

# **ROTARY ENGINEERING LIMITED**

## **1Q 2015 RESULTS BRIEFING**

**13 May 2015**

# IMPORTANT NOTICE

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.

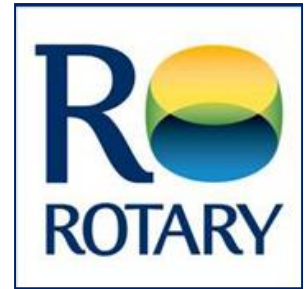
You are **cautioned not to place** undue reliance on these forward-looking statements, which are based on current view of management on future events.

This presentation should be read in conjunction with the financial results announced on the SGXNET on 12 May 2015.



## OUTLINE

1. Financial Performance - Key Takeaways
2. Business Update and Development
3. Q&A



# **FINANCIAL PERFORMANCE**

## **KEY TAKEAWAYS**



# Executive Summary



- 1Q 2015 PATMI at 8%, improved from 1Q 2014 of 7%
- Slightly better GP margin of 18% vs 17% in 1Q 2014, amidst challenging business environment
- Revenue dipped, attributed by completion of major projects
- S\$3M gain on disposal of other investment – focus on core business activities
- Strong balance sheet with a NAV of S\$267M
- Sound capital structure





# Earnings Highlights

S\$'000	1Q 2015	1Q 2014	Change
<b>Revenue</b>	<b>89.4</b>	<b>199.2</b>	<b>(55%)</b>
Gross Profit (GP)	16.4	33.6	(51%)
<b>GP Margin</b>	<b>18%</b>	<b>17%</b>	<b>▲ 1ppt</b>
Profit before tax (PBT)	8.7	16.3	(46%)
Profit attributable to Company (PATMI)	7.1	14.4	(51%)
<b>PATMI Margin</b>	<b>8%</b>	<b>7%</b>	<b>▲ 1ppt</b>
EPS (Cents)	1.2	2.5	(52%)

- Revenue dipped 55% due to completion of major projects
- GP margin improved due to continued productivity improvement efforts
- PATMI margin improved 1 ppt

