



H2 and Full-year 2020 Results Presentation

26 February 2021

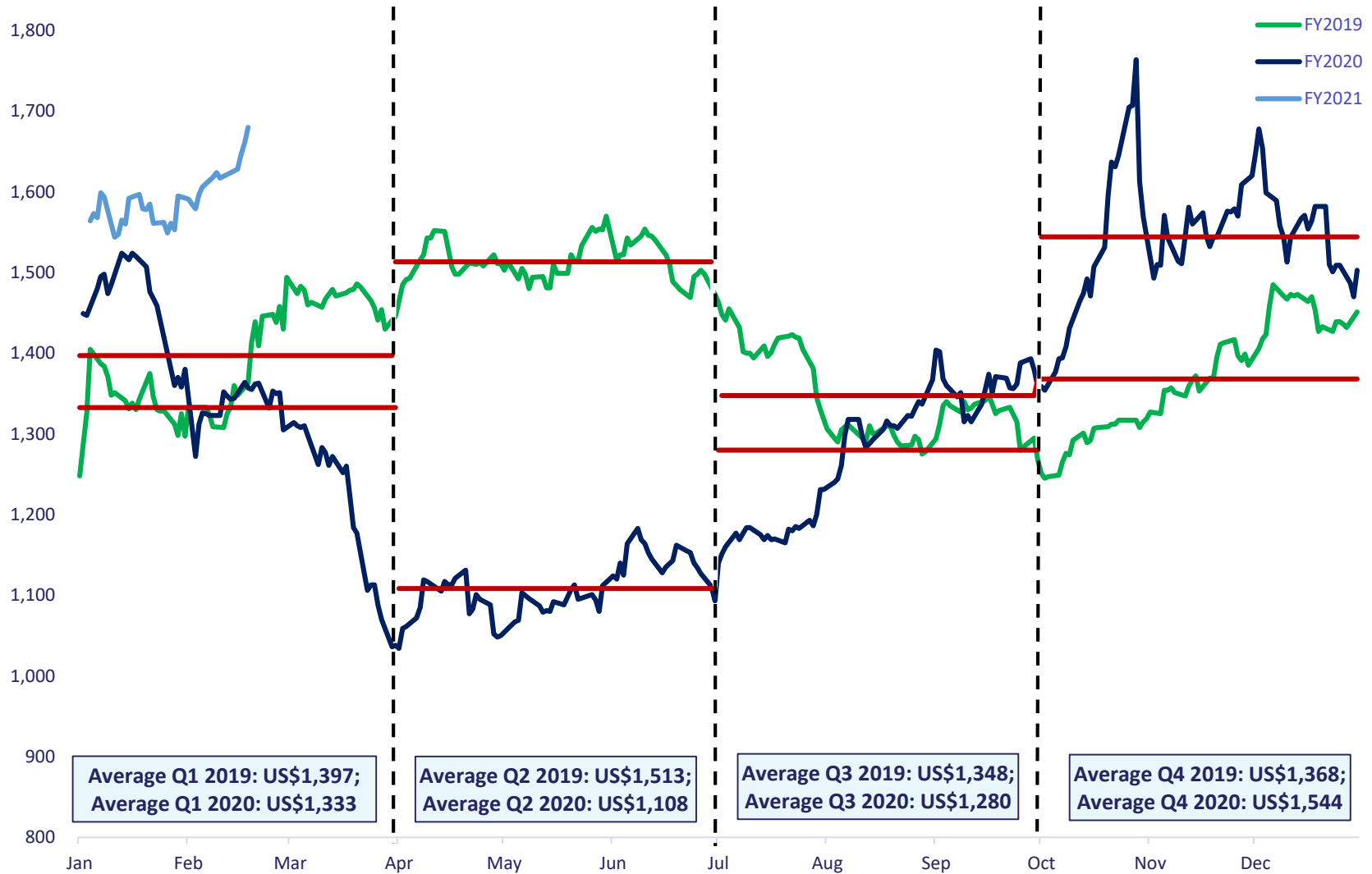
Important Notice

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.

