



NEWS RELEASE

HYFLUX POSTS NET PROFIT OF S\$21 MILLION IN THIRD QUARTER OF 2016

- **Record revenue of S\$296 million in third quarter of 2016**
- **Net profit increased by 234% from corresponding period**
- **Focused on execution of projects in Singapore, Oman and Saudi Arabia**

Singapore, 3 Nov 2016 – Hyflux Ltd (or the Group) reported profit after tax and minority interests (PATMI) of S\$21 million in the third quarter of 2016, an increase of 234% from S\$6 million in the same period last year.

Group revenue for the third quarter of 2016 rose to a record of S\$296 million from S\$133 million in the third quarter of 2015, with municipal projects representing a majority 93% or S\$275 million of the Group's revenue. Singapore and the Middle East continue to be the Group's key markets, accounting for 75% and 21% of total revenue respectively.

The higher PATMI and revenue were mainly contributed by the TuasOne Waste-to-Energy (WTE) project and Qurayyat Independent Water Project (IWP). Profits from higher engineering, procurement and construction (EPC) activities were partially offset by the weak Singapore power market.

Outlook for the year

MENA and Singapore are expected to drive revenue contributions as the Group executes its EPC order book with the ongoing construction of the Qurayyat IWP, TuasOne WTE project and projects in the Kingdom of Saudi Arabia. The start of construction for the Ain Sokhna IWPP in Egypt is currently pending finalisation of contracting arrangement.



As a result of sustained decline in oil prices and weak power market in Singapore, the Group remains cautious on the business outlook in the near term. Despite the challenges, the Group will continue to tender for projects in the key markets of Middle East, Africa, Americas and parts of Asia. Notwithstanding the moderately improved electricity prices in the third quarter, the power market in Singapore continues to face strong headwinds. This has an adverse impact on results as profits generated from the higher construction activities in 2016 would be offset by the weak Singapore power market and electricity prices in the near-term.

“With the recent divestment of Galaxy NewSpring Pte Ltd (Galaxy), we will continue to seek opportunities for capital recycling to support long-term growth. The proceeds of US\$136.5 mil from the divestment of Galaxy would be deployed for future development of new projects within the Group,” said Ms Olivia Lum, Executive Chairman and Group Chief Executive Officer of Hyflux.

As part of the Group’s strategy to grow its stream of sustainable recurring income, the Group has made progress on the consumer front. Still at the early stage, this ELO new consumer line of business is not expected to contribute significantly to the Group’s financial performance in 2016. Nevertheless, the Group remains optimistic about the potential of the ELO consumer business and plans to expand the ELO business beyond Singapore in the near future.

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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

For media and analyst enquiries, please contact:

Bertha Cheung (Ms)
Corporate Communications
DID: (65) 3157 8031
Email: bertha_cheung@hyflux.com

Carol Huang (Ms)
Investor Relations
DID: (65) 3157 7635
Email: carol_huang@hyflux.com