SIPH
Société Internationale de Plantations d'Hévéas

Half-year results at June 30, 2016
A stable turnover despite falling prices

An improvement in operating cash flows expected in the second half

Courbevoie, October 14, 2016

SIPH publishes its half-year results for financial year 2016. These accounts were reviewed by the Board of Directors of SIPH on October 12, 2016. The limited review of the accounts is currently in progress. The half-yearly financial report will be filed before October 31, 2016 and will be the subject of a press release.

Since January 1, 2016, the SIPH Group has applied the historical costs method (application of revised standards IAS 41 and IAS 16) as the method of valuation of biological assets, and no longer the fair value method. The application of this method now allows to limit the volatility effect of the fair value method on the income statement. The main effect of this change in standard is a revaluation of restated shareholders' equity at December 31, 2015 of around 36 M€.

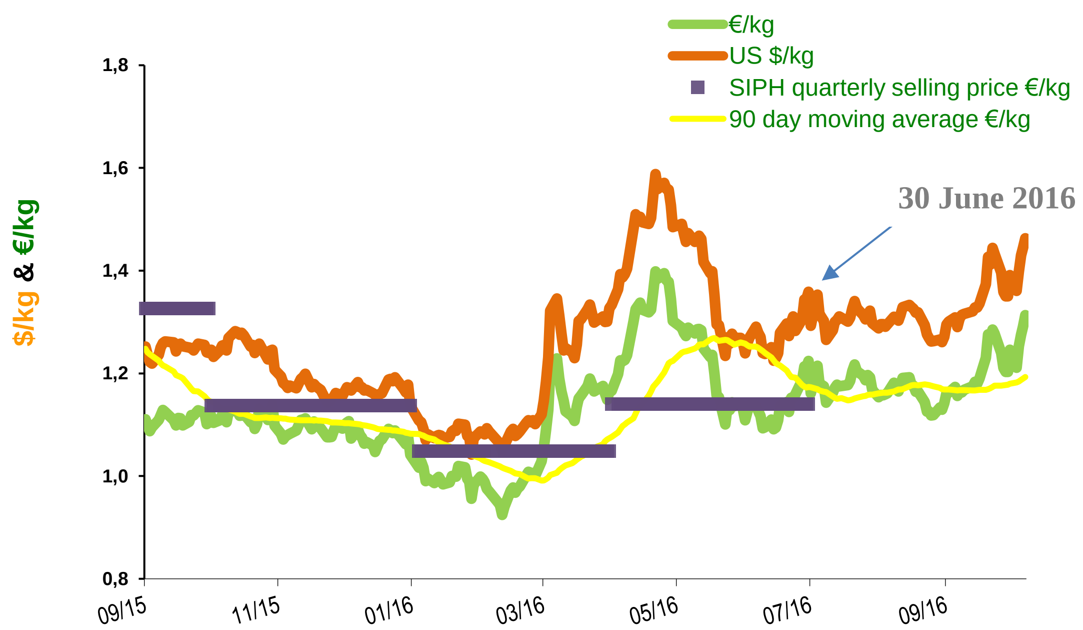
In million € Simplified income statement (under audit)	30/06/2016	30/06/2015 Restated(1)	30/06/2015 Published
Turnover from rubber	**99.1**	**96.6**	**96.6**
Total turnover	**107.1**	**106.8**	**106.8**
Costs of rubber produced and sales costs	-77.0	-75.3	-75.1
Raw material and finished products stock variations	-5.8	-1.2	-1.2
Cost of other sales	-7.4	-10.9	-10.9
Cost of goods sold	**-90.3**	**-87.4**	**-87.2**
Margin on direct costs	**16.9**	**19.5**	**19.6**
Overhead costs	-12.3	-14.0	-14.0
Depreciation and amortization	-9.6	-7.6	-5.9
Current operating income	**-5.1**	**-2.1**	**- 0.2**
Net agricultural investments (IAS41)	-	-	- 6.9
Fair value of biological assets (IAS 41)	-	-	91.1
Operating profit after IAS 41	**-**	**-**	**83.9**
Operating profits	**-7.5**	**-3.7**	**84.4**
Cost of net debt	1.4	-0.2	-1.8
Tax on income	-2.2	1.6	-21.5
Net income	**-8.3**	**-2.4**	**61.2**
Net income (Group share)	**-6.1**	**-2.0**	**41.1**

