

ROTARY ENGINEERING LIMITED

2Q2013 RESULTS BRIEFING

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 Update and Development
4. Question-&-Answer



FINANCIAL REVIEW



*This presentation should be read in conjunction with
Rotary Engineering Limited's 2Q2013 Financial Results
ended 30 June 2013 statement
lodged on SGXNET on 6 August 2013*



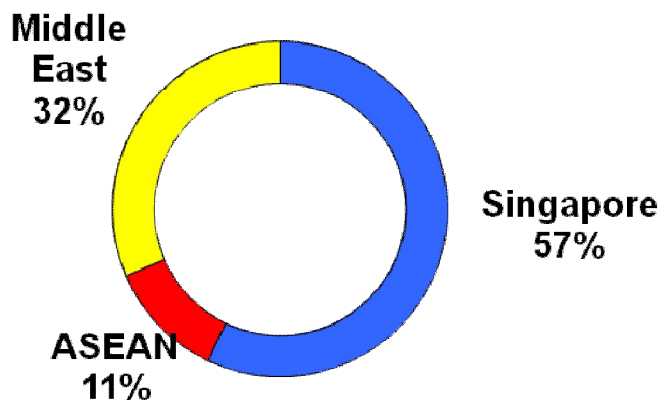
INCOME STATEMENT SUMMARY

S\$'000	2Q2013	2Q2012	▲ ▼	1H2013	1H2012	▲ ▼
Revenue	126,210	111,368	▲13%	229,035	244,774	▼6%
Gross Profit/(Loss)	15,021	(5,908)	NM	30,763	13,393	NM
Other income	1,603	551	NM	2,728	2,593	▲5%
Admin costs	(12,387)	(9,493)	▲30%	(22,500)	(25,780)	▼13%
Selling & marketing costs	(325)	(485)	▼33%	(614)	(819)	▼25%
Other operating costs	(4,097)	(4,001)	▲2%	(7,805)	(7,612)	▲3%
Finance costs	(312)	(665)	▼53%	(775)	(1,299)	▼40%
Share of associates results	626	(1,067)	NM	63	(1,269)	NM
Profit/(Loss) Before Tax	129	(21,068)	NM	1,860	(20,793)	NM
Profit /(Loss) After Tax	(1,381)	(20,956)	▲93%	(510)	(20,505)	▲98%
Non-controlling Interests	(6,495)	(21,982)	▲70%	(8,148)	(24,690)	▲67%
Profit attributable to company (PATMI)	5,114	1,026	NM	7,638	4,185	▲83%
EPS (Cents)	0.90	0.18	NM	1.35	0.74	▲82%

