



## Corporate Presentation



1

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2

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3

## Presentation Outline

- ➔ **FY2009 Financial Review**
- ➔ **Group Overview**
- ➔ **Outlook & Business Prospects**



4

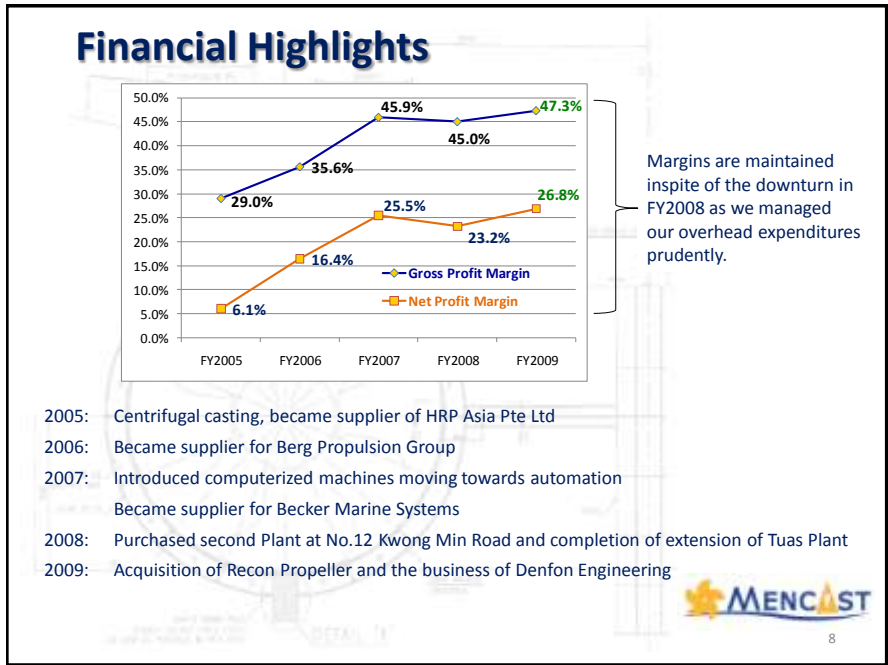
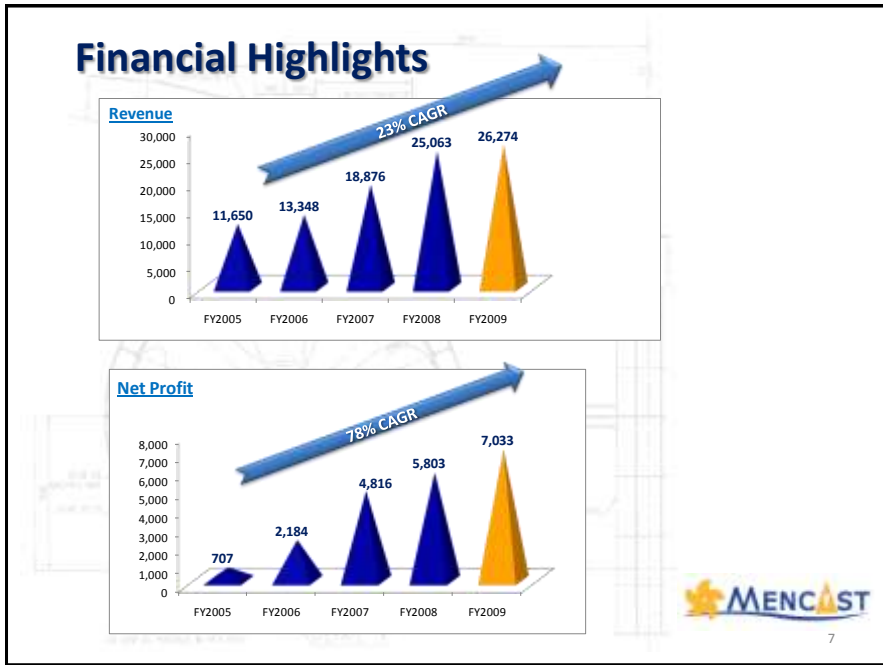
## FY2009 Financial Review



## FY2009 Financial Highlights

\$\$' 000	FY2009	FY2008	Change (%)	Remarks
Revenue	26,274	25,063	4.8	<ul style="list-style-type: none"> <li>• higher revenue from sterngear services</li> <li>• lower revenue from sterngear manufacturing</li> </ul>
Gross Profit	12,439	11,285	10.2	• higher GP mainly in sterngear services
Gross Profit Margin	47.3 %	45.0 %	-	• lower raw material prices
Net Profit Attributable to Equity Shareholders	7,033	5,803	21.2	
Net Profit Margin	26.8 %	23.2 %	-	• higher net margin while growing
EPS (cents)	4.71	4.25	10.8	



