

Hyflux Ltd

1H2017 Results Review

3 August 2017

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Executive highlights

- Weak Singapore power market continues to hit profitability
- Lower EPC contributions in 2Q2017 in line with planned project construction phase
- PATMI loss of \$25.1million in 2Q2017, \$24.3million in 1H2017
- Excluding Tuaspring loss from weak Singapore power market, 1H2017 PATMI was \$23.6 million

Revenue and profit

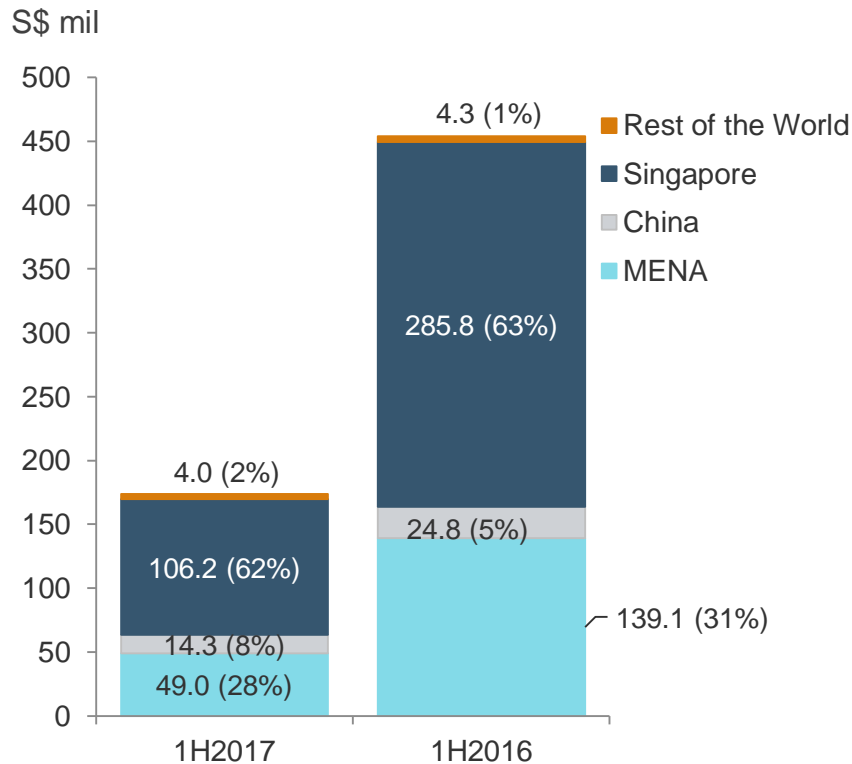
<u>S\$ mil</u>	1H2017	1H2016	% Change
Revenue	173.3	453.9	(62)
PATMI excluding Tuaspring	23.6	61.2	(61)
Results from Tuaspring	(47.9)	(51.2)	(6)
PATMI	(24.3)	9.9	NM

