



Q1 2019 Results Presentation

8 May 2019

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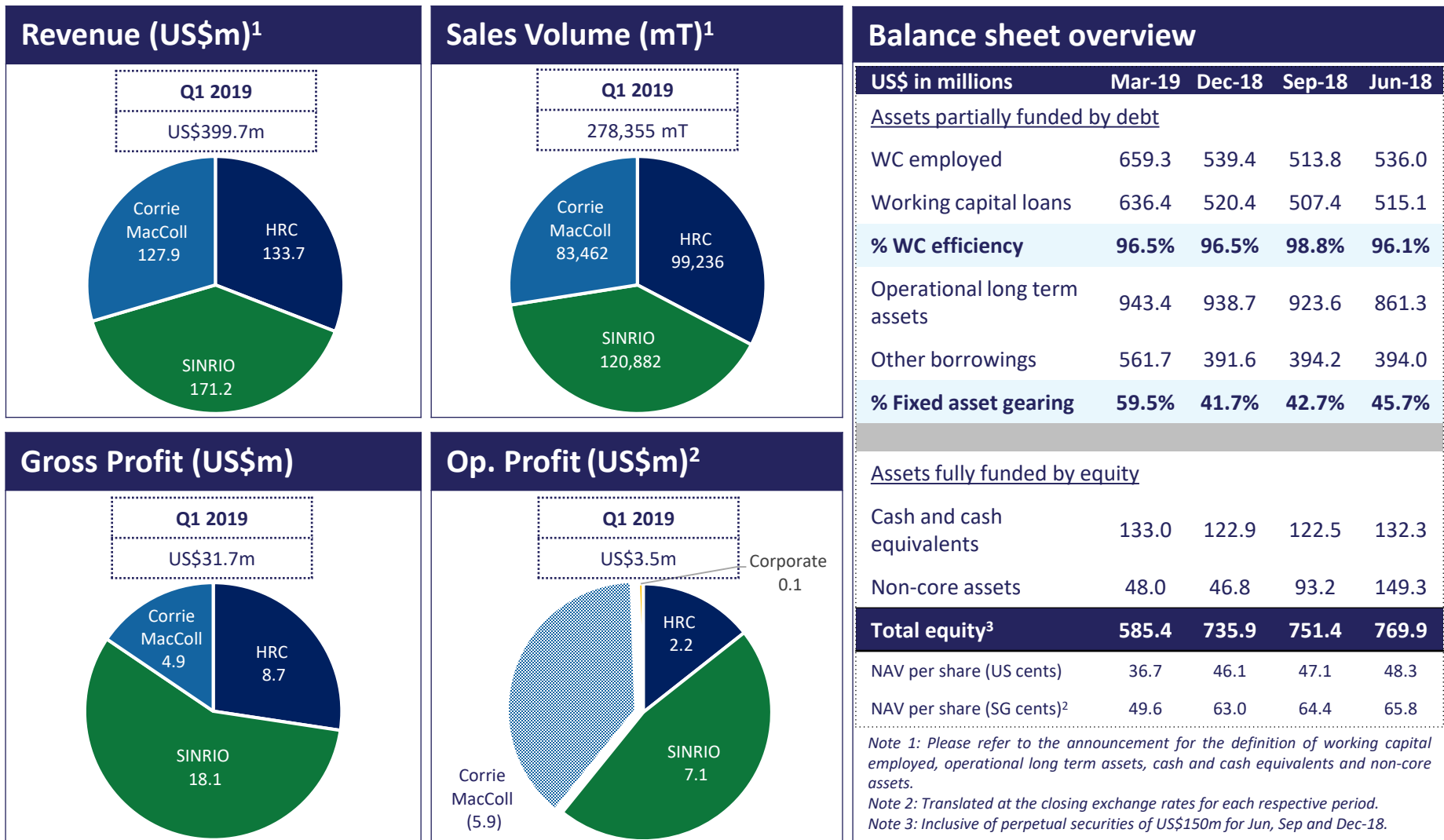
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Q1 2019 Financial Highlights

Q1 2019 Group performance overview



¹ Includes intersegment revenue and volume of US\$33.2 million and 25,225 MT respectively.

² Included within Corporate is management fee income of US\$3.2m, in which US\$2.2m is allocated to HRC and US\$1.0m is absorbed by SINRIO.

