



MEDIA RELEASE

For Immediate Release

Rotary Engineering reports 36% increase in revenue to S\$562.0m with 146% increase in net profit to S\$38.3m for nine months ended 30 September 2014

- Continues on growth path as productivity-driven strategy yields results
- Gross Profit Margin increases from 12% to 17%
- Net profit increased by 146% from S\$15.6 million to S\$38.3 million.
- Strong net cash position of S\$152.5 million

SINGAPORE, 11 November 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 36% increase in revenue to S\$562.0 million for the nine months ended 30 September 2014 (“9M2014”). The increase was mainly attributed to higher contribution from major projects as the revenue was progressively recognised.

The Group achieved a gross profit margin of 17% for 9M2014 as compared with 12% the corresponding period in the previous year (“9M2013”) as gains from a productivity-driven strategy covering all aspects of its operations begin to bear fruit. Higher productivity resulted from innovations in construction, efficiencies in the materials supply chain, improved project management

capabilities, upgrading of workforce skills, and leveraging on the use of IT for project analysis and control.

As a result, net profit attributable to shareholders was S\$38.3 million, which was a 146% increase over the same period last year. Correspondingly, earnings per share increased from 2.7 cents in 9M2013 to 6.7 cents for 9M2014.

Commenting on the results, **Mr. Roger Chia Kim Piow**, Rotary's Chairman and Managing Director said, **"Our drive to increase productivity has paid off; and will continue to pay off as we fine-tune all our work processes and cost control measures. In an era of increasing operational costs and intense competition, this is the way forward."**

Ongoing Major Projects

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

- S\$300 million contract for expansion of the Pulau Busing terminal 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 oil 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

Net asset value attributable to shareholders continued to grow and as at 30 September 2014 was S\$241.3 million, an increase of 14% as compared to S\$211.2 million at 31 December 2013. Net cash stood strong at S\$152.5 million.

Market capitalisation was S\$340.5 million based on the closing share price of S\$0.60 as at 10 November 2014. Net asset value per share was 42.5 cents as at 30 September 2014.

Business Outlook

A combination of demography, urbanisation and high economic growth in the Asia-Pacific region will continue to underpin the growth of demand for energy, petroleum products, petrochemicals and pharmaceuticals. This will, in turn lead to a requirement for bulk liquid storage infrastructure.

In the Middle East, the shift in market dynamics resulting from the flow of U.S. shale gas output into the world markets has made it all the more necessary for the Middle-East countries and their national oil companies to move up the value chain from production of crude to being global petrochemical production and distribution hubs. This development will create a need for sophisticated storage and distribution infrastructure. The coastal cities of South East Asia which are widely dispersed over vast expanses of water will also require the building of many smaller regional terminals from which products are imported, stored and distributed to their hinterland.

A significant factor contributing to the business outlook is the current global trend in shifting to cleaner fuel for power generation from coal and fuel oil to

natural gas. Singapore, Malaysia, Thailand and China are aligning themselves with this trend by building more LNG regasification and storage terminals. Rotary has prepared for, and has acquired the technical capability for the construction of double-walled cryogenic LNG tanks. In September 2014, it broke into the LNG space when it was awarded a contract by IHI Corporation to provide tankage works for two X 160,000m³ LNG storage tanks for the LNG Receiving Terminal Expansion Project - Phase II at Map Tha Phut petrolchemical hub in Rayong, Thailand.

Mr Chia said, **“There is no doubt that LNG will be playing an increasingly important role in the world’s energy supply. More LNG regasification and storage terminals are coming up particularly in ASEAN and Middle East, spurred by economic growth and urbanisation, and the use of cleaner energy sources. Rotary has formed strategic alliances with key LNG players to participate in this growing segment of the oil and gas market.”**

In 9M2014, Singapore contributed 60% of the Group’s revenue for 9M2014, the Middle East contribution was 33%, with the rest of the revenue coming from Thailand, Malaysia and others. Prospects for projects from the Middle East are bright, as the Group has an established presence in Saudi Arabia, United Arab Emirates (UAE) and Oman. The good progress of the Fujairah Oil Terminal in Fujairah, UAE has brought high-visibility to the Group, and in September 2014, Rotary was awarded through a consortium, a “Very Large Crude Carrier” (“VLCC”) jetty contract. The Port of Fujairah is building a new jetty that can berth VLCCs to serve the growing number of independent oil storage terminal companies operating in the Fujairah Oil Industry Zone.

Mr Chia said **“Fujairah is one of the largest bunkering port in the world together with Singapore and Rotterdam. The visibility of our smooth execution of the FOT project will continue to provide us the competitive edge to garner more contracts.”**

Rotary is exploring other viable business opportunities to expand its sources of revenues and incomes for long-term sustainable growth. Some of these opportunities would be synergistic to our main activities. Rotary has recently invested in an independent bulk storage terminal for petroleum products in Indonesia, which already has a long term contract to ensure optimal utilisation of the terminal. Mr Chia added: **“The liquid bulk storage business does not stop at EPC of tankage. It can encompass the integration of storage with production, the construction of linked jetties and topsides, and even the operation of terminals. With our strong balance sheet, our operational efficiencies and advanced technical capabilities, we have laid the foundation for expansion that will enhance shareholder value.”**

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This press release should be read in conjunction with the full SGX announcement released by Rotary dated 11 November 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 has been 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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