



Halcyon Agri Corporation Limited
Corporate Presentation with Maybank Securities
21 July 2022



Think Rubber, **Think Halcyon**

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Agenda



1 About Natural Rubber

2 Introduction to Halcyon and its Value Proposition

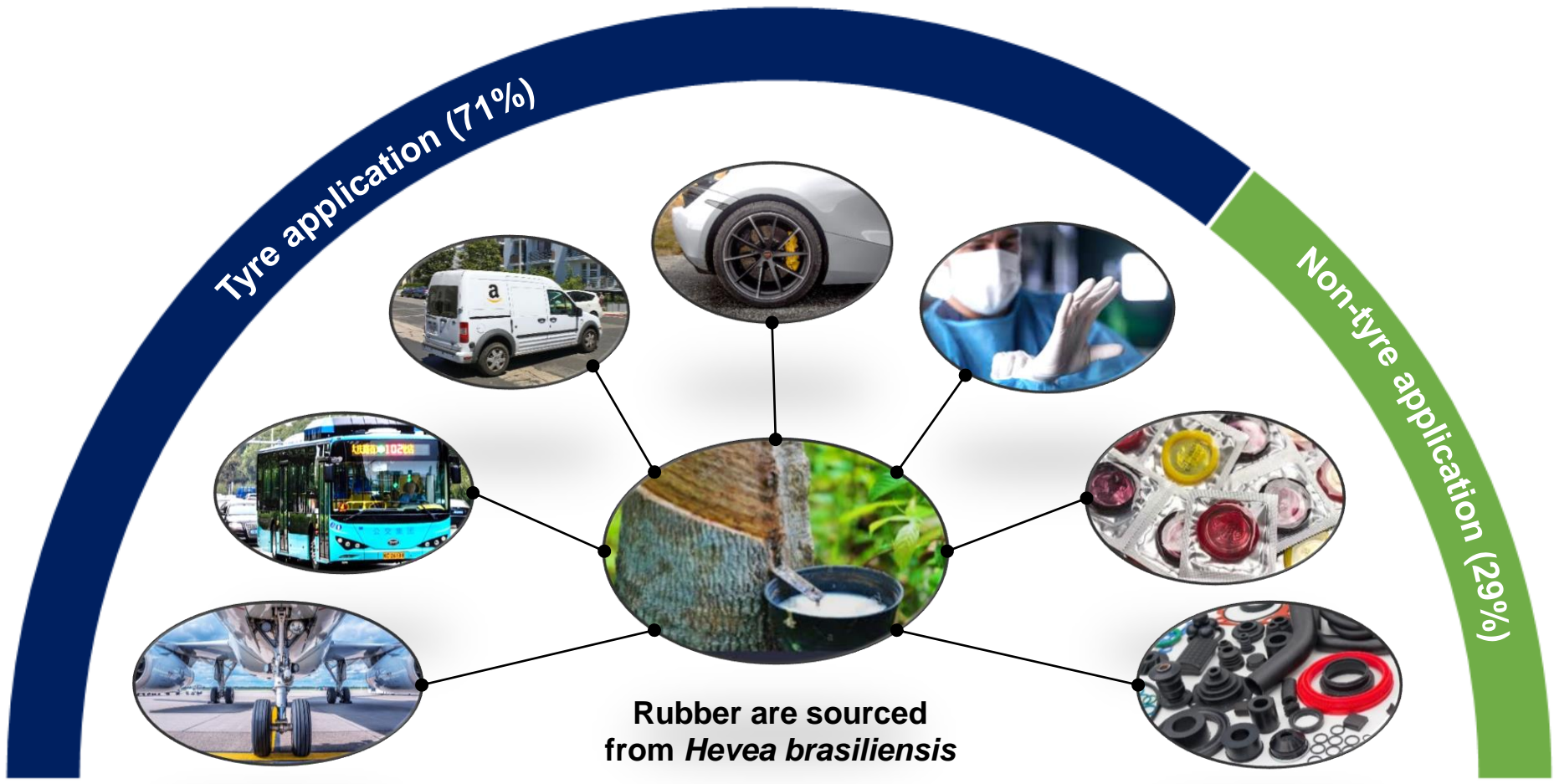
3 Natural Rubber Industry Trends

4 Halcyon's Operating and Financial Performance Overview

5 Conclusion

Natural Rubber is Necessity for Daily Usage and Keeps the World Moving

“Natural rubber is widely used in everyday products. Globally, natural rubber consumption is **expected to continue growing, in line with GDP expansion.**”

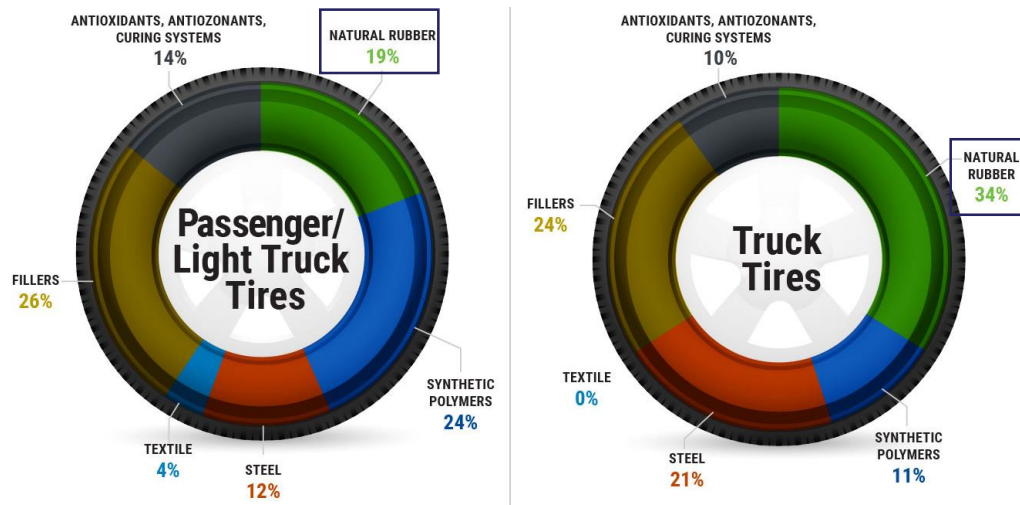


Source: Association of Natural Rubber Producing Countries (ANRPC) and International Rubber Study Group (IRSG)

Natural Rubber's Distinctive and Desirable Properties

Contrary to what many think, natural rubber and synthetic rubber are not direct substitute

Tyre Composition Guide



Source: US Tire Manufacturer Association

In fact, they **complement each other** in many applications including tyre production.

In particular, natural rubber possesses many distinctive properties:

- Superior tensile strength
- High resistant to wear such as cut, tear and fatigue crack
- Excellent vibration absorber
- Bio-based and sustainable

Commercial vehicles and aircraft tyres **have higher natural rubber content due to these desirable properties, and these tyres weigh significantly heavier.**

Tyre Categories	Est. weight (kg) range per tyre
Passenger cars	6 to 15
Light to heavy trucks	30 to 80
Aircrafts (i.e. Boeing)	100 to 130
Off-the-road (e.g. for mining trucks)	1,000 and more

“Assuming each passenger car tyre weighs 9kg¹ and requires 4 tyres, this translates to a demand of 7kg of natural rubber per car. This demand increases significantly for commercial vehicles. Globally, there are around 1.6 billion² vehicles in use and the numbers are growing. This is a huge addressable market.”

