Hyflux Ltd
FY2017 Results Review

27 February 2018

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Executive highlights

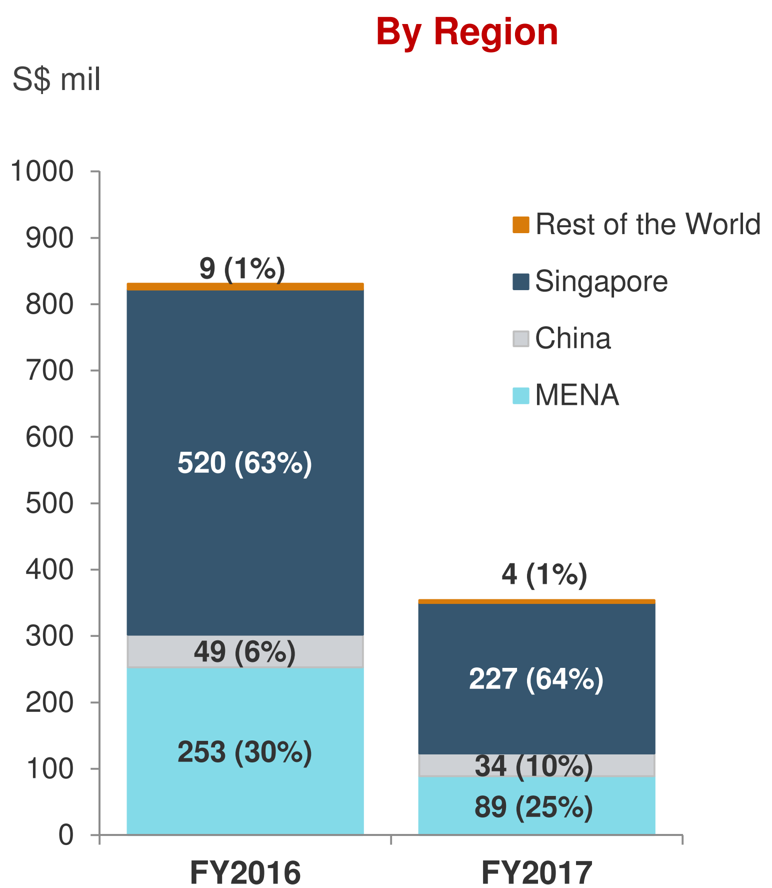
- FY2017 loss at S$116.4 million
- Tuaspring loss at S$81.9 million due to weak Singapore power market
- Excluding Tuaspring, FY2017 loss was S$34.5 million from lower EPC activities
- Concluded sale and partial leaseback of Tuas manufacturing facility, recorded net gain of S$40.2 million and received sale proceeds of S$95.0 million
- Cash balance of S$314.2 million, excluding another S$77.2 million recorded under Assets Held for Sale

