



## NEWS RELEASE

### HYFLUX POSTS 1Q 2009 PROFIT BEFORE TAX OF S\$6.8 MILLION ON REVENUE OF S\$88.2 MILLION

#### **Key Highlights:**

- Profit before tax increases by 23% to S\$6.8 million, from S\$5.6 million in 1QFY2008 on revenue of S\$88.2 million.
- Net profit after tax and minority interests ("PATMI") declines by 11% to S\$5.1 million, from S\$5.7 million in 1Q 2008 largely due to net tax credits received in 1QFY2008.
- Achieves financial close of the world's largest seawater desalination plant in Magtaa, Algeria, with an estimated EPC value of US\$443million.

Despite the challenging economic conditions, municipal sales, which accounted for 86% of Hyflux's revenue, continued on its growth path, expanding by 7% to S\$75.4 million in 1QFY2009 from S\$70.2 million in 1QFY2008. Industrial sales, which now account for a much smaller proportion of Group's revenue, was impacted by the weaker economic environment in China. The Group expects industrial sales to remain sluggish amid current economic conditions.

Profit before tax increased by 23% to S\$6.8 million in 1QFY2009, from S\$5.6 million in 1QFY2008, due to improved gross profit margins.

*"Management will remain selective when bidding for projects especially for new Build, Operate and Transfer projects. Quality project delivery will continue to be our top priority as we execute on our order book while leveraging on current commodity prices to secure best input prices for our projects. We remain confident of the tremendous growth opportunities in the seawater desalination segment where we have already built significant competitive advantage. We intend to stay ahead of competition by pushing for further improvements in membrane technology and applications,"* said Ms Olivia Lum, Group CEO, President and Managing Director.

*Singapore, May 7, 2009* – Main Board listed Hyflux Ltd (“Hyflux” or “The Group”), a leading global player in integrated environmental solutions specialising in membrane technologies, today reported an increase of 23% in profit before tax of S\$6.8 million on revenue of S\$88.2 million for the quarter ended 31 March 2009 (“1QFY2009”).

### **Financial Review**

Middle East North Africa (“MENA”) and China continue to be major revenue contributors, accounting for 95% of total revenue with MENA and China contributing 57% and 38%, respectively.

Raw materials and subcontractors’ costs decreased by 9% to S\$59.9 million, from S\$66.0 million in 1QFY2008 as the Group benefited from softer global commodity prices.

Higher staff costs was in line with the Group’s revenue and business expansion, particularly in its operations and maintenance (“O&M”) activities and in preparation of mobilisation works at Magtaa. Staff costs rose to S\$13.0 million, from \$10.3 million for 1QFY2008.

The 11% reduction in PATMI to S\$5.1 million in 1QFY2009 versus S\$5.7 million in 1QFY2008 was mainly due to net tax credits received in 1QFY2008.

The Group’s cash position stood at S\$74.1 million as at 31 March 2009. With increased investments in associates and projects, net gearing expanded to 0.8 times from 0.4 times in 1QFY2008.

### **Recent Developments**

Hyflux completed a RMB617 million long term loan financing facility for China’s largest seawater desalination plant in Dagang City, Tianjin province, on 11 March 2009. This loan facility will further strengthen the Group’s balance sheet and is a testimony to the Group’s earnings quality despite continued tight credit market conditions.

The Group has achieved financial close of the world’s largest desalination plant in Magtaa, Algeria. Construction work has commenced and will be completed in 28 months’ time. The first

draw down of the project financing for Magtaa was in April 2009. The MENA region will continue to be a significant contributor to the total revenue and cashflow of the Group.

### **Outlook for FY09**

The outlook for the municipal sector remains favourable as governments continue to invest in infrastructure development, with the environmental and water industries remaining priority sectors for governments in the countries that the Group operates in.

Engineering, Procurement and Construction (“EPC”) projects in China and Algeria are making good progress and staying within budget. China’s largest seawater desalination plant in Dagang City, Tianjin, is expected to deliver water on schedule this year. All these projects, when completed, will contribute to Hyflux’s recurring revenue base for its global O&M business.

The Group will continue to actively push for cost-saving initiatives which can lead to gross profit margin expansion for its EPC activities. In addition, the Group will continue to further improve on design efficiencies for plants under development to achieve higher levels of productivity for its O&M activities when these plants become operational.

Hyflux will continue to focus on developing its membrane technologies and applications to take advantage of growth opportunities ahead.

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### **About Hyflux**

Hyflux is one of the world’s leading technology-driven environmental companies, with operations and projects in Southeast Asia, China, India, the Middle East and North Africa.

Hyflux’s spirit of innovation and entrepreneurship drives its technological advancements in membranes, commercialisation of applications, project management, and operations and maintenance.

Hyflux is committed to providing cost-effective, reliable and sustainable solutions to its customers worldwide, from seawater desalination, water recycling, wastewater and potable

water treatment, to renewable resources management in the fields of oil recycling, alcohol fermentation and palm oil clarification. The company is building the world's largest membrane-based seawater desalination plant in Magtaa, Algeria.

Hyflux was voted the Water Company of the Year in 2006 by Global Water Intelligence. It was conferred the Forbes Best Companies under One Billion in 2006 and 2007, and won Frost and Sullivan's Technology Innovation of the Year Award 2007- Desalination Technologies (Asia Pacific) and its Technology Innovation of the Year Award 2007- Residential Water Treatment Equipment Market (Southeast Asia).

For more information, please visit [www.hyflux.com](http://www.hyflux.com)

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