HALCYON

H2 and Full-year 2021 Results Presentation

28 February 2022

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.

Financial highlights

FY2021 key financial highlights

(Year-on-year comparison against FY2020)

Volume	Average selling price	Gross profit
1,372,241 mT +15.7%	**US$1,793** +24.5%	**US$162.9m** +60.4%
	Net profit **US$17.1m** Reverses prior year loss	
EBITDA[1] **US$55.8m** + 835.0%	**Term debt to equity[2]** **0.67x** Reduced from 0.73x	**Operating profit** **US$36.1m** Reverses prior year loss

[1] EBITDA as per financial statement is US$61.1 million. The EBITDA figure presented in this document excludes fair value changes in biological assets and investment properties, disposal gains and one-off non-operational expenses, which are non-operational in nature.
[2] Term debt to equity = Term debts divided by total equity

H2 2021 results review – Continued positive momentum to deliver strong performance

	For the half year ended 31 December			
	H2 2021	**H2 2020**	**▲%**	**Factors**
Sales volume (mT)	714,607	656,115	▲ 8.9%	• The Group benefited from the strong demand recovery momentum in FY2021.
Average selling price (US$/mT)	1,830	1,431	▲ 27.9%	• In line with price trends of natural rubber.
Gross profit (GP)	89.8	67.8	▲ 32.4%	• Boosted by the Group's effective supply chain and inventory management to realise better margin alongside strengthened demand.
- GP per mT (US$/mT)	*125.6*	*103.4*	▲ *21.5%*	• As a result, group-wide utilisation is improved, enabling better fixed costs absorption.
Operating profit/(loss)	27.3	(1.8)	▲ n.m.	• In line with gross profit expansion. • Reaped benefits from cost rationalisation exercise, which enhanced the Group's cost-competitiveness.
EBITDA	37.5	15.3	▲ 145.5%	• In line with gross profit expansion.
Profit/(loss) before taxation	16.2	(10.8)	▲ n.m.	• In line with gross profit expansion. • Lower financing costs following issuance of US$200m perpetual securities in November 2020.

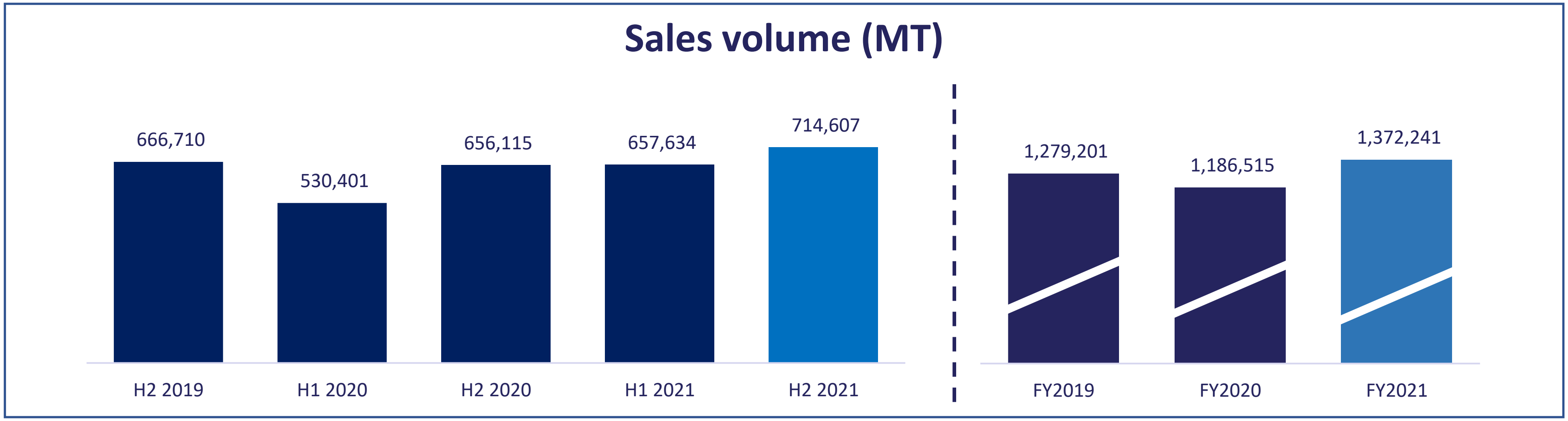
Note: In US$ million unless otherwise stated

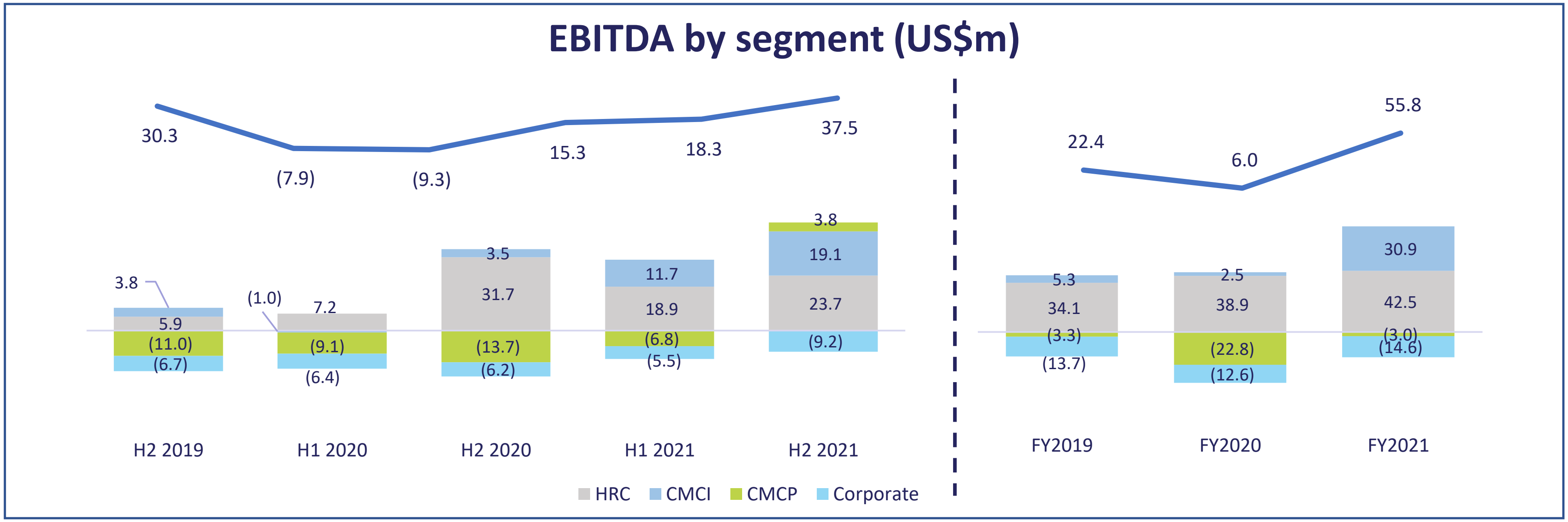
FY2021 results review – Continued positive momentum to deliver strong performance (cont'd)

