Hyflux Ltd
Q1 FY2015 Results Review

14 May 2015

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Executive highlights

- Lower PATMI in 1Q15 resulted from lower divestment activities
- Excluding divestment gains, EBITDA improved by S$11 mil due to lower overall costs relative to revenue
- Expecting increased operational activities in the second half as a result of:
  - Ramp up in operation of Magtaa Desalination Plant, Algeria
  - Commissioning of Tuaspring Power Plant, Singapore
  - Full-scale development of Qurayyat Independent Water Project, Oman

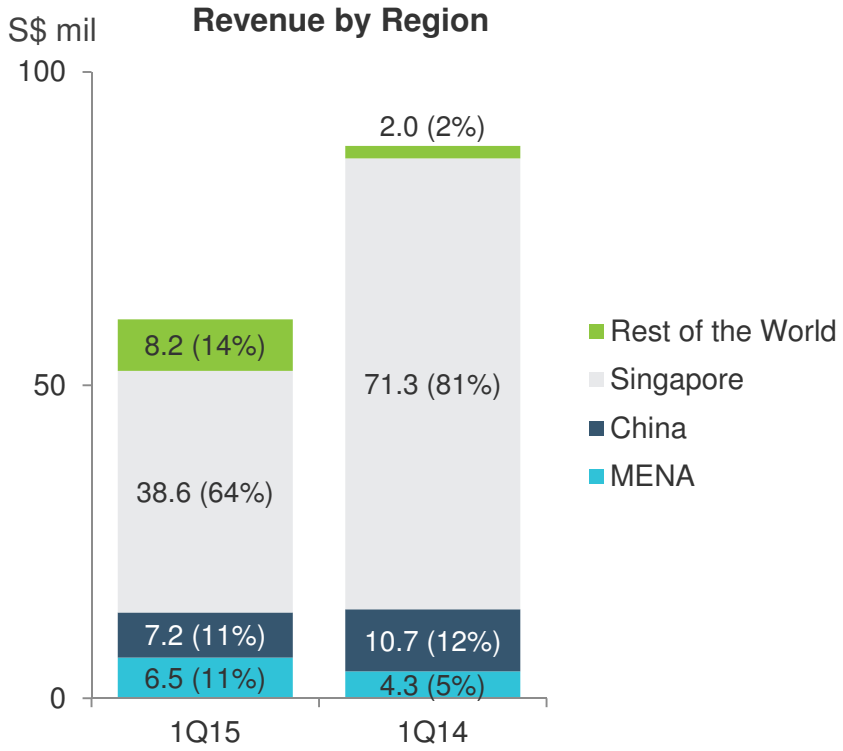
Revenue & profit

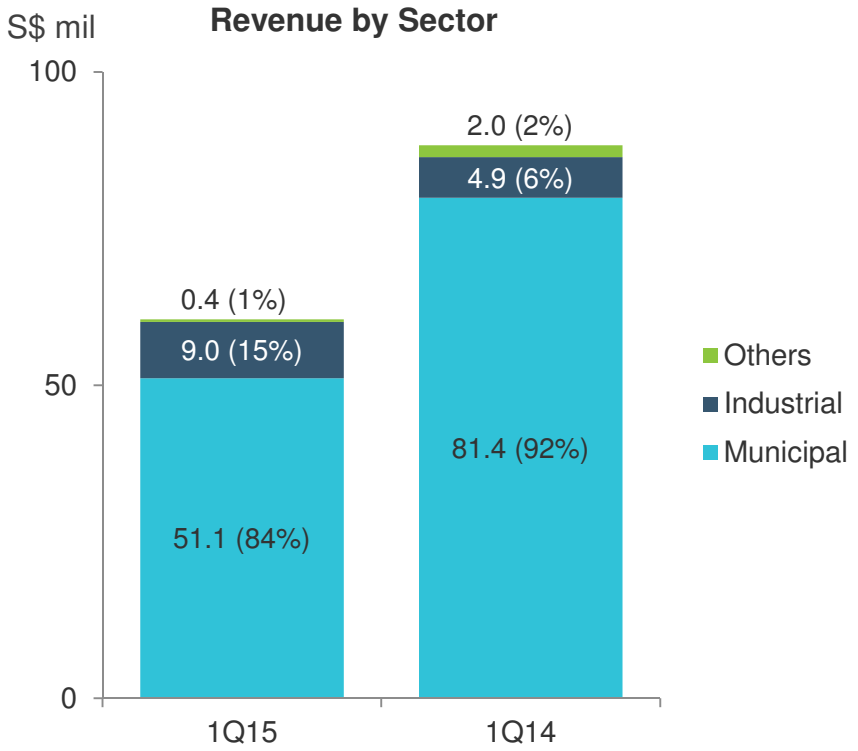
S$ mil	1Q15	1Q14	% Change
Total Revenue	60.4	88.3	(32)
Other Income	27.0	56.9	(53)
PBT	7.6	38.4	(80)
PATMI	5.6	37.9	(85)

- Decrease in revenue in 1Q15 was due to lower engineering, procurement and construction activities.
- Lower PATMI was mainly a result of the divestment of the joint venture and associate with Marmon Water LLC group in 1Q14.

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Singapore and municipal sector continued to be key contributors





Expenses

S$ mil	1Q15	1Q14	% Change
Raw Materials & Consumables	21	36	(42)
Staff Costs	16	18	(13)
Depreciation, Amortisation & Impairment	5	7	(30)
Other Expenses	20	34	(41)
Finance Costs	11	8	27
Total Operating & Finance Expenses	72	103	(30)

- Total Operating & Finance Expenses decreased in line with Revenue.
- Lower Other Expenses was due to a provision for receivables in 1Q14.
- Finance Costs were mainly for financing the development of the Tuaspring project.

