



Q2 2018 Results Presentation

13 August 2018

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Q2 2018 Financial Highlights

Q2 and H1 2018 Financial Highlights

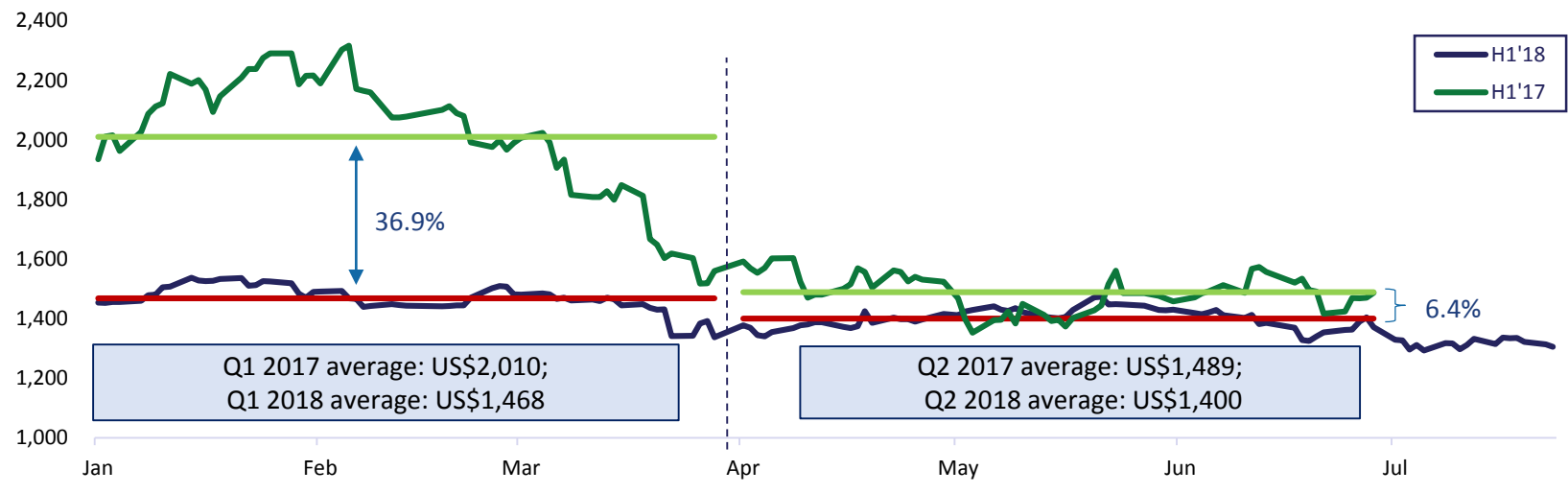
Headline Financials

US\$ in millions	Q2 2018	H1 2018
Revenue	574.1	1,049.8
Gross profit	40.5	69.0
Operating profit	2.0	6.7
EBITDA	9.5	21.3
Loss before tax	(4.5)	(3.6)

Significant Events in Q2 2018

- Payment of final and special cash dividend of total 2 Singapore cents on 7 May 2018 – total amount paid out is US\$24.1m.
- Inaugural tapping of first batch of newly-matured rubber trees in Sudcam plantations.
- Completion of acquisition of PT Sumber Djantin and PT Sumber Alam on 20 April 2018

Market Prices Movement (SGX SICOM TSR20 First Position – in US\$ per mT)



Income Statement Highlights

US\$m	Q2 ended 30 June			H1 ended 30 June		
	2018	2017	▲%	2018	2017	▲%
Revenue	574.1	573.9	0%	1,049.8	1,132.2	-7%
Gross profit	40.5	36.4	11%	69.0	80.4	-14%
Operating profit	2.0	5.8	-65%	6.7	25.3	-74%
Operating (loss)/profit after working capital interest	(3.0)	4.1	-172%	(0.3)	21.1	-101%
EBITDA	9.5	12.6	-24%	21.3	38.0	-44%
EBITDA after working capital interest	4.5	10.8	-58%	14.4	33.8	-57%
Net (loss)/income	(5.8)	3.3	-275%	(5.6)	12.7	-144%
<hr/>						
Sales volume (mT)	374,216	294,907	27%	680,716	581,041	17%
Average selling price (US\$)	1,534	1,946	-21%	1,542	1,949	-21%
Gross profit per mT (US\$)	108	124	-12%	101	138	-27%
Operating profit per mT (US\$)	5	20	-73%	10	44	-78%
Operating (loss)/profit after working capital interest per mT (US\$)	(8)	14	-157%	(0)	36	-101%
EBITDA per mT (US\$)	25	43	-40%	31	65	-52%
EBITDA after working capital interest per mT (US\$)	12	37	-67%	21	58	-64%