Q1 2019 Group performance overview (Contd.)

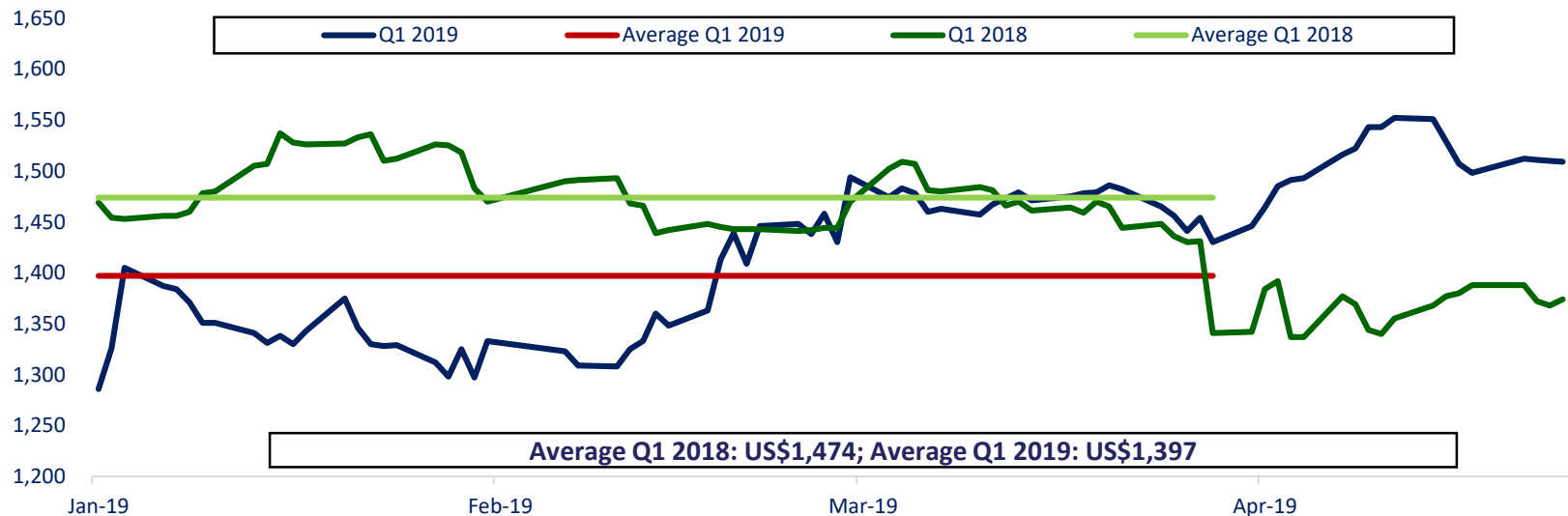
Headline Financials

US\$ in millions	Q1 2019
Revenue	399.7
Gross profit	31.7
Operating profit	3.5
EBITDA	10.8
Loss before tax	(4.3)

Headline Commentary

- Despite a challenging price environment, the Group has recorded an improved gross profit per MT mainly due to the improvements in our Ivory Coast operations, as well as the positive impact from changes in selling strategy in HRC Group.
- However, it was offset by the compression in latex margins in CMC Group and lower cost absorption as a result of wintering season in our plantations.

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



Income Statement Highlights

US\$m	Q1 ended 31 March		
	2019	2018 (Restated)	▲ %
Revenue	399.7	475.7	-16%
Gross profit	31.7	28.5	11%
Operating profit	3.5	4.6	-25%
Operating (loss)/profit after working capital interest	(1.8)	2.7	n.m.
EBITDA	10.8	11.8	-8%
EBITDA after working capital interest	5.6	9.9	-44%
Net (loss)/income	(5.0)	0.2	n.m.
<hr/>			
Sales volume (mT)	278,355	306,499	-9%
Average selling price (US\$)	1,436	1,552	-7%
Gross profit per mT (US\$)	114	93	23%
Operating profit per mT (US\$)	13	15	-17%
Operating (loss)/profit after working capital interest per mT (US\$)	(6)	9	n.m.
EBITDA per mT (US\$)	39	39	1%
EBITDA after working capital interest per mT (US\$)	20	32	-38%

Note: Please refer to the announcement for details of the restatement of Q1 2019 financials.