NM: Not Meaningful

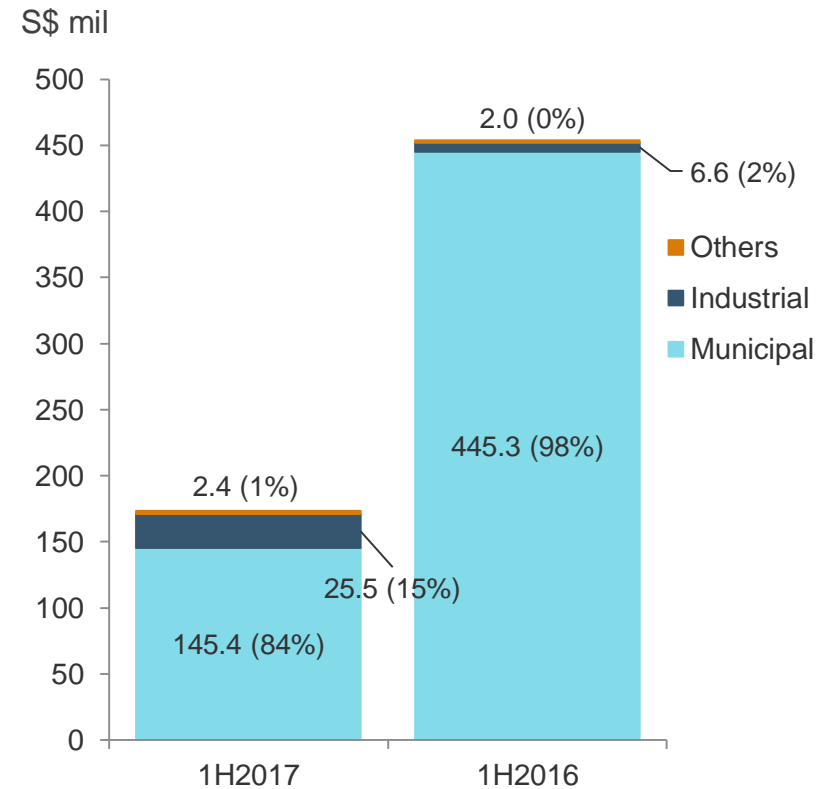
- Lower EPC activities from TuasOne Waste-to-Energy (WTE) project in Singapore and Qurayyat project in Oman.
- EPC profits unable to fully cover Tuaspring losses in 1H2017
- Tuaspring classified as Held for Sale – results shown separately
 - (1) Revenue excludes Tuaspring
 - (2) PATMI presented with and without Tuaspring

Revenue breakdown by region and sector

By Region



By Sector



- Lower EPC activities for Tuasone WTE in Singapore and Qurayyat IWP in Oman
- Revenue excludes Tuaspring, which is classified as Held for Sale

Expenses

<u>S\$ mil</u>	1H2017	1H2016	% Change
Raw Materials & Consumables	80	305	(74)
Staff Costs	47	38	24
Depreciation, Amortisation & Impairment	8	9	(11)
Other Expenses	34	36	(6)
Finance Costs	28	23	22
Total Operating & Finance Expenses	196	409	(52)

- Lower direct costs in line with lower revenue from EPC projects
- Higher staff costs from labour-intensive construction phase of projects
- Higher finance costs resulting from project finance drawdowns following milestone achievements of the Qurayyat and TuasOne projects

Excludes Tuaspring results, which are shown separately

Balance sheet

<u>S\$ mil</u>	30 Jun 2017	31 Dec 2016
Equity	1,123	1,549
Non-current Assets	1,298	2,545
Non-current Liabilities	1,142	1,311
Current Assets	2,252	1,298
Current Liabilities	1,285	983
Net Gearing (x)	1.00	0.81

- Decrease in equity due to redemption of S\$300 million perpetual capital securities in Jan 2017
- Tuaspring and Tianjin Dagang assets/liabilities classified as held for sale
 - shift from Non-current assets/liabilities to Current assets/liabilities