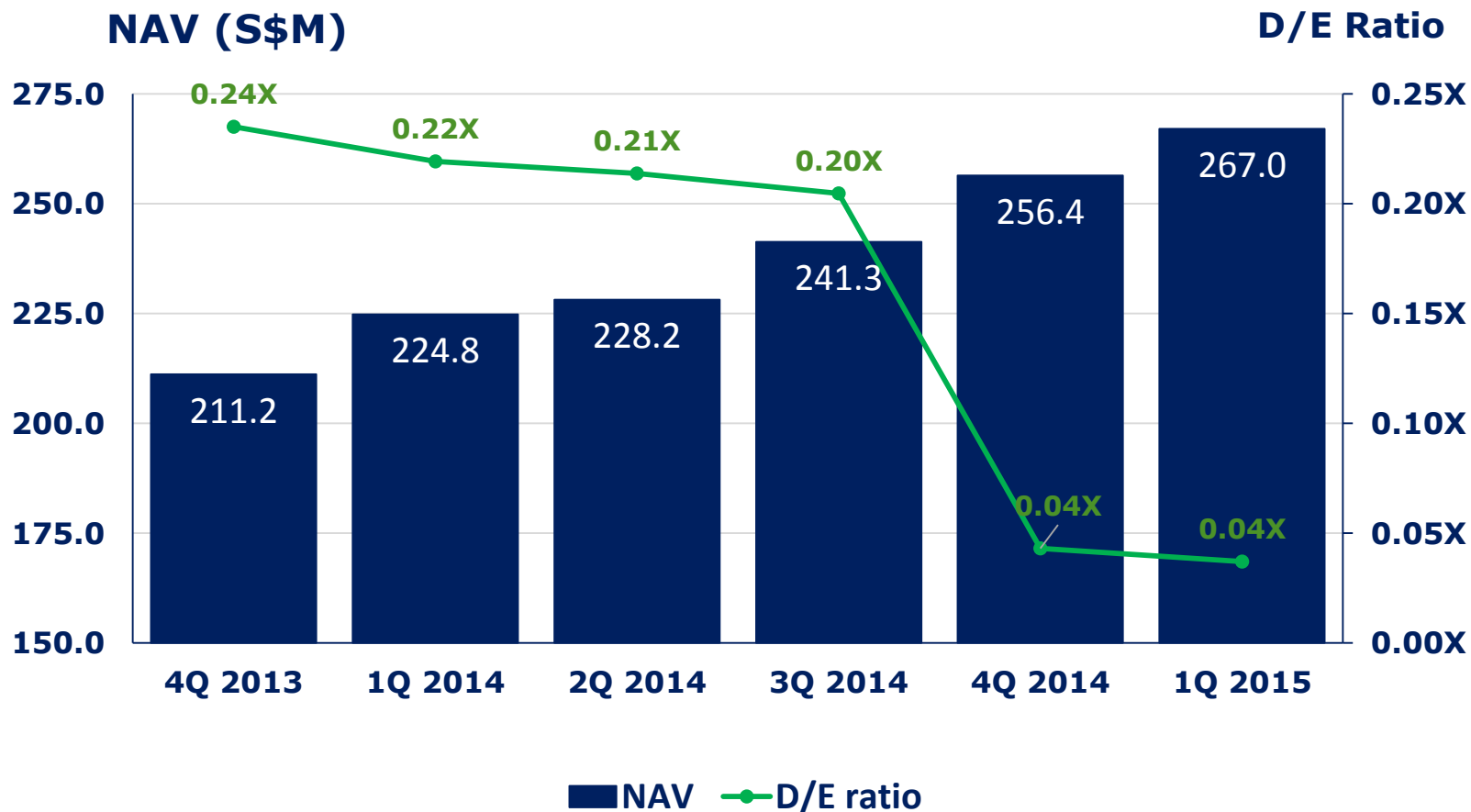
# Balance Sheet Summary

All figures in S\$'000	Group	
	Mar 2015	Dec 2014
Property, plant & equipment	47,095	48,389
Cash & short-term deposits	115,187	157,057
Trade & other receivables	157,056	185,504
Other current assets	32,920	23,245
Other non-current assets	45,574	44,425
<b>Total Assets</b>	<b>397,832</b>	<b>458,620</b>
Total borrowings	10,309	11,041
Trade & other payables	115,084	143,526
Other current liabilities	136,255	173,531
Other non current liabilities	2,097	2,150
<b>Total Liabilities</b>	<b>263,745</b>	<b>330,248</b>
<b>Shareholders' Equity</b>	<b>267,043</b>	<b>256,409</b>  <b>4%</b>
<b>NAV per share (cents)</b>	<b>47.1</b>	<b>45.2</b>  <b>4%</b>

- Low debt to equity ratio
- Cash and short-term deposits temporary dipped due to working capital changes
- NAV per share improved to 47.1 cents



