



Think Rubber, **Think Halcyon**

# Important notice

---

This presentation has been prepared by Halcyon Agri Corporation Limited (“Company”) for informational purposes, and may contain projections and forward-looking statements that reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct.

The information is current only as of the date of this presentation and shall not, under any circumstances, create any implication that the information is correct as of any time subsequent to the date of this presentation or that there has been no change in the financial condition or affairs of the Company since such date. Opinions expressed in this presentation reflect the judgement of the Company as of the date of this presentation and may be subject to change. This presentation may be updated from time to time and there is no undertaking by the Company to post any such amendments or supplements on this presentation.

The Company will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained within this presentation or for any omission.

# 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 Keeps the World Moving, and Keeps People Safe

*“Natural rubber is widely used in everyday products. Globally, natural rubber consumption is estimated to hit 14.1 million mT in 2021 and this number is expected to continue to grow in line with GDP expansion.”*



Source: Association of Natural Rubber Producing Countries (ANRPC) and International Rubber Study Group (IRSG)

# Natural Rubber are Sourced from Rubber Trees (Hevea Brasiliensis)

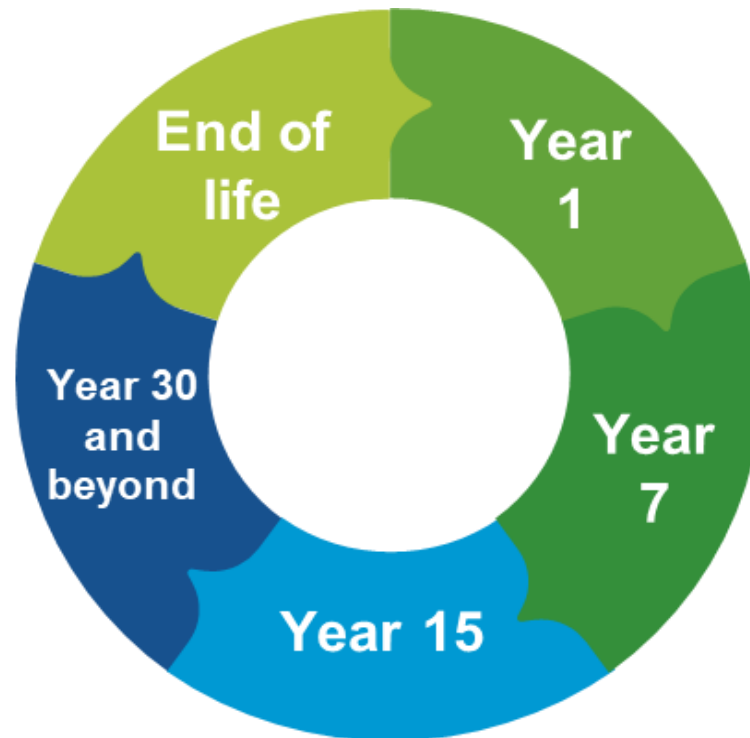
Rubber trees are perennial crops. Strong agronomic practices can prolong the lifespan and enhance the yield of the trees.

## Rubber wood

An epitome of circularity and sustainability, rubber wood from end-of-life crops can be used to make furniture.

## Declining production

Production declines as trees are reaching end of life.  
Estimated yield: 1.5 mT/ha or less



## First planting

Gestation phase – typically 6 to 7 years before first yield.

## First Yield

Commencement of tapping activities.  
Yield is expected to rise as trees mature.  
Estimated yield (dry weight): 1 to 2 mT/ha

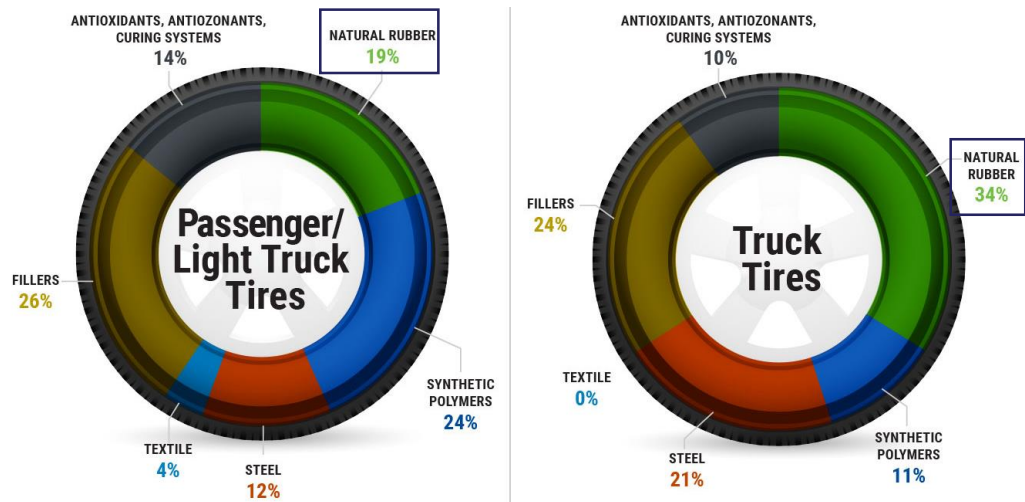
## Optimal yield

Production peaks for a sustained period.  
Estimated peak yield: >2 mT/ha.

# Natural Rubber's Distinctive and Desirable Properties

Contrary to what many might think, natural rubber and synthetic rubber are not direct substitute

## Tyre composition guide



Source: US Tire Manufacturer Association

In fact, they **complement each other** in many applications including tyre production.

In particular, natural rubber possesses many distinctive properties:

- Superior tensile strength
- High resistant to wear such as cut, tear and fatigue crack
- Excellent vibration absorber
- Bio-based and sustainable

Commercial vehicles and aircraft tyres **have higher natural rubber content due to these desirable properties, and these tyres weigh significantly heavier.**