Balance sheet

S$ mil	31 Mar 2015	31 Dec 2014
Equity	1,324	1,342
Non-current Assets	1,939	1,903
Non-current Liabilities	956	1,009
Net Current Assets	342	448
Net Gearing	0.57x	0.51x

- Net Current Assets decreased mainly due to the repayment of borrowings.

Cash flow

S$ mil	1Q15	1Q14
Operating CF before SCA	10	14
Operating CF after SCA and tax paid	(26)	(49)
Investing CF	6	58
Financing CF	(102)	205
Net Cash Changes	(122)	214
Cash & Cash Equivalents	335	458

SCA: Service concession arrangement

- Operating cash outflow after SCA and tax paid was due to investments in the Tuaspring project.
- Net cash from investing activities included proceeds from the divestment of a leasehold building in 1Q15 compared with the divestment of the Marmon entities in 1Q14.
- Cash used in financing activities was partly for the repayment of borrowings, including a loan amounting to S$75 mil in 1Q15.

Signed water purchase agreement for Qurayyat Independent Water Project, Oman

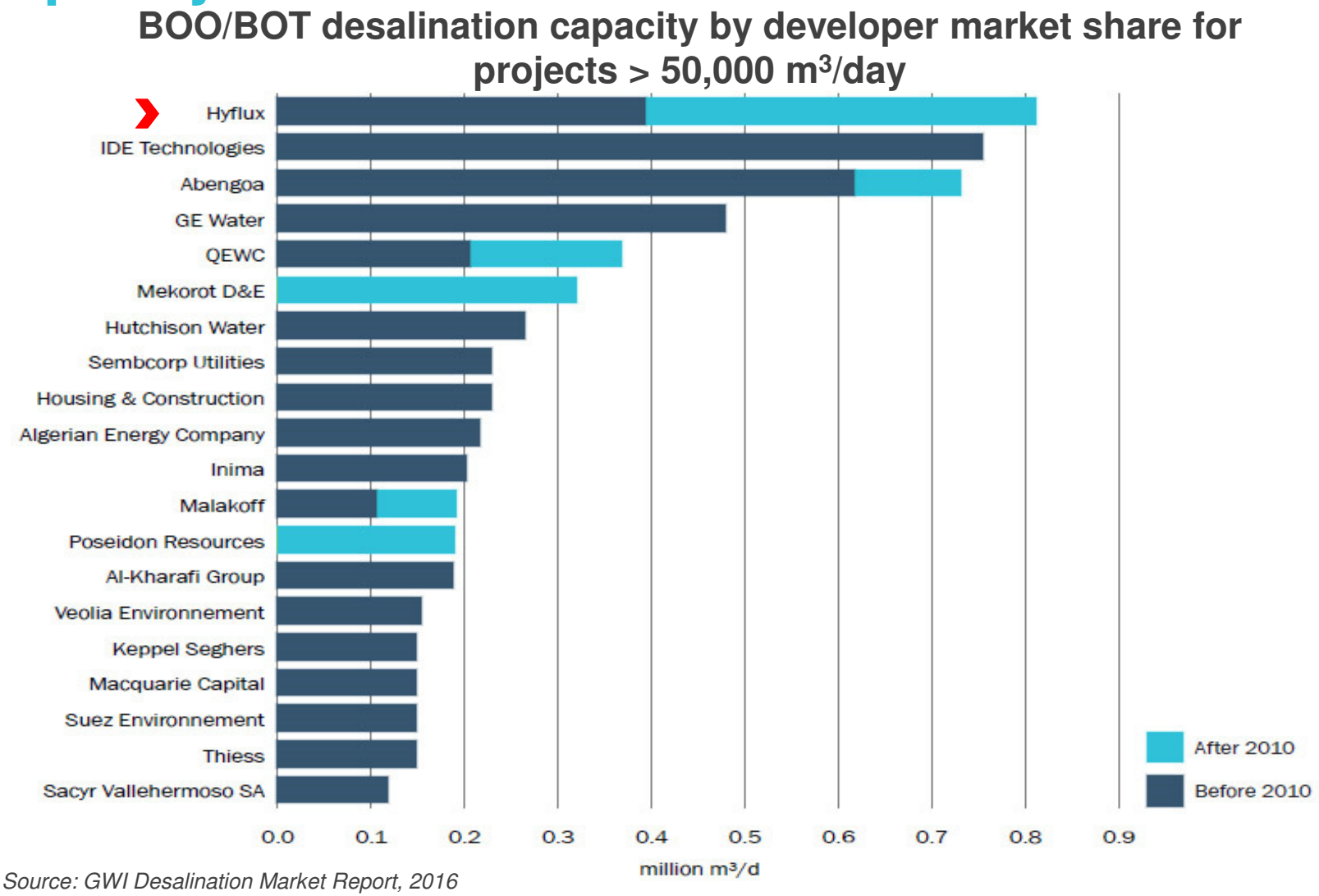
Designed capacity: 200,000 m^3/day; 20-year concession period



Artist's impression

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Largest developer by BOO/BOT desalination capacity



Source: GWI Desalination Market Report, 2016

Group outlook

- Expecting increased operational activities in the second half as a result of:
  - Ramp up in Magtaa Desalination Plant, Algeria
  - Commissioning of Tuaspring Power Plant, Singapore
  - Full-scale development of Qurayyat Independent Water Project, Oman
- Actively pursuing opportunities for municipal and industrial water projects in the Middle East, Africa, Asia and the Americas.
- Exploring potential divestment opportunities.



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