Halcyon Agri's Global Footprint & Strategic Network



39,500 ha¹
Planted Land Area across Africa and Malaysia

PLANTATIONS >



37 Production Facilities
Approximately 1.4 million mT
per annum production capacity

PROCESSING >



Offices and Facilities in 100+
Locations Globally

DISTRIBUTION >

Global production footprint	
Indonesia	19 factories
Malaysia	2 factories
China	7 factories
Thailand	5 factories
Ivory Coast	2 factories
Cameroon	2 factories



Latex tanks in Terneuzen, The Netherlands

Newly commissioned latex factory in Sudcam

PT Hok Tong Palembang factory in Indonesia

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

“Supported by more than 15,000 dedicated and respected employees, Halcyon stands for its long term commitment to sustainable and quality natural rubber products.”

Halcyon Rubber Company (HRC): Pre-eminent Tyre-grade Rubber Supplier

One of the Group's business units, **Halcyon Rubber Company (HRC)** processes and supplies superior rubber products to tyre manufacturers globally under the *HeveaPro* brand.

- Operates 35 factories in key rubber origins: Indonesia, Malaysia, China, Thailand and Ivory Coast
- Manages 3 sales and distribution centers in Singapore, Shanghai and Qingdao
- Access to raw material network across key origins, allowing HRC to manage the cost of raw materials

HRC's integrated business model



HRC produces and procures raw material from smallholder farmers

HRC processes the raw material in its approved factories to HeveaPro-certified tyre-grade rubber

HRC delivers the quality rubber products to global tyre manufacturers

HEVEAPRO

The HeveaPro brand of natural rubber represents Halcyon's commitment to the highest standards.

Four core attributes lie at the heart of HeveaPro:

Quality Standards

Environment, Health and Safety



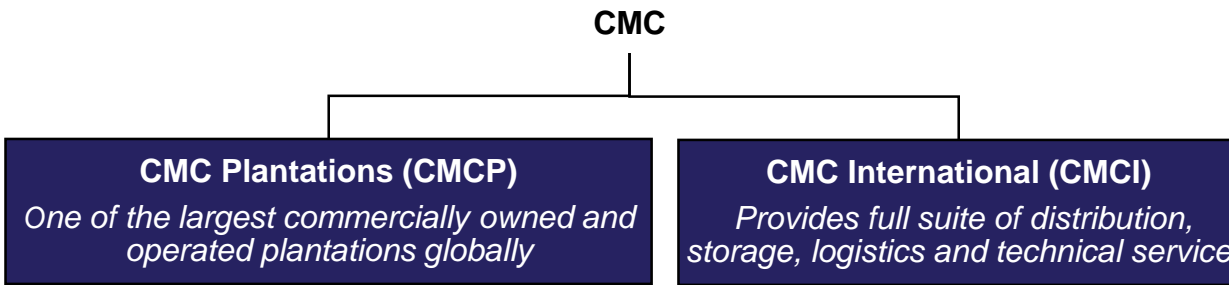
Supply Chain Security

Social Responsibility



Corrie MacColl (CMC): Global Rubber Franchise with entrenched position in Europe & US

Another business unit of our Group, Corrie MacColl (CMC) is the **leading integrated global distributor of fully traceable and sustainable in-house/third-party rubber products, with entrenched position in Europe and US**. CMC distributes under industry-leading *HEVEAPRO* and *LATEXPRO* brands to its tyre and non-tyre customers.



CMC Plantations



Amassed a total concession area of 110,000 ha, championing low-intensity planting, **zero deforestation** and ceased new planting in 2018. Championing the community forest and the Cameroon Outgrower programmes¹

CMC International



The **largest latex tank terminal in Europe**, providing storage and logistic service to customers



Presence in strategic locations to provide bespoke, holistic and prompt services to its clients



	Sales		Factory
	Distribution		Laboratory
	Head Office		Tank Terminal
	Plantation		Warehouse

1. Please refer to <https://www.corrie-maccoll.com/community-forest/> and <https://www.corrie-maccoll.com/cameroon-outgrower-programme-has-launched/> for more information on these programmes.

Halcyon's Global Market Leadership Position



FY2021 sales volume
1.4 million mT
(FY2020: 1.2 million mT)



Group sales volume as a % of
global NR consumption
10% (as of 2022)



HRC sales volume as a % of total NR
consumption for tyre & tyre products
11% (as of 2022)

“We provide the key ingredients to power mobility and save lives. Our rubber products can be found in vehicle tyres, shoe soles, medical gloves and abundance of everyday items.”

Halcyon's Strategic Positioning in NR Industry



Industry trends

Recovering natural rubber prices ○

Consumption growth to exceed production growth ○

Vehicle-in-use and production to increase ○

Global miles travelled to rise ○

Drastic decline in new planting ○

Our strategic positioning

○ Unparalleled strategic geographical presence

○ Wide-ranging approvals from tyre majors

○ Industry champion in sustainability

○ Accelerating the digitalisation of natural rubber supply chain

○ Key beneficiary of upcycle in natural rubber industry

Halcyon's Strategic Positioning in NR Industry (cont'd)



Industry trends

Recovering natural rubber prices ○

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Natural Rubber Outlook: Strong Underlying Demand Fundamentals

Rubber prices are on the cusp of recovery

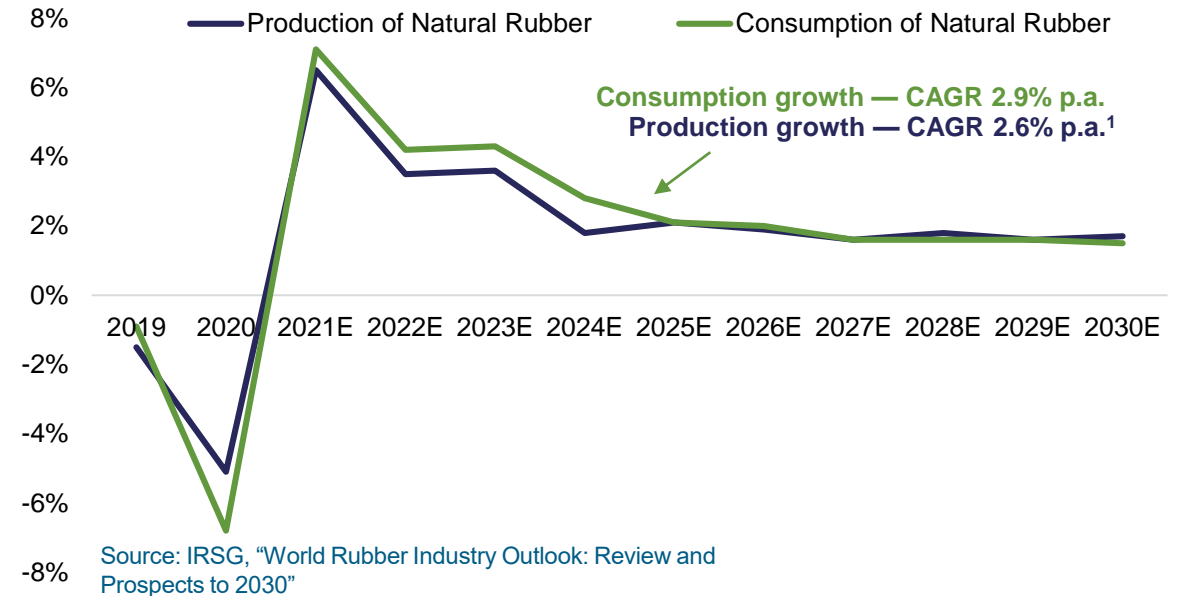
SICOM TSR20 1st Position (US\$ per MT)



