



ROTARY ENGINEERING LIMITED

## MEDIA RELEASE

# Rotary Engineering reports S\$10.8m in net profit on S\$156.8m revenue for first six months ended 30 June 2015

### Highlights

- Healthy level of profits despite dip in revenue
- Surge in gross margin of 25% in 2Q2015 mainly due to completion of some projects, increased operational efficiency and effective cost management
- Strong net cash position: S\$89.7 million as at 30 June 2015
- Continue to actively seek business opportunities in ASEAN and Middle East
- Growth opportunity for the Group's repair and maintenance segment arising from replacement cycle of existing storage infrastructure in Singapore

**SINGAPORE, 4 August 2015** – Mainboard-listed **Rotary Engineering Limited** and its subsidiaries ("**Rotary**" or the "**Group**"), a leading regional oil & gas engineering, procurement, construction ("EPC") and maintenance services value chain provider, today announced that it reported net profit attributable to shareholders of S\$10.8 million on the back of revenue of S\$156.8 million for the six months ended 30 June 2015 ("1H2015").

For the three months ended 30 June 2015 ("2Q2015"), Rotary reported revenue of S\$67.4 million and S\$3.7 million of net profit attributable to shareholders. Revenue was lower compared to the same period last year as the Group reaches completion on some of its major projects.

This dip was cushioned by higher gross profit margin. Gross profit margin in 2Q2015 and 1H2015 rose from 17% to 25% and 21%, respectively, mainly due to project closures, increased operational efficiency and effective cost management.

Commenting on the results, **Mr. Roger Chia Kim Piow, Chairman and Managing Director** said, *"The steep oil price correction and the protracted weakness at the current level have an indirect impact on the Group, as it has inevitably led to delays in the award of projects when the oil majors and terminal operators adopt a cautious approach towards their infrastructure plans."*

In view of the uncertainties in the prevailing macro environment, the Group has made a conscious effort to manage its cost. Operating and administrative expenses were trimmed in line with revenue.

*"Rotary has fared reasonably well despite the challenging business environment and will continue to be prudent in its business operations. We are constantly innovating work processes so as to increase productivity and manage rising costs."* Mr. Chia added.

The Group's net assets remain healthy at S\$253.9 million as at 30 June 2015. Its cash and short term deposits stood healthy at S\$99.8 million with net cash position of S\$89.7 million as at 30 June 2015.

### **Business strategy and outlook**

Despite the current slump in the oil price cycle, the Group is resilient, underpinned by a strong balance sheet.

Besides EPC, the construction and maintenance business continues to be an area of focus for Rotary. As storage tanks and processed plants aged and are due for replacement in Singapore, this will be an added opportunity for the Group.

Rotary continues to look for investment opportunities that provide a recurring revenue and income stream so as to smoothen the project-based revenue flow. In September 2014, the Group had successfully invested in a fully viable and operational oil terminal in Indonesia.

The Group is actively seeking out business and investment opportunities in ASEAN and Middle East where its role can include being a main contractor, specialist contractor, equity partner, or being part of a consortium. It is also open to Build-Operate-Transfer and Build-Own-Operate arrangements.

Mr. Chia added, "***We believe the current market environment presents both challenges as well as opportunities for Rotary. With our expertise, established track record and strong financial position, the Group is poised to pursue opportunities, which will be accretive and complement our existing businesses.***

As at date of announcement, the Group's order book stood at S\$162 million with 41% of projects from Singapore.

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*This media release is to be read in conjunction with the Company's announcement posted on the SGX website on 4 August 2015.*

## **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](http://www.rotaryeng.com.sg)

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