

A decorative graphic on the left side of the slide, consisting of a white circle at the top left, connected by a thin white line to a smaller white circle below it. This is further connected to a larger white circle, which is then connected to a series of white lines forming a complex, angular shape that resembles a stylized gear or a network diagram. The entire graphic is set against the yellow background.

# **ROTARY ENGINEERING LIMITED**

## **1Q2013 RESULTS BRIEFING**

**8 May 2013**

Smart thinking. Safe hands.

## CAUTIONARY NOTE

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are **cautioned not to place** undue reliance on these forward looking statements, which are based on current view of management on future events.



# ● OUTLINE

1. Financial Review

2. Ongoing Projects

3. Business Development & Summary

4. Question-&-Answer



# FINANCIAL REVIEW



---

*This presentation should be read in conjunction with  
Rotary Engineering Limited's 1Q2013 Financial Results  
ended 31 March 2013 statement  
lodged on SGXNET on 8 May 2013*

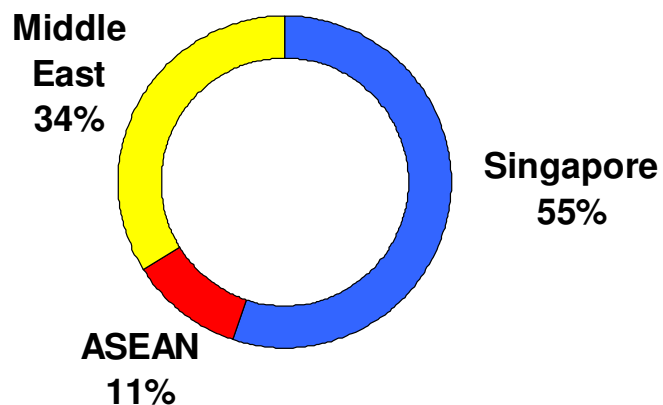


## P&L SUMMARY

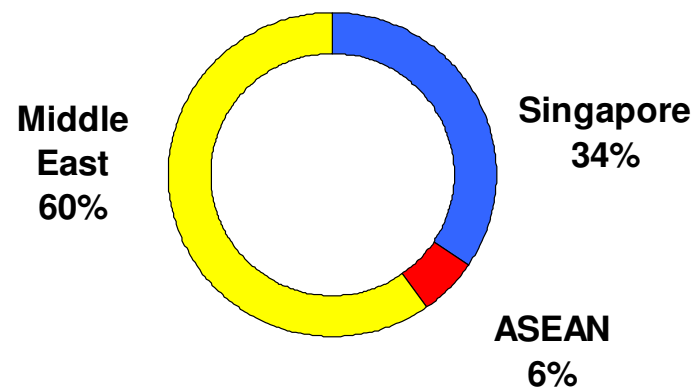
S\$'000	1Q2013	1Q2012	▲ ▼
<b>Revenue</b>	<b>102,825</b>	<b>133,406</b>	<b>▼23%</b>
<b>Gross Profit</b>	<b>15,742</b>	<b>19,301</b>	<b>▼18%</b>
<b>Gross Profit Margins (%)</b>	<b>15%</b>	<b>14%</b>	<b>▲1ppt</b>
Other income	1,125	2,042	▼45%
Selling & marketing costs	(289)	(334)	▼13%
Admin costs	(10,113)	(16,287)	▼38%
Other operating costs	(3,708)	(3,611)	▲3%
Finance costs	(463)	(634)	▼27%
Share of associates results	(563)	(202)	NM
<b>Profit Before Tax (PBT)</b>	<b>1,731</b>	<b>275</b>	<b>NM</b>
Profit after Tax (PAT)	<b>871</b>	<b>451</b>	<b>▲93%</b>
Non-controlling Interests	(1,653)	(2,708)	▼39%
<b>Profit attributable to company (PATMI)</b>	<b>2,524</b>	<b>3,159</b>	<b>▼20%</b>
<b>EPS (Cent)</b>	<b>0.4</b>	<b>0.6</b>	<b>▼33%</b>