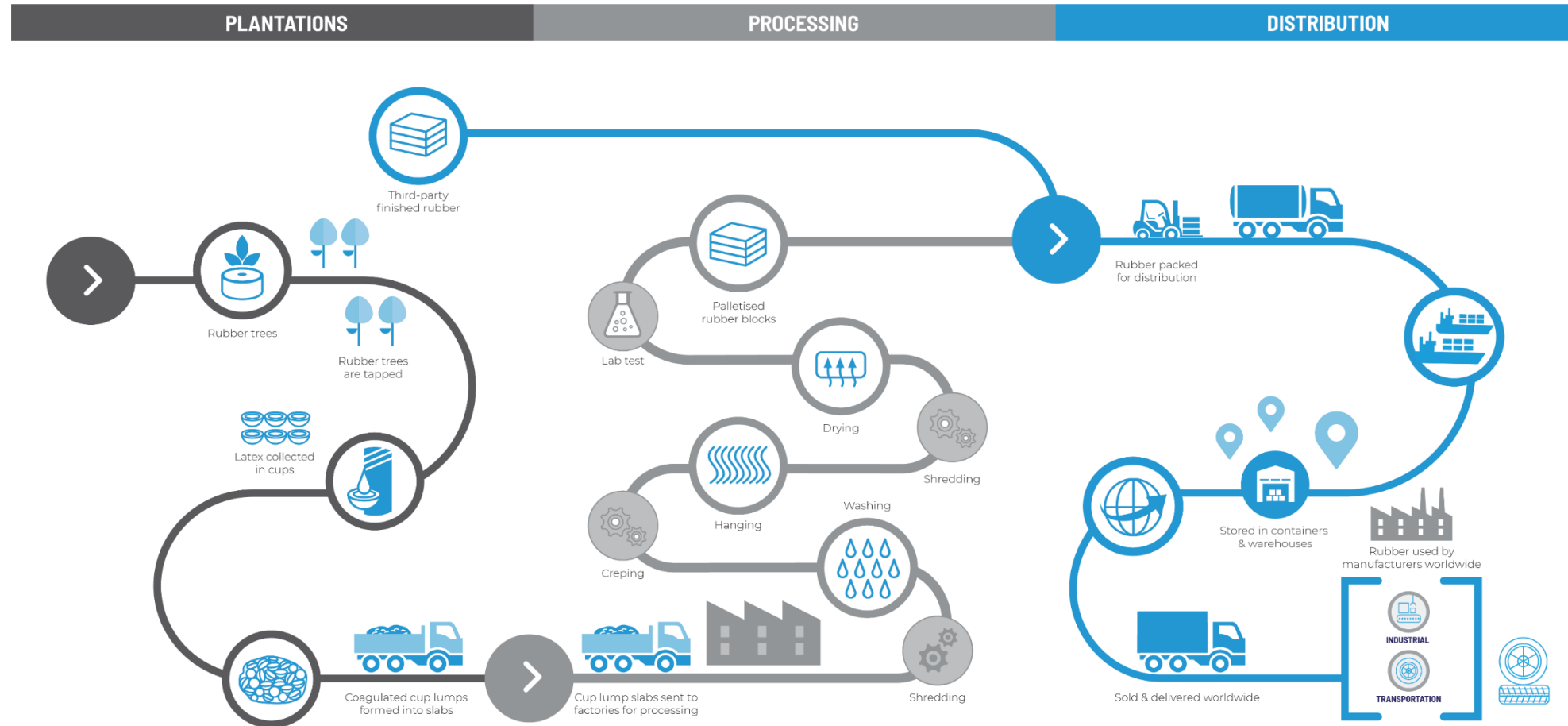
Tyre Categories	Est. weight (kg) range per tyre
Passenger cars	6 to 15
Light to heavy trucks	30 to 80
Aircrafts (i.e. Boeing)	100 to 130
Off-the-road (e.g. for mining trucks)	1,000 and more

*“Assuming each passenger car tyre weighs 9kg<sup>1</sup> and requires 4 tyres, this translates to a demand of 7kg of natural rubber per car. This demand increases significantly for commercial vehicles. Globally, there are around 1.6 billion<sup>2</sup> vehicles in use and the numbers are growing. This is a huge addressable market.”*

1. U.S Department of Transportation – Federal Highway Administration  
2. Based on IRSG, “World Rubber Industry Outlook: Review and Prospects to 2030”

# 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 ha<sup>1</sup>**  
across Africa and Malaysia

PLANTATIONS ➤



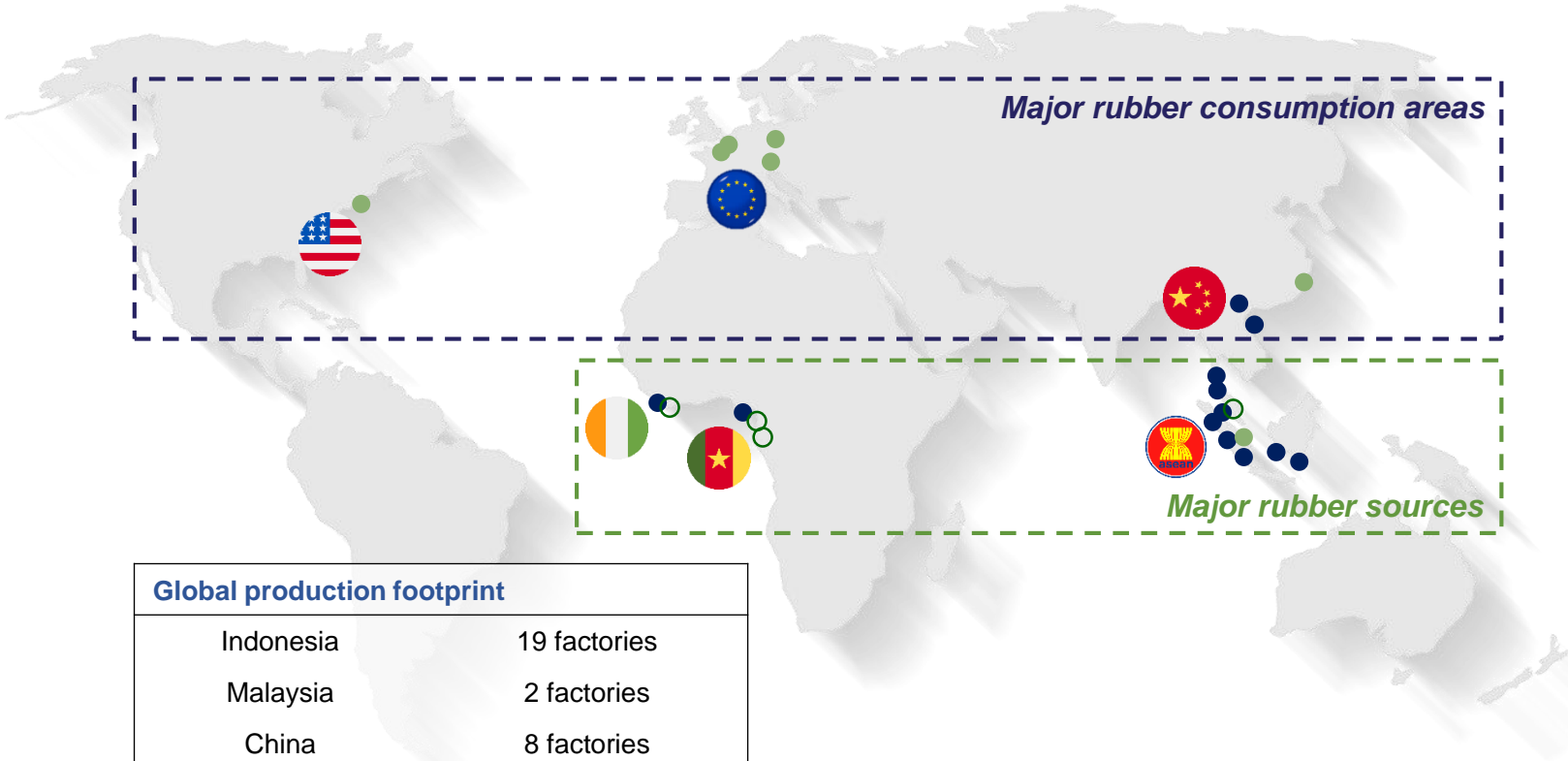
**38 Production Facilities**  
Approximately **1.6 million mT**  
per annum production  
capacity

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 international and China-based tyre makers.

