



MEDIA RELEASE

For Immediate Release

Rotary Engineering reports strong performance for the year with net profit up 142% to S\$50.1M; EPS up 138% to 8.8 cents per share

Highlights

- Dividend of 2.5 Singapore cents per share
- Strong revenue from execution and completion of major projects
- Gross profit margin increased from 12% to 17% with continued focus on productivity

SINGAPORE, 25 February 2015 – 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 16% increase in revenue to S\$687.7 million for the financial year ended 31 December 2014 (“FY2014”).

Net Profit Attributable to Shareholders leapt from S\$20.7 million in FY2013 to S\$50.1 million in FY2014, an increase of 142%. Correspondingly, earnings per share increased from 3.7 Singapore cents per share to 8.8 Singapore cents per share.

As a token of appreciation for the support and loyalty of its shareholders, the Board of Directors is proposing a dividend of 2.5 Singapore cents per share.

This works out to a dividend yield of 4.6% based on the closing share price of 54.0 Singapore cents as at 24 February 2015.

The Group achieved a gross profit margin of 17% for FY2014 as compared with 12% in FY2013 as its focus on improving productivity through innovation and operational efficiency yields results.

Commenting on the FY2014 results, **Mr. Roger Chia Kim Piow** Rotary's Chairman and Managing Director said, *"We have done well in an environment of rising costs and intense competition. We will continue to focus on productivity to maintain our competitive edge and strive to consistently provide quality service that meets our clients' needs and expectations."*

Strong Balance Sheet

Accompanying the improvement in profitability was its strong balance sheet. Net asset value attributable to shareholders continued to grow and as at 31 December 2014 was S\$256.4 million, an increase of 21.4% compared to the previous year. Accordingly, net asset value per share increased from 37.2 Singapore cents per share as at 31 December 2013 to 45.2 Singapore cents per share as at 31 December 2014.

Net cash position remained stable at S\$146.0 million despite investments made during the year. Market capitalisation was S\$306.5 million based on the closing share price of 54.0 Singapore cents as at 24 February 2015.

Expanded Capabilities and Customer Reach

Rotary's transformation from a contractor for construction of bulk liquid storage tankage to a provider of one-stop integrated storage solutions continued to garner new clients.

Commenting on this, Mr. Chia added, **“Today’s clients want us to do more than build tanks. They appoint Rotary to develop innovative engineering designs that enable resource optimisation with integration to their production facilities, as well as increase the efficiency of their production processes”**.

Rotary’s storage projects increasingly include extensive E&I (Electrical & Instrumentation), Mechanical, and Piping works and their tie-in with its clients’ production and delivery infrastructure.

Rotary has also recently entered into the clean energy market with a contract win in Liquefied Natural Gas (LNG) tankage works in Thailand.

Some of the Group’s ongoing projects that showcase its expanded capabilities are described below:

- Port of Fujairah VLCC Jetty Project. The Port of Fujairah is expanding its capacity to meet the demand of the growing number of independent oil terminal operators that have set up in Fujairah. Rotary, as part of a consortium under Belgian jetty construction specialist Six Construct Ltd, is involved in the construction of the jetty topside.
- Thailand LNG Receiving Terminal Project. Rotary expanded its capabilities into the LNG space when it secured a contract from IHI Corporation of Japan for tankage work on two 160,000 cubic metres LNG tanks for a receiving terminal in Thailand. The cryogenic double-walled LNG tanks are capable of maintaining a temperature of minus 160 degrees centigrade temperature and their construction require special techniques.
- Lube Park Shared Facility Project, Singapore. Located at Tuas, Rotary’s scope of work for this EPC project includes carrying out detailed engineering, and construction of 77 storage tanks with a storage capacity of 147,800

cubic metres. The space constraints of the Tank Farm demanded highly innovative engineering solutions to accommodate all 77 tanks.

Beyond EPC (Engineering, Procurement, & Construction)

In September 2014, as part of its strategy to generate recurring revenue and income to complement the current project-based business income, Rotary invested in an independent oil terminal in Indonesia. The terminal is strategically located along a main shipping route for crude oil and petrochemicals. The terminal has secured a long term contract to ensure its optimal utilization. This investment also allows the Group to gain a greater foothold in the Indonesian market and to form new strategic partnerships.

Business Development

The long term fundamentals in the oil and gas industry remain strong amid the short term oil price volatility. The growing economies of Asia and Middle East in the longer run will continue to fuel demand for energy and petrochemical products which will in turn lead to requirements for their storage and distribution infrastructure. As such, business development activities have continued to be robust. Rotary continues to actively seek out business opportunities in Singapore, ASEAN and the Middle East by participating in tenders, direct negotiations and through strategic partnerships and joint ventures. It does not limit itself to the scope of a main contractor, and when appropriate, will take on other roles from that of specialist sub-contractor to an equity partner to show its commitment to the project.

With this, Rotary looks forward to the year ahead with confidence and resilience, underpinned by a strong balance sheet, and spares no effort in achieving sustainable growth so as to create value for its shareholders.

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This press release should be read in conjunction with the full SGX announcement released by Rotary dated 25 February 2015. 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 "\$300 million to less than \$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 "\$300 million to less than \$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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