HALCYON

Press Release

FOR IMMEDIATE RELEASE

Halcyon Agri's Q3 revenue and sales volume continue its steady growth amidst adverse natural rubber market conditions

- Q3 2018 overall volume was 374,380 metric tonnes, up 17.2% compared to Q3 2017
- Revenue climbed to US$552.9 million, up 7.6% compared to Q3 2017
- Achieved EBITDA of US$15 million and break-even profit before tax of US$0.1 million

Singapore, 12 November 2018 - Halcyon Agri Corporation Limited ("Halcyon Agri" and collectively with its subsidiaries, the "Group") today announced Q3 2018 revenue of US$552.9 million and EBITDA of US$15 million. Revenue was up by 7.6% and sales volume was up by 17.2%, compared to Q3 2017 numbers.

Financial Highlights

US$M	Q3 2018 (Unaudited)	Q3 2017 (Restated)	% change	9M 2018 (Unaudited)	9M 2017 (Restated)	% change
Total sales volume (mT)	374,380	319,321	17.2	1,055,096	900,362	17.2
Revenue	552.9	513.8	7.6	1,602.7	1,646.0	(2.6)
EBITDA	15.0	23.2	(35.4)	36.3	61.2	(40.7)
Operating profit	7.9	16.4	(51.7)	14.6	41.6	(65.0)
Profit/(loss) attributable to owners of the Company	1.7	7.2	(75.8)	(1.1)	19.6	n/m
Earnings/(loss) per share (US cents)	0.11	0.45	(75.8)	(0.07)	1.23	n/m

Group Performance

The Group's Q3 overall sales volume increased from 319,321 metric tonnes (mT) in Q3 2017 to 374,380 mT in Q3 2018. Revenue increased by US$39.1 million, from US$513.8 million in Q3 2017 to US$552.9 million in Q3 2018. Despite the challenging prevailing market conditions, Halcyon has consistently delivered an above-par revenue per metric tonne in relation to market prices. Revenue per metric tonne is US$1,477 for Q3 2018, and US$1,609 for Q3 2017, which is 11.1% and 4.5% higher than the average SICOM TSR20 prices for the corresponding period.

Mr Robert Meyer, Executive Director and Chief Executive Officer commented: *"I have repeatedly stressed that the current pricing model is not sustainable for producers and smallholders alike. We mentioned in August that we would develop a digital marketplace to address the structural deficiencies in the current pricing model. I am happy to announce that we are on track to launch HeveaConnect, where producers and consumers can discover prices in accordance with sustainability criteria."*

Mr Meyer continued: *"With regards to segmental performance, the Corrie MacColl Group generated a 110% jump in gross profit compared to Q3 in 2017. The strategic decision to carve out the Global Non-Tyre and Specialty Tyre segment has reached its first milestone and will continue to be a key focus of corporate development in the quarters to come, and further illustrates that the strategic move from commodity pricing to industrial pricing is the way to go."*

Segmental Reporting

Q3 2018 (US$M)	**HRC Group**	**Corrie MacColl Group**	**SINRIO Group**
Revenue	206.6	166.2	196.6
Gross Profit	7.5	15.4	9.6
Operating (loss)/profit	(4.4)	9.9	(2.6)
Gross Profit per mT (US$)	0.1	0.2	0.1
Sales Volume (mT)	148,339	100,021	137,876

Halcyon Rubber Company recorded lower sales volume by 5% in Q3 2018 compared to Q3 2017 as a result of the Group's efforts to improve efficiency by optimising output at the factory level.

The situation in China, as explained in the blog "Halcyon Agri's take on the world's natural rubber situation", continues to have a direct impact on margin per metric tonne as well as on operating profit for SINRIO. However, the operations in Thailand have delivered improved results subsequent to their re-integration into the Group's core businesses during Q2 2018.

The on-track strong performance from the Corrie MacColl Group led to an improvement of revenue per metric tonne, thus increasing gross profit to US$15.4 million from US$7.4 million in Q3 2017.

Group Funding Structure

Group funding structure continues to improve, with increased working capital efficiency and reduced fixed asset gearing. Halcyon Agri's treasury operations have maintained a stable funding base where financing tenors are well matched and fixed assets sustainably financed.

