

Hyflux Ltd

2Q10 & 1H10 Results Review

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5 August 2010

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Agenda

- 2Q10 and 1H10 Financial Results Review
- Water Industry Updates
- Hyflux's Growth Strategy

Stable Profits

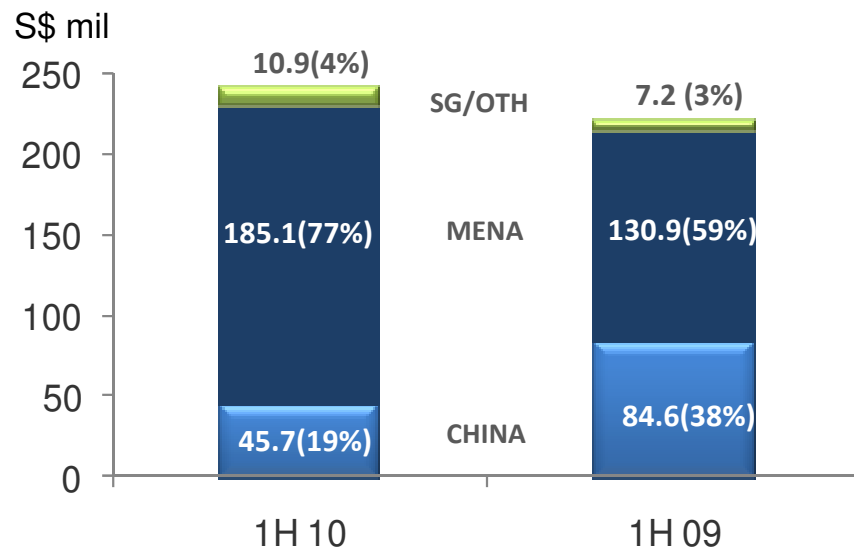
<u>S\$ mln</u>	2Q10	2Q09	% Change	1H10	1H09	% Change
Revenue	140.4	134.5	4	241.7	222.7	9
PBT	31.2	28.5	10	38.2	35.4	8
PATMI	27.3	25.9	5	33.7	31.0	9

Key highlights

- Group revenue and profit continued to hold steady with the EPC activities on the world's largest SWRO desalination plant in Magtaa, Algeria.
- The effective tax rate for 1H10 was lower than the Singapore tax rate due to tax incentives enjoyed by certain entities in the Group.

Revenue Breakdown

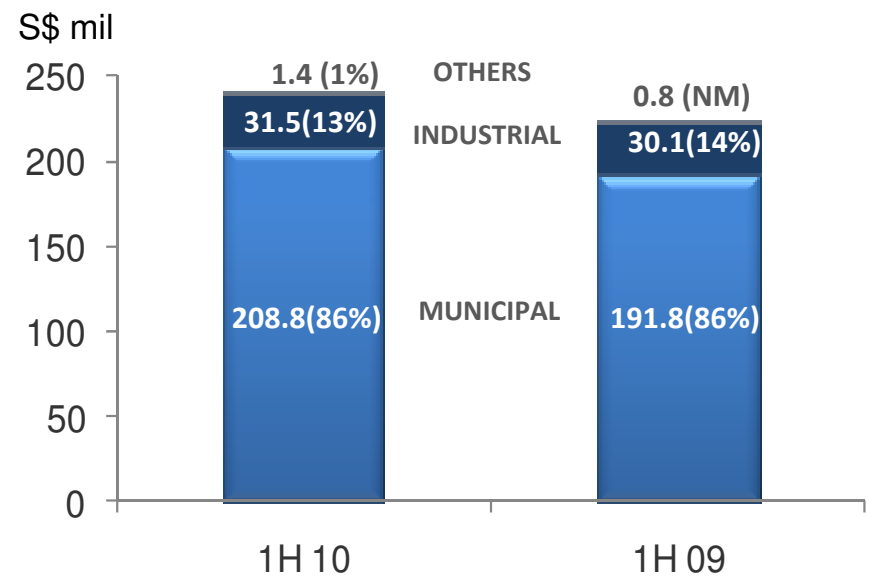
Revenue by Country



Key highlights

- With the progressive EPC recognition of Magtaa, MENA's proportion of Group revenue has climbed to 77%.

Revenue by Sector



Key highlights

- Municipal sales continue to be the key driver with the execution of MENA projects.
- Industrial sales recorded best performance in six consecutive quarters.

