

**FY2012
RESULTS PRESENTATION
12 March 2013**



Mencast
PARTNER PERFECT

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Contents

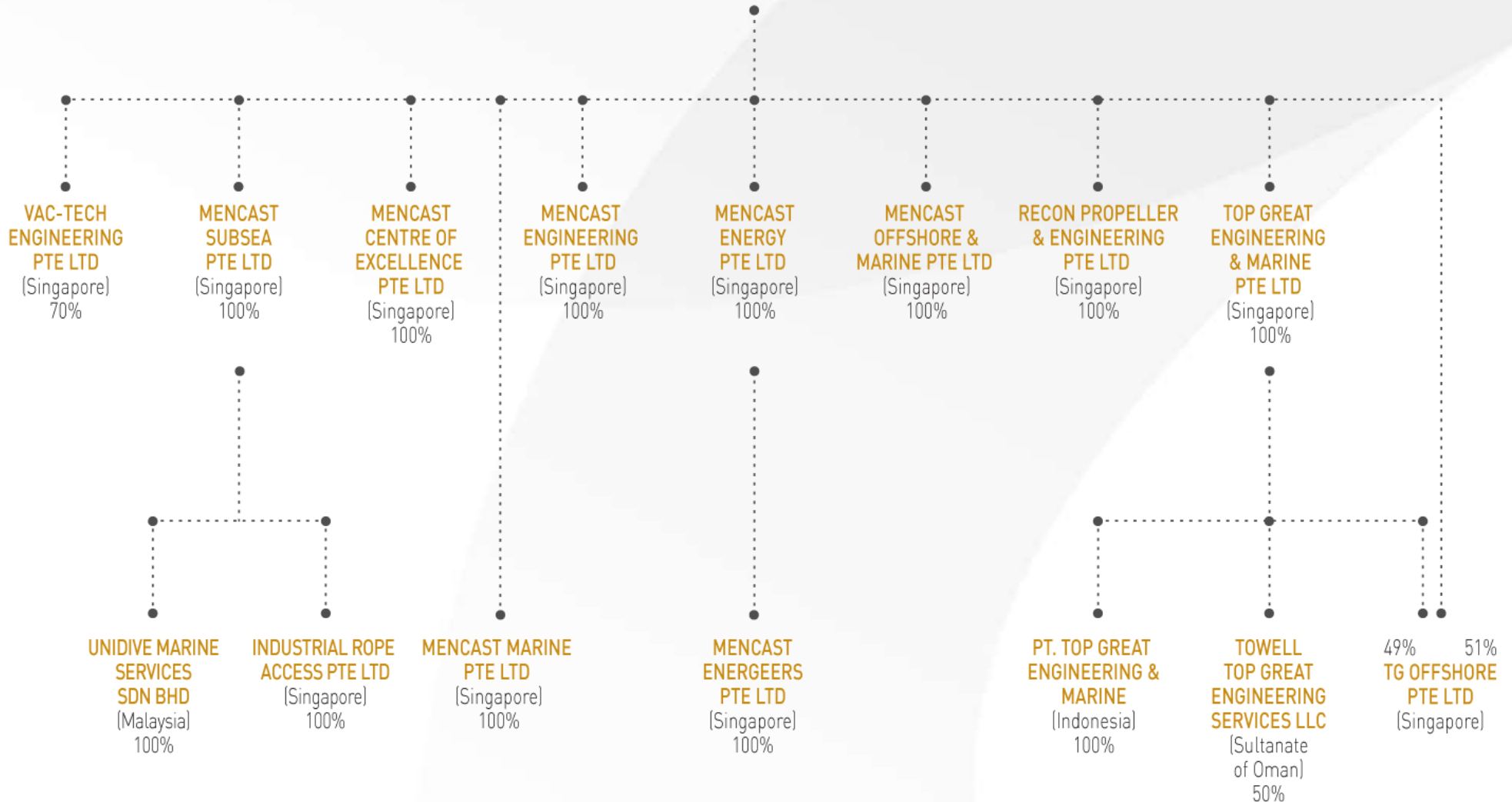
- Group Overview
- Financial Review – FY2012
- Operations Review



Group Overview

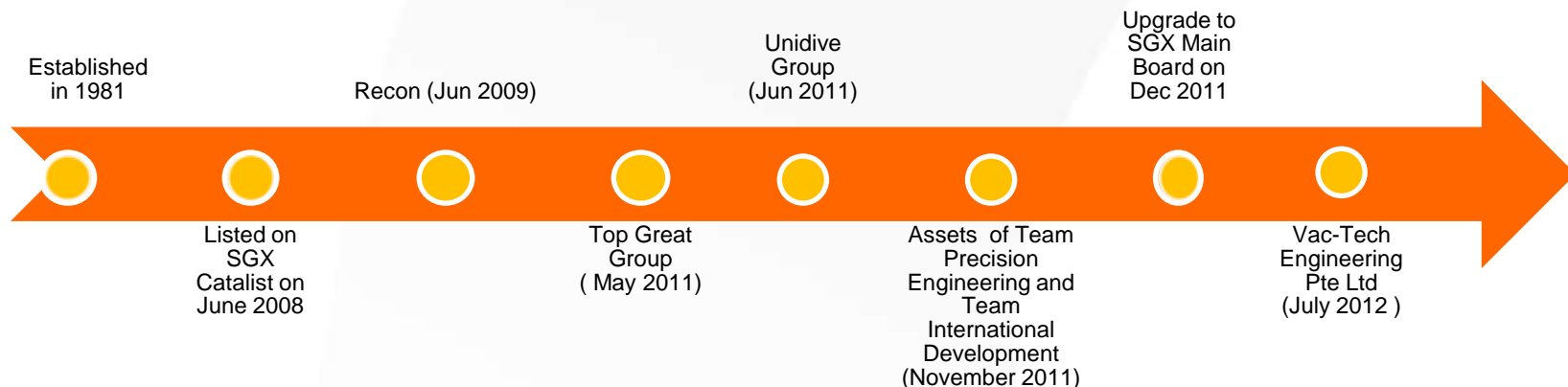
Group Organizational Structure

Mencast MENCAST HOLDINGS LTD.



Introduction to Mencast

- **MRO (“Maintenance, Repair & Overhaul”) to Oil & Gas and Marine Industry**
- **Established in 1981, with a reputation for reliability, quality and service built up over 30 years experience**
- **First Company to list on SGX Catalist (June 2008) and first company to upgrade to SGX Main Board (Dec 2011) from Catalist**



Pre-Listing

- In 2007, our Group identified key opportunities to generate strong and sustained growth