	For the full year ended 31 December			
	FY2021	**FY2020**	**▲%**	**Factors**
Sales volume (mT)	1,372,241	1,186,515	▲ 15.7%	• On the back of increased downstream demand, volumes back to pre-COVID levels.
Average selling price (US$/mT)	1,793	1,440	▲ 24.5%	• In line with natural rubber price trends in respective periods.
Gross profit (GP)	162.9	101.6	▲ 60.4%	• Increase driven by higher volumes, and unit margin expansion, testament of the Group's effective supply chain strategy in capturing the demand recovery. • As a result, group-wide utilisation is improved, enabling better fixed costs absorption.
- GP per mT (US$/mT)	*118.7*	*85.6*	▲ *38.7%*	
Operating profit/(loss)	36.1	(31.3)	▲ n.m.	• In line with gross profit expansion. • Partially lifted by gain arising from deconsolidation of HeveaConnect after completion of investment by SGX. • Realised from cost rationalisation exercise, which enhanced the Group's cost structure. • Lower non-recurring expenses.
EBITDA	55.8	6.0	▲ 835.0%	• In line with gross profit expansion.
Profit/(loss) before taxation	16.4	(56.4)	▲ n.m.	• In line with gross profit expansion. • Due to significant reduction in finance expense following successful US$200m perpetual securities issuance in November 2020, as well as the abovementioned factors.
Term debt to equity	0.67x	0.73x	▼ 8.9%	• Good progress on deleveraging plan.

Note: In US$ million unless otherwise stated

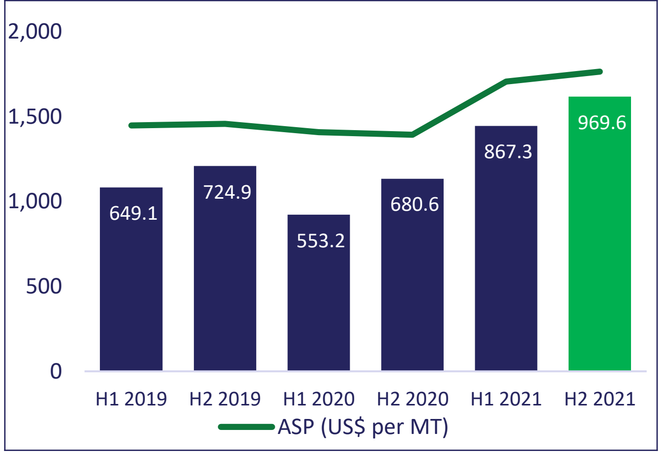
Overview of Group's performance



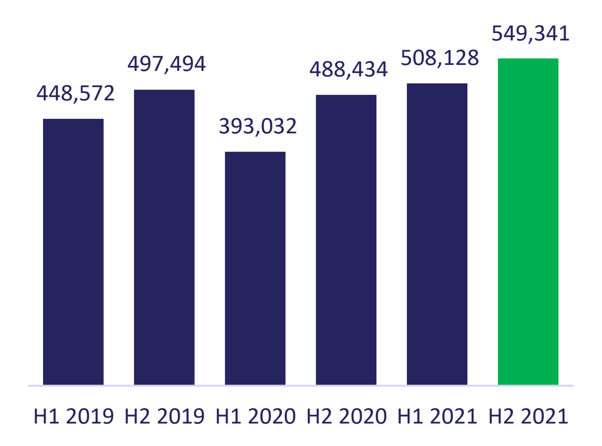


Halcyon Rubber Company (HRC)

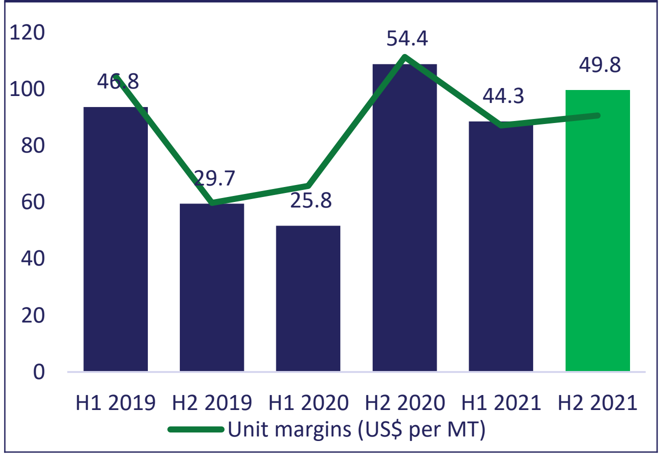
Revenue (US$m)[1]



