

# Hyflux Ltd

## 1H FY2014 Results Review

7 August 2014

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*Hyflux*<sup>®</sup>

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# Executive highlights

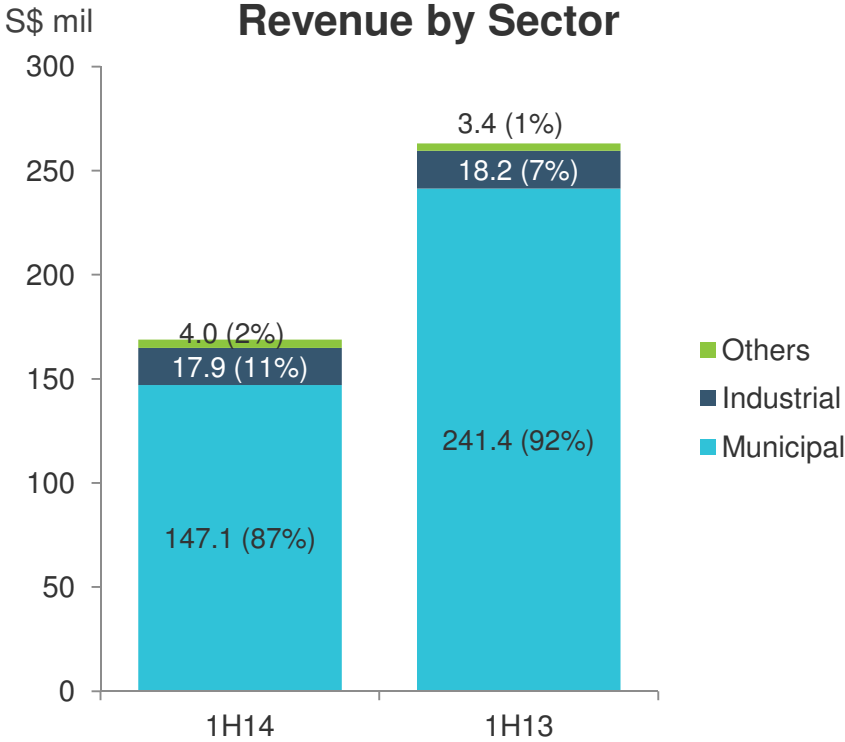
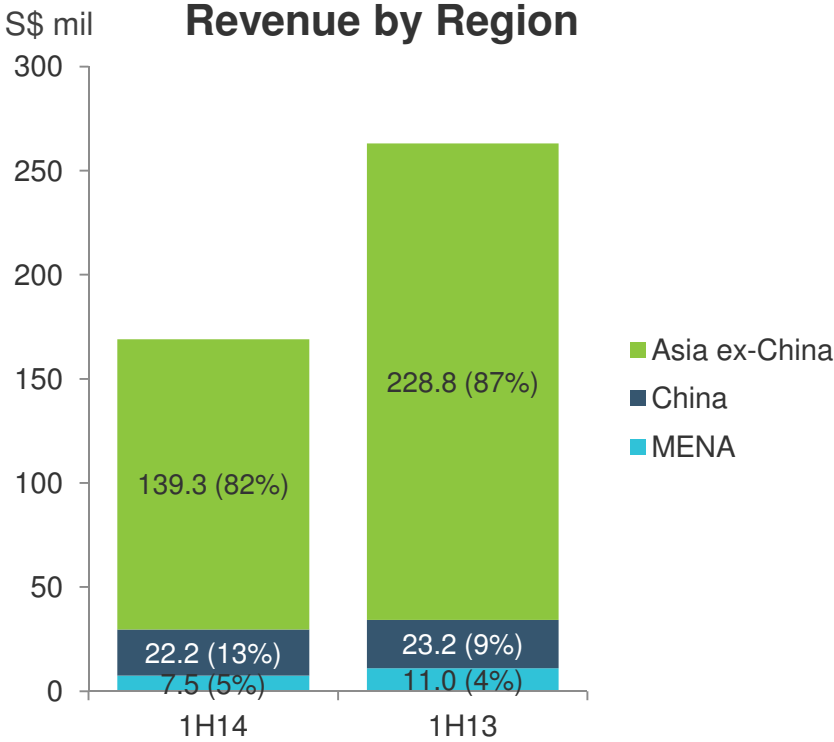
- Record PATMI of S\$99.3 million in 1HFY2014
- Slower 2H expected with continued weak growth in global capital expenditure in water projects
- Actively pursuing opportunities for large-scale water projects in the Middle East, Africa, Asia and Latin America

