



NEWS RELEASE

HYFLUX REPORTS NET PROFIT OF S\$41.3 MILLION IN 2015

- **Construction underway for Qurayyat IWP**
- **Entry into waste-to-energy market with TuasOne WTE plant**
- **Develop consumer segment with ELO Water and PT Oasis**

Singapore, 18 February 2016 – Hyflux Ltd (or the Group) reported profit after tax and minority interests (PATMI) of S\$41.3 million for the full year ended 31 December 2015, 28% decrease from S\$57.5 million PATMI recorded in 2014. The lower PATMI was due mainly to lower level of divestment activities in 2015 compared with 2014.

Group revenue increased by 39% to S\$445.2 million in 2015, compared with S\$321.4 million in 2014, contributed mainly by the Qurayyat Independent Water Project (IWP) in the Sultanate of Oman. The municipal projects continued to be the main contributor of the Group's revenue, accounting for about 94% or S\$419.1 million of the Group's revenue. Singapore and China continued to remain as Hyflux's key markets in Asia, accounting for more than half of the Group's total revenue, contributing about 38% and 20% respectively. Revenue contributions from the Middle East and North Africa region rose to 39% or S\$176.0 million from 7% in 2014, due to contributions from the Qurayyat IWP and a containerised desalination system project to augment the existing Yanbu Desalination Plant in Saudi Arabia.

The Group's cash position was S\$313.7 million and the net gearing ratio at 0.85 times as at 31 December 2015.

The Board of Directors has proposed a final dividend of 1.00 Singapore cent per ordinary share. Together with an interim dividend of 0.70 Singapore cents per ordinary share paid in August 2015, this brings the total dividend for the year to 1.70 Singapore cents per ordinary share.

Strategic Partnership and Investments

In March 2015, the Group signed a 20-year water purchase agreement with Oman Power and Water Procurement Company SAOC to supply desalinated water from the 200,000 m³/day capacity Qurayyat IWP which Hyflux will design, build, own and operate in the Sultanate of Oman.

In October 2015, Hyflux and its consortium partner Mitsubishi Heavy Industries signed a 25-year waste-to-energy (WTE) services agreement with Singapore's National Environment Agency to provide 3,600 tonnes per day of incineration capacity from Singapore's sixth and largest TuasOne WTE plant, which will be developed on a design-build-own-operate model.

As part of the Group's strategy to grow its consumer segment for a stable recurring income, the Group acquired a 50% stake in PT Oasis in Indonesia and 30% stake in Kaqun Europe. The strategic partnership with PT Oasis will provide access to an established distribution platform to consumers in Indonesia while Hyflux will integrate its proprietary technology together with Kaqun Europe for a product line based on highly oxygenated living water that has exclusive rights to manufacture, sell, market and distribute under the brand name ELO in Asia Pacific, Middle East and Africa through ELO Water, a new entity which the Group owns 70% stake.

As part of the Group's capital recycling strategy, the Group unlocked value and divested its entire stake in five water and wastewater plants in China to Tus Water Group Limited, a new joint venture with Tuspark TSI, of which the Group owns 25% stake.

Outlook for the year

The 411 MW combined cycle gas turbine power plant co-located with Tuaspring desalination plant has been connected to the national power grid since August 2015. The Group has started selling electricity to the grid. In the near term, the electricity market in Singapore is expected to be challenging due to the current market landscape.

Revenue contribution from MENA is expected to increase with the on-going construction of the Qurayyat IWP in Oman and the new desalination projects in Saudi Arabia.

“As a result of the falling oil prices, slower growth in China as well as volatility and lower liquidity in the global markets, we remain cautious on the business outlook in the near term. Despite these short-term headwinds, we will continue to actively tender for municipal and industrial projects in Middle East, Africa, Latin America and parts of Asia, as well as to focus on the consumer segment for a stable recurring income. As part of our asset light strategy, we will continue to look for opportunities to monetise our water assets and recycle capital for new investments.” said Ms Olivia Lum, Executive Chairman and Group Chief Executive Officer of Hyflux.

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About Hyflux

Hyflux is a global leader in sustainable solutions, focusing on the areas of water and energy. Headquartered and listed in Singapore, the Group has operations and projects in Southeast Asia, China, India, the Middle East, Africa and the Americas. Hyflux is committed to providing cost-effective and innovative solutions that contribute to resource optimisation and sustainable growth for communities and industries. A specialist in water treatment, Hyflux is distinctive in its ability to address the challenges at every point of the entire water value chain. The Group's track record includes Singapore's first water recycling plant and some of the world's largest seawater reverse osmosis desalination plants in Algeria, China and Singapore.

For more information, please visit www.hyflux.com

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