



MEDIA RELEASE

For Immediate Release

Rotary Engineering achieves net profit of S\$7.1m on revenue of S\$89.4m for first quarter of 2015

Highlights

- Slightly better gross profit margin at 18%
- Demand for oil and gas storage infrastructure is expected to continue
- Focus on new growth areas such as investment in terminals, LNG tankage and large scale projects in Asean and Middle East

SINGAPORE, 12 May 2015 – Mainboard-listed **Rotary Engineering Limited** (“Rotary” or the “Group”), a leading provider of engineering, procurement, construction (“EPC”) and maintenance services supporting the oil and gas and petrochemical industry, today announced that it recorded a net profit attributable to shareholders of S\$7.1 million on revenue of S\$89.4 million for the first three months ended 31 March 2015 (“1Q2015”). This was a decline of 55% in revenue over the corresponding quarter of the previous year (“1Q2014”), attributable to the completion of major projects.

Earnings per share accordingly declined from 2.5 Singapore cents per ordinary share in 1Q2014 to 1.2 Singapore cents per ordinary share in 1Q2015.

Amidst a challenging business environment, the gross profit margin of 18% for 1Q2015 was achieved as a result of the Group’s productivity-driven strategy resulting in greater operational efficiency.

Strong financial position to capitalise on opportunities

As at 31 March 2015, Rotary's financial position remained strong with net asset value of 47.1 Singapore cents per ordinary share as net assets rose to S\$267.0 million. Rotary's cash and short-term deposits stood at S\$115.2 million with net cash position at S\$104.9 million.

Commenting on the 1Q2015 results and the current dip in the oil price, Mr. Roger Chia Kim Piow, Rotary's Chairman and Managing Director said, ***"Rotary's strong financial position enables it to not only ride through the storm but also to capitalise on opportunities on the horizon."***

Demand for liquid bulk storage infrastructure to continue

Demand for liquid bulk storage infrastructure is expected to continue despite the dip in the oil price. ***"Demand for storage infrastructure is underpinned by growth in the consumption of energy and petrochemical products as Asia's fast-growing economies undergo rapid urbanisation"*** added Mr Chia.

Mr Chia noted that this has resulted in the requirement for more terminals, distribution hubs, refineries and petrochemical complexes throughout the region. In the Middle East, the oil-producing countries plan to go beyond mere production into storage, distribution and refining of oil and its by-products.

Larger scale overseas projects

As at 31 March 2015, overseas projects account for 55% of Rotary's outstanding order book of S\$206.7 million. The Group is looking outward for

growth as Singapore's land area places a constraint on large scale storage terminal projects.

Rotary has a good track record of successfully completed large scale projects and is well established in the Middle East. It is currently engaged in exploring several business opportunities in the same region.

Singapore's land constraint has also resulted in a spill-over of the demand for liquid bulk storage into Malaysia and Indonesia. Rotary has plans to participate in bids or negotiations for several projects that are coming up in these geographies.

New growth areas

In September 2014, as part of its strategy to diversify its project-centric revenue, Rotary made a strategic investment in a fully operational oil terminal in Indonesia. The terminal is strategically located on a main shipping route for crude oil and petrochemicals and serves as a distribution terminal to the rest of the country. The terminal has secured a long term contract that will ensure its optimal utilization and there are already plans to expand its storage capacity. The investment serves as a footprint for further similar investments in the region. Mr Chia said ***"While the fundamentals of our business remain sound, the Group is exploring business opportunities that will provide us recurring income. This acquisition is a good start for us. With this, we are poised to explore further opportunities in the acquisition and operation of other oil terminals."***

Rotary has also recently entered into the clean energy market with a contract win in Liquefied Natural Gas (“LNG”) tankage works in Thailand. The demand for LNG as a cleaner alternative to coal for power generation is expected to grow strongly as Asian economies, especially China, implement measures to combat worsening air-pollution.

Business development and outlook

Rotary continues to actively seek out business opportunities in SIJORI i.e. Singapore, Johor, Riau Islands, in the ASEAN and the Middle East by participating in tenders, direct negotiations, strategic partnerships and joint ventures.

It does not restrict itself to the role of a main contractor, and when appropriate, will take on the role of specialist sub-contractor, equity partner, or partner in a consortium. Rotary is also open to exploring Build-Operate-Transfer or Build-Own-Operate opportunities.

Rotary is optimistic that with its expertise and competitive edge, it will be able to generate sustainable growth to create long-term value for shareholders.

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This press release should be read in conjunction with the full SGX announcement released by Rotary dated 12 May 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 engineering, procurement, construction (EPC) and maintenance 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 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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