



ROTARY ENGINEERING LIMITED

3Q2014 RESULTS BRIEFING

12 NOVEMBER 2014

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. Projects Summary
3. Ongoing Projects
4. Business Update & Development
5. Question-&-Answer



FINANCIAL REVIEW



*This presentation should be read in conjunction with
Rotary Engineering Limited's 3Q2014 Financial Results
ended 30 September 2014 statement
lodged on SGXNET on 11 November 2014*



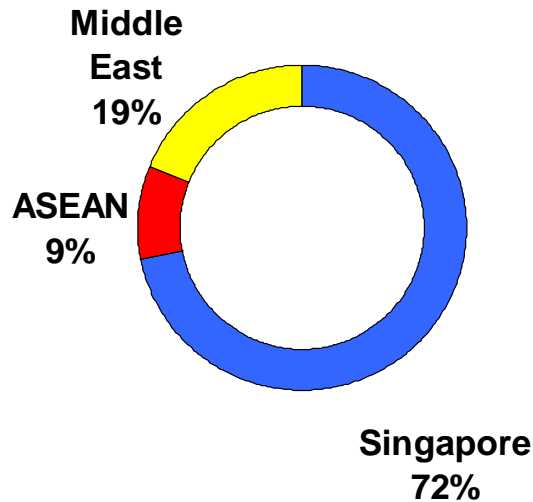
INCOME STATEMENT SUMMARY

S\$'000	3Q2014	3Q2013	▲ ▼	9M2014	9M2013	▲ ▼
Revenue	172,023	184,489	▼7%	561,982	413,524	▲36%
Gross Profit	29,017	19,380	▲50%	94,309	50,143	▲88%
Gross Profit Margins (%)	17%	11%	▲6ppts	17%	12%	▲5ppts
Other income	506	2,572	▼80%	2,114	5,300	▼60%
Selling & marketing costs	(269)	(341)	▼21%	(588)	(955)	▼38%
Admin costs	(14,857)	(13,945)	▲7%	(44,333)	(36,445)	▲22%
Other operating costs	(3,567)	(3,723)	▼4%	(10,606)	(11,528)	▼8%
Finance costs	(272)	(481)	▼43%	(809)	(1,256)	▼36%
Share of associates results	27	(77)	NM	(115)	(14)	NM
Profit Before Tax	10,585	3,385	NM	39,972	5,245	NM
Profit/(Loss) After Tax	8,584	26	NM	33,562	(484)	NM
Non-controlling interests	(2,301)	(7,902)	▲71%	(4,732)	(16,050)	▲71%
Profit attributable to company (PATMI)	10,885	7,928	▲37%	38,294	15,566	▲146%
EPS (cents)	1.9	1.4	▲36%	6.7	2.7	▲148%