- Prices recovering amid strong underlying demand
- Global growth recovery to support price uptrend
- Abatement of logistical logjam and electronic component shortage expected to be tailwinds for prices
- Natural rubber prices no longer trend along the major commodity price indices

Consumption to outpace production levels

Expected Change in Production and Consumption of Natural Rubber between 2021 to 2030

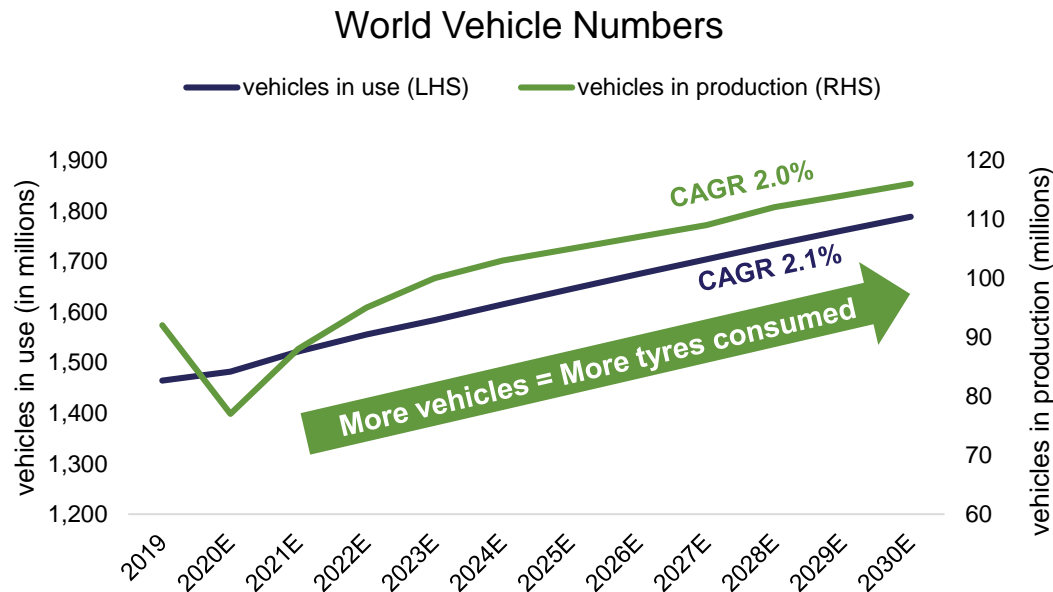


- Consumption predicted to reach 14.1 million mT this year, back to pre-COVID-19 levels
- Given stronger consumption trend, **future demand is expected to exceed supply**
- Recent macroeconomic uncertainty does not affect the underlying supply/demand dynamics

1. Takes into account natural rubber from less-traditional sources that have yet to attain wide acceptance in terms of quality and sustainability practices

Natural Rubber Demand: Positive Factors

Global vehicle-in-use and production are expected to increase, propelled by emergence of EVs

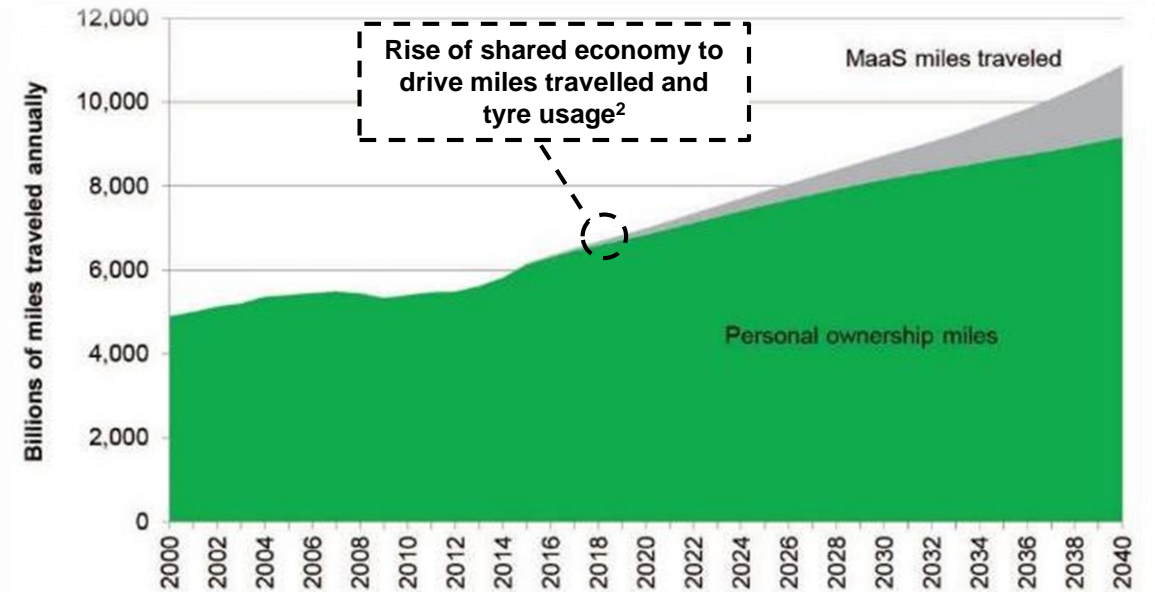


Source: IRSG, "World Rubber Industry Outlook: Review and Prospects to 2030"

- Global tyre production expected to **rise from c.1.86 billion in 2021 to c.2.4 billion units** by 2030, driven by increasing demand for OEM tyres
- Surge in demand for electric/electronic vehicles will **propel the rise in tyre consumption trend further** – due to instant torque technology
- Global infra. spending to hit US\$5.8 trillion by 2030¹, 35% more than 2019, anchored by US, China and India → **rising car no. and mobility**

1. <https://asia.nikkei.com/Economy/China-and-India-infrastructure-construction-paves-way-out-of-crisis>
 2. IHS Markit, "The Future of Cars 2040: Miles Travelled Will Soar While Sales of New Vehicles Will Slow"

Growth in global miles travelled, accelerated by improved global connectivity & rise of shared economy



Note: MaaS includes app-based ride hailing and car sharing. 1 mile = 1.6 km.

