



NEWS RELEASE

HYFLUX POSTS NET PROFIT OF S\$2.6 MILLION IN SECOND QUARTER OF 2016

- **Construction underway for projects in Singapore, Oman and Saudi Arabia**
- **Project financing close achieved for Qurayyat IWP and TuasOne WTE**
- **Singapore power market continues to face strong headwinds**

Singapore, 4 Aug 2016 – Hyflux Ltd (or the Group) reported revenue of S\$260.0 million for the second quarter ended 30 June 2016, an increase from S\$94.8 million in the same period last year. Municipal projects remained as the main contributor, representing 93% or S\$242.6 million of the Group's revenue. Higher revenue was contributed by TuasOne Waste-to-Energy (WTE) project and Qurayyat Independent Water Project (IWP). Geographically, Singapore and Middle East continued to be the key markets, accounting for 63% and 29% of total revenue respectively.

Profit after tax and minority interests (PATMI) for the second quarter of 2016 was S\$2.6 million, compared with S\$26.0 million in 2015. Higher PATMI in 2015 was driven by divestment activities. In addition, profits from higher engineering, procurement and construction (EPC) activities were partially offset by amortisation costs of our Tuaspring power plant, which continues to face weak Singapore electricity prices.

An interim dividend of 0.20 Singapore cents per ordinary share has been declared for the six months ended 30 June 2016.



Outlook for the year

During the quarter, the Group successfully achieved financial close for TuasOne WTE project in Singapore and Qurayyat IWP in the Sultanate of Oman. Revenue contribution is expected to continue as the Group executes its EPC order book with ongoing construction of the Qurayyat IWP, TuasOne WTE project and projects in the Kingdom of Saudi Arabia.

Despite stronger projected revenue and profit contributions from its EPC activities, the Group expects weak financial performance from its Tuaspring power plant in the second half of 2016. The power market in Singapore continues to face strong headwinds with weak electricity prices. This has an adverse impact on profitability as profits generated from the higher construction activities in 2016 would be partially offset by amortisation and financing costs of the Tuaspring power plant in the near-term.

The Group remain cautious on the business outlook given the sustained low oil price environment and economic uncertainties arising from Britain's exit from the EU. Despite these challenges, it will continue to tender for projects in the key markets of Middle East, Africa, Americas and parts of Asia as well as to explore divestment opportunities for capital recycling to support long-term growth.

“On the consumer front, we expect to commence production of ELO drinking water in Singapore from third quarter this year. This is an innovative technology that produces oxygen-rich water without adding gases and preservatives. Concurrently, we will be launching our inaugural commercial water therapy facility at City Square Mall in central Singapore. We are optimistic about the potential of the ELO consumer business and the opportunity to reach out to a broader group of consumers.” said Ms Olivia Lum, Executive Chairman and Group Chief Executive Officer of Hyflux.



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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