# Strong Balance Sheet

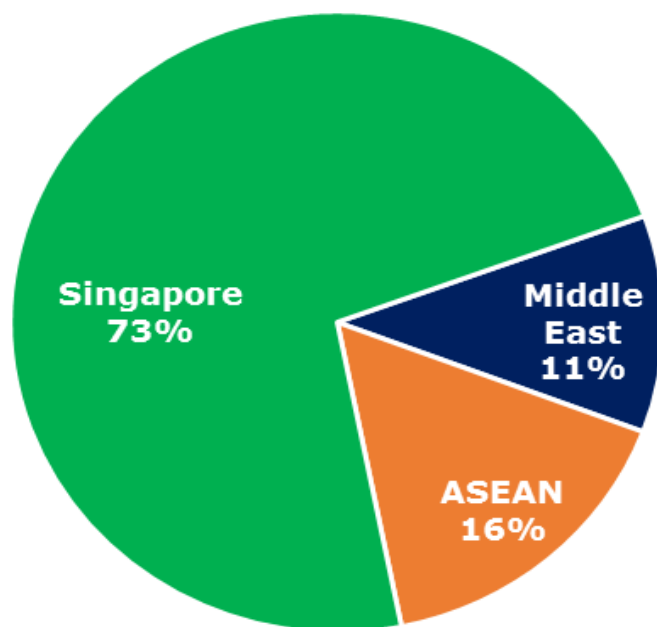




# Singapore remains as the major revenue contributor

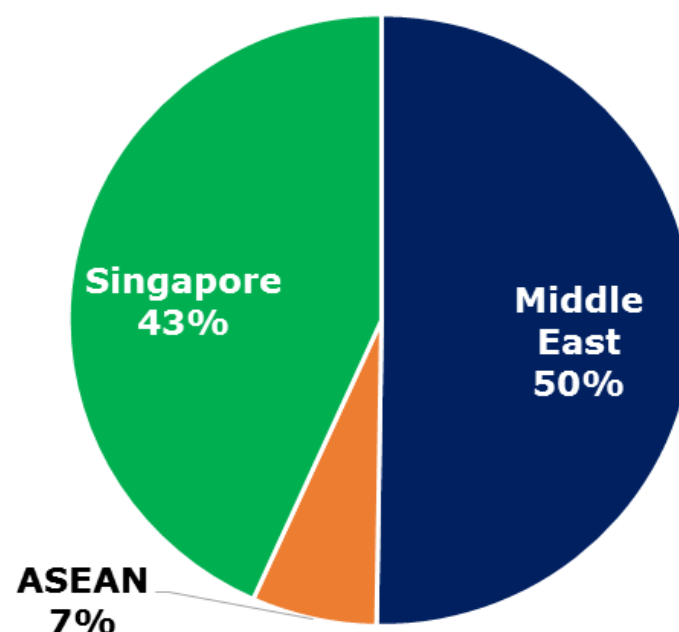


1Q 2015



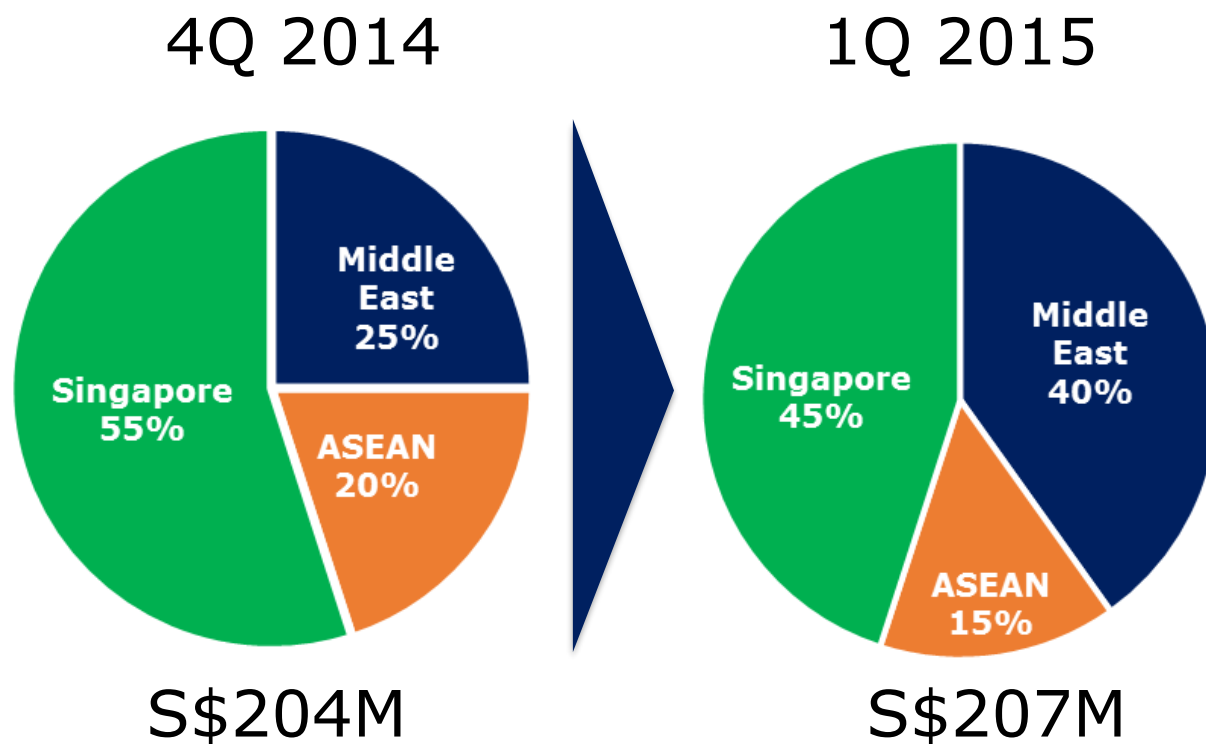
S\$89M

1Q 2014