Overview of movement in SICOM TSR20 1st position





Financial highlights

Income Statement Highlights

US\$m	Half year ended			▲%		FY ended 31 Dec		
	H2 2020	H1 2020	H2 2019	H2 2020 vs H1 2020	H2 2020 vs H2 2019	2020	2019	▲%
Revenue	938.6	770.2	995.9	21.9%	-5.7%	1,708.8	1,907.7	-10.4%
Gross profit	67.8	33.7	41.6	101.0%	62.8%	101.6	107.4	-5.4%
Operating (loss)/profit	(1.9)	(29.4)	23.7	93.7%	<i>n.m.</i>	(31.3)	38.3	<i>n.m.</i>
EBITDA/(LBITDA)	15.2	(13.8)	41.3	<i>n.m.</i>	-63.2%	1.4	71.7	-98.0%
EBITDA/(LBITDA)*	20.9	(9.3)	(3.7)	<i>n.m.</i>	<i>n.m.</i>	11.6	26.7	-56.6%
Net (loss)/profit	(19.4)	(41.6)	0.1	53.3%	<i>n.m.</i>	(61.0)	(3.7)	-1536.0%
Sales Volume								
Sales volume (mT)	656,115	530,401	666,710	23.7%	-1.6%	1,186,515	1,279,201	-7.2%
Average selling price (US\$)	1,431	1,452	1,494	-1.5%	-4.2%	1,440	1,491	-3.4%
Gross profit per mT (US\$)	103	64	62	62.5%	65.5%	86	84	2.0%
Operating (loss)/profit per mT (US\$)	(3)	(55)	36	94.9%	<i>n.m.</i>	(26)	30	<i>n.m.</i>
EBITDA/(LBITDA) per mT (US\$)*	32	(18)	(6)	<i>n.m.</i>	<i>n.m.</i>	10	21	-53.2%

*Represents EBITDA after excluding (i) Fair value gain on biological assets and investment properties (ii) Non-recurring items
n.m.: Not meaningful