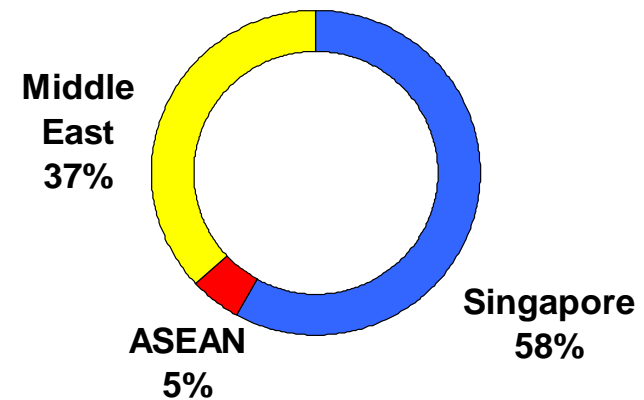


REVENUE BY GEOGRAPHICAL SEGMENTS

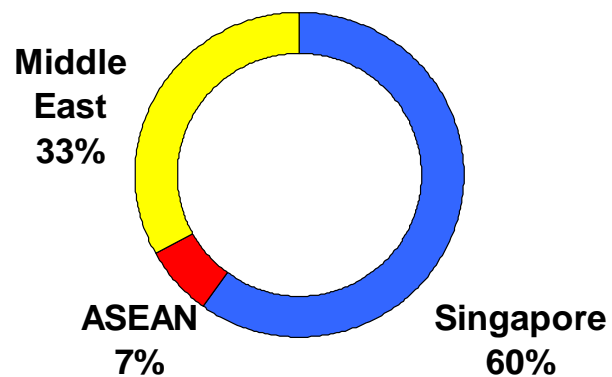
3Q2014: S\$172m



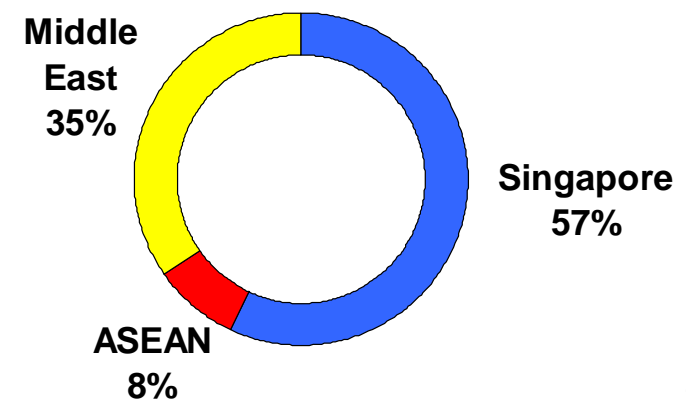
3Q2013: S\$184m



9M2014: S\$562m



9M2013: S\$414m

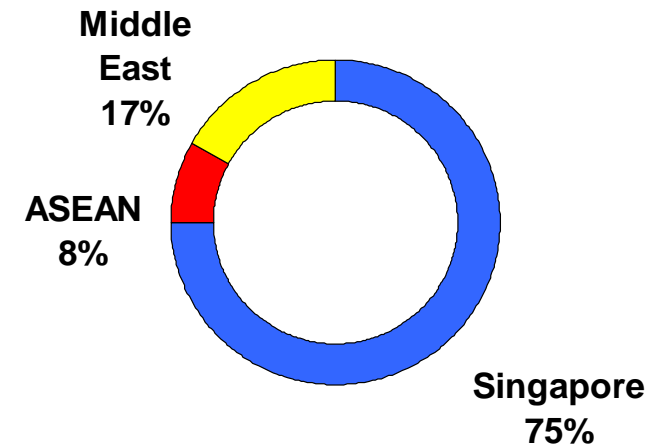
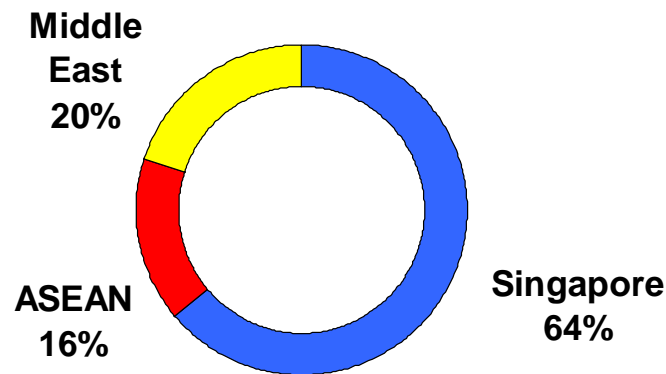




