

ROTARY ENGINEERING LIMITED FY 2015 RESULTS BRIEFING

February 26, 2016

Smart thinking. Safe hands.



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 <u>cautioned not to place</u> 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 February 25, 2016.

OUTLINE

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





Business Environment

Slow global growth to continue - Wells Fargo

Wed, Feb 10 2016, 17:39 GMT | FXStreet

The outlook for global growth from analysts from Wells Fargo is for continued

The Washington Post

Wonkblog

China's slowdown, financial mayhem cast long shadow across world

72/2016 Oil price tumble hits jobs and capital expenditure - FT.com

FINANCIAL TIMES

Last updated: January 13, 2016 8:29 am

Oil price tumble hits jobs and capital expenditure

Christopher Adams and David Sheppard

'World sinking in ocean of oil' as price slides back below \$30

Bloomher

January 26, 2016 Updated: January 26, 2016 09:30 AM



Oil extended its decline back below \$30 a barrel before weekly US government data forecast to show crude stockpiles expanded for a third week, exacerbating a global glut.

Futures decreased as much as 2.8 per cent in New York after dropping 5.8 per cent Monday. Inventories probably rose by 4 million barrels last week,



Financial Summary

(All figures in S\$'M)	FY2015	FY2014	▲ %
Revenue	329.3	687.7	-51%
Cost of sales	(249.5)	(570.5)	- 55%
Gross Profit	79.8	117.2	-32%
GP Margin	24%	17%	
Other Income	18.8	2.7	589%
Other Expenses	(50.6)	(71.0)	-29%
Profit before tax	48.0	48.9	
Income tax expense	(2.9)	(7.9)	-64%
Profit after tax	45.1	41.0	
PATMI	42.8	50.1	-15%
PATMI Margin	13%	7%	
EPS (Cents)	7.5	8.8	
Dividend	1.5	2.5	

 GP margin improved to 24%, attributed by closure of major projects and continued productivity improvement efforts

- Higher other income mainly from
 - Disposal of investments to focus on principal activities
 - Investment interest income
 - Turnaround of investment
- PATMI at 13%
- Proposed Dividend payout at 1.5 cents per share

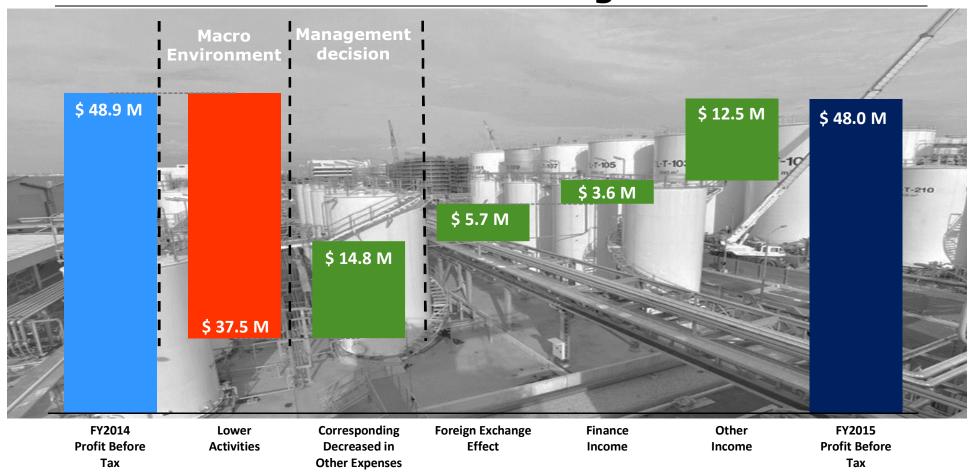
Other Income includes finance income and other income

Other Expenses include general & administrative costs, other operating costs, selling and marketing costs, foreign exchange differences, finance costs, and share of results of associates