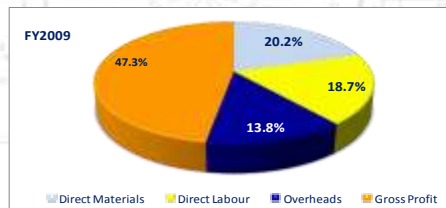


- 2005: Centrifugal casting, became supplier of HRP Asia Pte Ltd
- 2006: Became supplier for Berg Propulsion Group
- 2007: Introduced computerized machines moving towards automation  
Became supplier for Becker Marine Systems
- 2008: Purchased second Plant at No.12 Kwong Min Road and completion of extension of Tuas Plant
- 2009: Acquisition of Recon Propeller and the business of Denfon Engineering

## Financial Highlights

### Healthy Margin Growth

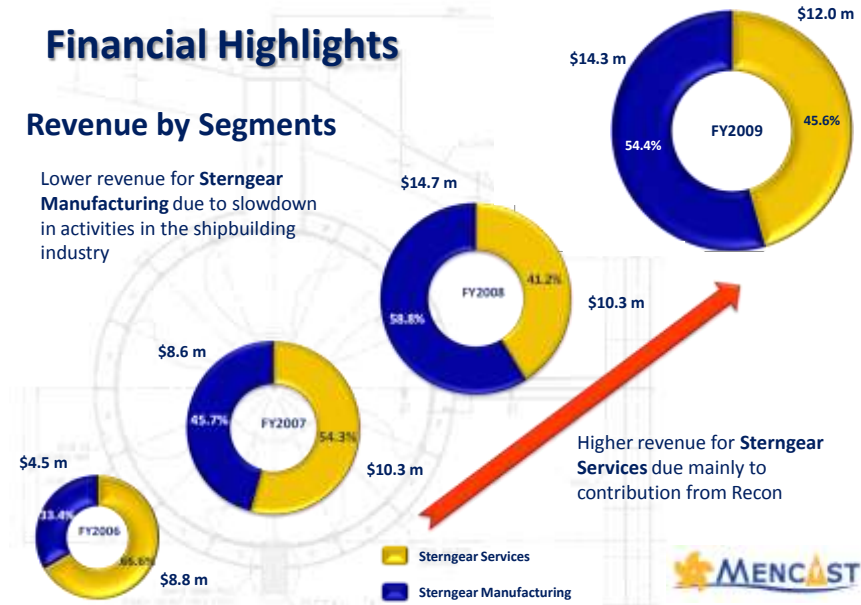
- Direct materials in FY2009 and FY2008 accounted for 20.2% of Revenue and 26.6% of Revenue respectively compared to 38.0% and 30.5% in FY2005 and FY2006
- Material cost exposure is minimized by typically fixing raw materials prices at point of securing contracts from customers
- Customers are generally willing to pay to shorten delivery lead time. The opportunity cost for not repairing the propulsion system on time is very high because it will affect their operation schedules. This is to our advantage as we are able to charge a premium for the services rendered.



## Financial Highlights

### Revenue by Segments

Lower revenue for **Sterngear Manufacturing** due to slowdown in activities in the shipbuilding industry



Higher revenue for **Sterngear Services** due mainly to contribution from Recon

■ Sterngear Services  
■ Sterngear Manufacturing



## Cash Flow

Cash Flow	FY2009 S\$' 000	FY2008 S\$' 000	Change (%)	Remarks
Net cash generated from operating activities	6,160	6,349	(3.0)	<ul style="list-style-type: none"> <li>• payment of trade &amp; other payables</li> <li>• quality of our receivables are good, no provisions required</li> </ul>
Net cash used in investing activities	(3,011)	(6,180)	(51.3)	<ul style="list-style-type: none"> <li>• lower amount of machinery and equipment purchased</li> <li>• cash outflows arising from the acquisition of Recon</li> </ul>
Net cash generated from financing activities	1,450	5,695	(74.5)	<ul style="list-style-type: none"> <li>• the absence of net IPO proceeds</li> <li>• offset by net increase in borrowings</li> </ul>
Net increase in cash and cash equivalents	4,599	5,864	(21.6)	
Cash and cash equivalents at beginning of year	8,107	2,243	261.4	
<b>Cash and cash equivalents at end of year</b>	<b>12,706</b>	<b>8,107</b>	<b>56.7</b>	<ul style="list-style-type: none"> <li>• cash inflows from both operating and financing activities</li> </ul>