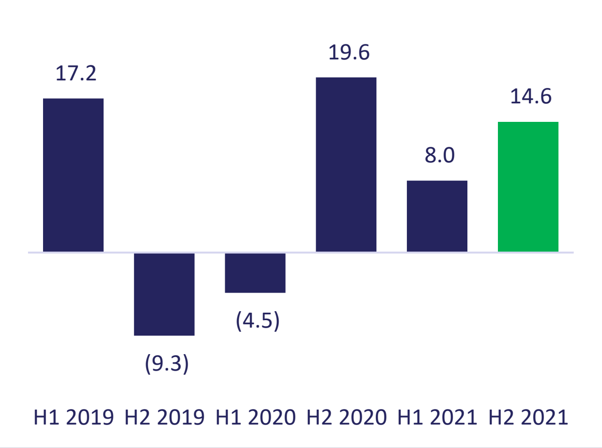
Sales Volume (mT)[1]



Gross Profit (US$m)



Op. Profit/(Loss)[2] (US$m)

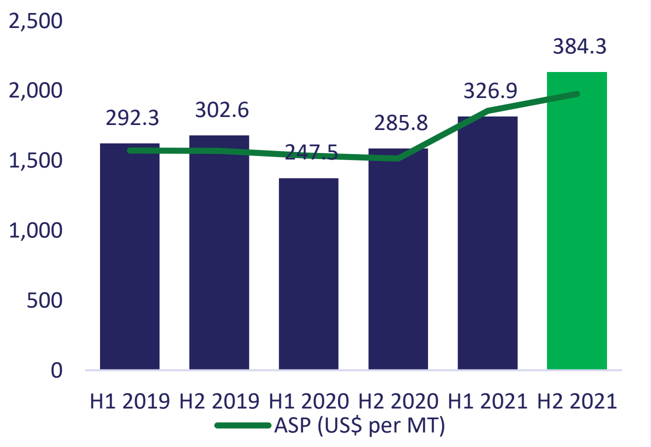


- HRC Group has tapped on the surging demand in tyre sector to capture more market share.
- Production volume of HRC's factories increased from 768,736 MT to 846,914 MT.
- Gross profit in H2 2021 across all regions are reverting to normal, except Indonesia which suffered margin compression. However, situation has improved towards the year end.
- In H2 2020, the pent up demand from COVID-19 lockdowns has boosted the profitability, but this has since normalised in 2021.
- HRC Group will continue to strengthen its position as preferred supplier of tyre majors, and at the same time leverage its scale and reach to diversify raw material sources.

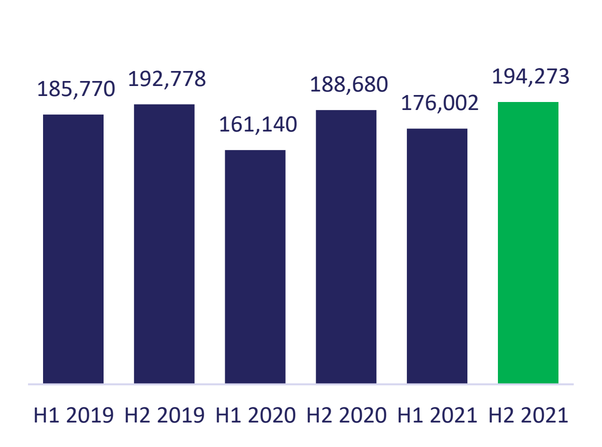
[1] *Includes intersegment figures*
[2] *Excludes fair value gains and management fees*
[3] *Utilisation is defined as production volume of the factories, divided against its respective installed capacity based on machinery set up,*

CMC International (CMCI)

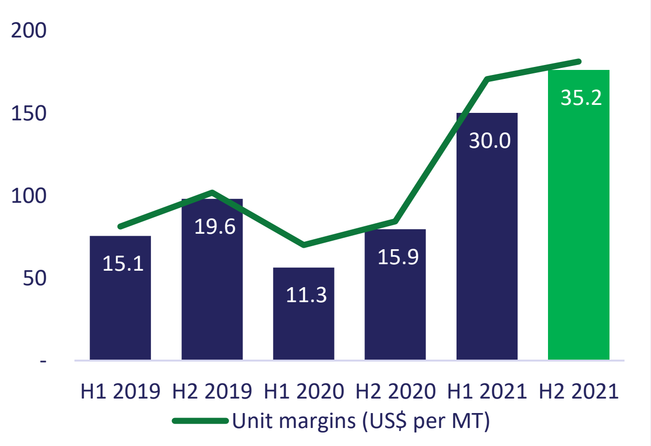
Revenue (US$m)[1]



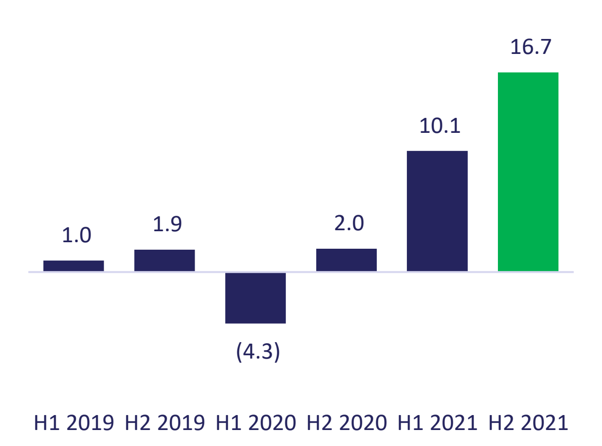
Sales Volume (mT)[1]



Gross Profit (US$m)



Op. Profit/(Loss)[2] (US$m)

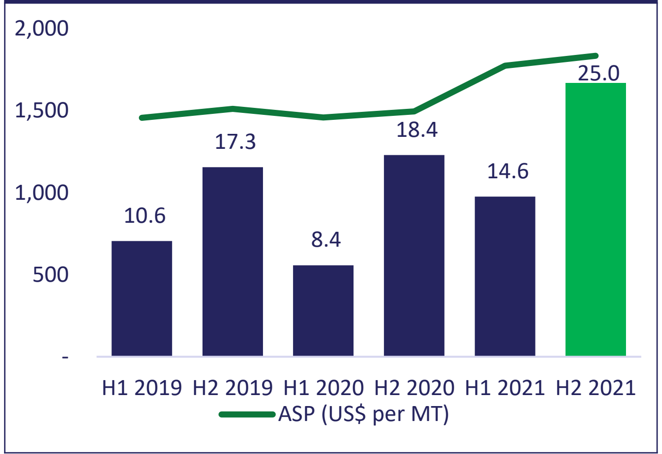


- Much improved demand from customers in destination market (especially in USA and Europe).
- Our strong supply chain management capability allows us to serve our customers better, providing value-added services, and in turn, generating better margins.