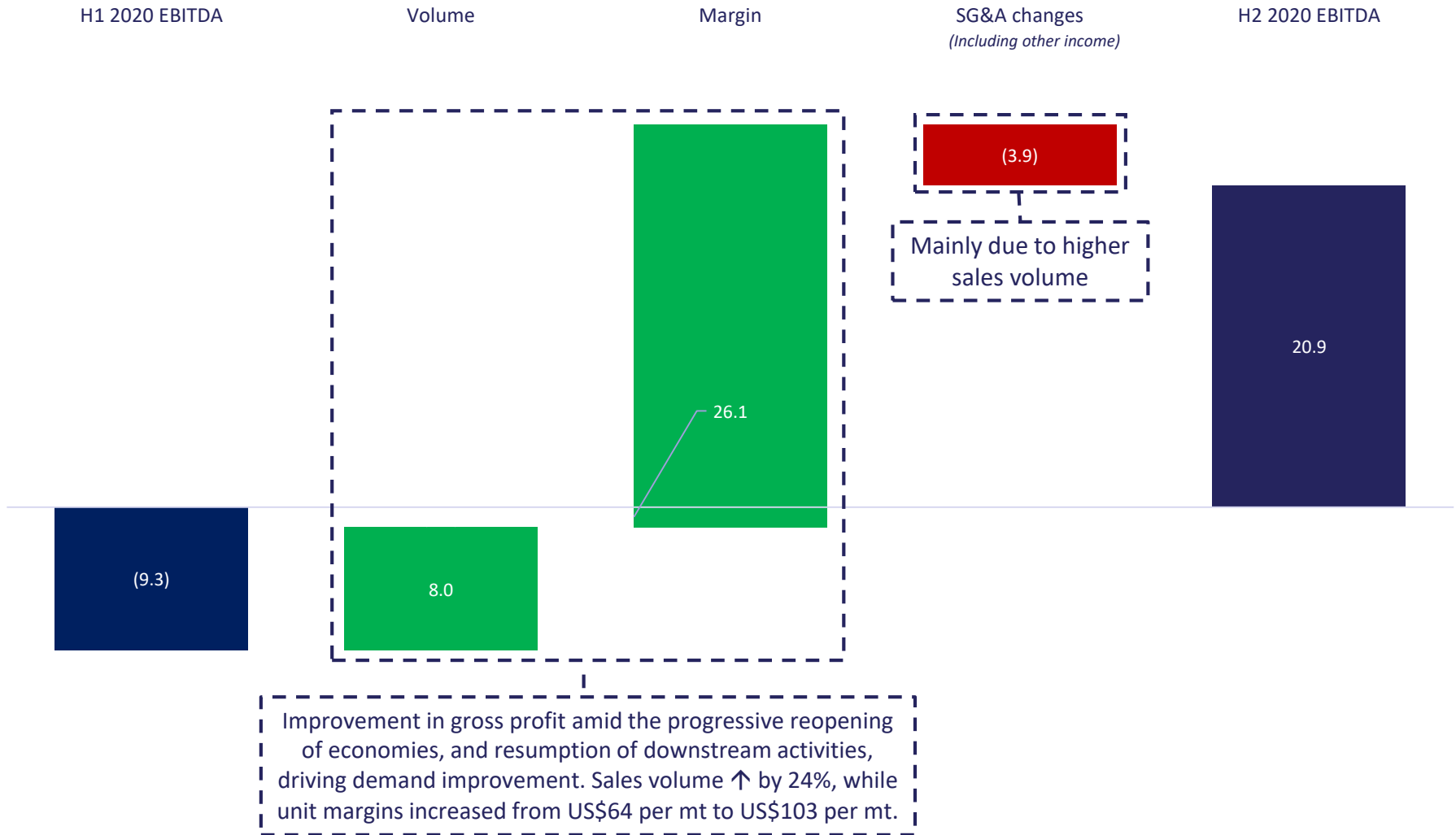
H2 2020 Results Review

Changes in OP - H2 2019 v H2 2020



H2 2020 Results Review (Cont'd)

Changes in OP - H1 2020 vs H2 2020



Cash flows

US\$m	Half year ended 31 Dec		FY ended 31 Dec	
	2020	2019	2020	2019
Operating cash flows before working capital changes	22.1	1.3	28.6	15.3
Changes in working capital	(129.0)	(3.9)	(37.6)	(30.0)
Payment of taxes and working capital loan interests	(6.2)	(10.9)	(13.4)	(26.9)
Cash flow generated used in operating activities	(113.1)	(13.5)	(22.4)	(41.6)
Cash flow used in investing activities	(25.2)	(37.4)	(49.1)	(65.5)
Cash flow generated from financing activities	69.3	1.4	57.7	38.7
Net changes in cash and cash equivalents	(69.0)	(49.5)	(13.8)	(68.4)

- The decrease in cash and cash equivalents is mainly attributed by higher inventories due to the increasing demand and higher rubber prices towards the year end.
- Net cash used in investing activities was mainly due the capital expenditure on plantation assets and its related PPE. This was lower than the corresponding period, as this is part of our strategy to conserve cash and reduce capital expenditure in view of COVID-19.
- Net cash generated from financing activities mainly due to proceeds from perpetual securities of US\$198.0 million which were then used to pare down working capital loan balances.

Balance sheet overview

US\$ in millions	31-Dec-20	30-Jun-20	31-Dec-19
<u>Assets partially funded by debt</u>			
Total net working capital employed	652.1	590.0	650.5
<i>Net working capital assets</i>	544.8	424.1	540.9
<i>Cash and cash equivalents</i>	45.7	112.0	57.9
<i>Loan receivables</i>	61.7	53.9	51.7
Working capital loans	463.5	561.1	572.6
% Efficiency in working capital funding	71.1%	95.1%	88.0%
Operational long term assets	1,064.5	1,015.6	1,017.1
Non-core assets	43.6	43.5	44.7
Term loans	548.1	555.1	551.1
% Fixed asset gearing	49.5%	52.4%	51.9%
Total equity (excluding Perpetual Securities)	556.0	532.9	588.6
Perpetual Securities	192.6	-	-
Total equity	748.7	532.9	588.6
<i>Net asset value per share (US cents)</i>	46.9	33.4	36.9
<i>Net asset value per share (SG cents)</i>	62.1	46.5	49.7

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.

The progressive reduction in working capital funding efficiency % from Dec-19 to Dec-20 is mainly driven by liquidity headroom created from the availability of the proceeds of issuance of perpetual securities. The proceeds of the issuance were channelled to pare down working capital loans.

The reduction in fixed asset gearing is mainly due to a higher long term asset base, from the effect of capital investments, and weakening of US Dollar against local currencies.