-  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.

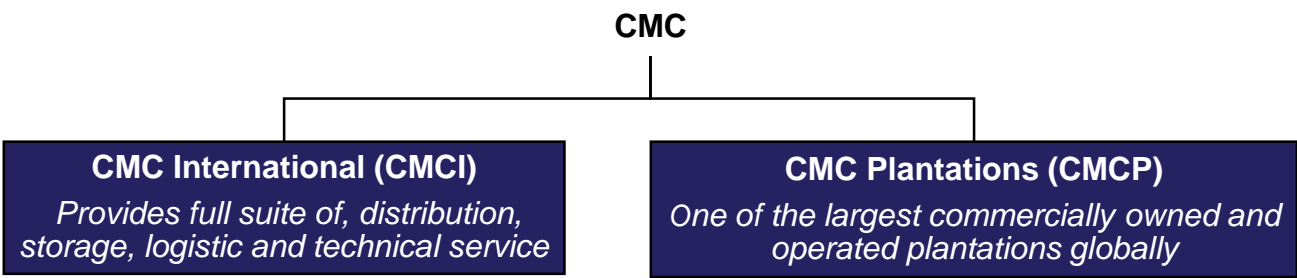
Four core attributes lie at the heart of HeveaPro:



# 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 programmes<sup>1</sup>

## 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**  
(9M 2021: c.1.0 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 ○

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

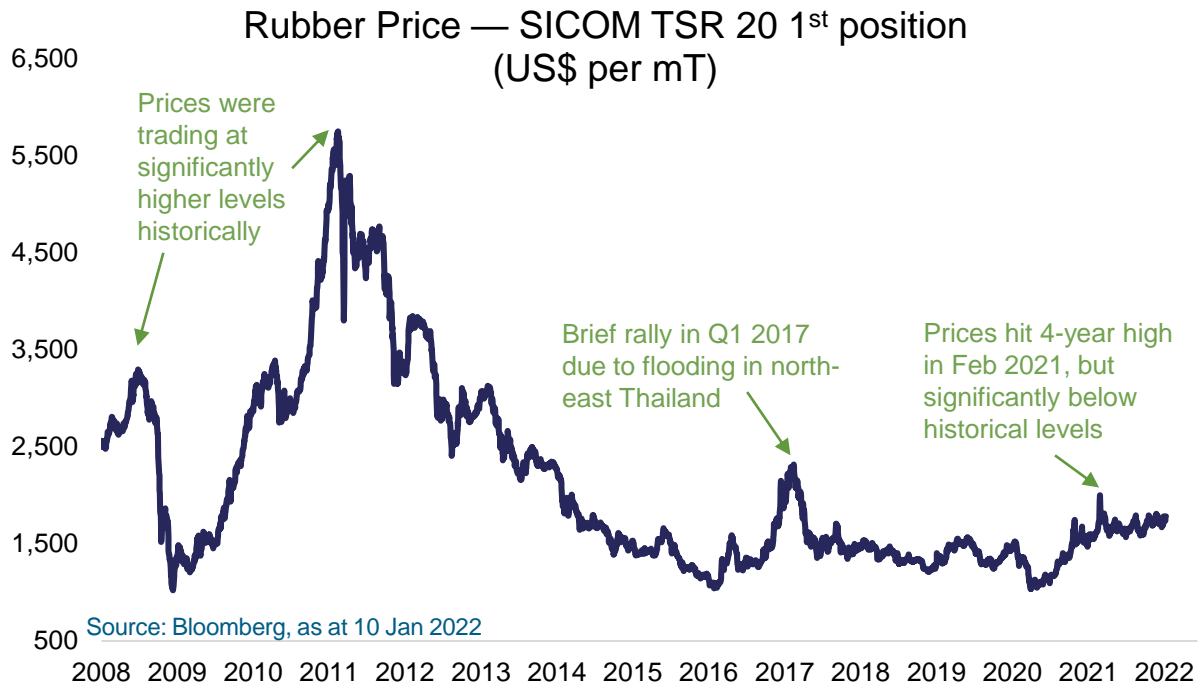
○ Unwavering sustainability commitment

○ Has one of the largest commercially-owned rubber plantation

○ Leading the digitalisation of natural rubber supply chain

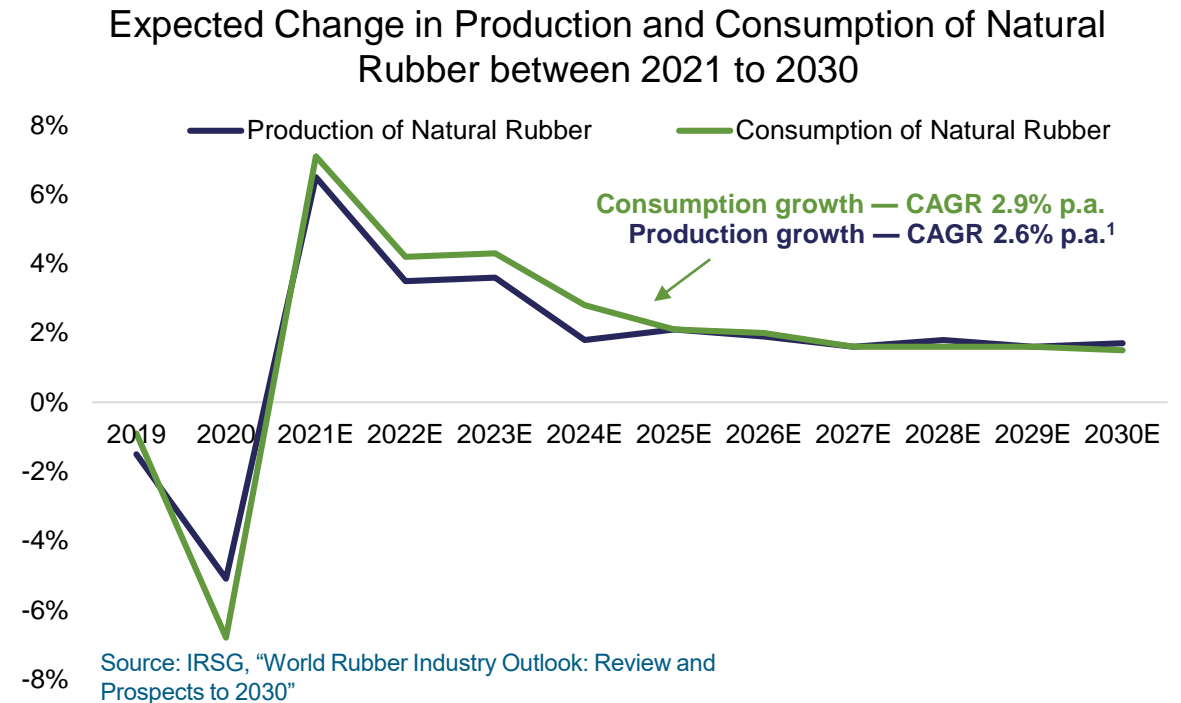
# Strong Underlying Demand Fundamentals and Outlook for Natural Rubber

