



# Q3 2016 FINANCIAL RESULTS

14 NOVEMBER 2016



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# Q3 & 9M 2016 highlights

## **Rubber prices more stable in Q3**

- Natural rubber price traded over a 13% range in Q3 2016 as compared with a 52% range in 1H 2016
- Risk of volatility remains, with considerable speculative activity ongoing

## **Financial performance**

- Q3 2016 revenue of US\$187.1m, adjusted EBITDA US\$1.4m, adjusted net loss of US\$8.8m
- 9M 2016 revenue of US\$569.0m, adjusted EBITDA US\$8.1m, adjusted net loss of US\$18.8m

## **Transactions with Sinochem International**

- All 3 parts of the transaction now complete
- Acquisition of Sinochem International natural rubber assets completed on 3 October 2016
- GMG VGO closed on 11 November 2016. Halcyon Agri will own 100% of GMG Global upon completion of compulsory acquisition as announced on 9 November 2016

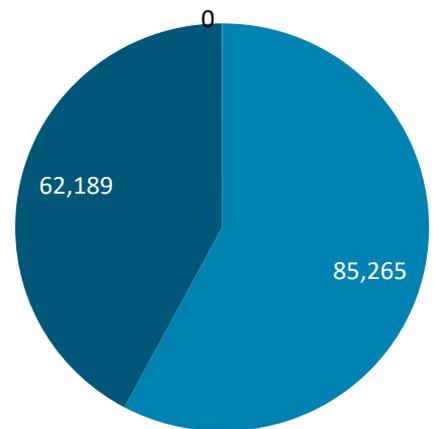
# Key financials

US\$m	Q3		9M	
	2016	2015	2016	2015
Revenue	187.1	274.6	569.0	781.3
Gross profit	7.2	19.1	28.2	54.0
EBITDA <sup>1</sup>	1.4	13.0	8.1	39.3
Operating (loss)/profit <sup>1</sup>	(0.9)	10.8	1.2	32.4
Net (loss)/income <sup>1</sup>	(8.8)	3.1	(18.8)	10.5
Sales volume (mT)	131,170	183,833	432,983	510,812
EBITDA <sup>1</sup> after working capital interest (US\$m)	(0.4)	11.0	2.2	34.5
Operating (loss)/profit <sup>1</sup> after working capital interest (US\$m)	(2.7)	8.8	(4.8)	27.6
Revenue/mT (US\$)	1,426	1,494	1,314	1,530
Operating (loss)/profit <sup>1</sup> /mT (US\$)	(7)	59	3	63
Operating (loss)/profit after working capital interest <sup>1</sup> /mT (US\$)	(21)	48	(11)	54

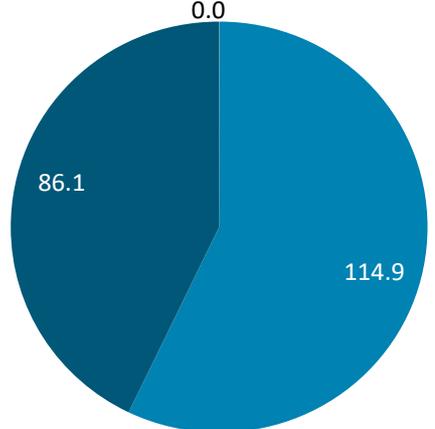
Note (1) Adjusted to exclude non-recurring expense items

# Q3 2016 segment contributions

Sales volume<sup>1</sup> (mT)



Revenue<sup>1</sup> (US\$m)



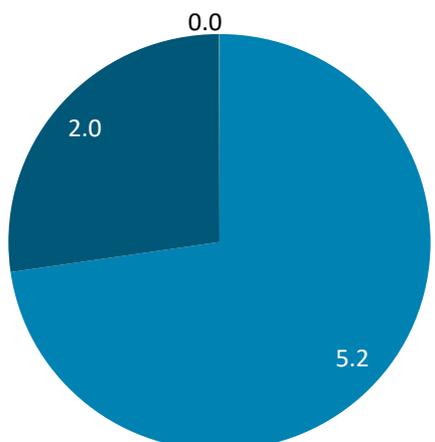
Lower volumes in both processing and distribution contributed to an overall operating loss

■ Processing ■ Distribution ■ Plantations

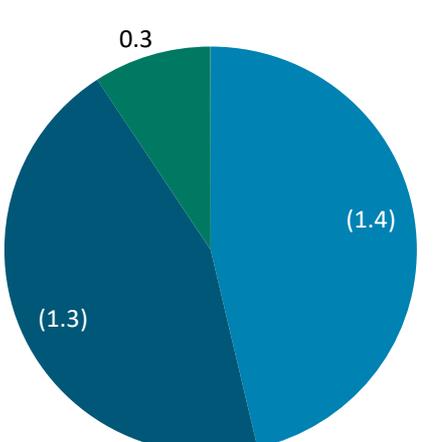
■ Processing ■ Distribution ■ Plantations