Expenses in line with Sales Growth

<u>S\$ mln</u>	2Q10	2Q09	% Change	1H10	1H09	% Change
Raw Materials & Consumables	77.2	72.5	7	136.5	132.4	3
Staff Costs	12.6	14.3	(12)	25.6	27.3	(6)
Depreciation & Amortisation	3.4	2.5	38	6.8	4.9	38
Other Expenses	14.5	19.9	(27)	29.8	24.7	21
Finance Cost	4.6	2.0	133	8.0	4.9	63
Total Operating & Fin Expenses	112.3	111.2	1	206.7	194.2	6

Key highlights

- Increase in raw materials and consumables used and subcontractors' costs was in line with increase in sales volume.
- Other expenses increased YTD because of higher professional fees and net foreign exchange impact. However, there was a contraction in 2Q10 due to lower selling and travelling expenses.
- Finance costs increased in line with higher bank borrowings to fund the Group's activities.

Gearing Remains Healthy

<u>S\$ mln</u>	30 Jun 10	31 Mar 10	31 Dec 09
Equity	498	419	393
LT Assets	558	525	523
LT Liabilities	401	409	361
Current Liabilities	335	334	318
Net Current Assets	341	303	231
Net Gearing	0.49x	0.59x	0.59x

Key highlights

- Rise in Shareholders' Equity was largely attributable to changes in share capital arising from shares issued under the ESOS Scheme and Warrant Subscription Agreement with Istithmar. Istithmar has exercised 41,216,863 warrants. Ordinary shares in issue rose to 570,507,410 at 30 Jun 2010 from 528,365,360 at 31 Dec 2009.
- Long-term Assets rose mainly due to increases in PPE and intangible assets as well as additional capital injection to associates.
- Rise in Current Assets was mainly due to increase in amount due from contract work, cash and fixed deposits.
- 6 • Long-term Liabilities rose mainly due to increased bank borrowings to support the Group's **Hyflux**[®] expansion and investment activities.

Strong Cash Flow

<u>S\$ mln</u>	2Q10	2Q09	1H10	1H09
CF Operations	(4)	76	(38)	25
CF Investing	(35)	(6)	(37)	(38)
CF Financing	22	(21)	90	43
Net Cash Changes	(17)	49	15	30
Cash & Equivalents	181	120	181	120

Key highlights

- Cash position has improved over the corresponding period with progressive payments from projects and proceeds from the issuance of new shares under the Warrants Subscription Agreement.
- Cash used in operating activities was mainly towards working capital requirements.
- Cash used in investing activities was for capital expenditure of PPE and intangible assets to support the Group's expansion as well as investments in associates.
- Cash used in financing activities was mainly for the payment of dividends and repayment of borrowings.

