

# Hyflux Ltd

## 3Q FY2014 Results Review

5 November 2014

Slide 1

*Hyflux*<sup>®</sup>

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# Executive highlights

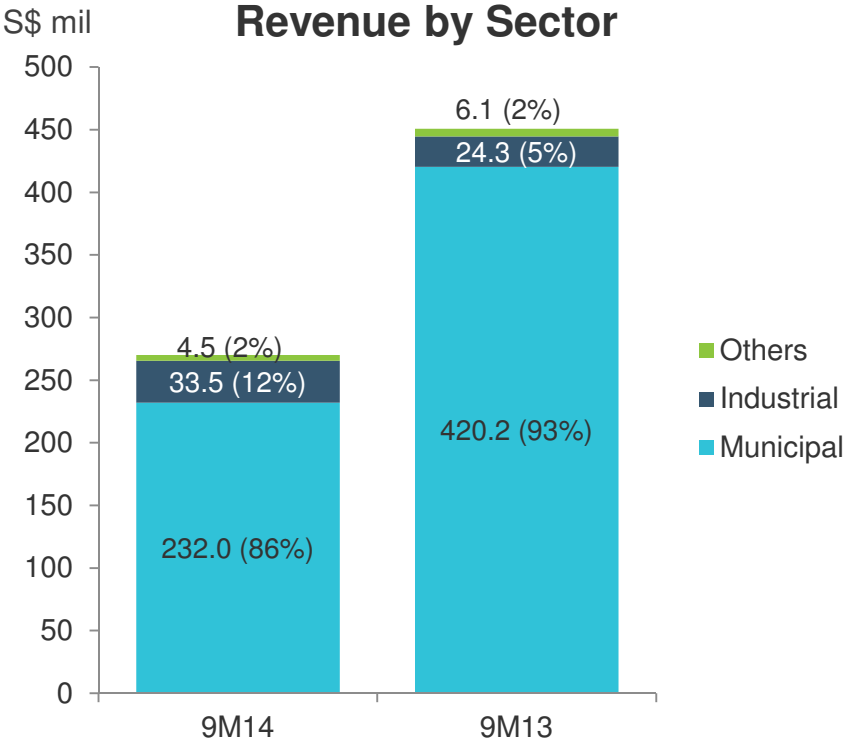
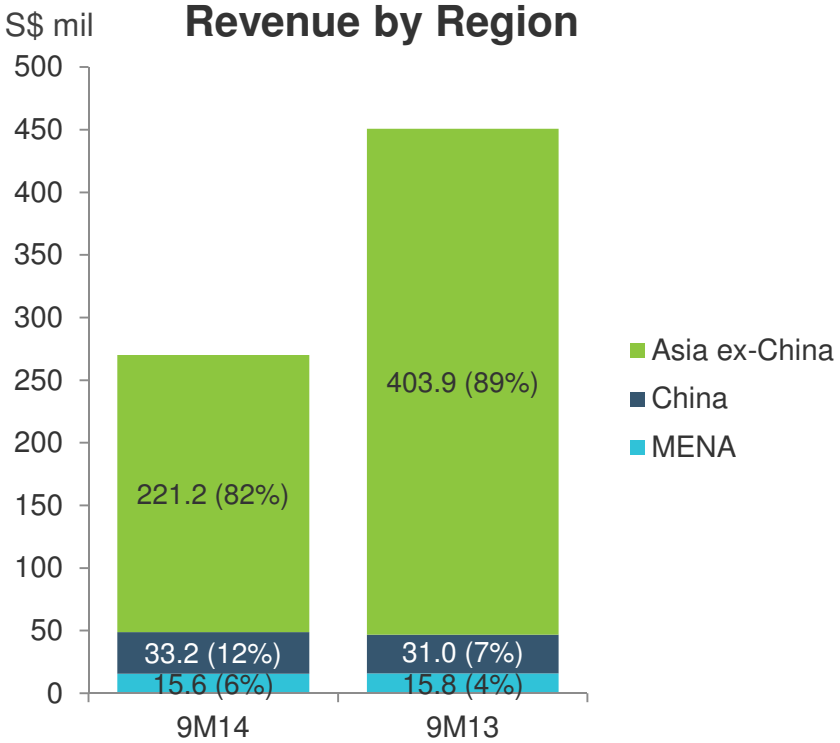
- PATMI of S\$11.3 million in 3QFY2014
- PATMI of \$110.6 million for YTD FY2014
- Slow 4Q expected with continued weak growth in global municipal water projects

