HALCYON

H2 and FY2023 Results Presentation

29 February 2024

H2 2023 results review

	For the half year ended 30 June			
	H2 2023	H2 2022	%	Factors
Sales volume (mT)	1,130,098	795,655	▲ 42.0%	• Increase in volumes due to the benefit of enlarged presence in China post acquisition of Hainan Rubber Group.
Average selling price (US$/mT)	1,494	1,761	▼ -15.2%	• In line with the movement of natural rubber price.
Gross profit (GP)	85.3	84.9	▲ 0.5%	• GP remains stable from H2 2022, as the increase in trading margins have set off the effect of the margin compression of own products - evidenced by the reduction in GP per MT.
- GP per mT (US$/mT)	*75*	*107*	▼ *-29.9%*	
Operating profit	6.2	14.4	▼ -56.9%	• Decrease in OP due to forex effect from weakening of USD against EUR (impacting plantation costs in USD terms), one-off impairment losses on assets as well as lower disposal gains in H2 2023
EBITDA	26.3	36.8	▼ -28.5%	• Decrease in EBITDA due to forex effect from weakening of USD against EUR (impacting plantation costs in USD terms), as well as one-off impairment losses on assets.
Loss before taxation	(26.0)	(4.9)	▼ 421.7%	• Loss before tax widened in H2 2023 due to the impact of higher financing costs, and the movements in OP.

Note: In US$ million unless otherwise stated

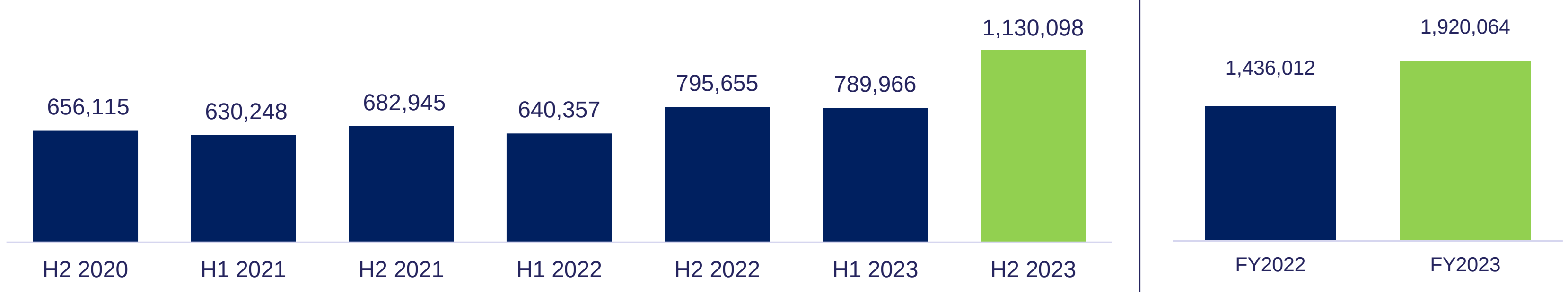
FY 2023 results review

	For the full year ended 31 December			
	FY2023	FY2022	▲%	Factors
Sales volume (mT)	1,920,064	1,436,012	▲ 33.7%	• Increase in volumes due to the benefit of enlarged presence in China post acquisition of Hainan Rubber Group.
Average selling price (US$/mT)	1,511	1,875	▼ -19.4%	• In line with the lower average market prices over the period (Average SICOM prices per MT for 2023: US$1,391; 2022: US$1,525)
Gross profit (GP)	146.2	170.8	▼ -14.4%	• GP reduced despite increase in volumes, mainly due to the Group's plantations operating below its breakeven cost levels, setting off the margins generated in other parts of the business.
- GP per mT (US$/mT)	*76*	*119*	▼ *-36.1%*	
Operating (loss)/profit	(18.3)	41.1	▲ n.m.	• In line with gross profit movement • One-off costs incurred during the year further aggravated the loss position.
EBITDA	29.7	68.1	▼ -56.4%	• In line with gross profit movement
(Loss)/Profit before taxation	(79.3)	7.1	▼ n.m	• In line with operating profit movement, further compounded by higher interest costs