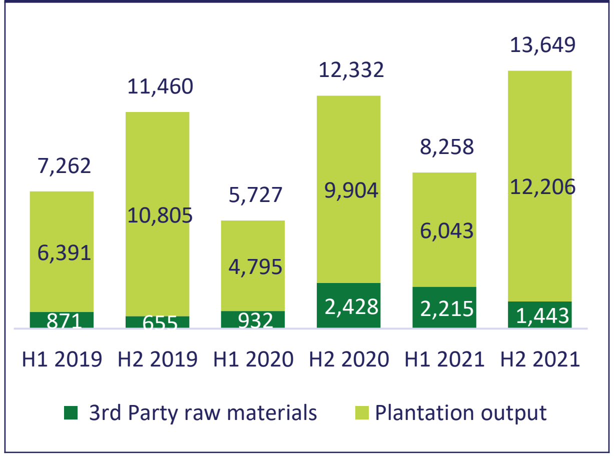
[1] *Includes intersegment figures*
[2] *Excludes fair value gains and management fees*

CMC Plantations (CMCP)

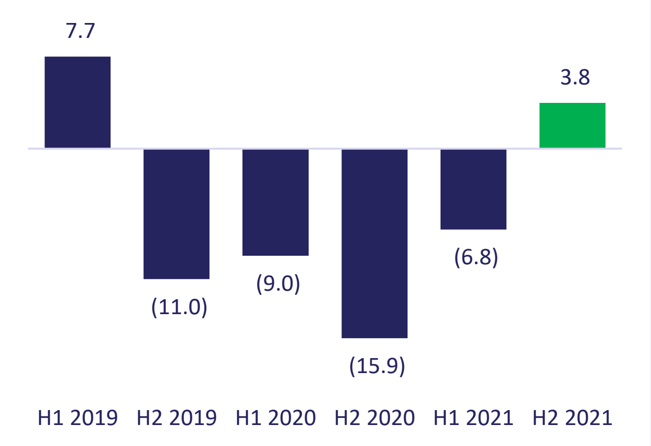
Revenue (US$m)[1]



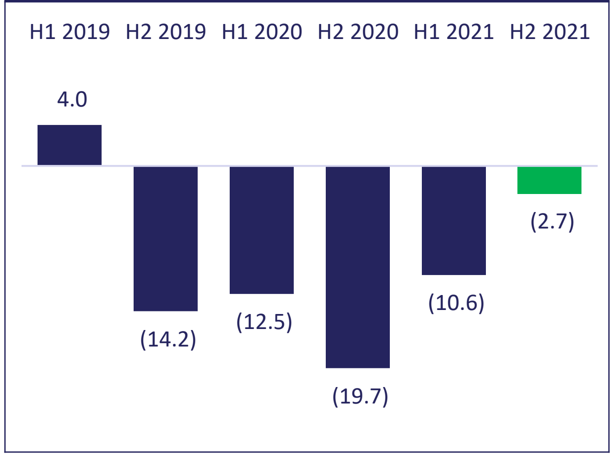
Sales Volume (mT)[1]



EBITDA[2] (US$m)



Op. Profit/(Loss)[2] (US$m)



[1] *Includes intersegment figures*
[2] *Excludes fair value gains and management fees*

- The main reason of the improvement in the results in CMCP is the increasing plantation yields, following maturity of the plantations.
- Better prices fetched for CMCP's output is also reflected in its profitability, with the cost structure rather fixed in nature. The Group continues to optimise the product mix to achieve the best possible average selling price.
- As a majority of the plantations remain immature, ongoing capital investments will be needed in the coming few years for upkeeping the immature areas. Nonetheless, the expected increase in matured areas should provide some level of returns to offset against cash outflow.

Balance sheet overview

US$ in millions	31-Dec-21	30-Jun-21	31-Dec-20
Assets partially funded by debt			
Total net working capital employed	720.7	665.4	652.6
Net working capital assets	*623.4*	*568.2*	*545.2*
Cash and cash equivalents	*33.4*	*35.1*	*45.7*
Loan receivables	*63.9*	*62.1*	*61.7*
Working capital loans	601.8	512.2	463.5
% Efficiency in working capital funding	**83.5%**	**77.0%**	**71.0%**
Operational long term assets	1,051.5	1,060.3	1,064.5
Non-core assets	42.2	41.4	43.6
Term loans	485.1	527.3	548.1
% Fixed asset gearing	**44.4%**	**47.9%**	**49.5%**
Total equity (excluding Perpetual Securities)	**534.8**	**530.9**	**556.5**
Perpetual Securities	192.6	192.6	192.6
Total equity	**727.5**	**727.6**	**749.2**
Net asset value per share (US cents)	*45.6*	*45.6*	*47.0*
Net asset value per share (SG cents)	*61.7*	*61.2*	*62.1*
Working capital Days			
Accounts receivable days	*24*	*29*	*34*
Accounts payable days	*9*	*5*	*8*
Inventory days	*71*	*65*	*88*
Cash conversion days	*86*	*89*	*114*
Term debt to equity ratio	**0.67x**	**0.72x**	**0.73x**

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.
Note 3: Cash Conversion days = Accounts receivable days + Inventory days –Accounts payable days

- Increase in working capital funding efficiency was mainly due to progressive deployment of additional working capital loan during FY2021 to fund working capital investments. Cash conversion days have reduced by 28 days year-on-year.
- The reduction in fixed asset gearing is largely contributed by the repayment in term loans.