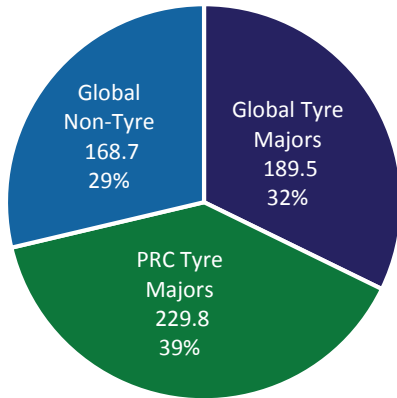
Note: Please refer announcement for details of the restatement of Q2 2017 and H1 2017 financials.



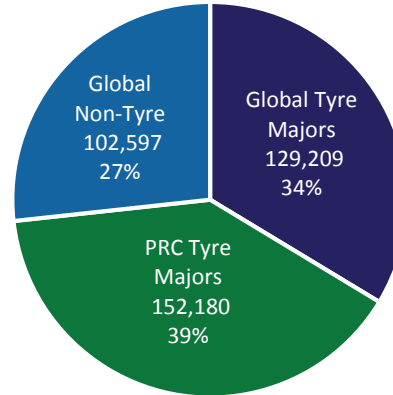
Segmental Performance

Q2 2018 Performance by Segment

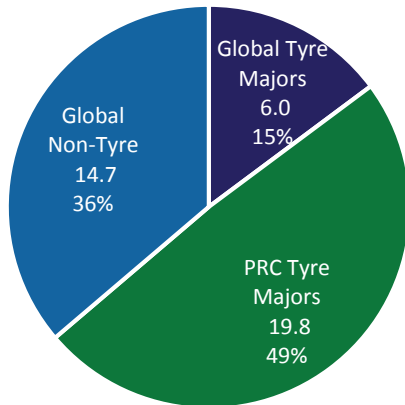
Revenue (US\$m)¹



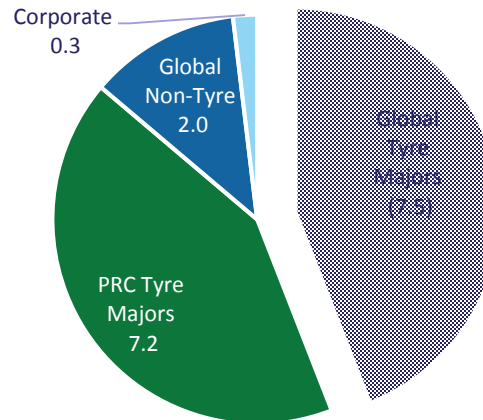
Sales Volume (mT)¹



Gross Profit (US\$m)



Op. Profit/(Loss) (US\$m)

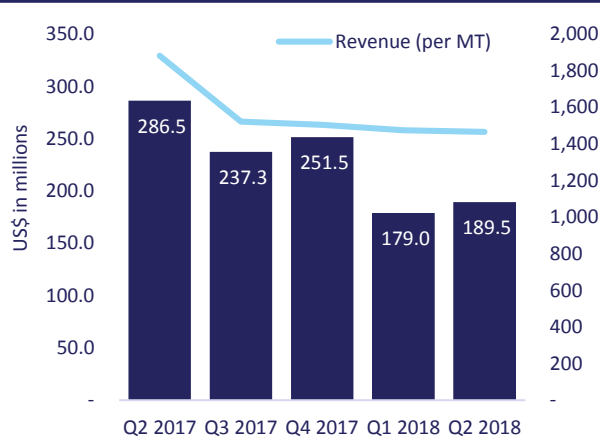


- Global Tyre Majors has been facing headwinds due to the absolute low level of prices which has impacted raw material margins.
- PRC Tyre Majors recorded a strong quarter, contributing half of Group's gross profit for Q2 2018.
- Global Non-Tyre's performance is improving due to the enlarged distribution capability, mainly from EU and US.