# REVENUE BY GEOGRAPHICAL SEGMENTS

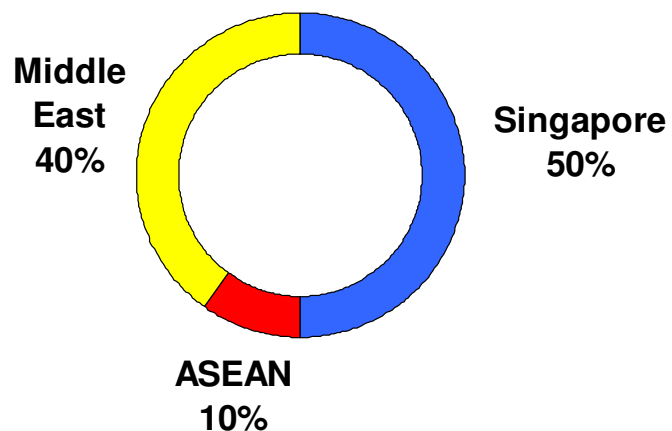
**1Q2013: S\$102.8m**



**1Q2012: S\$133.4m**

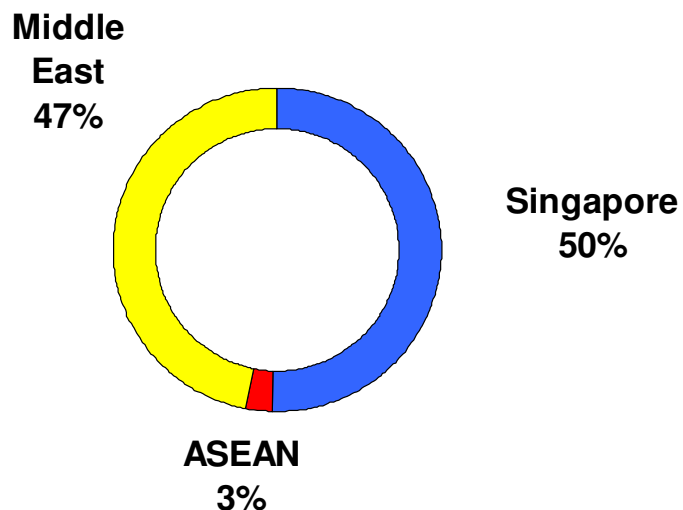


**FY2012: S\$444.5m**

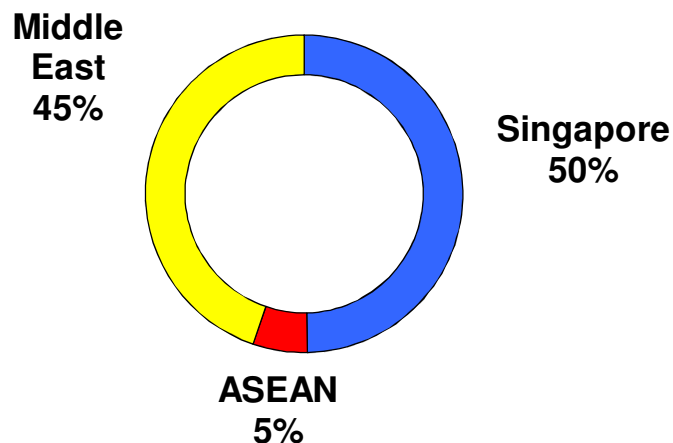


# ORDER BOOK BY GEOGRAPHICAL SEGMENTS

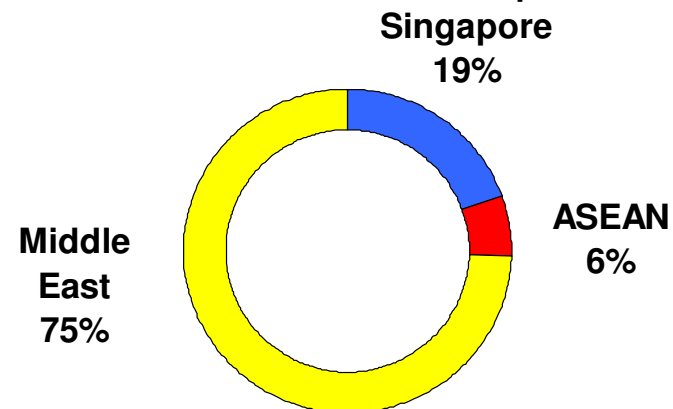
**@ 31 Mar 2013: S\$756.3m**



**@ 31 Jan 2013: S\$750.0m**



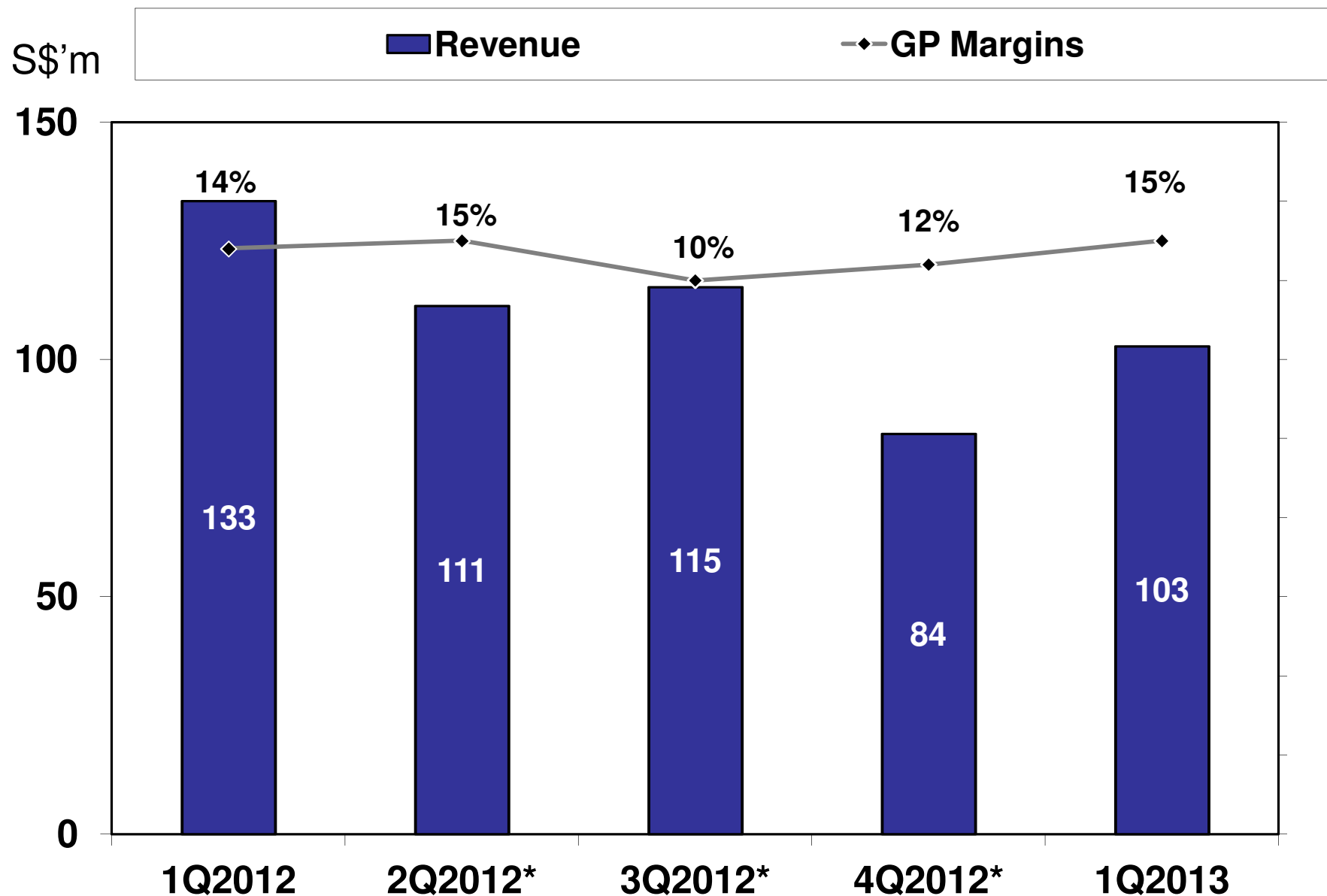
**@ 31 Dec 2012: S\$462.8m**







# REVENUE & GROSS PROFIT MARGINS



\* GP Margins adjusted

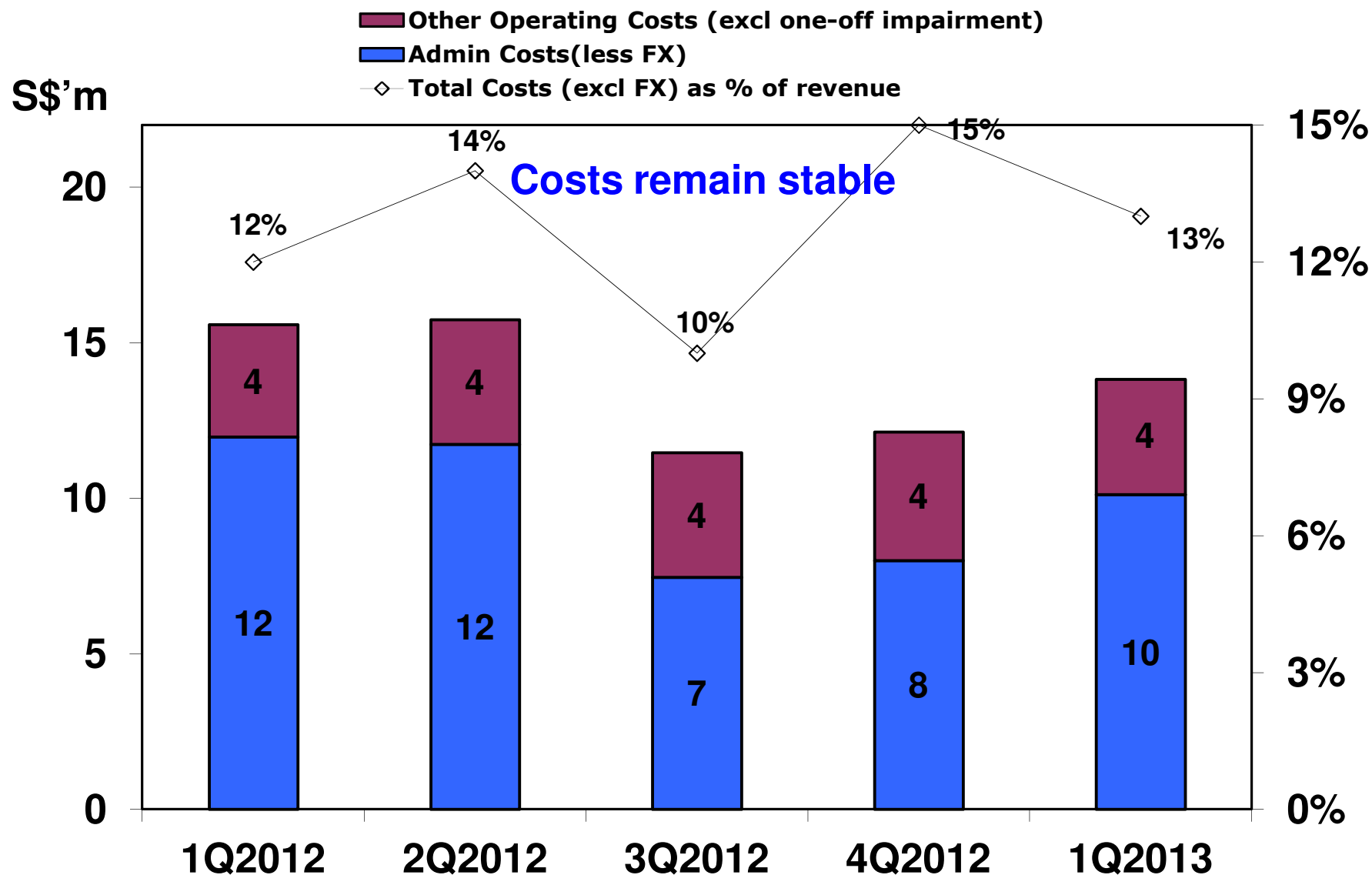


## GROSS PROFIT MARGINS

<b>S\$'000</b>	<b>1Q2013</b>	<b>1Q2012</b>	<b>▲ ▼</b>
<b>Gross Profit</b>	15,742	19,301	▼18%
<b>Gross Profit Margins (%)</b>	15.3%	14.5%	▲1ppt

- 1Q2013
  - GP margins in line with our guidance
  - Margins higher due partly to project closures