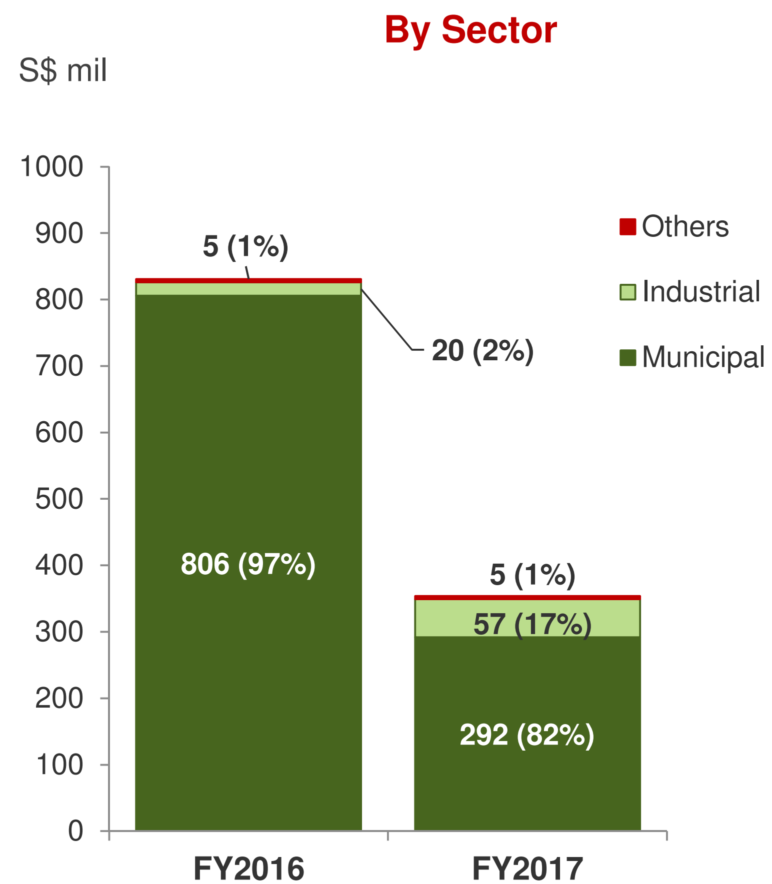
Revenue and profit

S$ mil	FY2017	FY2016	% Change
Total Revenue	353.6	830.6	(57)
PATMI excluding Tuaspring	(34.5)	118.3	NM
Results from Tuaspring	(81.9)	(114.5)	28
PATMI	(116.4)	3.8	NM

- Lower revenue in line with lower EPC activities from Tuasone and Qurayyat projects
- Weak Singapore power market continues to affect FY2017 earnings
- Excluding losses from the Tuaspring plant, loss for FY2017 would have been S$34.5 million
- Tuaspring classified as Held for Sale – results shown separately
  (1) *Revenue excludes Tuaspring*
  (2) *PATMI presented with and without Tuaspring*

Revenue by region and sector





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

Expenses

S$ mil	FY2017	FY2016	% Change
Direct Costs (Raw Materials & Consumables)	218	540	(60)
Staff Costs	95	83	14
Depreciation, Amortisation & Impairment	29	18	61
Other Expenses	105	73	45
Finance Costs	58	48	22

- Lower direct costs in line with lower EPC activities for TuasOne and Qurayyat projects
- Higher staff cost from labour-intensive construction phase of projects, mainly TuasOne
- Higher other expenses due to project costs incurred, equipment rental, FX losses
- Higher finance costs resulting from project finance drawdowns following milestone achievements of TuasOne and Qurayyat projects

Balance sheet

S$ mil	31 Dec 2017	31 Dec 2016
Equity	1,008	1,548
Non-current Assets	1,511	2,758
Non-current Liabilities	1,214	1,387
Current Assets	2,142	1,084
Current Liabilities	1,432	908
Net Gearing (x)	1.20	0.87

- Tuaspring assets/liabilities classified as Held for Sale
  - Shift from Non-current Assets/Liabilities to Current Assets/Liabilities
- Decrease in equity due to redemption of S$295 million perpetual capital securities in Jan 2017 and the operating loss for FY2017
- Decrease in Non- current Assets attributable to classification of Tuaspring as Held for Sale which led to the shift from Non-current Assets to Current Assets, as well as the disposal of land, buildings and certain equipment located at 8 Tuas South Lane