Note (1) Sales volume and revenue include intersegment amounts of 16,284 tonnes and US\$16.1m respectively

Gross profit (US\$m)



Operating (loss)/profit (US\$m)

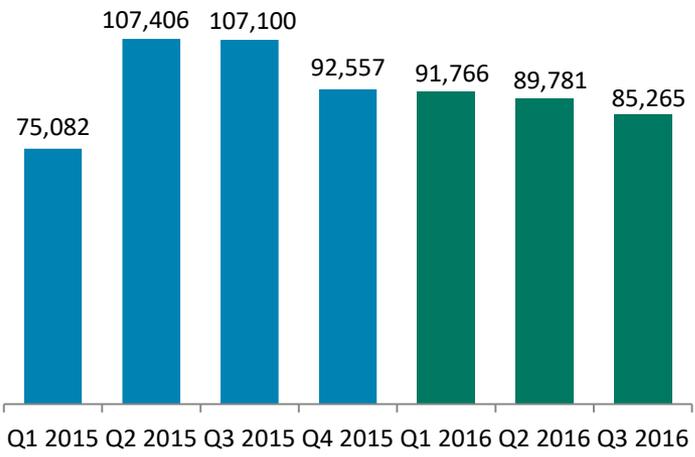


■ Processing ■ Distribution ■ Plantations

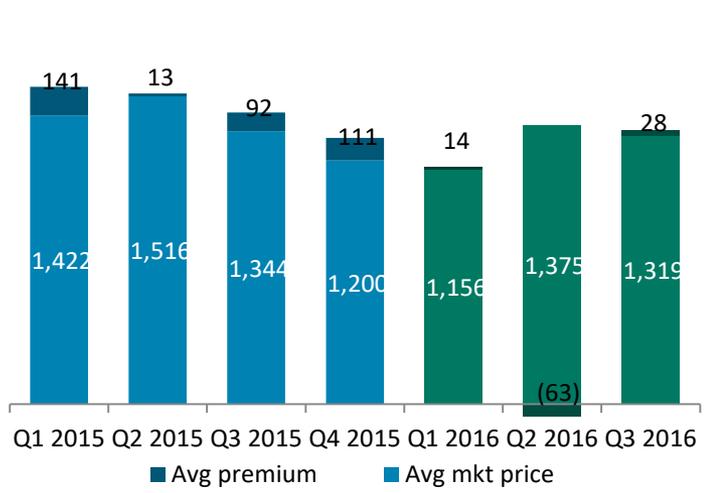
■ Processing ■ Distribution ■ Plantations

