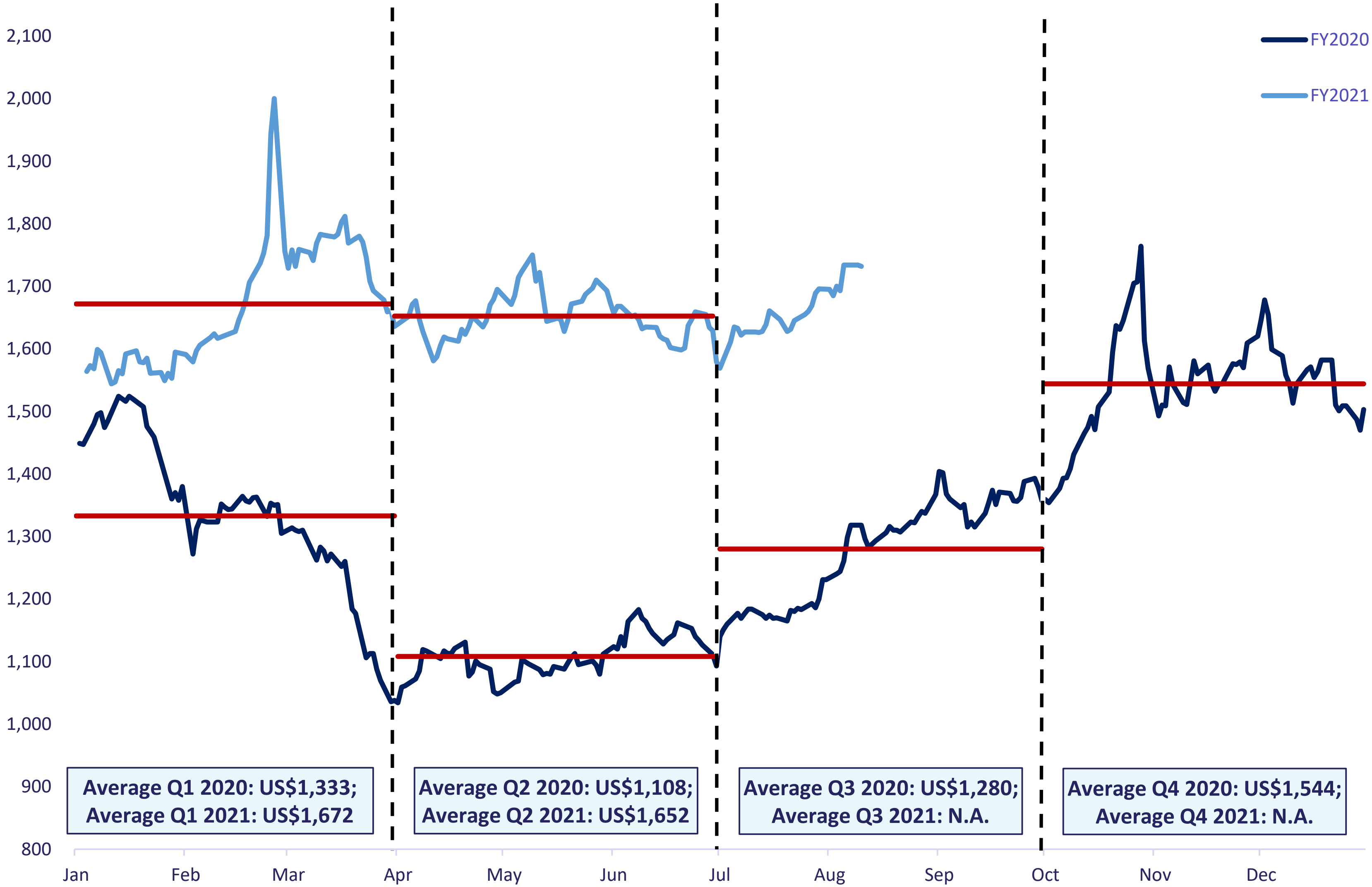
Overview of movement in SICOM TSR20 1st position



H1 2021 achievements and key strategies

H1 2021 milestones

Mar 2021

1. SGX's investment in HeveaConnect, with Halcyon Agri ceding its controlling stake in advocating for a fair and independent marketplace.

2. Ranked the most transparent rubber producing company globally under SPOTT assessment.

May 2021

Successfully completed 3-year committed syndicated loan of up to US$300m and refinanced incumbent loan more than 6 months before due date.

Jun 2021

Launched the Cameroon Outgrower Programme. The programme seeks to empower smallholders through the provision of farming education and financing, and aims to reforest up to 27,000 hectares of degraded land.

