

# Hyflux Ltd

## FY2015 Results Review

18 February 2016

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# Executive Highlights

- PATMI for FY2015 was \$41.3 million
- Construction underway for Qurayyat Independent Water Project
- Tuaspring Power Plant connected to national power grid and started selling electricity
- Entry into waste-to-energy market with TuasOne WTE plant
- Develop consumer segment with new investments in ELO Water and PT Oasis

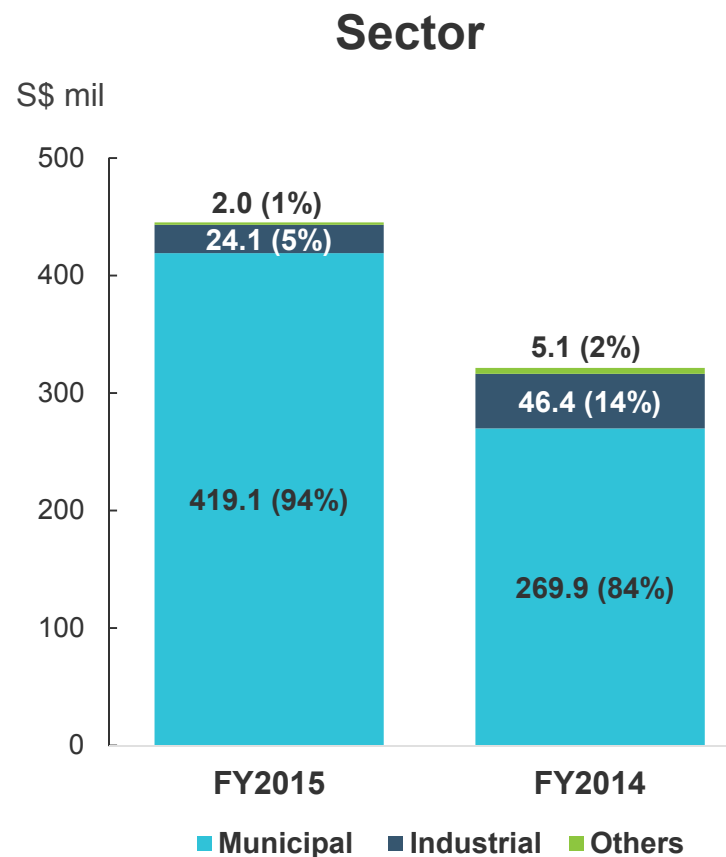
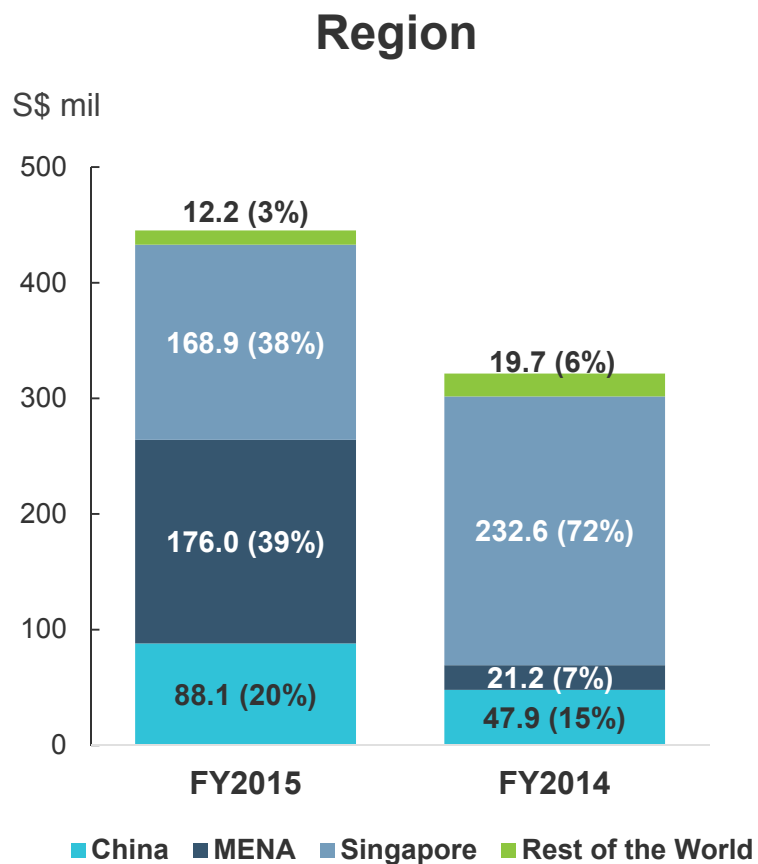
# Revenue & profit

| <u>S\$ mil</u> | FY2015 | FY2014 | % Change |
|----------------|--------|--------|----------|
| Total Revenue  | 445.2  | 321.4  | 39       |
| Other Income   | 72.6   | 170.0  | (57)     |
| PBT            | 38.8   | 53.1   | (27)     |
| PATMI          | 41.3   | 57.5   | (28)     |

- Increase in revenue from Qurayyat Independent Water Project in Oman, containerised desalination system for Saudi Arabia and disposal of five China water assets in June 2015.
- Lower PATMI was mainly a result of the divestments of Hyflux Innovation Centre and the Marmon entities in 2014.
- Final dividend of 1.00 Singapore cent per ordinary share proposed, bringing the total dividend for the year to 1.70 Singapore cents per ordinary share.

