

For Immediate Release

CITIC Envirotech achieves revenue of S\$994.5 million and net profit of S\$113.2 million for FY 2018

- *Achieves revenue of S\$994.5 million and net profit of S\$113.2 million.*
- *Establishes accelerator programme and expands footprint into the United States in FY2018 in pursuit of sustainable long-term growth.*
- *Proposes final dividend of 0.75 Singapore cent per share, which together with the interim dividend of 0.5 Singapore cent per share, brings total dividend to 1.25 Singapore cents per share in respect of FY2018.*

Financial Highlights (S\$' million)	12 months ended 31 Dec		
	FY2018	FY2017 (restated)*	Change (%)
Total Revenue	994.5	677.2	46.9
– Engineering	511.5	366.4	39.6
– Membrane systems	255.1	127.0	100.9
– Treatment	227.9	183.8	24.0
EBITDA	236.9	167.3	41.7
Net Profit for the period	113.2	79.9	41.6
Basic earnings per share (“EPS”) (Singapore cents) ^a	4.4	3.1	41.9
Net asset value (“NAV”) per share (Singapore cents) ^b	56.77 (as at 31 December 2018)	77.76 (as at 31 December 2017)	(27.0)

* With the adoption of SFRS(I) 15 Revenue from Contracts with Customers and SFRS(I) 9 Financial Instruments, effective from 1 January 2018, the FY 2017 financial statements have been restated. Please refer to CEL's full-year results announcement released via SGXNet on 26 February 2019 for details.

a. EPS was computed based on the weighted average number of 2,375,167,000 and 2,267,480,000 shares in FY2018 and FY2017 respectively

b. NAV was computed based on 2,420,387,356 shares as at 31 December 2018 and 2,284,973,276 shares as at 31 December 2017.



SINGAPORE – 26 February 2019 – SGX-Mainboard listed CITIC Envirotech Ltd (“**CEL**”, or together with their subsidiaries, the “**Group**”), a leading membrane-based water and wastewater treatment and recycling solutions provider, rounded off the financial year ended 31 December 2018 (“**FY2018**”) with a net profit of S\$113.2 million, an increase of 41.6% from a year ago. Revenue for the period under review was S\$994.5 million, 46.9% higher year-on-year (“**YOY**”) from S\$677.2 million in the corresponding period in 2017 (“**FY2017**”).

The topline growth was largely due to the increase in engineering revenue from S\$366.4 million to S\$511.5 million, representing an increase of S\$145.1 million or 39.6%; and the increase in membrane system sales from S\$127.0 million to S\$255.1 million, representing an increase of S\$128.1 million or 100.9%. The treatment segment achieved double-digit growth of 24.0% to S\$227.9 million from S\$183.8 million in FY2017.

In FY2018, CEL encountered some unexpected developments, namely changes made to the initial planning for Lanzhou City¹ by the local authority. As a result the Group had reached a mutual agreement with the authority not to proceed with the land remediation project within the Public Private Partnership project (the “**PPP Project**”). The remediation portion of the PPP project amounted to RMB 1.8 billion of the total contract value of RMB 4.6 billion leading to a reduction in the Group’s order book and the consequential impact on revenue and profit.

The Board of Directors has proposed a final dividend of 0.75 Singapore cent per share, which together with the interim dividend of 0.5 Singapore cent per share, brings total dividend to 1.25 Singapore cents per share in respect of FY2018.

As at 31 December 2018, CEL’s cash and bank balances stood at S\$376.5 million. It had a net current liability position of S\$251.9 million due to the payout of Tranche 1 and 2 of the Group’s Multicurrency Perpetual Securities of US\$175 million and US\$180 million respectively during the year. The Group expects to meet its obligations within the next 12 months mainly due to its access to credit facilities from CITIC Finance Company as well as the anticipated positive cash inflows from newly invested projects that are expected to bring in recurring treatment income in the coming years. In addition, the Group intends to focus more on membrane-based water treatment EPC projects from third parties to generate better cash inflows.

Key Corporate Highlights in 2018

During the year, CEL continued to entrench its leading position in the wastewater treatment segment while deepening its presence in related environmental services such as ecological restoration, hazardous waste treatment, sludge management and integrated environmental services.