Cash flows

US$m	Half year ended 31 Dec		FY ended 31 Dec	
	2021	2020	2021	2020
Operating cash flows before working capital changes	19.2	21.5	40.4	28.0
Changes in working capital	(47.1)	(127.8)	(74.8)	(36.4)
Tax (payment)/refund	(0.1)	4.7	(0.3)	6.9
Cash flow used in operating activities	**(27.9)**	**(101.6)**	**(34.8)**	**(1.5)**
Cash flow used in investing activities	(7.1)	(24.8)	(19.0)	(48.7)
Cash flow generated from financing activities	34.4	57.4	43.3	36.5
Net changes in cash and cash equivalents	**(0.6)**	**(69.0)**	**(10.5)**	**(13.7)**

- The decrease in cash and cash equivalents is in line with our continual investment into working capital cycle, as the market prices trended higher during FY2021, as well as increase in factory utilisation.

- Amid the higher working capital requirements during the year, the Group took steps to accelerate the working capital turnover, thus limiting the increase in the cash used in operating activities.

- Net cash used in investing activities of US$19.0m comprises of US$28.2m of capital expenditures (FY2020: US$44.4m), set off by proceeds from disposal of non-core assets of US$7.8m.

- Net cash generated from financing activities was US$43.3m, mainly due to net drawdown in loan for working capital needs. It should be noted that net working capital is self-liquidating in nature, and the proceeds from liquidation of working capital will be used to repay the short-term loans.

Business and operational highlights

Our global footprint allows us to serve our customers effectively

Latex tanks in Terneuzen, The Netherlands

- Plantations operations
- Factory locations
- Distribution offices and logistics assets

Newly commissioned latex factory in Sudcam

PT Hok Tong Palembang factory in Indonesia

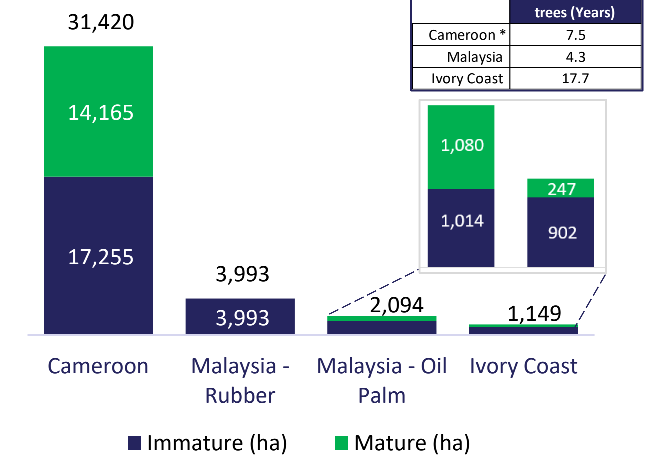
FY2021 production volume of the Group (NR & Latex) **869,699 MT** **+10% from FY2020**	FY2021 sales volume of the Group globally **1.4 million MT** **+22% from FY2020**	HRC sales volume as a % of total NR consumption for tyre & tyre products* **11%** **(FY2020: 11%)**	Group sales volume as a % of global NR consumption* **10%** **(FY2020: 9%)**

** Consumption figures are sourced from IRSG.*

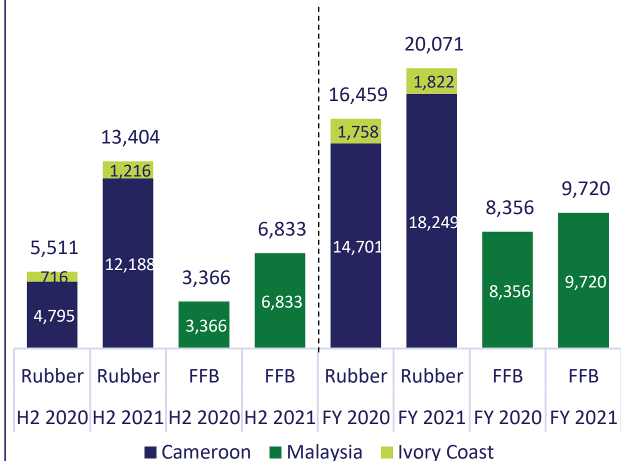
Plantations business – investing for the future

Group Plantation Profile[1] (ha)

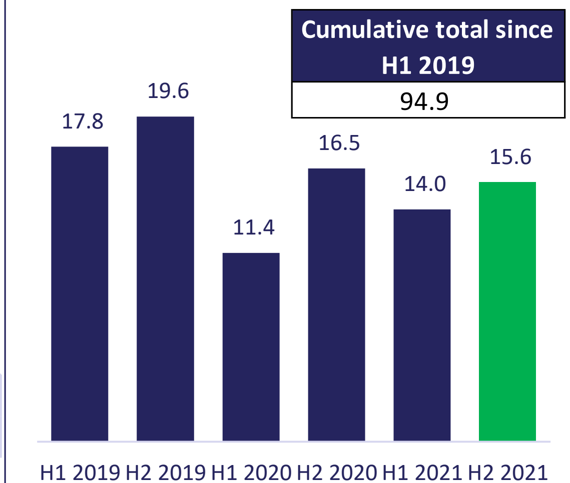
	Average age of trees (Years)
Cameroon *	7.5
Malaysia	4.3
Ivory Coast	17.7



Plantation yields[2] (mT)



Plantation Capex[3] (US$m)



[1] *As of 31 December 2021. Cameroon and Ivory Coast consist solely of rubber plantations.*
[2] *Malaysia's rubber plantation is expected to commence production in 2023.*
[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.
** Excludes exclude 7,300 ha of very old trees earmarked for replanting*

- Capital investment is required for the upkeeping of immature trees (FY2021: US$25.2 million; FY2020: US$27.9 million) and is expected to decline as the plantations mature, barring unforeseen circumstances.
- As of 31 December 2021, more than half of the Group's planted hectares remain immature.
- As the plantations mature, yield is expected to rise (Rubber – FY2021: 18,249 MT; FY2020: 14,701 MT) and per-unit cost should go lower.