# Revenue by region and sector

- Higher MENA contribution from Qurayyat project in Oman



# Expenses

| <u>S\$ mil</u>                          | FY2015 | FY2014 | % Change |
|---|--------|--------|----------|
| Raw Materials & Consumables             | 224    | 164    | 37       |
| Staff Costs                             | 65     | 75     | (13)     |
| Depreciation, Amortisation & Impairment | 22     | 33     | (32)     |
| Other Expenses                          | 105    | 120    | (13)     |
| Finance Costs                           | 43     | 35     | 23       |
| Total Operating & Finance Expenses      | 459    | 427    | 7        |

- Decrease in Staff Costs was due to a lower level of engineering, construction and procurement (EPC) activities.
- Finance Costs were mainly for financing of project under development.

# Balance sheet

| <u>S\$ mil</u>          | 31 Dec 2015 | 31 Dec 2014 |
|-------------------------|-------------|-------------|
| Equity                  | 1,301       | 1,342       |
| Non-current Assets      | 2,030       | 1,903       |
| Non-current Liabilities | 779         | 1,009       |
| Current Assets          | 995         | 839         |
| Current Liabilities     | 946         | 391         |
| Net Gearing (x)         | 0.85        | 0.51        |

- Consolidation of Tianjin Dagang Desalination Plant as wholly-owned subsidiary contributed to higher gearing and higher non-current assets (previously equity accounted as 50% joint venture)



