HALCYON

H1 2022 Results Presentation

15 August 2022

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Our global footprint with outlets in key markets

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

The Group's H1 2022 global volume (NR & Latex)

410,464 mT

Production vol.

671,096 mT

Sales vol.

Sales volume as a % of global NR consumption for tyre & tyre products*

11%

FY2021

Sales volume as a % of global NR consumption*

10%

FY2021

** Consumption figures are sourced from IRSG.*

Financial Highlights

H1 2022 key financial highlights

(Year-on-year comparison against H1 2021)

Volume	Average selling price	Gross profit
671,096 mT Maintained momentum amid challenging market	**US$1,922** +9.7%	**US$85.9m** +17.6%
Pre-tax profit	**Net profit**	**Core EBITDA[1]**
US$12.1m Improvement of US$9.1m from core operations excluding one-off income	**US$4.3m** Registered growth	**US$31.3m** +71.0%
Term debt to equity[2]	**Capital Expenditure**	**Operating profit**
0.69x As at 30 June 2022	**US$12.7m** Decreased from US$18.0m	**US$26.6m** 3-fold jump

[1] *Core EBITDA referred herein excludes items which are non-operational in nature, including fair value changes in biological assets and investment properties, disposal gains and one-off expenses.*

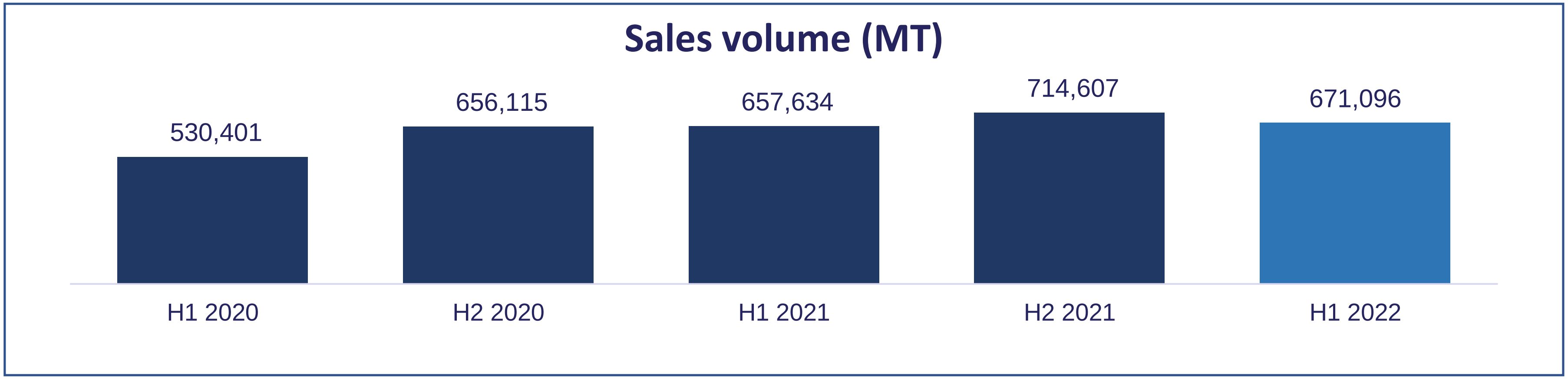
[2] *Term debt to equity = Term debts divided by total equity*