- **Goal Identified**

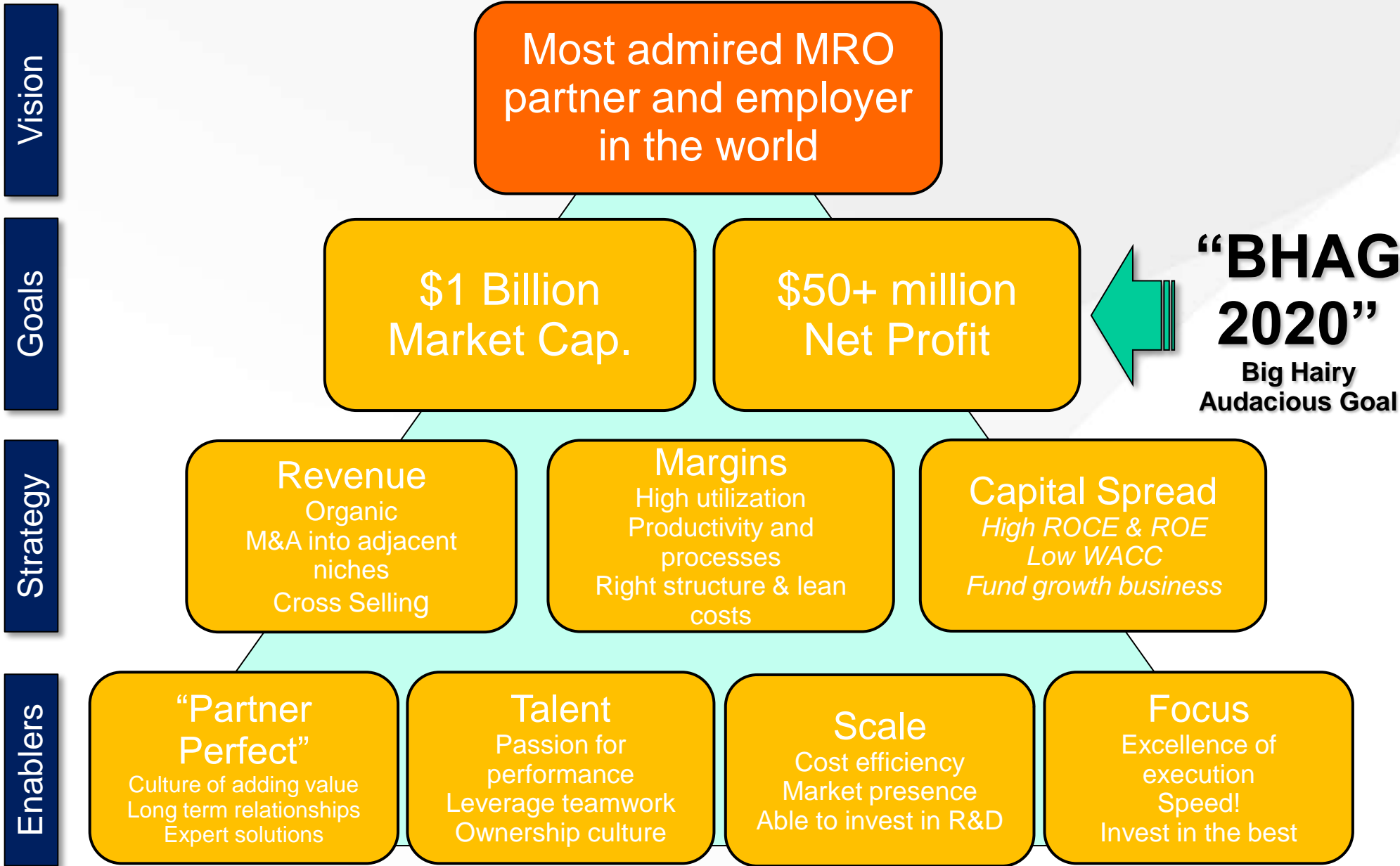
Goal Achieved

1. Position to capture strong demand for Oil & Gas and Marine services
2. Leverage our leadership in sterngear equipment (~20% global market share) to adjacent areas
3. Ownership of the final parcels of Singapore Waterfront land



- In 2008, we completed our IPO, despite post-Lehman's crisis





IPO Facts

Capital Management

- At IPO in 2008, raised gross proceeds of \$6.3m
- Dividends from then to FY2012 amount to over \$10.0m

Share Performance

- Current Price of \$0.63 vs. \$0.28 at IPO = 2.2x
- Including dividend = 2.7x

KPIs (2012 vs. 2007)

Assets

8.6x

Revenue

4.4x

Market Cap.

3.4x

Roadmap: One Billion Market Cap.

KEY DRIVERS

Revenue Growth

Strong demand for MRO from Singapore and new markets.
US\$2 billion revenue potential from identified markets.

Margins

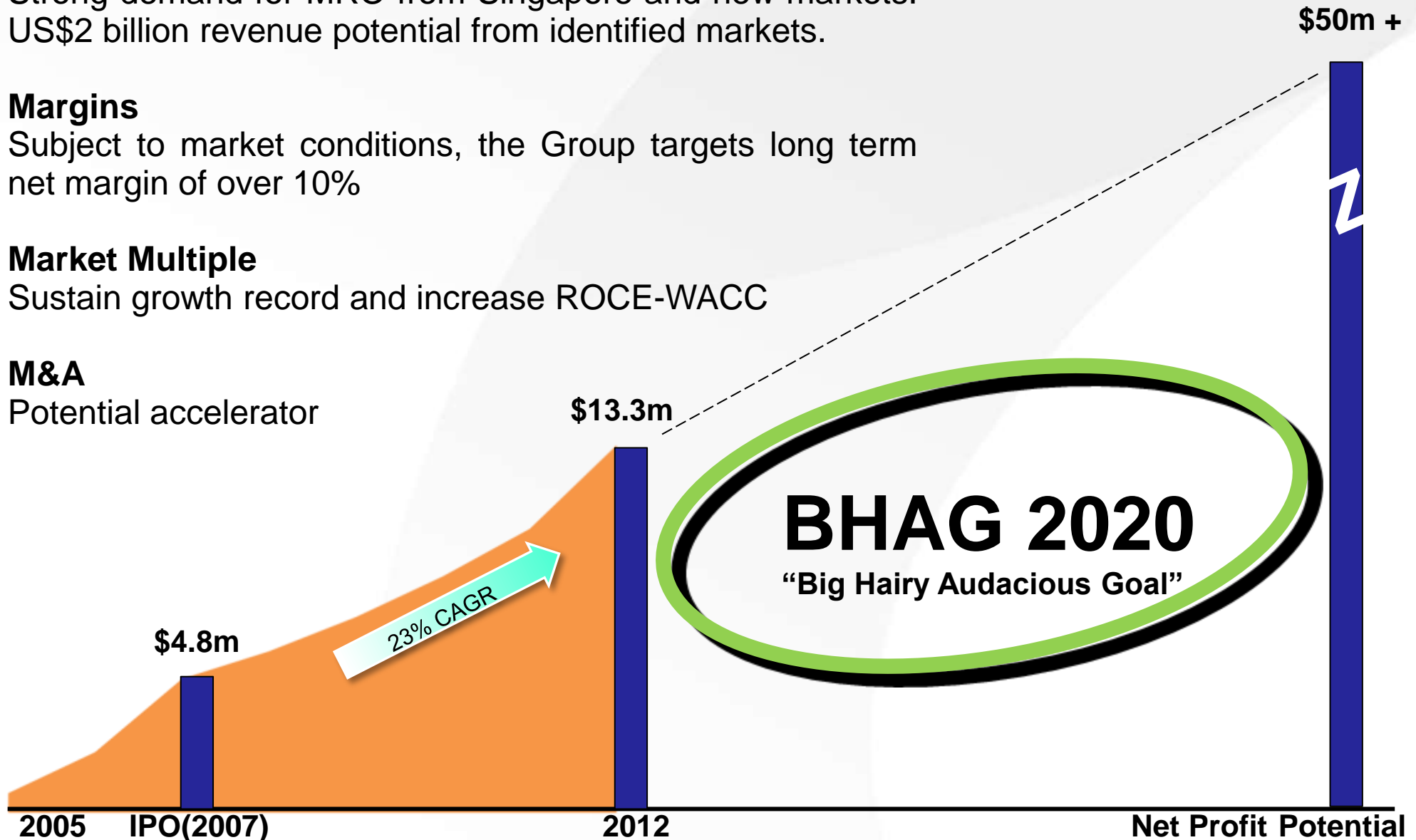
Subject to market conditions, the Group targets long term net margin of over 10%