## Group Overview



## Corporate Profile

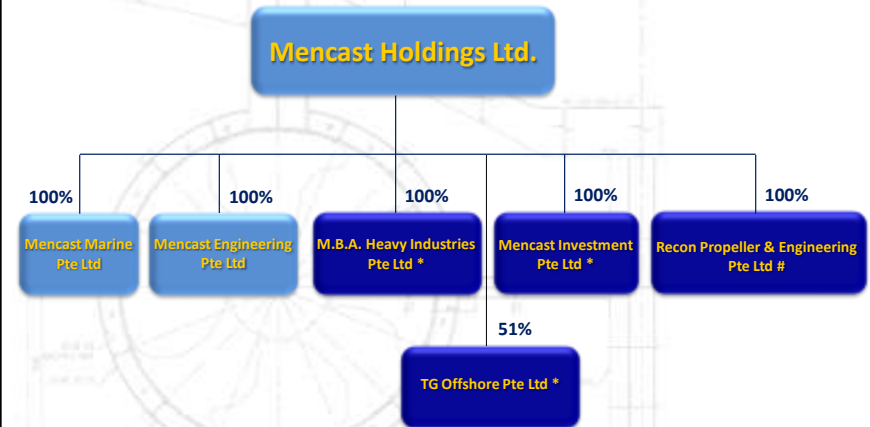
- Listed on SGX-ST Catalist on 25 June 2008
- Engages in two core businesses:
  - Sterngear Equipment Manufacturing
  - Sterngear Services

### Quick Facts:

52-week range	• S\$0.15 – S\$0.40
Market Capitalization	• S\$57.4 m • Price@26/04/10 : S\$0.370
Substantial Shareholders	• Sim Family (63.2%)



## Group Organizational Structure



\* subsidiaries incorporated after IPO  
# acquisition completed on 23 July 2009



## Board of Directors

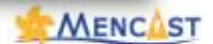


*From left to right:*

- Ho Chew Thim
- Ng Eng Ho
- Sunny Wong Fook Choy
- Ng Chee Keong
- Sim Soon Ngee Glendle




## Sterngear Equipment





## Sterngear Equipment



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17

## Sterngear Equipment Manufacturing

- We manufacture and supply a full range of stern gear equipment either as an integrated package or individual components, as required by our customers.
- We are the leading local manufacturer in Singapore.



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18

## Sterngear Equipment Manufacturing



CPP hub Assemblies



Impellers, Guide Blocks, Bearings



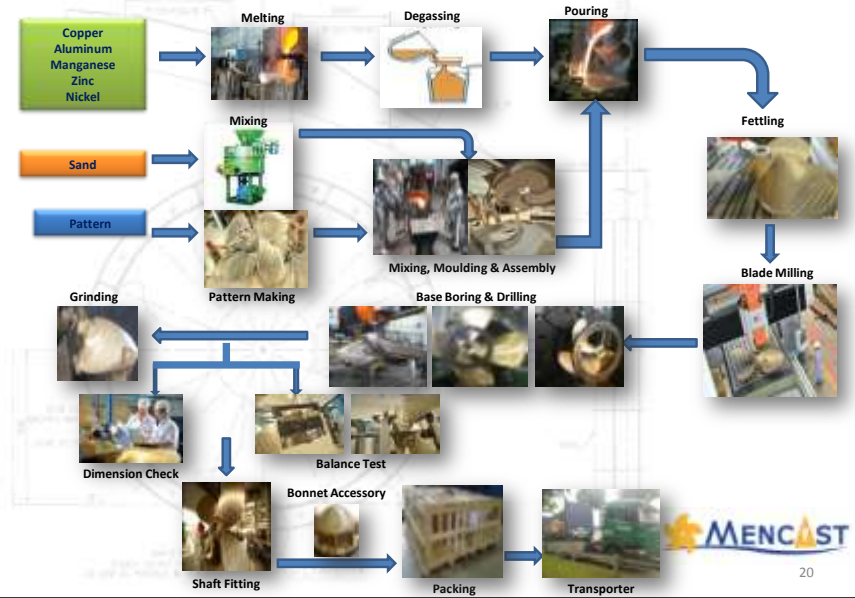
Oil-rig Cantilever Skid Plates



White-metal Bearings



## Sterngear Manufacturing



## Casting



21

## Sterngear Equipment Manufacturing



High-lift Rudder Assemblies



Kort Nozzle



Rudder Blade



22

## Sterngear Services

We recondition sterngear equipment, restore and repair worn out or damaged sterngear equipment to make it sea-worthy. We also refurbish or modify existing equipment to maximize its efficiency and to meet the vessel's certification requirements.