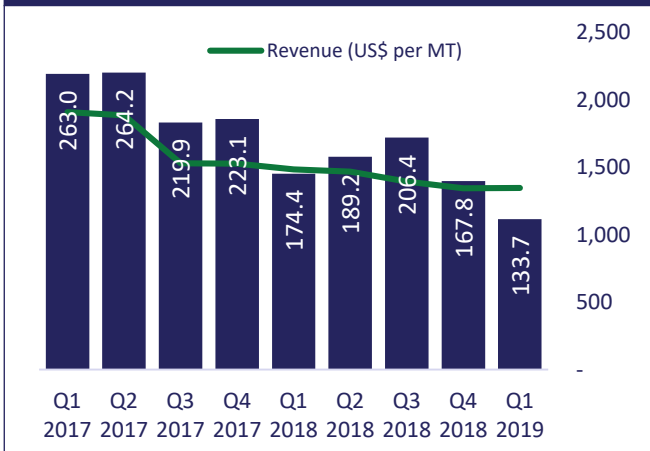
n.m.: Not meaningful



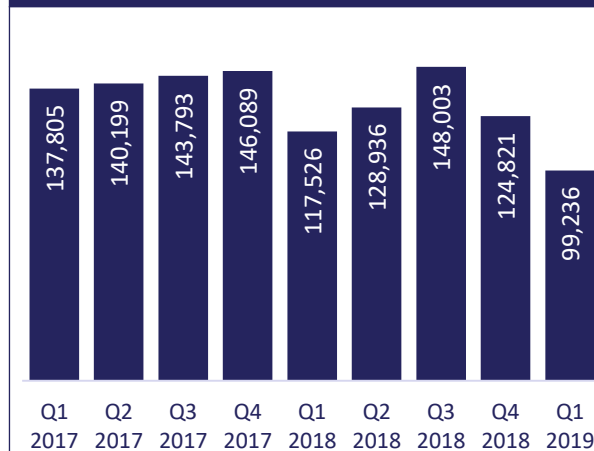
Segmental Performance

Halcyon Rubber Company (HRC)

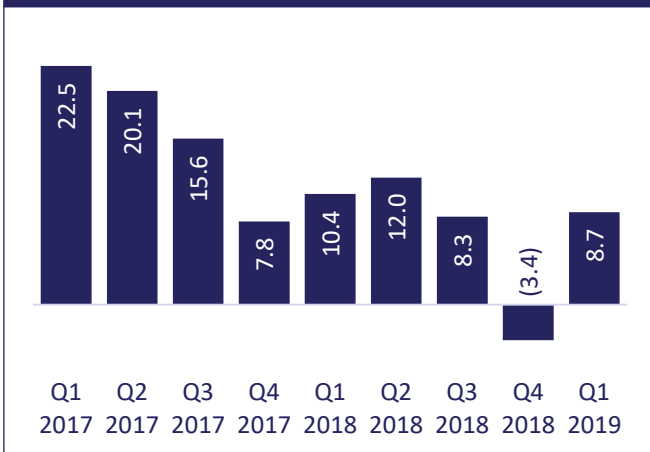
Revenue (US\$m)¹



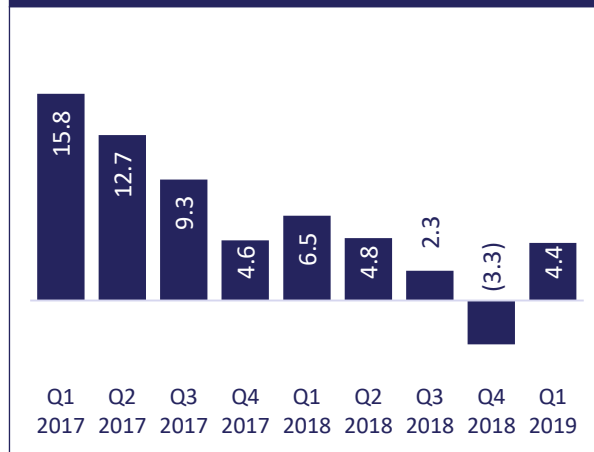
Sales Volume (mT)¹



Gross Profit/(Loss) (US\$m)



Op. Profit/(Loss)² (US\$m)



- As the price declined steadily, the imposition of Agreed Export Tonnage Scheme (AETS) in Q1 2018 has resulted in drastic drop in sales volume and revenue.
- Subsequent to expiry of AETS, while the revenue and GP climbed back up temporarily, the effect of margin compression from long term contracts has resulted a gross loss in Q4 2018.
- Recovery in gross profit due to changes in sales strategy as well as deliberate cutback of volumes as the Group prepares for transition into HeveaConnect.