## 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.

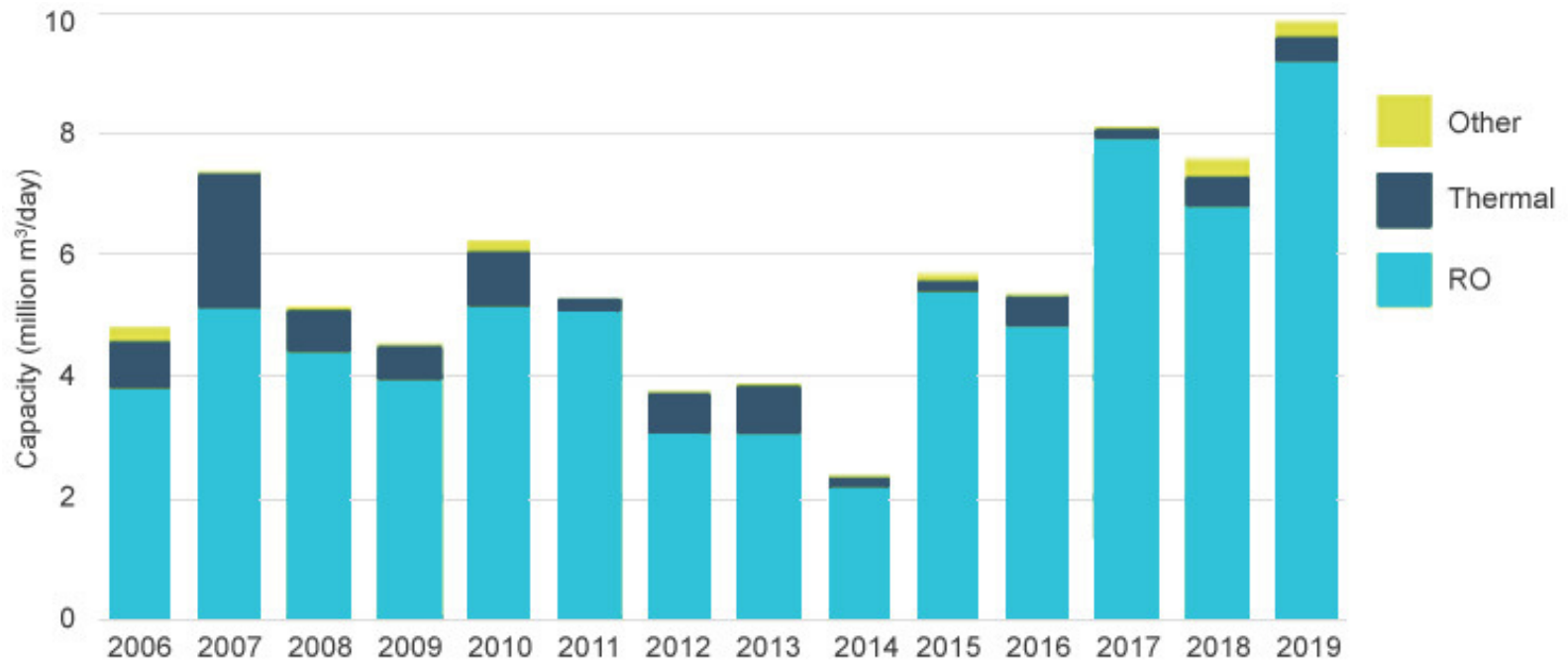


## Group outlook

- 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**