- Not expecting significant costs for the final stage in SATORP
- Recent contract wins continue to face margin pressure
- GPM guidance: 10% ~ 15% for FY2013

# ADMIN (EXCL FX) & OTHER OPERATING COSTS





## ADMINISTRATIVE COSTS

S\$'000	1Q2013	1Q2012	▲ ▼
Admin costs (including FX)	(10,113)	(16,287)	▼38%
FX loss	(277)	(4,648)	▼94%
<b>Admin costs (excluding FX)</b>	<b>(9,836)</b>	<b>(11,639)</b>	▼15%

- Costs in line with business activities and performance
- FX losses significantly lower due to reduce exposure and effective implementation of foreign exchange management programme



## OTHER OPERATING COSTS

S\$'000	1Q2013	1Q2012	▲ ▼
<b>Other operating costs</b>	<b>(3,708)</b>	<b>(3,611)</b>	<b>▲3%</b>
• Write-back of allowance for doubtful debts	24	381	▼94%
• Inventories written down	(6)	(31)	▼81%
• Amortisation of intangible assets	(307)	(271)	▲13%
• Depreciation of PPE	(3,419)	(3,690)	▼7%

- Other operating costs mainly due to depreciation of Property, Plant and Equipment



## CASH FLOW SUMMARY

S\$'000	1Q2013	1Q2012
Net cashflows from Operations	38,294	39,525
Net cashflows (used in)/from Investment	(1,965)	1,114
Net cashflows used in Financing	(524)	(9,968)
<b>Net increase in cash and cash equivalents</b>	<b>35,805</b>	<b>30,671</b>
<b>Cash &amp; Cash Equivalents</b>		
Effect on exchange rate changes	1,015	(2,169)
At beginning of period	164,425	116,784
<b>At end of period</b>	<b>201,245</b>	<b>145,286</b>



## CASH FLOW ANALYSIS (1Q2013)

---

- **Net cash from operations**
  - Improved collections from customers
  - Downpayment from projects recently commenced
  - Offset by working capital requirements on projects
  
- **Net cash used in investment**
  - Purchase of assets
  
- **Net cash used in financing**
  - Repayment of loans & trade facilities



## BALANCE SHEET SUMMARY

S\$'000	31.3.2013	31.12.2012	▲ ▼
Property, plant & equipment	59,930	61,051	▼2%
Cash & short-term deposits	201,347	164,539	▲22%
Trade & other receivables	211,438	199,689	▲6%
Other current & non-current assets	35,125	30,101	▲17%
<b>Total assets</b>	<b>507,840</b>	<b>455,380</b>	<b>▲12%</b>
Trade & other payables	161,772	170,213	▼5%
Total borrowings	83,607	83,219	-
Other Current & non-current Liabilities	149,505	91,436	▲64%
<b>Total liabilities</b>	<b>394,884</b>	<b>344,868</b>	<b>▲15%</b>
<b>Shareholders equity</b>	<b>198,092</b>	<b>192,685</b>	<b>▲3%</b>
<b>NAV per share (cents)</b>	<b>34.9</b>	<b>34.0</b>	<b>▲3%</b>





