



MEDIA RELEASE

For Immediate Release

Rotary Engineering records strong turnaround for FY2013 with net profit of S\$20.7m

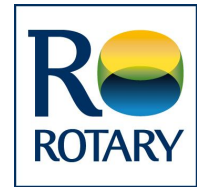
Highlights

- Final dividend of 1.5 cents
- Strong net cash position of S\$134 million
- Maintaining momentum in increasing profitability and productivity
- Order book stands at S\$694 million as at 31 Dec 2013

SINGAPORE, 27 February 2014 – 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 recorded a 34 per cent increase in revenue to S\$595 million for the full year ended 31 December 2013 (FY2013).

The Group has turned around in FY2013, with net profit attributable to shareholders and earnings per share of S\$20.7 million and 3.7 cents respectively.

The board of directors is proposing a final dividend of 1.5 cents per share. This works out to a dividend yield of 2 per cent based on the closing share price of S\$0.62 as at 25 February 2014.



Rotary Chairman and Managing Director Mr Roger Chia Kim Piow said, ***“We thank our shareholders for supporting us as we weathered through difficult times last year. This dividend payout is to show our appreciation for their continual support and understanding.”***

Singapore contributed 56 per cent of the Group’s revenue, while overseas operations which comprise mainly Middle East and ASEAN accounted for the rest.

“I am pleased with our FY2013 financial performance and we will continue to focus on executing our ongoing projects well. We will also intensify our business development efforts this year to secure more contracts and grow our order book,” Mr Chia added.

Order book and on-going projects

During FY2013, Rotary secured over S\$600 million of projects in Singapore, Malaysia, Thailand and Saudi Arabia.

As at 31 December 2013, its order book stands at S\$694 million, comprising 64 per cent of projects from Singapore, 31 per cent from the Middle East and the remaining from ASEAN.

The Group is currently working on several major projects. The two major projects in Singapore are the S\$300 million project for expansion of oil terminal at Pulau Busing and an EPC contract for the construction of approximately 80 tanks, common pipelines, import/export jetty topsides and other infrastructure of the shared lubricant storage facility in Tuas South which is a joint venture by three oil majors. The major project in the Middle East is the US\$250 million EPC contract for the Fujairah Oil Terminal in Fujairah, UAE.



Strong Balance Sheet – Healthy operating cashflow

Accompanying the improvement in profitability was its strong balance sheet. As at 31 December 2013, net asset value was S\$211 million, a 10 per cent increase as compared to S\$193 million a year ago. Net cash flow from operations was a strong S\$57 million for FY2013, with cash and short-term deposits of S\$194 million and net cash position of S\$134 million as at 31 December 2013.

Market capitalisation was S\$352 million based on the closing share price of S\$0.62 as at 25 February 2014. Net asset value per share is 37.2 Singapore cents as at 31 December 2013.

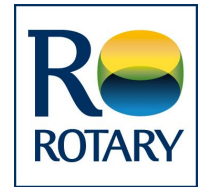
Rotary's 3M Productivity Strategy

As Singapore restructures towards a higher productivity economy, the Group is mindful of the need to maintain its competitive edge by being innovative and continually making improvements in operational efficiency.

Mr Chia said, "***Rotary believes that productivity depends on the management of Man, Machine and Material (3M) such that they interact and work together efficiently. We will continue to stay competitive by investing in resources that drive productivity improvement.***"

Rotary is readily equipped with a global workforce. The Group recently relocated its global workforce headquarter from Singapore to Chennai, India to leverage on the availability of human resources there, and to reduce the cost of deployment for overseas projects.

Rotary leverages on the use of information technology to improve operational efficiency. The Group also optimises its purchases through bulk discounts, and reduces wastage by improving logistics and material handling control system.



The Group is implementing innovative methods of construction that will increase productivity. Mechanisation, use of specialised tools and offsite fabrication are employed to reduce construction time in the field. The Group has five fabrication workshops strategically located to deliver prefabricated structures to the respective projects. The Group has also invested in logistical supply chain for transportation of prefabricated structures to project sites.

Business development

Rotary continues to actively explore business opportunities in Singapore, ASEAN and the Middle East. With land constraints in Singapore, the demand for more storage infrastructure in the region has overflowed into Malaysia where petroleum and chemical projects offer business opportunities for the Group. In Singapore, the Group is focusing in supporting oil majors and specialty chemical companies in expansion and refurbishment of their existing facilities.

In the Middle East, the Group has reorganised its operational structure to undertake projects as a specialist tankage and electrical and instrumentation (E&I) sub-contractor and shop fabrication works. Rotary has established a representative office in Oman where the Government has announced investment plans to expand its oil and gas infrastructure.

Outlook

Driven by strong energy demand from the growing economies of China and India, investment in oil and gas infrastructure is building up in ASEAN and the Middle East. Rotary is positioned to seize opportunities available from this growth. While the Group operates in a rising cost environment, especially in Singapore, it will maintain its competitive edge through innovation and continually making improvements to its operational efficiency.



This press release should be read in conjunction with the full SGX announcement released by Rotary dated 27 February 2014. A copy of the announcement is available on www.sgx.com.

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About Rotary Engineering Limited (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 Roger 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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