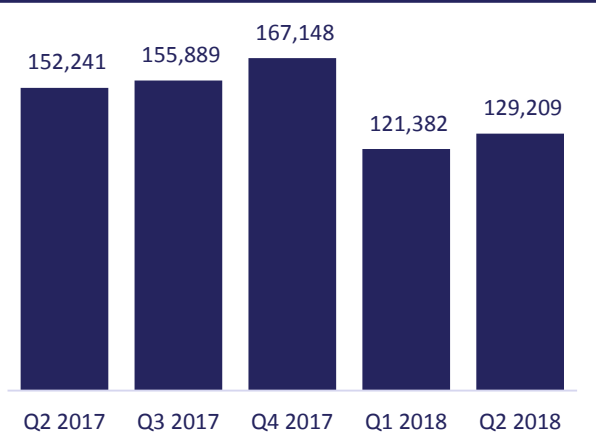
¹ Includes intersegment revenue and volume of US\$13.9m and 9,770mT respectively.

Global Tyre Majors

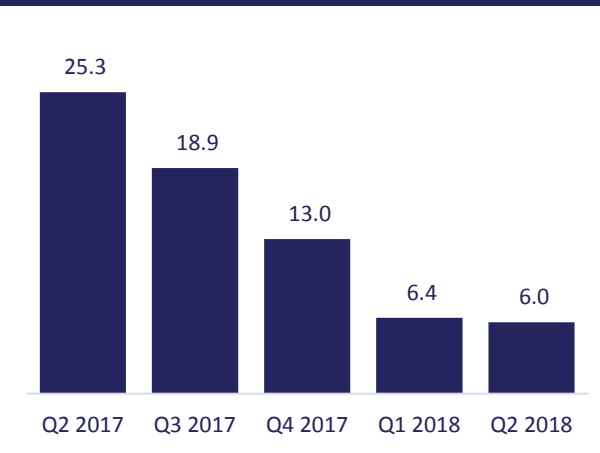
Revenue (US\$m)¹



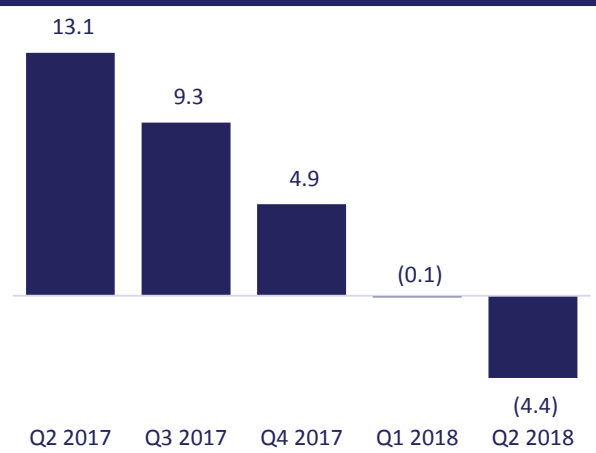
Sales Volume (mT)¹



Gross Profit (US\$m)



Op. Profit/(Loss)² (US\$m)



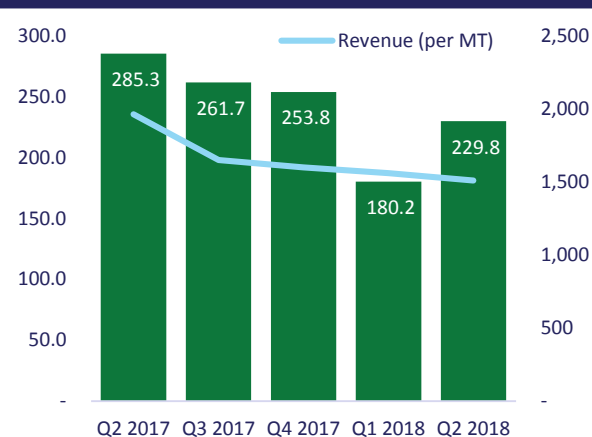
- Sales volume increased in Q2 2018 after expiration of AETS, as well as contribution of c.12,000 mT from 5 factories newly acquired in H1 2018.
- Margins remained compressed due to low market prices, however offset by lower processing costs due to strengthening of USD against IDR.
- The unfavourable IDR movement against USD has increased the operating losses in Q2 2018 due to revaluation of IDR-denominated borrowings.