Halcyon Agri's key strategies based on its four pillars:

- **Operational excellence:** Continue to optimise our group-wide factory utilisation and to leverage our global supply chain connectivity to fulfil customer demands timely.
- **Customer excellence:** To increase customer engagement and collaboration, and establish ourselves as their preferred supply chain partner.
- **Financial excellence:** Prudent capital management, and unlocking value of non-core assets to achieve deleveraging effects.
- **Corporate excellence:** Continue to benchmark ourselves against high sustainability standards, and strive to ensure timely implementation of latest development.

Group Financial Highlights

H1 2021 key financial figures

Volume	Average selling price	Gross profit
657,634 mT +24.0%	**US$1,752** +20.6%	**US$73.1m** +116.6%
	Profit before tax	
	US$0.2m Positive turnaround	
EBITDA	Term debt to equity*	Operating profit
US$17.9m Positive turnaround	**0.72x** Reduced from 1.04x	**US$8.8m** Positive turnaround

Note
Comparisons were made against H1 2020 figures

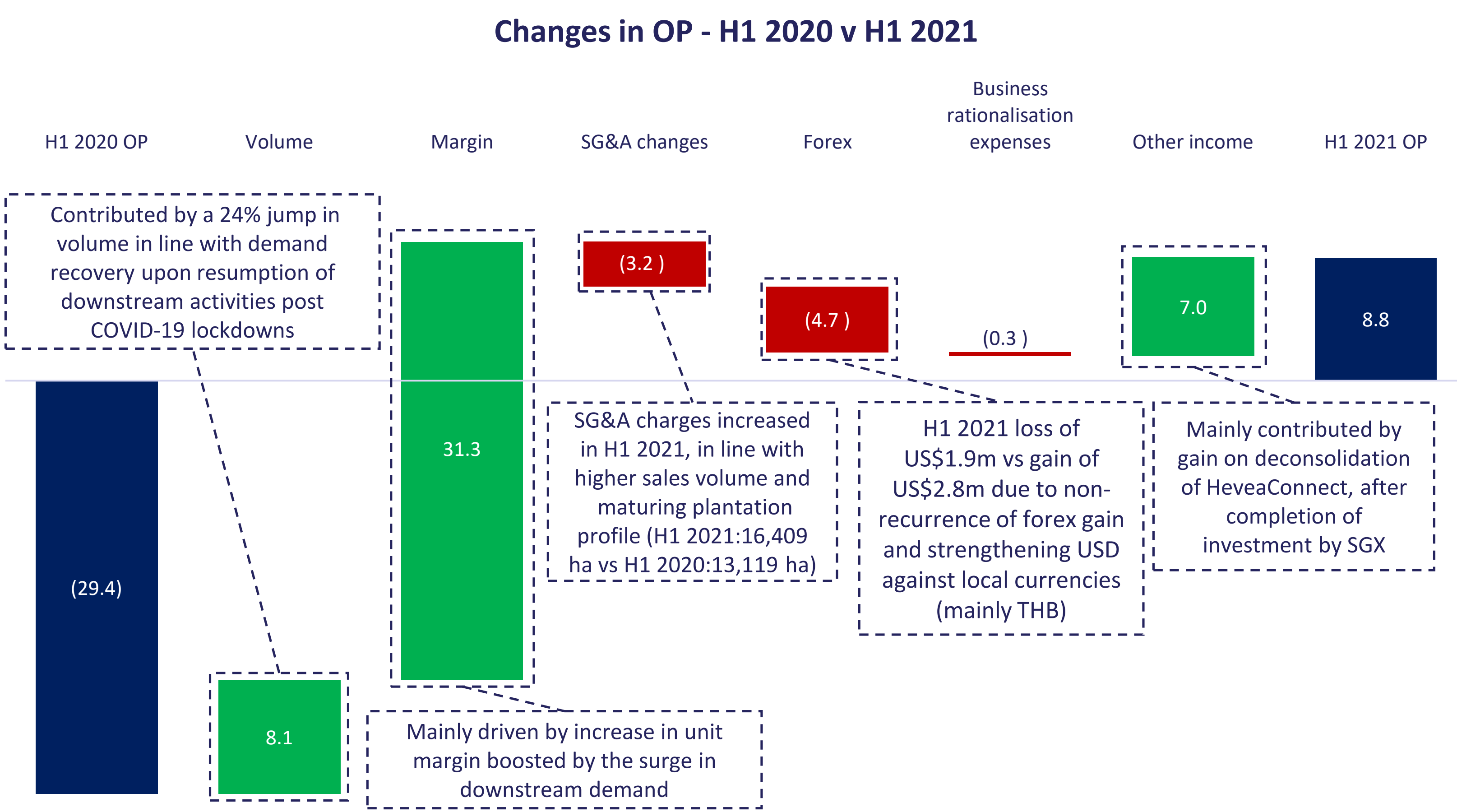
* *Term debt to equity = Term debts divided by total equity*