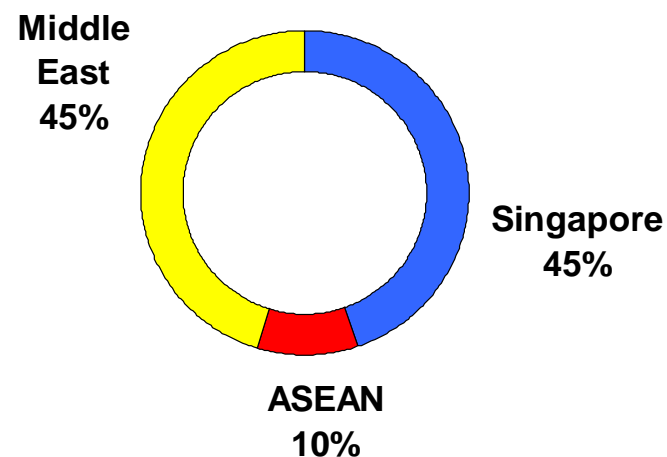


REVENUE BY GEOGRAPHICAL SEGMENTS

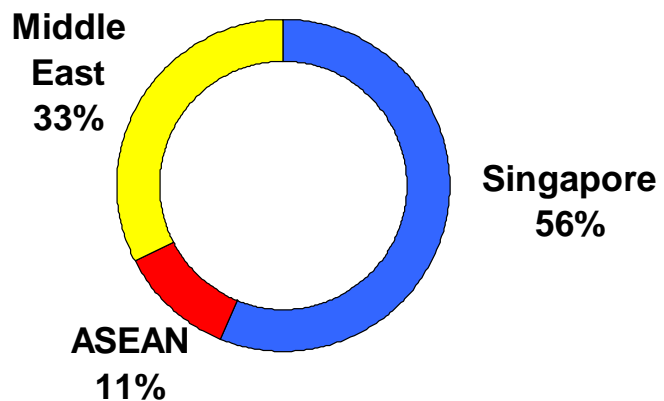
2Q2013: S\$126.2m



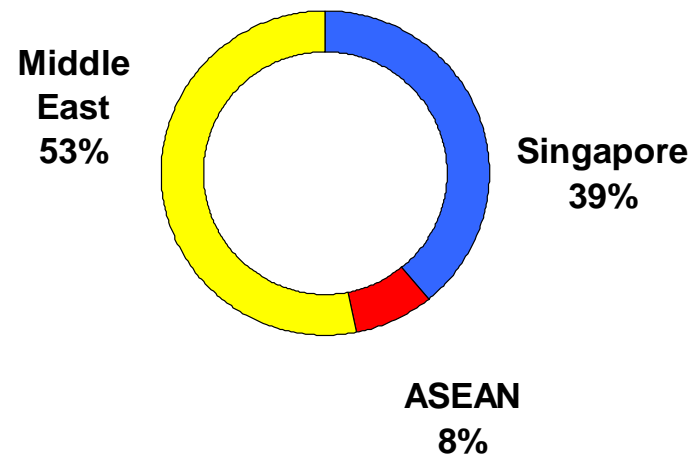
2Q2012: S\$111.4m



1H2013: S\$229.0m

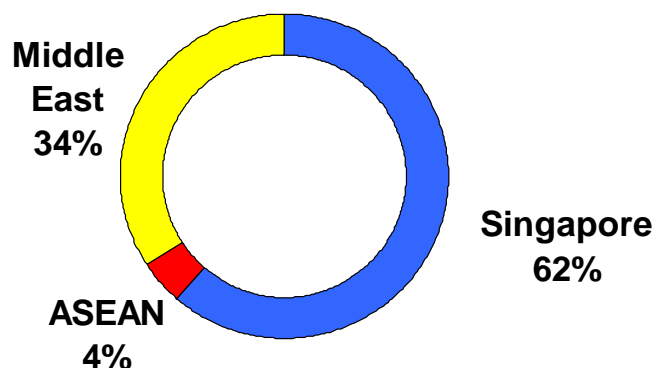


1H2012: S\$244.8m

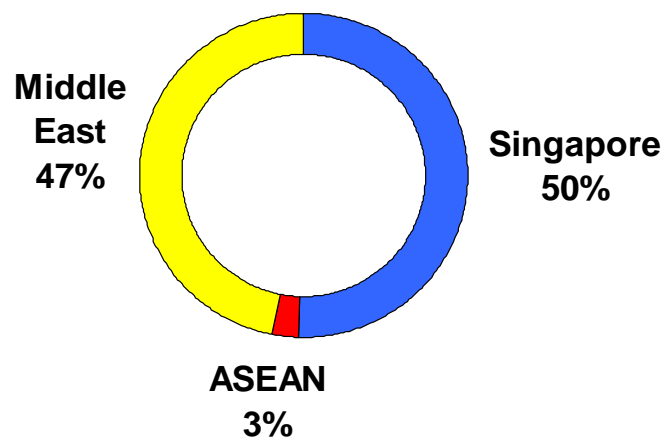


ORDER BOOK BY GEOGRAPHICAL SEGMENTS

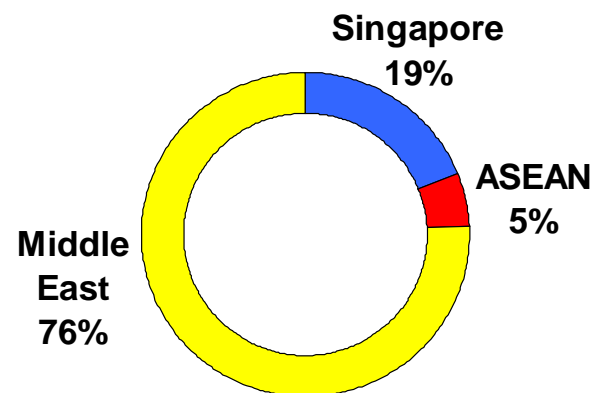