¹ Includes intersegment figures

² Adjusted for management fees

PRC Tyre Majors

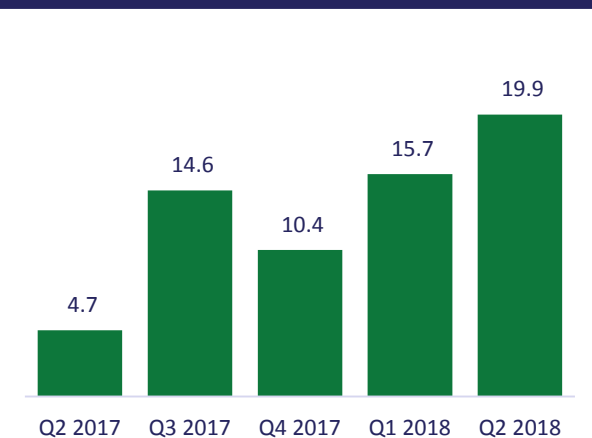
Revenue (US\$m)¹



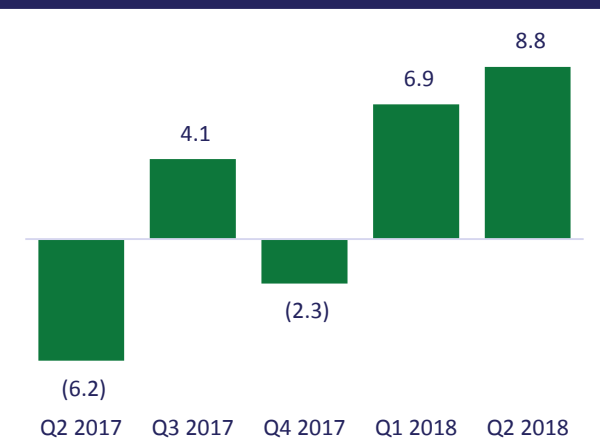
Sales Volume (mT)¹



Gross Profit (US\$m)



Op. Profit/(Loss)² (US\$m)



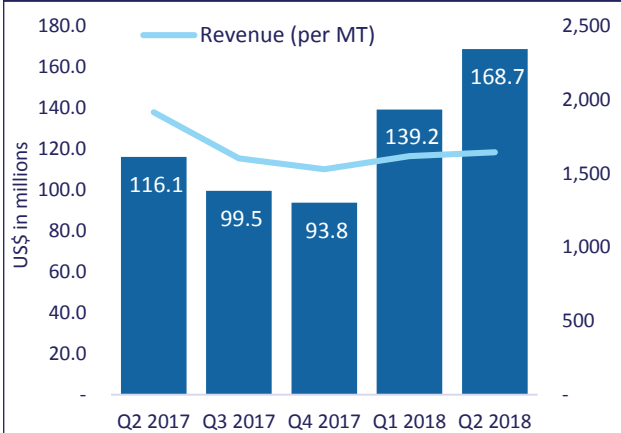
- Q2 2018 revenue has increased compared to Q1 2018 in line with higher sales volume, offset by lower ASPs.
- Despite low market prices, gross and operating profits have increased due to combination of factors: key account focus, effective positioning and supply chain management.

¹ Includes intersegment figures

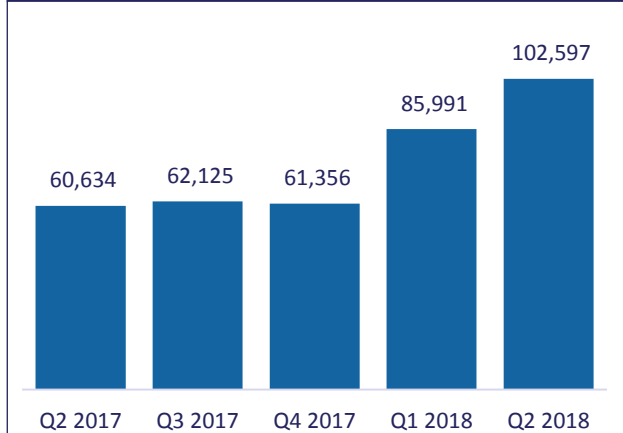
² Adjusted for management fees.