Overall Margins hold Steady

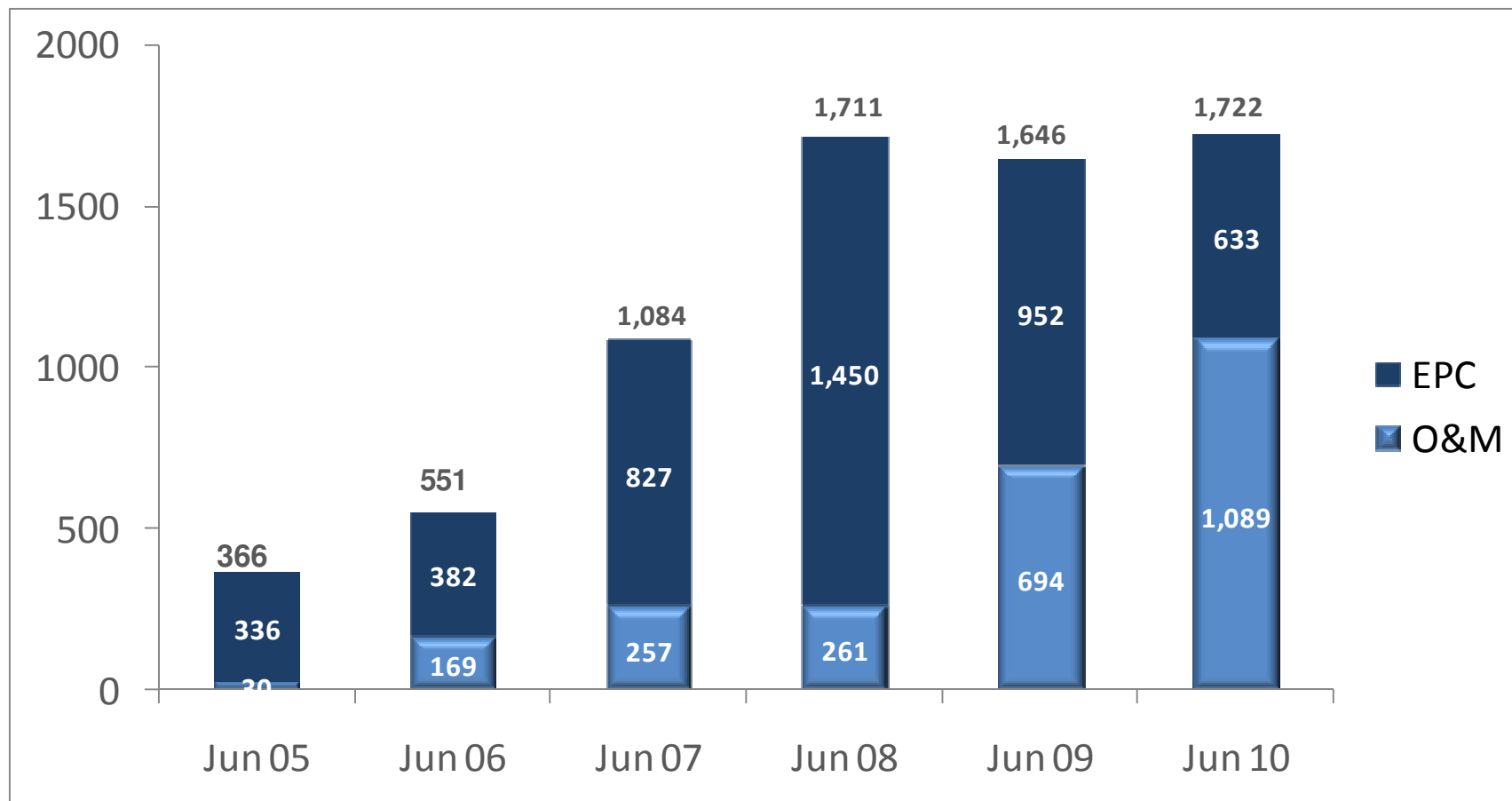
<u>S\$ mln</u>	2Q10	2Q09	1H10	1H09
Gross Margin	44%	48%	43%	42%
Net Margin	19%	20%	14%	14%

Key highlights

- Gross and net margins YTD held steady.
- Cost containment.