@ 6 Aug 2013: S\$1.0b



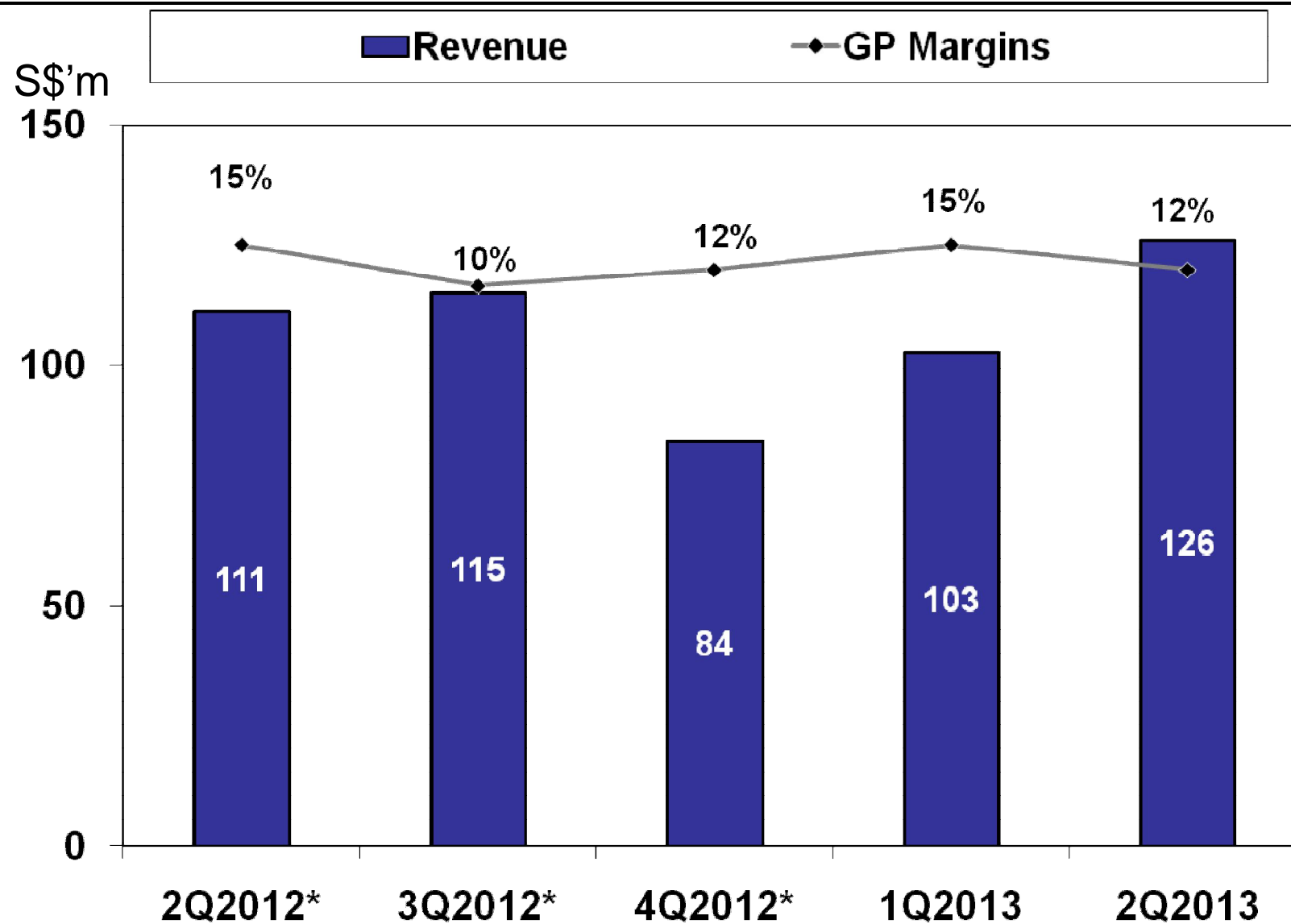
@ 31 Mar 2013: S\$756.3m



@ 30 Jun 2012: S\$527.1m



REVENUE & GROSS PROFIT MARGINS



* GP Margins % adjusted



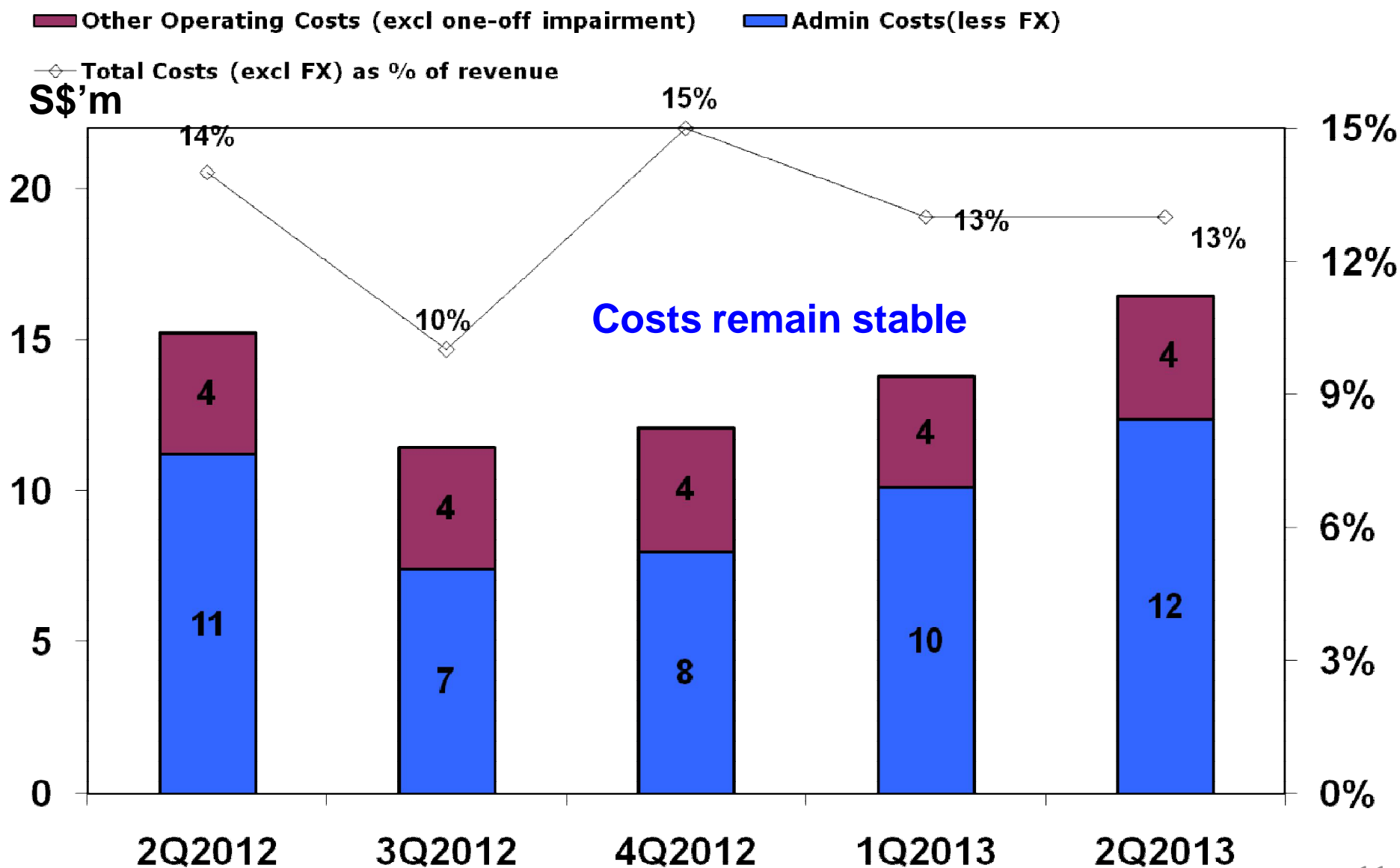
GROSS PROFIT MARGINS

S\$'000	2Q2013	2Q2012	▲ ▼	1H2013	1H2012	▲ ▼
Gross Profit/(Loss)	15,021	(5,908)	NM	30,763	13,393	NM
Gross Profit Margins (%)	11.9%	(5.3%)	NM	13.4%	5.5%	▲8ppt

- Positive contributions from new contract wins
- 2Q2013: GP margins in line with our guidance
- GPM guidance: 10% ~ 15% for FY2013



ADMIN (EXCL FX) & OTHER OPERATING COSTS





ADMINISTRATIVE COSTS

S\$'000	2Q2013	2Q2012	▲ ▼	1H2013	1H2012	▲ ▼
Admin costs (including FX)	(12,387)	(9,493)	▲30%	(22,500)	(25,780)	▼13%
FX gain/ (loss)	115	1,757	NM	(162)	(2,891)	NM
Admin costs (excluding FX)	(12,502)	(11,250)	▲11%	(22,338)	(22,889)	▼2%