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

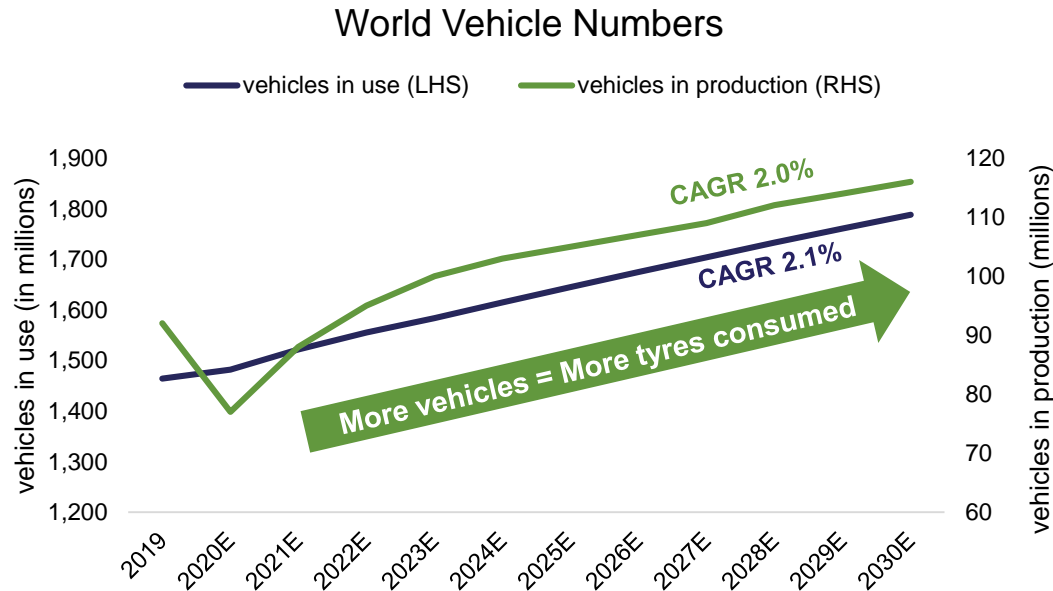


- Consumption predicted to reach 14.1 million mT this year, back to pre-COVID-19 levels
- Given stronger consumption trend, **future demand is expected to exceed supply**

1. Takes into account natural rubber from less-traditional sources that have yet to attain wide acceptance in terms of quality and sustainability practices

# Positive Tailwind Factors Supporting Near-term Demand

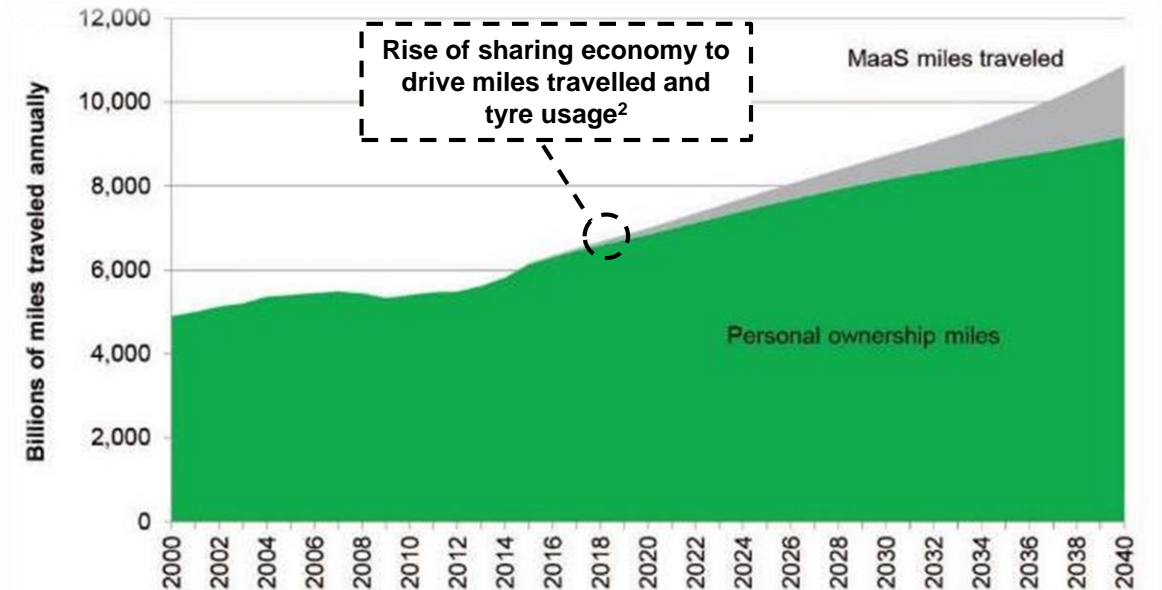
Global vehicle-in-use and production are expected to increase, propelled further by emergence of EVs



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 2030<sup>1</sup>, 35% more than 2019, anchored by US, China and India → **rising car no. and mobility**

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



Note: MaaS includes app-based ride hailing and car sharing. 1 mile = 1.6 km.

Source: IHS Markit

© 2017 IHS Markit

- 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**

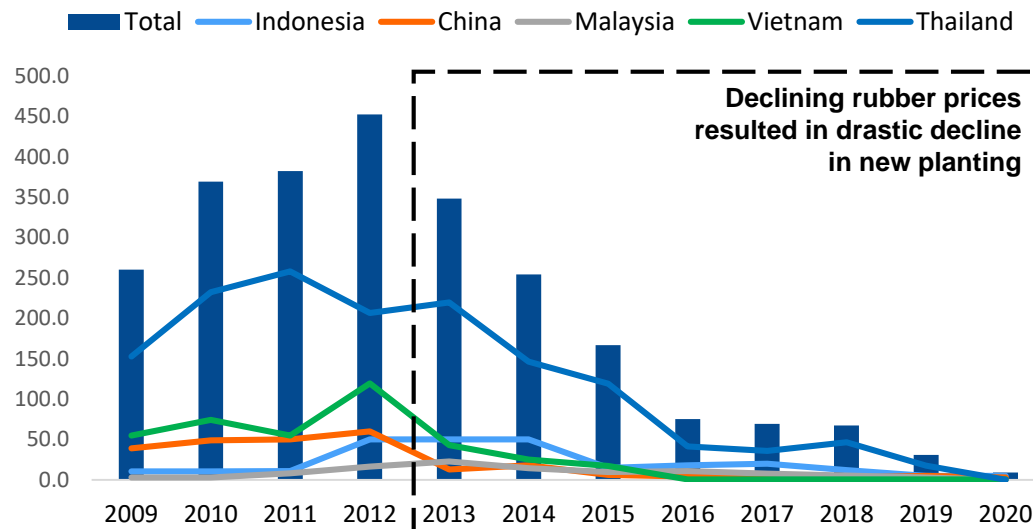
1. <https://asia.nikkei.com/Economy/China-and-India-infrastructure-construction-paves-way-out-of-crisis>  
 2. IHS Markit, "The Future of Cars 2040: Miles Travelled Will Soar While Sales of New Vehicles Will Slow"



