

# Hyflux Ltd

## FY2012 Results Review

21 February 2013

# Disclaimer

This presentation contains forward-looking statements which are based on current expectations, projections and assumptions about future events. Although Hyflux believes that these expectations, projections and assumptions are reasonable, these forward-looking statements are subject to risks, uncertainties and assumptions about Hyflux and its business operations that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Such risks include industry and economic conditions; currency fluctuations between the Singapore dollar and other currencies; governmental, statutory, tax, public policy and regulatory changes; and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements which are based on current views of Hyflux's management on future events.

Any forward-looking statement in this presentation is accurate only as of the date it is issued. Hyflux has no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

# Agenda

- **2012 Full Year Financial Results Review**  
Mr Cho Wee Peng, Group EVP and Chief Financial Officer
- **Outlook**  
Ms Olivia Lum, Executive Chairman and Group CEO

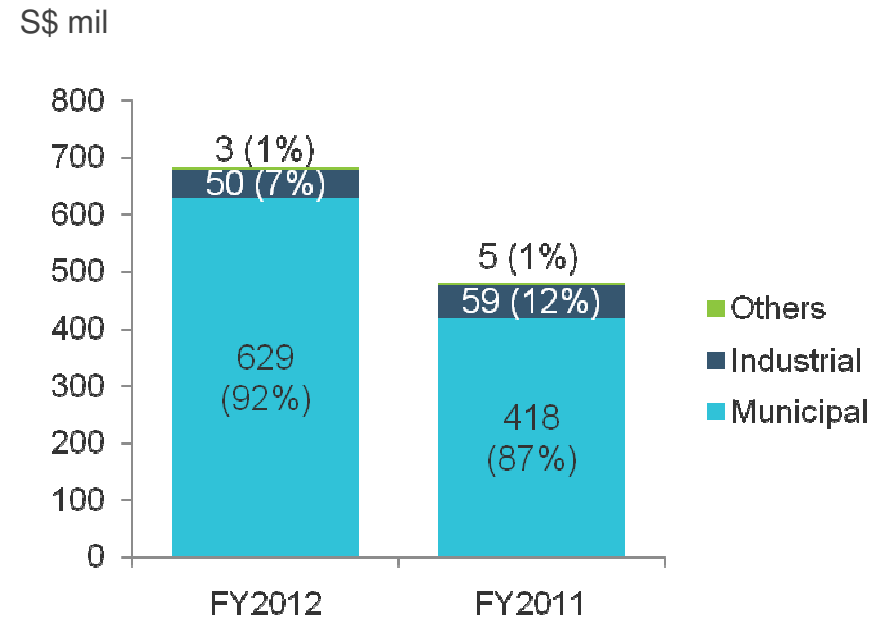
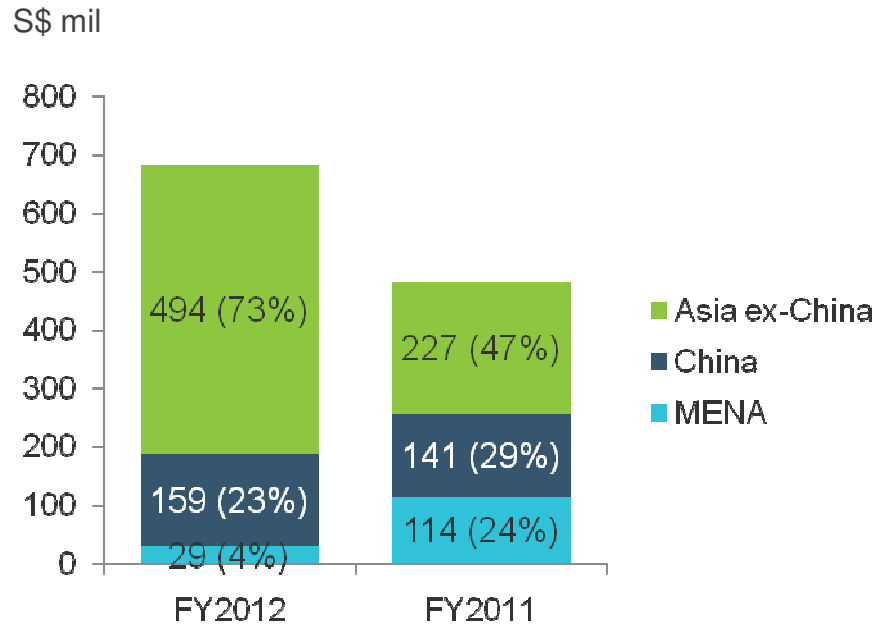
# Executive headlines