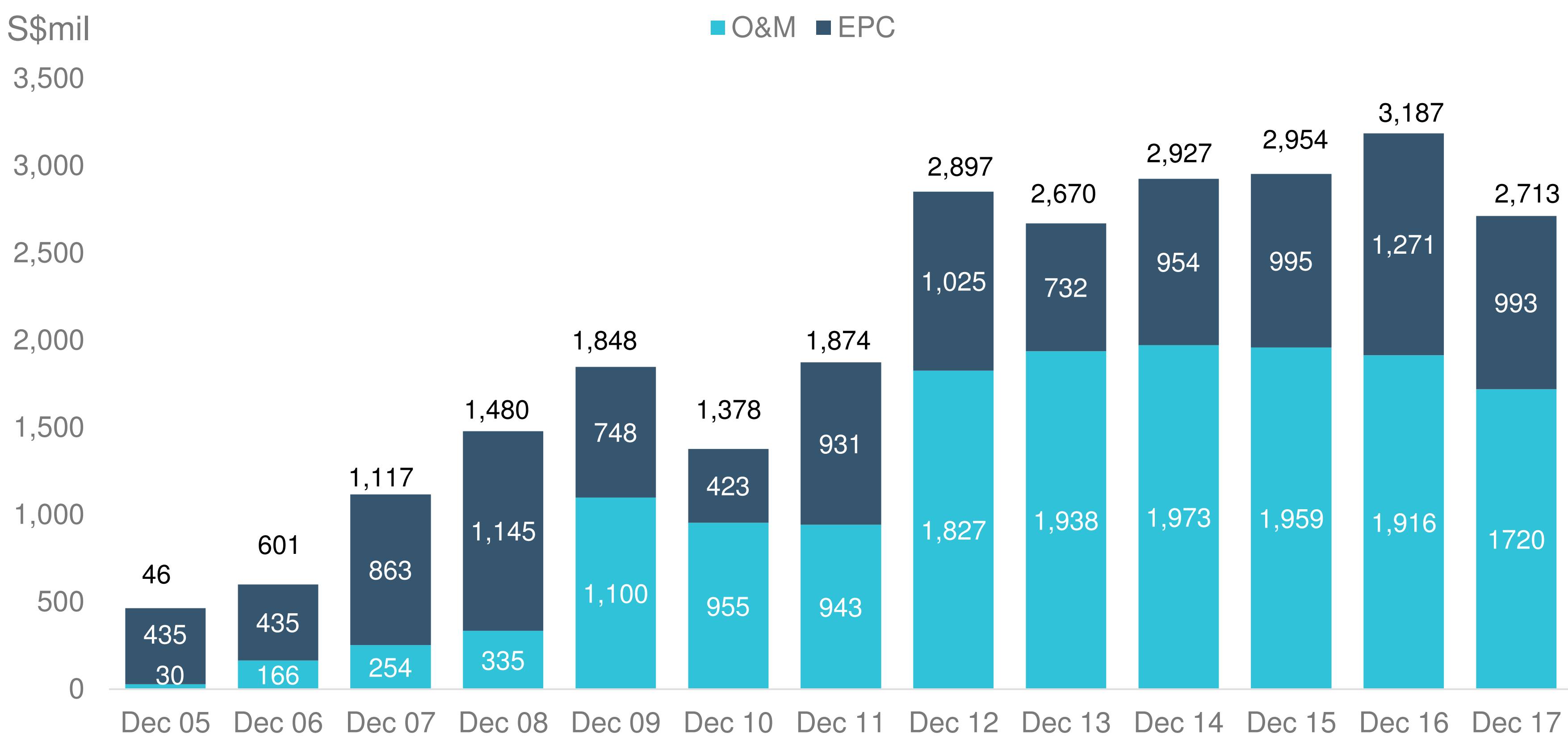
Cash flows

S$ mil	FY2017	FY2016
Operating Cash Flows before SCA	(52)	415
Operating Cash Flows after SCA and Tax Paid	(214)	(272)
Investing Cash Flows	333	(146)
Financing Cash Flows	(48)	384
Net Cash Changes	71	(34)
Cash & Cash Equivalents	314	332

SCA: Service concession arrangements

- Investing cash activities of S$333 million mainly due to proceeds from disposal of Galaxy, repayment of short-term loan extended to Galaxy as well as sale and partial lease back of property and equipment at 8 Tuas South Lane
- Net cash outflow from financing activities primarily due to redemption of S$295 million perpetual capital securities, repayment of bank loans, payments of dividends and interests, and offset by project finance drawdowns
- In addition to cash balance of S$314 million, another S$77 million recorded under Assets Held for Sale

Order book



Note:

1. Dec 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

- FY2018 expected to be a challenging year unless Singapore power market shows improvement
- Redemption of Preference shares to be deferred until Tuaspring divestment is completed; coupon yield to step up from 6% to 8% in the meantime
- Cash balance at S$314 million, excluding another S$77 million in Assets held for sale. Able to progressively draw down on unutilised committed project finance loans of S$400 million to support ongoing projects. Expect to collect MENA receivables
- TuasOne project on track for completion in 2019. Qurayyat project in final stages of testing and commissioning. Conversion of Ain Sokhna IWP from EPC to BOT under discussion
- The Group is in discussions with potential investors, with intention to inject funds for the Group’s growth activities

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