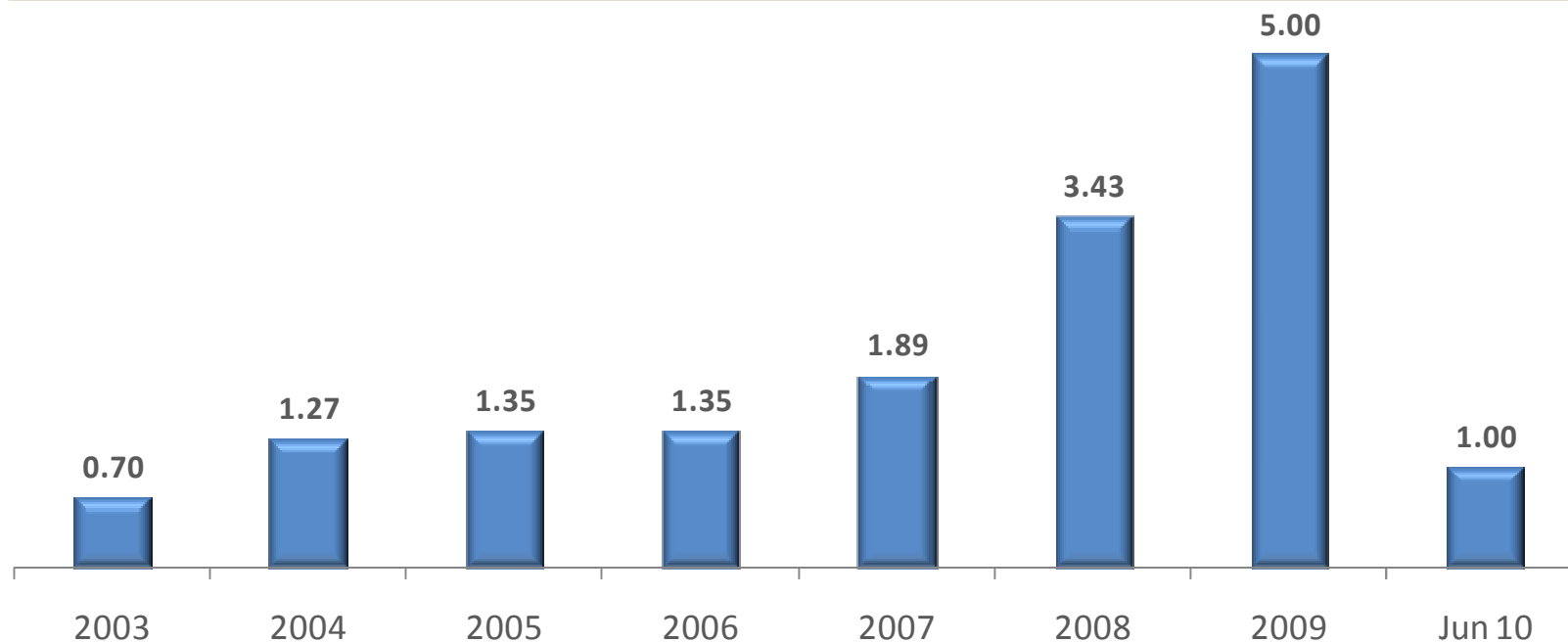
Strong Order Book

S\$ mil



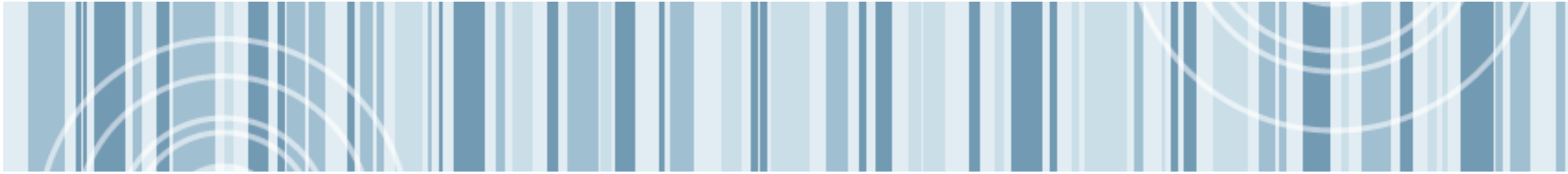
First Interim Dividend

Dividend Per Share (S\$ cents/share)



Key highlights

- First interim dividend of 1.0 Singapore cent per share.