Plantations business – investing for the future (contd)

	Current	2025	2030
Yields	**c.18,249 mT** *(2.0 mT per mature hectare)** *(7.5 years average tree age)**	**c.40,000 mT**	**c.55,000 mT**

Unit costs

When the yields increase, fixed costs will be absorbed better and unit cost decrease.

Profits

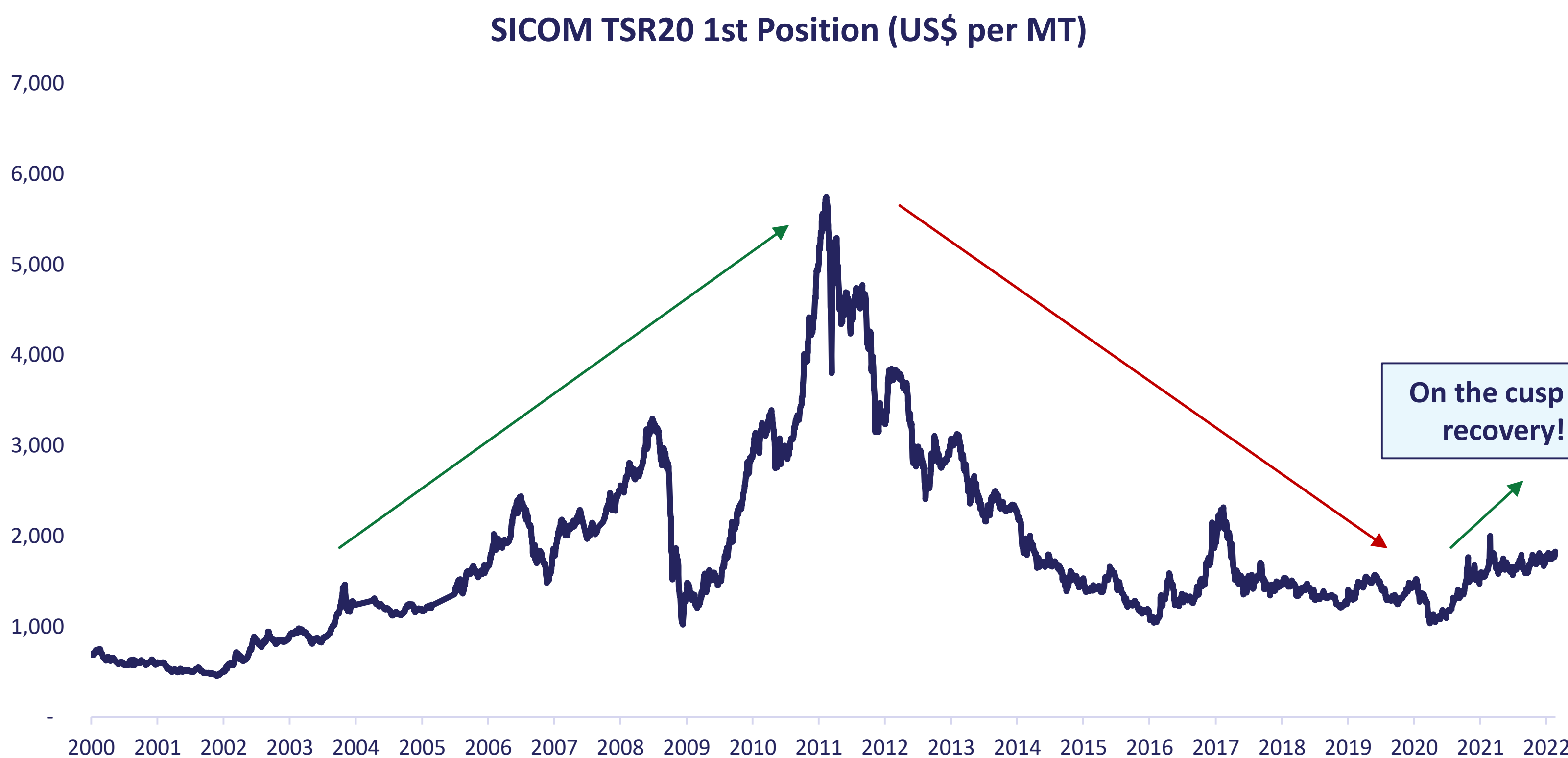
When unit cost decrease, profits increase under constant price situation. Further upside from price upcycle.

Potential additional annual revenue of US$40 million[1] come 2025.
US$100 change in prices immediately result in additional US$4 million[2] in profits.

* Yield and average tree age exclude 7,300 ha of very old trees earmarked for replanting.
[1] Derived by multiplying the additional yields at US$1,800 per MT prices.
[2] Derived by multiplying the US$100 expected change in prices against the 2025 expected yields.

Plantations business – investing for the future (contd)

Rubber Prices Trend – Historical Chart



- As the cost structure for plantations business remain rather fixed, the upcycle in rubber prices will provide further upside to our plantation operations.
- **Based on 2021 yields of c.18,000 MT, a US$100 per MT increase in price will immediately result in additional profit of US$1.8 million.**

Strong institutional support in funding initiatives

The Group has embarked on a series of funding initiatives since FY2020, to strengthen its capital structure and improve its operating liquidity. Highlights below:

Strong institutional support from finance institutions

- US$200 million perpetual securities issued on November 2020 was well-subscribed, effectively improved our capital structure
- Completed a landmark long-term financing of US$300 million, from a syndicate of Chinese banks.

The strength of Sinochem parentage

- Strong support given by Sinochem in recent financing initiatives;
- US$50m short-term facility provides additional liquidity for the Group to capitalize emerging market opportunities.

中化 sinochem
科 学 至 上

Enhancing capital structure through deleveraging

One of the key corporate objectives of the Group is to deleverage. The proceeds raised through the disposal of non-core assets will strengthen the Group's capital structure, and improve its operating liquidity.