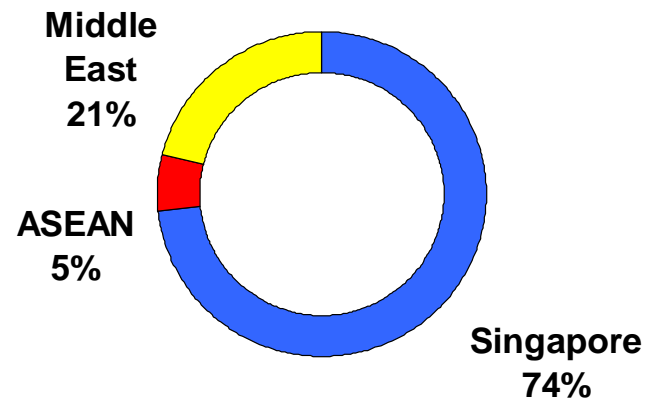
ORDER BOOK BY GEOGRAPHICAL SEGMENTS

@ 30 Sep 2014: S\$303m

@ 30 Jun 2014: S\$381m



@ 31 Mar 2014: S\$535m





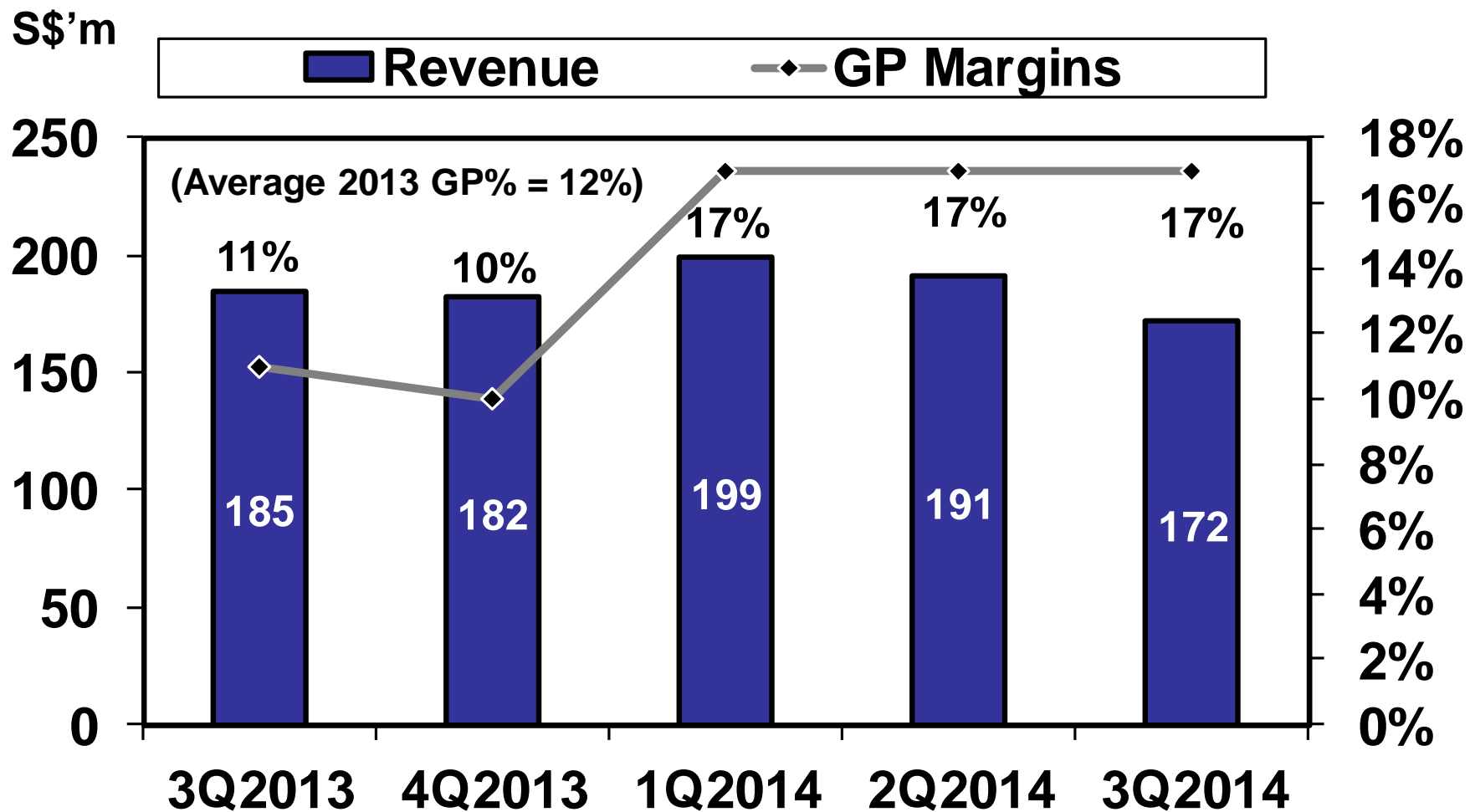
GROSS PROFIT MARGINS

S\$'000	3Q2014	3Q2013	▲ ▼	9M2014	9M2013	▲ ▼
Gross Profit	29,017	19,380	▲50%	94,309	50,143	▲88%
Gross Profit Margins (%)	17%	11%	▲6ppts	17%	12%	▲5ppts

- 3Q/9M2014
 - GP margins in line with guidance of 15% ~ 18%
 - Higher margins contributed by smooth execution of projects, productivity improvements and better cost control



