



NEWS RELEASE

HYFLUX POSTS 4% INCREASE IN NET PROFIT FOR FIRST QUARTER

- Steady growth recorded for PATMI
- Asia drives revenue increase

Singapore, 3 May 2012 – Hyflux Ltd (Hyflux or Group) today reported revenue of S\$138.9 million and profit after tax and minority interests (PATMI) of S\$7.7 million in the first quarter of FY2012. While the revenue growth was 60% for the first quarter FY2012 over the similar quarter in 2011, driven largely by contributions from its Asian operations, the Group's profit before tax (PBT) of S\$10.5 million was a 32% improvement from S\$7.9 million. The Group's PATMI rose 4% to S\$7.7 million.

In the first quarter of FY2011, the Group's revenue was S\$86.8 million and PATMI was S\$7.4 million.

With higher engineering, procurement and construction (EPC) activities in Asia, particularly in Singapore, higher raw materials and consumables costs were incurred, rising by 96% to S\$85.2 million. Staff costs also went up by 54% primarily to meet the staffing needs of stronger EPC activities, and higher bank borrowings resulted in finance costs increasing by 22%.

The gross margin was 38% in first quarter of FY2012 compared to 51% in the comparable period in FY2011 due to the geographical shift in the order book profile from Middle East and North Africa (MENA) to Asia. This was the case in the first quarter of FY2011 where Hyflux's projects in MENA were close to completion. The net margin for the first quarter of FY2012 held steady at 7%.

Asia and municipal sector drive performance

China's revenue contribution was S\$36.3 million or 26% of Group's revenue while MENA contributed S\$12.0 million or 9%. Singapore/Others contributed to 65% or S\$90.6 million of Group revenue in the first quarter of FY2012.

In the first quarter of FY2011, China contributed S\$34.4 million (40%), MENA provided S\$33.8 million (39%) and Singapore /Others accounted for S\$18.6 million (21%) to Group revenue.



The municipal sector continues to be the key contributor at 92%, while the industrial sector's contribution was 7% in the first quarter of FY2012. The municipal and industrial sector contributed 81% and 17% respectively in the first three months of FY2011.

Hyflux to provide technical expertise for Dahej desalination project

In March 2012, Hyflux announced that it was in partnership with Hitachi Ltd and Itochu Corporation to develop Asia's largest membrane-based seawater desalination plant to be located at Dahej Special Economic Zone in the state of Gujarat, India.

The total cost of the desalination project is estimated to be US\$600 million. Hitachi will be the leading EPC contractor and will collaborate with Hyflux on the EPC works and the operations and maintenance of the completed desalination plant. The consortium partners are focusing on finalising the details of the project and the water purchase agreement (WPA).

Hyflux will provide a portion of the EPC services amounting to an estimated US\$420 million for the Dahej desalination project. The award of the EPC contract is subject to the execution of the WPA between the Hitachi-Itochu-Hyflux consortium and Dahej SEZ Limited, the developer of the Dahej Special Economic Zone and the project's financial close.

Apart from India and China, Hyflux is pursuing opportunities in the countries in the MENA region where they have announced plans for large-scale desalination plants to meet their dire water needs.

Project cost for Tuaspring Desalination Plant revised

In Singapore, good progress has been made for the Tuaspring desalination project. The contract to supply, construct and commission the 411MW on-site combined cycle gas turbine (CCGT) power plant has been awarded to Siemens AG and Siemens Pte Ltd. By opting for the higher-efficiency Siemens' F Class CCGT that is expected to lower operating costs and provide better return on investment, the total project costs for the Tuaspring project has been revised from S\$890 million to S\$1.05 billion. Tuaspring Pte Ltd, a wholly-owned subsidiary of Hyflux, will continue to utilise corporate funding for the construction of the project. The change in cost for the project is expected to have a material financial impact on the Hyflux Group for the current financial year. The increase in the project cost has been submitted to PUB for its consideration and approval.

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About Hyflux

Hyflux is one of the world's leading fully-integrated water solutions companies, with operations and projects in Southeast Asia, China, India, the Middle East and North Africa. Hyflux is committed to providing cost-effective and sustainable solutions in seawater desalination, water recycling, wastewater treatment, including membrane bioreactor (MBR) and potable water treatment. Hyflux's track record includes Singapore's first water recycling plant and first seawater reverse osmosis (SWRO) desalination plant and China's largest SWRO desalination plant in Tianjin City. The company is building the world's largest SWRO desalination plant in Magtaa, Algeria as well as Singapore's second SWRO desalination plant, both of which are being developed on a design, build, own and operate model.

For more information, please visit www.hyflux.com

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