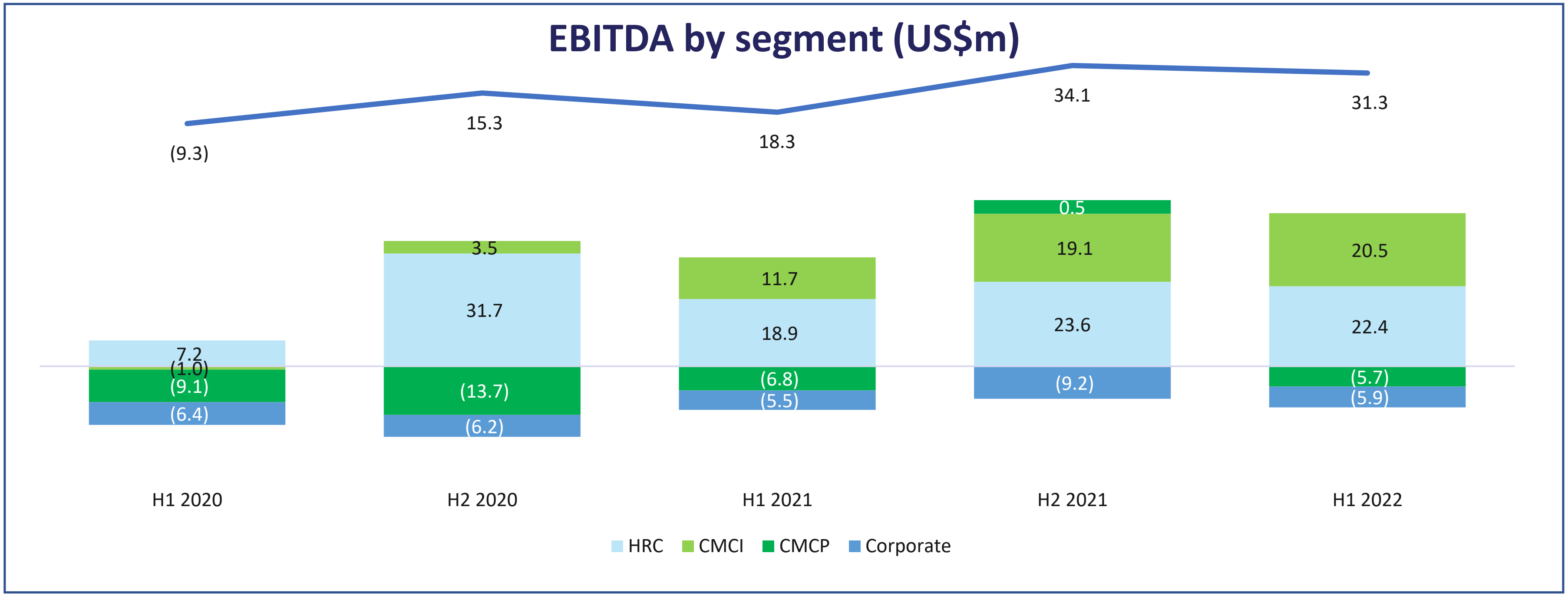
H1 2022 results review – Continued momentum

	For the half year ended 30 June			Factors
	H1 2022	H1 2021	▲%	
Sales volume (mT)	671,096	657,634	▲ 2.0%	• The Group's sales volume improved in tandem with growing demand, despite global macro headwinds in H1 2022.
Average selling price (US$/mT)	1,922	1,752	▲ 9.7%	• In line with trajectory of natural rubber price.
Gross profit (GP)	85.9	73.1	▲ 17.5%	• The Group's effective business management realised higher margins alongside better demand, together with improving cost efficiency.
- GP per mT (US$/mT)	*128.0*	*111.1*	▲ *15.2%*	
Operating profit/(loss)	26.6	8.8	▲ 203.3%	• In line with gross profit expansion. • Driven by the improvement in its core operations and gains achieved from its positive deleveraging outcome.
EBITDA	31.3	18.3	▲ *71.0%*	• In line with gross profit expansion.
Profit/(loss) before taxation	12.1	0.2	▲ 5950.0%	• In line with gross profit expansion.

