



ROTARY ENGINEERING LIMITED

2Q 2015 RESULTS BRIEFING

5 August 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 4 August 2015.

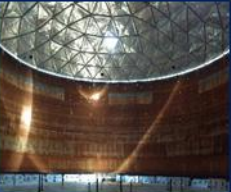


OUTLINE

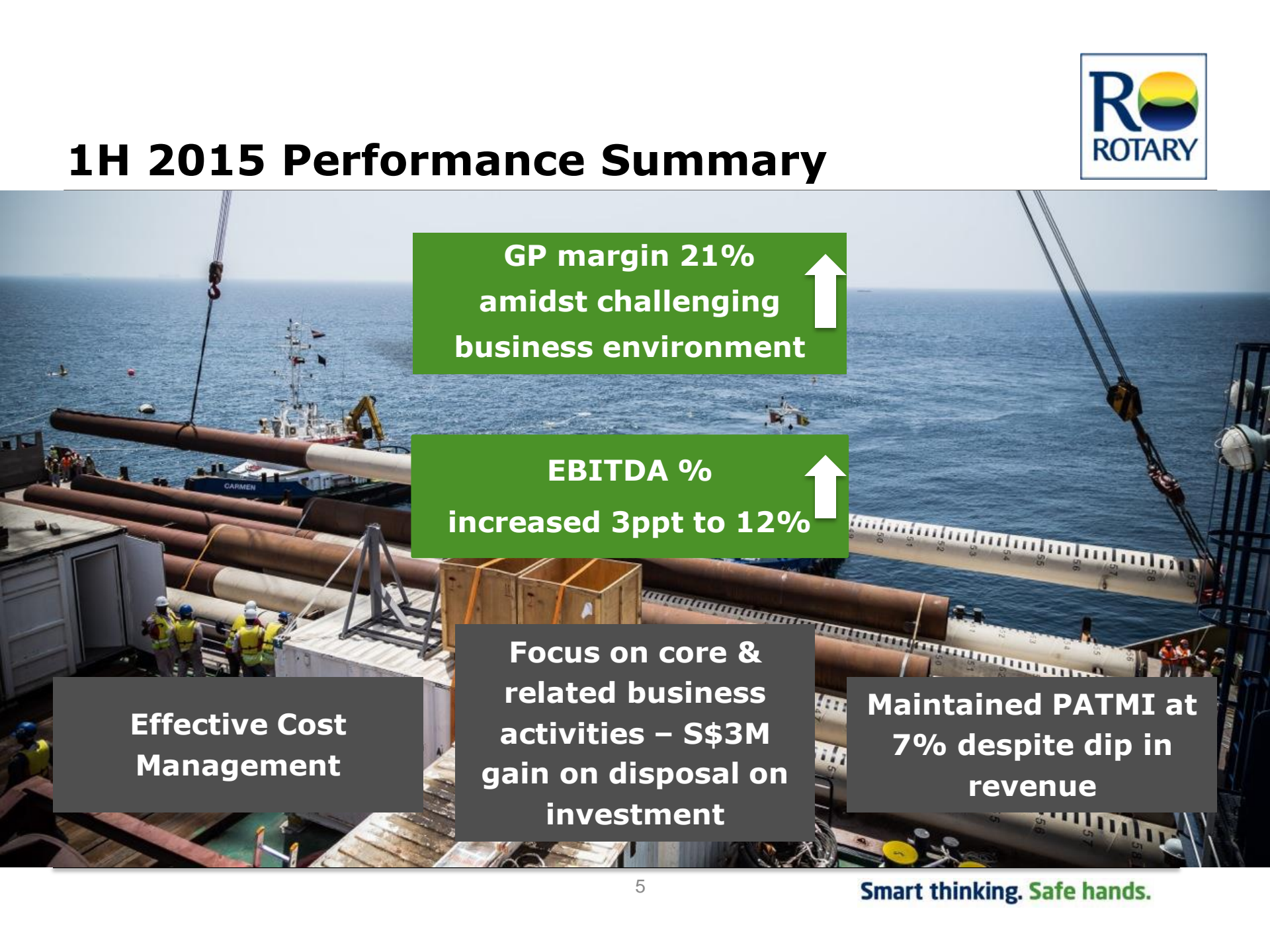
1. Financial Performance - Key Takeaways
2. Business Update and Development
3. Q&A



FINANCIAL PERFORMANCE KEY TAKEAWAYS



1H 2015 Performance Summary

The background image shows an offshore oil rig deck. Large pipes are being hoisted by cranes. Workers in safety gear are visible on the deck. The ocean is in the background.