# Upstream Presence and Sustainability Focus Being Important Differentiating Factors

## Drastic decline in new planting could spark future supply shortage

New planting of rubber (in hectares)



Source: IRSG / ANRPC

- 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 from transportation and healthcare sectors (e.g. shock absorbers on high-speed rail, latex gloves)

# 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
	 1,200 ha of planted crops in Ivory Coast	 <b>36 factories</b> with production capacity of <b>1.5 million mT p.a.</b>	 China, Singapore
	<b>67,000 ha plantable area</b> in Cameroon and Malaysia, 31,000 ha planted (under CMCP)	Production capacity of <b>90,000 mT p.a.</b> (under CMCP)	<b>9 countries</b> 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 Bank<sup>1</sup>



EcoVadis Gold<sup>1</sup> and Most  
Transparent Rubber  
Producing Company<sup>2</sup>

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% immature<sup>1</sup>; as plantation matures, plantation yield ↑, per unit cost and capital investment ↓
- Improve traceability and quality control
- **Potential additional annual revenue<sup>2</sup> 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 SGX<sup>3</sup>**) and is **gaining traction in onboarding key tyre majors<sup>4</sup>**
- **Promote fair and equitable remuneration among the supply chain**

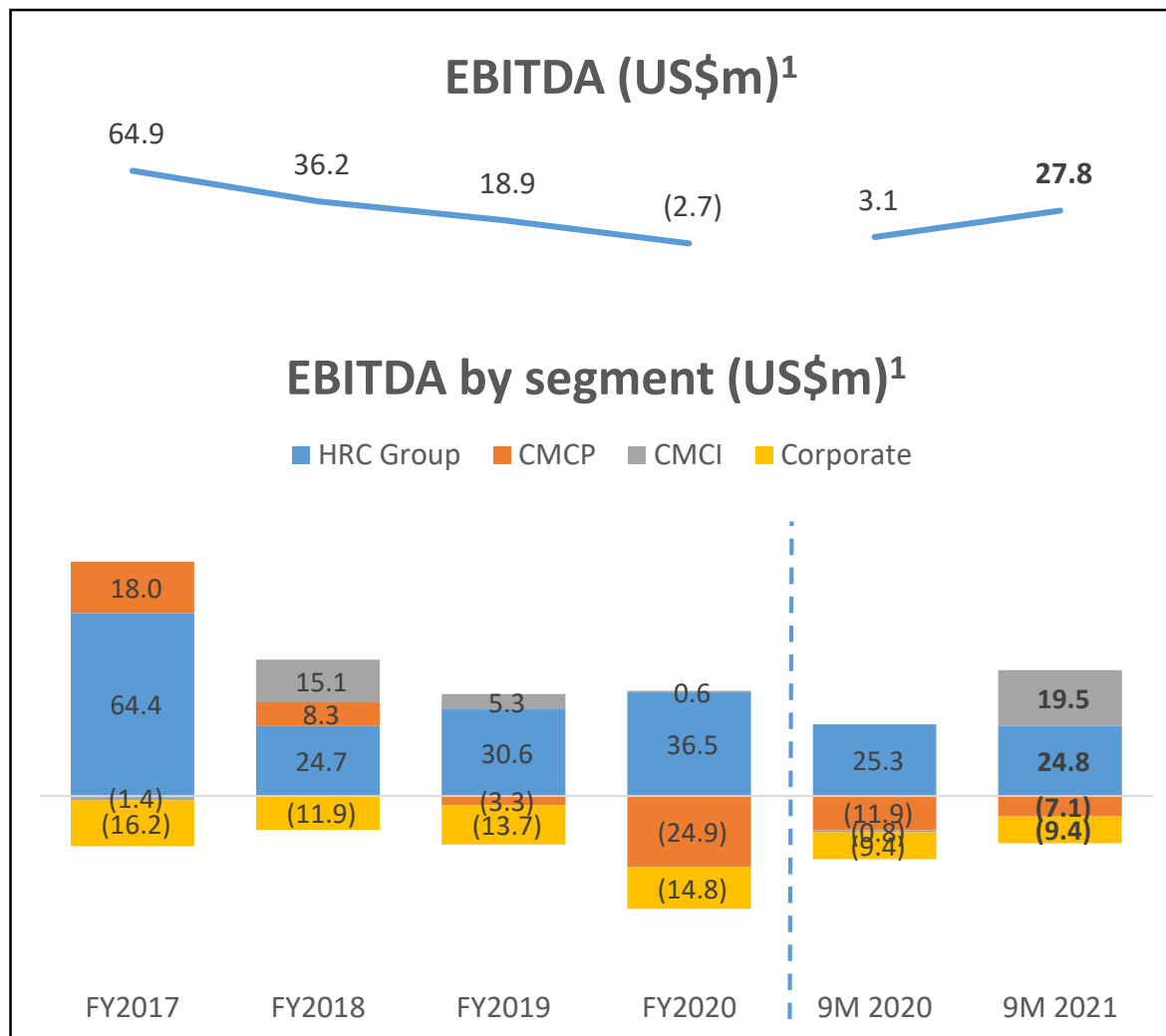
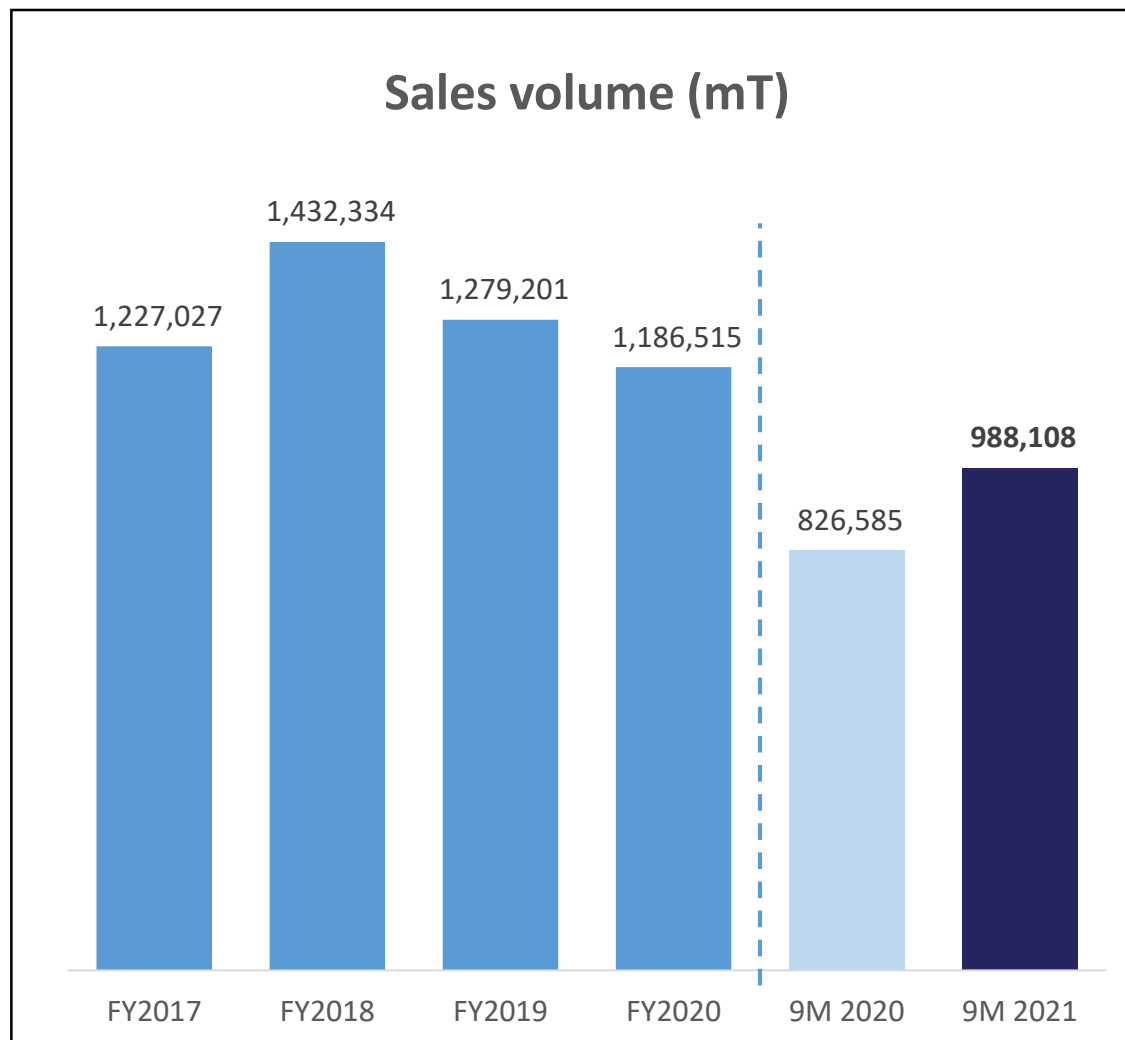
1. As of 30 Jun 2021

