



NEWS RELEASE

HYFLUX REPORTS S\$17.7 MILLION NET PROFIT FOR SECOND QUARTER

- **Half-year net profit up 2% to S\$25.7m**
- **Tuaspring opening slated for September 2013**
- **Actively exploring new markets including Africa**

Singapore, 6 August 2013 – Hyflux Ltd (or the Group) today reported a marginal rise in profit after tax and minority interests (PATMI) in the second quarter of FY2013 to S\$17.7 million compared to S\$17.5 million previously despite a 25% fall in group revenue to S\$138.4 million from S\$183.6 million.

Due to effective cost management, the gross margin recorded for the second quarter of FY2013 was 42%, an improvement from 33% in the same reporting period in FY2012.

In the first six months of FY2013, the Group's PATMI showed a 2% increase to S\$25.7 million, while total revenue was 18% lower at S\$262.9 million.

Asia ex-China continued to drive revenue contributions, making up 86% of the Group's total revenue in the second quarter and 87% in the first six months of FY2013. The Middle East and North Africa (MENA) region made marginal contributions as the markets in the region were just resuming their water infrastructure development programme. The lower revenue contributions from China were the result of macro factors.

The Group's net gearing was 0.8 times as at 30 June 2013 with a cash position of S\$375.1 million.

An interim dividend of 0.7 Singapore cents per ordinary share has been declared for the six months ended 30 June 2013.



Healthy order book of S\$2.7 billion

At the end of June 2013, Hyflux's total order book stood at a healthy S\$2.7 billion, comprising S\$1.9 billion for operations and maintenance (O&M) and S\$792 million worth of engineering, procurement and construction (EPC) contracts. The O&M order book is a summation of future revenues of the Group's portfolio of plants with between 20 and 30-year concession periods.

Official opening of Tuaspring Desalination scheduled for September

The official opening of Hyflux's flagship 318,500m³/day Tuaspring Desalination Plant is scheduled to take place in September 2013. The Group has appointed Maybank to arrange the non-recourse project financing for the desalination plant, including its on-site power plant with financial close expected in third quarter of FY2013. EPC works on the power plant are progressing as planned but its operational readiness will be dependent on the timely connection to the national power grid. The Group is working with the authority to address this matter.

Outlook

China is experiencing an economic pull-back and a slow-down in industrial output as well as credit tightening. The Group has withdrawn from two water projects at the Hechuan Industrial Park in Chongqing City, China due to a foreseeable low off-take volume of the water. The exit from the two projects is not expected to have any material financial impact on the Group for the financial year ending 31 December 2013.

The Group will continue to focus on opportunities in growth regions in China such as in the Yunnan province where the Group has signed two memoranda of understanding for the development of water projects.

In markets such as Singapore, India, the Middle East and Africa, the Group has identified a pipeline of projects. In India, the Group is working towards financial close for its joint desalination project with Hitachi. In addition, it is working on securing projects in the states of Gujarat, Tamil Nadu, Karnataka and Andhra Pradesh.

Selective markets in the Middle East and Africa have started to revive development plans to improve their water scarcity situation, such as Saudi Arabia, Oman, Qatar, Kuwait, Algeria, Libya, Nigeria, Ghana and South Africa.

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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

For media queries, please contact:

Seah Mei Kiang (Ms)

Corporate Communications

Hyflux Ltd

DID: (65) 3157 7634

Email: meikiang_seah@hyflux.com

Marian Boon (Ms)

Corporate Communications

Hyflux Ltd

DID: (65) 3157 7635

Email: marian_boon@hyflux.com