Note



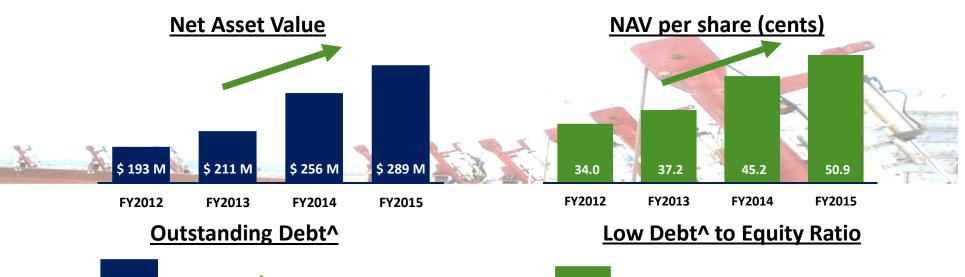
FY2015 Profit Before Tax Bridge

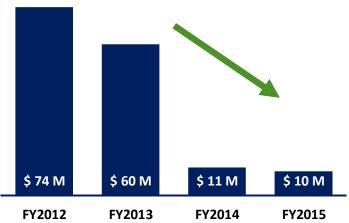


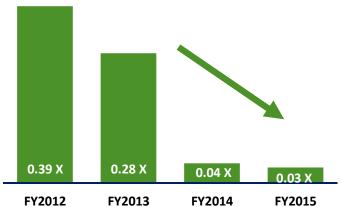
Other Income mainly includes sale of scrap, gain on disposal of other investment and write back of impairment of associate



Balance Sheet Highlights







Debt[^] - Interest-bearing debt

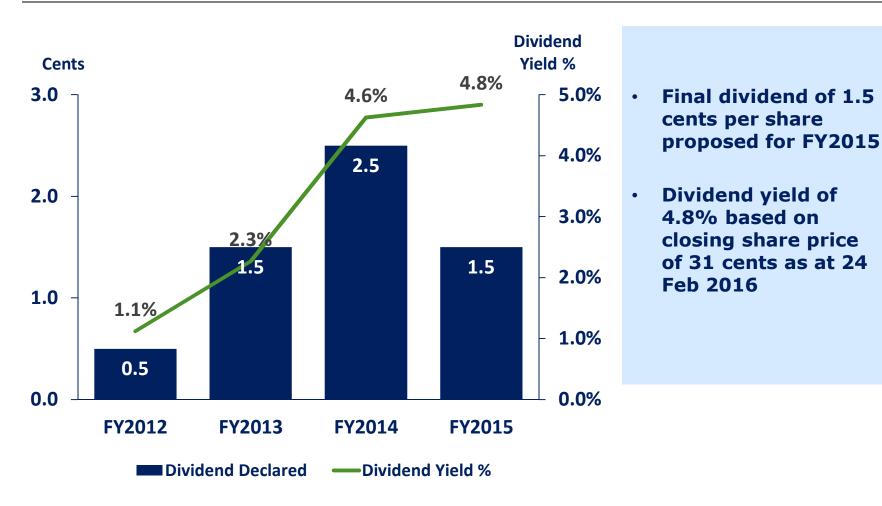


Balance Sheet in a nutshell

All figures in S\$'000	Dec 2015	Dec 2014	Variance %
Property, plant & equipment	43,040	48,389	
Cash & short-term deposits	118,215	157,057	
Trade & other receivables	109,367	185,504	
Other assets	79,214	67,670	
Total Assets	349,836	458,620	
Total borrowings	9,556	11,041	
Trade & other payables	93,487	143,526	
Other liabilities	93,712	175,681	
Total Liabilities	196,755	330,248	
Shareholders' Equity	289,149	256,409	13%