- Revenue up 42%, PATMI up 15% y-o-y, driven by contributions from Asia ex-China
- Growing recurring revenue base with a solid order book of S\$2.9 billion
- Tuaspring Desalination Plant to start operating in 2H2013

# PATMI increased 15% over FY2011

<u>S\$ mil</u>	FY2012	FY2011	% Change
Total Revenue	682.4	482.0	42
PBT	77.0	62.0	24
PATMI	61.0	53.0	15

# Asia ex-China and municipal sector drive revenue growth



- Higher revenue contribution from Asia ex-China was due to project execution and organic expansion.
- Lower MENA contribution was expected as major projects were completed.

- Municipal sales was the key driver with the execution of projects in Asia ex-China.

## Higher raw materials, staff costs in line with revenue growth

<u>S\$ mil</u>	FY2012	FY2011	% Change
Raw Materials & Consumables	413	259	59
Staff Costs	86	60	43
Depreciation & Amortisation	29	37	(20)
Other Expenses	60	50	20
Finance Costs	28	23	26
Total Operating & Finance Expenses	617	429	44

- Higher expenditure on staff and raw materials and consumables were largely project-related costs.
- Other expenses increased partly due to the rental of machinery and equipment.
- Rise in finance costs was due to higher bank borrowings for project development.

## Lower net margin due to geographical shift in order book profile from MENA to Asia

	FY2012	FY2011
Gross Margin	40%	46%
Net Margin	9%	12%



## Balance sheet reflects continued investment in projects for growth

<u>S\$ mil</u>	FY2012	FY2011
Equity	877	936
Non-current Assets	1,435	933
Non-current Liabilities	1,082	741
Current Liabilities	392	356
Net Current Assets	523	743
Net Gearing	0.67x	0.18x

- Decrease in shareholders' equity was mainly due to the purchase of treasury shares and forex translation losses against other currencies for overseas investments.
- Non-current assets rose mainly due to higher investing activities in Tuaspring Desalination Plant.
- Non-current liabilities increased due to loans and borrowings for project development.