The table below summarises the funding structure of the Group:

US$M	**Unaudited 30-Sept-18**	**Unaudited 30-Jun-18**	**Unaudited 31-Mar-18**	**Restated 31-Dec-17**
Working capital employed (1)	513.8	536.0	550.4	427.7
Working capital loans	507.4	515.1	422.1	207.6
% Efficiency of Working Capital Funding	**98.8%**	**96.1%**	**76.7%**	**48.5%**
Operational long term assets (2)	923.6	861.3	785.6	718.1
Term loans	394.2	394.0	402.2	403.0
% Fixed Asset Gearing	**42.7%**	**45.7%**	**51.2%**	**56.1%**
Cash and cash equivalents (3)	122.5	132.3	168.4	153.4
Non-core assets (4)	93.2	149.3	148.6	144.5
Total equity (excluding Perpetual Securities)	**602.7**	**621.2**	**680.1**	**684.5**
Perpetual Securities	148.7	148.7	148.7	148.7
Total equity (including Perpetual Securities)	**751.4**	**769.9**	**828.8**	**833.2**

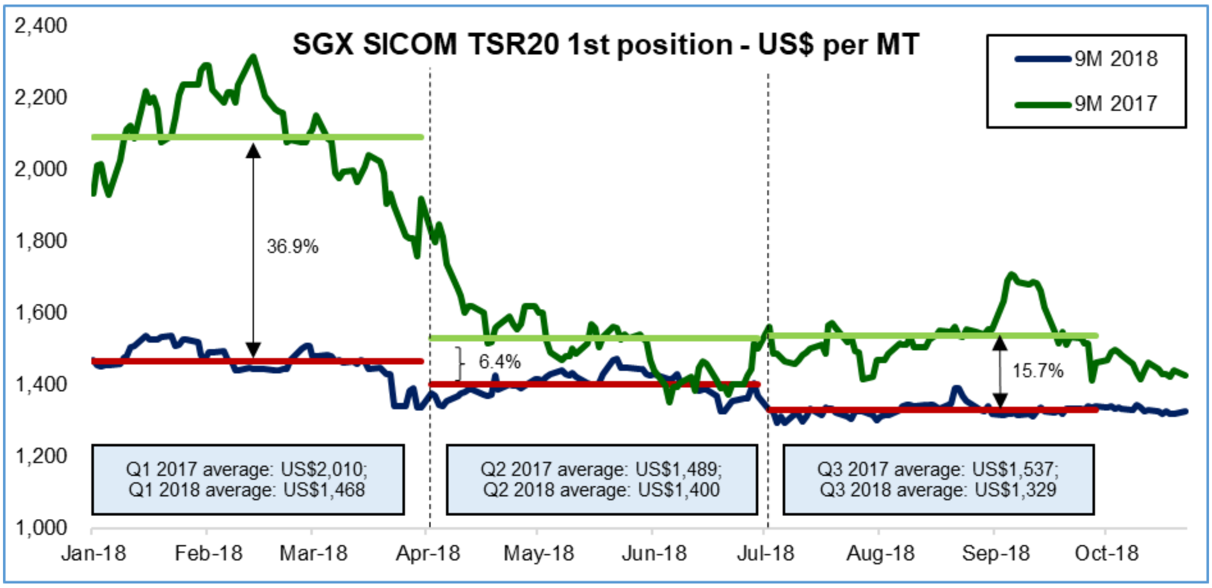
Note 1: Working capital employed for the Group is defined as the sum of operational trade and other receivables, net derivative assets, pledged deposits and inventories, netted off against trade and other payables

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, certain 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 include loan receivable from third party, investment properties, as well as selected plantation assets in Malaysia (up to Jun-18)

Market Commentary



In Q3 2018, the SICOM TSR20 first position continued its downward trend to an average of US$1,329 per mT from US$1,400 in the previous quarter, driven by the continued impact of global macro uncertainties. Persistent challenges continue to exist in the natural rubber industry, including the perceived overstock situation in China and low prices that negatively impact the availability of raw materials. We have discussed these industry issues and more in the various blog posts published on the Group's website at https://www.halcyonagri.com/halcyon-is-rubber/.

For the remainder of 2018 and into Q1 2019, Management is focused on the following:

- Complete the internal strategic assets review
- Deliver on a digitisation strategy to target a 2019 launch
- Continue to review the efficiency and flexibility of the Group's operating cost structure to stay responsive to volatile market prices

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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 its proprietary HEVEA*PRO* 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. The Group is headquartered in Singapore and has about 15,000 employees located in over 50 locations.

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