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



OTHER OPERATING COSTS

S\$'000	2Q2013	2Q2012	▲ ▼	1H2013	1H2012	▲ ▼
Other operating costs	(4,097)	(4,001)	▲2%	(7,805)	(7,612)	▲3%
• (Allowance)/write-back of allowance for doubtful debts	(107)	(39)	NM	(83)	342	NM
• Inventories written down	(93)	(8)	NM	(99)	(39)	NM
• Amortisation of intangible assets	(332)	(266)	▲ 25%	(639)	(537)	▲ 19%
• Depreciation of PPE	(3,565)	(3,688)	▼3%	(6,984)	(7,378)	▼5%

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



CASH FLOW SUMMARY

S\$'000	2Q2013	2Q2012	1H2013	1H2012
Net cashflows (used in)/from Operations	(22,375)	10,032	15,919	49,557
Net cashflows (used in)/from Investment	(1,421)	(629)	(3,386)	485
Net cashflows (used in)/from Financing	(12,860)	(19,229)	(13,384)	(29,197)
Net (decrease)/increase in cash and cash equivalents	(36,656)	(9,826)	(851)	20,845
Cash & Cash Equivalents				
Effect on exchange rate changes	(24)	1,285	991	(884)
At beginning of period	201,245	145,286	164,425	116,784
At end of period	164,565	136,745	164,565	136,745



CASH FLOW ANALYSIS (2Q2013)

- **Net cash used in operations**
 - Mainly due to increase in receivables
 - Offset by reduction in working capital requirements on projects

- **Net cash used in investment**
 - Acquisition of shares of associates
 - Purchase of assets
 - Offset by dividends receipts

- **Net cash used in financing**
 - Repayment of loans & trade facilities
 - Dividends paid for FY2012



BALANCE SHEET SUMMARY

S\$'000	30.6.2013	31.12.2012	▲ ▼
Property, plant & equipment	57,752	61,051	▼5%
Cash & short-term deposits	164,677	164,539	-
Trade & other receivables	245,354	199,689	▲23%
Other current & non-current assets	38,997	30,101	▲30%
Total assets	506,780	455,380	▲11%
Trade & other payables	163,930	170,213	▼4%
Total borrowings	74,773	83,219	▼10%
Other Current & non-current Liabilities	167,199	91,436	▲83%
Total liabilities	405,902	344,868	▲18%
Shareholders equity	194,646	192,685	▲1%
NAV per share (cents)	34.3	34.0	▲1%

