

Hyflux Ltd

3Q2016 Results Review

3 November 2016

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Executive highlights

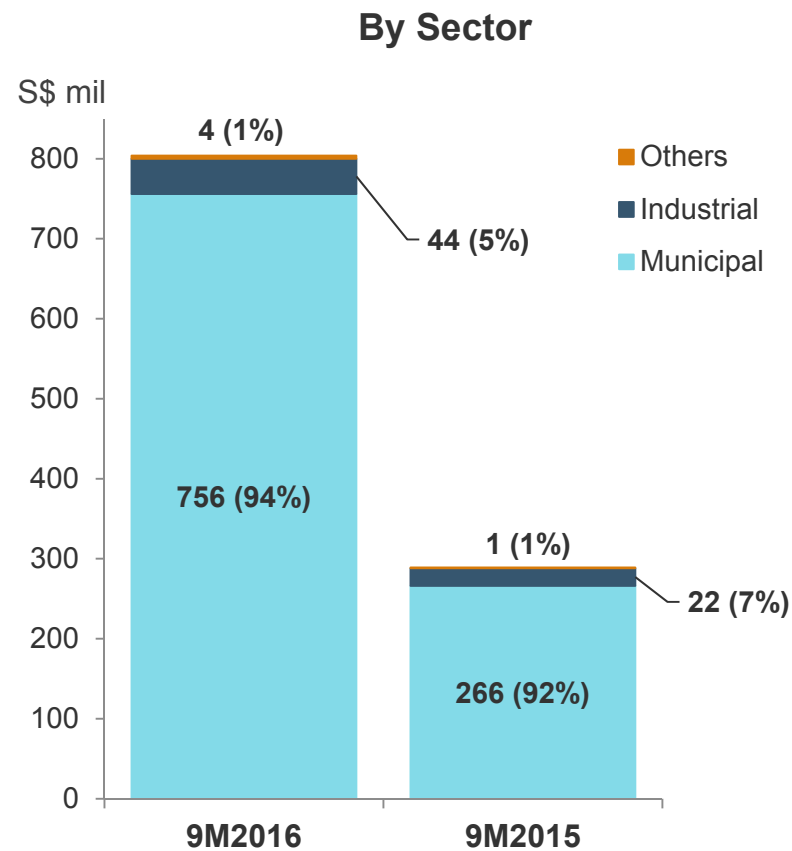
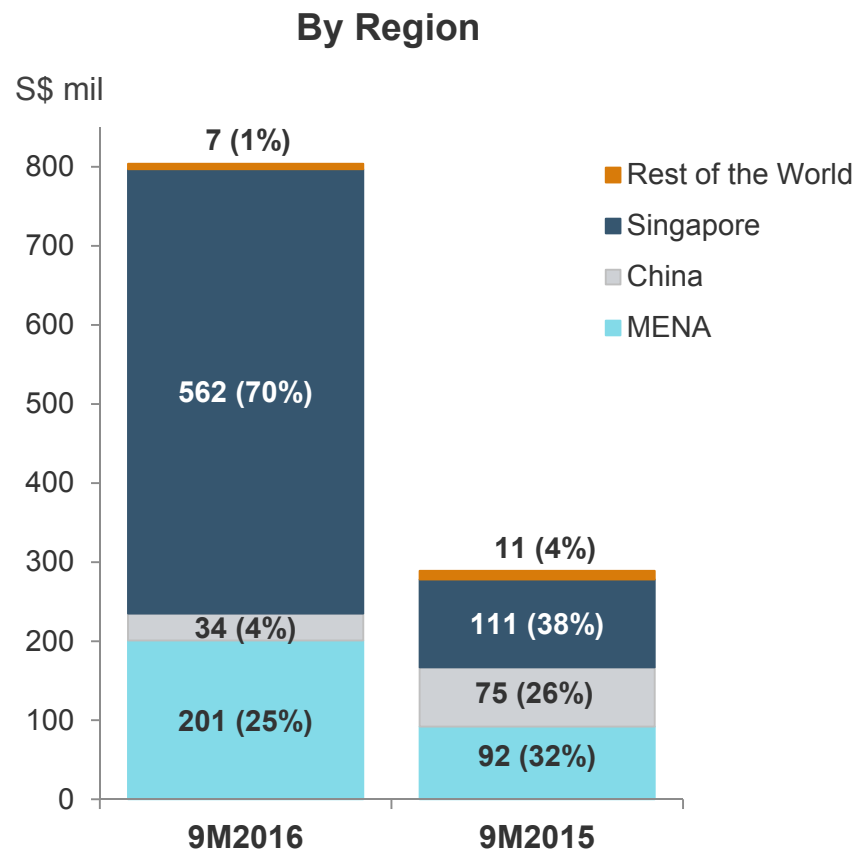
- 3Q2016 PATMI at \$21 million versus \$6 million in 3Q2015, a 234% increase on record revenue of \$296 million
- 9M2016 PATMI at \$31 million versus \$38 million in 9M2015
- Focused on execution of projects in Singapore, Oman and Saudi Arabia
- Singapore power market remains weak

