Hyflux Ltd
FY2016 Results Review

23 February 2017

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Executive highlights

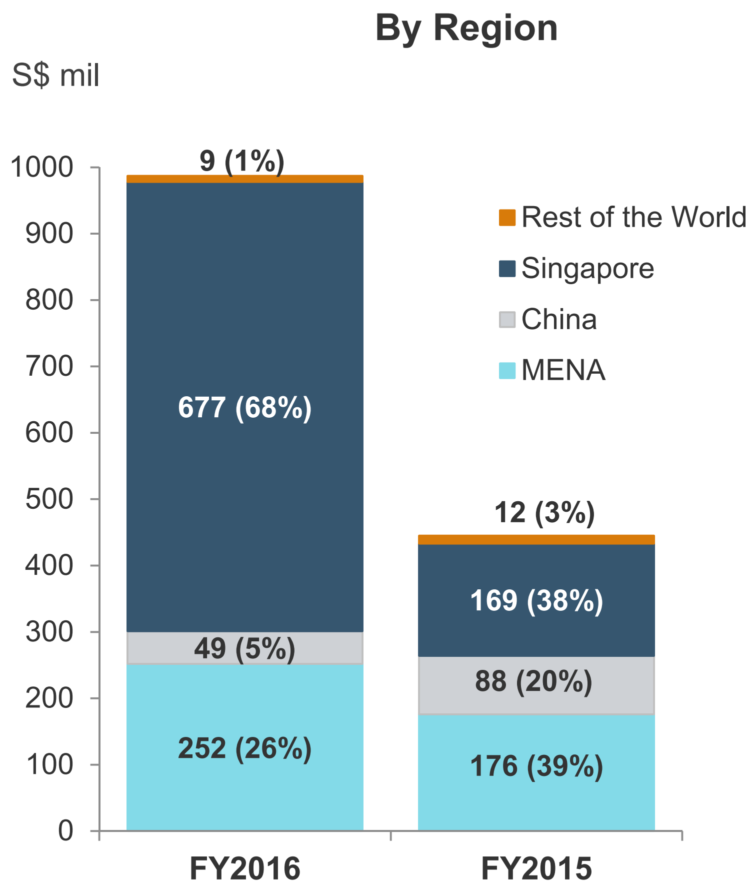
- Record revenue of $987 million for FY2016
- Profits from higher EPC activities were substantially wiped out by losses from the weak Singapore power market, resulting in full year PATMI of $4.8 million
- Galaxy divestment to complete by Mar 2017
  Tianjin Dagang classified as Held for Sale
- Collaboration with Changi General Hospital on ELO Water clinical trials