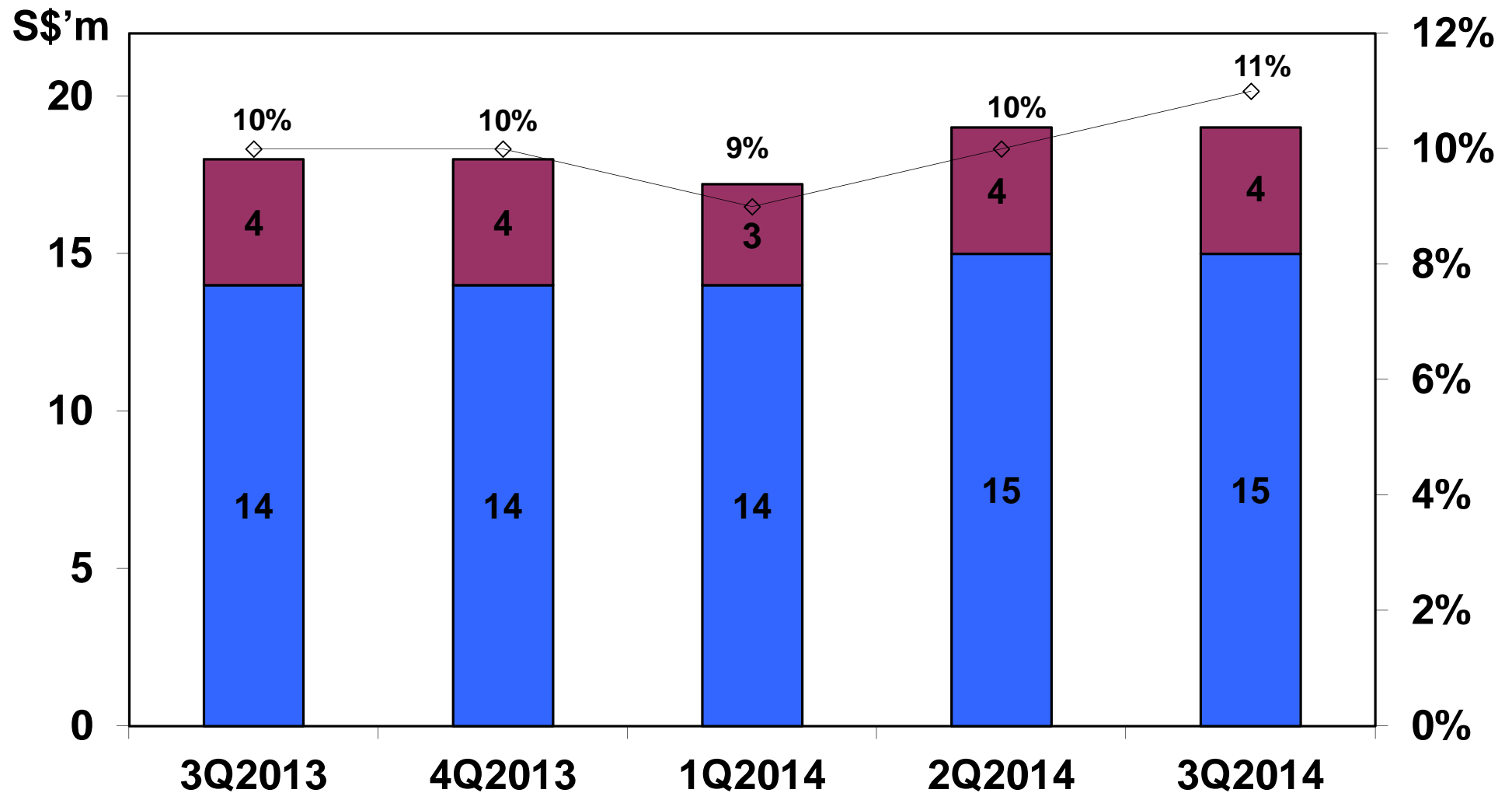
REVENUE & GROSS PROFIT MARGINS





ADMIN (EXCL FX) & OTHER OPERATING COSTS

■ Other Operating Costs ■ Admin Costs (excl FX) ◇ Total Costs (excl FX) as % of revenue





ADMINISTRATIVE COSTS

S\$'000	3Q2014	3Q2013	▲ ▼	9M2014	9M2013	▲ ▼
Admin costs	(14,857)	(13,945)	▲7%	(44,333)	(36,445)	▲22%
FX gain/(loss)	410	(400)	NM	(25)	(562)	▼96%
Admin costs (excluding FX)	(15,267)	(13,545)	▲13%	(44,308)	(35,883)	▲23%

- Costs in line with business activities and performance
- FX costs managed despite volatility in US\$ in 3Q2014



OTHER OPERATING COSTS

S\$'000	3Q2014	3Q2013	▲ ▼	9M2014	9M2013	▲ ▼
Other operating costs mainly	(3,567)	(3,723)	▼ 4%	(10,606)	(11,528)	▼ 8%
• Allowance for doubtful debts	(379)	(19)	NM	(557)	(102)	NM
• Amortisation of intangible assets	(359)	(325)	▲ 10%	(1,048)	(964)	▲ 9%
• Depreciation of PPE	(2,829)	(3,159)	▼ 10%	(8,574)	(10,143)	▼ 15%

- Provision for doubtful debts for trading business
- Decrease in depreciation due to certain assets fully amortised
- Slight reduction in overall other operating expenses



CASHFLOW SUMMARY

S\$'000	3Q2014	3Q2013	9M2014	9M2013
Net cashflows from operations	13,709	5,198	52,394	21,117