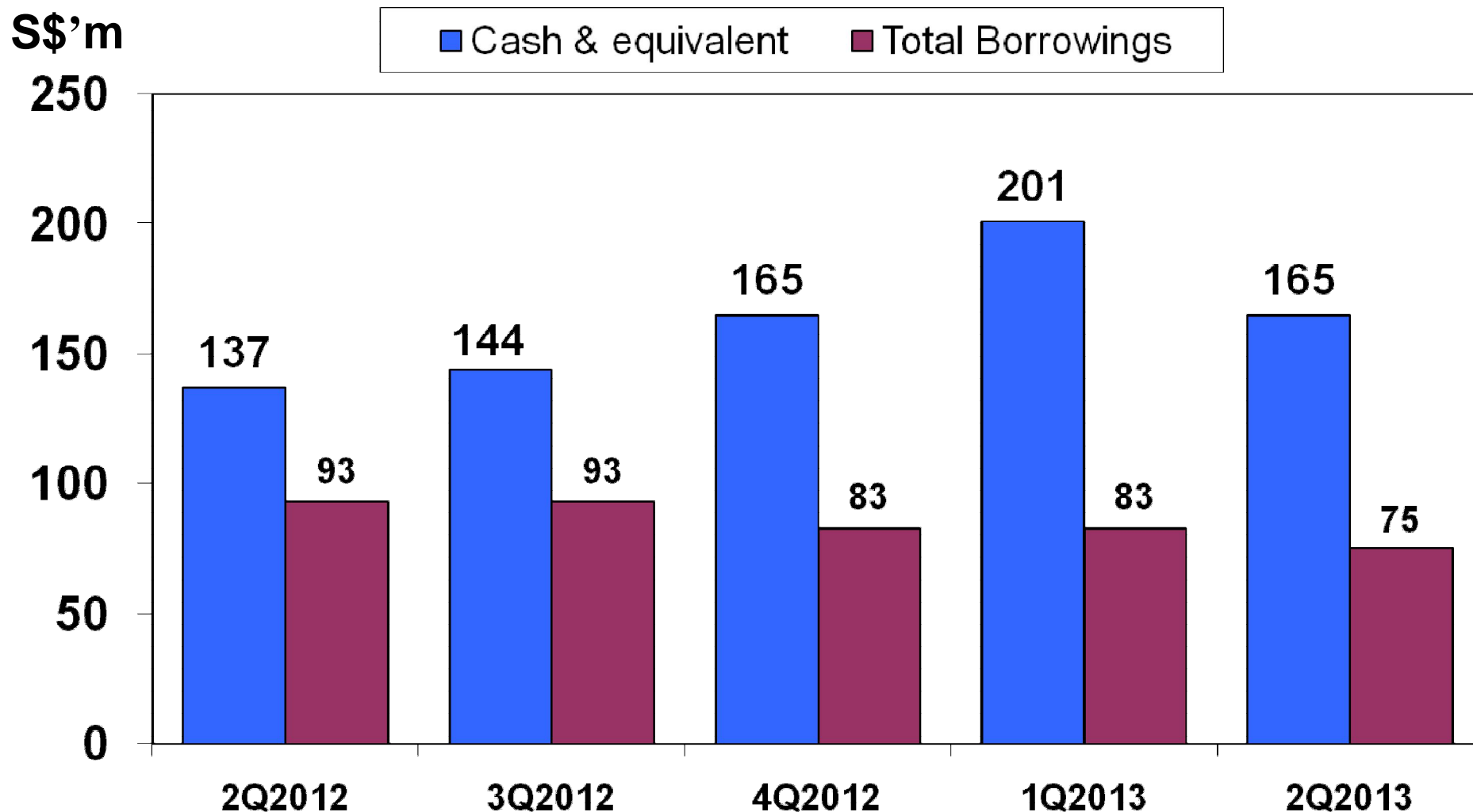


BALANCE SHEET ANALYSIS

- **Property, plant & equipment**
 - Decrease due to depreciation offset by purchases during the period
- **Trade and other receivables**
 - Increase in line with business activities
- **Trade and other payables**
 - Decrease as SATORP project progressed towards completion
- **Other current and non-current liabilities**
 - Increase mainly due to downpayment from new projects
- **Borrowings**
 - Decrease due to repayments



NET CASH POSITION



NET CASH S\$44m



S\$90m



ONGOING PROJECTS



PROJECT SUMMARY

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Shell - Maintenance	Various	-	4Q2009	Ongoing
Saudi Aramco Total Refining & Petrochemical Company refinery tank farm	Jubail City Saudi Arabia	US\$745m	3Q2009	2H2013
Concord Energy - Fujairah Oil Terminal	Fujairah UAE	US\$261m	1Q2011	2H2014
Chang Chun - Specialty Chemical Plant	Jurong Island	(A) & (B)	3Q2011	2H2013
EPC tankage for Samsung C&T	Jurong Island	(B)	4Q2011	1H2013

(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
Chevron Singapore-Maintenance	Jurong Island	(B)	4Q2011	3Q2014
Shoaiba II Combined Cycle Power Plant Project	Shoaiba Saudi Arabia	US\$34m	2Q2012	2H2013
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 Singapore	Pulau Busing	S\$300m	1Q2013	4Q2014

(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
Global Independent storage operator – EPC for spherical storage tanks	Jurong Island	S\$30m	1Q2013	1H2014
International specialty chemicals company-fabricate & install pipe racks	Jurong Island	S\$12m	1Q2013	4Q2013



PROJECT SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
International specialty chemicals company- E&I works + supply of materials for plant	Jurong Island	S\$30m (C)	3Q2013	1Q2014
Oil Major – piping & structural works for new processing unit	Jurong Island	S\$17m (C)	3Q2013	2Q2014
Various maintenance contracts	Singapore /Thailand	S\$13m (C)	3Q2013	2Q2014

(C) Total cumulative value S\$60m: per 9 Jul 2013 SGX announcement



PROJECT SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Lube Park Shared Facilities	Tuas South	(D)	3Q2013	3Q2015
International EPC-EPC for elastomers plant	Jubail/ Saudi	(D)	3Q2013	1Q2014
International EPC-erection of 28 tanks for Sadara South Tank farm	Jubail/ Saudi	(D)	3Q2013	3Q2014
International EPC-fabrication works at multi-feed cracker	Jubail/ Saudi	(D)	3Q2013	3Q2013