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/>

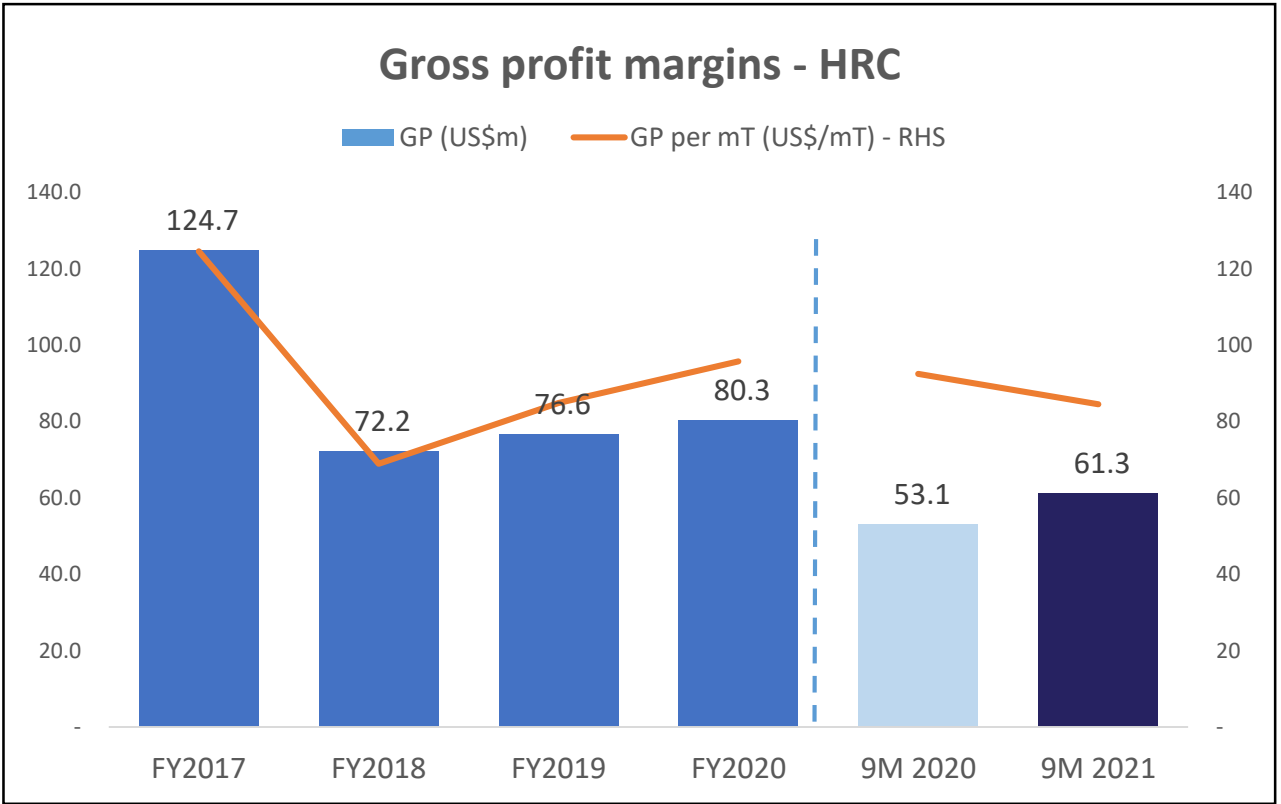
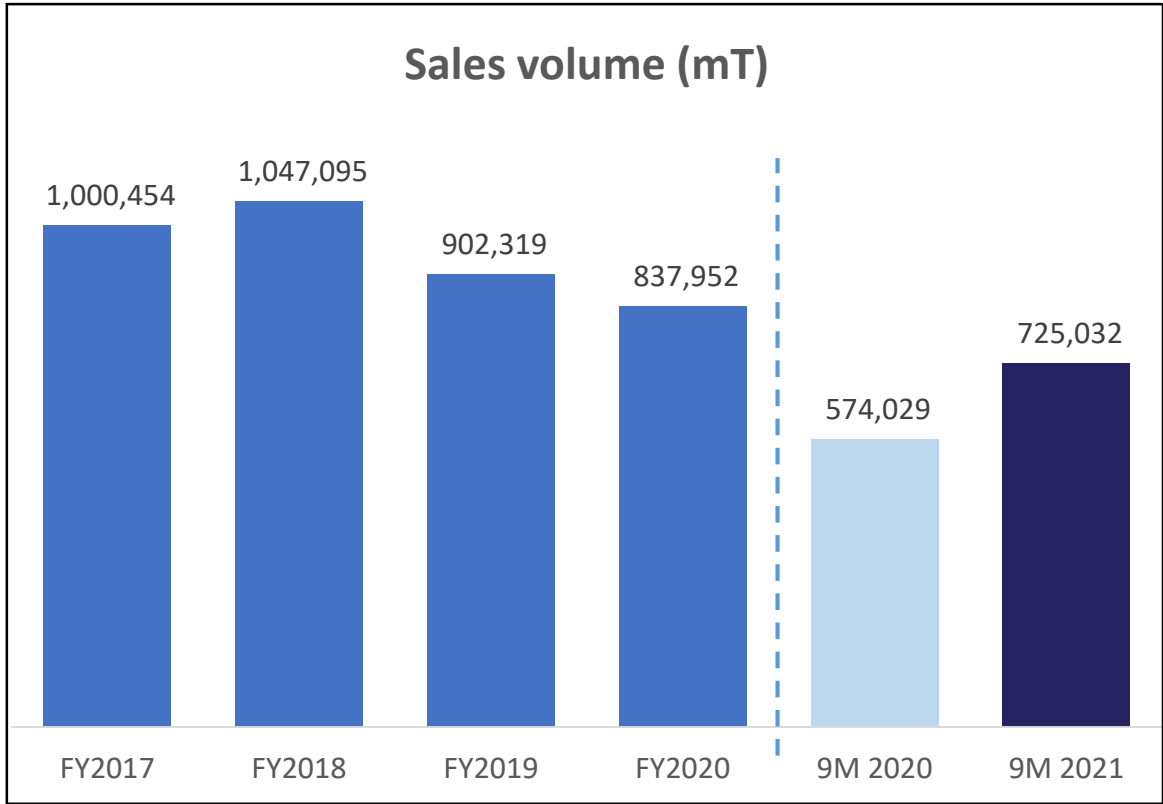
4. <https://www.continental.com/en/press/press-releases/20211214-hevea-connect/>