Net cashflows (used in)/from investment	(26,260)	3,461	(24,799)	75
Net cashflows used in financing	(993)	(7,355)	(19,789)	(58,023)
Net (dec)/inc in cash and cash equivalents	(13,544)	1,304	7,806	(36,831)
Cash & cash equivalents:				
Effect of exchange rate changes	165	(329)	(418)	662
At beginning of period	176,494	127,281	155,727	164,425
At end of period	163,115	128,256	163,115	128,256



CASHFLOW ANALYSIS (3Q2014)

- **Net cash from operations**
 - Generated from profits

- **Net cash used in investment**
 - Investment in oil terminal in Indonesia
 - Purchase of property, plant and equipment

- **Net cash used in financing**
 - Repayment of bank loans



BALANCE SHEET SUMMARY

S\$'000	30.09.2014	31.12.2013	▲ ▼
Property, plant & equipment	50,678	53,730	▼6%
Cash & short-term deposits	201,884	193,725	▲4%
Trade & other receivables	169,503	144,914	▲17%
Investments	28,595	4,425	NM
Other current & non-current assets	40,431	72,874	▼45%
Total assets	491,091	469,668	▲5%
Trade & other payables	134,555	141,871	▼5%
Borrowings	49,402	59,765	▼17%
Other current & non-current liabilities	184,113	169,658	▲9%
Total liabilities	368,070	371,294	▼1%
Shareholders equity	241,313	211,178	▲14%
NAV per share (cents)	42.5	37.2	▲14%