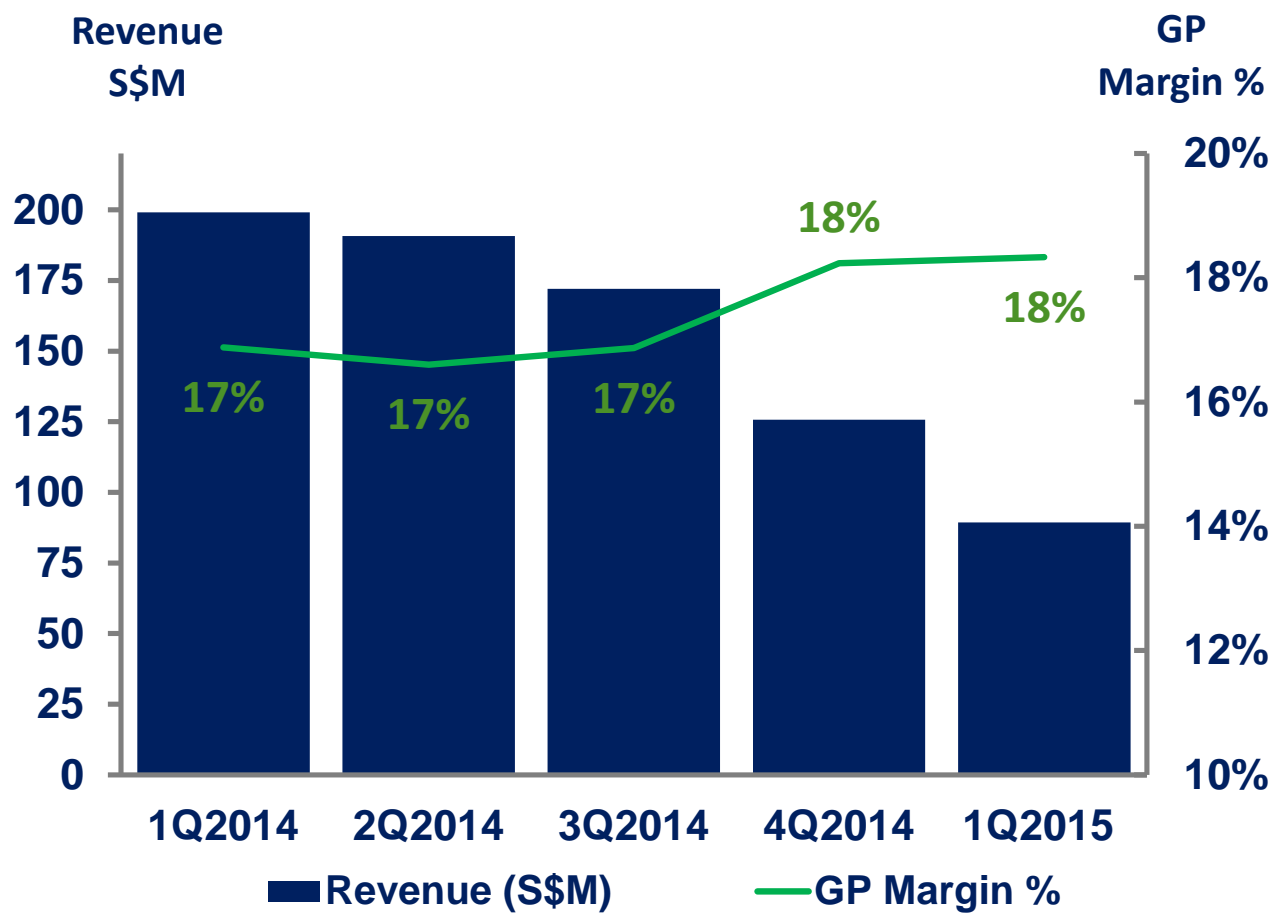
S\$199M

# Order Book By Geographies



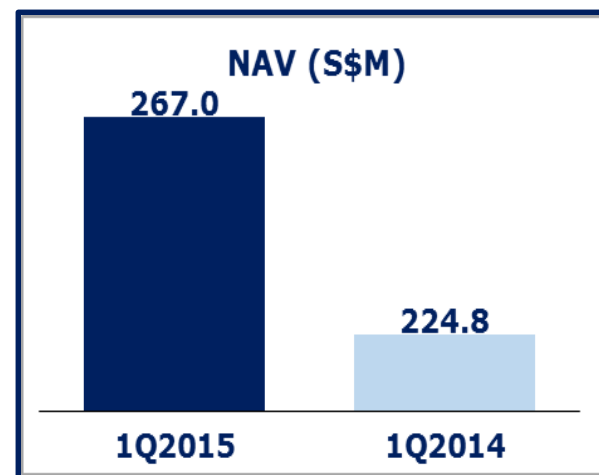
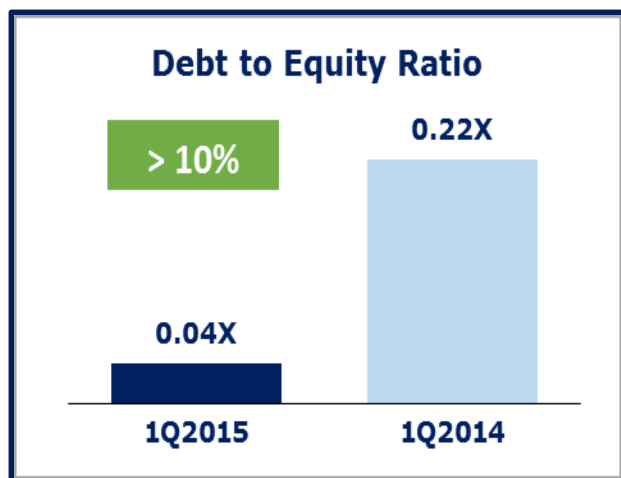
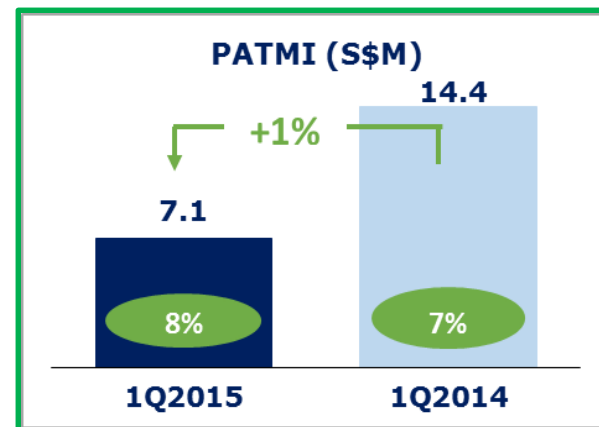
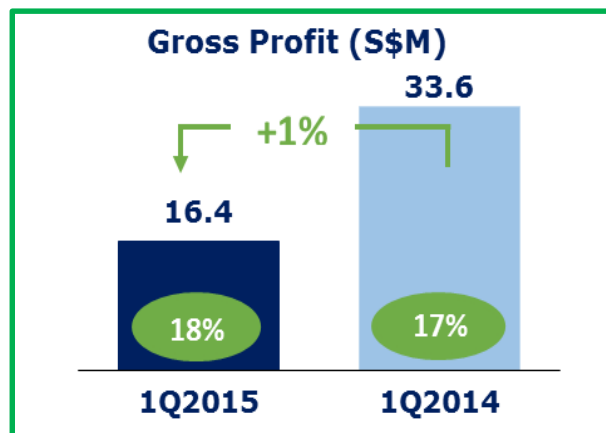
- Maintained order book
- Looking outward for growth as Singapore's land constraints limits larger scale projects
- SIJORI, ASEAN & Middle East present potential for large scale projects
- Actively sourcing business opportunities in these regions