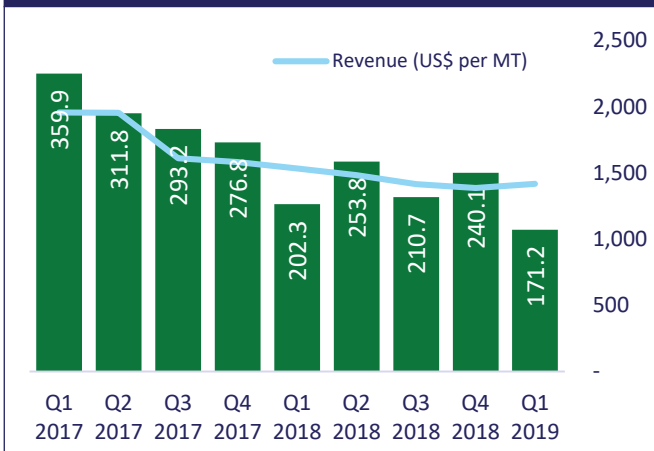
¹ Includes intersegment figures

² Adjusted for management fees

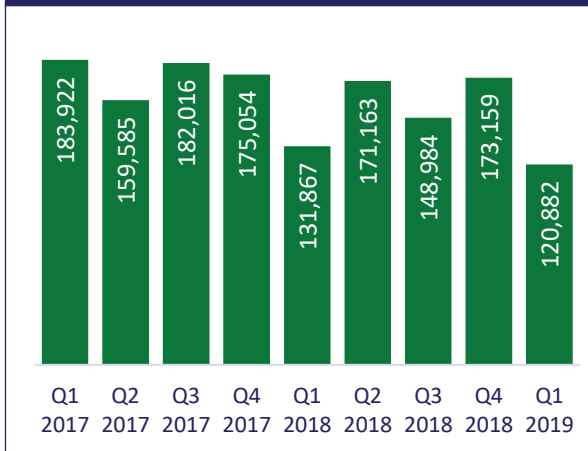
* The Group's Ivory Coast operations has been recessed to SINRIO Group effective 1 Jan 2019, and the relevant financials have been readjusted to that effect..

SINRIO

Revenue (US\$m)¹



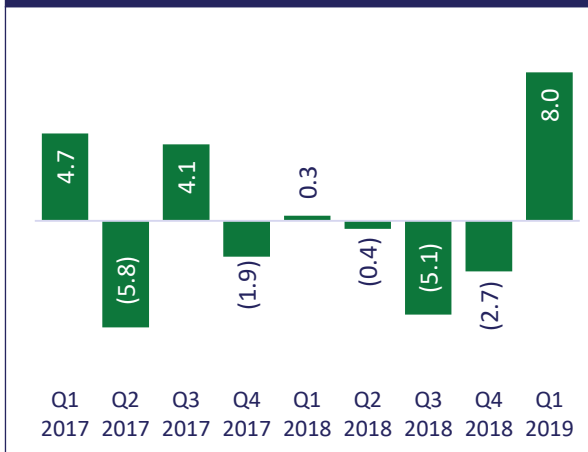
Sales Volume (mT)¹



Gross Profit/(Loss) (US\$m)



Op. Profit/(Loss)² (US\$m)



- Shipment delays from Thai suppliers have created a negative knock on effect on sales as well as causing incurrence of additional costs. This had resulted in operating loss for Q2 2017.
- The impact of AETS has limited the output in Q1 2018, thus reducing the gross profits for the segment.
- The temporary cessation of operations in our Ivory Coast factories has effectively negated the profits generated by our Thailand, China and Malaysia businesses.
- Following the improvements in Ivory Coast operations, the segment has returned to profitability in Q1 2019.

