

**CITIC Envirotech Ltd**

Company Registration No: 200306466G

Company Address: 10 Science Park Road #01-01 The Alpha Singapore 117684

Tel: (65) 6774 7298 Fax: (65) 6774 8920

**Immediate Release**

**CITIC Envirotech Ltd recorded an adjusted net profit of \$49.1 million for 9 months\* ended 31 December 2015 with significant increase in Water Treatment Revenue by 61.1%**

- **Recurring water treatment revenue up by S\$40.4 million to S\$106.5 million**
- **Operational Net Profit after adjusting for one-off items increased 24.6% from S\$39.4 million to S\$49.1 million**

**Singapore, 22 February 2016** – Mainboard-listed CITIC Envirotech Ltd (“CEL” or “Group”), a leading membrane-based water treatment solutions provider reported a 61.1% increase in its recurring water treatment revenue of S\$40.4 million to S\$106.5 million for the 9 months ended 31 December 2015 compared to the corresponding period last year. The Group is continuing its focus on investment in water treatment plants which are able to yield stable and recurring revenue from tariff collections over the plants’ concession period.

In addition, gross profit margin for the engineering and membrane sales has increased from 27.7% to 31.8% due to the increase in membrane sales which has a higher margin for the current period.

CEL recorded a 9-month total revenue of S\$274.8 million, which was 4.5% lower than the last corresponding period ended 31 December 2014. This was mainly due to the decrease in engineering business from S\$168.9 million to S\$114.6 million, representing a decrease of S\$54.3 million or 32.1%. Engineering business tends to be lumpy with the slowing economy.

However, after the adjustment for one-off items, the Group generated a net profit of S\$49.1 million as compared to S\$39.4 million for the last corresponding period ended 31 December 2014, representing an increase of S\$9.7 million or 24.6%.

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**Financial Highlights**

|  | 1 April<br>2015 to 31<br>Dec 2015 (9<br>months)<br>(S\$'Mil) | 1 April<br>2014 to 31<br>Dec 2014 (9<br>months)<br>(S\$'Mil) | Change<br>(S\$ 'Mil) | Change (%)    |
|--|--|--|----------------------|---------------|
| - Engineering  | 114.6  | 168.9  | (54.3)               | (32.1)        |
| - Treatment  | 106.5  | 66.1   | 40.4                 | 61.1          |
| - Membrane   | 53.7   | 52.8   | 0.9                  | 1.7           |
| <b>Total Revenue</b>   | <b>274.8</b>   | <b>287.8</b>   | <b>13</b>            | <b>(4.5)</b>  |
| <b>Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")</b> | <b>101.4</b>   | <b>92.2</b>  | <b>9.2</b>           | <b>10</b>     |
| <b>Net profit for the period</b>   | <b>42.6</b>  | <b>53.6</b>  | <b>(11)</b>          | <b>(20.5)</b> |

**Adjusted Net Profit Analysis for the 9-month period ended 31 December 2015:**

|  | Group 9 months ended<br>31/12/2015<br><br>S\$'million | Group 9 months ended<br>31/12/2014<br><br>S\$'million | %<br>Increase/(Decrease) |
|--|---|---|--------------------------|
| Net profit for the period  | 42.6  | 53.6  | (20.5)                   |
| <u>Adjusted for one-off items:</u>                                 |   |   |                          |
| One-off fees relating to the Voluntary General Offer in April 2015 | 6.5   | -   | N/M                      |
| One-off gain on disposal of AFS                                    | -   | (14.2)  | N/M                      |
| Net profit adjusted for one-off items                              | 49.1  | 39.4  | 24.6                     |

\*During the financial period, the Company changed its financial year end from 31 March to 31 December. The financial year for the current financial period ended 31 December 2015 covers the 9-month period from 1 April 2015 to 31 December 2015. The corresponding financial year is for the 12-month period from 1 April 2014 to 31 March 2015. 9-month statement of comprehensive income of the group for the period from 1 April 2014 to 31 December 2014 is included for comparison purposes.

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**Outlook**

With the ongoing China central government's push for strong environmental protection policies, we are confident that the outlook for the water sector will continue to be positive. In addition, it is expected that more Public-Private Partnerships (PPP) projects will be rolled out by the China government to attract more funding from the private sector for infrastructure development.

It is also anticipated that the 13<sup>th</sup> 5-Year Plan (FYP) which will be announced in March 2016 will see substantial investment in the environmental sector, including more details on environmental policies.

These developments will provide CEL with good opportunities to continue the momentum to expand its foothold in the water sector.

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**About CITIC Envirotech Ltd.**

CITIC Envirotech Ltd ("CEL", "Group"), formerly known as United Envirotech Ltd, is a leading membrane technology-based integrated environmental solutions provider which specialised in the manufacturing of high quality membrane products and the application of membrane technologies for water and wastewater treatment and recycling. Its principal activities 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.

CEL serves a strong prominent customer base such as petrochemical giants like China Petrochemical Corporation ("Sinopec"), China National Petroleum Corporation ("CNPC"), China National Offshore Oil Corporation ("CNOOC"), industrial parks and municipalities.

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 about US\$ 101.6 billion in assets under management as at June 2015.

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 is one of China's largest conglomerate and state owned enterprise which has its businesses in multiple sectors, including financial services and engineering contracting in China.

CEL was listed on SGX Mainboard on 22 April 2004.

For more information, please log on [www.citicenvirotech.com](http://www.citicenvirotech.com)



## **MEDIA RELEASE**

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