Source: IHS Markit

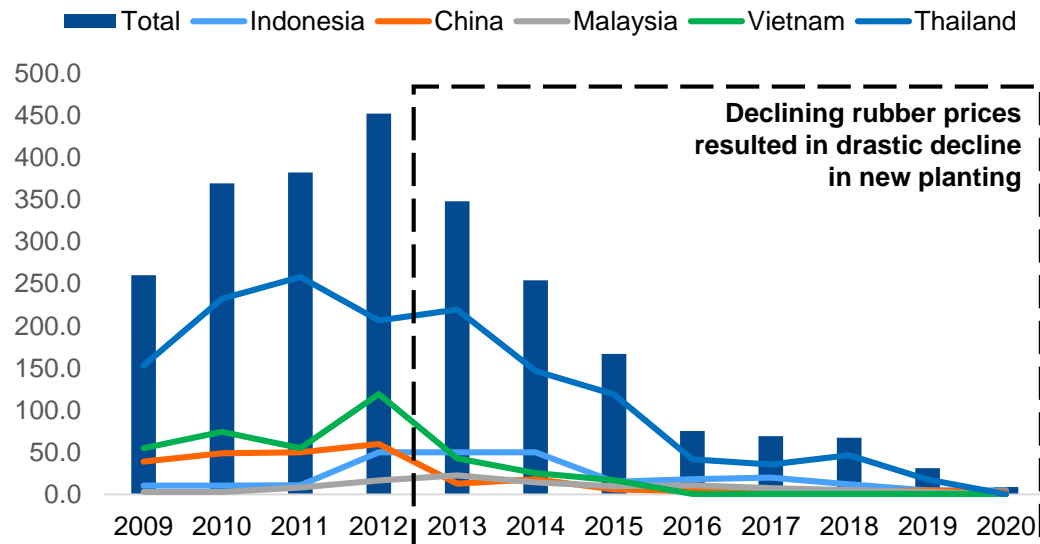
© 2017 IHS Markit

- COVID-19 has further propelled surge in delivery miles
- Vehicle on road time/utilisation ↑, Idle vehicles ↓, miles driven ↑
- **Increase in miles is expected to translate into demand for replacement tyres**

Natural Rubber Supply Situation: Upstream Presence & Sustainability Focus

Drastic decline in new planting potentially spark future supply shortage

New planting of rubber (in hectares)



Source: IRSG / ANRPC

- Other considerations restricting supplies:
 - ❖ Supply inelasticity – Rubber tree takes around 6 to 7 years to mature, and **existing supply may not be sufficient to fulfil surging demand**
 - ❖ Lack of maintenance cause vulnerability to tree diseases, affecting yield
 - ❖ Prolonged weak prices → smallholders leaving rubber trade

Other long-term trends that are favouring natural rubber players

Sustainability



Increasing need for sustainable rubber

Digitalisation



Revolutionise rubber trade and improve operational efficiencies

Non-tyre demand



Growing demand from transportation and healthcare sectors (e.g. shock absorbers on high-speed rail, latex gloves)

Halcyon's Strategic Positioning in NR Industry (cont'd)



Industry trends

Recovering natural rubber prices ○

Consumption growth to exceed production growth ○

Vehicle-in-use and production to increase ○

Global miles travelled to rise ○

Drastic decline in new planting ○

Our strategic positioning

○ Unparalleled strategic geographical presence

○ Wide-ranging approvals from tyre majors

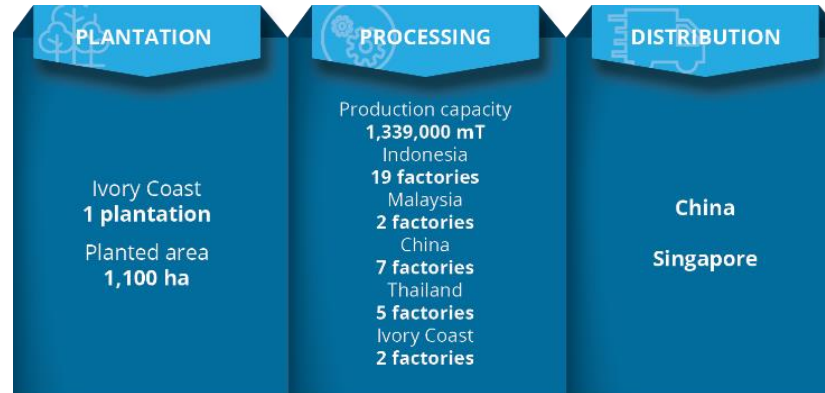
○ Industry champion in sustainability

○ Accelerating the digitalisation of natural rubber supply chain

○ Key beneficiary of upcycle in natural rubber industry

Halcyon's Value Proposition to Capitalise on Opportunities (cont'd)

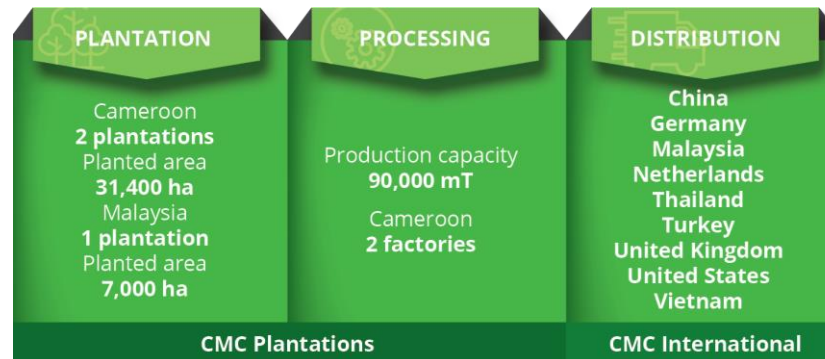
We have unparalleled strategic geographical presence



Plantation



Processing



Distribution



*“Leveraging its global presence and access to real-time supply-demand dynamics across the world, Halcyon is poised to **capitalise** on growing demand for natural rubber.”*

Halcyon's Value Proposition to Capitalise on Opportunities (cont'd)

Wide-ranging approvals from international tyre majors and industrial customers



- Tyre majors have specific technical and sustainability requirements and stringent quality control
- We supply rubber products that meet these requirements and build long-standing relationships with our extensive clientele base including global blue-chip clients

Unwavering commitment in sustainability



Sustainability is a key business tenet for Halcyon, milestones & awards include:



Zero deforestation



Initiated Cameroon Outgrower Programme



Attained US\$25m sustainability-linked financing from Deutsche Bank¹



EcoVadis Gold¹ Most Transparent Rubber Producing Company²

We strive to **differentiate ourselves, stay relevant and potentially capture more market share** as the supply chain gears towards sustainability.