# Cash position

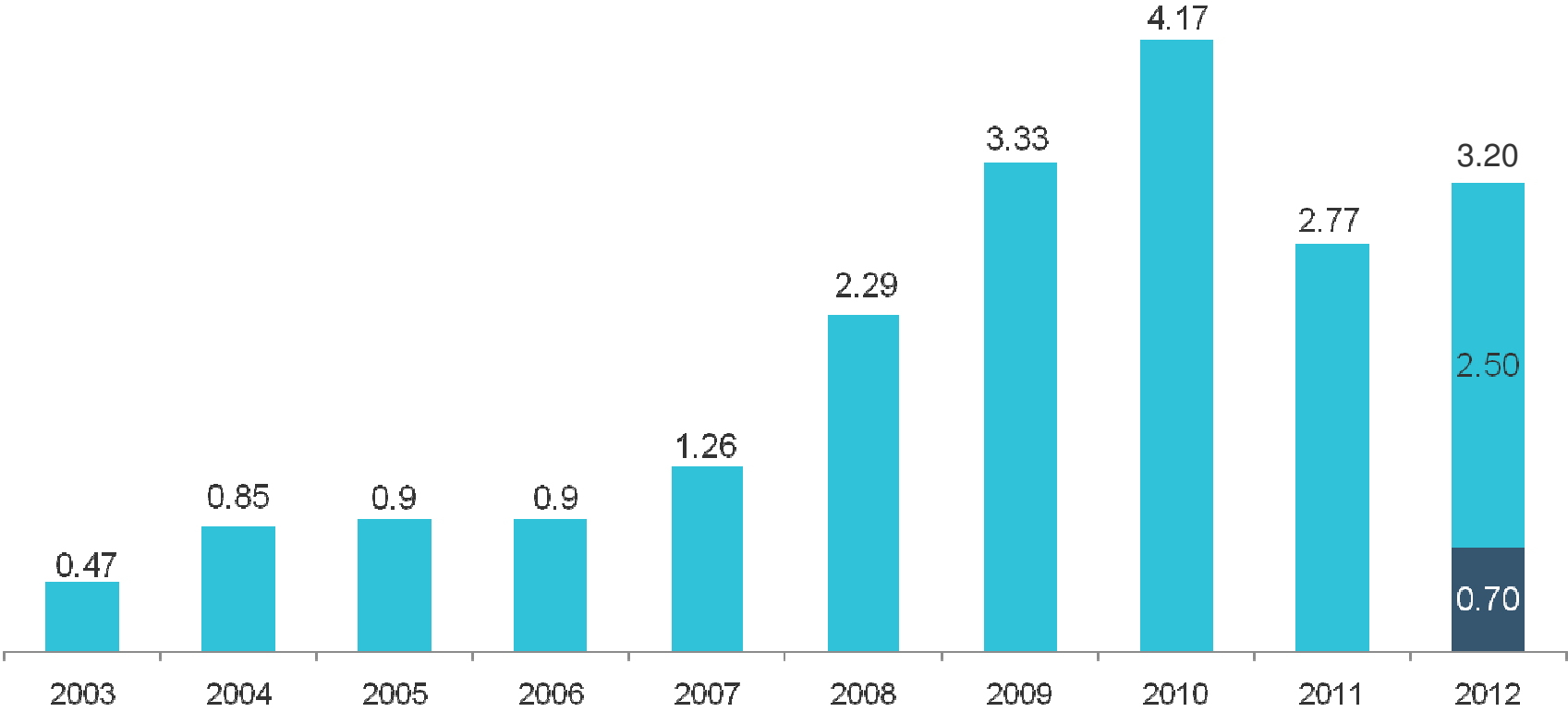
<u>S\$ mil</u>	FY2012	FY2011
CF Operating before SCA*	271	166
CF Operating after SCA* and tax paid	(244)	(56)
CF Investing	(34)	(59)
CF Financing	142	535
Net Cash Changes	(136)	419
Cash & Cash Equivalents	541	662

\*SCA: Service concession arrangement

- Cash used in operating activities (after SCA) was for the development of projects.
- Cash generated from financing activities was mainly from borrowings to fund the Group's projects.

# Final dividend of 2.50 Singapore cents per ordinary share recommended

Dividend per ordinary share\* (Singapore cents)



\*Dividends have been restated to reflect 1-for-2 bonus share issue

# Project Updates

# Organic expansion to raise capacity of Galaxy NewSpring plants is more than 50% complete

\$88 mil organic expansion will increase capacity by 100,000 m<sup>3</sup>/day

Plant	Nature	Current Capacity (m <sup>3</sup> /day)	Expansion (m <sup>3</sup> /day)	Status
Changshu WWTP	Expansion & Enhancement	30,000	10,000	Completed
Tiantai WWTP	Expansion & Enhancement	20,000	20,000	Completed
Yangzhou WWTP	Expansion & Enhancement	20,000	20,000	Completed
Wuxi WWTP	Enhancement	20,000	-	In progress
Mingguang WWTP	Expansion & Enhancement	30,000	20,000	In progress
Langfang WWTP	Enhancement	80,000	-	Completed
	Expansion		30,000	In progress

# Tuaspring Desalination Plant, Singapore

Singapore's largest desalination plant (Designed capacity: 318,500 m<sup>3</sup>/day)



*UF building housing Hyflux's Kristal® membranes at Tuaspring Desalination Plant*

- Scheduled to start operating in 2H2013 for a period of 25 years
- Hyflux is already working on non-recourse project financing

# DahejSpring Desalination Plant, India

Asia's largest SWRO desalination plant (Designed capacity: 336,000 m<sup>3</sup>/day)



- Water purchase agreement signed in January 2013
- Hitachi-Hyflux consortium working on financial close this year