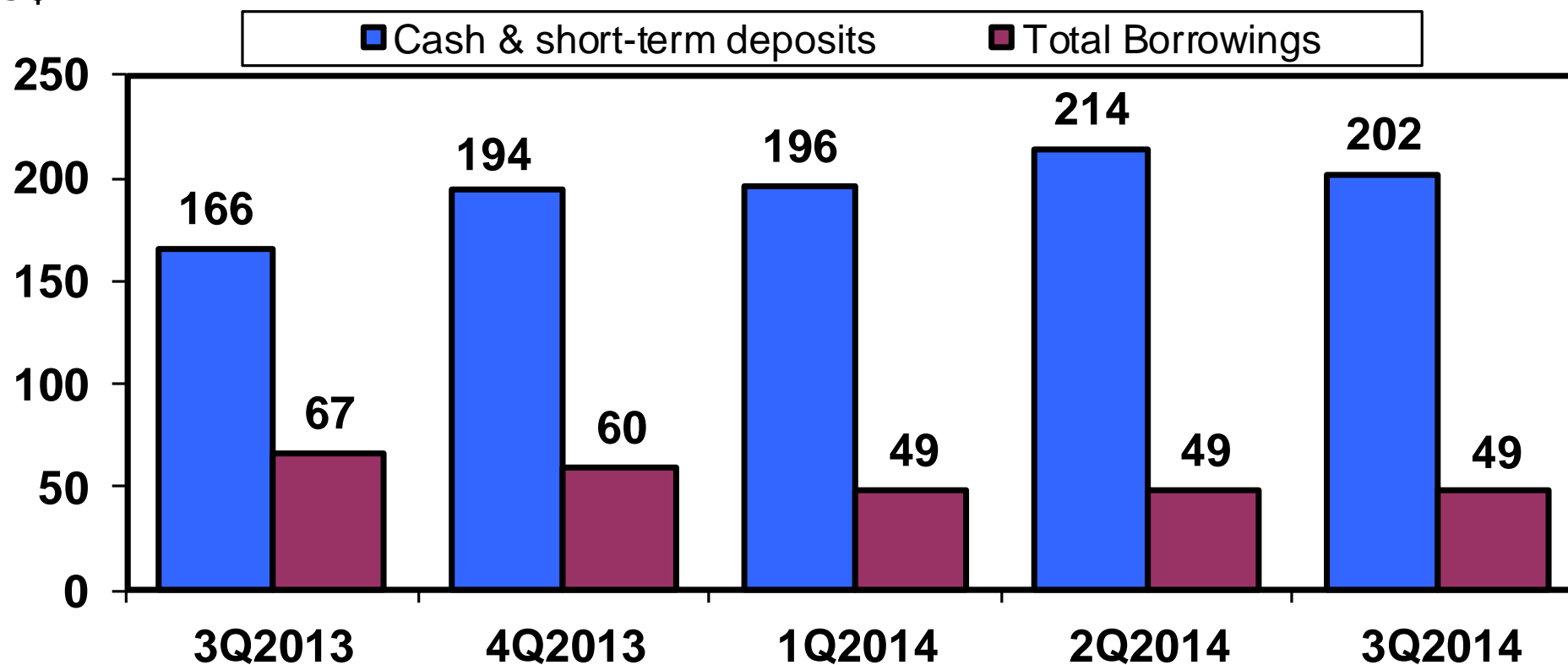
BALANCE SHEET ANALYSIS

- **Property, plant & equipment**
 - Decrease mainly due to depreciation
- **Trade & other receivables**
 - Increase in line with revenue
- **Investments**
 - Increase due to new investment in oil terminal in Indonesia
- **Other current and non-current assets**
 - Decrease in gross amount due from customers for contract work in progress as a result of higher billings
 - Decrease in downpayment to suppliers due to project execution
- **Borrowings**
 - Decrease due to repayments