H1 2021 results review – Improvement in financial numbers

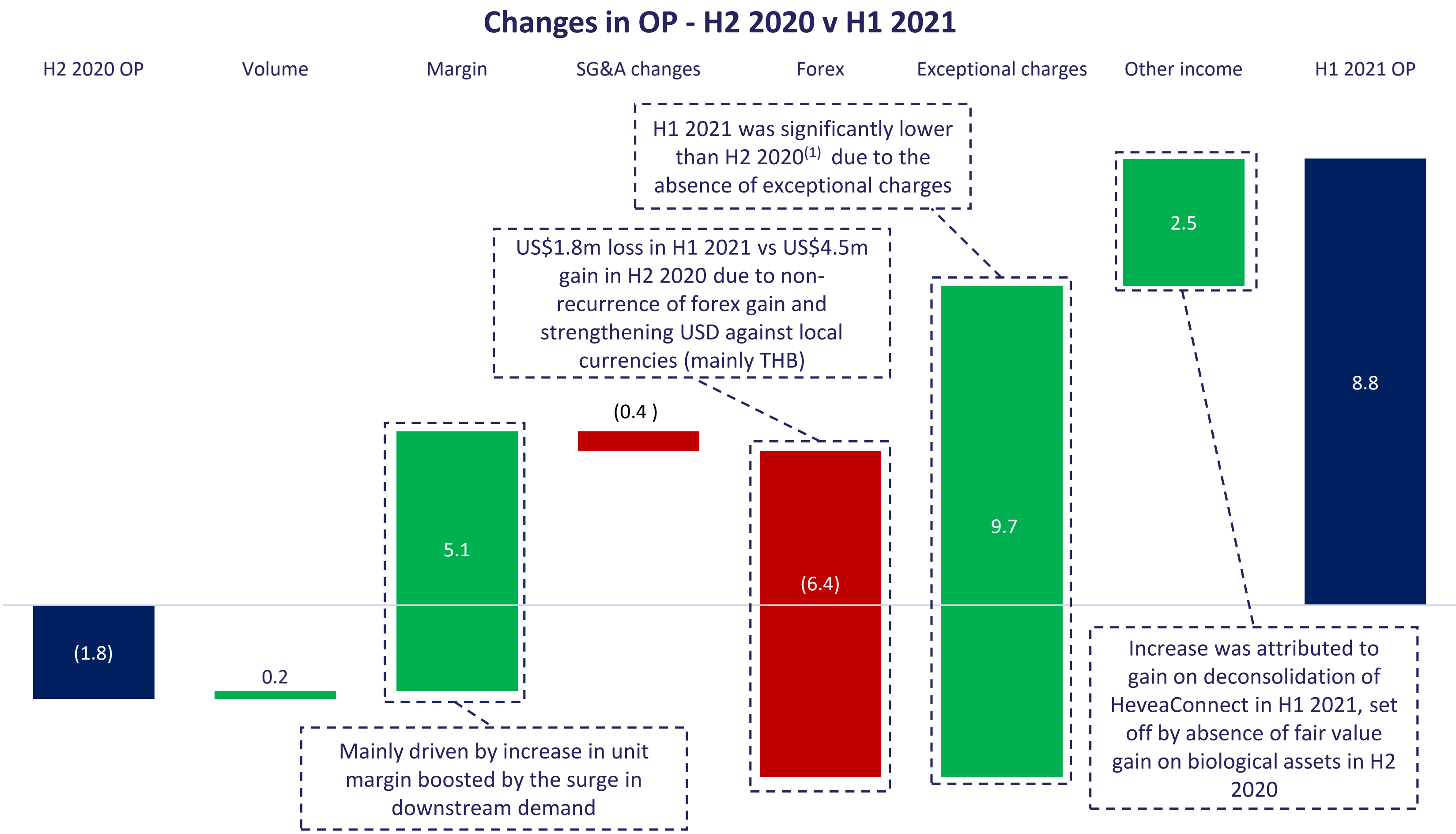
	For the half year ended 30 June			
	H1 2021	H1 2020	▲%	Factors
Sales volume (mT)	657,634	530,401	▲ 24.0%	• Due to robust demand for the Group's rubber products
Average selling price (US$/mT)	1,752	1,452	▲ 20.6%	• Buoyed by strong natural rubber prices
Gross profit	73.1	33.7	▲116.6%	• Boosted by the Group's effective supply chain management and realised better margin alongside strengthened demand
- GP per mT (US$/mT)	*111.1*	*63.6*	▲ *74.7%*	
Operating profit/(loss)	8.8	(29.4)	▲ n.m.	• In line with gross profit expansion • Partially lifted by gain arising from deconsolidation of HeveaConnect, after completion of investment by SGX • Partailly offset by SG&A in line with increased volume and advancing plantation maturity profile
EBITDA/(LBITDA)	17.9	(13.8)	▲ n.m.	• In line with gross profit expansion
Profit/(loss) before taxation	0.2	(45.6)	▲ n.m.	• Due to gross margin expansion and significant reduction in finance expense following successful US$200m perpetual securities issuance
Term debt to equity	0.72x	1.04x	▼ 30.4%	• Significant reduction mainly due to progressive loan repayment and increase in equity base following US$200m perpetual securities issuance