FY2020 Other Achievements

- 1 Partnered with Deutsche Bank on a US\$25 million sustainability-linked loan, with an accordion feature to upsize the facility to US\$75 million. This loan is first of its kind in the natural rubber industry¹.
- 2 Completion of issuance of US\$200 million guaranteed subordinated perpetual securities. The initial distribution rate is fixed at 3.8% per annum, payable semi annually, for the first five years².
- 3 Awarded EcoVadis Gold Medal with improved score from 55/100 to 68/100, ranking the Group in the top 4% amongst industry peers³.
- 4 JFL Holdings received the Malaysian Sustainable Palm Oil (MSPO) certification granted by the Malaysian Palm Oil Certification Council (MPOCC)⁴.
- 5 Strategic partnership with Continental American Corporation (“CAC”) by way of investment into preferred stocks, CAC owns Pioneer Balloon, which is one of the world’s largest balloon supplier³.
- 6 Collaboration with China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC) to foster sustainable development of natural rubber⁵.

Note 1: <https://www.corrie-maccoll.com/deutsche-bank-and-halcyon-agri-sustainability-loan/>

Note 2: <https://www.halcyonagri.com/press-release/halcyon-agri-completes-issuance-of-guaranteed-subordinated-perpetual-securities/>

Note 3: <https://www.halcyonagri.com/press-release/voluntary-business-updates-q3-2020/>

Note 4: <https://www.corrie-maccoll.com/jfl-receives-mspo-for-sustainable-palm-oil/>

Note 5: <https://www.halcyonagri.com/press-release/hac-cccmc-mou/>

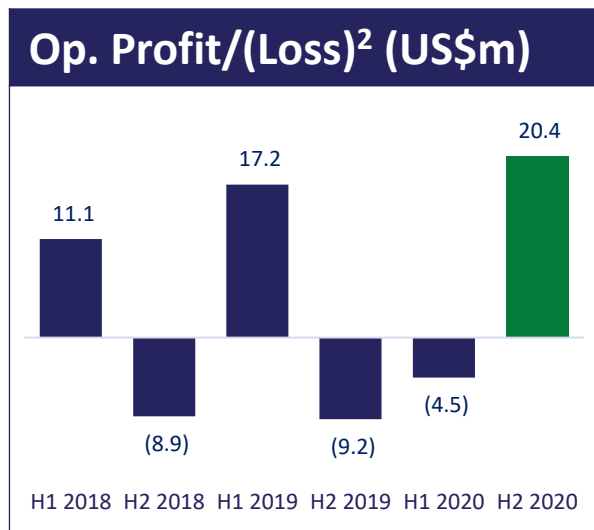
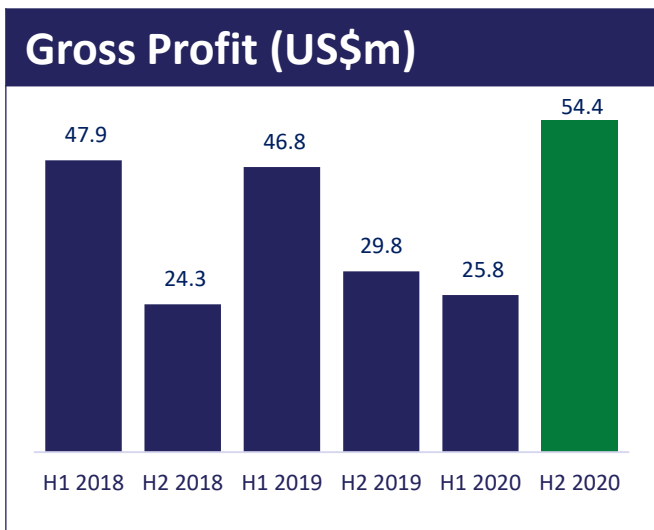
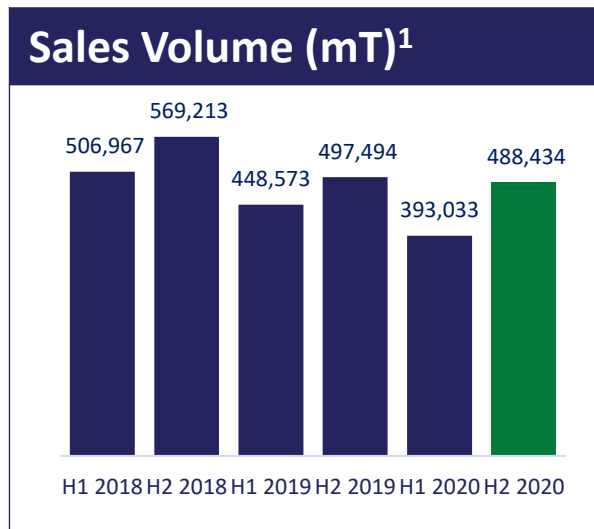
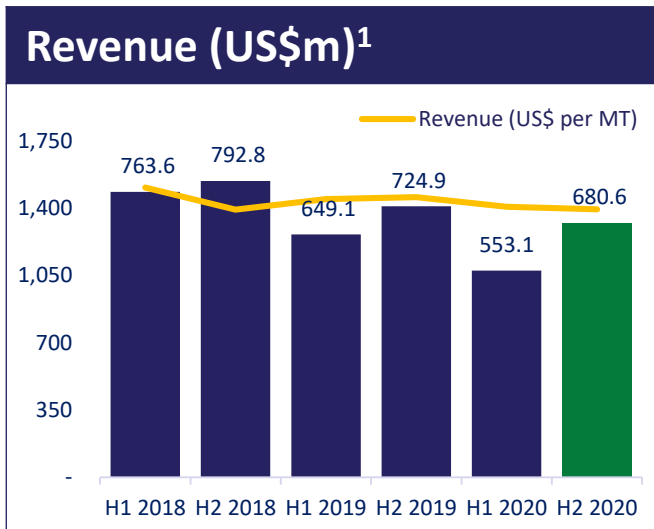
Outlook for industry and business