Market Multiple

Sustain growth record and increase ROCE-WACC

M&A

Potential accelerator



Revenue Growth Outlook 2013

- Growth in all business segments (i.e. Offshore & Engineering, Marine and Energy), particularly Energy
- Strong opportunities from Middle East, Batam, Thailand and Vietnam, each of which has revenue potential 2-3x Singapore
- Targeting revenue to narrow gap relative to fixed asset additions (full year benefit + higher average utilization)

KPIs (2012 vs. 2010)

PPE

Property Plant and
Equipment

3.4x

Revenue

Consolidated
Group

2.6x

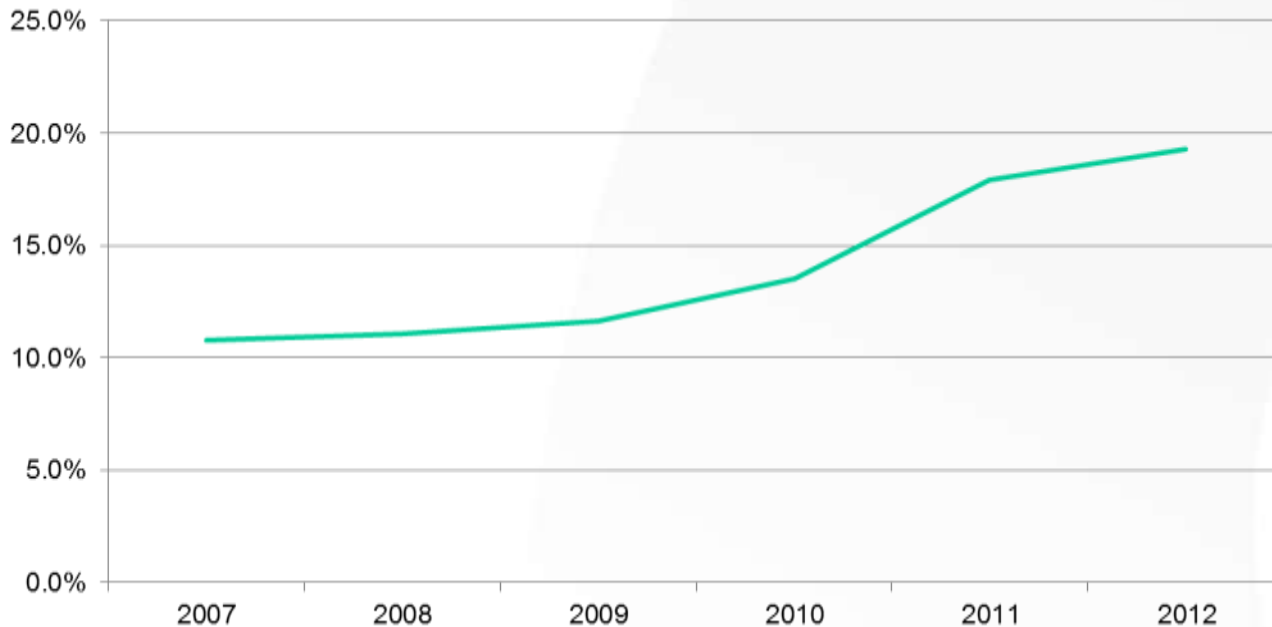
Capacity

2013 vs. 2012

+50%

- **Assuming stable market conditions, operating margins flat to up due to:**
 - Group overheads as percentage of revenue to stabilise due to scale and higher asset utilization
 - New contribution from Energy Sector
 - Positive impact of above will be muted due to completion of current expansion phase in 2013

Administrative Expenses as Percentage Sales

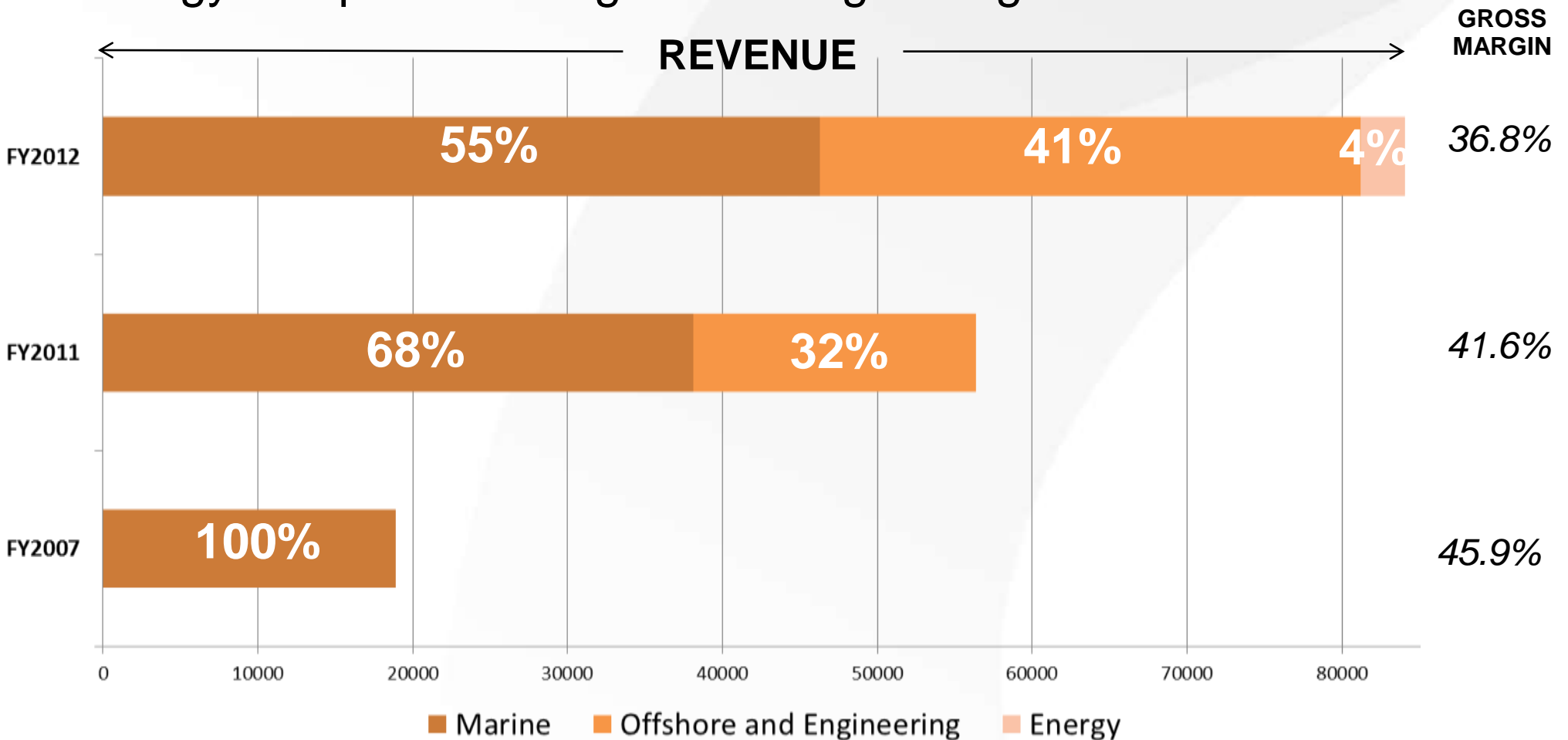


\$3m p.a. invested in additional infrastructure from:

- Group sales and marketing
- Procurement Office
- Treasury Office
- Strategic Planning
- Corporate governance (eg Enterprise Risk Management)
- IT(eg ERP)