## Revenue & profit

<u>S\$ mil</u>	1H14	1H13	% Change
Total Revenue	169.0	262.9	(36)
Other Income	142.2	6.4	> 100
PBT	98.7	30.4	> 100
PATMI	99.3	25.7	> 100

- Revenue declined in 1H14 in line with lower engineering, procurement and construction (EPC) activities which reflected the timing of project commencement.
- Higher Other Income and PATMI contributed by divestment of joint venture with Marmon Water LLC group in March 2014 and sale and leaseback of Hyflux Innovation Centre in June 2014.

# Asia ex-China and municipal sector continued to be key contributors



# Expenses

<u>S\$ mil</u>	1H14	1H13	% Change
Raw Materials & Consumables	83	155	(47)
Staff Costs	38	35	10
Depreciation, Amortisation & Impairment	12	8	56
Other Expenses	55	25	> 100
Finance Costs	17	12	36
Total Operating & Finance Expenses	205	235	(13)

- Lower Raw Materials and Consumables used was in line with revenue trend.
- Increase in Depreciation, Amortisation and Impairment was mainly due to amortisation of Tuaspring Desalination Plant which commenced operations in September 2013.
- Increase in Other Expenses was primarily driven by higher utility charges from Tuaspring Desalination Plant due to the delay in the national grid connection to our power plant.

# Balance sheet

<u>S\$ mil</u>	30 Jun 2014	31 Dec 2013
Equity	1,229	886
Non-current Assets	1,814	1,776
Non-current Liabilities	978	1,150
Current Liabilities	456	360
Net Current Assets	394	261
Net Gearing	0.54x	1.15x

- Equity rose as a result of the S\$300 million perpetual capital securities issue in January 2014 and the strong profit contribution from 1H2014.
- Shift from Non-current Liabilities to Current Liabilities due to the reclassification of a Medium Term Note that will become due in 2015.
- Net Gearing improved to 0.54 times as at 30 June 2014 from 1.15 times as at 31 Dec 2013.