- Year 2020 can be best summed up as a **“tale of two halves”** for the Group.
- H1 2020 financial results were adversely by the onslaught of COVID-19 whereas H2 2020 saw a marked improvement as lockdowns were progressively lifted, and downstream industrial activities picked up. Margins have also improved in line with the pricing trend, alongside the stronger demand for the Group’s products.
- Natural rubber prices closed at US\$1,503 at the end of year, 4% higher than the start of 2020. **In 2021, the rubber prices continue to strengthen, reaching another peak of US\$1,706 per MT as of 19 February 2021 – a further 17.7% improvement.**
- Looking ahead, we are cautiously optimistic that the recovery momentum observed during H2 2020 will carry into 2021. The International Monetary Fund (“IMF”) has projected **a global GDP growth of 5.5% for 2021.** The International Rubber Study Group (“IRSG”) has also projected **a 7.0% growth in the global natural rubber consumption in 2021.**
- HAC’s key priorities ahead remains:
 - **Operational excellence:** Focusing on operating efficiency across the board, maximising our factory utilisation and leveraging on the seamlessness of our platforms to cater to clients’ demand timely.
 - **Customer excellence:** Deepen customer relationship based on common values, seek to create a multifaceted commercial partnership, and strengthen our position as their preferred business partner.
 - **Corporate excellence:** Embracing sustainability as one of our key business tenets, building on the achievements in 2020 to expand our lead in sustainability arena.
 - **Financial excellence:** Enhancing overall liquidity and deleveraging our balance sheet allows the Group to become profitable. We have successfully completed the issuance of perpetual securities of US\$200 million.