# Operational metrics: Processing

**Sales volume (mT)**



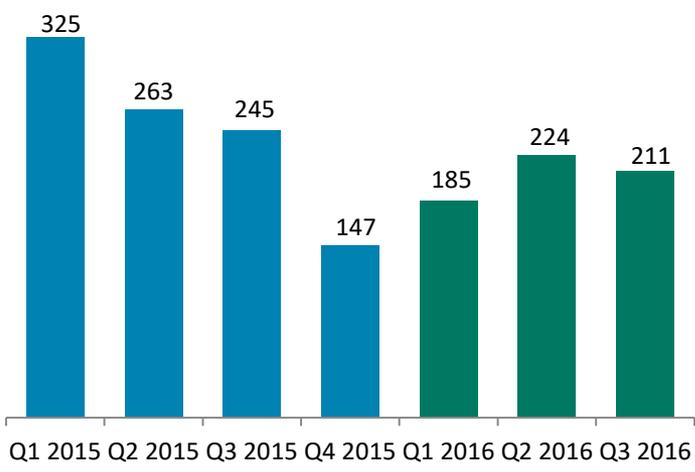
**Market price/mT & premium/mT (US\$)**



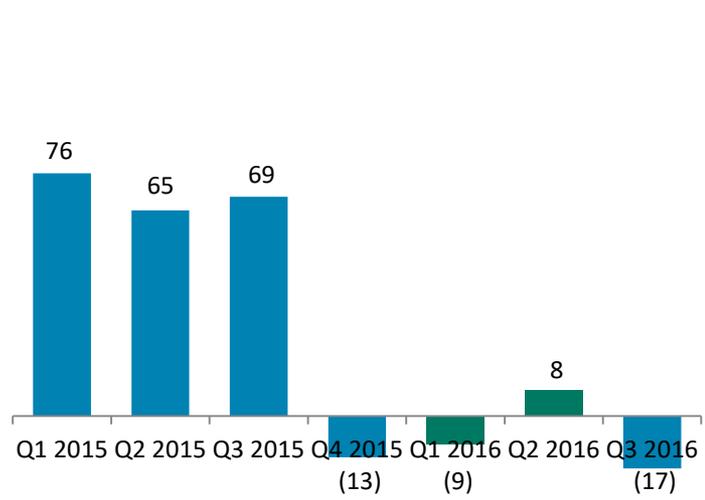
**Volumes lower due to AETS export restrictions**