Evolution of Business Mix

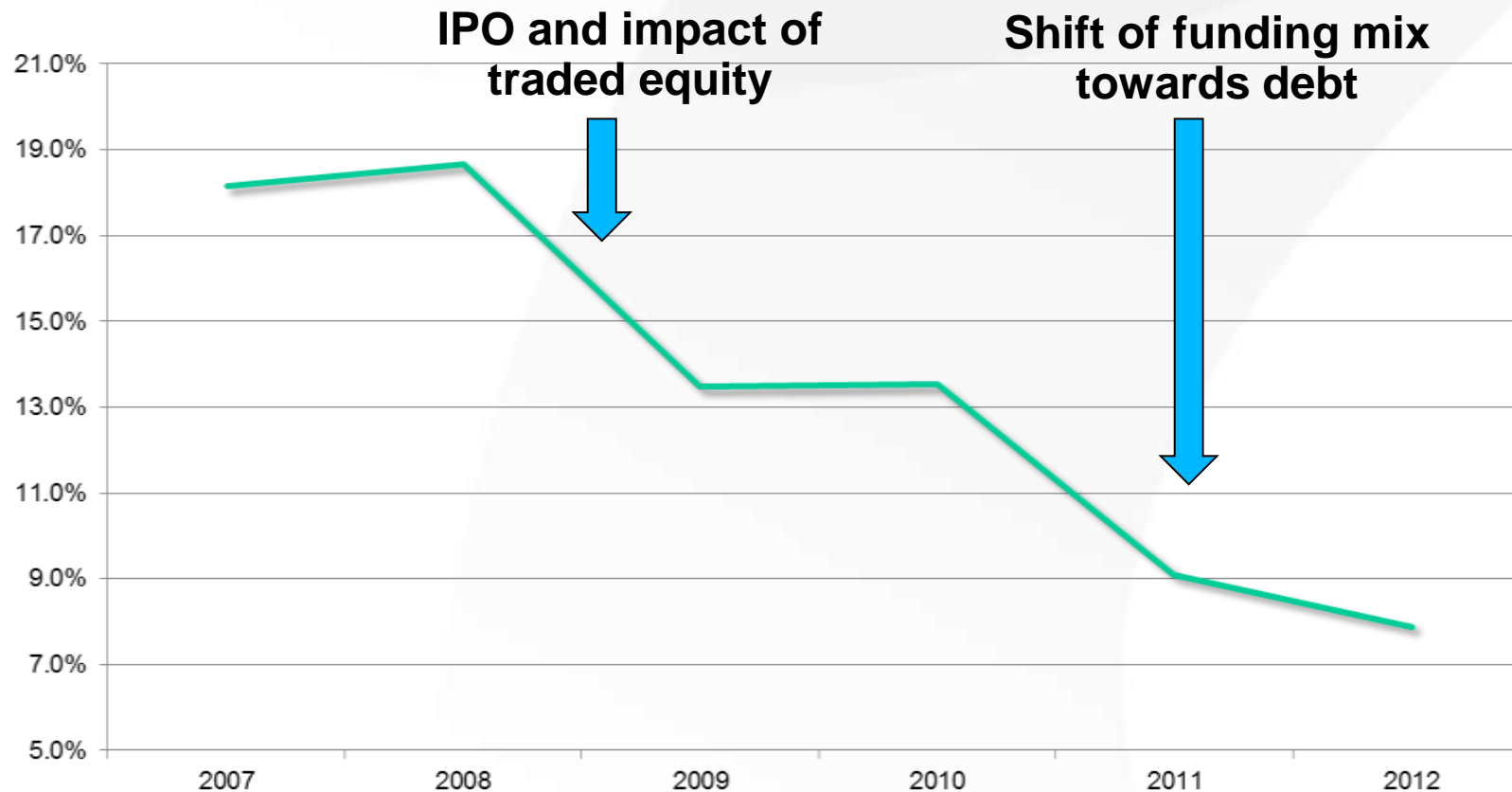
- Marine has a lower materials component than Offshore and Engineering, and thus higher gross margins
- O&E is still very lucrative and often has large contract values
- Energy has potential to generate high margins



Capital Spreads

- Capital Spread = ROCE- WACC
- Past expansion (including acquisitions), though operationally very successful were funded at high WACC
- Future growth will be funded at much lower WACC

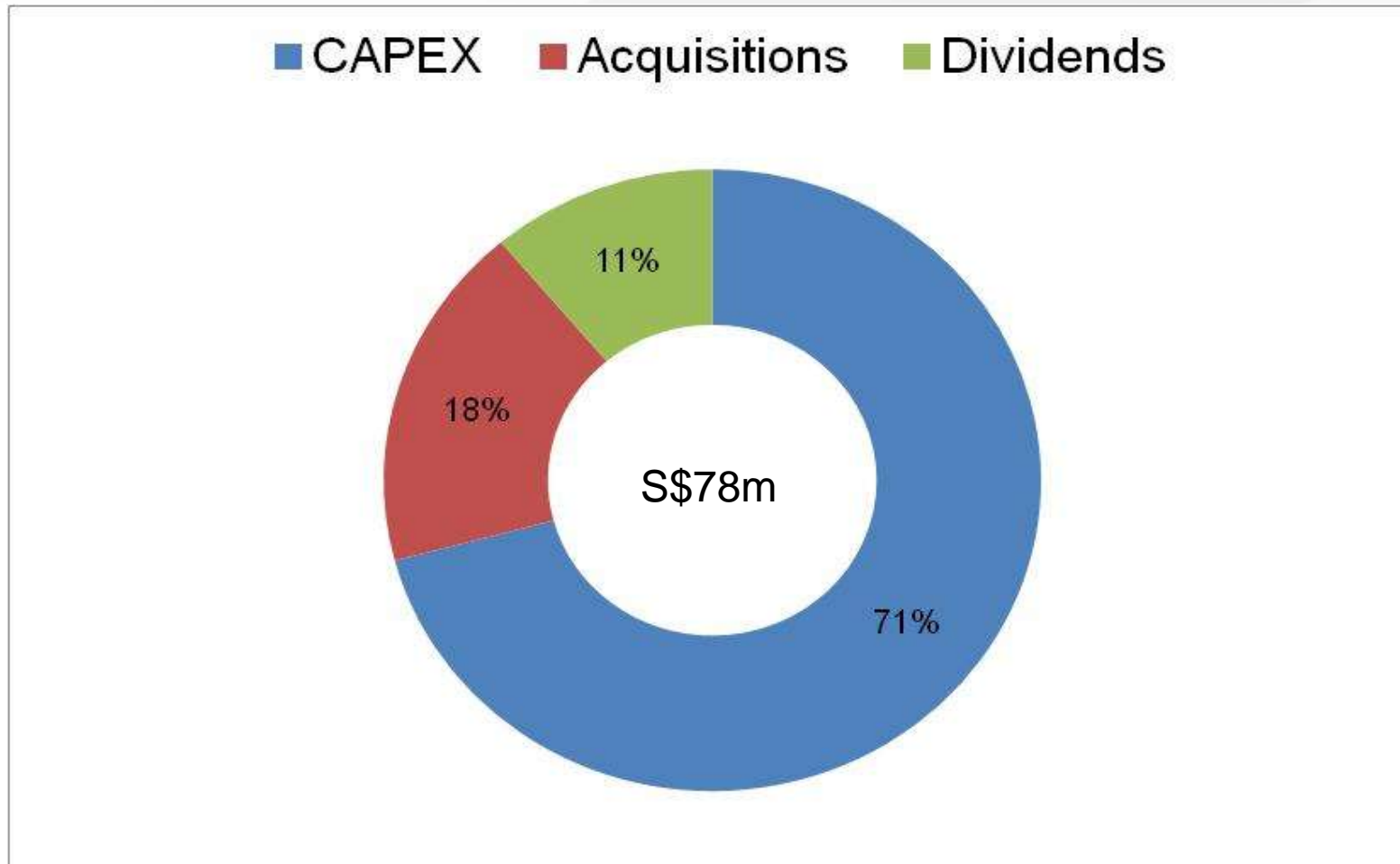
WACC (2007-2012)



Uses of Cash since 2007

- Since our IPO, we have invested S\$86m in future sources of growth. This was funded by cash/ debt of S\$69m and share issuance of S\$17m.