**GP margin 21%
amidst challenging
business environment**

**EBITDA %
increased 3ppt to 12%**

**Effective Cost
Management**

**Focus on core &
related business
activities – S\$3M
gain on disposal on
investment**

**Maintained PATMI at
7% despite dip in
revenue**

Financial Summary

S\$'000	1H 2015	1H 2014	Change
Revenue	156.8	390.0	(60%)
Gross Profit (GP)	33.3	65.3	(49%)
GP Margin	21%	17%	▲ 4ppt
EBITDA	19.1	36.4	(47%)
EBITDA%	12.2%	9.3%	▲ 3ppt
Profit attributable to Company (PATMI)	10.8	27.4	(61%)
PATMI Margin	7%	7%	-
EPS (Cents)	1.9	4.8	(60%)

- Revenue dipped due to completion of some projects
- GP margin improved to 21%, attributed by effective utilisation of manpower, project closure & continued productivity improvement efforts
- Maintained PATMI at 7%

Uphold a Strong Balance Sheet

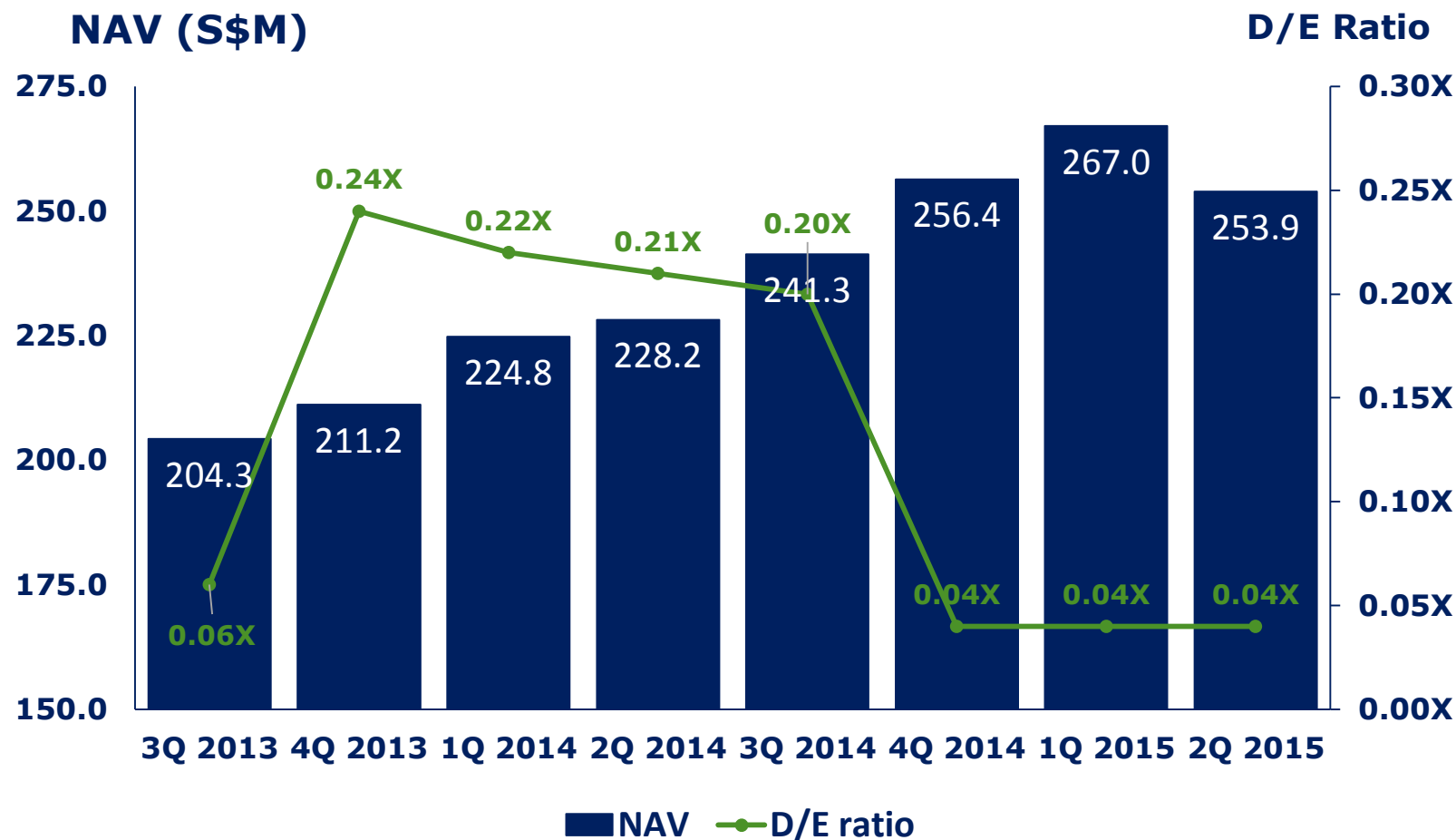
All figures in S\$'000	Jun 2015	Dec 2014
Property, plant & equipment	44,306	48,389
Cash & short-term deposits	99,783	157,057
Trade & other receivables	151,804	185,504
Other assets	60,425	67,670
Total Assets	356,318	458,620
Total borrowings	10,104	11,041
Trade & other payables	105,690	143,526
Other liabilities	117,627	175,681
Total Liabilities	233,421	330,248
Shareholders' Equity	253,923	256,409
NAV per share (cents)	44.7	45.2
Net Debt* / Equity Ratio	0.04x	0.04x
Net Debt* / Total Assets	0.03x	0.02x

