

Hyflux Ltd

3Q FY2014 Results Review

5 November 2014

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Executive highlights

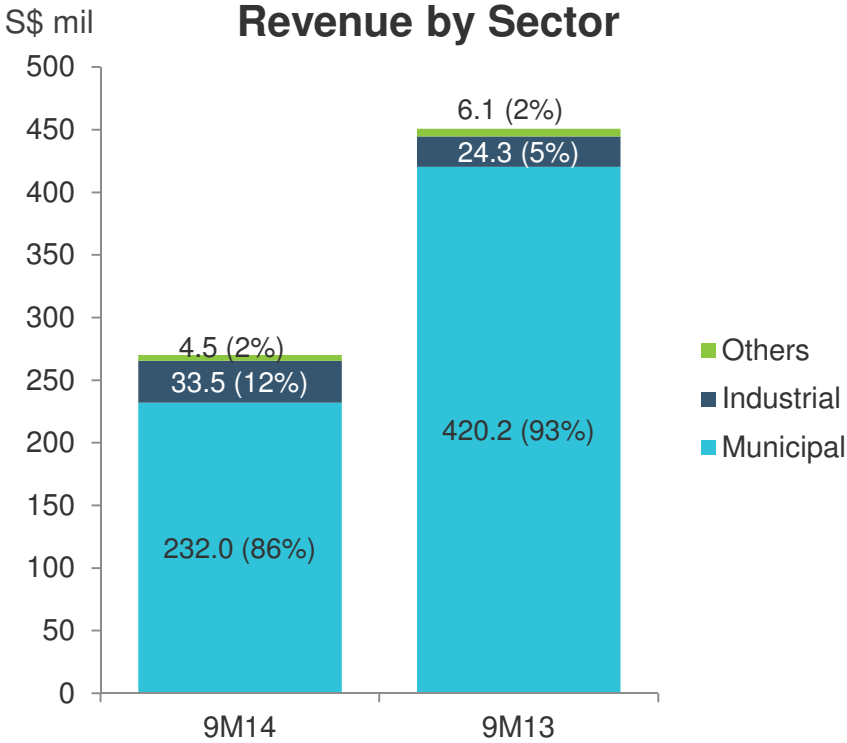
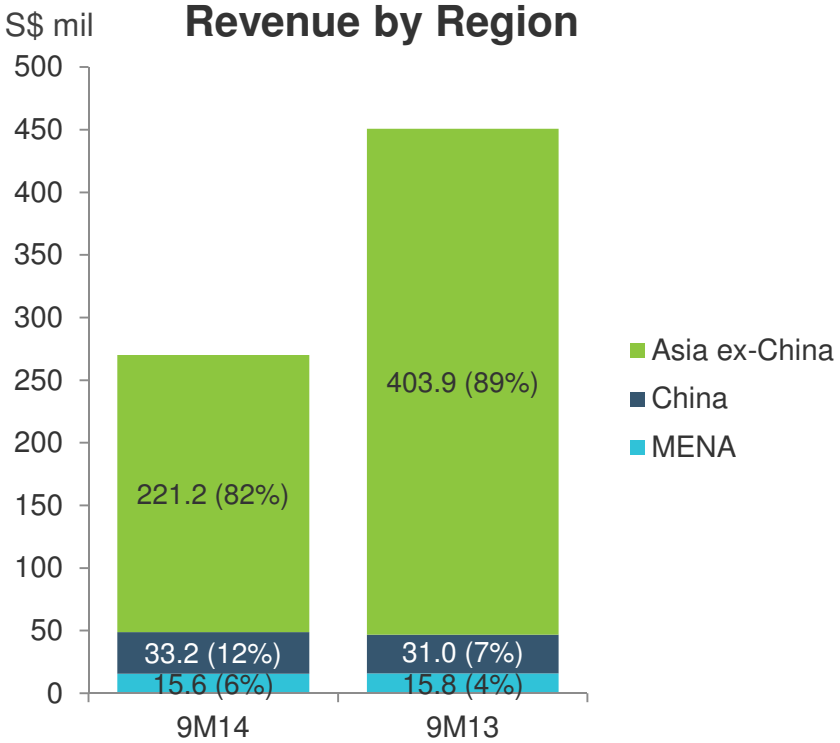
- PATMI of S\$11.3 million in 3QFY2014
- PATMI of \$110.6 million for YTD FY2014
- Slow 4Q expected with continued weak growth in global municipal water projects

Revenue & profit

<u>S\$ mil</u>	9M14	9M13	% Change
Total Revenue	270.0	450.7	(40)
Other Income	144.9	7.9	> 100
PBT	106.7	57.8	85
PATMI	110.6	51.0	> 100

- Lower revenue was due to the timing of project commencement.
- In line with our asset recycling strategy, higher Other Income and PATMI were recorded from the divestment of the 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>	9M14	9M13	% Change
Raw Materials & Consumables	123	226	(45)
Staff Costs	56	54	5
Depreciation, Amortisation & Impairment	17	36	(53)
Other Expenses	76	58	30
Finance Costs	24	19	24
Total Operating & Finance Expenses	296	393	(25)

- Decrease in Raw Materials and Consumables used was in line with revenue.
- Lower Depreciation, Amortisation and Impairment was mainly due to non-recurring impairment charge made in 3Q13 in relation to non-core assets.
- 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 Sep 2014	31 Dec 2013
Equity	1,392	886
Non-current Assets	1,881	1,776
Non-current Liabilities	983	1,150
Current Liabilities	402	360
Net Current Assets	494	261
Net Gearing	0.41x	1.15x

- Net Current Assets and Equity rose as a result of the perpetual capital securities issued in January and July 2014, and profit contributions from the period.
- Net Gearing improved to 0.41 times as at 30 September 2014 from 1.15 times as at 31 December 2013.