(1) after application of revised standards IAS 16 and IAS 41

A still unfavourable market context in the 1st half followed by a positive trend toward a rise in prices

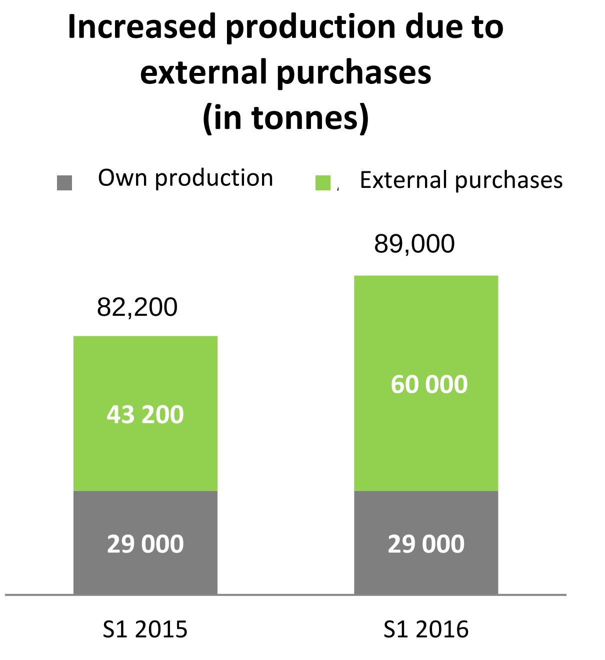
Over the 1st half, the average price of rubber was down by 13% compared to the 1st half of 2015 at 1.28 \$/Kg (1.13 €/Kg) against 1.47 \$/Kg (1.32 €/Kg) in 2015.

However, the price of rubber (Sicom 20) which was around 1.08 \$/Kg in early January 2016, stood at 1.36 \$/Kg at June 30, 2016, up by + 25.9 %. This positive trend seems to be confirmed over the 2nd half (price at October 7, 2016 of 1.46 \$/Kg).



Total production up by +23% due to external purchases

Thanks to the strong growth in external purchases of raw materials (60 thousand tonnes compared to 43.2 thousand tonnes), the total rubber production over this 1st half of 2016 is up by +23% (89 thousand tonnes). The share of product tonnages from external purchases represents 67% of total production over this half year (compared to 60% at June 30, 2015).



Half-year results

Over this 1st half, the tonnages sold (91 thousand tonnes, i.e. +17% compared to June 30, 2015) have allowed to entirely offset the decline of sale prices (-12.3%). This increase in sales is the result of the increase in industrial capacity over the last two financial years which has allowed to take advantage of the growing supply of raw materials by independent planters in Ivory Coast and Ghana.

SIPH has therefore managed to maintain its level of **turnover**, despite low price levels, which amounts to 99.1 M€, compared to 96.6 M€ for the 1st half of 2015, i.e. a slight increase of +2.6%.

The **current operating result** stands at -5.1 M€ for the 1st half of 2016 (against -2.1 M€ at June 30, 2015). It takes into account a destocking effect (11,200 tonnes) which accounts for -5.8 M€ on the margin on direct costs.

In parallel, in accordance with what was announced with the annual results, the Group is reaping the benefits of its cost reduction actions. Overhead costs are thus down by 12%.

Depreciation is up by -9.6 M€ compared to -7.6 M€ last year, related to investments made to increase plant capacity. The operating result stands at -7.5 M€ compared to -3.7 M€ at June 30, 2015.

The financial result is 1.4 M€ (compared to a loss of 0.2 M€ for the restated result for the first half 2015). The SIPH Group benefited from a financial gain from its subsidiary RENL in Nigeria, due to the devaluation of the Naira.

Thus, after taking into account a tax expense of - 2.2 M€, the net result amounts to -8.3 M€, against to a comparable net result of -2.4 M€ for the 1st half of 2015 restated.

The **net result, group share, is -6.1 M€**, compared to -2 M€ at end-June 2015 restated.