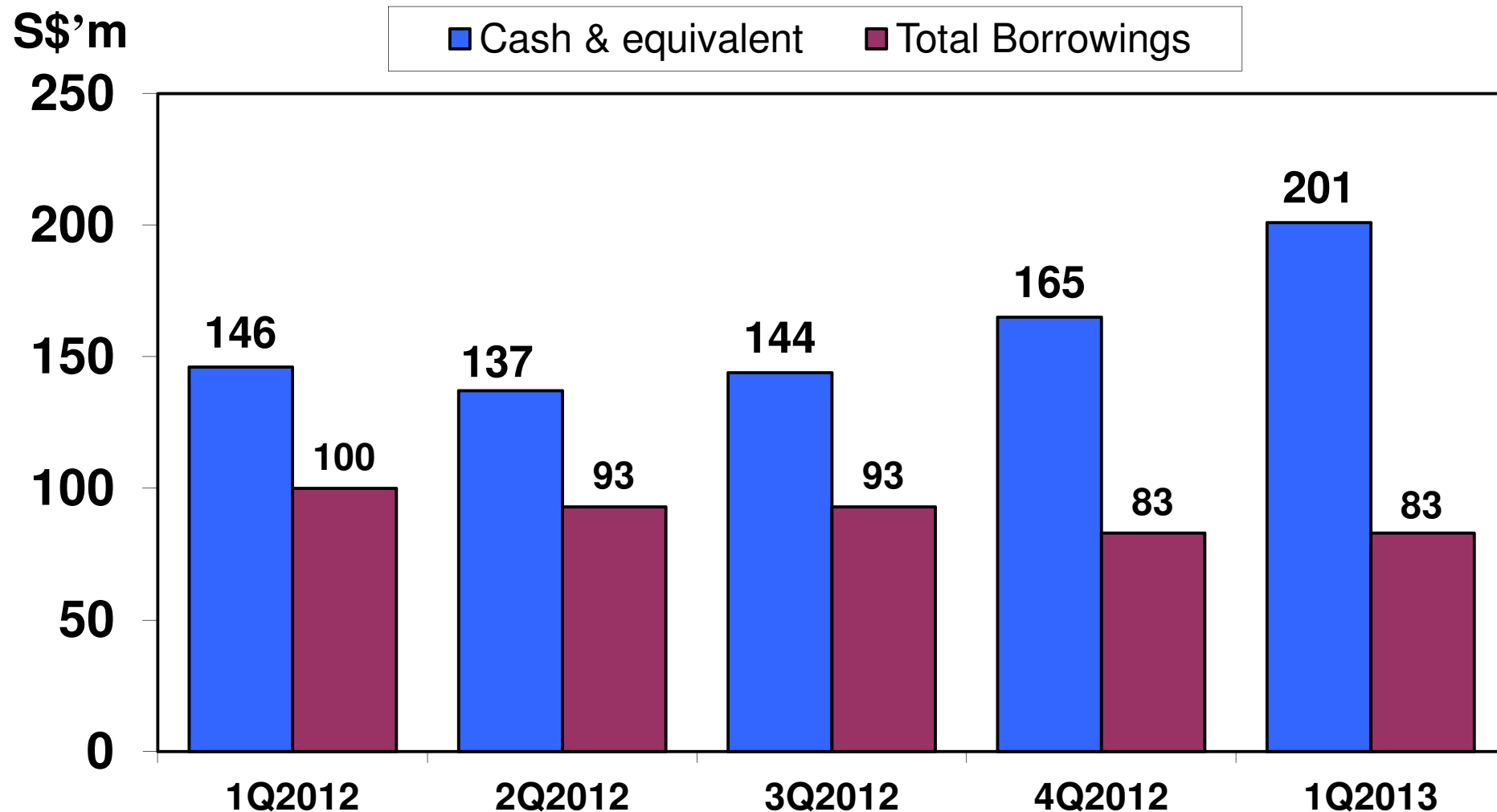
## BALANCE SHEET ANALYSIS

---

- **Property, plant & equipment**
  - Decrease due to depreciation offset by purchases during the quarter
- **Cash and short-term deposits**
  - Increase due to downpayment received from new projects and improved collections
- **Trade and other receivables**
  - Increase in line with business activities this quarter
- **Non current assets**
  - Increase in other investments resulted from fair value gain of available-for-sale financial assets
- **Trade and other payables**
  - Decrease as SATORP project progressed towards completion
- **Other current & non-Current liabilities**
  - Increase mainly due to downpayment from new projects