Note:

* Interest bearing debt

- **Low debt to equity ratio with capacity to capitalize on prospective investments**
- **Maintained NAV per share at 44.7 cents**

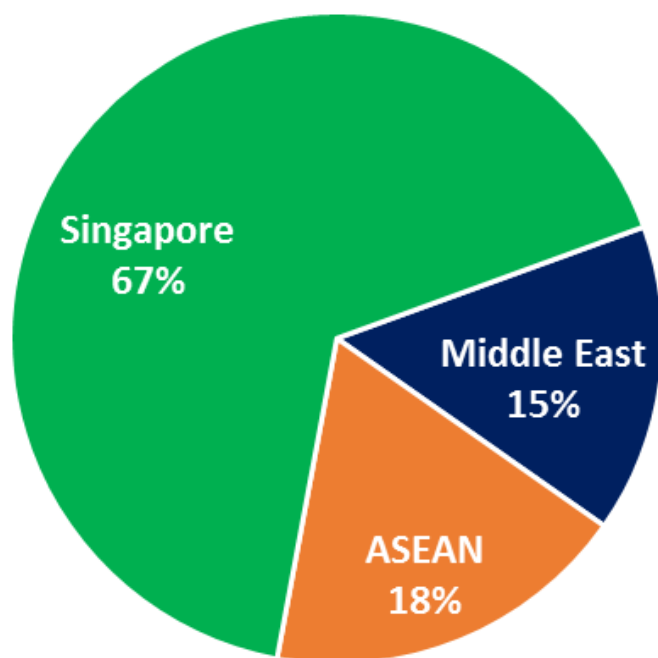
Low Debt to Equity Ratio



Singapore remains as the major revenue contributor

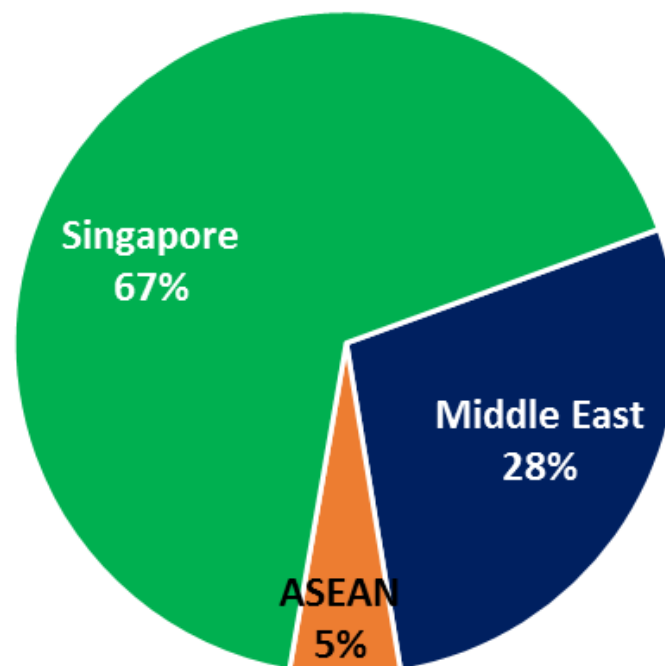