# Group Financial Performance



<sup>1</sup> Excludes fair value gains, disposal gains and one-off non-operational expenses

# Halcyon Rubber Company Financials



**Headline figures**  
(FY2017 – 9M 2021)

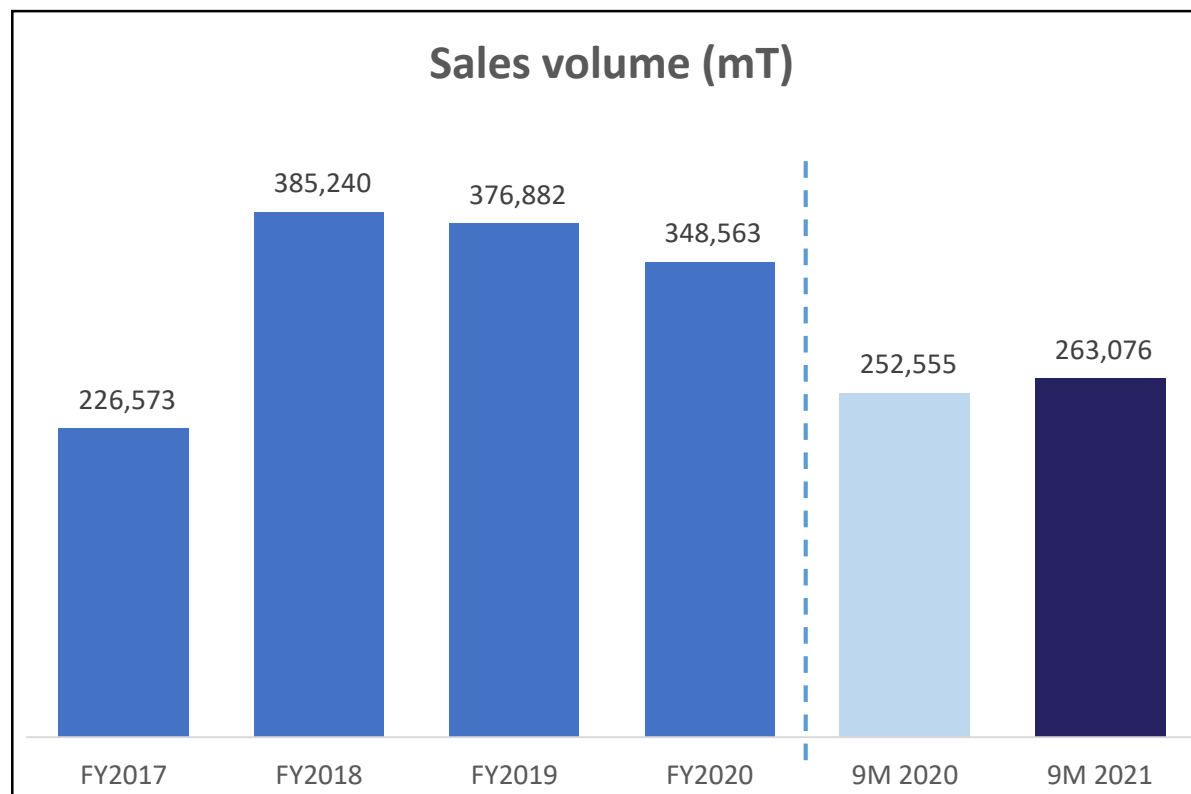
**Annual sales volume**  
837,000 to 1,047,000 mT