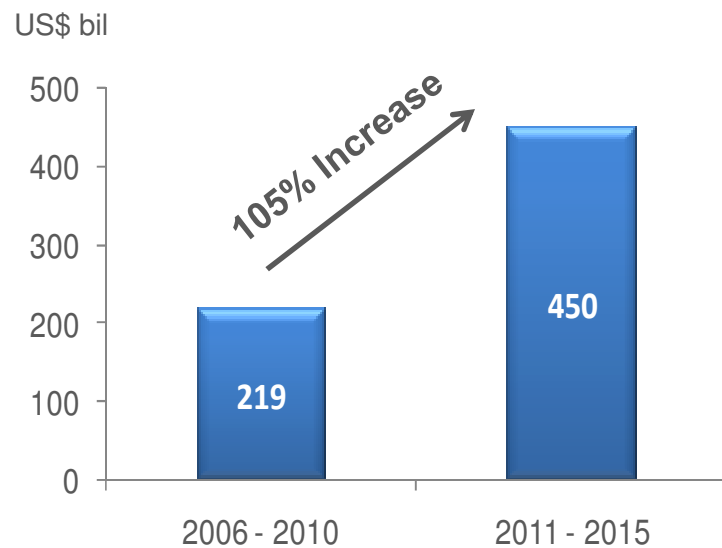


Water Industry Updates & Hyflux's Growth Strategy

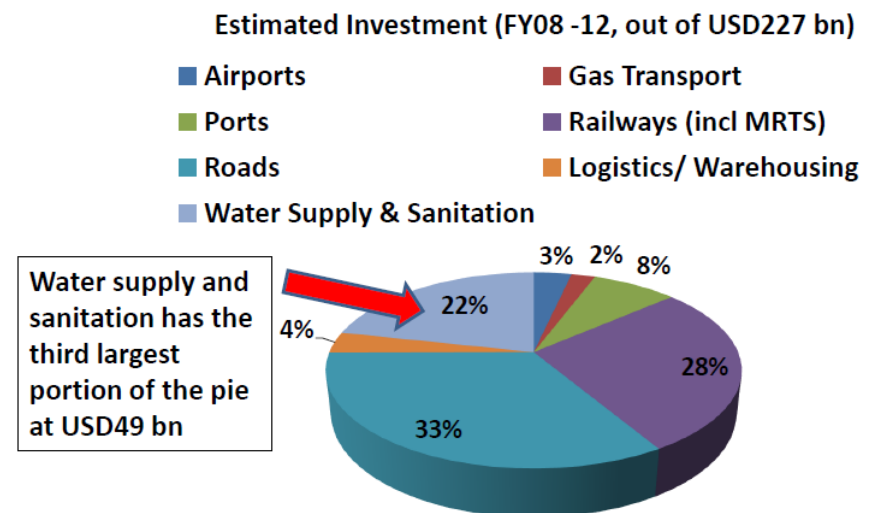


Growing Budgets for Water Infrastructure

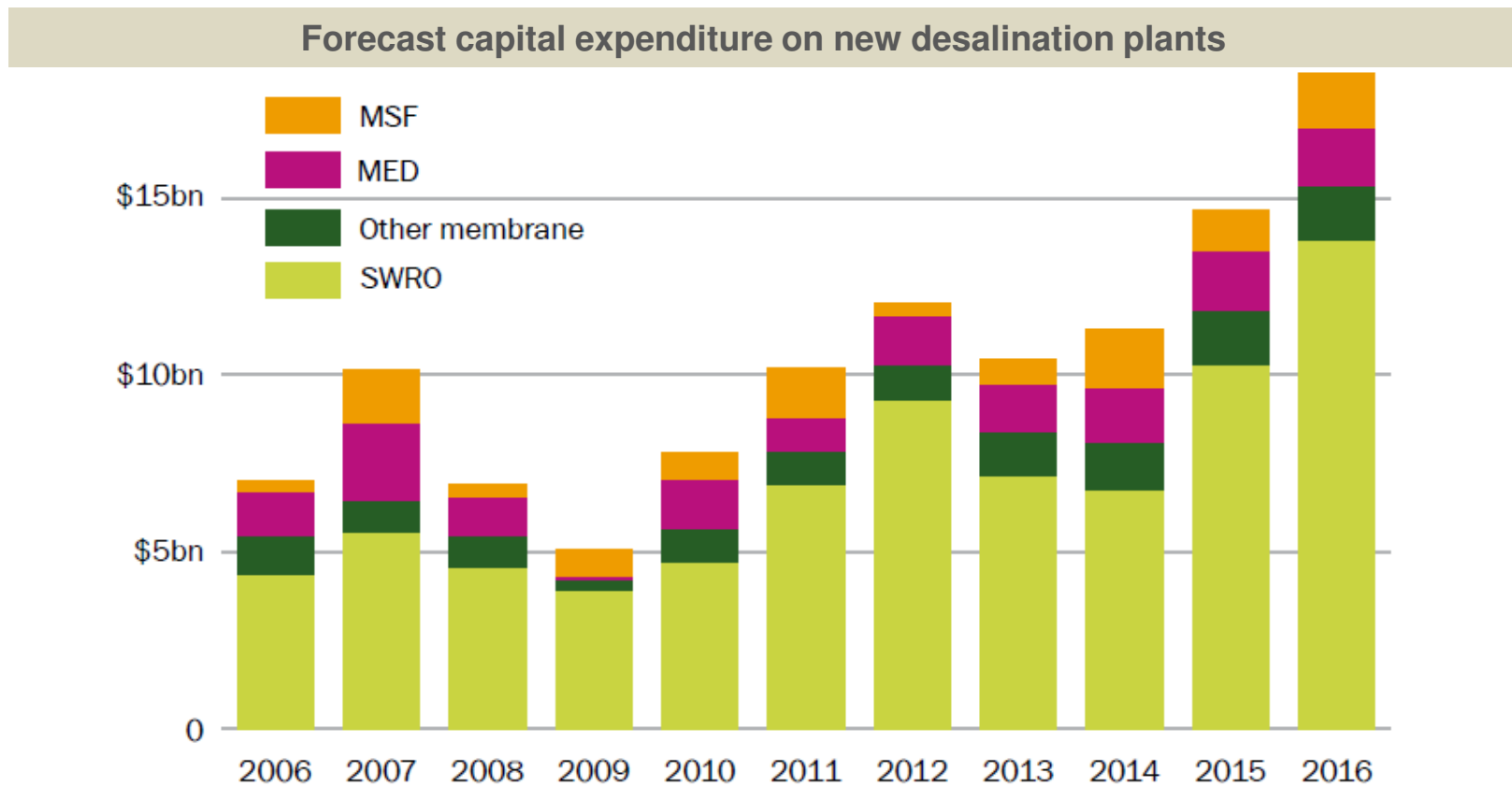
China's Budget for Environmental Protection & Water Resource Development