# NET CASH POSITION



**NET CASH**   S\$46m    $\longrightarrow$    S\$118m

A decorative graphic on the left side of the slide consists of a large yellow circle at the top left, connected by a thin line to a smaller white circle with a yellow border. Below this, a series of lines and circles form a stylized, abstract shape that resembles a gear or a network diagram.

# ONGOING PROJECTS

Smart thinking. Safe hands.



## PROJECT SUMMARY

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Shell - Maintenance	Various	-	4Q2009	Ongoing
Hyundai - Jurong Rock Cavern (Engineering)	Jurong Island	S\$2m	3Q2009	1Q2013
Petrochemical process plant	ASEAN	S\$130m	2H2009	1Q2013
Saudi Aramco Total Refining & Petrochemical Company (SATORP) refinery tank farm	Jubail City Saudi Arabia	US\$745 m	3Q2009	2H2013
Concord Energy - Fujairah Oil Terminal	Fujairah - UAE	US\$261 m	1Q2011	2H2014



## PROJECT SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Chang Chun - Specialty Chemical Plant	Jurong Island	(A) & (B)	3Q2011	2H2013
EPC tankage for Samsung C&T	Jurong Island	(B)	4Q2011	1H2013
Chevron Singapore - Maintenance	Jurong Island	(B)	4Q2011	3Q2014
Shoaiba II Combined Cycle Power Plant Project	Shoaiba-Saudi Arabia	US\$34m	2Q2012	2H2013

(A) Total cumulative value S\$40m: per 25 Jul 2011 SGX announcement

(B) Total cumulative value S\$110m: per 19 Sep 2011 SGX announcement



## PROJECT SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Samsung - civil works	Jurong Island	S\$11m	1Q2013	2H2013
Oil major – piping and tankage	Jurong Island	S\$35m	1Q2013	4Q2013
Tankstore - EPC for oil terminal in SG	Pulau Busing	S\$300m	1Q2013	4Q2014
Global independent storage operator – EPC for spherical storage tanks	Jurong Island	S\$30m	1Q2013	1H2014
International specialty chemical company - fabricate & install pipe racks	Jurong Island	S\$12m	1Q2013	4Q2013

A decorative graphic on the left side of the slide, consisting of a series of white lines and circles of varying sizes, resembling a stylized tree or a network diagram. The lines are thin and white, contrasting with the yellow background.

# **BUSINESS DEVELOPMENT & SUMMARY**

Smart thinking. Safe hands.



## BUSINESS DEVELOPMENT

---

- **Overall**

- Business opportunities abound, especially in the Middle East and ASEAN
- Improved confidence in investment in projects around region and the Middle East
- Move up the storage facilities value chain, towards more cryogenic tanks (eg LPG, LNG)

- **Singapore**

- Downstream projects in Jurong Island
- Ongoing discussions and negotiations with fine chemical plant producers
- Awarded FEED for a couple of major projects, targeting to roll on to full EPC contracts





## BUSINESS DEVELOPMENT (Cont.)

---

- **ASIA**

- Focus on Malaysia, Indonesia, Thailand
- Exploring possibilities/potential in Indochina region
- Ongoing business development and negotiations
- BOO / BOT opportunities

- **Middle East**

- Business development and bidding in GCC continues
- Increased BD efforts in UAE to capitalise on current FOT project
- Subsidiary set up to develop more opportunities in Fujairah and other Emirates.
- Expects downstream facilities in the next few years such as petrochemical and fine chemical plants to tap on refinery feedstock



## BUSINESS DEVELOPMENT (Cont.)

---

- **Middle East (Cont'd)**
  - Support services to main contractors – single and multi-discipline ~ focus on tankage and E&I
  - Selective on EPC jobs
  - BOO / BOT opportunities



THANK YOU