Financial structure

in thousands of Euros (under audit)	At 30/06/2016	At 30/06/2015 Restated(1)	At 31/12/2015 Restated(1)	At 31/12/2015 Published
Total equity	**184,124**	**202,310**	**205,586**	**157,496**
Net financial debt	**87,251**	**76,535**	**80,291**	**80,291**
o/w long-term borrowings	74,377	75,422	57,606	57,606
o/w short-term borrowings	33,003	25,819	51,875	51,875
o/w available cash	20,129	24,706	29,190	29,190

(1) after application of revised standards IAS 16 and IAS 41

At December 31, 2015, restated shareholders' equity stood at 205.6 M€ (compared to 157.5 M€ published on this same date), of which 36 M€ following the change of accounting method (historical costs).

At June 30, 2016, shareholders' equity totalled 184,1 M€, after taking into account the loss of the year (- 8.3 M€) and the impact of the devaluation of the Nigerian currency (- 45% compared to December 31, 2015) for 14 M€.

in thousands of Euros *(under audit)*	At 30/06/2016	At 30/06/2015 Restated(1)	At 31/12/2015 Restated(1)	At 31/12/2015 Published
Cash from operating activities after cost of net financial debt and taxes	2,625	9,774	25,075	25,255
Taxes paid	-1,431	-1,414	-2,969	-2,969
Change in working capital requirements	3,875	-466	1,895	1,895
NET CASH FLOW FROM OPERATING ACTIVITIES	**5,069**	**7,894**	**24,001**	**24,182**
NET CASH FLOW RELATED TO INVESTMENT TRANSACTIONS	**-10,819**	**-21,717**	**-38,110**	**-35,277**
NET CASH FLOW RELATED TO FINANCING TRANSACTIONS	**-5,641**	**18,135**	**25,785**	**22,771**
Impact of changes in foreign exchange rates	-276	62	85	85
CHANGES IN CASH	**-11,668**	**4,374**	**11,761**	**11,761**
CASH AND CASH EQUIVALENTS AT START OF YEAR	**28,979**	**17,218**	**17,218**	**17,218**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**17,312**	**21,592**	**28,979**	**28,979**

(1) after application of revised standards IAS 16 and IAS 41

Operational flows remain positive at 5 M€ against 7.9 M€ at June 30, 2015 and take into account a significant improvement in WCR (3.9 M€ at June 30, 2016 against (0.5) M€ at June 30, 2015).

In parallel, to cope with the price context, the Group has highly modulated its investments by favouring industrial and agricultural extension. The level of investments is 11 M€ against 22 M€ at June 30, 2015.

Available cash stood at 20.1 M€ at end-June 2016. Net debt amounted to 87.3 M€ at June 30, 2016 against 80.3 M€ at December 31, 2015, i.e. a net debt ratio[1] of 47.4%. Debt due in more than 1 year represents 69% of total debt.

An improvement in operating cash flows expected in the second half

The historical seasonality of production (40% in the first half compared to 60% in the second half) combined with the current positive market trends are positive signs for an expected improvement in operating cash flows in the second half.

In accordance with its business plan, the Group has confirmed its objective to increase production to 228,000 tonnes (approximately +22% expected in 2016) and continues to intensify its efforts to push down cost prices.

SIPH also continues to monitor its investments with a confirmed annual budget of 19 M€ dedicated in priority to renewal, the growth of surfaces and the adaptation of its industrial capacity, but with some flexibility depending on price developments. SIPH thus continues to demonstrate its ability to adapt in low cycle conditions.
In the Ivory Coast and Ghana, the Group continues to deploy its industrial programme initiated 3 years ago, to increase the capacity of volumes purchased.

[1] Net debt ratio = net debt/equity

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Euronext Value Code: SIPH - ISIN Code: FR 0000036857 - Number of shares: 5,060,790

About SIPH

SIPH (Société Internationale de Plantations d'Hévéas) specialises in the production, processing and marketing of natural rubber for industrial use. SIPH operates 58,000 hectares of mature rubber trees, and is now aiming for a production capacity of 228,000 tonnes by the end of 2016 over 4 countries (Ivory Coast, Ghana, Niveria and Liberia). The treated latex comes both from the exploitation of SIPH's own rubber plantations and from purchases made from independent growers. SIPH sells its products, which are mainly reserved for the tyre business, on the international market. For more information, visit the website: www.siph.com.

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