In pole position to tap on surging **green/ESG linked financing**

1. <https://www.halcyonagri.com/en/press-release/halcyon-agri-provides-corporate-updates/>
 2. <https://www.halcyonagri.com/en/press-release/halcyon-ranks-top-amongst-rubber-producers-in-spott-assessment/>

Halcyon's Value Proposition to Capitalise on Opportunities (cont'd)

Owns one of the largest commercially operated rubber plantations globally



- >50% immature¹; as plantation matures, plantation yield ↑, per unit cost and capital investment ↓
- Improve traceability and quality control
- **Potential additional annual revenue² of US\$32 million in 2025**
- **Upside earnings potential from rubber price increase** as supply shortage looms following years of decline in new plantings

Accelerating the digitalisation of natural rubber supply chain



- **Our associate, HeveaConnect is an independent digital platform** to facilitate trades for sustainably-produced natural rubber
- Incubated within Halcyon, it has now secured investments from blue-chip institutions (**DBS Bank, ITOCHU Corporation and most recently SGX³**) and is **gaining traction in onboarding key tyre majors⁴**
- **Promote fair and equitable remuneration among the supply chain**

1. As of 30 Dec 2021

2. Expected 2025 yield multiplied with assumed market price of US\$1,600 per mT

3. <https://www.halcyonagri.com/en/press-release/sqx-invests-in-heveaconnect/>

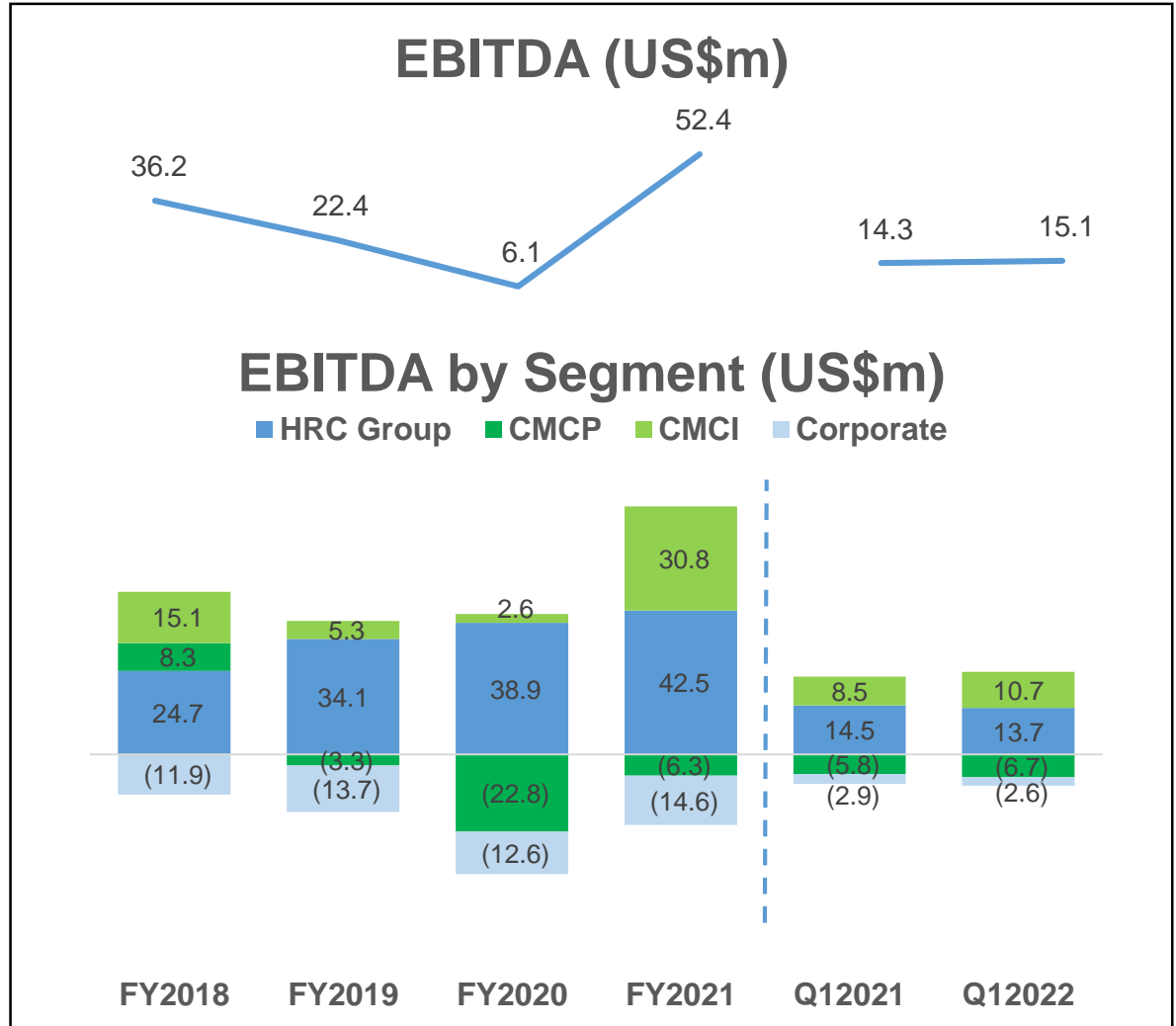
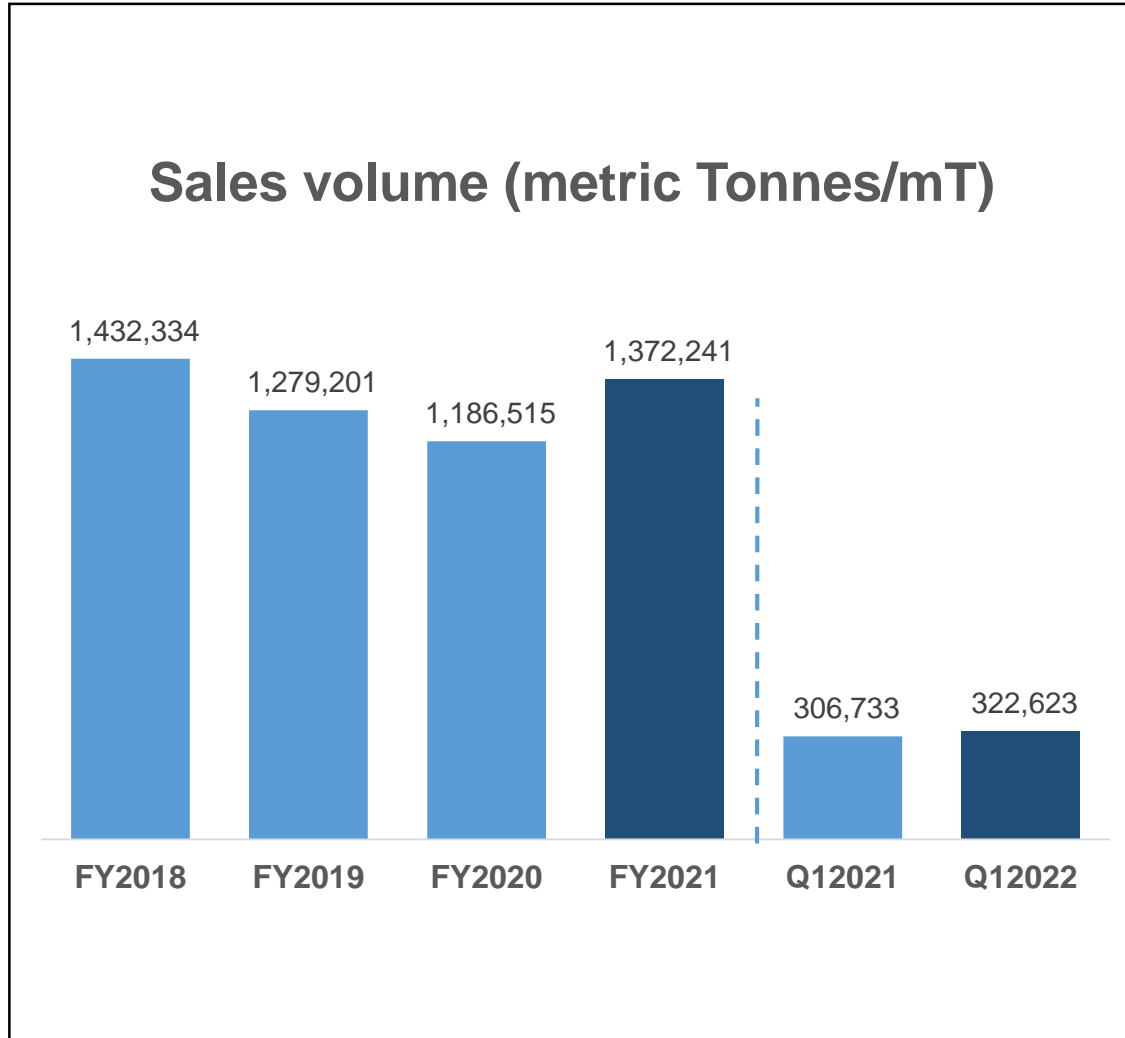
4. <https://www.continental.com/en/press/press-releases/20211214-hevea-connect/>

