



NEWS RELEASE

HYFLUX POSTS NET LOSS OF S\$25.1 MILLION IN SECOND QUARTER OF 2017

- **Weak Singapore power market continues to hit profitability**
- **Bid for projects with total contract value of S\$1.8 billion, pending tender results**
- **Exploring separate listing of consumer business to unlock value for existing shareholders**

Singapore, 3 August 2017 – Hyflux Ltd (or the Group) reported loss after tax and minority interests (PATMI) of S\$25.1 million for the second quarter of 2017 (2Q2017), compared with a profit of S\$2.6 million in the same period last year. The Tuaspring Integrated Water and Power Plant (Tuaspring), which has been classified as Held for Sale, contributed losses of S\$20.9 million due to weak power spreads in the Singapore market. Excluding results from Tuaspring, PATMI was a loss of S\$4.2 million for the quarter.

Excluding Tuaspring, revenue for 2Q2017 was S\$81.8 million, a decrease from S\$231.1 million in the same period last year. The drop in revenue was due to lower engineering, procurement and construction (EPC) activities for the TuasOne Waste-to-Energy (WTE) project in Singapore and the Qurayyat Independent Water Project (IWP) in the Sultanate of Oman, in line with planned construction schedules. This was partially offset by revenue recognised for the Group's projects in the Kingdom of Saudi Arabia, which began construction during the quarter.

Municipal projects continue to be the Group's main revenue driver, accounting for about 81% of total revenue. Singapore and the Middle East remain the Group's key markets, accounting for about 58% and 31% of total revenue respectively.



Outlook for the year

Continued weakness in the Singapore power market is expected to adversely affect the Group's performance for the rest of 2017 and we expect losses in the next two quarters.

The Qurayyat IWP in Oman is scheduled to commence operations in the second half of the year, after completing testing and commissioning. Contract negotiation for the Ain Sokhna Integrated Water and Power Plant in Egypt is ongoing, although progress is slower than expected. To date, the Group has bid for projects with total contract value of S\$1.8 billion, pending tender results.

As previously announced, the Group is in the process of divesting its full interest in the Tianjin Dagang desalination plant in China, as well as a partial divestment in Tuaspring in Singapore. Progress updates will be disclosed when available.

To strengthen its infrastructure business, the Group is leveraging on its leadership position in the water sector by exploring opportunities including the option of strategic partnerships and investors.

In the past two years, Hyflux's consumer business, including wellness and lifestyle appliances and the ELO range of products, has generated good growth. This is a high growth segment with potential to cater to the exploding middle class in Asia, which is experiencing an increase in affluence and purchasing power to address health and wellness concerns. The Group is exploring a separate listing of the Hyflux consumer business with the view to unlock the value of this business for the existing Hyflux shareholders, including the option of dividend in specie. This will provide better visibility and stronger management focus to this segment, which is distinctly different from its traditional municipal and industrial segments. More details will be announced at a later date.

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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.

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