Segmental Performance

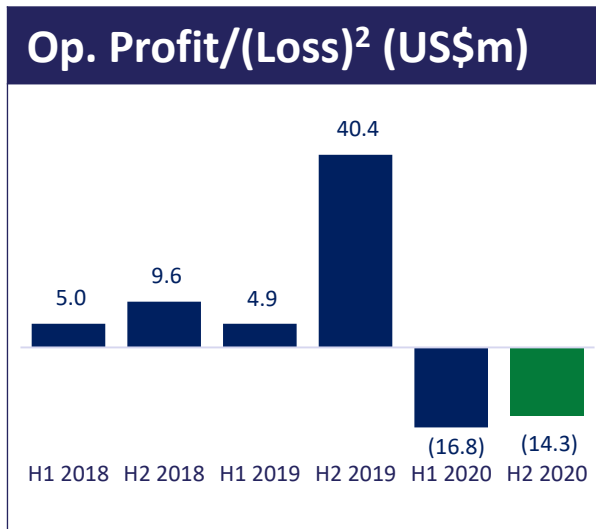
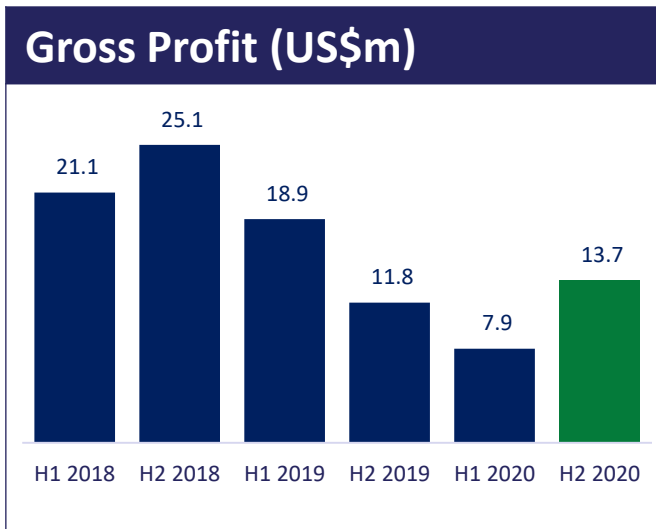
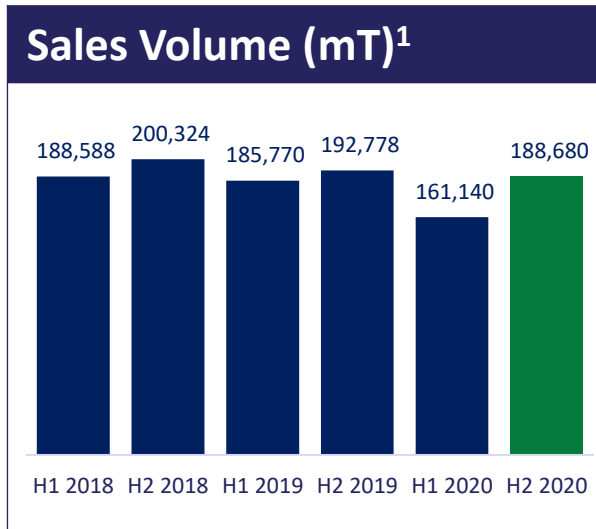
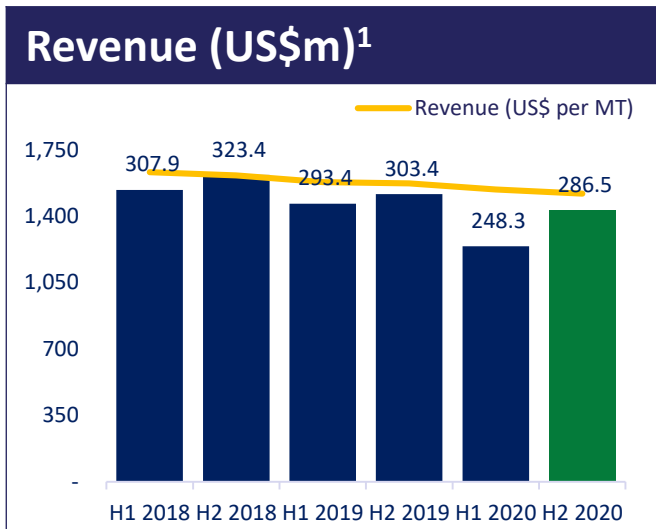
Halcyon Rubber Company (HRC)



- H2 2020 sales volumes have improved considerably from H1 2020, reflecting an improved operating contribution.
- Rubber prices have also improved during H2 2020 from the lows in H1 2020, and this had allowed effective capturing of margins and sales premia.
- Strong margin performance led to segmental operating profit in H2 2020, turning around H1 2020 losses.

¹ Includes intersegment figures
² Adjusted for management fees

Corrie MacColl (CMC)



- CMC's delivery volumes have also improved in H2 2020, in line with the trends in HRC.
- Gross profit improved on the back of higher volume and better price, returning to H2 2019 levels. However, it remains below operating profit breakeven due to underabsorption of fixed costs in the plantation.
- Fair value gain on biological asset decreased from US\$52.7m in H2 2019 to US\$3.5m in H2 2020, dragging the segment into the red.

¹ Includes intersegment figures
² Adjusted for management fees.

Thank you