# Cash flow

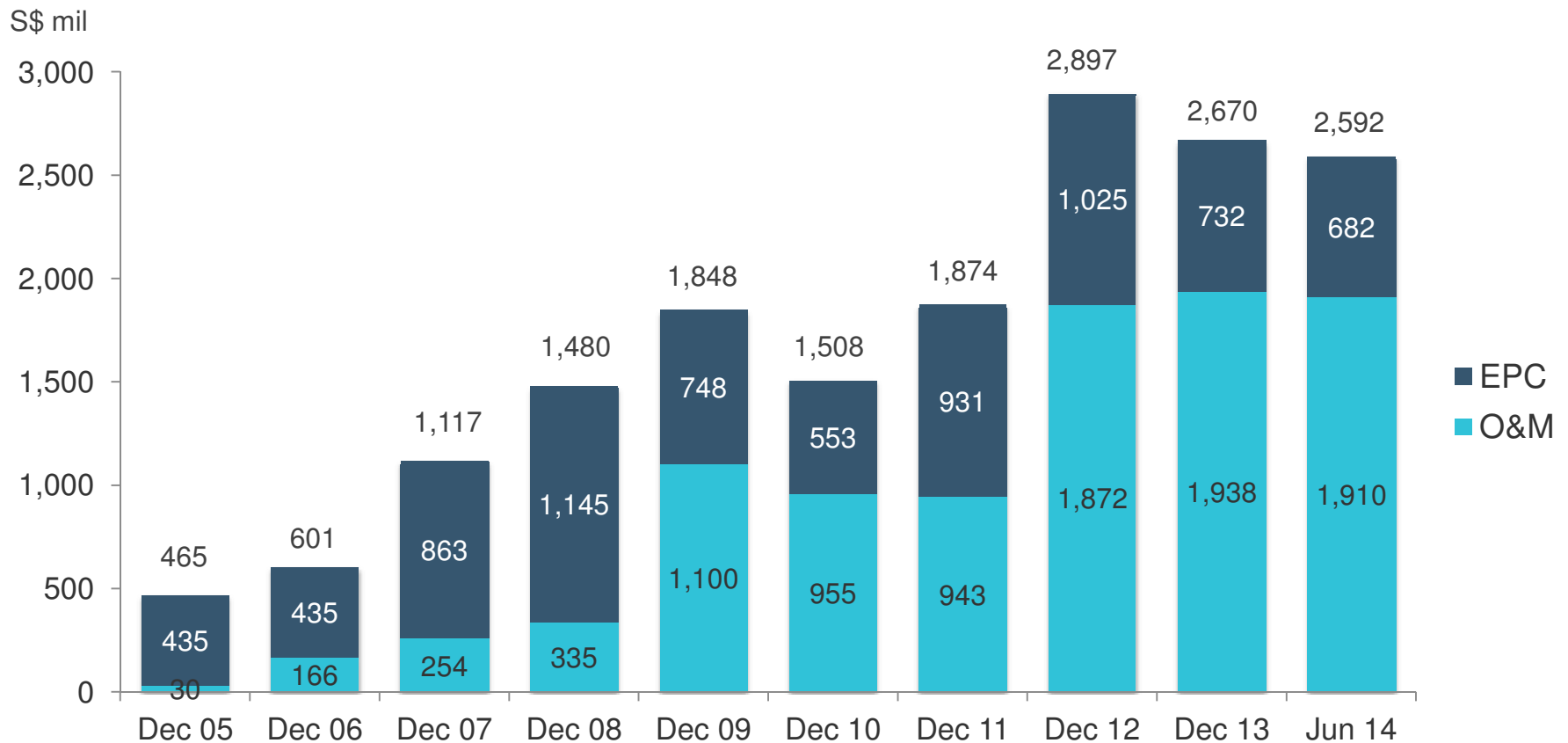
<u>S\$ mil</u>	1H14	1H13
Operating CF before SCA	24	10
Operating CF after SCA and tax paid	(93)	(222)
Investing CF	209	(7)
Financing CF	130	78
Net Cash Changes	246	(152)
Cash & Cash Equivalents	481	375

*SCA: Service concession arrangement*

- Net cash from investing activities reflected divestment of joint venture with Marmon Water LLC in March 2014 and sale and leaseback of Hyflux Innovation Centre in June 2014.
- Cash generated from financing activities was largely from the proceeds of the perpetual capital securities issued in January 2014.