Note: In US$ million unless otherwise stated

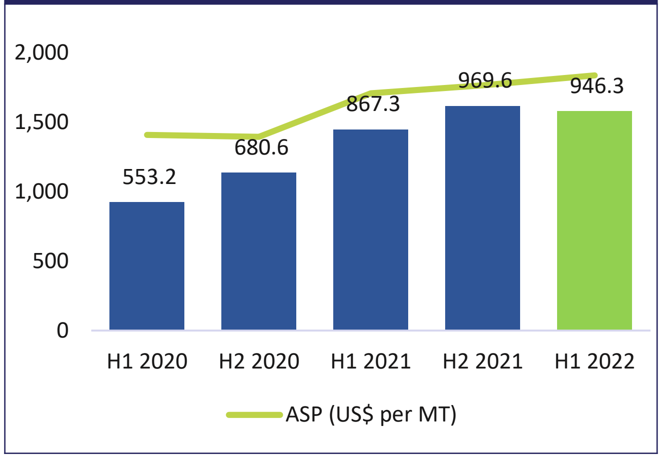
Overview of Group's performance



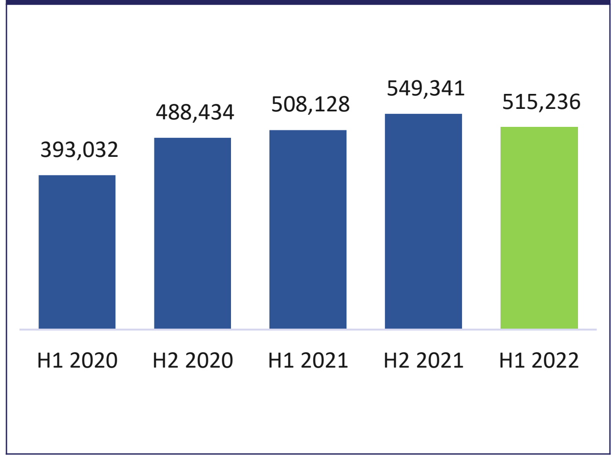


Halcyon Rubber Company (HRC)

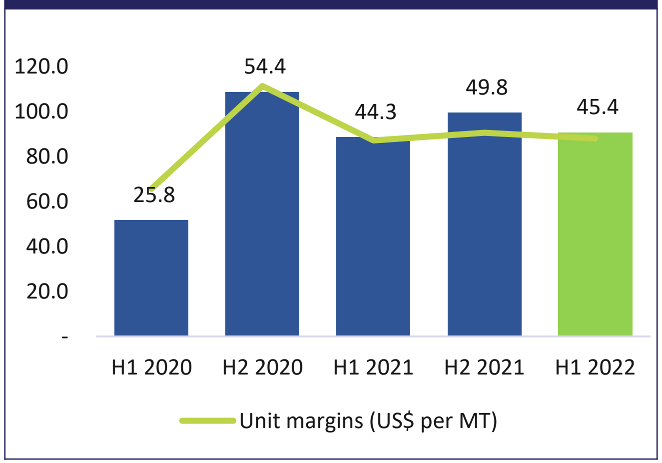
Revenue (US$m)[1]



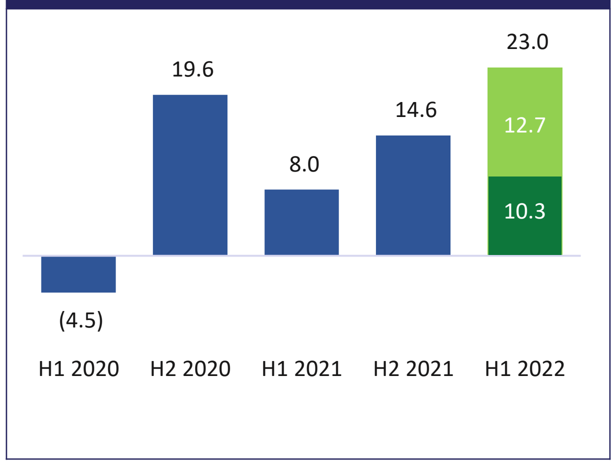
Sales Volume (mT)[1]



Gross Profit (US$m)



Op. Profit[2] (US$m)

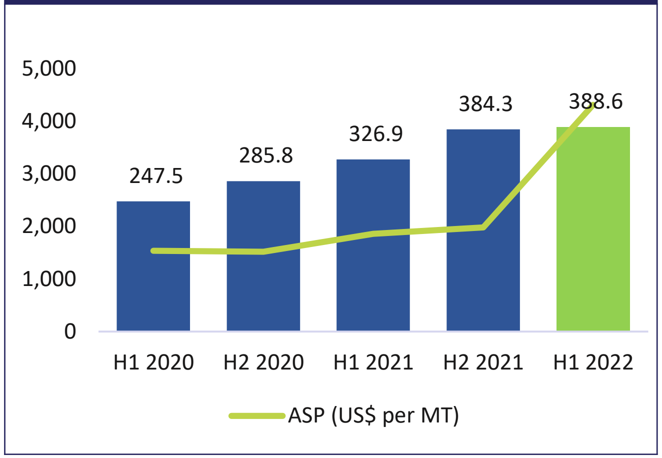


- Sales volume and gross profit in H1 2022 remains steady despite macro uncertainty, reflecting sturdy customer base.
- As the preferred supplier, HRC continues to observe steady order flows from customers in H2 2022, and recognised a gain of US$10.3 million in H1 2022 from its effective deleveraging activities.

