



## **NEWS RELEASE**

### **HYFLUX ACHIEVES HIGHEST EVER ORDER BOOK OF S\$2.9 BILLION WITH GROWING RECURRING INCOME BASE**

- Expanding O&M portfolio pushes O&M order book to S\$1.9 billion, an increase of almost 100% year-on-year
- Tuaspring Desalination Plant to start operating in second half
- 15% rise in PATMI to S\$61.0 million, revenue up 42%

*Singapore, 21 February 2013* – Hyflux Ltd (Hyflux or the Group) has over the years been working on growing predictable and recurring revenues. Today, the Group is seeing rising recurring income streams from its operations and maintenance (O&M) business, asset returns, membrane sales and other services. The almost 100% jump in its O&M order book from a year ago is a reflection of part of this concerted initiative.

#### **Growing recurring income streams**

The Group's order book currently stands at S\$2.9 billion, with the O&M amount of S\$1.9 billion. The total order book at the end of FY2011 was S\$1.9 billion with the O&M portion at S\$943 million. The current order book is the highest achieved to date. This current position implies that Hyflux will have a higher proportion of steady, recurring and predictable revenues as the O&M revenues are contractually supported over the concession periods of 20 to 30 years.

#### **Revenue and earnings boosted by Asia ex-China contributions**

Releasing its full-year financial results for FY2012 today, the Group reported a 15% increase in profit after tax and minority interests (PATMI) from S\$53.0 million to S\$61.0 million for the 12 months ended 31 December 2012. The profit growth was achieved on the back of a 42% increase in total revenue from S\$482.0 million in FY2011 to S\$682.4 million in FY2012.

In the three months ended 31 December 2012, the total revenue was S\$198.0 million, while PATMI posted was S\$21.3 million.



The revenue and profit growth in FY2012 compared to FY2011 was due mainly to higher contributions from projects in Asia ex-China which constituted 73% of total revenue. Contributions from China made up 23% of total revenue while contributions from Middle East and North Africa (MENA) markets were 4%. In FY2011, contributions from Asia ex-China, China and MENA were 47%, 29% and 24% respectively. This reflected the shift in geographical mix of projects as major desalination projects in MENA were completed during the year.

Municipal sector sales continued to be the major contributor in FY2012, representing 92% of total revenue, while industrial sales contributed 7%.

In FY2012, raw materials and consumables went up by 59% to S\$412.7 million which was largely driven by construction activities for projects in Asia ex-China. The increase in project-based employees also resulted in a rise in staff costs by 43% to S\$85.9 million. Depreciation, amortisation and impairment decreased by 20% to S\$29.4 million from S\$36.6 million, which partially offset the increase in other expenses which rose from S\$50.1 million to S\$60.1 million due to rental of machinery and equipment. Higher borrowings which were mainly project-related gave rise to a 26% increase in finance costs from S\$22.6 million to S\$28.5 million.

The profit before tax for FY2012 was S\$77.0 million compared with S\$62.0 million in FY2011. The Group's income tax expense almost doubled to S\$12.3 million in FY2012 due to a higher tax regime imposed on certain entities.

As 31 December 2012, the net gearing ratio stood at a healthy 0.67 times, with cash and cash equivalents of S\$541.2 million.

The Board of Directors has proposed a final dividend of 2.50 Singapore cents per ordinary share. This is in addition to an interim dividend of 0.7 Singapore cents that was paid out on 31 August 2012.

### **Positioned for growth**

Hyflux's Tuaspring Desalination Plant in Singapore will start operations in the second half of this year, thereby enhancing the O&M revenues for FY2013.

This will be further augmented by the inclusion of the Dahej Desalination Plant in Gujarat, India, for which the Water Purchase Agreement was signed in January 2013. Hyflux and its consortium partner, Hitachi Ltd, are working on financial close this year.

Construction works on the power plant facility at Tuaspring Desalination Plant are progressing as planned.



The insatiable thirst for water will drive long-term demand for sustainable sources of water through desalination and water recycling. Increasingly, countries are looking at private funding for public sector water investments, hence generating more Build-Operate-Transfer (BOT) opportunities. Hyflux is actively pursuing such water infrastructure projects in Asia, the Middle East and other selective markets. The Group will continue to invest in the organic expansion of Galaxy NewSpring's portfolio of water projects in China. Galaxy Newspring is a 50/50 joint venture between Hyflux and Mitsui & Co.

Hyflux is well-positioned to expand its BOT and engineering, procurement and construction portfolios, while expanding its O&M business further.

The Group has also recently announced that it is working on non-recourse project financing for its Tuaspring Desalination Plant project which comprises the desalination plant and power facility. The total project cost is estimated at S\$1.05 billion.

#### **Adoption of SFRS 111 reporting standard**

The Group is adopting the new Singapore Financial Reporting Standards 111 – *Joint Arrangements* (SFRS 111) for the financial year ending 31 December 2013. SFRS 111 mandates all joint ventures to now be accounted using the equity method. This change will not impact the Group's overall net earnings.

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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 on a design, build, own and operate model.

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



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