NET CASH POSITION

S\$m



NET CASH S\$99m



S\$153m



PROJECTS SUMMARY



PROJECTS SUMMARY

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Shell - Maintenance	Various	-	4Q2009	Ongoing
Concord Energy - Fujairah Oil Terminal	Fujairah – UAE	US\$261m	1Q2011	1Q2015
Chevron Singapore-Maintenance	Jurong Island	(A)	4Q2011	4Q2014
Shoaiba II Combined Cycle Power Plant Project	Shoaiba-Saudi Arabia	US\$34m	2Q2012	4Q2014

(A) Amount not disclosed due to confidentiality



PROJECTS SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Tankstore- EPC for oil terminal in Singapore	Pulau Busing	S\$300m	1Q2013	1Q2015
Global Independent storage operator – EPC for spherical storage tanks	Jurong Island	S\$30m	1Q2013	4Q2014



PROJECTS 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	3Q2013	4Q2014
Oil Major – piping & structural works for new processing unit	Jurong Island	S\$17m	3Q2013	4Q2014



PROJECTS SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
Lube Park Shared Facilities	Tuas South	(C)	3Q2013	3Q2015
International EPC-EPC for elastomers plant	Jubail/ Saudi	(C)	3Q2013	4Q2014
International EPC-erection of 28 tanks for Sadara South Tank farm	Jubail/ Saudi	(C)	3Q2013	4Q2014
International EPC-fabrication works at multi-feed cracker	Jubail/ Saudi	(C)	3Q2013	4Q2014

(C) Total cumulative value S\$200m: per 30 Jul 2013 SGX announcement



PROJECTS SUMMARY (Cont.)

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

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



PROJECT SUMMARY (Cont.)

Client/Project	Location	Contract Value	Start Date	Expected Completion Date
IHI Corporation – tankage works for 2 LNG tanks	Rayong/ Thailand	(E)	3Q2014	1Q2015
Port of Fujairah – VLCC Jetty topside	Fujairah/ UAE	(E)	3Q2014	1Q2016
Croda Singapore – Various construction packages	Jurong Island	(E)	3Q2014	1Q2015

(E) Total cumulative value S\$80m: per 2 Sep 2014 SGX announcement



BUSINESS UPDATE & DEVELOPMENT

Smart thinking. Safe hands.



BUSINESS UPDATE

3Q14 Successes

- Success in entering LNG space. Formed strategic partnership with IHI
- Secured VLCC jetty contract, partnering with jetty specialist contractor. Formed consortium with Sixco
- New niche of customers like Croda which are specialty chemical companies



BUSINESS DEVELOPMENT

LNG

- Success moving into LNG through strategic partnerships
- Technical trainings done and ready to take on projects
- Actively bidding for projects, focus on Asean and Middle East



BUSINESS DEVELOPMENT (Cont.)

Singapore

- Opportunities in specialty chemical companies
- Strategic partnerships offer good prospects for LNG projects
- Continued quality investments in Jurong Island offers opportunities for high spec tankage, with ancillaries such as piping and E&I



BUSINESS DEVELOPMENT (Cont.)

Asean

- Indonesia
 - EPC opportunities arising from oil terminal investment
- Malaysia
 - Tendering for jobs in Gebeng, Pahang
 - Petrochemical hub with many multi-national chemical companies
- Thailand
 - Established track record for EPC, supported by fabrication facility in Rayong



BUSINESS DEVELOPMENT (Cont.)

Middle East

- UAE – important market which will continue to grow
- Good relationship with Port of Fujairah and visibility of FOT project has generated many interest and enquiries
- Oman – Duqm will be developed into a refining and petrochemical hub
- Kuwait- New potential area for Rotary. Like Oman and Fujairah, also developing refinery and petrochemical facilities.



BOO Opportunities

- Emergence of independent terminal operators in China, Malaysia and Indonesia due to Asia growth
- Recently invested in independent oil terminal in Indonesia
- Our expertise in building and maintenance of bulk liquid infrastructure make us potential partner for BOO projects of storage terminals



THANK YOU