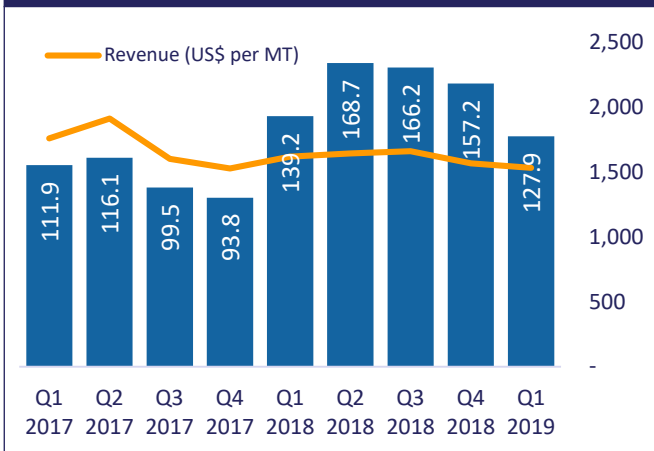
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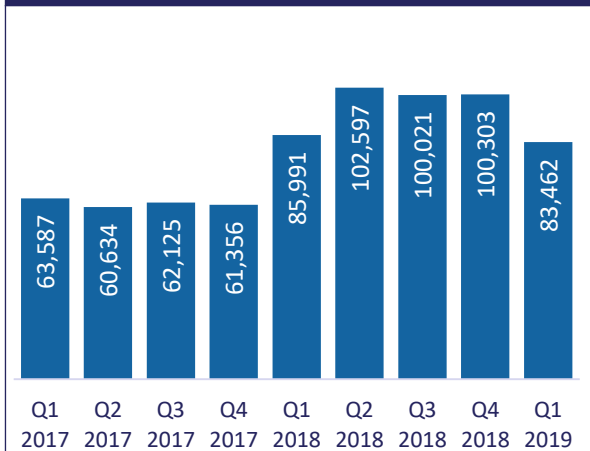
* The Group's Ivory Coast operations has been recessed from HRC Group effective 1 Jan 2019, and the relevant financials have been readjusted to that effect.

Corrie MacColl

Revenue (US\$m)¹



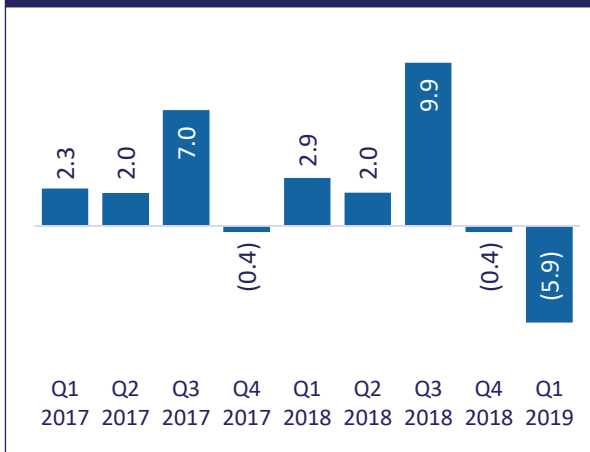
Sales Volume (mT)¹



Gross Profit (US\$m)



Op. Profit/(Loss)² (US\$m)