¹ Refer to SGX announcements dated 31 October 2017 and 3 November 2017.



With an eye on the future, CEL also embarked on two key initiatives in FY2018 that would put the Group in good stead as it embarks on its next phase of growth. In July 2018, it launched the Singapore Envirotech Accelerator (“**SEA**”) to accelerate the innovation and commercialisation of promising environmental technologies with an initial capital commitment of S\$30 million. SEA will identify promising Small and Medium- Enterprises to fund and mentor and to bring their innovations to market and eventually for a potential listing on the Singapore bourse. CEL has since unveiled its inaugural candidate for the accelerator programme with a 20% stake Century Water Systems & Technologies, an innovative and advanced water treatment engineering firm that specialises in water purification Nanofiltration (“**NF**”) and Pervaporation membranes and wastewater treatment systems and technologies.

The opening of the Group’s membrane manufacturing facility in Conroe, Texas, USA by CEL’s wholly owned subsidiary Memstar Pte Ltd (“**Memstar**”), during the year also represents a significant milestone for the Group on two fronts. First, it marks an extension of the Group’s global footprint, being CEL’s first plant outside of Asia. Second, the facility will manufacture Memstar’s latest product, the Memstar Advance Reverse Osmosis and NF Membrane. With this, Memstar now offers a complete range of membrane filtration products used in water treatment.

“Over the years, we have developed a comprehensive suite of solutions and capabilities in the environmental services sector. This stands us in good stead in our pursuit of larger and more complex projects in related fields. Yet, while we remain focused on building a robust pipeline of projects, we have also kept a keen eye on our future growth. To that end, the establishment of SEA and our venture into the US reflects the Group’s commitment to build our long-term pillars of growth through the development of new products and constant investment in new technologies. We look forward to reaping the results of these strategic moves in the years to come,” said **Mr Hao Weibao, Executive Chairman and CEO.**

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This press release should be read in conjunction with CEL’s announcement released via SGXNet on 26 February 2019.



About CITIC Envirotech Ltd (“CEL”)

CITIC Envirotech Ltd (“CEL”, “Group”), formerly known as United Envirotech Ltd, is a leading membrane-based integrated environmental solutions provider which specialises in the manufacturing of high quality membrane products and the application of membrane technologies for water and wastewater treatment and recycling. Its principal activities also include design, fabrication, installation and commissioning of water and wastewater systems using its proprietary advanced membrane technologies such as the Membrane Bioreactor (MBR) technology. CEL has designed and built several of the largest industrial wastewater treatment plants in Asia using the MBR technology. CEL undertakes both turnkey and water investment projects (TOT/BOT/BOO), as well as provides treatment plant operation and maintenance services. Through its wholly-owned subsidiary, Memstar Pte Ltd, the Group is one of the largest PVDF hollow fibre membrane manufacturers in the world.

In August 2011, KKR became a strategic investor of CEL after injecting a US\$113.8 million convertible bond investment and follow-on equity investment of US\$40 million in January 2013. KKR is a leading global investment firm with more than US\$ 126 billion in assets under management.

In April 2015, CITIC joined KKR as a strategic investor of CEL and became its largest shareholder after making a joint voluntary unconditional offer with KKR. CITIC Limited is China’s largest conglomerate operating domestically and overseas, with businesses in financial services, resources and energy, manufacturing, engineering, contracting and real estate, as well as other services.

In November 2016, CRF Envirotech Co., Ltd. completed the acquisition of the entire stake held by KKR China Water Investment Limited in CITIC Envirotech Ltd, and became its second largest shareholder. CRF Envirotech Co., Ltd is a joint venture between CRF Envirotech Fund L.P. and China Reform Conson Soochow Overseas Fund I L.P., which are in turn sponsored mainly by China Reform Holdings Corporation Ltd (“CRHC”). CRHC, a wholly stated-owned investment company plays a unique and crucial role in China's state-owned assets management and restructuring process.

CEL was listed on SGX Mainboard on 22 April 2004.

For more information, please log on www.citicenvirotech.com

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