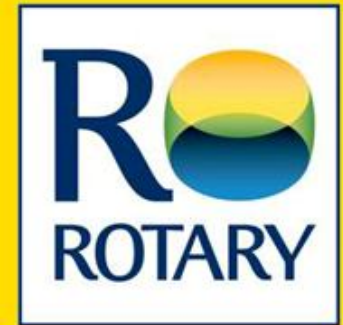
(D) Total cumulative value S\$200m: per 31 Jul 2013 SGX announcement



PROJECT SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Oil Major/EPC for LOBP	Tuas South	(E)	3Q2013	2Q2015
IRPC/ Upstream Hygiene and Value Added project-engineering & construction of 7 spherical tanks + construction of 19 atmospheric tanks	Rayong/ Thailand	(E)	3Q2013	4Q2014

(E) Total cumulative value S\$100m: per 6 Aug 2013 SGX announcement



BUSINESS UPDATE AND DEVELOPMENT

FOT LOCATION

Aerial View of Port of Fujairah



FOT LOCATION

Storage Terminal Location



FOT - PHOTO



Temporary site office

FOT - PHOTO



1st Batch of Steel Plates

FOT - PHOTO



Tank foundation and bundwall works in progress

FOT - PHOTO



TANKSTORE - PHOTO



2 silos have arrived at Pulau Busing and unloading activities are ongoing

TANKSTORE - PHOTO



Soil improvement works for bundwall Pit-19 are on-going

TANKSTORE - PHOTO



Piling works activities at Pit-46

TANKSTORE - PHOTO



Piling works on-going

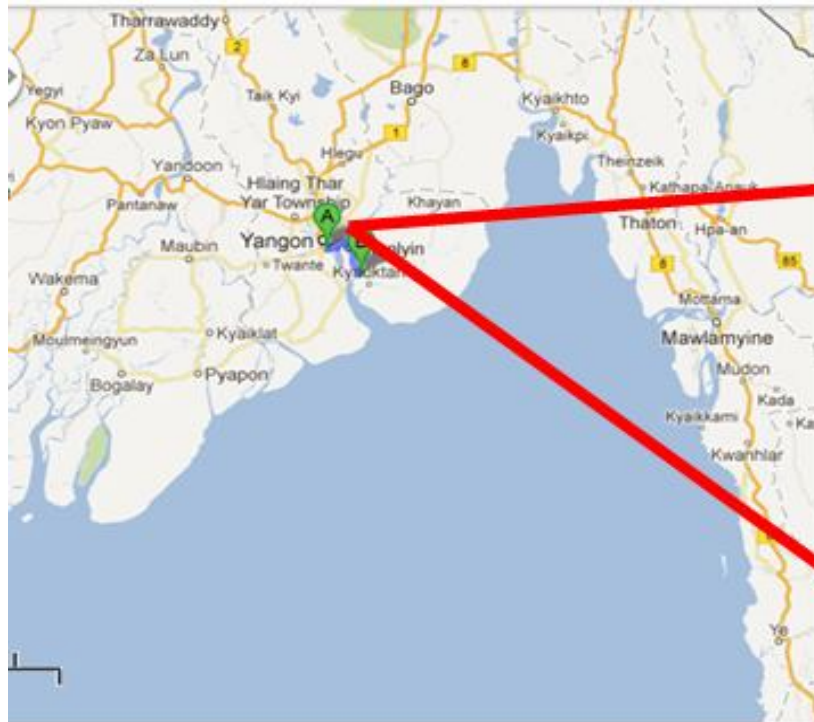
TANKSTORE - PHOTO



Plates marking of the tank plates are on-going at Batam Workshop

BUSINESS DEVELOPMENT

- Asean
 - Myanmar - EPC/BOO/BOT (Thilawa Port)



- Malaysia
 - Pre-qualified for RAPID



BUSINESS DEVELOPMENT (Cont.)

- **Middle East**

- Oman

- Rep Office set up to explore opportunities, eg Duqm

- Saudi Arabia

- Focus on projects within 200-300km radius of Jubail
 - Position to be sub contractors for key EPCM project winners (eg Daewoo, Daelim, Petrofac)
 - Focus on the following
 - EPC (Tankage)
 - Construction (Tankage and E&I)
 - Workshop Fabrication



THANK YOU