Cash Deployment
2007 - 2012



Talent Acquisition

Board

- Recruited a highly experienced Board of Directors, with 4 of our 6 Directors being Independent.
- Singapore Corporate Awards Best Managed Boards Runner-Up, Under \$300m category

Key Management

- A key goal of our M&A strategy is talent acquisition and seven of our Top-12 managers are from companies acquired post-IPO

Staff strength

- Staff strength has grown from 112 at IPO to over 500 today
- Management and administrative team complete (barring acquisitions) and new staff will be primarily in production areas
- Impact from foreign worker tightness expected to be largely offset by SME incentives

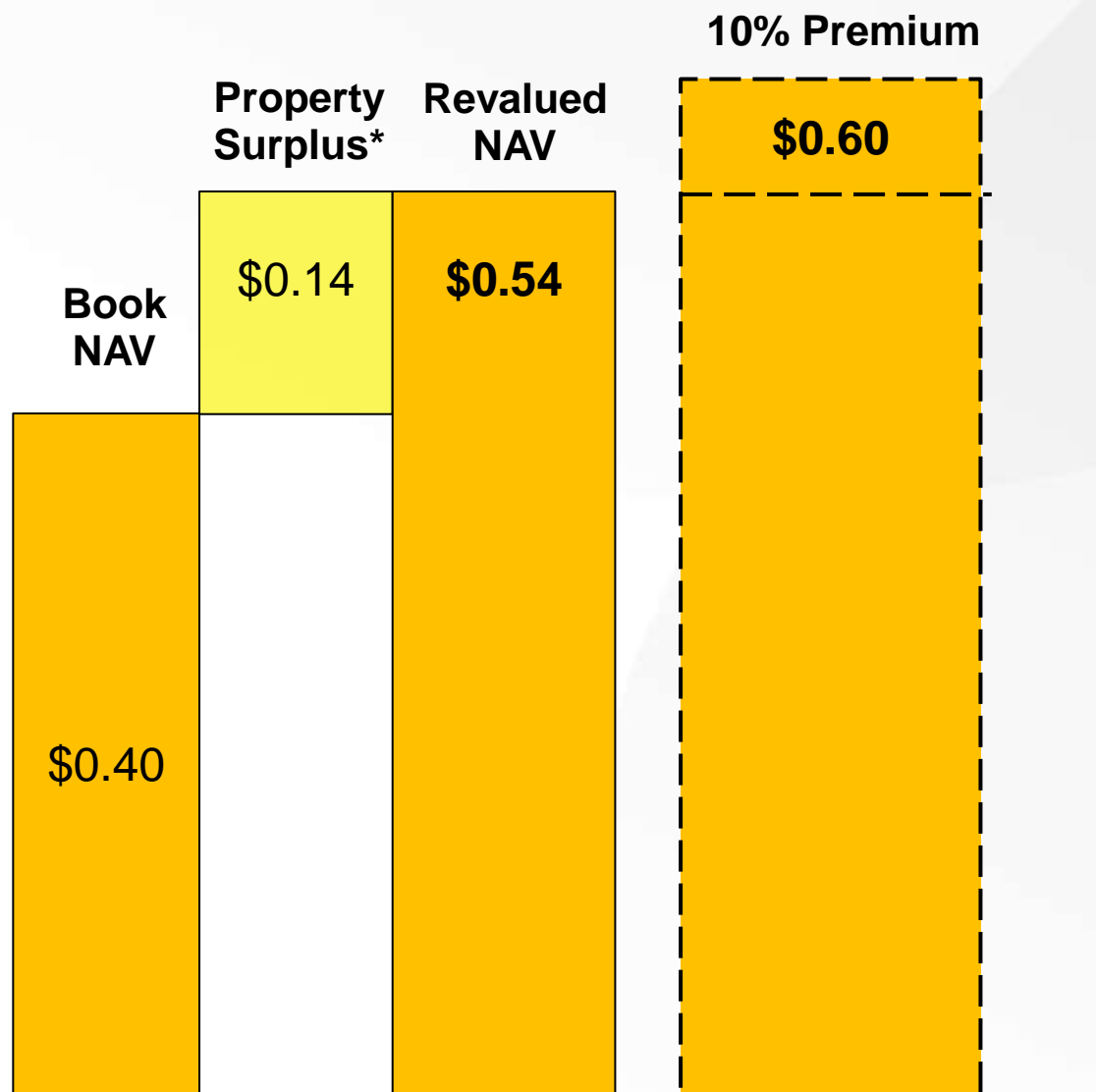
Operating Locations

Operating Locations	Descriptions	Built-Up Area (sqm)	Land Area (sqm)
No. 7 Tuas View Circuit Singapore 637642	Sterngear equipment manufacturing	6,698	8,501
No. 12 Kwong Min Road Singapore 628714	Precision machining and energy operations	2,946	4,623
No. 39 Tuas Avenue 13 Singapore 638999	Sterngear services (Under Recon Propeller)	1,550	3,012
6 Tech Park Crescent Singapore 638126	Topside (Rope Access) and subsea (diving) services for the offshore and inshore marine industry, particularly in Inspections, Repairs & Maintenance.	1,718	1,718
42B & 42E Penjuru Road	Manufacture heavy rudder assemblies and high-end sterngear equipment for the marine and offshore industries Construction date: 2010 Commencement of full operations : 2011	35,466	34,266
Total Built-up Area & Land Area in sqm		48,378	52,120

Corporate Developments since Listing

	2008 (IPO)	FY2012	Target
Business Units	1	3	4+
Facilities (build up area)	7,000sqm	48,378sqm	60,403sqm
Cross selling	None	<5%	>10%
Revenue	\$18.9 million	S\$84.1 million	-
Net Profit	\$4.8 million	S\$13.3 million	S\$50million
Share Price	\$0.28	S\$0.63	-
Market Cap.	\$47.6m	S\$142.4m	S\$1 billion
Focus	Build assets and prudent expansion	Monetise assets and drive growth	Leader in MRO and Energy solutions
Listing	Catalist	Main Board	-

Share Buyback



- Should we have excess liquidity, we would happily buy our own assets through a Share Buyback at a premium to RNAV
- At this time, we have set the premium at a modest 10% to RNAV *(i.e \$0.60 per share)
- This does *not* mean that we estimate our fair value at \$0.60. It means we think that buying our own assets at 10% above RNAV is at least as good as buying someone else's assets at market value
- Fair value based on Profit and Cashflow may determine a higher buyback value but we are conservatively using RNAV for now

* The Group's six properties are carried at in the books \$33.1m. In February 2013, the Group engaged Robert Khan & Co, an independent valuer to carry out a valuation of the Group's properties. This determined a market value of \$65.1m, a revaluation surplus of \$32.0m, equivalent to \$0.14 per share. A breakdown of the individual property valuation is available in our FY2012 results announcement of 26 February 2012.