2Q 2015



S\$67M

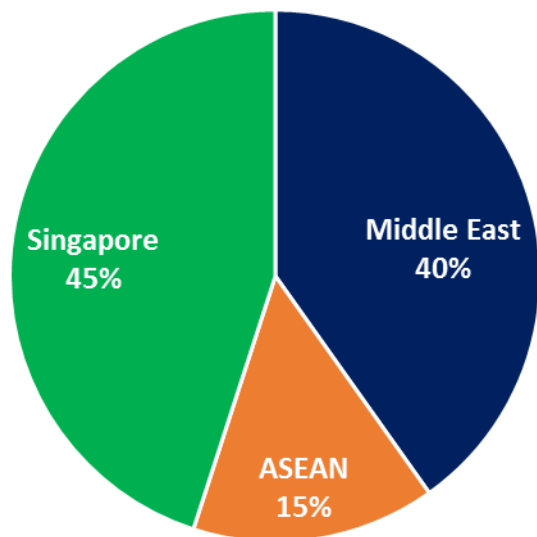
2Q 2014



S\$191M

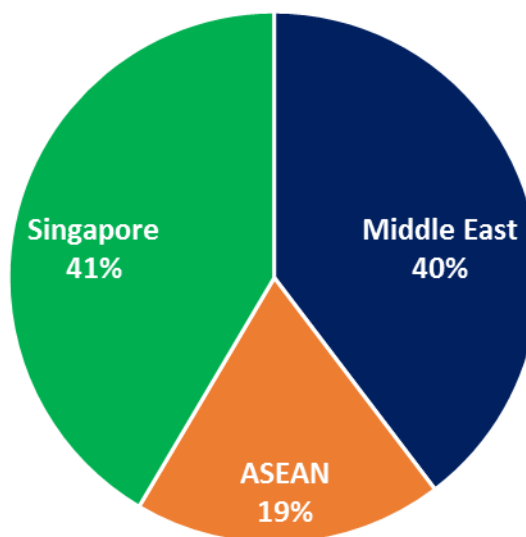
Order Book By Geographies

1Q 2015



S\$207M

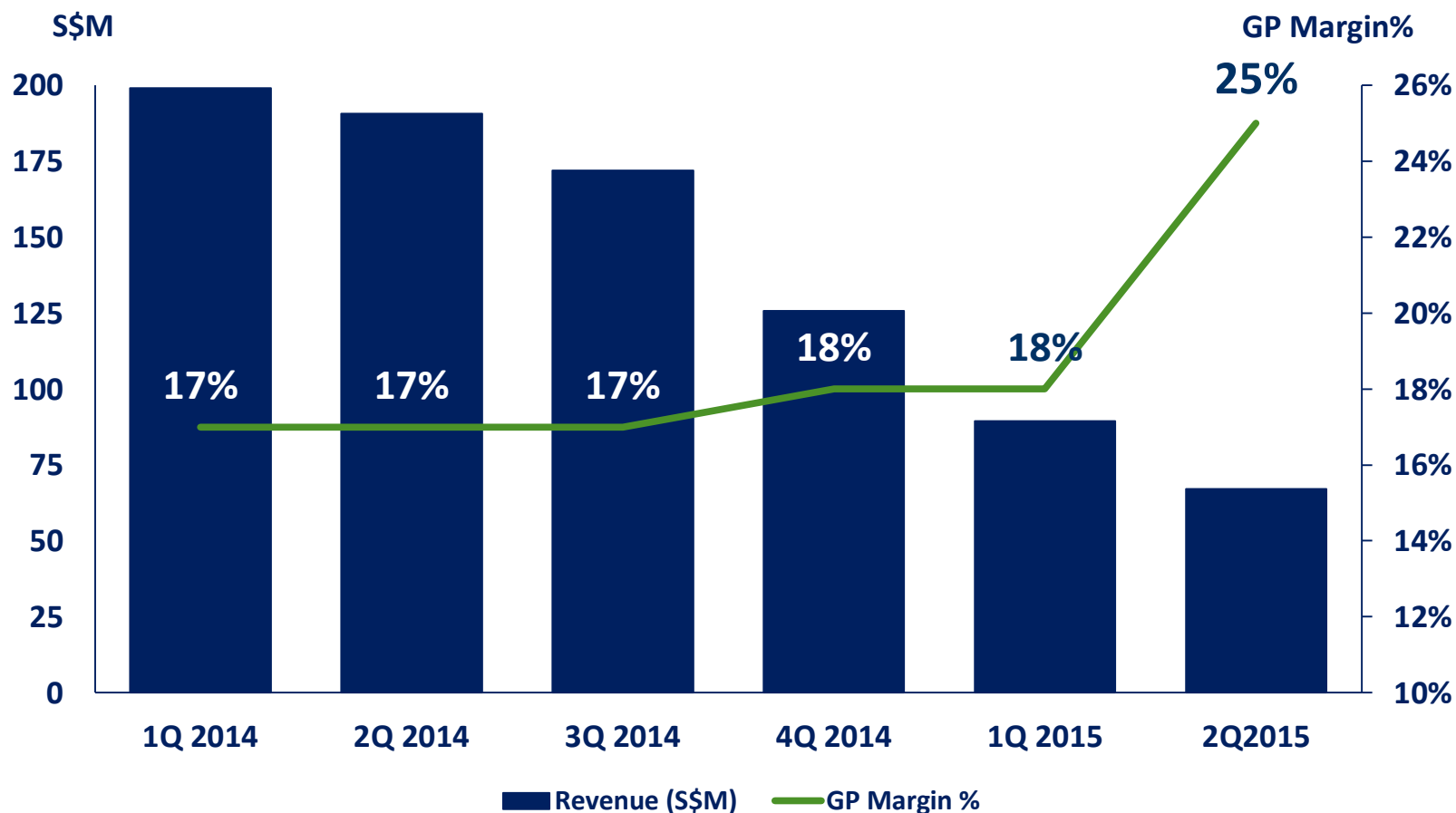
2Q 2015



S\$162M

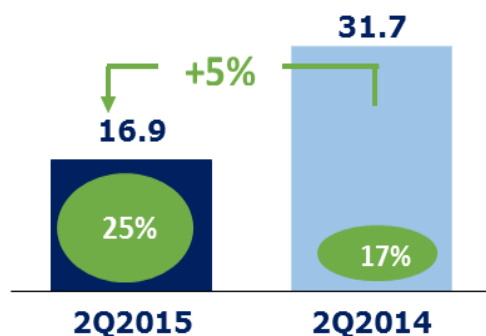
- **SIJORI, ASEAN & Middle East continue to present potential for large scale projects**