Global Non-Tyre & Specialty Tyre

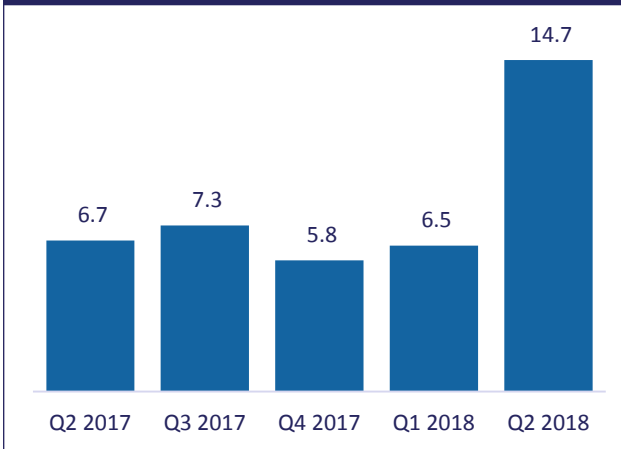
Revenue (US\$m)¹



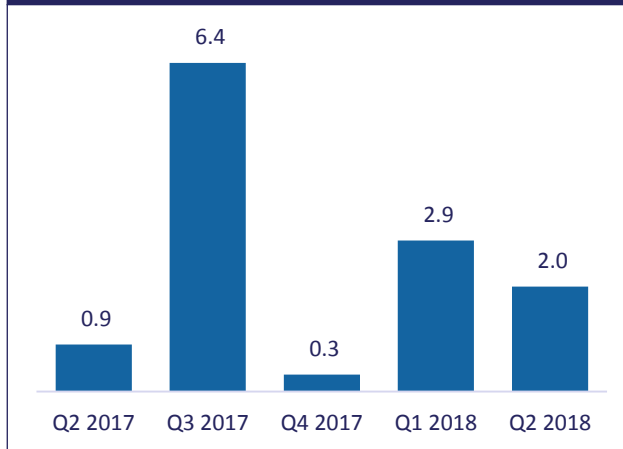
Sales Volume (mT)¹



Gross Profit (US\$m)



Operating Profit² (US\$m)



- The segment continues to deliver synergistic benefits from the acquisition of EU and US distribution and technical support units, increasing sales volume by 69% and gross profits by 120% as compared to Q2 2017.
- The results have been slightly diluted by seasonal wintering in Cameroon which impacted plantation margins.
- Operating profits was adversely impacted by the unfavourable movement of Euro against USD.

¹ Includes intersegment figures

² Adjusted for management fees



Balance Sheet

Balance Sheet Highlights

US\$m	30-Jun-18	31-Mar-18	31-Dec-17*	30-Sep-17*
<u>Assets partially funded by debt</u>				
Working capital employed ¹	536.0	550.4	427.7	463.5
Working capital loans	515.1	422.1	207.6	323.6
% Efficiency in working capital funding	96.1%	76.7%	48.5%	69.8%
Operational long term assets ¹	861.3	785.6	718.1	706.0
Term loans	394.0	402.2	403.0	412.7
% Fixed asset gearing	45.7%	51.2%	56.1%	58.5%
<u>Assets fully funded by equity</u>				
Cash and cash equivalents ¹	132.3	168.4	153.4	107.1
Non-core assets ¹	149.3	148.6	144.5	298.7
Total equity³	769.9	828.8	833.2	839.1
Net asset value per share (US cents)	48.3	52.0	52.2	52.6
Net asset value per share (SG cents) ²	65.6	70.7	71.0	71.5

* Restated. Please refer announcement for details of the restatement.

Note 1: Please refer announcement for the definition of working capital employed, operational long term assets, cash and cash equivalents and non-core assets

Note 2: Exchange rate adopted - US\$ 1 : S\$1.36

Note 3: Inclusive of perpetual securities of US\$148.7m.