Revenue and profit

<u>S\$ mil</u>	9M2016	9M2015	% Change
Total Revenue	804	289	>100
PATMI	31	38	(17)

- Higher revenue contributed by TuasOne Waste-to-Energy (WTE) project and Qurayyat Independent Water Project (IWP).
- Profits from higher EPC activities partially offset by weak Singapore power market.
- Higher PATMI in 9M2015 was driven by divestment activities.

Revenue breakdown by region and sector



- Singapore revenue mainly from TuasOne WTE project.
- MENA revenue mainly from Qurayyat IWP.

Expenses

<u>S\$ mil</u>	9M2016	9M2015	% Change
Raw Materials & Consumables	593	121	>100
Staff Costs	61	48	29
Depreciation, Amortisation & Impairment	45	16	>100
Other Expenses	66	77	(15)
Finance Costs	44	29	51
Total Operating & Finance Expenses	809	291	>100

- Increase in total operating and finance expenses in line with increased EPC activities in TuasOne WTE project and Qurayyat IWP.
- Amortisation of Tuaspring power plant since Mar 2016 contributed to the increase in amortisation expense.
- Other expense decreased due to lower electricity costs and exchange losses.

Balance sheet

<u>S\$ mil</u>	30 Sep 2016	31 Dec 2015
Equity	1,499	1,301
Non-current Assets	2,635	2,030
Non-current Liabilities	1,247	779
Current Assets	969	995
Current Liabilities	858	946
Net Gearing (x)	0.82	0.85

- EPC activities of TuasOne WTE project and Qurayyat IWP contributed to the increase in financial receivables within non-current assets.
- Higher non-current liabilities arising from project finance loans relating to Qurayyat IWP and TuasOne WTE project.

Cash flows

<u>S\$ mil</u>	9M2016	9M2015
Operating Cash Flows before SCA	373	(4)
Operating Cash Flows after SCA and Tax Paid	(211)	(65)
Investing Cash Flows	(132)	(98)
Financing Cash Flows	215	72
Net Cash Changes	(128)	(92)
Cash & Cash Equivalents	231	323

SCA: *Service concession arrangements*

- Operating cash flows after SCA and tax paid included further investments into construction of TuasOne WTE project and Qurayyat IWP.
- Investing cash outflows mainly for investment in a 50% joint venture, PT Oasis Waters International; as well as a short-term loan extended to a joint venture.
- Financing cash inflows mainly from the proceeds from issuance of \$500 million perpetual capital securities in May 2016, offset by redemption of the \$175 million perpetual capital securities and payment of unsecured notes Series 7 of \$100 million in July 2016.

Group outlook

- Continue to pursue new projects in the Middle East, Africa, Americas and parts of Asia despite overall global economic uncertainty
- Power market in Singapore continues to face strong headwinds in near term
- Plans to expand ELO business beyond Singapore
- Start of construction of Ain Sokhna IWPP in Egypt is pending finalisation of contracting arrangement



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