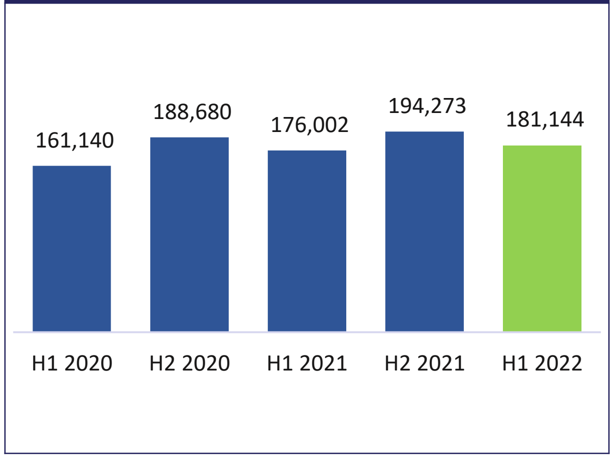
[1] Includes intersegment figures
[2] Excludes fair value gains and management fees

CMC International (CMCI)

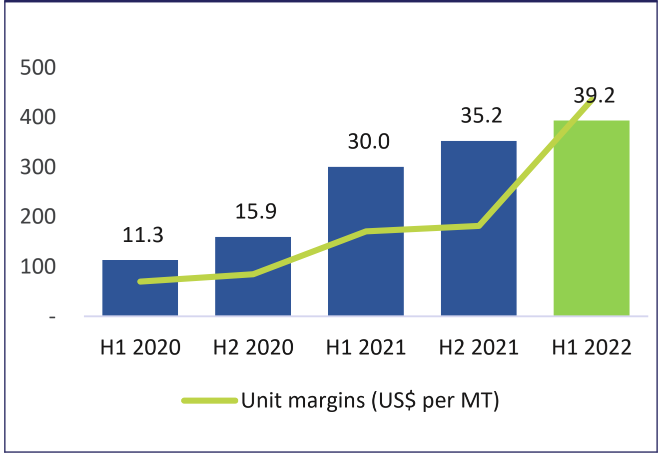
Revenue (US$m)[1]



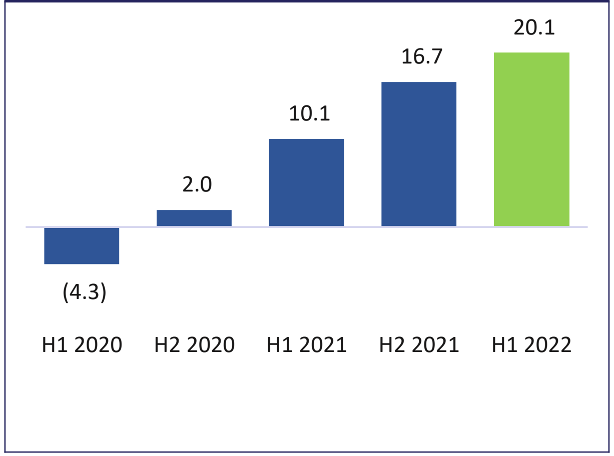
Sales Volume (mT)[1]



Gross Profit (US$m)



Op. Profit[2] (US$m)