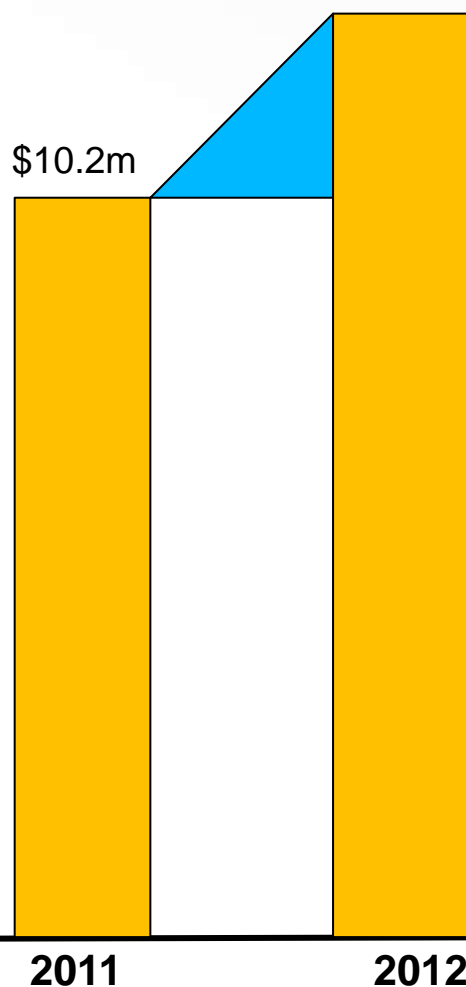
Financial Review - FY2012



2012 Group Performance

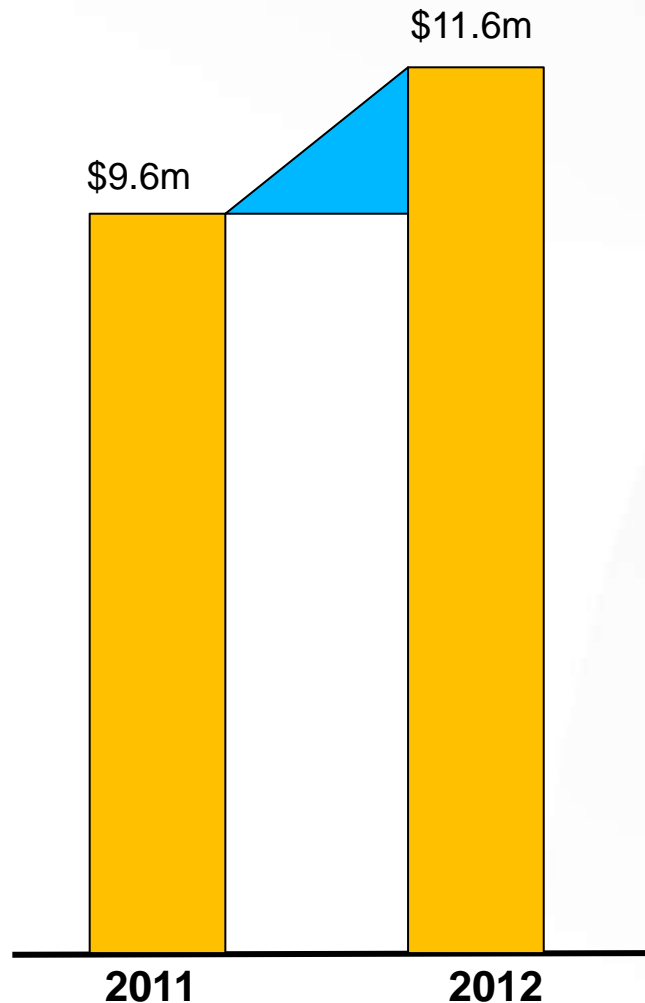
In FY2012 Mencast delivered record Revenue, Net Profit, EPS and Free cashflow

Net Profit
+ 30%



\$million	FY 2012	FY 2011	Change (%)	Remarks
Revenue	84.0	56.4	49.2	<ul style="list-style-type: none"> Higher revenue contribution from all units Higher production capacity from Penjuru facility
Gross Profit	30.9	23.4	31.8	<ul style="list-style-type: none"> Strong growth from increased revenue and consolidation of newly acquired subsidiaries
Gross Profit Margin	36.8%	41.6%	-	<ul style="list-style-type: none"> Change of business mix into business with higher contract value and slightly lower margin
Other Gains	4.3	0.4	n.m	<ul style="list-style-type: none"> Sale of property at Loyang Crescent
Total Expenses	22.2	13.4	65.9%	<ul style="list-style-type: none"> Full year impact of Mencast Offshore, Mencast Subsea and Team costs Investment in branding and talent acquisition
Net Profit	13.3	10.2	30.3	Good growth momentum maintained
Net Profit Margin	15.9%	18.2%	-	Evolution of business mix
EPS (cents)	6.27	5.77	8.7	Impact of shares issued for acquisitions

**Gross Profit
+ 21%**



Revenue FY2012

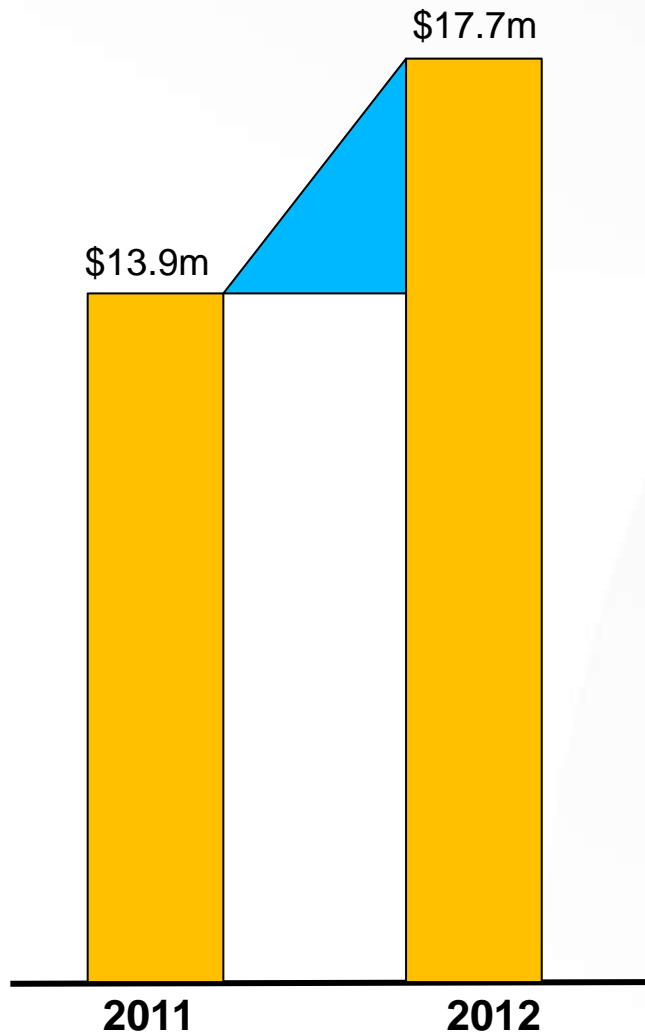
\$34.9m

Revenue Growth

+91%

- **Full-year revenue contribution from acquisitions (part year FY2011)**
- **Increase production capacity at 42E Penjuru**
- **Larger projects from major players in the Oil & Gas industries**

