Hyflux Ltd
1Q2018 Results Review

9 May 2018

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Executive highlights

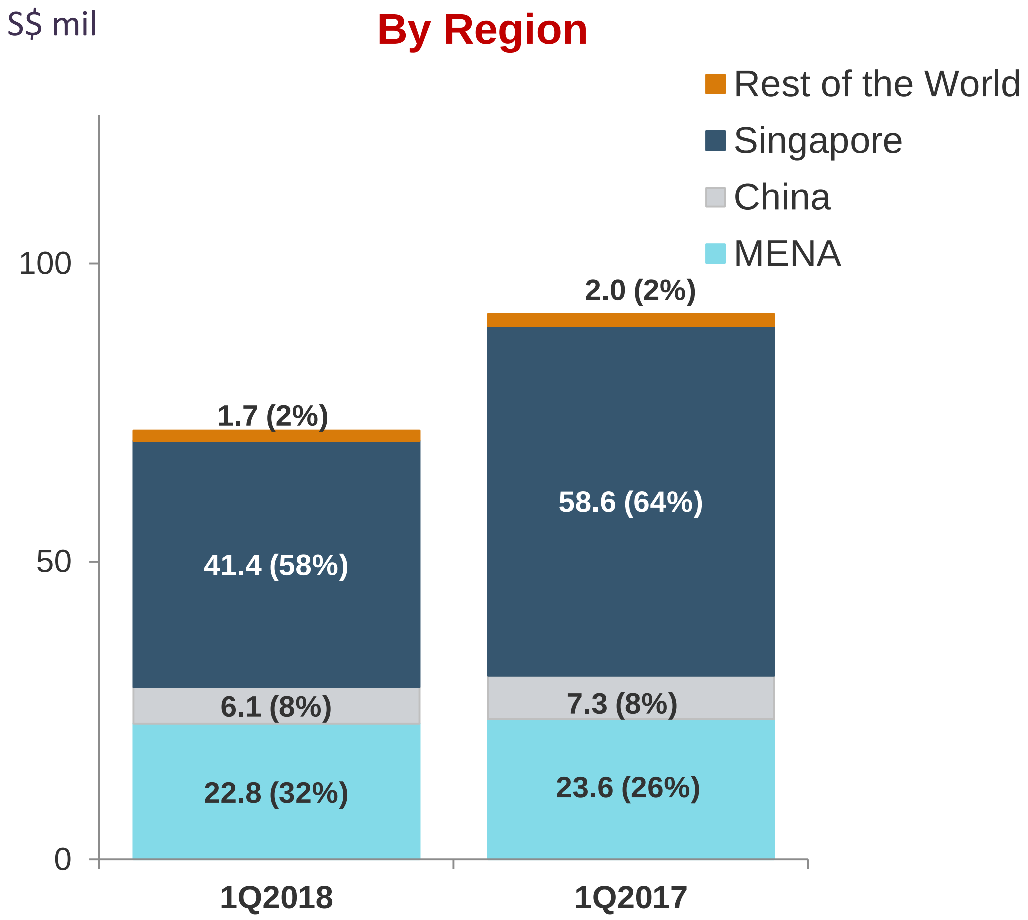
- 1Q2018 loss attributable to shareholders at S$22.2 million
- Tuaspring loss at S$23.2 million, an improvement of 14% compared to S$27.0 million loss in 1Q2017 on the back of improved wholesale electricity prices in March 2018
- Excluding Tuaspring, 1Q2018 profit attributable to shareholders was S$1.0 million
- Awarded EUR 68.7 million contract for seawater reverse osmosis desalination package and additional EUR 10.5 million for optional technical add-on