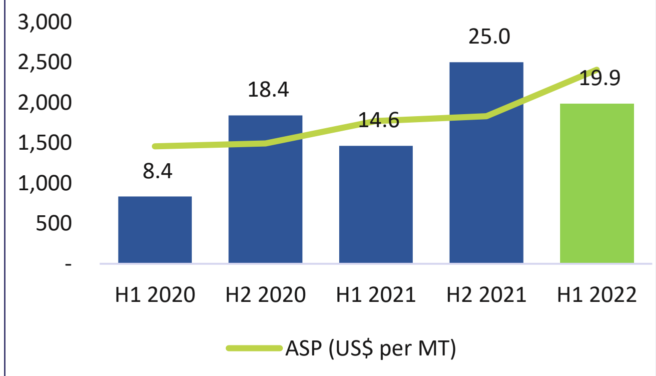


- Amid supply chain challenges, our market leadership and global connectivity enabled us to serve our customers closely, providing them value-added product services.
- CMCI also strategically provided timely deliveries to end users during global logistics disruption.
- CMCI boasts its competitive strength of having the largest latex tank storage terminal in Europe, which expanded in June 2022 with another 4 x 200 m3 for its product storage to fulfil the growing demand in the region.

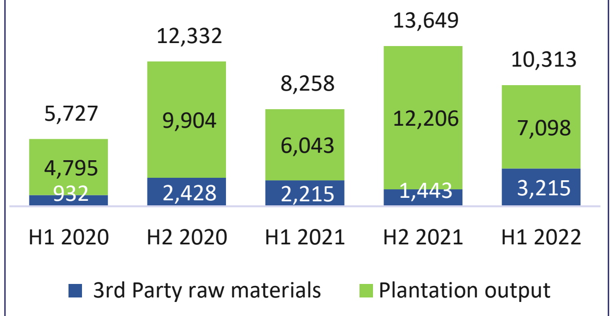
[1] Includes intersegment figures
[2] Excludes fair value gains and management fees

CMC Plantations (CMCP)

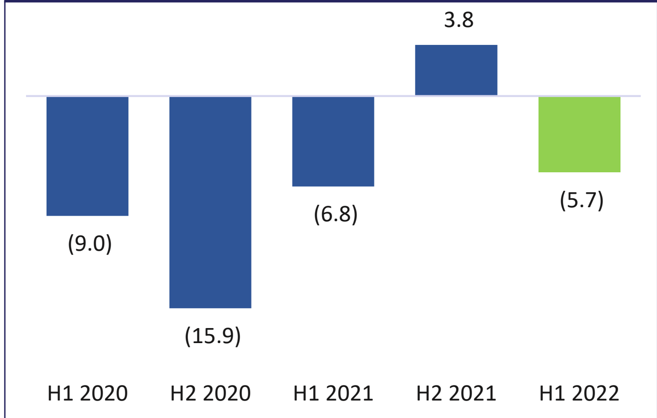
Revenue (US$m)[1]



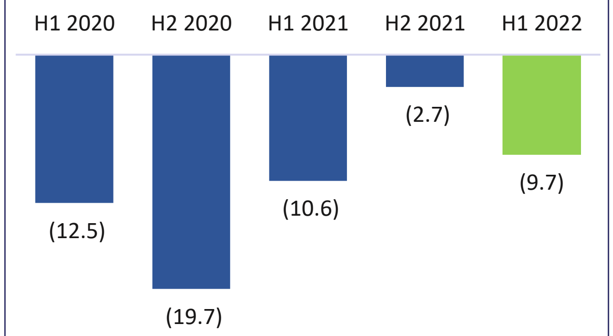
Sales Volume (mT)[1]



EBITDA[2] (US$m)



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



- CMCP's H1 volumes are typically lower than H2 due to wintering season of two months.
- With effective cost management, coupled with incremental yields, CMCP's loss continues to narrow in H1 2022.
- As the yields ramp up, CMCP will continue to narrow its costs as cost absorption improved.
- CMCP continues to optimise its cost structure to improve its operating leverage.