Cash Flows

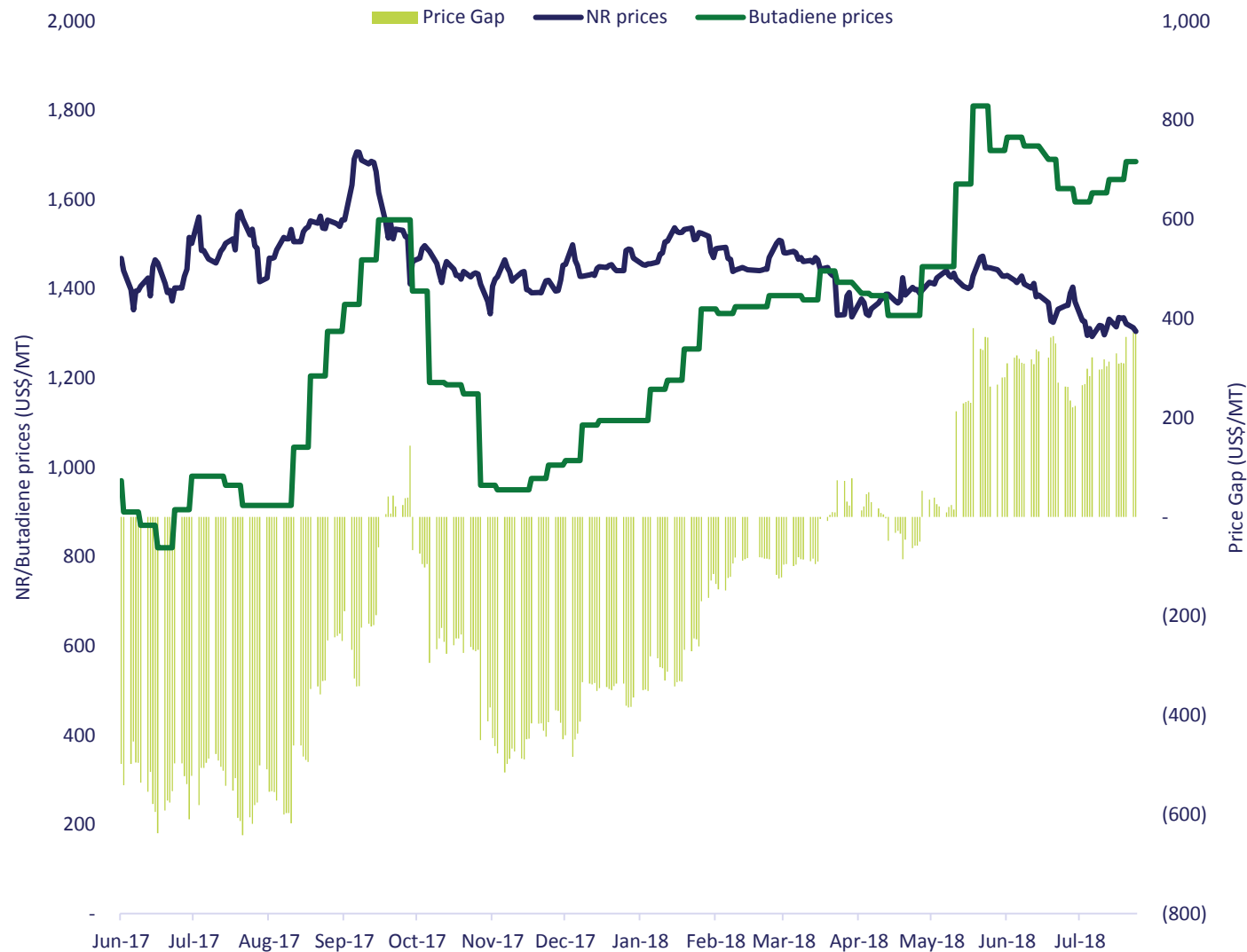
Cash Flows

	Q2 ended 30 June		H1 ended 30 June	
	2018	2017	2018	2017
Operating cash flows before working capital changes	6.5	47.0	18.1	67.9
Changes in working capital	(6.5)	0.7	(114.3)	(168.1)
Payment of taxes and working capital loan interests	(4.8)	(2.1)	(8.8)	(4.9)
Net cash (used in)/generated from operating activities	(4.8)	45.6	(105.0)	(105.2)
Net cash used in investing activities	(76.7)	(15.0)	(159.1)	(20.3)
Net cash generated from financing activities	42.3	138.3	240.3	289.5
Net changes in cash and cash equivalents	(39.2)	168.9	(23.9)	164.0

Appendix

The background features a series of parallel diagonal stripes. From top-left to bottom-right, the stripes are: a dark blue stripe, a light blue stripe, a green stripe, and another dark blue stripe. The stripes are separated by white space, creating a dynamic, geometric pattern.

Analysis of relationship between NR and SR prices



- Prices of natural rubber are not reacting to fundamental recovery drivers.
- Price differential to synthetic rubber is reaching record level for the past 12 months.



Thank you