Note: In US$ million unless otherwise stated

H1 2021 results review – Turnaround in operating profit



H1 2021 results review – Turnaround in operating profit



[1] H2 2020 exceptional charges were mainly due to non-recurring expenses associated with business rationalisation and allowance for doubtful debt.

Cash flows

US$m	Half year ended 30 June 2021	Half year ended 30 June 2020
Operating cash flows before working capital changes	21.2	6.5
Changes in working capital	(30.2)	91.4
Payment of taxes and working capital loan interests	(7.9)	(7.2)
Cash flow (used in)/generated from operating activities	**(16.9)**	**90.8**
Cash flow used in investing activities	(16.8)	(23.9)
Cash flow generated from/(used in) financing activities	23.9	(11.6)
Net changes in cash and cash equivalents	**(9.9)**	**55.3**

- The decrease in cash and cash equivalents is in line with our continual investment into working capital cycle, in anticipation of demand strengthening in H2 2021.
- Net cash used in investing activities of US$16.8m was mainly related to capital expenditure associated with the Group's plantation assets.
- Net cash generated from financing activities was US$23.9m, mainly due to net drawdown in loan for working capital needs. It is worth noting that net working capital is self-liquidating in nature, and the proceeds from liquidation of working capital will be used to repay the short-term loans.
- The Group refinanced its existing term loan with proceeds from its new US$300m 3-year syndicated term loan, the effect of which is netted off within financing activities.

Balance sheet overview

US$ in millions	30-Jun-21	31-Dec-20	30-Jun-20	31-Dec-19
Assets partially funded by debt				
Total net working capital employed	665.4	652.1	590.0	650.5
Net working capital assets	*568.2*	*544.8*	*424.1*	*540.9*
Cash and cash equivalents	*35.1*	*45.7*	*112.0*	*57.9*
Loan receivables	*62.1*	*61.7*	*53.9*	*51.7*
Working capital loans	512.2	463.5	561.1	572.6
% Efficiency in working capital funding	**77.0%**	**71.1%**	**95.1%**	**88.0%**
Operational long term assets	1,060.3	1,064.5	1,015.6	1,017.1
Non-core assets	41.4	43.6	43.5	44.7
Term loans	527.3	548.1	555.1	551.1
% Fixed asset gearing	**47.9%**	**49.5%**	**52.4%**	**51.9%**
Total equity (excluding Perpetual Securities)	**530.9**	**556.0**	**532.9**	**588.6**
Perpetual Securities	192.6	192.6	-	-
Total equity	**727.6**	**748.7**	**532.9**	**588.6**
Net asset value per share (US cents)	*45.6*	*46.9*	*33.4*	*36.9*
Net asset value per share (SG cents)	*61.2*	*62.1*	*46.5*	*49.7*
Working capital Days				
Accounts receivable days	*29*	*34*	*26*	*26*
Accounts payable days	*5*	*8*	*7*	*8*
Inventory days	*65*	*88*	*64*	*76*
Cash conversion days	*89*	*114*	*83*	*94*

Note 1: Please refer to the announcement for the definition of the captions in the tables displayed above.
Note 2: Translated at the closing exchange rates for each respective period.
Note 3: Cash Conversion days = Accounts receivable days + Inventory days –Accounts payable days

- Increase in working capital funding efficiency was mainly due to progressive deployment of additional working capital loan during H1 2021 to fund working capital investments after the completion of perpetual securities issuance in Nov 2020, which created liquidity headroom for the Group.
- The reduction in fixed asset gearing was mainly due to repayment of term loans.