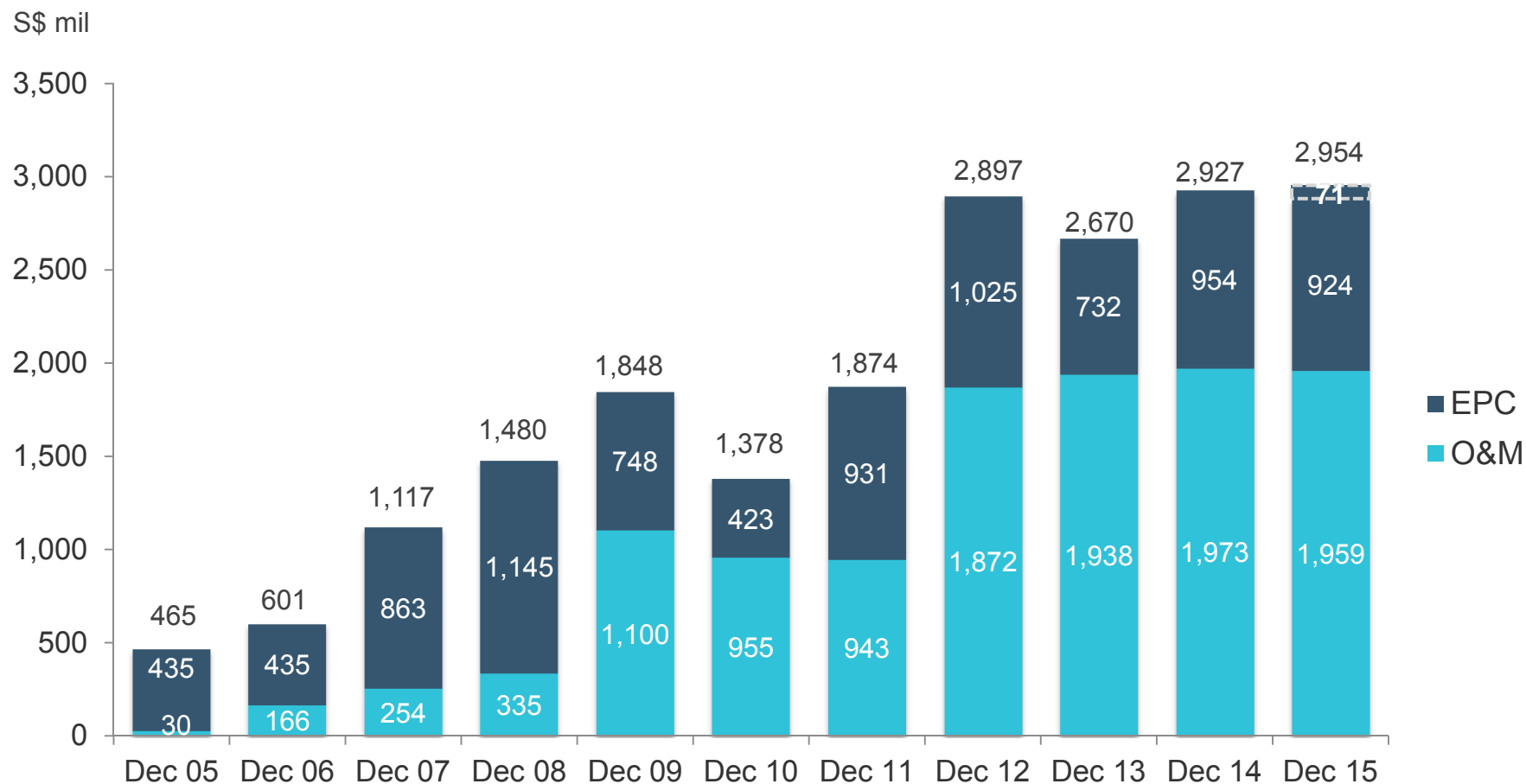
# Cash flows

| <u>S\$ mil</u>                      | FY2015 | FY2014 |
|-------------------------------------|--------|--------|
| Operating CF before SCA             | 84     | (15)   |
| Operating CF after SCA and tax paid | (44)   | (226)  |
| Investing CF                        | (104)  | 206    |
| Financing CF                        | 60     | 210    |
| Net Cash Changes                    | (88)   | 190    |
| Cash & Cash Equivalents             | 314    | 444    |

*SCA: Service concession arrangement*

- Operating cash inflow before SCA contributed by proceeds from disposal of 5 China water assets.
- Operating cash outflow after SCA and tax paid was due to investments in the Tuaspring and Qurayyat projects.
- Cash used in investing activities included acquisitions and capital expenditure.
- Decrease in cash from financing activities was partly due to the repayment of borrowings, interest and dividend payments.

# Order book



**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-15 EPC Order Book includes Qurayyat and TuasOne WTE projects, and excludes Dahej Desalination project.
3. Dec-15 O&M Order Book includes Tuaspring and Magtaa projects, and excludes divested Hyflux China SPCs.
4. Dec-15 EPC Order Book includes the project in Khurais, Saudi Arabia of US\$50.4mil (S\$71 mil equivalent) announced in Jan-16.

# Tuaspring Integrated Water and Power Project, Singapore

Power Plant Connected to Grid, Commenced Electricity Sales



## Project Details

|                     |   |
|---------------------|---|
| Capacity            | 318,500 m <sup>3</sup> /day (water)<br>411 MW (power)   |
| Concession Period   | 25 years (water)  |
| Online              | 2013 (water)<br>2016 (power)  |
| Project Description | Desalination water - Industrial and domestic use<br>Power plant – Supply electricity to desalination plant and excess to be sold to national power grid |
| Award               | Distinction, Desalination Plant of the Year, GWI Global Water Awards 2014   |

# Qurayyat Independent Water Project, Oman

## Signed 20-year Water Purchase Agreement



| Project Details               |   |
|-------------------------------|---|
| Capacity                      | 200,000 m <sup>3</sup> /day                               |
| Concession Period             | 20 years  |
| Expected Commercial Operation | May 2017  |
| Project Description           | Desalination plant –Supply water to governorate of Muscat |
| Total Project Cost            | Approx. US\$250 mil (EPC contract US\$210 mil)            |



# TuasOne Waste-to-Energy Plant, Singapore

Singapore's Largest, Most Land Efficient & Energy Efficient Plant



## Project Details

|                     |   |
|---------------------|---|
| Capacity            | 3,600 tonnes/day  |
| Concession Period   | 25 years  |
| Project Description | Design-Build-Own-Operate (DBOO)                               |
| % Stake             | 75%<br>(Consortium partner Mitsubishi Heavy Industries : 25%) |
| Total Project Cost  | Approx. S\$750 mil<br>(EPC contract S\$636 mil)               |

# ELO Water

## Grow Consumer Segment for Steady Recurring Income

- Acquired 30% stake in Kaqun Europe, consumer water technology company



| Investment Details     |  |
|------------------------|--|
| % Stake                | 30% stake in Kaqun Europe<br>(70% stake in ELO Water, a joint entity with Kaqun Europe)  |
| Investment Cost        | US\$8 mil  |
| ELO Water Descriptions | Highly oxygenated water that nourishes the body and enhances well-being<br><br>To be distributed in Asia-Pacific, Middle East and Africa |

# Investment in PT Oasis

## Ready Platform for Hyflux's Consumer Products

- Acquired 50% equity stake, to be injected over three years



| Investment Details      |  |
|-------------------------|--|
| % Stake                 | 50% equity stake   |
| Investment Cost         | S\$50 mil, over 3 years  |
| Investment Descriptions | Access to PT Oasis established distribution and customer networks in Indonesia |

# Group outlook

- Falling oil prices, slower growth in China as well as volatility and lower liquidity in the global markets to impact near-term outlook
- Challenging electricity market due to current market landscape
- Construction of Qurayyat IWP in Oman, TuasOne WTE plant in Singapore and projects in Saudi Arabia are underway
- Continue to explore water asset divestments opportunities



# Thank You