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

Balance sheet overview

US$ in millions	30-Jun-22	31-Dec-21
Assets partially funded by debt		
Total net working capital employed	774.8	724.1
Net working capital assets	*664.7*	*627.2*
Cash and cash equivalents	*49.9*	*33.4*
Loan receivables	*60.2*	*63.5*
Working capital loans	657.4	601.8
% Efficiency in working capital funding	**84.8%**	**83.1%**
Operational long term assets	1,009.8	1,055.7
Non-core assets	40.1	42.2
Term loans	482.8	495.9
% Fixed asset gearing	**46.0%**	**45.2%**
Total equity (excluding Perpetual Securities)	**491.9**	**531.6**
Perpetual Securities	192.6	192.6
Total equity	**684.5**	**724.2**
Net asset value per share (US cents)	*42.9*	*45.4*
Net asset value per share (SG cents)	*59.6*	*63.1*
Working capital Days		
Accounts receivable days	*23*	*24*
Accounts payable days	*6*	*9*
Inventory days	*74*	*71*
Cash conversion days	*91*	*86*
Term debt to equity ratio	**0.69x**	**0.67x**

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 H1 2022 to fund working capital investments.
- Cash conversion days have increased by 5 days as at 30 June 2022, as the Group is holding buffer stocks to cater for demand increase, and longer lead time to reach customers' destinations.
- The Group's fixed asset gearing maintained its level.

Cash flow

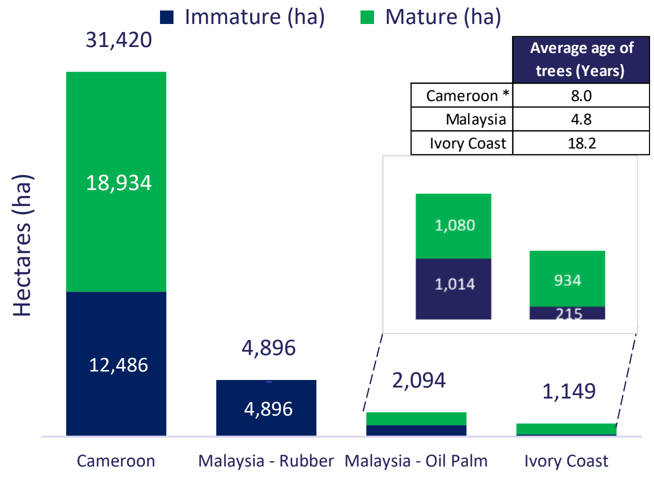
US$m	Half year ended 30 June 2022	Half year ended 30 June 2021
Operating cash flows before working capital changes	28.5	21.2
Changes in working capital	(49.2)	(29.6)
Tax (payment)/refund	(2.8)	(0.8)
Cash flow used in operating activities	**(23.5)**	**(9.3)**
Cash flow used in investing activities	9.3	(11.9)
Cash flow generated from financing activities	32.6	11.3
Net changes in cash and cash equivalents	**18.3**	**(9.9)**

- The Group's cash and cash equivalents have improved by US$18.3 million as at 30 June 2022.
- Amid the higher working capital requirements during H1 2022, the Group took steps to enhance its working capital turnover, thus limiting the increase in the cash used in operating activities. As a result, operating cash flows have increased to US$28.5m as at 30 June 2022.
- Net cash used in investing activities of US$9.3m comprises of capital expenditures, set off by proceeds from disposal of non-core assets of US$10.3m.
- Net cash generated from financing activities was US$32.6m, 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 short-term loans.

Business and Operational Highlights

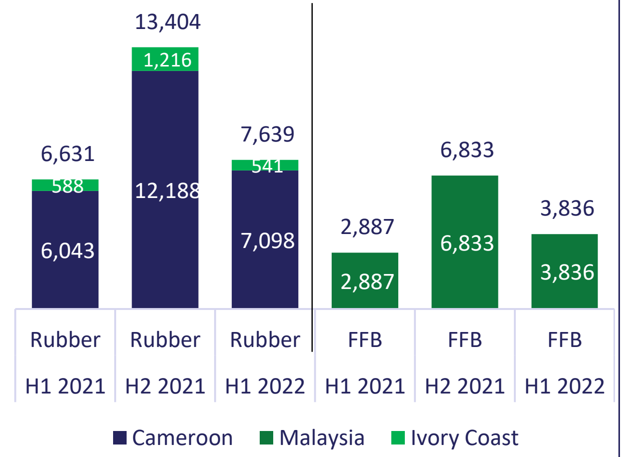
Plantations business – H1 2022 highlights

Group Plantation Profile[1] (ha)