- **Actively sourcing business opportunities in these regions**

Improved GP Margin

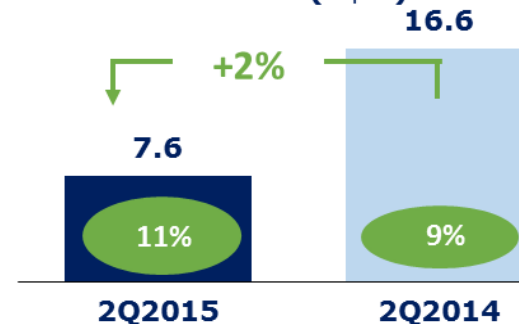


Financial Cockpit

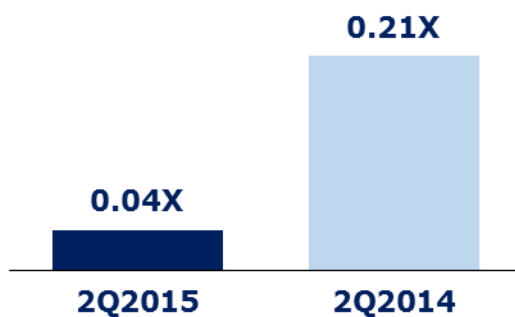
Gross Profit (S\$M)



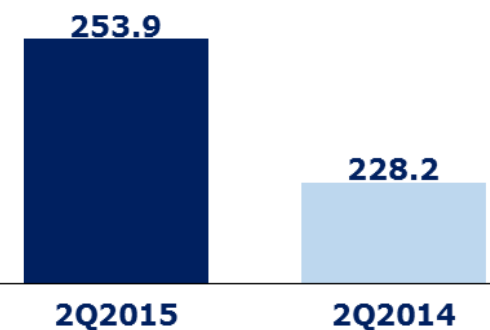
EBITDA (S\$M)



Debt to Equity Ratio



NAV (S\$M)