FY2021/Q12022 Key Financial Highlights

(Year-on-year comparison against FY2020/Q12021)

	FY2021 (vs FY2020)	Q12022 (vs Q12021)
Volume	1,372,241 mT (+ 15.7%)	322,623 mT (+ 5.2%)
Average Selling Price	US\$1,793 (+ 24.5%)	US\$1,913 (+ 13.1%)
Gross Profit	US\$162.9m (+ 60.3%)	US\$47m (+ 20.9%)
Operating Profit	US\$36.1m (Reverses prior year loss)	US\$7.5m (Continued OP)
EBITDA	US\$52.4m (+ 773.3%)	US\$15.1m (+ 5.6%)
Net Profit	US\$17.0m (Reverses prior year loss)	

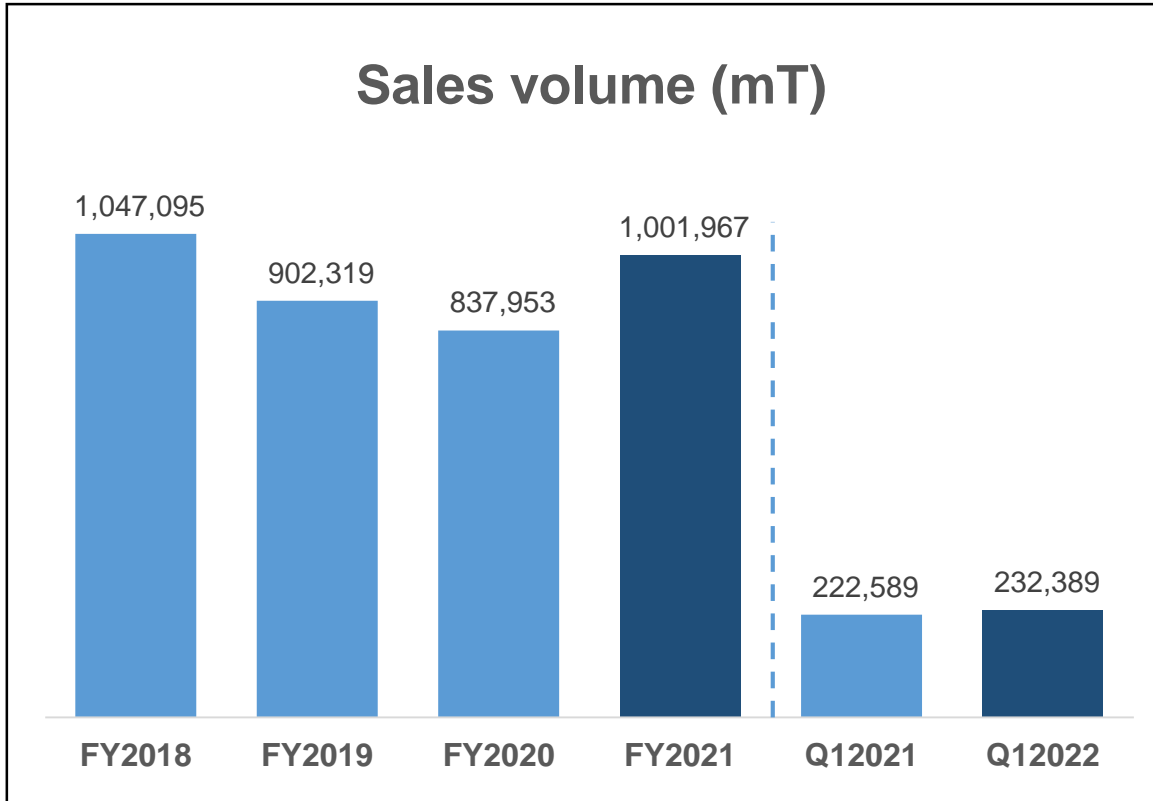
Financials – HAC Group



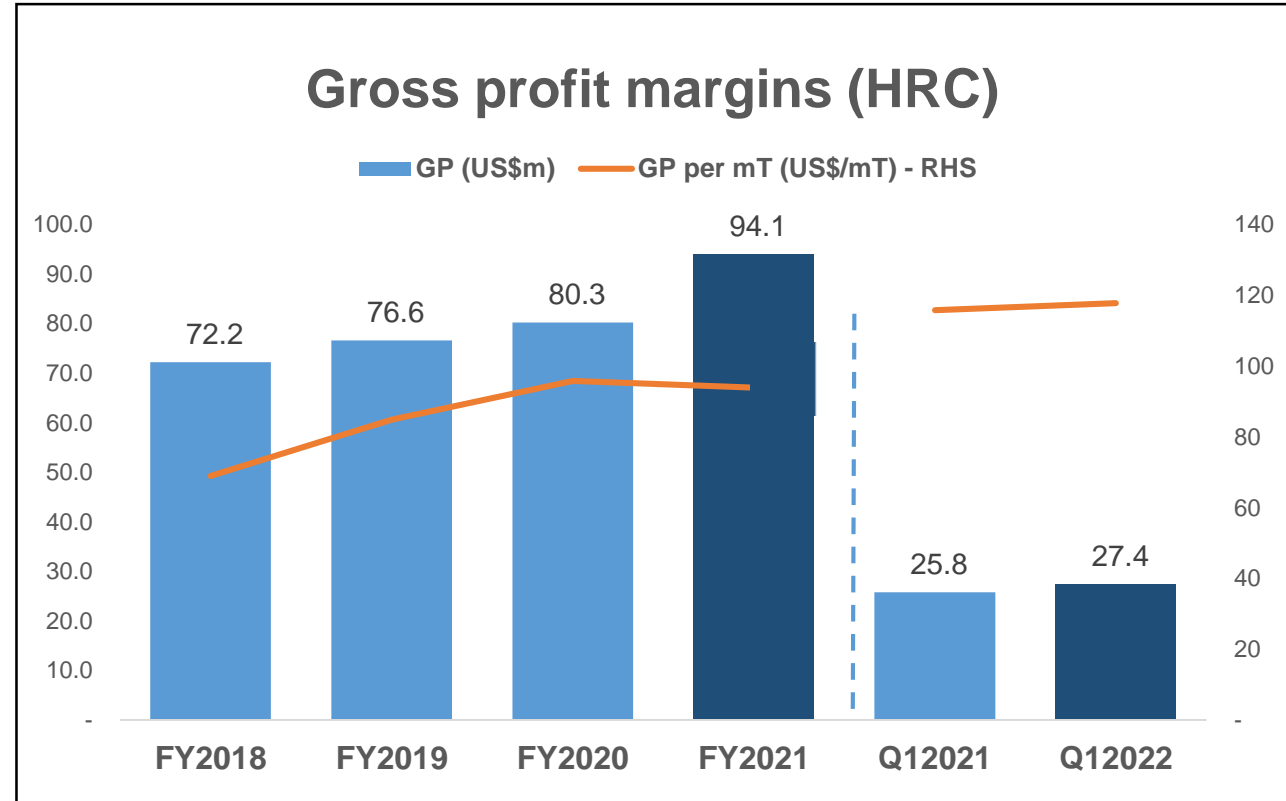
¹ Excludes fair value gains, disposal gains and one-off non-operational expenses