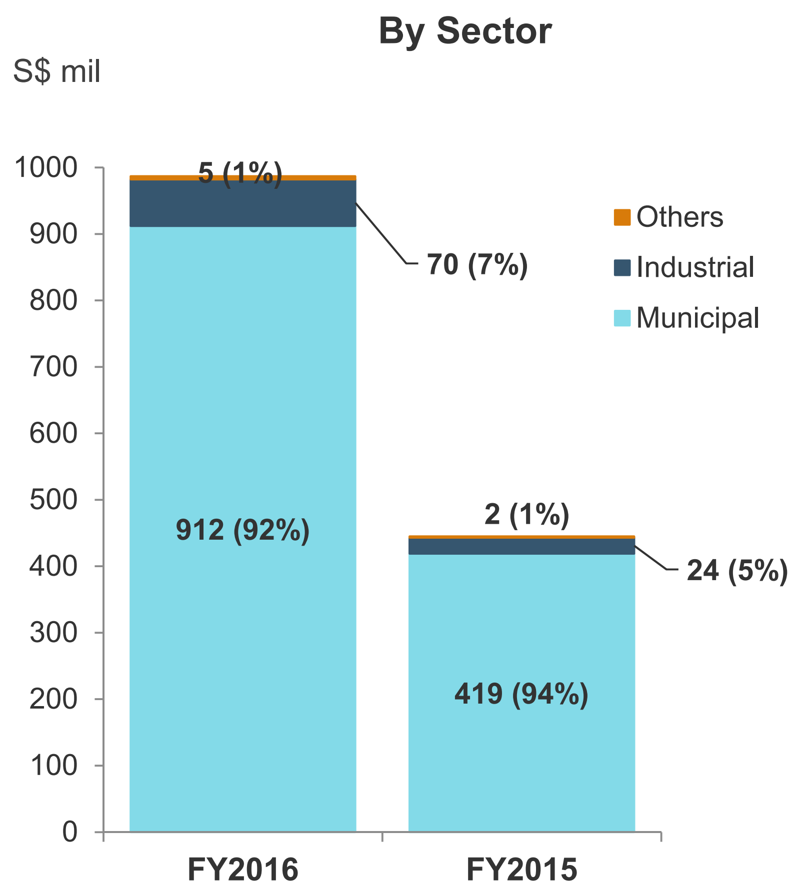
Revenue and profit

S$ mil	FY2016	FY2015 Restated	% Change
Total Revenue	987.0	445.2	>100
PATMI	4.8	52.5	(91)
EBITDA	122	109	12

- Higher revenue contributed by TuasOne WTE project and Qurayyat IWP.
- Profits from higher EPC activities substantially wiped out by losses from the Tuaspring power plant due to weak Singapore power market.
- Excluding losses from the Tuaspring plant, PATMI for FY2016 would have been $118 million.
- As required by SFRS, FY2015 PATMI was restated from $41.3 million to $52.5 million, reflecting a revision to the *provisional* fair value initially recorded for the acquisition of Tianjin Dagang, upon completion of independent fair value assessment in 2016.
- Final dividend of 0.25 Singapore cents per ordinary share was proposed.

Revenue by region and sector





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

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Expenses

S$ mil	FY2016	FY2015	% Change
Direct Costs (Raw Materials & Consumables)	729	224	>100
Staff Costs	84	65	29
Depreciation, Amortisation & Impairment	62	22	>100
Other Expenses	89	105	(15)
Finance Costs	62	43	46

- Higher direct costs and staff costs in line with increased EPC activities for TuasOne WTE project and Qurayyat IWP.
- Higher amortisation expenses due to amortisation of Tuaspring power plant since Mar 2016.
- Lower other expenses from lower electricity costs and lower forex losses.
- Higher finance costs mainly for financing of the Group's projects.

Balance sheet

S$ mil	31 Dec 2016	31 Dec 2015 Restated
Equity	1,549	1,312
Non-current Assets	2,545	2,041
Non-current Liabilities	1,311	779
Current Assets	1,298	995
Current Liabilities	984	946
Net Gearing (x)	0.81	0.85

- EPC activities of TuasOne WTE project and Qurayyat IWP contributed to the increase in non-current assets.
- Higher non-current liabilities arising from project finance loans drawdowns for TuasOne WTE project and Qurayyat IWP.
- Increase in current assets contributed by classification of Tianjin Dagang portfolio as held for sale as at 31 Dec 2016.