# Outlook

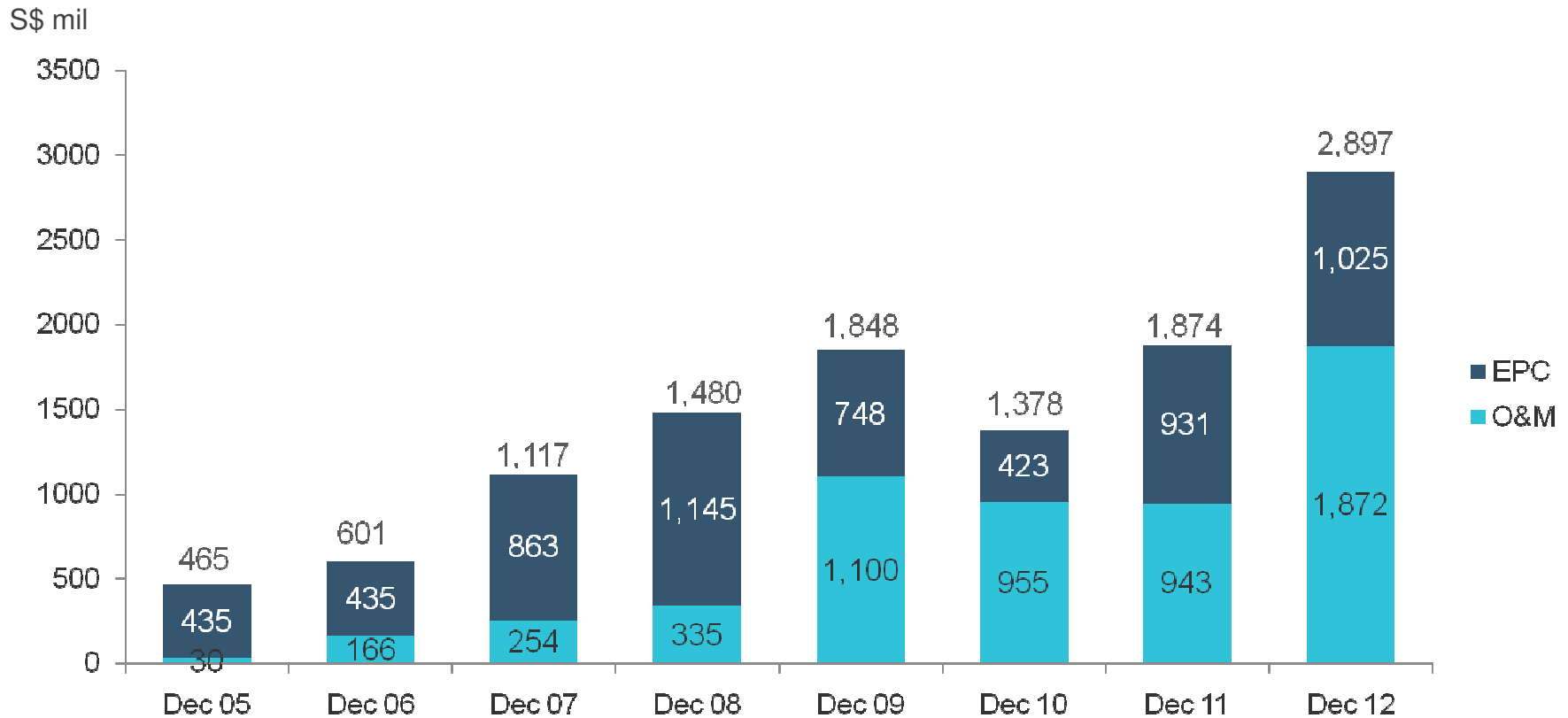


# Building a stable business

## Growing recurring revenue stream

- Over the years, Hyflux has been developing and growing predictable and recurring revenues.
- Today, we are seeing rising recurring income streams from O&M services and asset returns, membrane sales and other services.
- Our O&M revenue is expected to grow substantially in FY2013 compared to FY2012 when Tuaspring Desalination Plant starts operations in 2H2013.
- By FY2016, our O&M revenue will capture the full impact of our current portfolio.

