



NEWS RELEASE

HYFLUX POSTS NET PROFIT OF S\$4.8 MILLION IN 2016

- **Record revenue of S\$987 million in 2016 but net profit hard hit by weak Singapore electricity market**
- **Commencement of new projects in Saudi Arabia and Egypt pending finalisation of contracting arrangements**
- **Collaboration with Changi General Hospital on ELO Water clinical trials**

Singapore, 23 February 2017 – Hyflux Ltd (the Group) reported a record revenue of S\$987.0 million in 2016, compared with S\$445.2 million in 2015. Profit after tax and minority interests (PATMI) for the full year ended 31 December 2016 declined 91% to S\$4.8 million.

The higher revenue was mainly contributed by the TuasOne Waste-to-Energy (WTE) project and Qurayyat Independent Water Project (IWP). Profits from higher engineering, procurement and construction (EPC) activities for these two projects were largely wiped out by weaker than expected electricity prices in Singapore. Excluding losses from the Tuaspring plant, 2016 PATMI would have been S\$118 million.

Municipal projects continued to be the main contributor, accounting for about 92% or S\$912.4 mil of the Group's revenue, while Singapore and the Middle East North Africa continued to be the Group's key markets, accounting for 68% and 26% of total revenue respectively.

The Board of Directors has proposed a final dividend of 0.25 Singapore cents per ordinary share. Together with an interim dividend of 0.20 Singapore cents per ordinary share paid in September 2016, this brings the total dividend for the year to 0.45 Singapore cents per ordinary share.



Outlook for the year

2017 is expected to be another challenging year. Construction of the Qurayyat IWP in Oman, TuasOne WTE project in Singapore and Khurais desalination project in Saudi Arabia will continue to contribute to the Group's revenue and profits. However, profits from these projects are expected to be offset by losses arising from the weak Singapore power market.

Despite these challenges, the Group continues to forge ahead with new project tenders. The Group recently announced signing of a Memorandum of Understanding with Saudi Arabia state-owned Saline Water Conversion Corporation to deliver three seawater reverse osmosis desalination plants valued at US\$180 million in the Kingdom of Saudi Arabia. In Egypt, as requested by the General Authority for Suez Canal Economic Zone (SCZone), the Group will be developing the Ain Sokhna IWPP in Egypt on a build operate and transfer (BOT) or build operate and own (BOO) structure in place of the EPC contract announced earlier. The Group has identified partners to develop this project and will continue to discuss the investment terms with SCZone. Construction of both these projects will commence upon finalisation of contracting arrangements.

In line with its asset light strategy, the Group will be seeking partial divestment of the Tuaspring plant subject to the relevant regulatory approvals.



On the consumer front, the Group announced two key developments in the ELO Water business. Firstly, with the support of the Singapore Economic Development Board and the Singapore Land Authority, the Group will be developing and launching its flagship ELO Lab in central Singapore in the third quarter of 2017. Secondly, the Group signed an agreement with Changi General Hospital to conduct two clinical trials to establish the effectiveness of ELO Water and ELO Gel on diabetes control and diabetic foot ulcer patients. In addition to the above developments, the Group is also looking to expand the ELO line of products and extend the ELO business overseas within the coming year.

“The clinical trials are being conducted with the outcomes expected before end of 2017. We are optimistic that the ELO business will grow and become significant to the Group in the near future,” said Ms Olivia Lum, Executive Chairman and Group Chief Executive Officer of Hyflux.

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About Hyflux

Hyflux is a global leader in sustainable solutions, focusing on the areas of water and energy. Headquartered and listed in Singapore, the Group has operations and projects in Southeast Asia, China, India, the Middle East, Africa and the Americas. Hyflux is committed to providing cost-effective and innovative solutions that contribute to resource optimisation and sustainable growth for communities and industries. A specialist in water treatment, Hyflux is distinctive in its ability to address the challenges at every point of the entire water value chain. The Group's track record includes Singapore's first water recycling plant and some of the world's largest seawater reverse osmosis desalination plants in Algeria, China and Singapore.

For more information, please visit www.hyflux.com

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