Industry Outlook

Positive Factors	Counteracting Factors
1. OECD raised its 2021 global growth forecast from 4.2% to 5.8%; IMF lifted its global growth outlook for 2022 by 50 basis points to 4.9%. 2. Global mobility demand is expected to rise with gradual lifting of vaccination roll-out and COVID-19 restrictions. NR industry should benefit from the global mobility push.	1. Ongoing global supply chain constraints and disruptions could eventually impact trade flow. 2. Possible new curbs against the spread of COVID-19 strains may limit the anticipated demand growth.

Other observations:

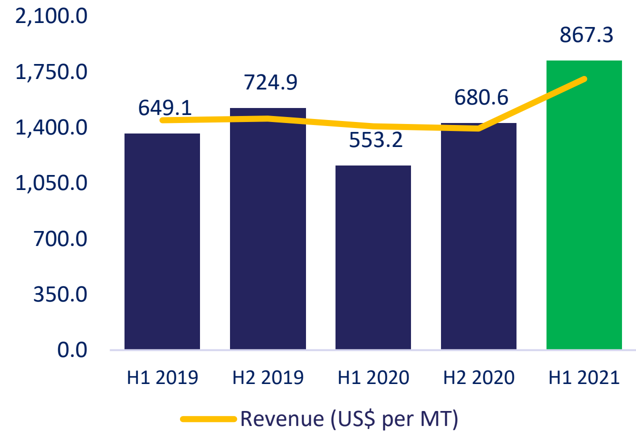
- On supply side, on-going tightness in raw material is expected to continue, with potential boost stemming from resumption of post-wintering tapping activities in key NR producing countries.

- Despite near-term volatility, the downstream demand remains robust, and we are optimistic that this will be the key factor that underpins the industry's long-term growth.

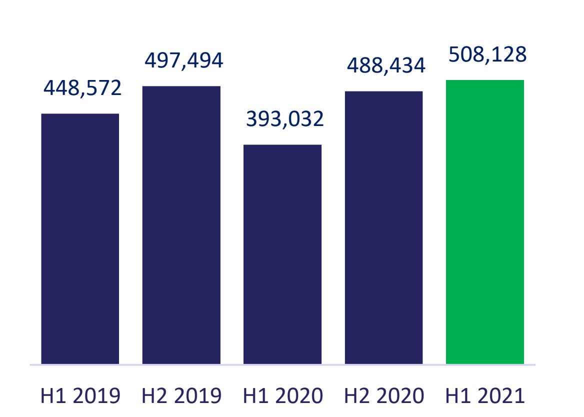
Segmental Performance

Halcyon Rubber Company (HRC)

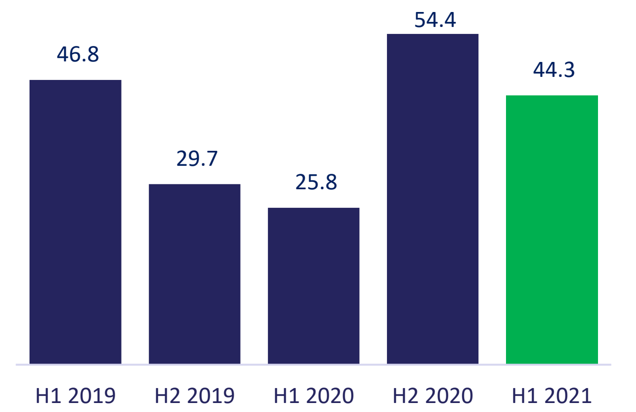
Revenue (US$m)[1]



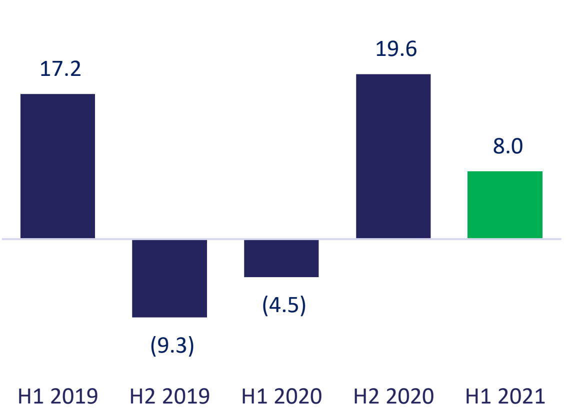
Sales Volume (mT)[1]