# Order book

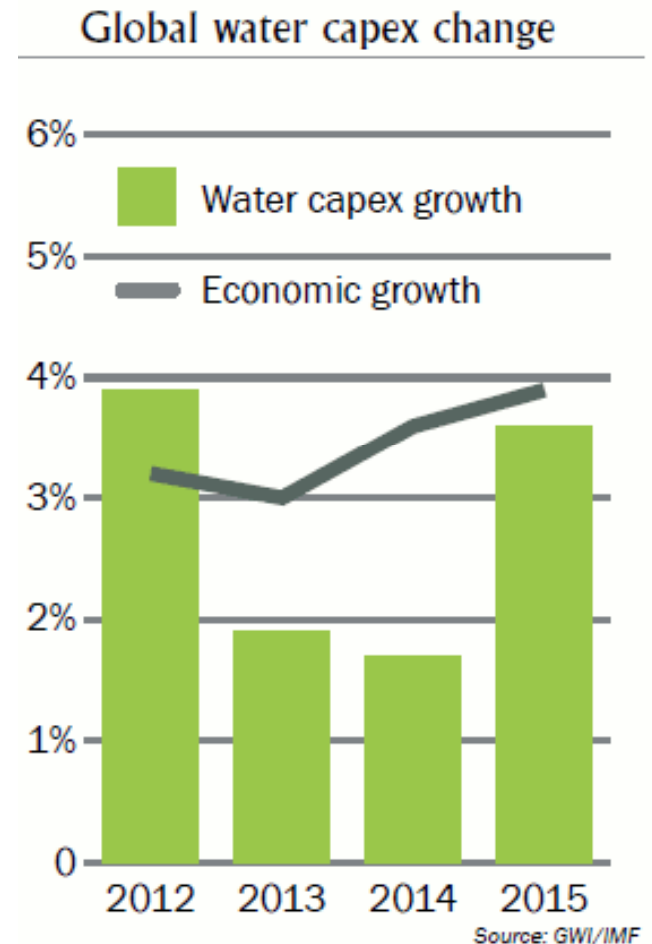


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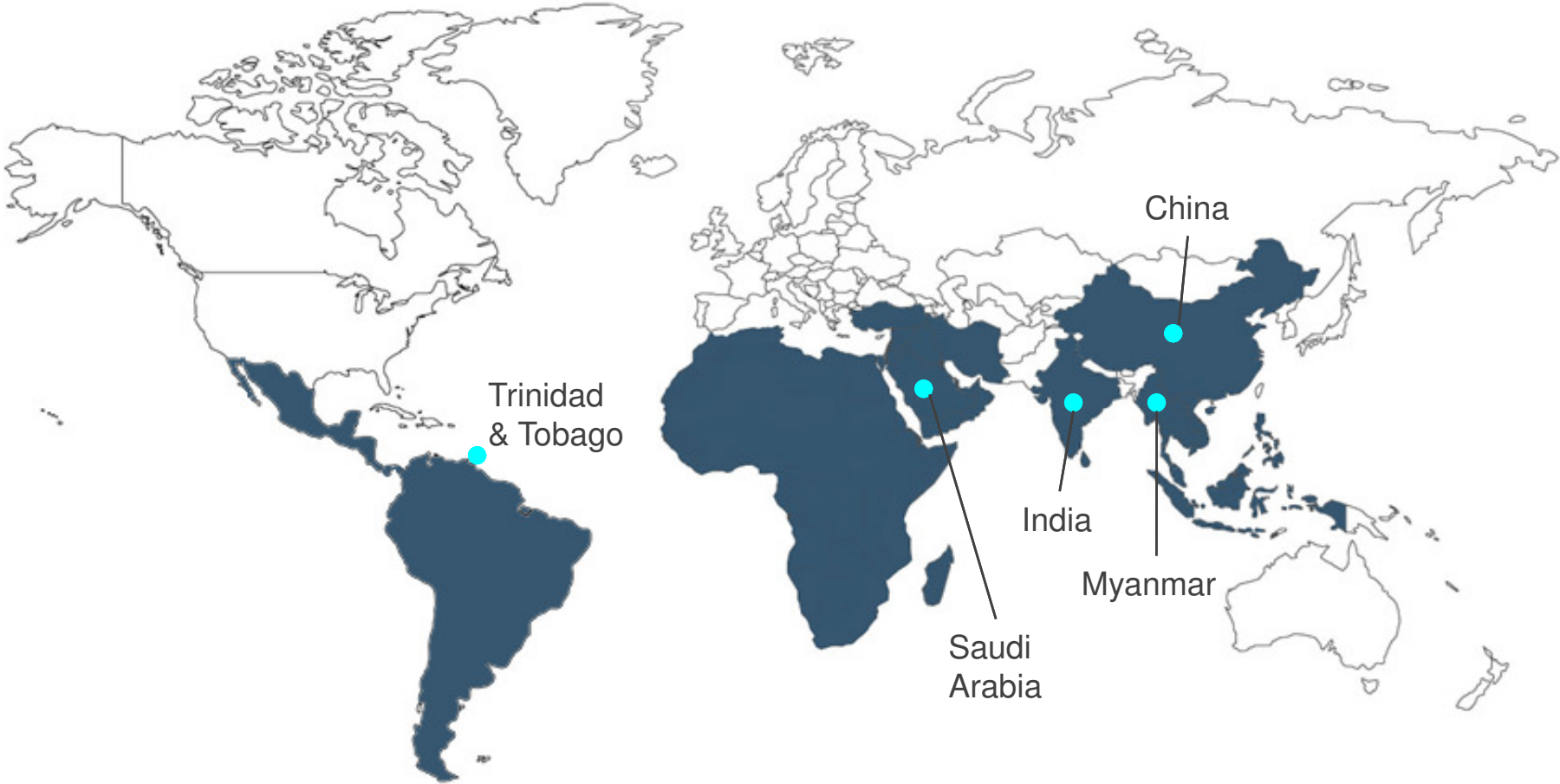
1. O&M order book is a summation of future revenues of our portfolio of plants over 20 – 30 year concession periods.
2. Jun-14 EPC order book includes Dahej Desalination project; WPA was signed in January 2013.
3. Jun-14 O&M order book includes Tuaspring and Magtaa projects.