# Improved GP Margin Driven By Productivity Gains



- **Stable GP margin at 18%**
- **Continued focus on productivity**
- **Maintain GP margin guidance 15% -18%**

# Financial Cockpit





# BUSINESS UPDATE & DEVELOPMENT

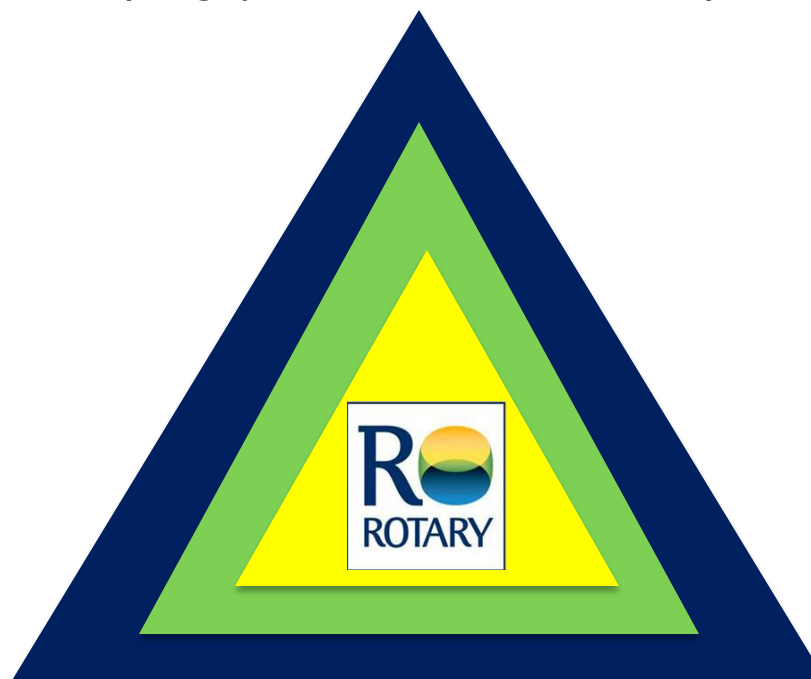


# Business Development

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**SIJORI**

(Singapore, Johor, Riau Islands)



**ASEAN**

(Thailand, Indonesia, Malaysia)

**Middle East**

(UAE, Saudi Arabia, Oman)



## Business Development (Cont.)

**A wider approach to address new opportunities:**



- **Bidding / Tendering / Direct Negotiation**



- **Strategic partnerships / JV**



- **BOO / BOT**

# Business Development (Cont.)

## Singapore

- Higher value-add projects
- Entire plants
- Mid-sized specialty chemicals companies

## SIJORI



- Terminals, refineries spill-over into SIJORI
- Crude/Petrochemicals/LNG



# Business Development (Cont.)

## Thailand

- Established presence in Map Ta Phut petrochemical hub
- Invitations for EPC, tankage, pipeline and fabrication projects
- Extended capability for LNG and cryogenic storage

## Middle East

### UAE

- VLCC jetty project
- Upcoming bulk liquid/lube/LNG opportunities

### Saudi Arabia

- Projects within 200-300km of Jubail petrochemical complex
- Specialist sub-contractor
- New organisation structure tailored for local business environment

### Oman

- Opportunities in Raz Markaz, Al Jifnain and Duqm
- Oman engineers trained in Rotary



# THANK YOU