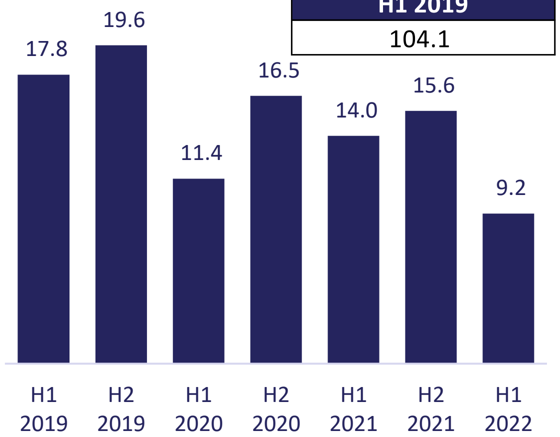
	Average age of trees (Years)
Cameroon *	8.0
Malaysia	4.8
Ivory Coast	18.2

Plantation yields[2] (mT)



Plantation Capex[3] (US$m)

Cumulative total since H1 2019
104.1



[1] As of 30 June 2022. 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 7,300 ha of very old trees earmarked for replanting*

- The Group's upstream business unit (CMCP) narrowed its losses in H1 2022 with efficient cost control amid local wintering season, and has commenced tapping on maturing new plantation areas of 2,500 hectares.
- In H2 2022, yields from new openings are expected to ramp up and provide better operating cost leverage for the Group.
- Our capital expenditure will further reduce as the plantations mature and per-unit cost will go lower.
- As of 30 June 2022, more than half of the Group's planted hectares remain immature.

Notable progress on strategic developments

The Group continued its strategic moves in H1 2022 with the following highlights:

New Investors onboard digital rubber trading platform

- Halcyon Agri's associate, HeveaConnect raised new monies of US$5.5 million from Provident Capital, DeClout Ventures and HeveaConnect management
- As part of the deal, our stake reduced to 32.4% for a cash consideration, increasing the platform's traction.
- Latest fundraising round values HC at US$19.4 million pre-money