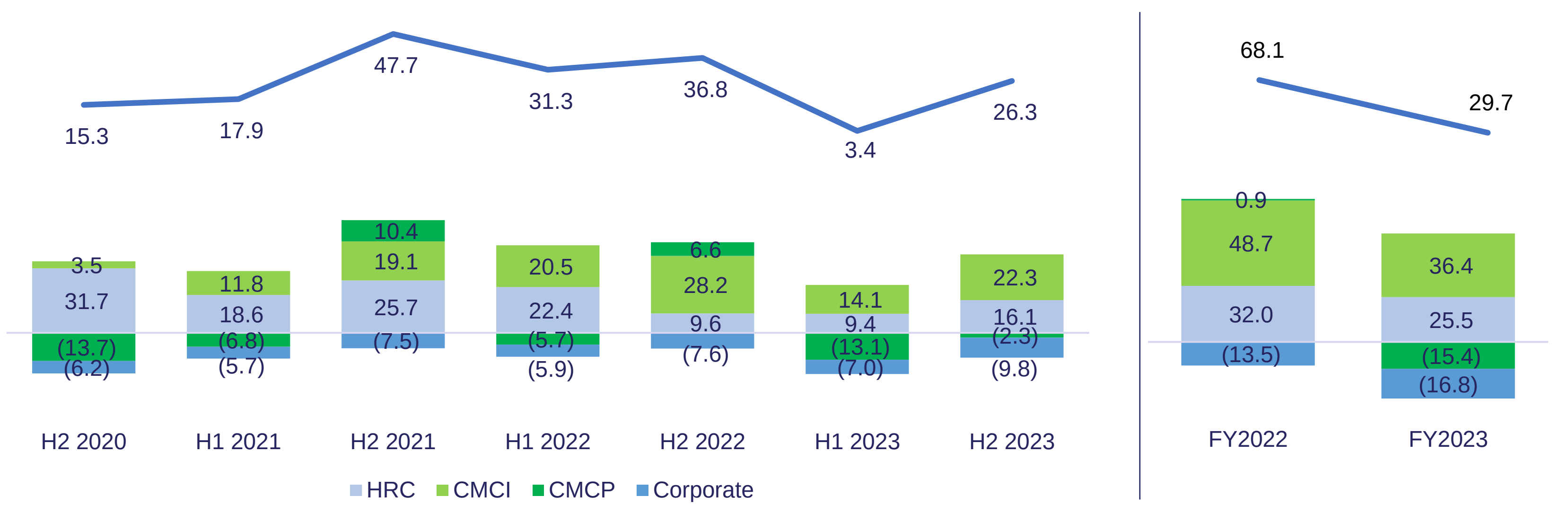
Note: In US$ million unless otherwise stated

Overview of Group's performance

Sales volume (MT)



EBITDA by segment (US$m)



FY 2023 exceptional items and impact on P&L

During FY 2023, the Group has incurred various one-off items, summarized as below:

Items	Amount (US$m)	Description
Recovery of third party loan receivables	21.1	• The Company has taken active steps to expedite the recovery of this loan. Despite the P&L impact, the funds inflow of c.US$40 million will be used to reduce leverage.
Settlement with local governments	5.8	• During the year, the Group came to a conclusion in negotiations with the local governments in African region over various disputes, most of which are legacy. Impact to operations are not substantial, and the Group do not expect these items to recur.
Operational rationalisation expenses	8.0	• The Group, as part of its regular business and operations review, has identified certain areas to further streamline to achieve cost efficiency. Certain costs incurred include the impairment of fixed assets as well as the manpower rationalisation costs.
Total	**34.9**	

Balance sheet overview

US$ in millions	31-Dec-23	30-Jun-23	31-Dec-22
Assets partially funded by debt			
Total net working capital employed	590.6	676.2	740.1
Net working capital assets	*495.2*	*518.2*	*557.1*
Cash and cash equivalents	*48.3*	*111.3*	*118.7*
Loans receivable	*47.1*	*46.7*	*64.3*
Working capital loans	615.0	591.9	679.1
% Efficiency in working capital funding	**104.1%**	**87.5%**	**91.8%**
Shareholders' loans	376.0	150.0	-
Operational long term assets	1,043.8	1,027.9	1,022.7
Non-core assets	41.2	41.6	40.7
Other borrowings	118.9	404.3	464.4
% Fixed asset gearing	**11.0%**	**37.8%**	**43.7%**
Total equity (excludes Perpetual Securities)	**373.1**	**406.9**	**467.4**
Perpetual Securities	192.6	192.6	192.6
Total equity	**565.7**	**599.5**	**660.0**
Net asset value per share (US cents)	*35.5*	*37.6*	*41.4*
Net asset value per share (SG cents)	*46.8*	*50.7*	*55.6*
Working capital Days			
Accounts receivable days	*17*	*20*	*21*
Accounts payable days	*6*	*5*	*5*
Inventory days	*54*	*67*	*66*
Cash conversion days	*65*	*82*	*81*

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.

- As of 31 December 2023, the Group has utilised more shareholders' loans as compared to June 2023 to replace external bank borrowings as they came due, considering the cost advantage.
- The Group has also taken more proactive steps to manage its net working capital, and increase the delivery rate of its products, which is the main reason behind the reduction in cash conversion days from 82 to 65 days.

