

For Immediate Release

## **Rotary Engineering's 3Q2013 revenue rises 60% to S\$185m Maintains turnaround momentum**

### **Highlights:**

- 9M2013: Revenue: S\$414m; Net Profit: S\$16m
- Strong cash position: S\$166m; Net cash: S\$99m
- Order book @30 Sep 2013: S\$847m

**SINGAPORE, 13 November 2013 – MAINBOARD-LISTED Rotary Engineering Limited** (Rotary or the Group), a leading provider of engineering, procurement, construction and maintenance (EPCM) services supporting the oil and gas and petrochemical industry, today announced that it achieved revenue of S\$184.5 million for the three months financial year ended 30 September 2013 (3Q2013). This is a 60 per cent increase over the corresponding quarter of 2012. Net Profit after tax attributable to shareholders was S\$7.9 million compared to a loss of S\$66.2 million in 3Q2012, thus continuing the momentum of its turnaround in 2013.

Rotary Chairman and Managing Director Mr Chia Kim Piow said, "*I am happy that we are continuing our turnaround momentum. Besides executing our current projects well, safely and with a high standard of quality, our other focus is to stay competitive in times of rising costs. We are consistently looking for new ideas to innovate our current work processes so as to achieve greater productivity and hopefully drive down our costs.*"



**Table 1: Revenue & PATMI by Quarter – on track for growth**

S\$m	3Q2012	4Q2012	1Q2013	2Q2013	3Q2013
<b>Revenue</b>	115.4	84.3	102.8	126.2	184.5
<b>PATMI</b>	(66.2)	(18.4)	2.5	5.1	7.9
<b>PATMI margin</b>	(57.4%)	(21.9%)	2.5%	4.1%	4.3%

For the nine months ended 30 September 2013 (9M2013), the Group turned in revenue of S\$413.5 million, an increase of 15 per cent from the S\$360.1 million recorded in the corresponding period. Net profit for 9M2013 was S\$15.6 million, as compared to a loss of S\$62.0 million recorded in the previous corresponding period.

Gross margins were stable at 11 per cent for 3Q2013 and 12 per cent for 9M2013.

### **Strong Order Book**

Rotary's order book remains strong at S\$847.0 million as at 30 September 2013. Of this, 67 per cent is from Singapore and ASEAN and 33 per cent from the Middle East.

The size and nature of projects in the order book are similar to those Rotary has successfully delivered. Rotary is confident to deliver these projects safely, on time and on budget.



## **Healthy Balance Sheet – Strong Cash Position**

The Group's financial position continues to be healthy, backed by net asset value per share of 36.0 Singapore cents as at 30 September 2013.

Cash and short-term deposits remain strong at S\$165.6 million despite some settlement of loans and borrowings, which dropped 20 per cent from S\$83.2 million to S\$66.9 million. Correspondingly, net cash position improved from S\$81.3 million last year to S\$98.7 million as at 30 September 2013.

Market capitalisation was S\$374.6 million based on the closing share price of 66.0 Singapore cents as at 11 November 2013.

## **On-going projects**

The Saudi Aramco Total Refining and Petrochemical Company (SATORP) project in Saudi Arabia has been substantially completed and Rotary has handed over the 62 atmospheric storage tanks and 8 bullet tanks.

Two major projects the Group is currently executing are in Singapore, namely the S\$300 million project for expansion of oil terminal at Pulau Busing and an EPC contract with a joint venture by three oil majors which involves the construction of about 80 tanks, common pipelines, import/export jetty topsides and the infrastructure supporting the operations of the shared lubricant storage facility in Tuas South. The other major project is in the United Arab Emirates and it involves a US\$250 million EPC contract for the Fujairah Oil Terminal. These projects are scheduled to be completed within the next two years.



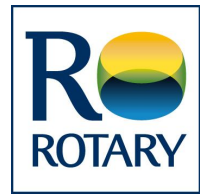
## **Productivity Improvement – staying competitive**

Rotary expects rising labour and other operating costs over the longer term. To improve profit margins and stay competitive, the Group has adopted a “3M” strategy of managing “Manpower”, “Material” and “Machine”, so as to increase its productivity and alleviate rising costs. The Group manages its rising manpower costs through greater utilization of its fabrication workshop in Batam to pre-fabricate part of its work there so as to lower the manpower requirements in Singapore. In addition, it has also invested in supply chain logistics to transport the pre-fabricated materials back to Singapore.

For material management, the Group streamlines its procurement processes by timing and combining purchases from various projects to secure bulk purchase discounts and optimise inventory level. The Group continues to invest in specialized equipment and machinery, and redesign its work processes to increase operational efficiency and productivity.

## **Business development**

There is still a strong pipeline of oil and gas projects in Asean and Middle East, for which Rotary is qualified to bid. In Malaysia, there is the US\$19 billion Petronas RAPID project. Likewise in Oman, there are plans for a Refinery and Petrochemical Complex at Duqm and a Crude Storage Terminal at Ras Markaz. The Group has set up an Oman representative office and a subsidiary in Myanmar to tap on the business opportunities of storage infrastructure in both countries.

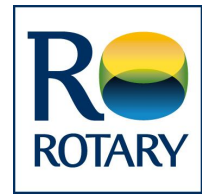


## Outlook

Rotary is poised to explore the many business opportunities arising from the continued strong demand for oil and gas infrastructure in the region as energy consumption increases. Rotary's competitive advantage lies in being a provider of multi-disciplinary turnkey EPCM solutions in the fields of bulk liquid storage terminals, tank farms, offsite & utilities for refineries and petrochemical plants. To achieve sustainable growth with good margins, Rotary is focused on improving productivity and increasing its operational efficiency.

*This press release should be read in conjunction with the full SGX announcement released by Rotary dated 13 November 2013. A copy of the announcement is available on [www.sgx.com](http://www.sgx.com).*

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## **About Rotary Engineering Limited ([www.rotaryeng.com.sg](http://www.rotaryeng.com.sg))**

Rotary Engineering Limited (罗德里工程有限公司) is one of the region's oil and gas infrastructure services company with extensive international experience, offering EPCM services to the oil and gas, petroleum, petrochemical and pharmaceutical industries.

Headquartered in Singapore, Rotary has established a strong presence in the Asia Pacific and the Middle East, and continues to make its mark as a global player.

Established in 1972, Rotary has forged a reputation built on its hallmark traits of providing quality services, within budget and on-time delivery. Today, the Group boasts a total strength of about 7,000 employees, which includes a highly and multi-skilled workforce that forms the mainstay of its core EPCM services.

Singapore remains a focus for the Group while it actively seeks business opportunities overseas. The Group has subsidiaries in Malaysia, Thailand, Indonesia, India, China, Australia, Saudi Arabia and the United Arab Emirates.

The Group has won numerous awards and accolades. It was the winner for "Most Transparent Company" in the Construction Category at the Securities Investors Association (Singapore)'s Investors Choice Awards 2007, 2011 and 2012. It was also the winner in the Enterprise category in 2008. Mr Chia Kim Piow(谢金标), Rotary's Chairman and Managing Director, won in the Businessman category for 2011 at the Singapore Business Awards which was jointly organised by the Business Times and DHL Worldwide Express Singapore. He also won the Joint Best Chief Executive Officer for 2008 in the "S\$300 million to less than S\$1 billion in market capitalisation" category at the Singapore Corporate Awards 2009.

Rotary is ISO 9000, ISO14000, OHSAS certified and is listed on the Mainboard of the Singapore Exchange since 1993.

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