Disposal of lands in Ivory Coast

- TRCI entered into sales and purchase agreements (SPA) to dispose 54.5ha, or c.26% of its undeveloped, non-core freehold land bank, at an aggregate sale consideration of approx. US$19.0 million.

- As of 31 December 2021, the disposal of 3 ha out of the 54.5 ha is completed, with a gain of US$0.9 million recognised in income statement. The whole transaction is expected to generate a net gain of US$10.6 million when fully completed.

- Further, based on independent fair value opinion of FCFA19,800 - 28,000 per sqm, the potential value of the remaining 151.5 ha of land bank, currently carried at cost, ranges from US$49 million to US$72 million[1].

Others

- The Group will continue pursuing ways to unlock value for our shareholders, and improving our gearing.

Capitalising key trends - ESG & Digitalisation

Our unwavering commitment to ESG and sustainability

- Ranked most transparent rubber producing company in 2021 SPOTT assessment.
- Obtained Ecovadis Gold Medal in Oct 2020.
- Initiated Cameroon Outgrower Programme, which aims to benefit 13,000 landowners and reforest 27,000 ha of degraded lands with rubber plantations.
- Fully aligned our Sustainable Natural Rubber Supply Chain Policy (SNRSCP) to Policy Framework of GPSNR[1].

Accelerating digitalisation of natural rubber supply chain

- HeveaConnect, a digital marketplace incorporated in 2018, and a pioneer digitalisation initiative of the Group. Co-invested with DBS, ITOCHU and SGX.
- SGX investment in March 2021, which entails Halcyon Agri giving up majority control, effectively boosted HeveaConnect's industry traction, allowing them to onboard more customers and producers.

[1] Global Platform for Sustainable Natural Rubber

Industry outlook

Overview of movement in SICOM TSR20 1st position

Average Q1 2020: US$1,333; Average Q1 2021: US$1,672

Average Q2 2020: US$1,108; Average Q2 2021: US$1,652

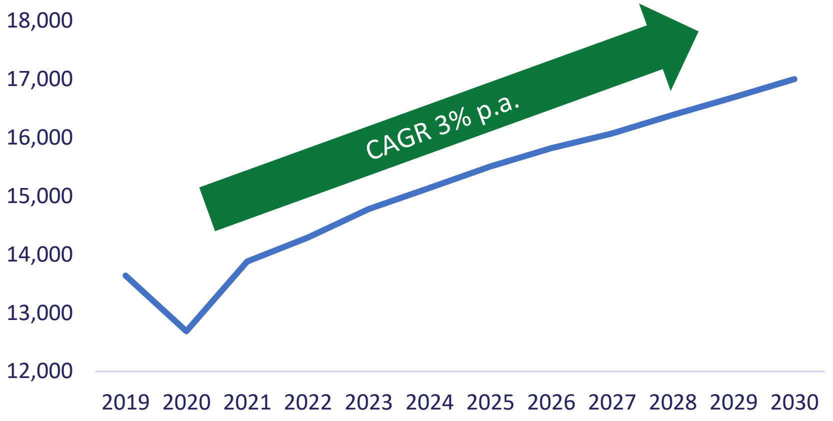
Average Q3 2020: US$1,280; Average Q3 2021: US$1,659

Average Q4 2020: US$1,544; Average Q4 2021: US$1,728

Industry Outlook – Long Term

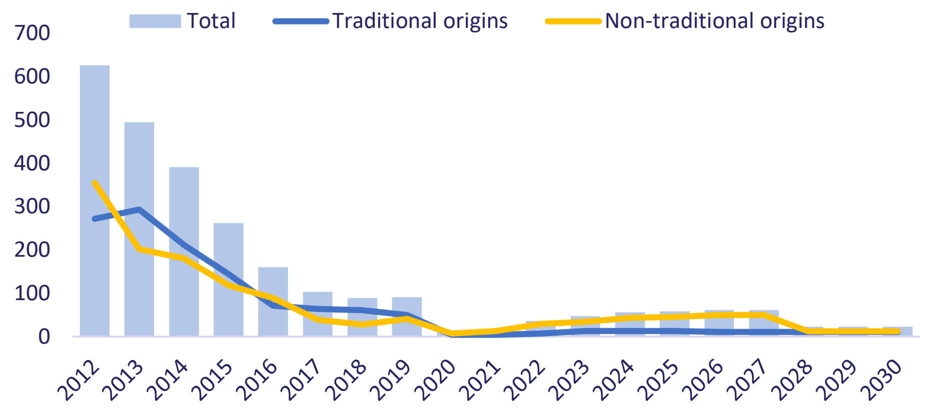
Demand > Supply = Price upcycle!

Projected natural rubber consumption (in '000 MT)



Source: IRSG

New rubber planting per annum (in '000 hectares)



Note: Traditional origins refer to Thailand, Indonesia and Malaysia, and non-traditional origins refer to Vietnam, Philippines, India, China and CAMAL region.