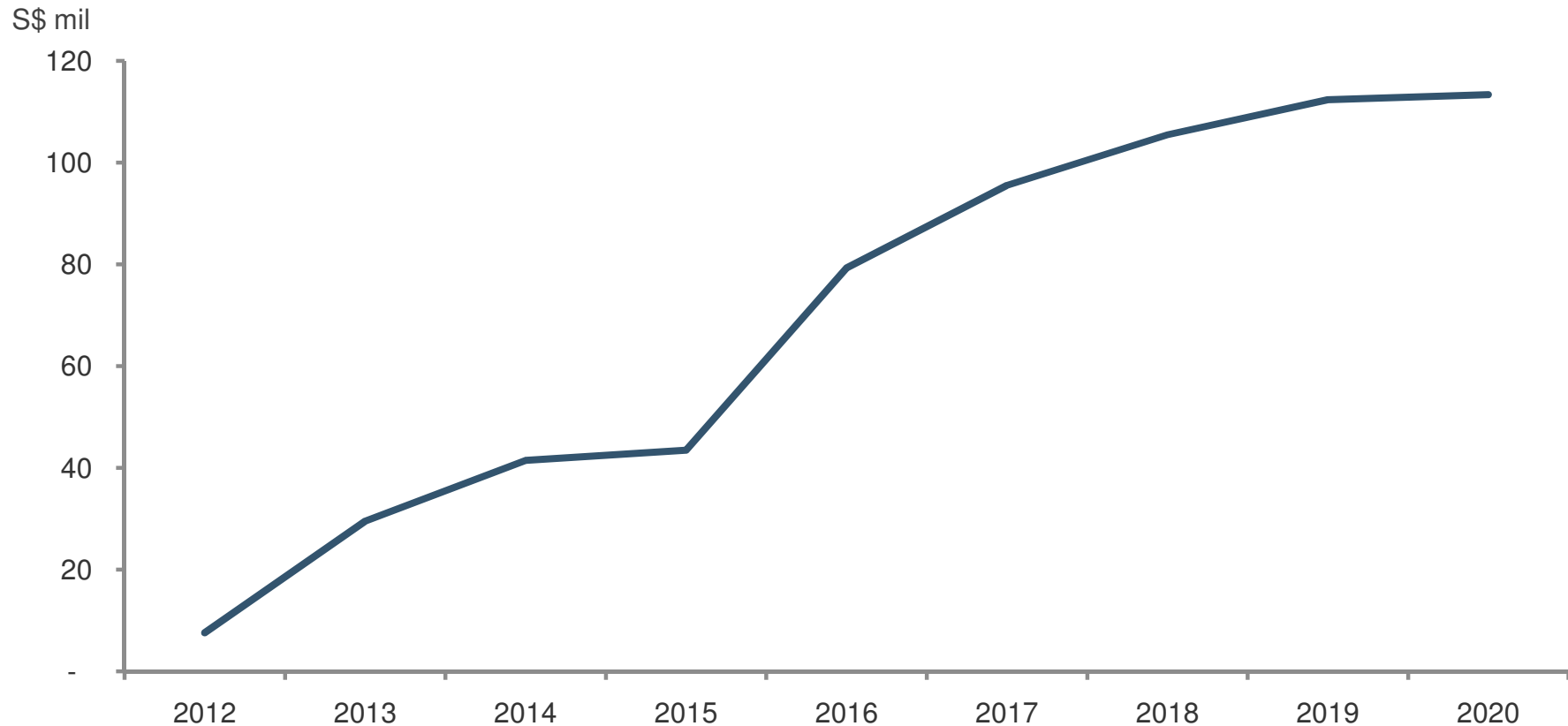
# Growth in O&M order book provides a steady, recurring revenue stream



Note:

1. O&M order book is a summation of future revenues of our portfolio of plants over 20 – 30 year concession periods.
2. Dec-12 EPC order book includes Dahej desalination project; WPA was signed in January 2013.
3. Dec-12 O&M order book includes Tuaspring and Magtaa projects.