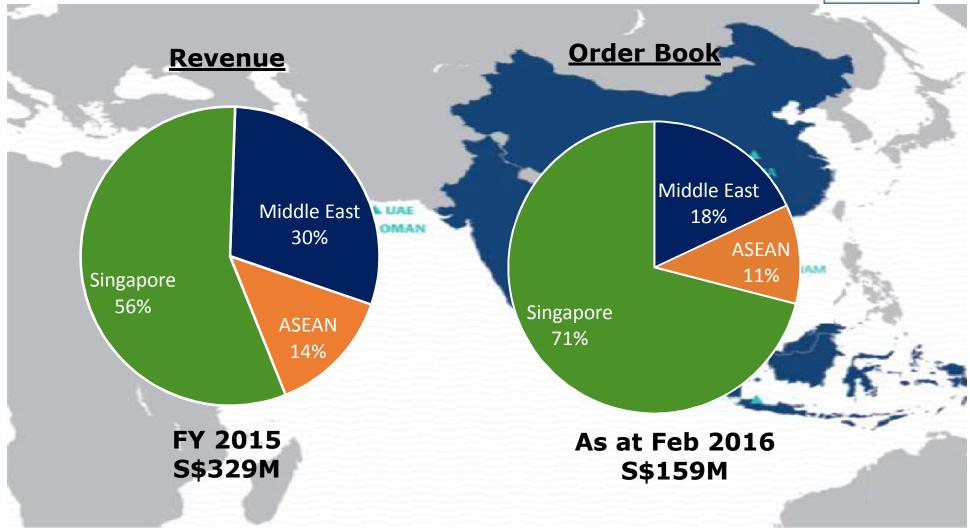


Dividend Trend





Revenue & Order Book By Geographies





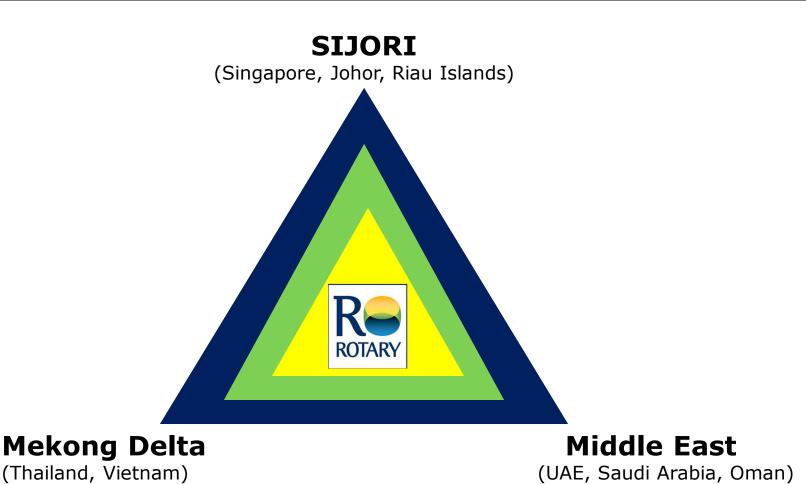
Financial Cockpit

		E. S. Commission	the state of the s
	PATMI	43	
	PATMI % over revenue	13%	
	Earnings Per Share (cents)	7.5	
	Net Asset Value	289	
	Proposed Final Dividend (cents)	1.5	Lines Lin in it in the sin has
	Cash and Short-Term Deposits	118	
	Debt (interest-bearing) to Equity Ratio	0.03x	
	In S\$M unless otherwise stated.		





Business Development



Smart thinking. Safe hands.



A wider approach to address new opportunities:



Tendering / Direct Negotiation



Strategic partnerships / JV



 BOO / BOT / asset ownership



Singapore

- Downstream chemicals projects such as fuel additives, lubricants and synthetic plants offer specialized construction opportunities such as:
 - Mechanical and structural works
 - Electrical & instrumentation works
- Focus on Maintenance business:
 - Storage tank repair, refurbishment and upgrading
 - 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



Thailand

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

Mekong Delta

- Greater affluence, greater demand for crude oil and petroleum products
- Opportunities for storage facilities
- Working with partners in the value chain
- EPC or BOT model



Saudi Arabia

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



UAE

- Upcoming bulk liquid / lube / LNG opportunities in Fujairah – expansion of terminals and jetties
- Chemical storage facilities in Dubai
- Registered in Abu Dhabi to explore new opportunities
- Building LNG specialized workshop

Oman

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



LNG

- Progress on track for 1st
 LNG job in Thailand:
 completed roof
 installation for both tanks
- Looking at our 2nd LNG project. Building specialised LNG fabrication workshop
- Actively pursuing LNG opportunities in SE Asia

Integrated Service Provider

- End to end value chain integrator/aggregator
- Combination of technical & financial strength
- Participation in the full value chain with partners

The End