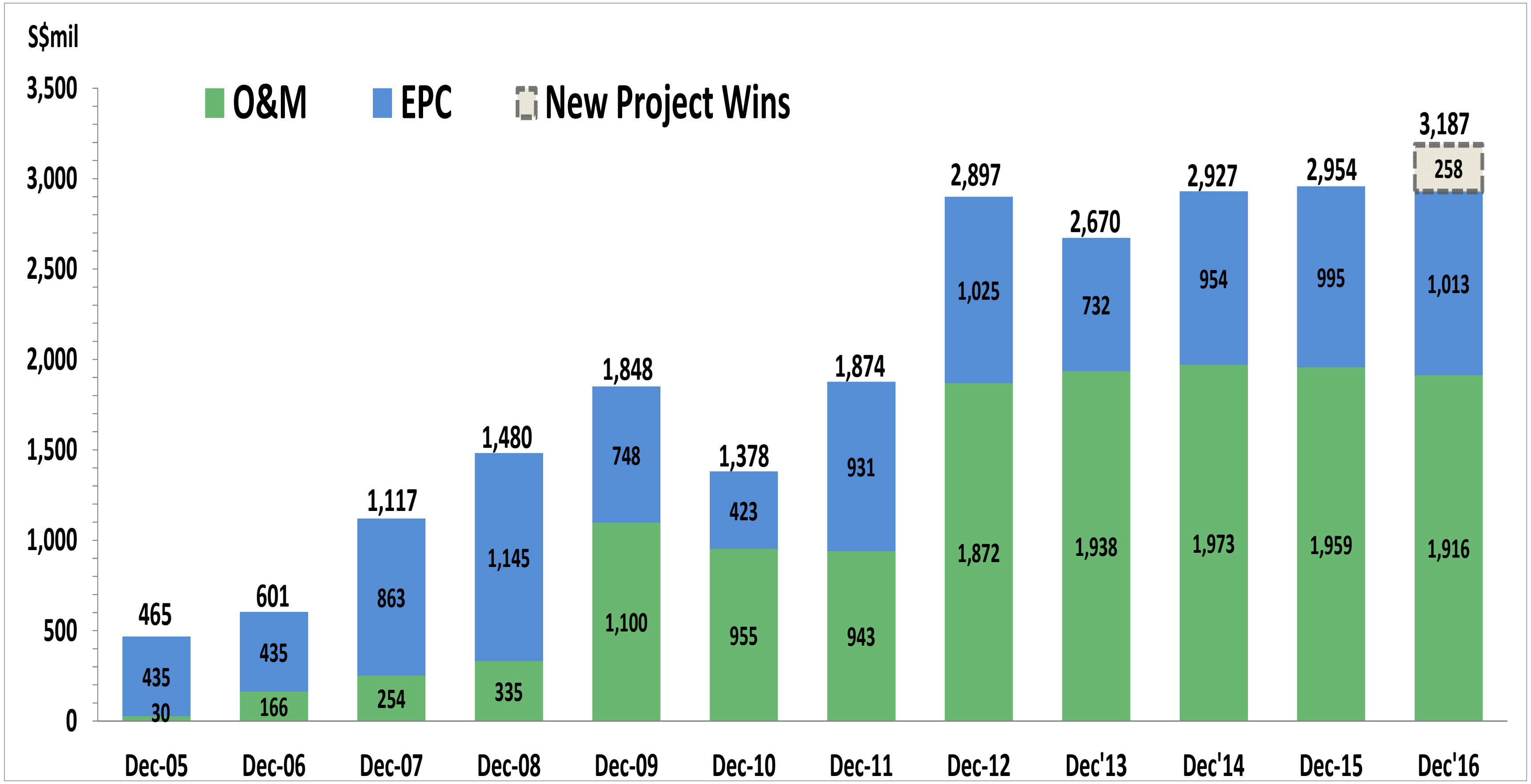
Cash flows

S$ mil	FY2016	FY2015 Restated
Operating Cash Flows before SCA	415	84
Operating Cash Flows after SCA and Tax Paid	(272)	(44)
Investing Cash Flows	(146)	(104)
Financing Cash Flows	384	60
Net Cash Changes	(34)	(88)
Cash & Cash Equivalents	322	314

SCA: Service concession arrangements

- Operating cash flows after SCA and tax paid included further investments into construction of TuasOne WTE project and Qurayyat IWP.
- Investing cash outflows mainly for investment in a 50% joint venture, PT Oasis Waters International; a short-term loan extended to a joint venture as well as capital expenditures.
- Financing cash inflows mainly from the proceeds from issuance of $500 million perpetual capital securities in May 2016 and project finance loans. The inflows were offset by redemption of the $175 million perpetual capital securities, repayment of unsecured notes of $155 million as well as dividends payments.

Order book



Note:

1. Dec 2016 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.
3. New project wins include the three desalination plants in Saudi Arabia valued at US$180 million (MOU signed in February 2017).

Hyflux-EDB Joint Announcement (7 Feb 2017)

- Automation of Hyflux Manufacturing Plant to increase Productivity
- Partnership with NEWRI to develop next-generation membrane technology
- Establishment of Flagship ELO Lab

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ELO Lab @ Belvedere

- **Target to launch in 3Q 2017**
- **Strategically located in Tanglin area**

TuasOne Construction Milestone (9 Feb 2017)

Boiler Drum Lifting Ceremony at the TuasOne WTE Site
Event graced by Japanese Ambassador and NEA Chief Executive

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Hyflux signs MOU with SWCC (13 Feb 2017)

To Develop Three Desalination Plants In The Kingdom Of Saudi Arabia

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Hyflux-CGH to conduct ELO Water Clinical Trials (15 Feb 2017)

Hyflux Signs Agreement With Changi General Hospital To Conduct First Human Clinical Trials Of ELO Water On Diabetes

Group outlook

- FY2017 expected to be challenging year given the weak electricity prices
- Seeking partial divestment of Tuaspring plant subject to relevant regulatory approvals
- Continue to pursue new projects in the Middle East, Africa, Americas and parts of Asia despite overall global economic uncertainty
- Construction of new projects in Saudi Arabia and Ain Sokhna project in Egypt pending finalisation of contracts
- Clinical trials of ELO Water are being conducted with outcomes expected before end FY2017
- Extension of ELO business overseas within the coming year

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