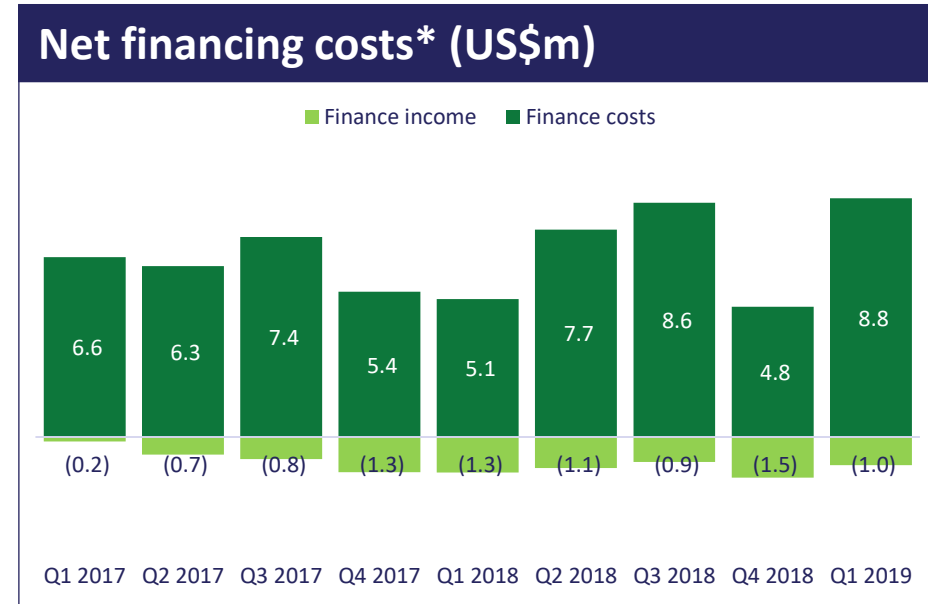
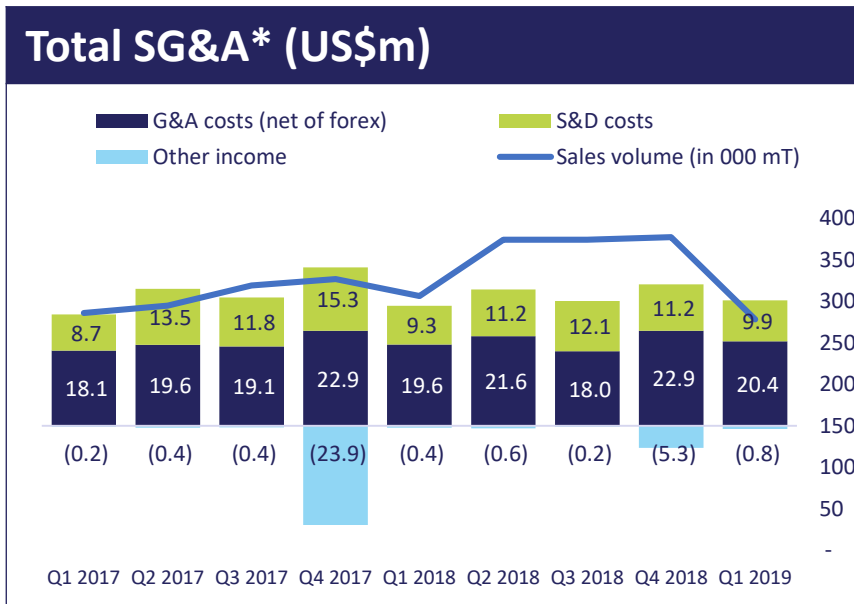


- The benefits of the scale achieved from acquisition of Corrie MacColl business are demonstrated immediately.
- It resulted in the segment recording 3 consecutive profitable quarters in FY2018 despite erratic movements in the Euro vs USD, before closing Q4 2019 near breakeven due to additional accruals for retirement benefits in Cameroonian operations.
- The effects of margin compression for latex products as well as wintering in our plantations has resulted in decrease of gross profit and increase of operating losses in Q4 2018 & Q1 2019.

¹ Includes intersegment figures

² Adjusted for management fees.

Analysis of historical operating costs



Note: SG&A is summation of S&D costs and G&A costs (net of forex), net of other income

* Bracketed data points plotted below the zero axis represents income or gains.

- **S&D costs** fluctuates historically with the sales volume.
- **G&A costs** – Average run rate for past 9 quarters is about US\$20m and has been fairly stable
- **Finance costs** – Significant reduction in Q4 2017 and Q1 2018 due to effect of capital recycling upon receipt of proceeds from disposal from an associate
- **Other income** in Q4 2017 generated from gain on disposal of associate and subsidiaries, with Q4 2018 mainly represents fair value gain on investment properties.



Cash Flows

Cash Flows

US\$m	Q1 ended 31 March	
	2019	2018
Operating cash flows before working capital changes	(0.5)	11.6
Changes in working capital	(43.6)	(107.9)
Payment of taxes and working capital loan interests	(7.1)	(4.0)
Cash flow used in operating activities	(51.2)	(100.2)
Cash flow used in investing activities	(14.7)	(82.5)
Cash flow generated from financing activities	132.2	198.0
Net changes in cash and cash equivalents	66.3	15.3



Thank you