hevea connect

Sustainability-linked loan of up to US$300 million

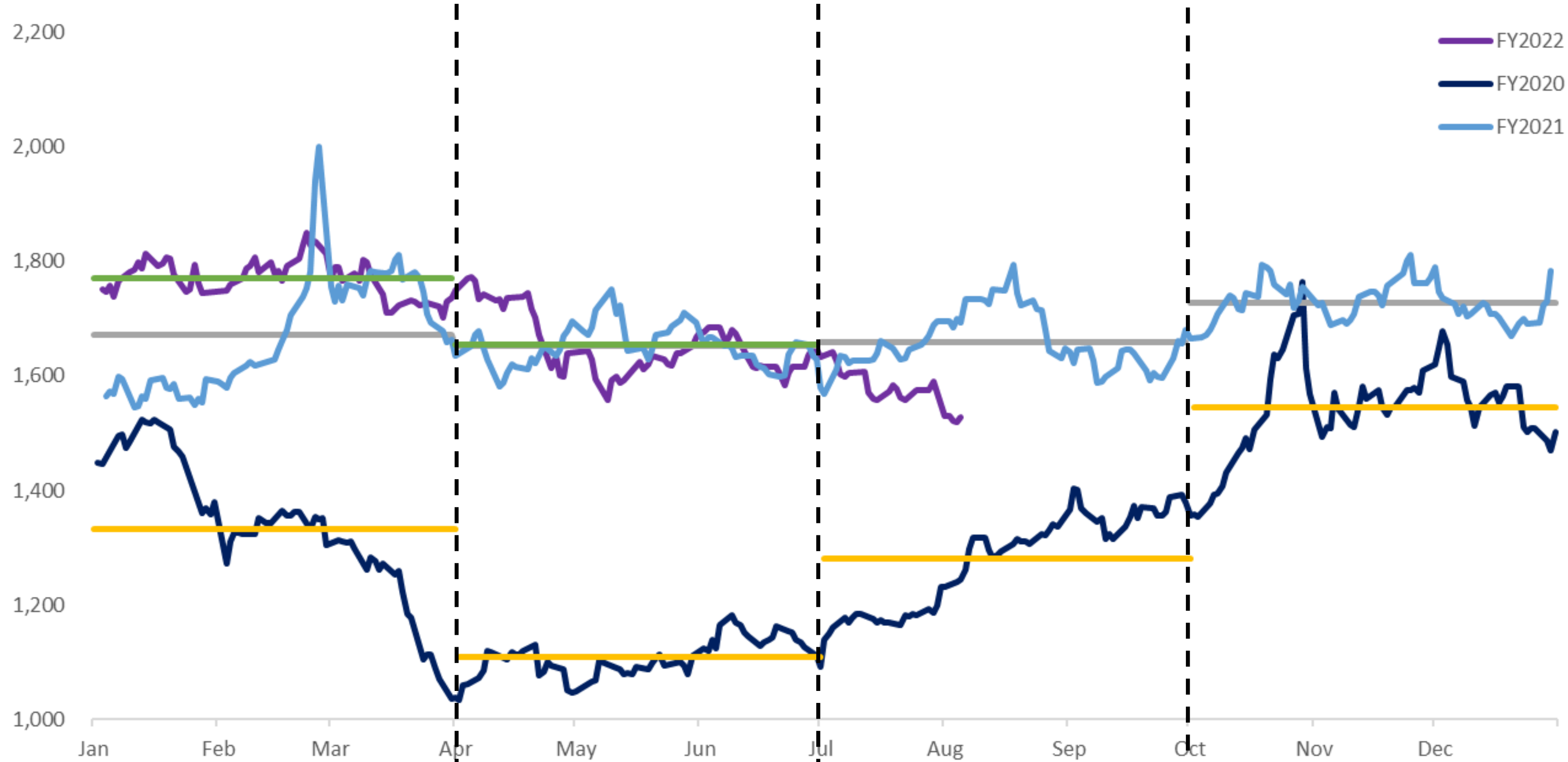
- Inked US$300 million SLL supported by UOB & syndicate of China banks, reviewed by Moody's ESG Solutions.
- In line with our ESG track record and goal to reduce carbon footprint by transitioning to renewable energy sources and water conservation, realising cost benefits.

Gains achieved from positive deleveraging outcome

- Completed disposal of certain non-core assets and generated a gain of US$10.3 million in H1 2022.
- Gains from our continued deleveraging efforts to be recognised throughout H2 2022 & H1 2023; cash increase will further improve our liquidity and gearing.

Industry Outlook

Overview of movement in SICOM TSR20 1st position



Average Q1 2020: US$1,333;
Average Q1 2021: US$1,672
Average Q1 2022: US$1,770

Average Q2 2020: US$1,108;
Average Q2 2021: US$1,652
Average Q2 2022: US$1,654

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

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

NR Industry Outlook: Underlying Supply & Demand Dynamics

Positive Factors	Counteracting Factors
1. Global mobility demand is expected to rise with increasing demand of OEM tyres and the surge in demand for electric vehicles (IHS Markit[1]: global tyre production estimated to rise from c.1.86 billion in 2021 to c.2.4 billion units by 2030). NR industry is slated to benefit from the growth in global miles travelled, as well as global vehicle-in-use and production. 2. Renewed focus on sustainability-linked finance opportunities. 3. Lack of new planting since 2012 may aggravate supply limitations in origins = rubber prices up 4. NR demand is steady: NR consumption is growing faster than output; global NR production was up 3.7% YoY during June 2022, according to data compiled by ANRPC.	1. Ongoing global supply chain constraints and electronic components shortage may be headwind factors for commodities prices in general. 2. Interest rates hikes, recession concerns, inflationary environment and geopolitical tensions with downside risks may limit the anticipated rubber demand.

Other observations:

- On supply side, ongoing tightness in raw materials is expected to continue, with potential boost stemming from resumption of post-wintering tapping activities in key NR producing countries during H2 2022.
- Despite market volatility, the downstream demand remains sturdy, and we remain cautiously optimistic that this key factor will underpin the industry's long-term growth.

[1] *IHS Markit, "The Future of Cars 2040: Miles Travelled Will Soar While Sales of New Vehicles Will Slow"*

Thank you!

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