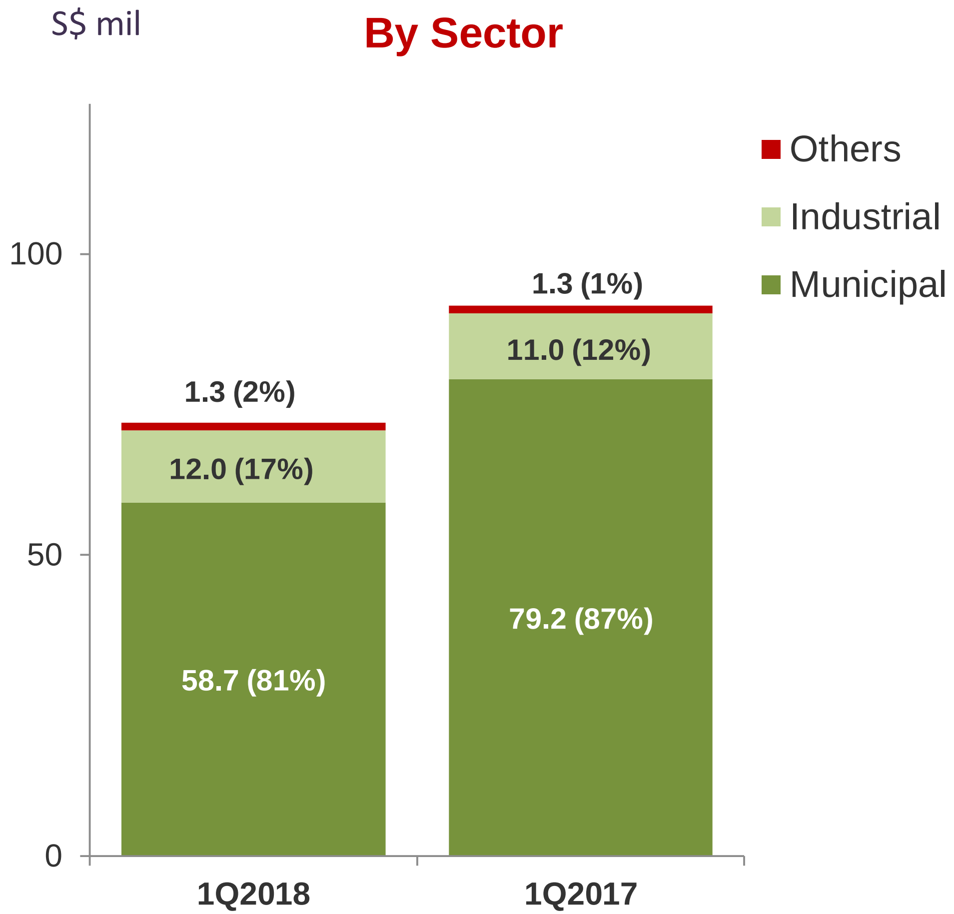
Revenue and profit

S$ mil	1Q2018	1Q2017 Restated	% Change
Total Revenue (1)	72.0	91.5	(21)
PATMI excluding Tuaspring (2)	1.0	26.9	(96)
Results from Tuaspring	(23.2)	(27.0)	(14)
PATMI	(22.2)	(0.1)	>100

- Lower revenue in line with lower EPC activities mainly from TuasOne and Qurayyat projects
- Lower Tuaspring loss due to uptick in wholesale electricity prices in March 2018
- Excluding loss from the Tuaspring plant, profit for 1Q2018 was S$1.0 million. 1Q2017 profit of S$27.0 million included S$16.5 million gain on disposal of Galaxy Newspring portfolio
- 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	1Q2018	1Q2017	% Change
Direct Costs (Raw materials & Consumables)	25.2	37.2	(32)
Staff Costs	26.1	24.1	8
Depreciation, Amortisation & Impairment	4.9	4.7	4
Other Expenses	16.9	16.7	1
Finance Costs	16.3	14.3	14

- Lower direct costs in line with lower EPC activities
- Higher finance costs resulting from additional drawdown for the Group’s project financing, following project milestone achievements

Balance Sheet

S$ mil	31 March 2018	31 Dec 2017
Equity	1,000	1,007
Non-current Assets	1,550	1,511
Non-current Liabilities	1,201	1,214
Current Assets	2,066	2,142
Current Liabilities	1,415	1,432
Net Gearing (x)	1.3	1.2

- Tuaspring assets/liabilities classified as Held for Sale
- Decrease in Current Assets attributable to lower cash balances due to utilisation for operating activities and payment of interests and dividends
- Cash balance of S$234 million, with another S$71 million recorded under Assets Held for Sale (31 Dec 2017: cash balance of S$314 million)

Cash flows

S$ mil	1Q2018	1Q2017
Operating Cash Flows before SCA	(27)	(43)
Operating Cash Flows after SCA and Tax Paid	(51)	(85)
Investing Cash Flows	(17)	267
Financing Cash Flows	(16)	(44)
Net Cash Changes	(84)	138

SCA: Service concession arrangements

- Investing cash outflow of S$17 million mainly due to acquisition of membranes for a desalination plant
- Net cash outflow from financing activities primarily due to repayment of bank loans, payments of dividends and interests, offset by the proceeds from secured project finance loans for the Group's projects and drawdown of corporate loans
- Project finance loans of approximately S$390 million available for drawdown

Group Outlook

- Recent improvement in Singapore power market could signal turnaround for the sector, but a stronger rebound at a sustained pace is needed to turn the Group profitable in 2018
- TuasOne WTE is on schedule for completion in 2019, Qurayyat IWP has started delivering water from April 2018, Ain Sokhna IWPP contract negotiation from EPC to BOT ongoing
- Execution of seawater reverse osmosis desalination package expected to contribute to financials of Hyflux from 2Q2018
- Partial divestment of Tuaspring and divestment of Tianjin Dagang plant still in progress
- The Group is in discussions with potential investors, with intention to inject funds for the Group’s growth activities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