Financials – Halcyon Rubber Company (HRC)

Sales volume (mT)



Gross profit margins (HRC)



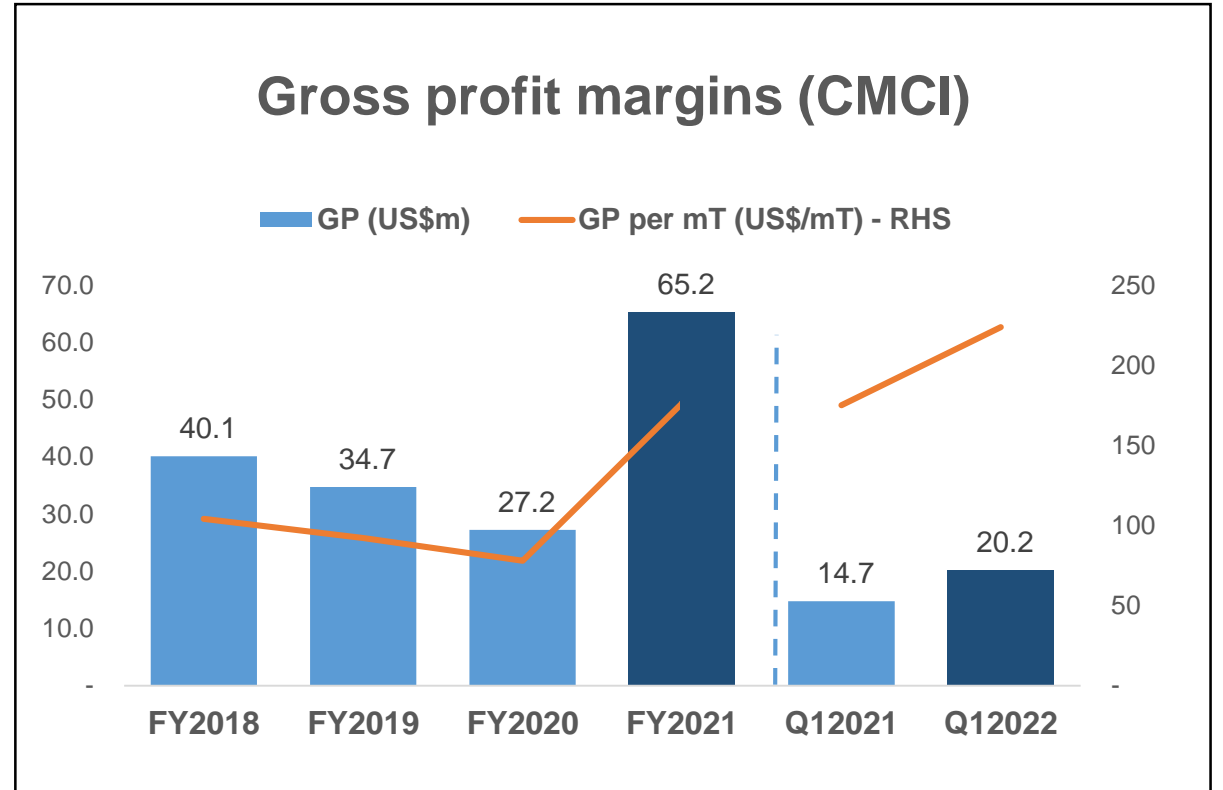
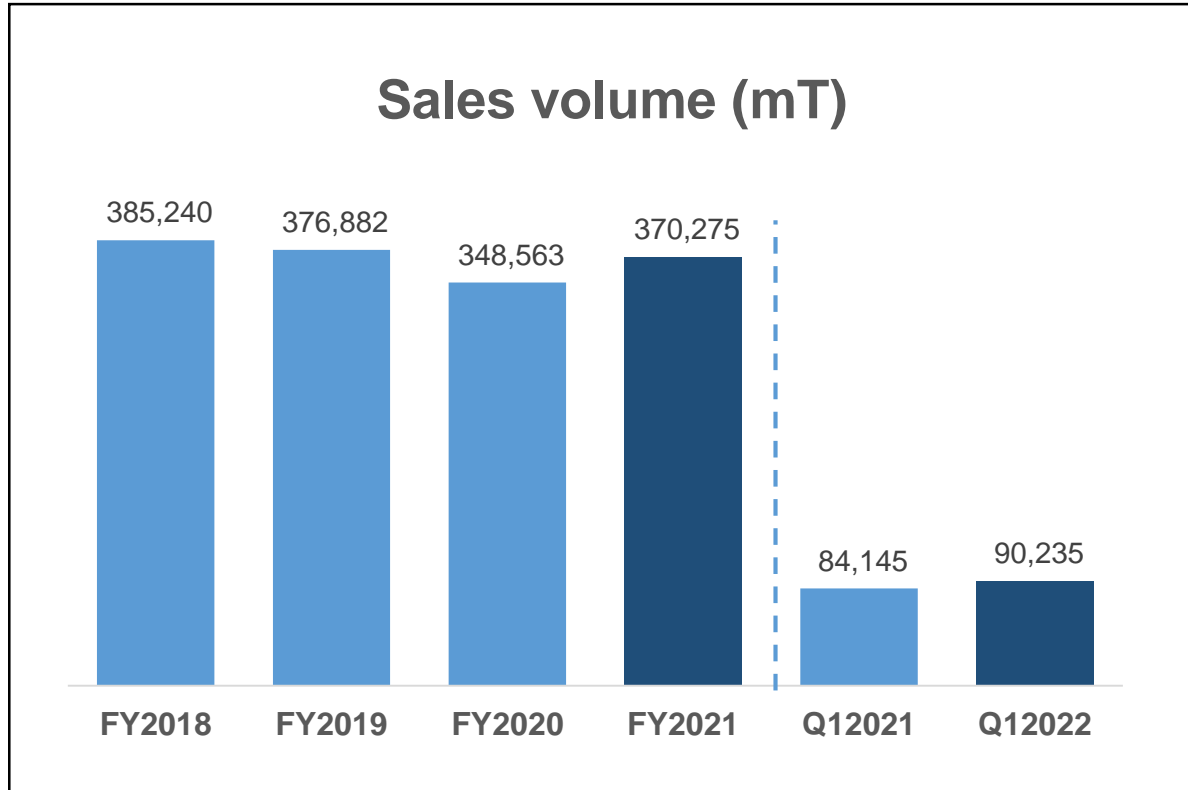
Headline figures
(FY2021 / Q12022)