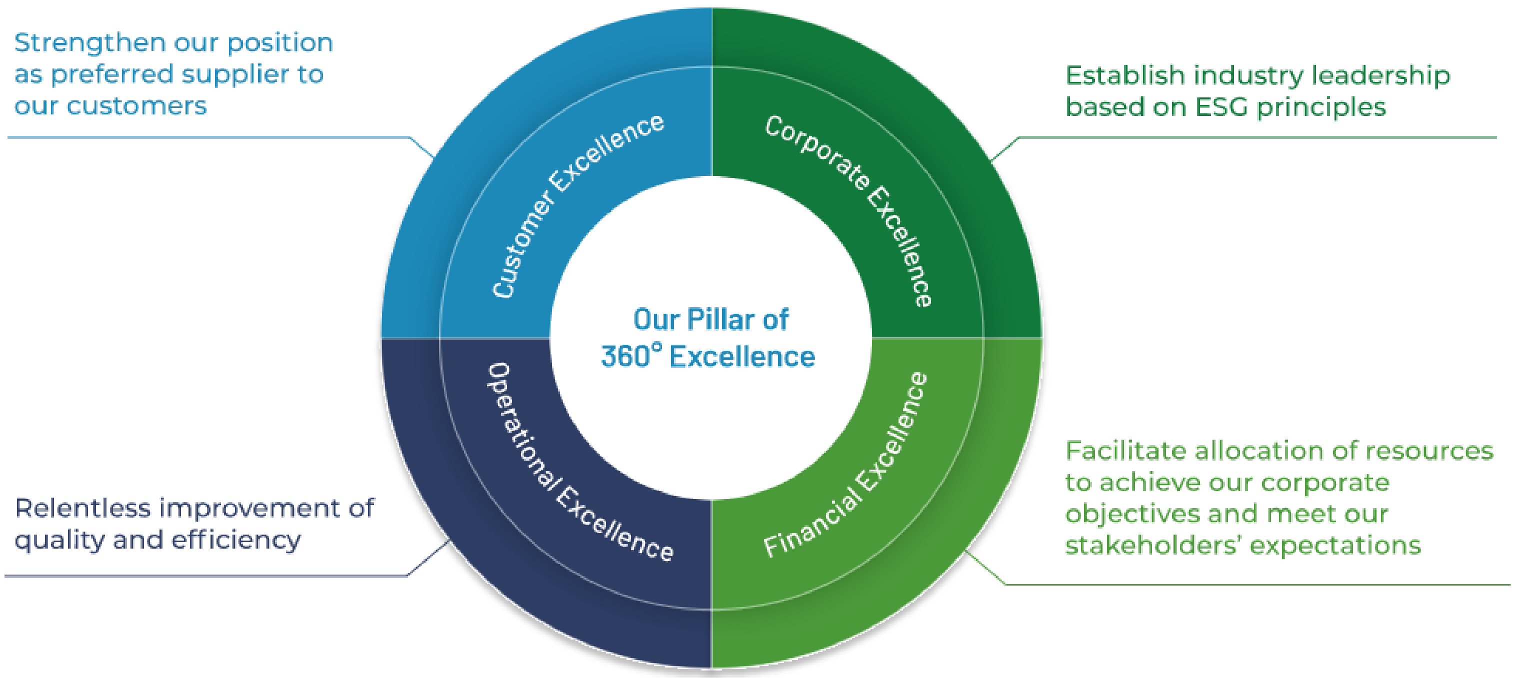
- 2021 natural rubber consumption returned to pre-COVID levels, and is expected to grow at 3% per annum moving forward. This is in line with the long term GDP growth projections. We are of view that such projection levels are conservative, and may be further boosted by other long term emerging trends such as healthcare evolution, electrification of vehicles, and heightened sustainability requirement.
- On the other hand, over the past 7 years, the new rubber planting areas have been declining, presumably due to prolonged low-price environment. For context, natural rubber is a smallholder-centric product (85% of total annual production), thus price movement directly affects their livelihood.
- The gestation period of a rubber tree from the day it is planted is 5-7 years. **Hence, the big question is, can the supply catch up with the growth in demand in time?**

Key messages

Our vision

Our vision is to be the leading natural rubber global franchise, leveraging our globally integrated platform in advocating for ESG practices across the supply chain, and effecting meaningful change in the industry.

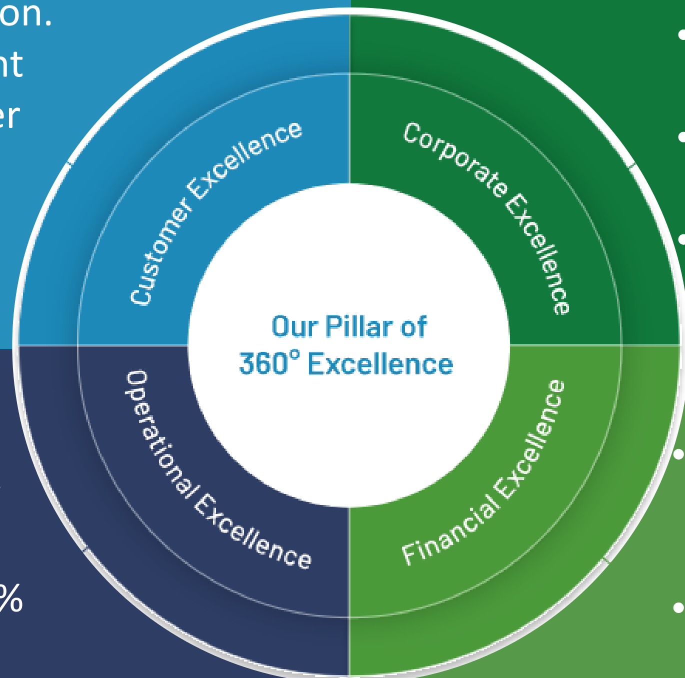
Our Pillar of 360° Excellence outlines the key priority areas in facilitating the achievements of our Vision and our business objectives:



Highlights of Our Pillar of 360° Excellence

- Collaborated closely with our customers in navigating the global supply chain disruption.
- Delivered volumes represent 10% of global natural rubber consumption.

- Numerous accolades recognising our sustainability achievements.
- Launched Cameroon Outgrower Programme.
- Aligned SNRSCP to GPSNR’s Policy Framework.
- Strong partnership with key industry players on HC.



- Leveraged our global presence in sourcing of raw materials.
- Production volume rose 10% year-on-year.
- Plantation yields improved due to better tapping efficiency.
- Cost saving initiatives bore fruit.

- Improved operating performance yielded significantly improved results.
- Strong support from banks and Sinochem in funding and value creation initiatives.
- Good progress on the Group’s deleveraging plan.

Thank you!

Follow us on social media!

Linkedin: Halcyon Agri
Twitter: @HalcyonAgri
Wechat: HalcyonAgri

Visit us: www.halcyonagri.com
Email us: investor@halcyonagri.com