Cash flow

US$m	Full year ended 31 December 2023	2022
Operating cash flows before working capital changes	21.3	56.5
Changes in working capital	21.3	19.2
Interest received	2.0	0.9
Tax payment	(17.3)	(7.0)
Net cash flow from operating activities	**27.3**	**69.6**
Net cash flow from investing activities	16.3	5.4
Net cash flow from financing activities	(114.2)	12.2
Net changes in cash and cash equivalents	**(70.6)**	**87.1**

- Net cash generated from operating activities of US$27.3 million; the Group continues to tighten its working capital management in the challenging macro-environment, evident in the decrease in cash conversion days.

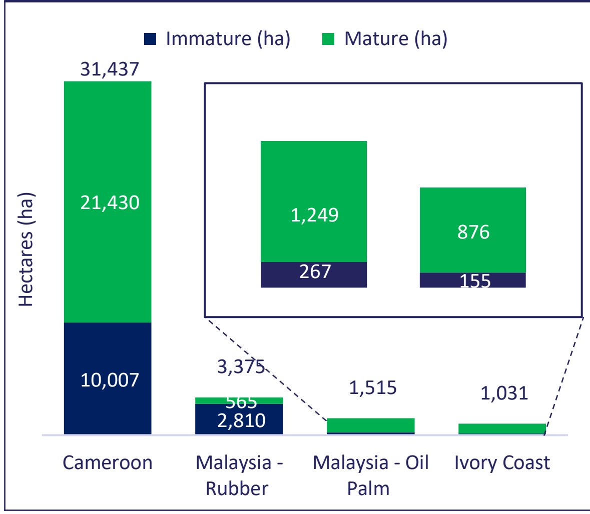
- Net cash generated from investing activities of US$16.3 million; generated by the proceeds from non-core assets disposal that set off the capital expenditures during FY2023. The fresh funds were recycled into working capital usage.

- Net cash used in financing activities was US$114.2 million, mainly due to the repayment of external bank loans using internal fund reserves.

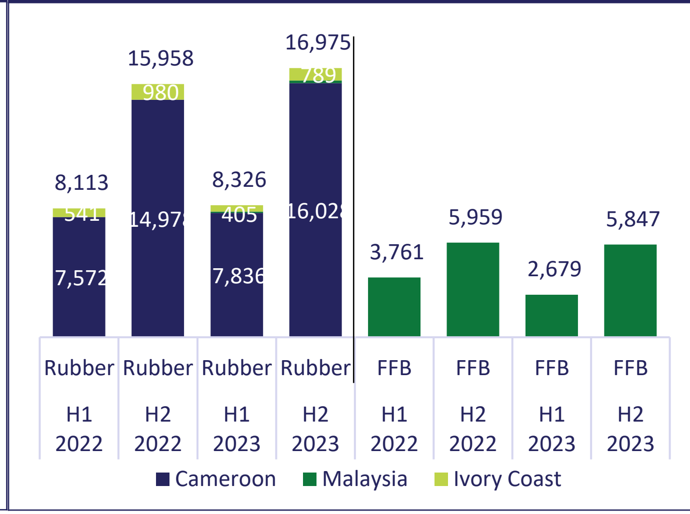
Other information

Plantations business – H2 2023 highlights

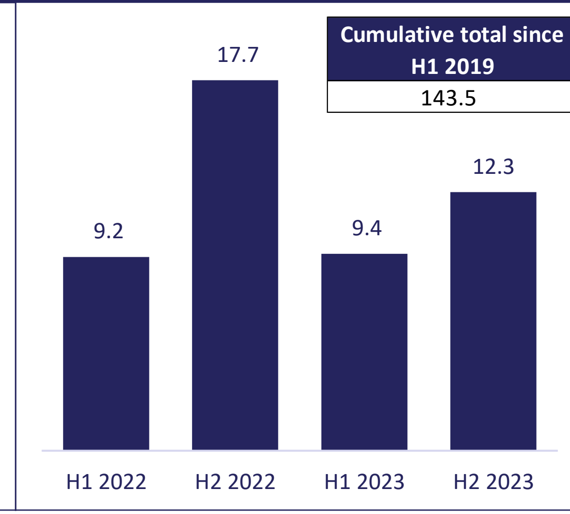
Group Plantation Profile[1] (ha)



Plantation yields[2] (mT)



Plantation Capex[3] (US$m)



[1] As of 31 December 2023. Cameroon and Ivory Coast consist solely of rubber plantations.
[2] Rubber plantations in Malaysia produced a total of 244 MT of rubber in FY2023, which is not labelled in the above chart.
[3] Includes capitalised interest costs.
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 31 December 2023, 35% of the Group's plantations remain immature.
- Lower yields due to seasonal wintering happening in 1st half of every year (around March/April), while the yields in the second half year will be substantially higher.
- The Group continues to optimise its cost structure for the maintenance of its mature trees and as the immature areas are progressively opened up, the capex requirements will reduce progressively.

Thank you!

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