

## Halcyon Agri reports record volumes in Q4 2018 amidst weak rubber prices and poor market conditions

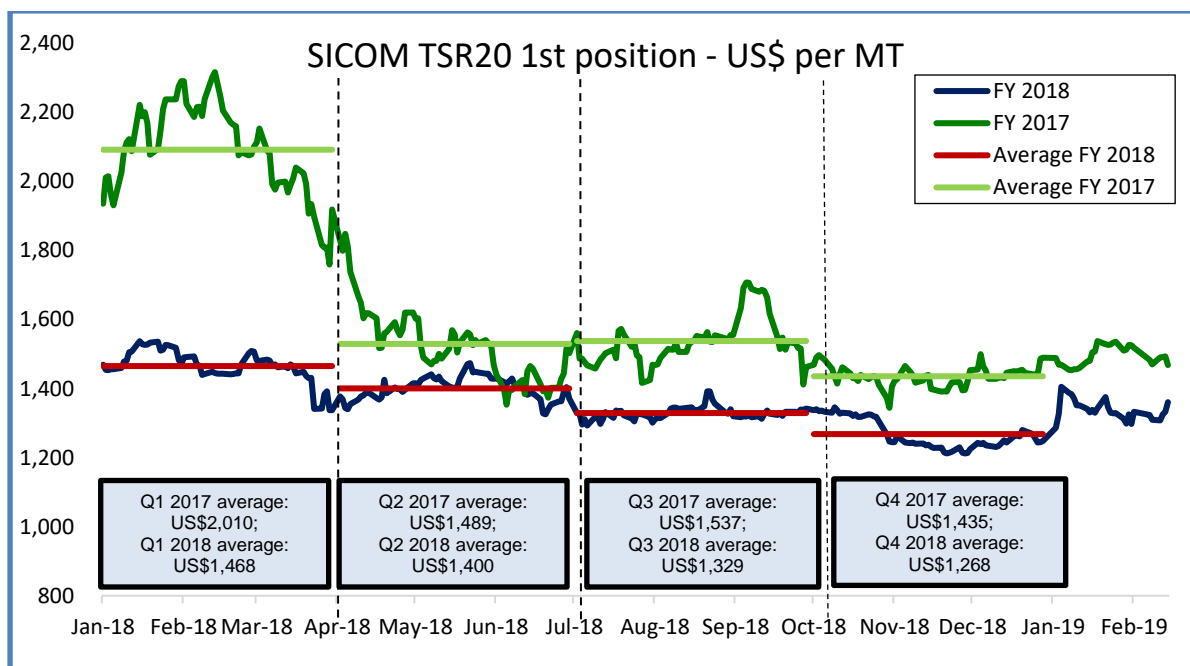
- Q4 2018 volume up 15.5% and revenue up 5.1% vs Q4 2017
- Revenue per tonne down 9% in Q4 2018 vs Q4 2017
- Q4 2018 rubber prices were at their lowest for 2017 and 2018, affecting margins

**Singapore, 28 February 2019** - Halcyon Agri Corporation Limited (“Halcyon Agri” and collectively with its subsidiaries, the “Group”), announced revenue of US\$538.3 million and sales volume of 377,239 mT for the quarter ended 31 December 2018 (“Q4 2018”).

Q4 2018 rubber prices were at their lowest seen in both 2017 and 2018 due to a decline in the overall macroeconomic sentiment, particularly with the ongoing trade disputes between China and USA. Sourcing of raw materials was challenging against SGX TSR-20 referenced sales. Hence, despite the steady growth of sales volume from 326,665 mT in Q4 2017 to 377,239 mT in Q4 2018, revenue per tonne dropped from US\$1,569 to US\$1,427.

Mr Robert Meyer, Executive Director and Chief Executive Officer, said, “*We continue to see challenges in the natural rubber market, compounded by the gloomy macroeconomic outlook as trade tensions increase between China and the US and global economic growth remains uncertain. This is further exacerbated by limited raw materials available due to weak rubber prices. To fulfil deliveries, we paid higher prices and our margins took a hit.*”

Mr Meyer continued, “*However, we are on track with our digitisation strategy with the successful launch of HeveaConnect, the digital marketplace for the trading of sustainably processed natural rubber. The market has shown confidence in the platform with investments by DBS Bank Ltd. and ITOCHU Corporation. Leading natural rubber suppliers are also coming on board.*”<sup>1</sup>



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## Group Financial Highlights

US\$M	Q4 2018 (Unaudited)	Q4 2017 (Restated)	% change	FY 2018 (Unaudited)	FY 2017 (Restated)	% change
Total sales volume (mT)	377,239	326,665	15.5	1,432,335	1,227,027	16.7
Revenue	538.3	512.4	5.1	2,141.0	2,158.4	(0.8)
EBITDA	(0.1)	25.2	n/m	36.2	86.4	(58.1)
Operating (loss)/profit	(10.1)	17.6	n/m	4.5	59.2	(92.4)
(Loss)/profit attributable to owners of the Company	(7.4)	11.4	n/m	(8.5)	31.0	n/m
(Loss)/earnings per share (US cents)	(0.46)	0.72	n/m	(0.53)	1.95	n/m

## Group Performance

Halcyon Agri's revenue increased by US\$25.9 million or 5.1%, from US\$512.4 million in Q4 2017 to US\$538.3 million in Q4 2018. This is due to the increase in sales volume by 50,574 mT (15.5%) from 326,665 mT to 377,239 mT during the same period. However, the increase in the revenue is partially offset by lower revenue per tonne.