# Group outlook

- Slower 2H expected with continued weak growth in global capital expenditure in water projects.
- Actively pursuing opportunities for large-scale water projects in the Middle East, Africa, Asia and Latin America.
- Leverage our strength across the water value chain to pursue infrastructure projects where water is integral to urban planning.



# New water projects worldwide



# Potential projects in next 12 months in Hyflux's key markets

Country	Project	Capacity (m <sup>3</sup> /day)
Saudi Arabia	Al Khafji SWRO Desalination	30,000 x 2
Saudi Arabia	Rabigh SWRO Phase 4	600,000
Saudi Arabia	Yanbu 4	300,000
Saudi Arabia	Yanbu 5	100,000
Saudi Arabia	Shoaiba 4 IWPP	650,000
Saudi Arabia	Khobar 4 IWPP	250,000
Saudi Arabia	Khobar 5	220,000
Saudi Arabia	Jubail 4	320,000
Oman	Qurayyat IWP	181,840
Oman	Suwaiq IWP	227,300
Qatar	Ras Laffan Industrial Desalination IWP	204,570
Kuwait	Doha East	190,932
Kuwait	Doha West	454,600

Source: GWI November 2013

# Potential projects in next 12 months in Hyflux's key markets

Significant opportunities in Hyflux's key markets with estimated **US\$8 bn\*** worth of projects will be made available for tender

Country	Project	Capacity (m <sup>3</sup> /day)
Nigeria	Yewa I	227,300
Nigeria	Yewa II	227,300
Nigeria	Ibeshe I	227,300
South Africa	Cape Town SWRO	100,000
South Africa	Durban SWRO	150,000 x 2
South Africa	Saldanha Bay	25,500
India	Chennai 3	200,000
India	Chennai Nemmeli extension	150,000
Singapore	Changi NEWater	228,000
	<b>Total</b>	<b>5,444,642</b>