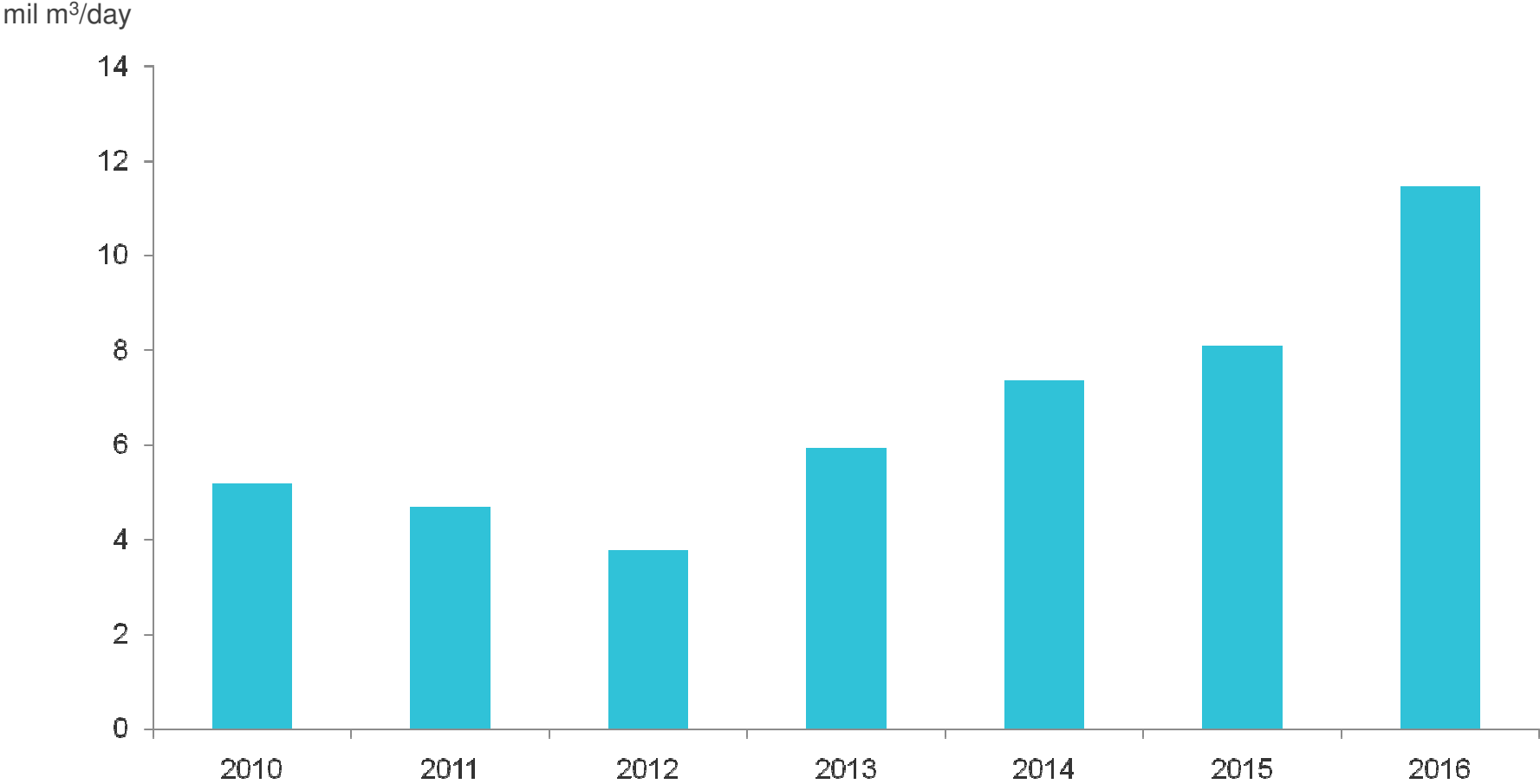
# Recurring gross operating income



Note:

1. Estimates based only on existing portfolio and does not include any potential projects.
2. Includes O&M and asset returns from existing plants in China & Singapore, Tuaspring, Magtaa, Dahej, and membrane sales and other services.
3. Actual results may vary due to external factors.

# Global demand for water infrastructure projects remains strong



Source: GWI Desaldata Desalination Market Update Nov 2012

# Hyflux has the solutions and expertise to address global water needs

- Insatiable thirst for water in the world 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 infrastructure projects, hence generating more PPP / BOT opportunities.
- Hyflux is well-positioned to expand our BOT and EPC portfolio while growing that of our O&M further.



**WATER  
SOLUTIONS  
THAT  
IMPACT LIVES**