Sales volume
1,001,967 mT / 232,389 mT

Gross profit per mT
US\$94 / US\$118

EBITDA per mT
US\$42 / US\$59

Financials – Corrie MacColl International (CMCI)



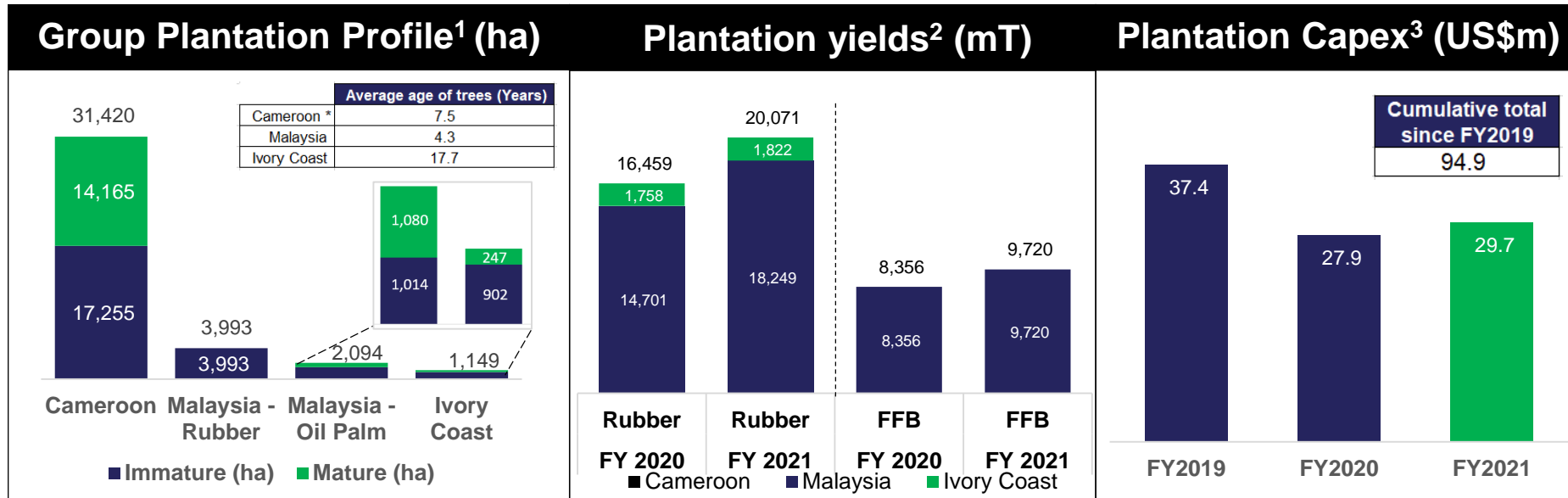
Headline figures
(FY2021 / Q12022)

Sales volume
370,275 mT / 90,235 mT

Gross profit per mT
US\$176 / US\$224

EBITDA per mT
US\$83 / US\$119

Corrie MacColl Plantations (CMCP) – Investing in the Future



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.

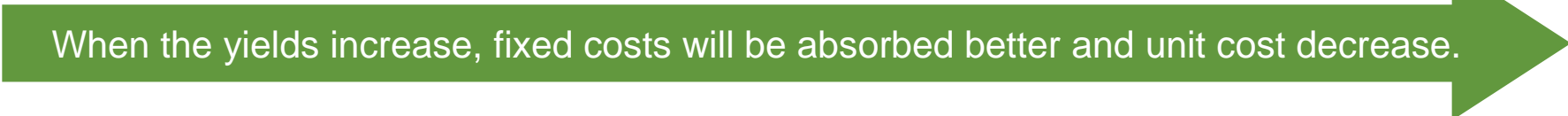
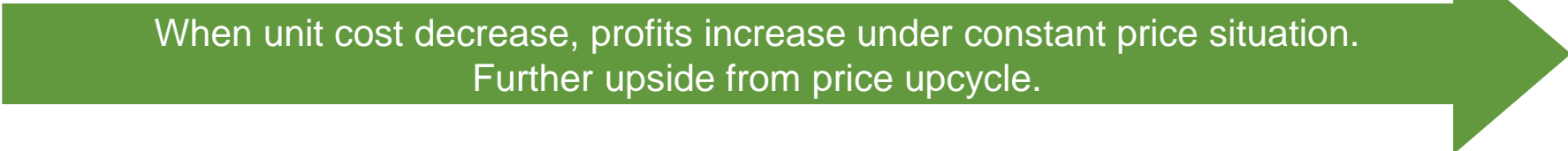
³ Includes capitalised interest costs.

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 7,300 ha of very old trees earmarked for replanting

- Capital investment is required for the upkeep 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

Financials – Corrie MacColl Plantations (CMCP)

	Current	2025	2030
Yields	c.20,000 mT <i>(2.1 mT per matured hectare)*</i> <i>(7.2 years average tree age)*</i> Q1 2022 - commenced tapping on c.2,500 hectares of new plantations areas, contributing to increased production of c.2,000 mT per annum	40,000 mT	55,000 mT
Unit costs	 <p>When the yields increase, fixed costs will be absorbed better and unit cost decrease.</p>		
Profits	 <p>When unit cost decrease, profits increase under constant price situation. Further upside from price upcycle.</p>		

* Yield and average tree age exclude 7,300 ha of very old trees earmarked for replanting.

Halcyon Agri Investment Merits

Our Growth Propositions

- 1 Unparalleled strategic geographical presence
- 2 Wide-ranging approvals & long-standing relationships with international tyre majors and industrial customers
- 3 Pioneered digitalisation in the natural rubber supply chain
- 4 Key beneficiary of upcycle in natural rubber industry
- 5 Strong institutional support; sustainable financing

Our Priorities

- Capture the growing natural rubber demand
- Solidifying the position of our key profit drivers, HRC and CMCI
- Promote greater price transparency in natural rubber supply chain
- Capture upside from our maturing plantations when the yield ramps up and secure premium pricing
- Gain wider access to financial institutions' capital support/sustainability-linked support

*“Anchored by our financing initiatives, we continue to **strengthen our capital structure**. We also seek to **deleverage and unlock further value of our assets through opportunistic divestment**.”*



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Thank you!