**Gross Profit
+ 28%**



Revenue FY2012

\$46.3m

Revenue Growth

+21%

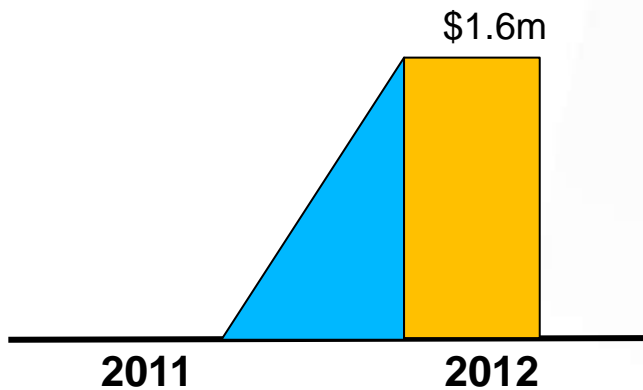
- **Full-year revenue contribution from diving services acquisition**
- **Increase in production capacity arising from the completion of the workshop at 42E Penjuru Road**

Revenue FY2012

\$2.9m

- **Partial year contribution from newly acquired subsidiary Vac-Tech (1 May to 31 December 2012)**

**New
Division**



FY2012: Financial Position

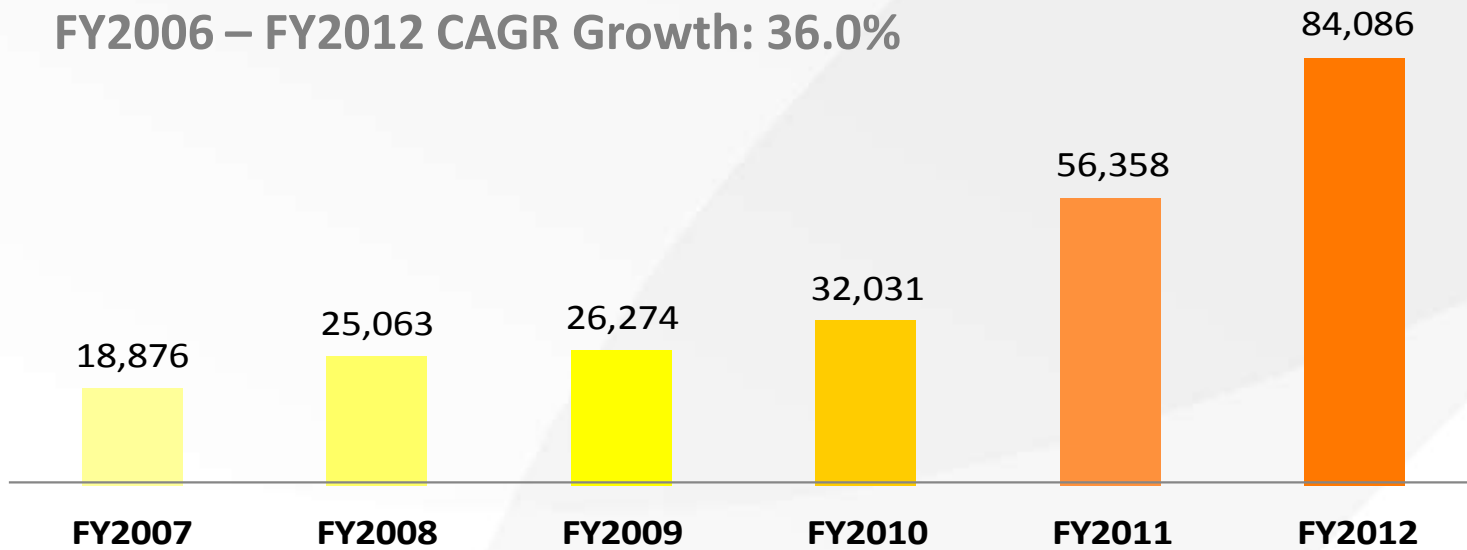
S\$' 000	31 Dec 2012	31 Dec 2011
Cash and bank balances	19,716	9,451
Non-current assets	133,533	95,409
Total assets	193,840	137,225
Net debt *	80,825	68,087
Total capital **	171,147	125,245
Net gearing ratio	47.2%	54.4%
NAV per share (cents)	40.0	30.5

* Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

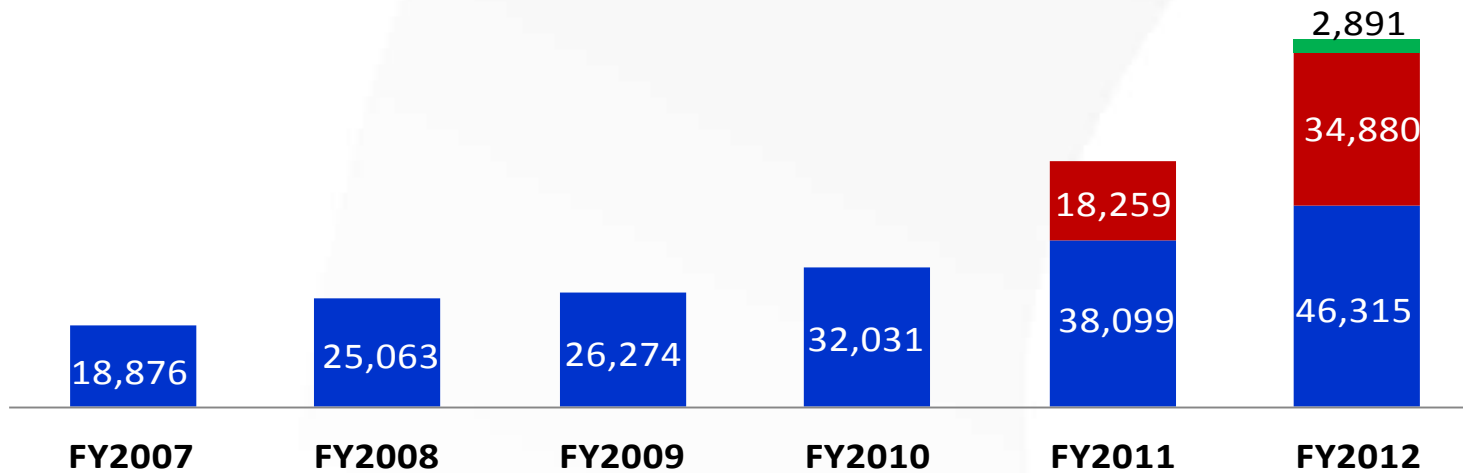
** Total capital is calculated as equity plus net debt.