Cash flow

<u>S\$ mil</u>	9M14	9M13
Operating CF before SCA	46	39
Operating CF after SCA and tax paid	(139)	(359)
Investing CF	218	(24)
Financing CF	214	186
Net Cash Changes	292	(198)
Cash & Cash Equivalents	528	319

SCA: Service concession arrangement

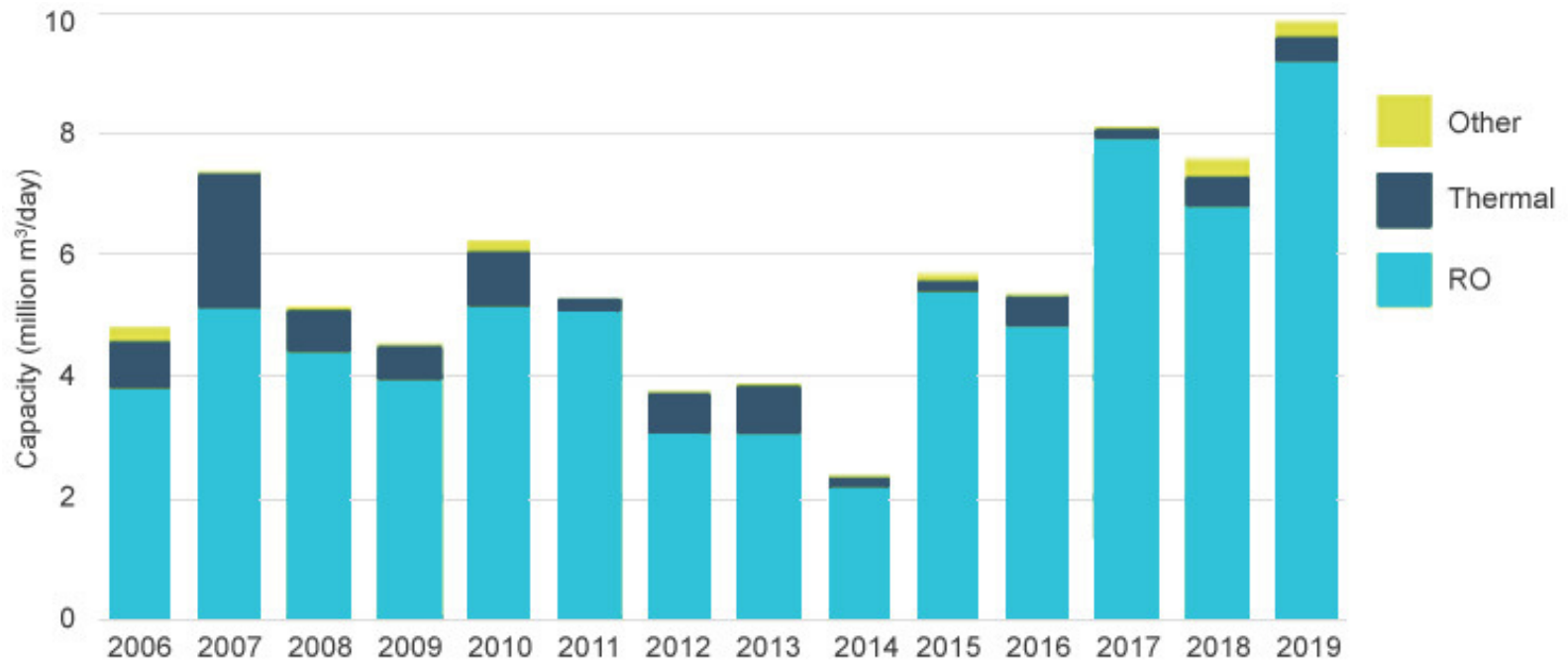
- Net cash from investing activities reflected divestment of joint venture with Marmon Water LLC in March 2014 and sale and leaseback of Hyflux Innovation Centre in June 2014.
- Cash generated from financing activities was largely from the proceeds of the perpetual capital securities issued in January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

Group outlook

- Slow 4Q expected with continued weak growth in global capital expenditure in water projects.
- Actively pursuing opportunities for municipal and industrial water projects in the Middle East, Africa, Asia and Latin America.
- Leverage water and power expertise to pursue infrastructure development projects in Africa and Asia.

Global desalination market forecast

- Market is projected to recover from weak growth in public spending on desalination projects.



Source: Desaldata Webinar Oct 2014

Thank You