India's Budget for Water Supply & Sanitation



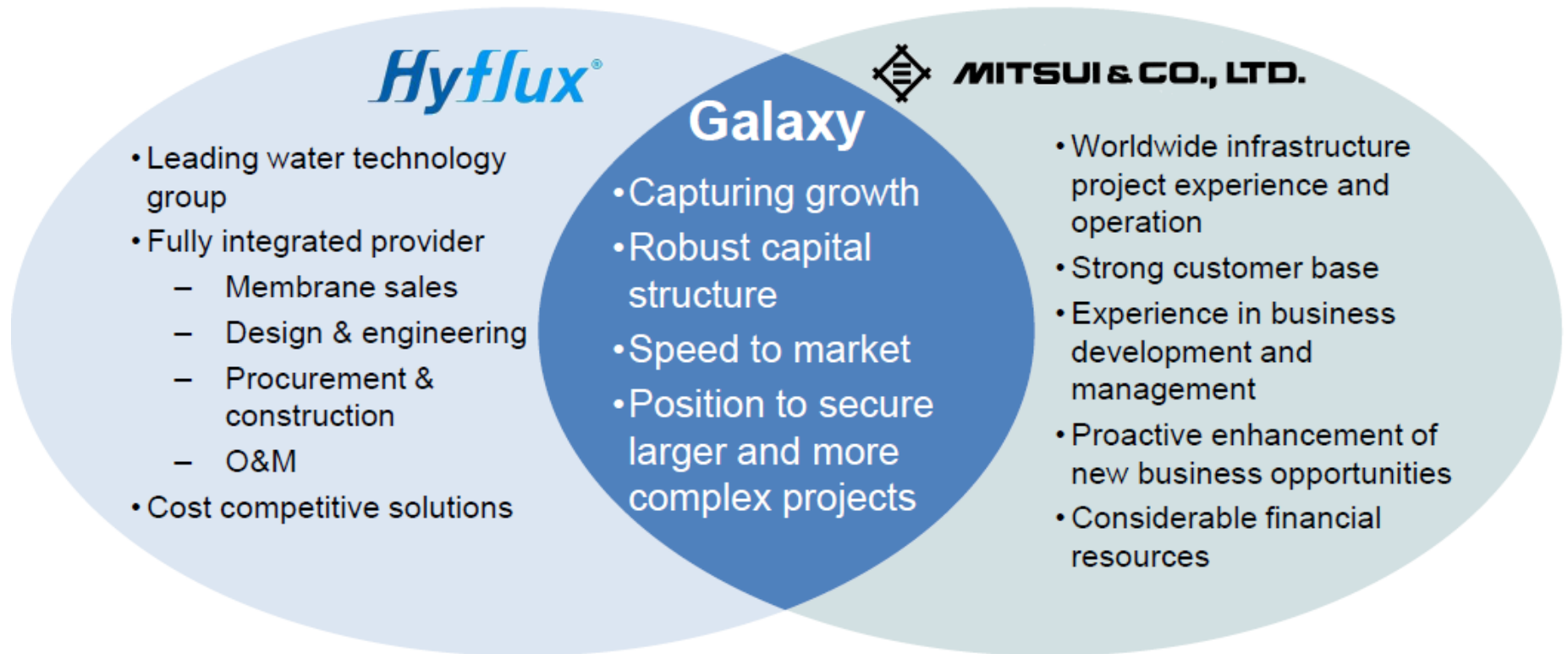
Positive Trend for Desalination



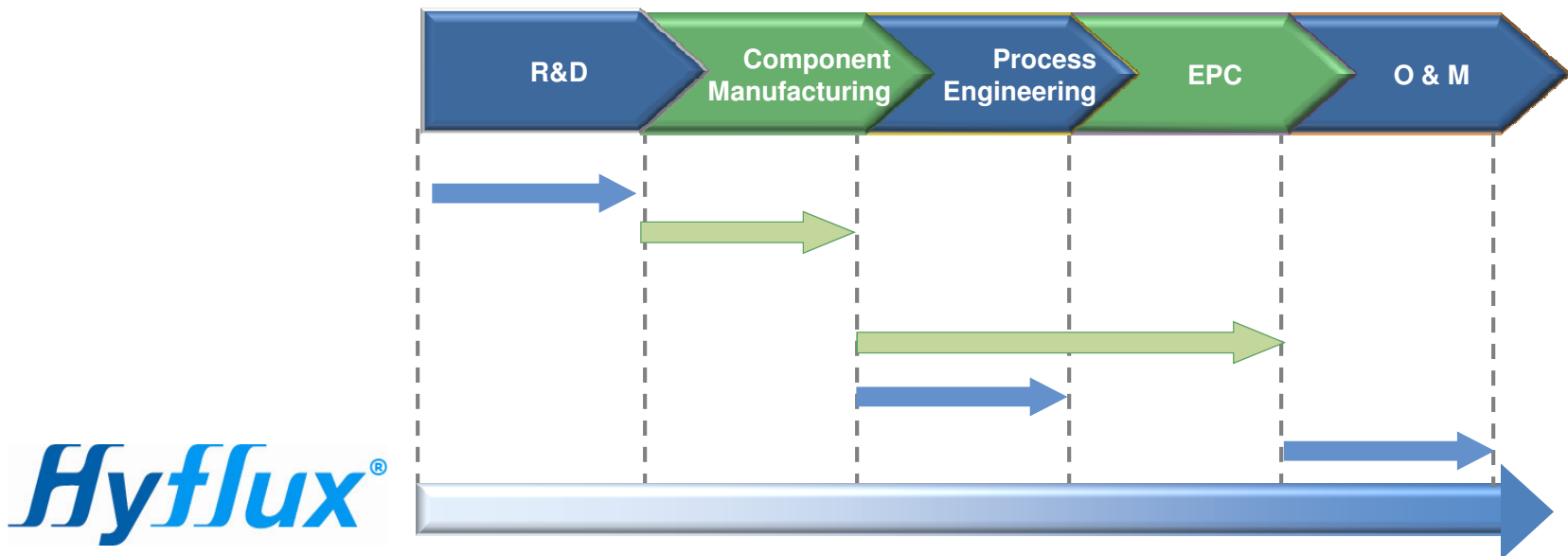
Building Blocks for Growth



Enhanced Competitiveness with Mitsui JV



Full Integration to Capture Opportunities



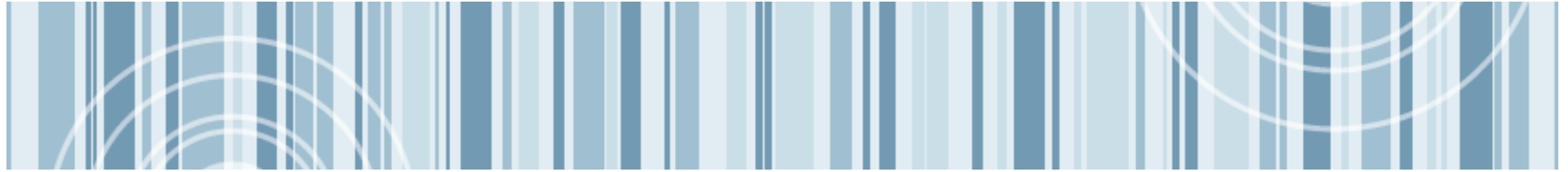
Optimising the full water value chain for turnkey project delivery

- System-wide efficiency
- Incentive to minimise life-cycle costs
- Better able to control timelines and risks
- Feedback loop



FY 2010 Focus

- **Platform for Growth** with strategic partners
- **Project delivery** and cost management
- **People development** with the right aptitude and attitude



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