Gross Profit (US$m)



Op. Profit/(Loss)[2] (US$m)

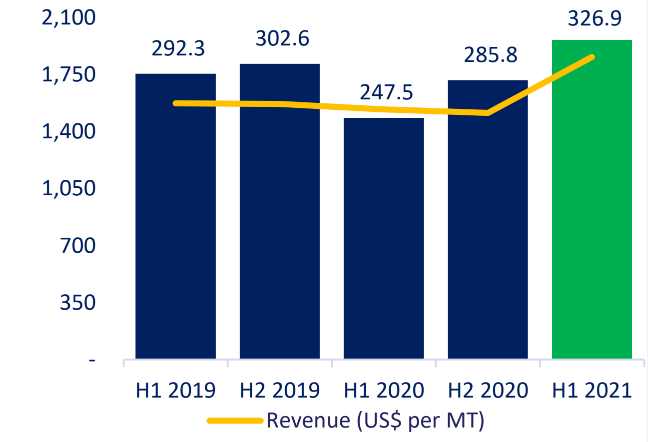


- H1 2021 sales volumes rose 29.3% from H1 2020, returning to pre-COVID levels as HRC capitalised on improved demand in the tyre sector. Coupled with an improvement in prices, revenue grew by 56.8% from H1 2020.
- Volume growth was restricted by logistic logjam, which inevitably affect HRC's factory utilisation.
- Gross profit jumped 71.7% compared to H1 2020, in line with improved volume; it decreased from H2 2020 mainly due to effects of margin compression as a result of supply shortage due to resurgence of COVID-19 cases in origins and strong demand which pushed up raw material cost.
- Despite headwinds, HRC remained operationally profitable.

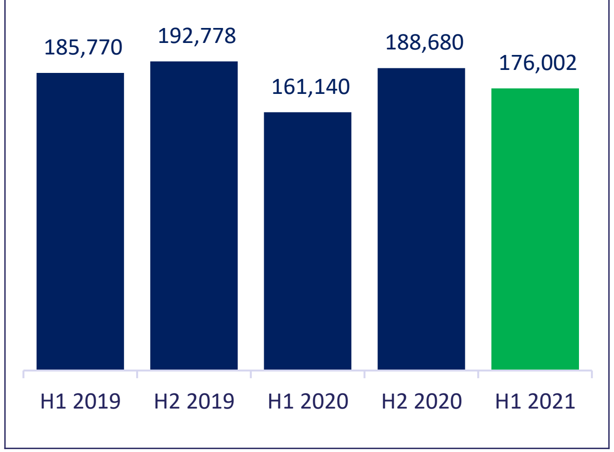
[1] *Includes intersegment figures*
[2] *Excludes fair value gains and management fees*

CMC International (CMCI)

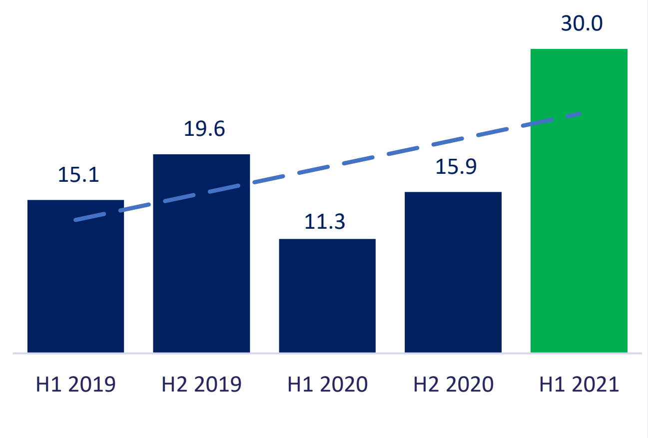
Revenue (US$m)[1]



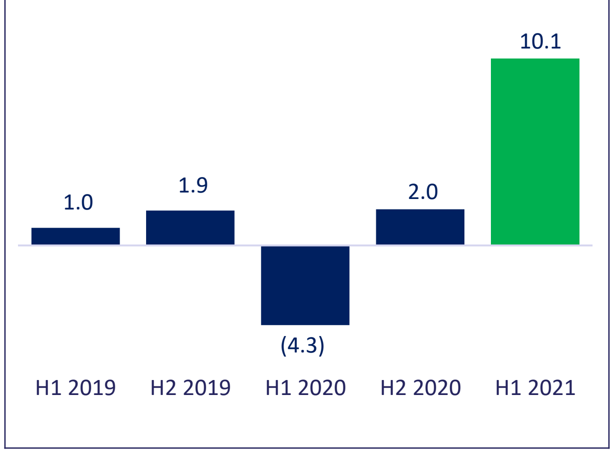
Sales Volume (mT)[1]



