



NEWS RELEASE

HYFLUX POSTS NET LOSS OF S\$26.1 MILLION IN THIRD QUARTER OF 2017

- **Weak Singapore power market continues to hit profitability**
- **Divestment of Tuaspring and Tianjin Dagang in progress**
- **Launched flagship ELO Water Therapy Centre in central Singapore**

Singapore, 9 Nov 2017 – Hyflux Ltd (or the Group) reported loss after tax and minority interests of S\$26.1 million in the third quarter of 2017 (3Q2017), compared with a profit of S\$10.3 million in the same period last year. In line with continuously weak prices in the Singapore electricity market, the Tuaspring Integrated Water and Power Project (Tuaspring), which has been classified as Held for Sale, continued to register losses of S\$26.6 million. Excluding results from Tuaspring, profit after tax and minority interests was S\$0.5 million for 3Q2017.

Excluding Tuaspring, revenue for 3Q2017 dipped to S\$98.0 million from S\$248.5 million in the previous corresponding financial quarter. The drop in revenue came on the back of lower Engineering, Construction and Procurement (EPC) contributions from the TuasOne Waste-to-Energy (WTE) project in Singapore and Qurayyat Independent Water Project (IWP) in Oman, in line with planned construction schedules. Municipal projects continue to represent a majority 84% or S\$82.2 million of the Group's revenue. Singapore and the Middle East continue to be the Group's key markets, accounting for 73% and 19% of total revenue respectively.

As at 30 September 2017, the Group's net gearing was at 1.07 times, with a cash position of S\$222.0 million.



Outlook for the year

In line with the outlook shared last quarter, the Singapore power market continues to adversely impact results for the Group, with losses expected for the rest of 2017.

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 partial divestment in the Tuaspring plant in Singapore. This is in line with the Group's asset light strategy, and progress updates will be announced when available.

The Qurayyat IWP project in Oman is in the final stages of testing and commissioning. Construction of the TuasOne WTE project in Singapore is on track. Contract negotiations for the Ain Sokhna Integrated Water and Power Project in Egypt, which is converting from an EPC to a Build, Operate and Transfer structure, is in progress.

Subsequent to the close of the third quarter, the Group announced the sale and partial leaseback of its Tuas manufacturing facility, with an estimated net gain on disposal of S\$39.6 mil. Completion of the transaction is pending approval of relevant authorities, upon which the Group expects to receive sale proceeds of S\$95.0 mil.

In addition, the Group launched its flagship ELO Water Therapy Centre in central Singapore. This is a significant milestone for the Group's consumer business.

The proposed spin-off of the consumer business, via dividend in specie, is in progress. Subsequent planned listing will unlock the value of this high growth business for Hyflux shareholders, and provide a dedicated management focus to this segment, which is distinctly different from its traditional municipal and industrial segments. More details will be shared in due course.

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About Hyflux

As a global provider of sustainable solutions, Hyflux is committed to resource optimisation and sustainable development. A specialist in water treatment and among the top global desalination plant providers, Hyflux is distinctive in its ability to address the challenges at every point of the water value chain. The Group has expanded its offerings to include power generation and waste-to-energy. It also entered into the wellness industry with the ELO brand to broaden its consumer market portfolio.

Headquartered and listed in Singapore, the Group employs more than 2,800 employees worldwide. Hyflux's track record spans across Asia, the Middle East and Africa. It includes one of the world's largest seawater reverse osmosis desalination plants in Algeria and Asia's first Integrated Water and Power Plant in Singapore.

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