**Gross profit per mT**  
US\$70 – US\$125

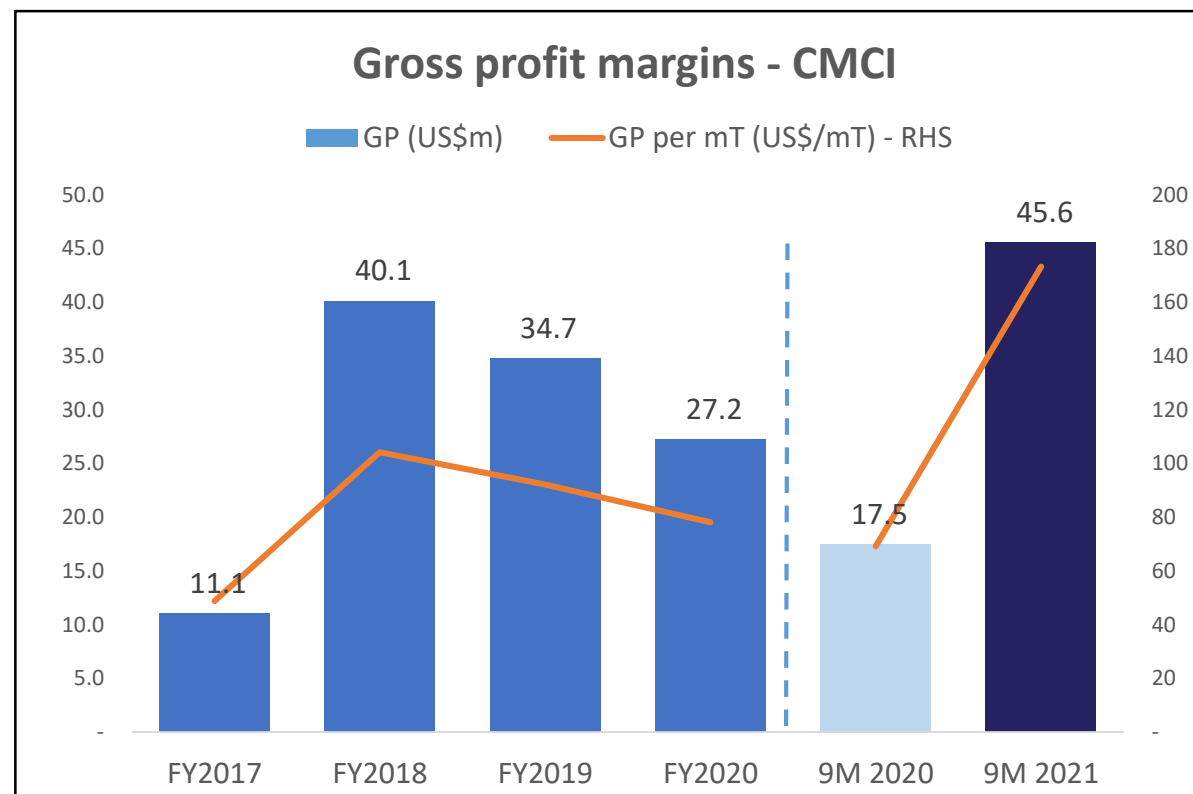
**EBITDA per mT**  
US\$25 - 65

# Corrie MacColl Financials – CMCI

## Sales volume (mT)



## Gross profit margins - CMCI



**Headline figures**  
(FY2017 – 9M 2021)

**Annual sales volume**  
348,000<sup>1</sup> to 385,000 mT

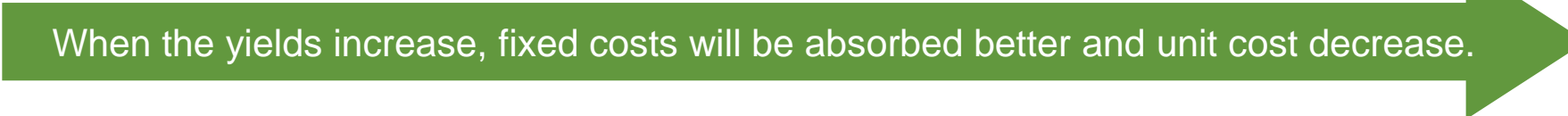
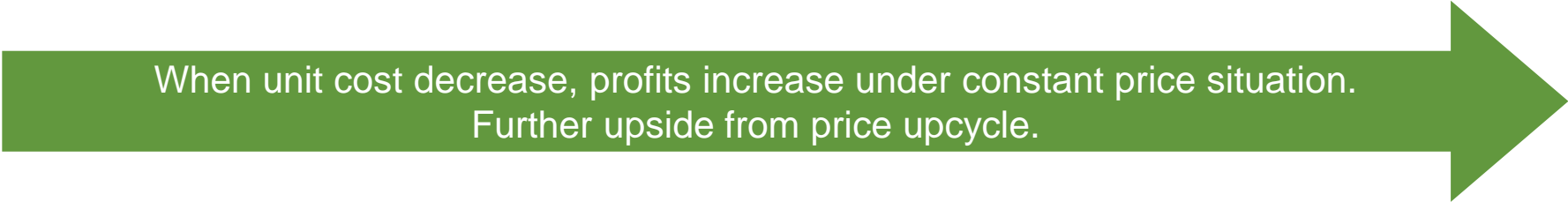
**Gross profit per mT**  
US\$80 - 173

**EBITDA per mT**  
US\$5 - 74

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



# Corrie MacColl Financials – CMCP

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

# We Are Making Progress in Our Deleveraging Plan

One of the key corporate objectives of the Group is to deleverage. The proceeds raised through the disposal of non-core assets will allow the Group to strengthen its capital structure, and improve its operating liquidity.

## Key milestone in our Deleveraging Plan

1. TRCI, a 70% indirect subsidiary of the Group, has obtained Arrêté de Concession Definite (ACD), i.e. freehold land titles, for 206 ha of land on the north-east region of its rubber plantation.
2. Subsequently, TRCI **entered into sales and purchase agreements (SPA)** to dispose 54.5ha, or c.26% of its undeveloped, non-core freehold land bank, at an aggregate sale consideration of approx. **US\$19.0 million**<sup>1</sup>. For illustration purpose using the Group's FY2020 audited figures<sup>2</sup>, the land sales would generate for the Group:



Expected net gain  
**US\$11.6 million**



Earnings-per-share accretion  
**0.51 US cents**  
or ▲ 14.9% improvement in FY2020 EPS



Net tangible asset per share accretion  
**0.73 US cents**  
or ▲ 2.6% increase in FY2020 NTA

3. Further, based on independent fair value opinion of FCFA19,800 - 28,000 per sqm, the **potential value of the remaining 151.5 ha of land bank, currently carried at cost, ranges from US\$49 million to US\$72 million**<sup>1</sup>.
4. The Group believes that the land sale is **in the best interests of the Company and its shareholders, and is in line with its deleveraging plan.**
5. The Group will continue pursuing ways to unlock value for our shareholders, and improving our gearing.

1. Translated at the Group's exchange rate of West African Franc FCFA584.48 to US\$1.00 as of 30 November 2021.

2. Based on the exchange rate of FCFA534.56 to US\$1.00 as of 31 December 2020

# 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**.”*



## Follow us on social media!

Linkedin: Halcyon Agri

Twitter: @HalcyonAgri

Wechat: HalcyonAgri

Visit us: [www.halcyonagri.com](http://www.halcyonagri.com)

Email us: [investor@halcyonagri.com](mailto:investor@halcyonagri.com)

## Thank you!