Gross Profit (US$m)



Op. Profit/(Loss)[2] (US$m)

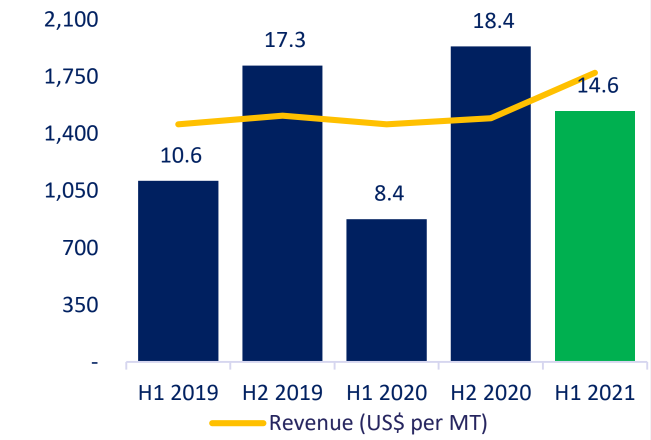


- Increase in H1 2021 revenue despite slight volume reduction due to realisation of higher average selling price.
- H1 2021 gross profit almost tripled compared to H1 2020 and grew 88.7% against H2 2020. CMCI's effective supply chain management strategies allowed them to capitalise on strong demand, supported by the Group's in-house cargoes from CMCP and HRC.
- Consequently, operating profit widened due to better margin realisation and cost control.

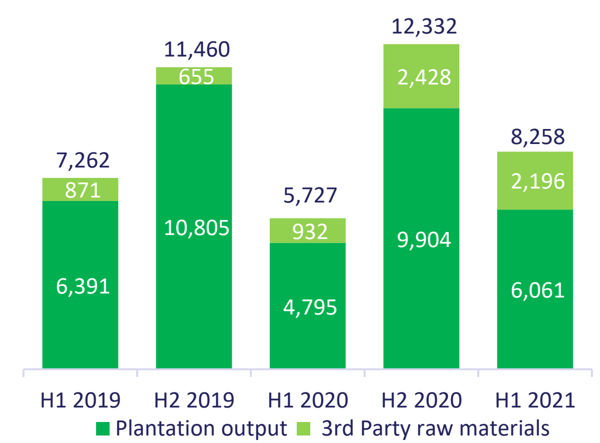
[1] *Includes intersegment figures*
[2] *Excludes fair value gains and management fees*

CMC Plantations (CMCP)

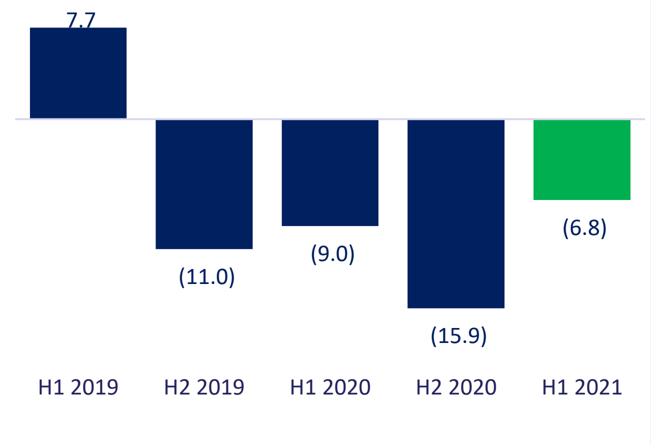
Revenue (US$m)[1]



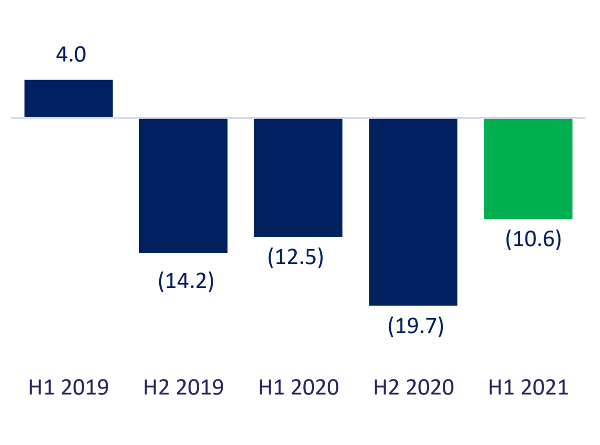
Sales Volume (mT)[1]



