



NEWS RELEASE

HYFLUX POSTS NET LOSS OF S\$22.2 MILLION IN FIRST QUARTER OF 2018

- **Excluding Tuaspring, net profit at \$1.0 million**
- **Lower losses from Tuaspring with recent improvement in electricity prices**
- **New project win of EUR 68.7 million for a desalination package**

Singapore, 9 May 2018 – Hyflux Ltd (or the Group) reported loss after tax and minority interest of S\$22.2 million in 1Q2018, compared with a near breakeven position in 1Q2017. The weak Singapore electricity market recorded an uptick in wholesale electricity prices in March 2018, resulting in lower loss of S\$23.2 million for the Tuaspring Integrated Water and Power Project (Tuaspring), an improvement of 14% compared to S\$27.0 million loss in 1Q2017. Excluding results from Tuaspring, profit after tax and minority interest was S\$1.0 million for 1Q2018, versus S\$27.0 million in 1Q2017 which included S\$16.5 million gain on disposal arising from the Group's divestment of its Galaxy Newspring portfolio in March 2017.

Excluding Tuaspring, revenue for 1Q2018 dipped to S\$72.0 million from S\$91.5 million in 1Q2017 due to lower Engineering, Procurement and Construction (EPC) activities from the TuasOne Waste-to-Energy (WTE) project in Singapore and the Qurayyat Independent Water Project (IWP) in the Sultanate of Oman, in line with construction schedules.

Municipal projects continued to be the main contributor, accounting for about 81% or S\$58.7 million of the Group's revenue, while Singapore and the Middle East continued to be the Group's key markets, accounting for 58% and 32% of total revenue respectively.

As at 31 March 2018, the Group's total cash balance was S\$233.8 million, excluding another S\$70.9 million of cash reported as Asset Held for Sale and approximately S\$390 million project finance loans available for drawdown.



Outlook for the year

The Group's performance in the next 12 months is still largely driven by the Singapore power market. While wholesale electricity prices have shown improvement in the last two months reducing losses for the Group, a stronger rebound at a sustained pace is needed to turn the Group profitable in 2018.

In early April 2018, the Group announced the award of a contract to supply a seawater reverse osmosis desalination package at a contract value of EUR 68.7 million, with an additional EUR 10.5 million for optional add-ons. This will contribute to the Group's financial performance starting from 2Q2018.

This is in addition to the execution of the TuasOne WTE project in Singapore, which is on schedule for completion in 2019. The Qurayyat IWP in Oman started delivering water to the offtaker in April 2018. Contract negotiations for the Ain Sokhna Integrated Water and Power Project in Egypt, which is converting from an EPC contract to a Build, Operate and Transfer structure, is in progress.

As previously announced, divestment discussions of the Tuaspring and Tianjin Dagang plants are in progress with interested parties. Separate discussions are also underway with potential investors keen on strategic collaboration with intention to inject additional funds for the Group's growth activities. Appropriate announcements on these discussions will be made when agreements are reached.

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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 2,500 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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