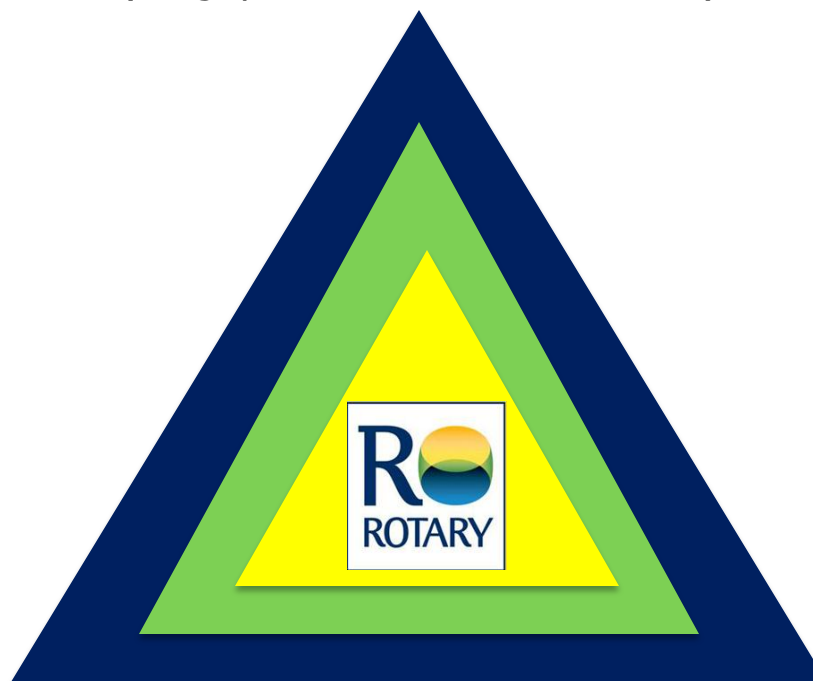
BUSINESS UPDATE & DEVELOPMENT



Business Development

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**



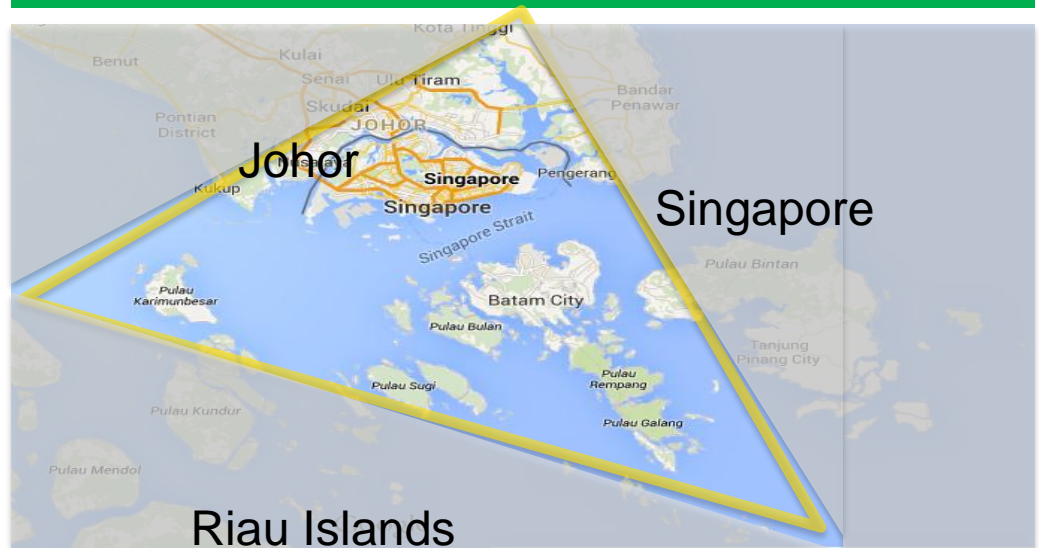
- **BOO / BOT / asset ownership**

Business Development (Cont.)

Singapore

- Higher value-add projects
- Mid-sized specialty chemicals companies
- Focus on Maintenance business:
 - ❖ Oil terminals in Singapore are focusing on predictive and preventive maintenance
 - ❖ Received increased enquiries for total plant maintenance

SIJORI



- Terminals, refineries spill-over into SIJORI
- Crude/Petrochemicals/LNG
- Oil terminal development site

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
- Building workshop

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

Business Development (Cont.)

LNG

- Extending our coverage
- Looking at our 2nd LNG project in Middle-East
- Progress on track for 1st LNG job in Thailand
- Actively pursuing LNG opportunities in SE Asia

Integrated Service Provider

- End to end value chain integrator/aggregator
- Combination of technical & financial strength



THANK YOU