The Group's gross profit dropped by US\$12.4 million or 42.4% from US\$29.3 million in Q4 2017 to US\$16.9 million in Q4 2018 mainly due to lower gross profit per tonne of US\$45 (Q4 2017: US\$90) despite higher sales volume as mentioned above.

## Group Funding Structure

Halcyon Agri's treasury operations have a stable funding base, where financing tenors are matched, cash balances are unencumbered and fixed assets sustainably financed.

US\$M	Unaudited 31-Dec-18	Unaudited 30-Sep-18	Unaudited 30-Jun-18	Unaudited 31-Mar-18
Working capital employed <sup>(1)</sup>	539.4	513.8	536.0	550.4
Working capital loans	520.4	507.4	515.1	422.1
<b>% Efficiency of Working Capital Funding</b>	<b>96.5%</b>	<b>98.8%</b>	<b>96.1%</b>	<b>76.7%</b>
Operational long term assets <sup>(2)</sup>	938.7	923.6	861.3	785.6
Term loans	391.6	394.2	394.0	402.2
<b>% Fixed Asset Gearing</b>	<b>41.7%</b>	<b>42.7%</b>	<b>45.7%</b>	<b>51.2%</b>
Cash and cash equivalents <sup>(3)</sup>	122.9	122.5	132.3	168.4
Non-core assets <sup>(4)</sup>	46.8	93.2	149.3	148.6
<b>Total equity (excluding Perpetual Securities)</b>	<b>587.2</b>	<b>602.7</b>	<b>621.2</b>	<b>680.1</b>
Perpetual Securities	148.7	148.7	148.7	148.7
<b>Total equity (including Perpetual Securities)</b>	<b>735.9</b>	<b>751.4</b>	<b>769.9</b>	<b>828.8</b>

Note 1: Working capital employed for the Group are defined as the sum of operational trade and other receivables, net derivative assets, pledged deposits and inventories, netted off against trade and other payables. In Dec-18, loan receivable from third-party has been reclassified from non-core assets.

Note 2: Operational long term assets of the Group are defined as intangible assets, property, plant and equipment, plantation and biological assets, other non-current assets, net off against non-current liabilities. In Sep-18, plantation assets and PPE in Malaysia have been re-classified from non-core assets.

Note 3: Cash and cash equivalents as stated in the cash flow statement.

Note 4: Non-core assets includes loan receivable from third-party (up to Sep-18) and investment properties, as well as plantation assets in Malaysia (up to June-18).

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## Management's 2019 key priorities

The Group successfully launched HeveaConnect to meet the need for an industry-wide solution for natural rubber that is sustainably and responsibly sourced at fair prices. Other investors include the region's largest bank, DBS Bank Ltd. and Japan's leading trading company, ITOCHU Corporation. HeveaConnect also confirmed further market adoption of **HEVEAPRO** standards by Von Bundit Co., Ltd of Thailand and PT. Aneka Bumi Pratama of Indonesia as licensees of the **HEVEAPRO** framework, with their TSR products to be sold on HeveaConnect. The two market leaders in their respective countries would together add more than one million tonnes in potential volume to the HeveaConnect platform.

Halcyon will continue to review the efficiency and flexibility of the operating cost structure to stay responsive to volatile market prices. The Group will complete its internal strategic asset review and undertake plans to enhance shareholder value which include listing the Corrie MacColl Group on the London Stock Exchange.

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Notes to editor:

### About Halcyon Agri

Halcyon Agri (SGX: 5VJ) is a leading supply chain franchise of natural rubber with a production capacity of 1.63 million metric tonnes per annum. The Group owns 38 processing factories in most major rubber producing origins and produces sustainable natural rubber under the audited HeveaPro brand. The Group leverages its extensive network of warehouses, terminals, laboratories and sales offices across the world to distribute a range of natural rubber grades, latex and specialised rubber for the tyre and non-tyre industries. Halcyon Agri is headquartered in Singapore and has about 17,000 employees located in over 50 countries. Please visit us at [www.halcyonagri.com](http://www.halcyonagri.com).

### Investor Relations Contact:

Rachel Thong

Tel: +65 6460 0858

Mobile: +65 8342 9341

Email: [rachelthong@halcyonagri.com](mailto:rachelthong@halcyonagri.com)