23

## Sterngear Services



Twisted and Bent Rudder Stock Repair



In-situ-boring of Fit Bolt Holes



24

## Sterngear Services

Balancing of CPP Blades and Propeller



Final Calibration and Report



25

## Classification Societies

- **Issue Class Certificate to allow the owner to purchase insurance to sail the ship**
- Establishes and maintain standards for the construction and classification of ships and offshore structures
- Supervises construction according to these standards
- Carries out regular surveys of ships in service to ensure compliance to these standards
- Inspect the ships and ensure its components and machinery are built and maintained according to Class standards



26



## Classification Societies

Name	Abbr	Date	Head office	IACS	EMSA
Lloyd's Register of Shipping	LR	1760	London	✓	✓
Bureau Veritas	BV	1828	Paris	✓	✓
American Bureau of Shipping	ABS	1862	Houston	✓	✓
Det Norske Veritas	DNV	1864	Oslo	✓	✓
Germanischer Lloyd	GL	1867	Hamburg	✓	✓
Nippon Kaiji Kyokai	NKK	1899	Tokyo	✓	✓
Korean Register of Shipping	KR	1960	Daejeon	✓	✓
Indian Register of Shipping	IRS	1975	Mumbai	✓	-



27

## Classification Societies



28

## Outlook & Business Prospects



## Business Outlook

### Sterngear Equipment Manufacturing

- Demand for new shipbuilding orders remains weak
- Focus on increasing efficiency and productivity on existing order book deliveries
- Optimistic outlook for longer term, bolstered by positive industry dynamics including higher oil prices, a capex revival and easing credit markets

### Sterngear Services

- Worldwide mobile propeller services
- Increasing world fleet
- Recurring and mandatory requirements to maintain sea worthiness of vessels and comply with requirement of classification societies



## Growth Drivers

Business Strategies and Future Plans During IPO	Post IPO Up-date
Expand facility in Singapore	<ul style="list-style-type: none"> <li>New facility at No. 12 Kwong Min Road operational in December 2008 and extension of Tuas plant</li> <li>Lease of waterfront land at Tanjong Penjuru Road</li> </ul>
Establish new bases to facilitate expansion of our geographical coverage	<ul style="list-style-type: none"> <li>Looking out for opportunities in China, Indonesia and the Middle East</li> <li>With our international exposure as a sterngear manufacturer &amp; service provider, we have the technical know-how to meet the growing needs of our European customers in Asia</li> </ul>
Expand core business through acquisitions, joint-ventures or strategic alliances	<ul style="list-style-type: none"> <li>Acquisitions of Recon Propeller and the business of Denfon Engineering</li> <li>Strategic alliance with Becker Marine Systems</li> </ul>



## Growth Drivers

### Land at Tanjong Penjuru Road (approx. 2 ha, 150m waterfront)

- to establish facilities to manufacture heavy rudder assemblies and high-end sterngear equipment for the marine and offshore industries in the Asia Pacific region
- Construction of the plant is scheduled to begin in 2nd half of 2010.
- Expected to be fully operational in 2011









35

## Growth Drivers

### Strategic Alliance with Becker Marine Systems

- to capture new customers from Korea, Japan and China
- Mencast is the preferred manufacturer of heavy rudder assemblies and high-end sterngear equipment in Asia



36



## Growth Drivers

### Strategic Alliance with Becker Marine Systems

Visit to Hyundai Heavy Industries in Busan, Korea from 15/6/09 to 18/6/09

Tuas View Circuit on 23/02/2010




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## Growth Drivers

### Acquisitions of Recon Propeller and the business of Denfon Engineering

- to capture new market opportunities
- to leverage on the growth potential of sterngear services globally, especially in the Asia Pacific region

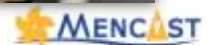


39

## Growth Drivers

### Worldwide Mobile Propeller Services

- We have a critical and emergency deployment Team
- Ready to serve our customers at short notice for all their sterngear inspection and repair needs on a worldwide basis
- To create premium service hubs in Asia



40

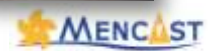
## Growth Drivers

Worldwide Mobile Propeller Services



41

## CPP Propeller



42

## CPP Propeller



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43

## Vision

### Medium Term

- Asia's premium one-stop service hub for sterngear manufacturing and services, headquartered in Singapore with multiple service hubs in the region
- **Transfer to SGX Mainboard**

### Long Term

- One of the leading sterngear service providers for major shipping lines
- Servicing centres and manufacturing plants in growing market in Asia

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44





**THANK YOU!**



*Delivering Propulsion Solutions*