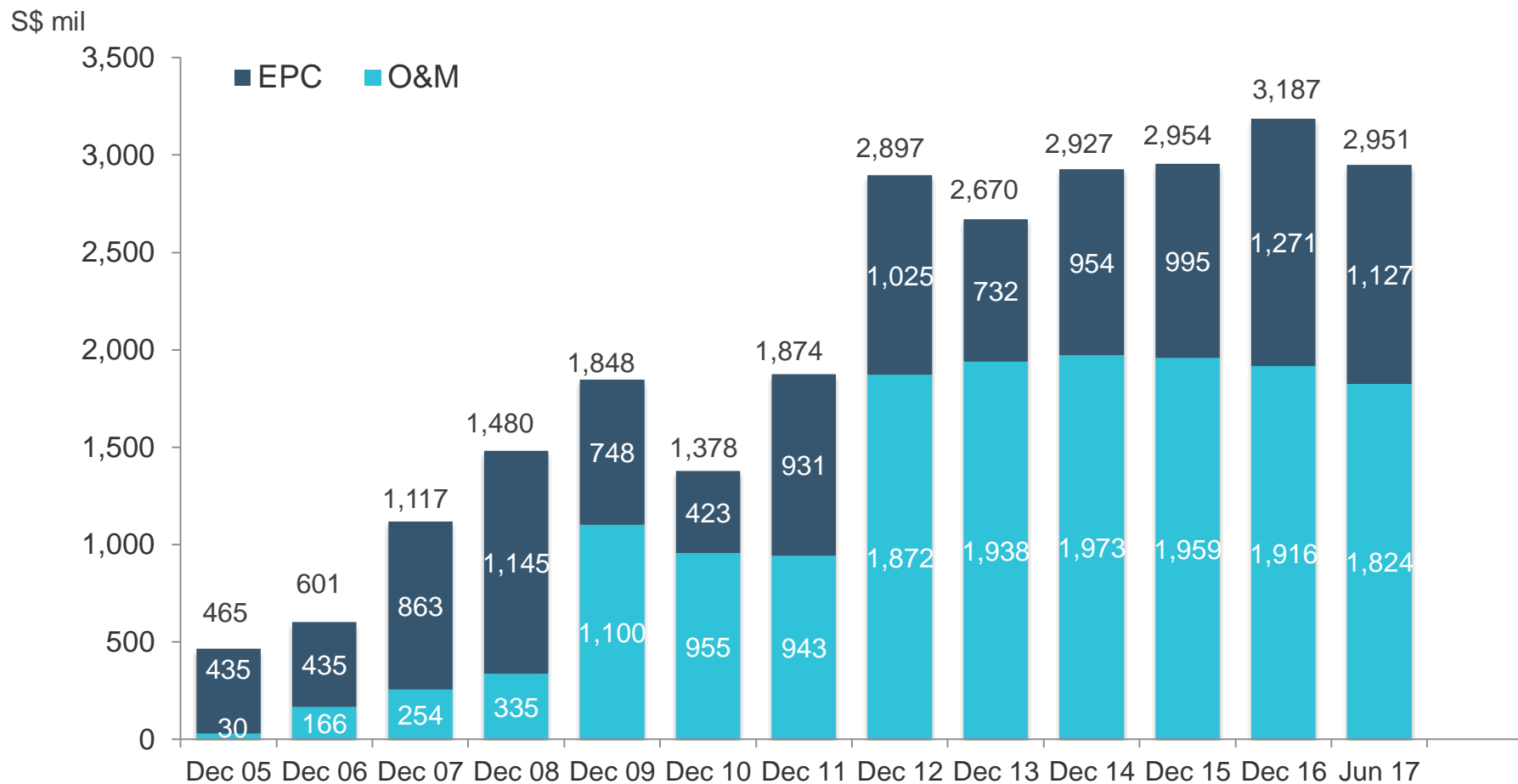
Cash flows

<u>S\$ mil</u>	1H2017	1H2016
Operating Cash Flows before SCA	(82)	239
Operating Cash Flows after SCA and Tax Paid	(174)	(135)
Investing Cash Flows	251	(42)
Financing Cash Flows	(129)	324
Net Cash Changes	(52)	146
Cash & Cash Equivalents	191	494

SCA: Service concession arrangements

- Cash from investing activities of S\$251 million was mainly due to net proceeds from disposal of Galaxy and repayment of short-term loan extended to Galaxy
- Net cash outflow from financing activities primarily due to redemption of S\$295 million perpetual capital securities and offset by project finance drawdowns

Order book



Note:

1. Jun 2017 EPC Order Book includes Egypt IWPP which is pending BOT contracts finalisation.
2. O&M order book is a summation of future revenue of our portfolio of plants over 20-30 year concession periods.

Group outlook

- Weakness in Singapore power market and the Group expects losses in the next two quarters
- Focus on executing current EPC order book
- Qurayyat IWP expected to commence operations in 2H2017
- Bid for projects with total contract value of S\$1.8 billion, pending tender results
- To strengthen its infrastructure business by exploring opportunities in strategic partnerships and investors
- Exploring separate listing of consumer business to unlock value for shareholders



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