**Lower volumes & slightly lower margins impacted operating profits**

**Gross material profit/mT (US\$)**

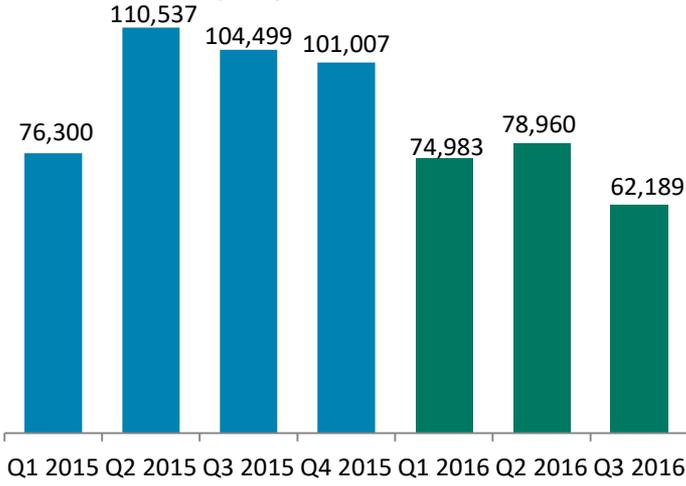


**Operating profit/mT (US\$)**

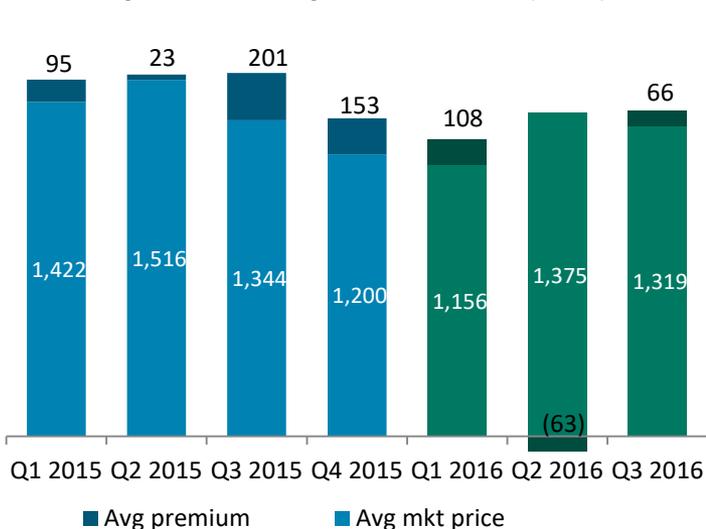


# Operational metrics: Distribution

**Sales volume (mT)**



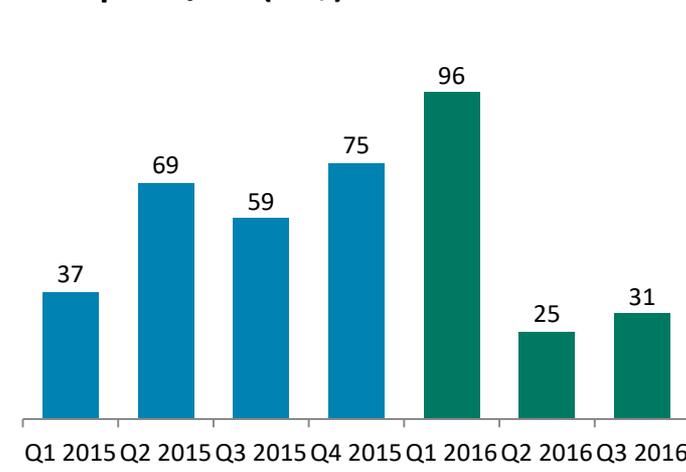
**Market price/mT & premium/mT (US\$)**



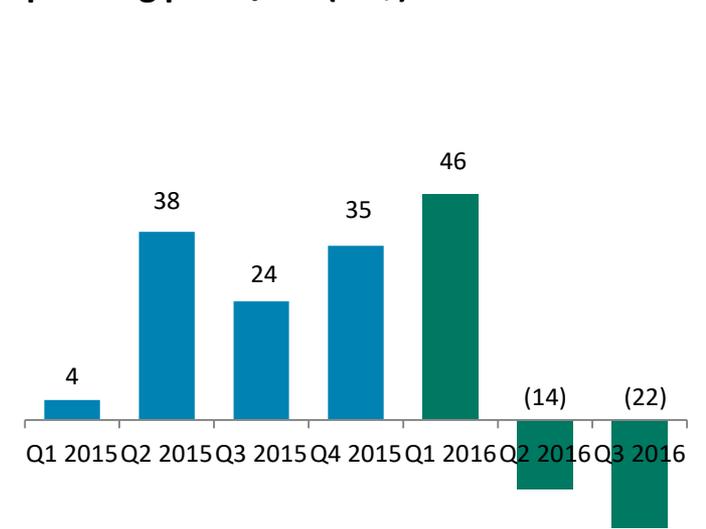
**Volumes lower as business strategy repositioned ahead of combination with Sinochem natural rubber assets**

**Margins improved vs Q2, however lower volumes led to operating loss**

**Gross profit/mT (US\$)**



**Operating profit/mT (US\$)**



# Cash flow

US\$m	Q3		9M	
	2016	2015	2016	2015
Net cash generated from operating activities, before working capital changes	4.6	12.5	1.7	19.5
Changes in working capital	4.6	25.8	25.7	(4.6)
Net cash generated from operating activities	9.2	38.3	27.4	14.9
Investing activities	(1.6)	(3.0)	(5.0)	(25.3)
Financing activities	(25.0)	(31.8)	(42.8)	(2.9)
Net (decrease)/increase in cash and cash equivalents	(17.4)	3.5	(20.4)	(13.3)

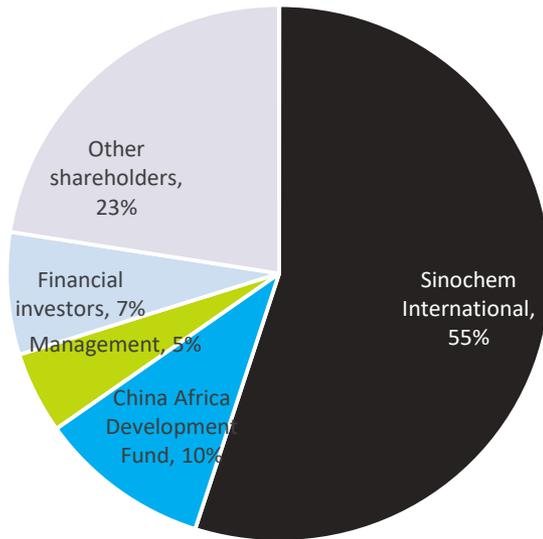
# Balance sheet

US\$m	30-Sep-16	31-Dec-15
<b>Total assets</b>	<b>849.0</b>	<b>658.0</b>
Working capital cash and bank balances	49.0	70.5
Inventories	102.9	102.9
Trade receivables	59.1	65.0
<b>Total working capital assets</b>	<b>211.0</b>	<b>238.4</b>
<b>Total liabilities</b>	<b>(510.1)</b>	<b>(532.9)</b>
Trade payables	(6.6)	(11.2)
Working capital loans (current)	(164.9)	(166.9)
<b>Total working capital liabilities</b>	<b>(171.5)</b>	<b>(178.1)</b>
Term loans and MTN	(244.1)	(256.3)
<b>Total Equity</b>	<b>338.9</b>	<b>125.1</b>
<b>Net working capital</b>	<b>39.5</b>	<b>60.3</b>

# Transaction with Sinochem International

With the close of the GMG VGO on 11 November 2016, all components of the transaction have been completed. Halcyon Agri has reached the threshold required to compulsorily acquire remaining GMG minorities to achieve 100% ownership of GMG

## Post transaction ownership structure



Notes:

1. NOSH based on estimated shares to be issued for 100% of GMG

## Post transaction capitalisation

Estimated NOSH <sup>1</sup>	1,595,014,633
Share price (S\$) <sup>2</sup>	0.48
Market capitalisation (S\$m)	782
Market capitalisation (US\$m) <sup>3</sup>	562

Notes:

1. NOSH based on estimated shares to be issued for 100% of GMG

2. At 9 November 2016

3. Based upon SGD-USD of 1.39



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