EBITDA[2] (US$m)



Op. Profit/(Loss)[2] (US$m)



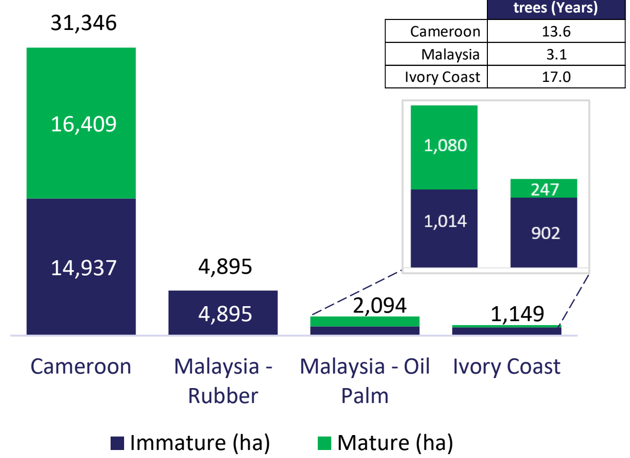
[1] *Includes intersegment figures*
[2] *Excludes fair value gains and management fees*

- Increase in H1 2021 revenue and sales volume against H1 2020 in line with stronger rubber prices, opening of new areas and maturing plantations.
- Sales of CMCP's own plantation output increased by 26.4% (H1 2021: 6,061 mT vs H1 2020: 4,795 mT) due to yield improvement from maturing trees.
- Lower H1 2021 vs H2 2020 production volume stemmed from wintering break which typically falls in H1. Peak production occurs in H2.
- CMCP's plantations are in gestation phase. Conscious cost management has resulted in progressive narrowing of loss.

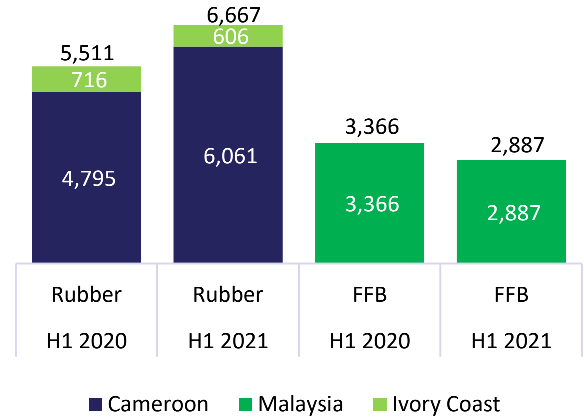
Our plantations are in gestation phase

Group's Plantations Profile[1](ha)

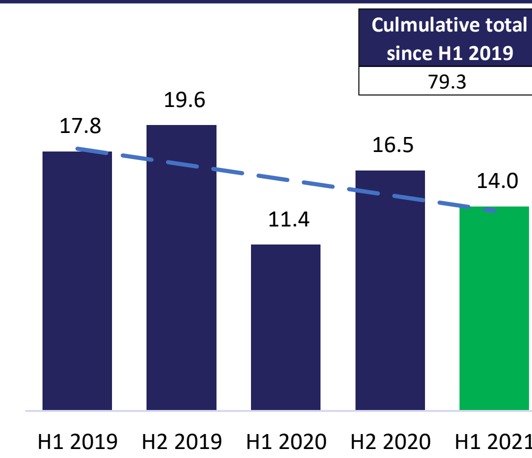
	Average age of trees (Years)
Cameroon	13.6
Malaysia	3.1
Ivory Coast	17.0



Plantation yields[2] (mT)



Plantation Capex (US$m)



[1] *As of 30 June 2021. Cameroon and Ivory Coast consist solely of rubber plantations.*
[2] *Malaysia's rubber plantation is expected to commence production in 2022.*
Note: FFB stands for Fresh Fruit Bunch (oil palm). Cameroon and Malaysia plantations are grouped under CMCP while Ivory Coast plantation is part of HRC.

- As of 30 June 2021, more than half of the Group's planted hectares remain immature.
- As the plantations mature, yield is expected to rise (Rubber – H1 2021: 6,667mT vs H1 2020: 5,511mT) and per-unit cost should go lower. H1 2021 FFB production decline was caused by extreme weather conditions.
- Capital investment is required for the upkeeping of immature trees (H1 2021: US$14.0m vs H1 2020: US$11.4m) and is expected to decline as the plantations mature, barring unforeseen circumstances.

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