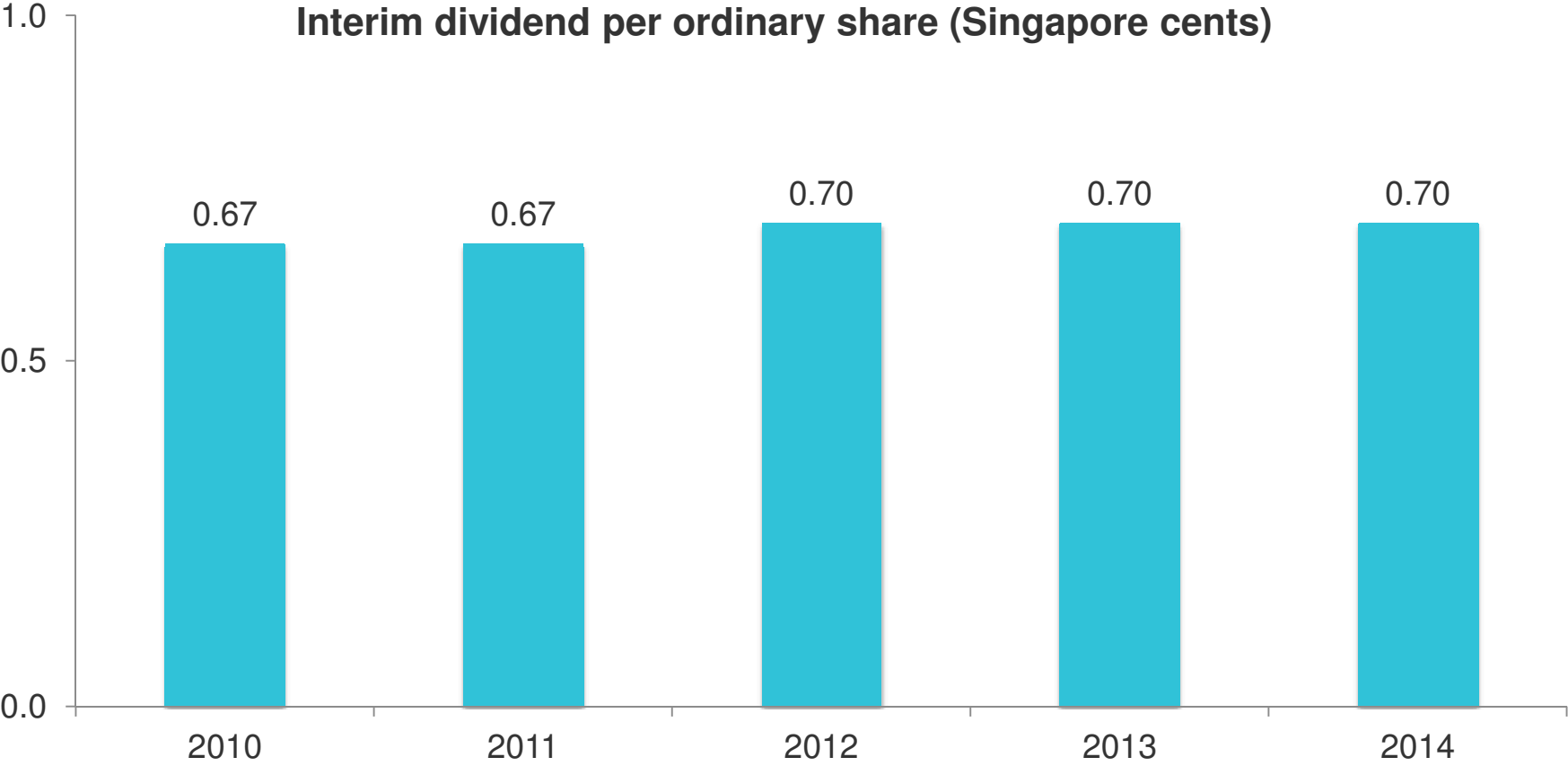
Source: GWI November 2013

\* Estimates based on GWI's projected capacity, actual project value may vary.

# Perpetual Capital Securities & Divestments

- Raised S\$475 million in perpetual capital securities in January and July 2014
- Divested interests in joint venture with Marmon LLC and Hyflux Innovation Centre
- Proceeds will be used for strategic investments in three main areas:
  1. Financing the Group's infrastructure projects
  2. Acquiring new technology and investments in R&D
  3. Expanding and automating the Group's membrane manufacturing operations

# Interim dividend of 0.70 Singapore cents per ordinary share declared





**WATER  
SOLUTIONS  
THAT  
IMPACT LIVES**

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