



MEDIA RELEASE

For Immediate Release

Rotary Engineering maintains earnings momentum with first half 2014 revenue of S\$390m and net profit of S\$27m

- Continued strong revenue and net profit from first quarter into second quarter 2014
- Moving up the value chain by riding on Singapore's LNG developments
- Strong net cash position of S\$165 million

SINGAPORE, 6 August 2014 – Mainboard-listed **Rotary Engineering Limited** (罗德里工程有限公司) (“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 70% increase in revenue to S\$390 million for the six months ended 30 June 2014 (“1H14”). The surge in revenue stemmed from increased activity as execution of its main projects gained pace and momentum in the first half of the year.

The gross profit margin was 17% for 1H14 as compared with 13% for 1H13. This significant improvement was augmented by the Group's productivity improvements efforts including good project management and the use of innovative construction methods. Likewise, net profit margin improved to 7.0% over the 3.3% recorded in the same period last year. The better margins resulted in net profit attributable to shareholders of S\$27.4 million, an increase of almost 260% over the same period last year. In fact, net profit

reported in the first half of this year is already more than last year full year's profit. Earnings per share increased from 1.3 cents in 1H13 to 4.8 cents 1H14.

Commenting on the results, Mr. Roger Chia Kim Piow (谢金标), Rotary's Chairman and Managing Director said, **"I am pleased that we have continued the good performance from the first quarter into the second quarter. Amidst rising costs and an increasingly competitive environment, we will continue to focus on providing added value to our customers and at the same time increase our productivity through innovation."**

Ongoing Major Projects

The Group is currently working on several major projects which include: -

- S\$300 million contract to expand the oil terminal at Pulau Busing in Singapore
- EPC contract for 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
- EPC contract for an entire lube blending plant for an oil major in Tuas South
- US\$250 million EPC contract for the Fujairah Oil Terminal in Fujairah, UAE, in the Middle East

Strong Balance Sheet – Healthy operating cashflow

Accompanying the improvement in profitability was Rotary's strong balance sheet. As at 30 June 2014, net asset value attributable to shareholders was S\$228 million, an increase of 8% as compared to S\$211 million at 31 December 2013. Correspondingly, net cash position also improved from S\$134 million at 31 December 2013 to S\$165 million as at 30 June 2014.

Market capitalisation was S\$420 million based on the closing share price of S\$0.74 as at 1 August 2014. Net asset value per share was 40.2 cents as at 30 June 2014.

Business Outlook

The fast-growing economies of Asia and the Middle East continue to fuel demand for energy and petrochemical products, which in turn leads to requirements for their storage and distribution infrastructure. Rotary will continue to benefit from this trend.

In Singapore, high-value investments continue to be attracted to Jurong Island's highly developed energy and petrochemicals ecosystem. The growth of Singapore as a LNG trading and storage hub also creates a demand for such specialised cryogenic storage and distribution infrastructure. **“Rotary is well positioned with strategic partners to further extend our core tankage capabilities to LNG, and is actively seeking opportunities in the LNG space, both here and abroad. This would complement our current track record of building cryogenic tanks.”** Mr Chia added.

While Rotary derives a significant part of its current revenue from Singapore, it continues to explore business opportunities in other regions. Middle East continues to be a region of focus as they gradually become not just oil producers, but also refinery, storage and distribution hubs. **“The Middle East and ASEAN regions continue to offer opportunities, and we will continue to actively participate in bids and hold negotiations.”** Mr Chia commented.

Underpinned by a strong balance sheet and cash position, Rotary also seeks other viable business opportunities that complement its existing activities so as to expand its sources of incomes and revenues in the longer term.

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This press release should be read in conjunction with the full SGX announcement released by Rotary dated 6 August 2014. A copy of the announcement is available on www.sgx.com.

About Rotary Engineering Limited

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 has 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. Most recently, Rotary won the Singapore Corporate Awards for Best CFO in the "S\$300 million to less than S\$1 billion in market capitalization" category in July 2014.

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

For more information about Rotary Engineering, please visit www.rotaryeng.com.sg

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