Consistent Revenue Growth (Eight Consecutive Years of Growth)

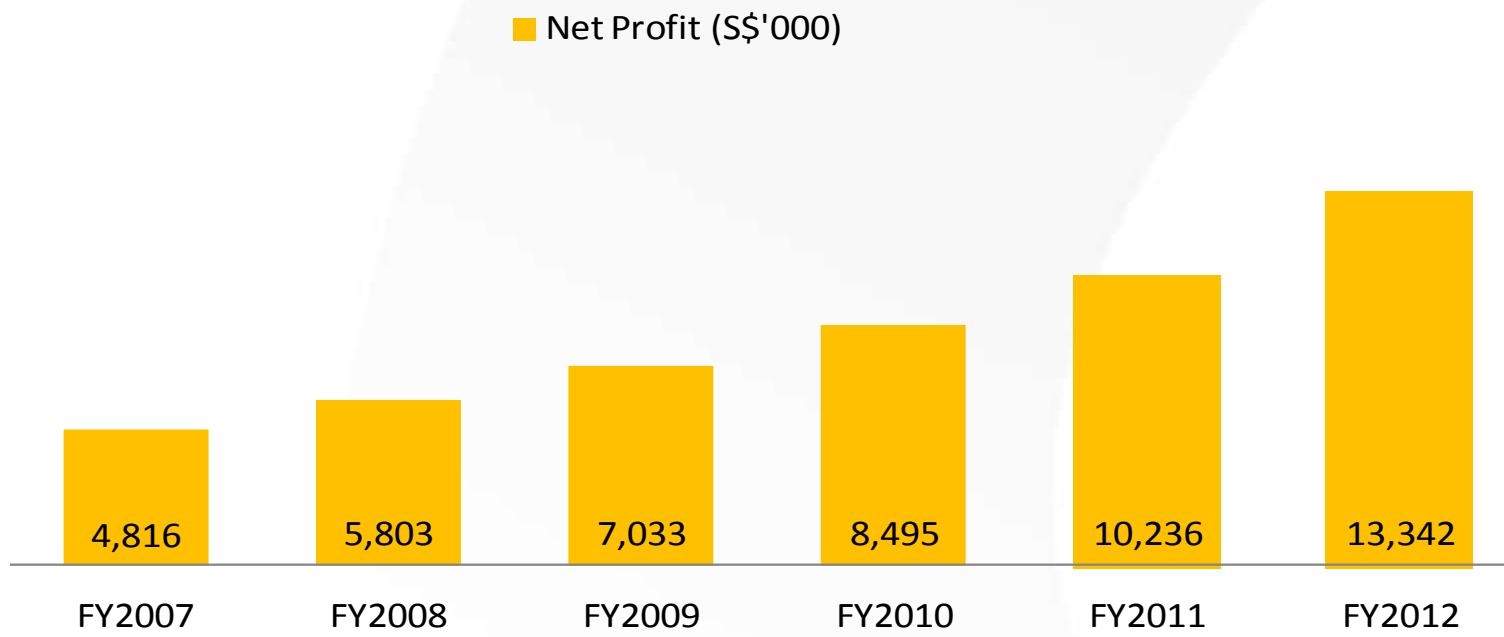
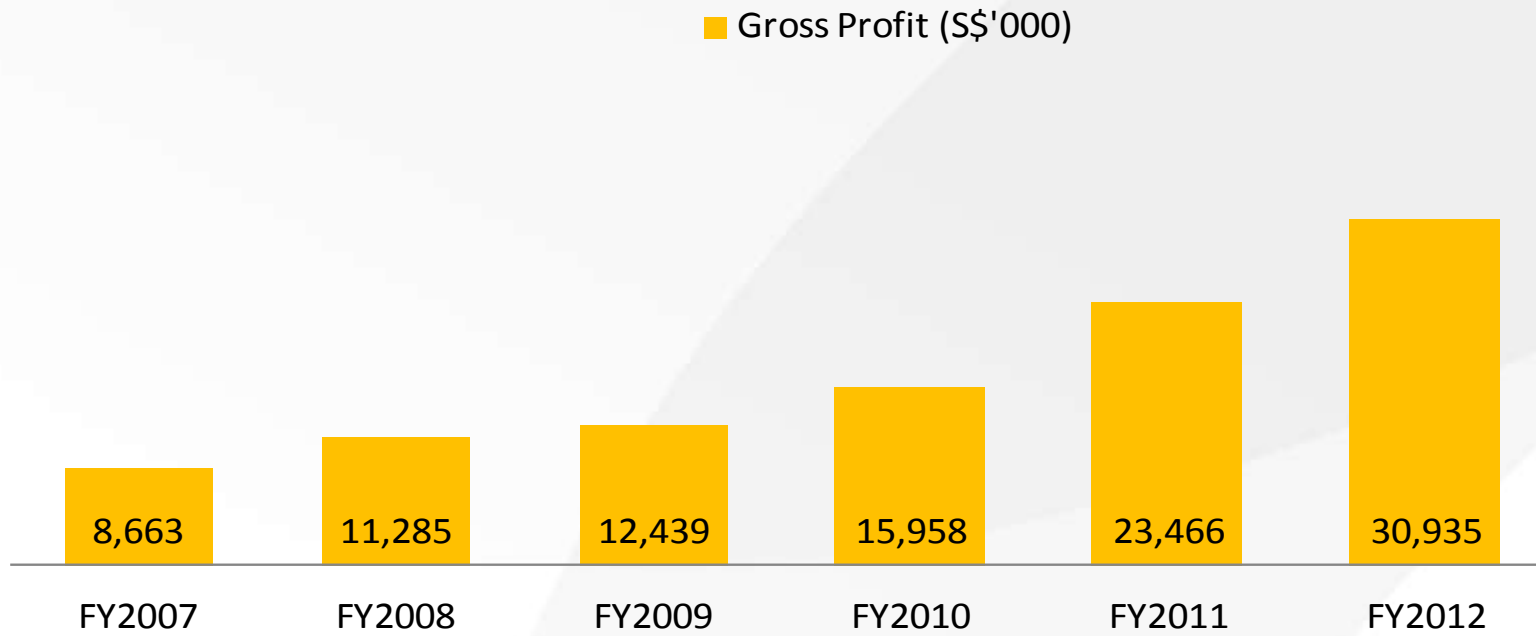
FY2006 – FY2012 CAGR Growth: 36.0%



■ Marine Services ■ Offshore & Engineering Services ■ Energy



Consistent Profit Growth





Operations Review



Mencast

Partner Perfect



Offshore & Engineering

- Inspection, maintenance & fabrication of offshore structures
- Topside (rope access), subsea ROV, and commercial diving services
- In-house capabilities to manufacture metal precision components.
- Analysis of pressure vessels, and storage tank designs



Marine

- Customized sterngear manufacturing
- Reclaiming and reconditioning of sterngear
- Refurbishing of propulsion & sterngear system
- Water front, marine project deployment and management
- Maintenance, repair and inspection of shipyards and onboard vessels



Energy Services

- Oil Sludge / Slop reclamation
- Hydro cleaning oil & gas tanks
- Encapsulation of wastes prior for landfill disposal
- Design and launch carbon footprint management initiatives & green initiatives

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OFFSHORE & ENGINEERING



Mencast Offshore & Marine



Mencast Subsea



Mencast Engineering





Media Filter



Water Solution



Hydrocyclones Package

Parcel A & B: 42B & 42E Penjuru Road, Mencast Central

In 2010.....



Now.....



Latest Development at 42B Penjurong Road



Waterfront



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MARINE



Mencast Marine



Sand Casting

Blue-fitting of Propeller to Tailshaft

High-lift Rudder Assemblies



Machining of Skid Box



Fitting of CPP & Hub

Recon Propeller & Engineering



**Balancing of CPP
Blades and
Propeller**



Pitch Calibration



CPP Hub Skimming



Welding



**Worldwide Mobile
Propeller Services**

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ENERGY SERVICES



Vac-Tech Engineering

Tank Desludging



- Improve bottom line and environment
- Oil recovery
- Less waste disposal

Chemical Cleaning and Passivation



- Process to remove free-iron and coat surface area
- Protect against corrosion damage
- Increase efficiency of operations

Air Fin Cooler Cleaning



- Efficient design
- Higher productivity
- Minimize manpower fatigue
- Improved thermal capacity

Water Jet Cleaning



- Clean tube interiors
- Cost efficient
- Safer operations
- Better environmental protection

Vac-Tech Engineering

Product Development

Squiz Tech Dewatering Press



- Multi-disc sludge dewatering equipment
- Capable of directly treating both low and high concentration sludge
- For treating oily sludge, sewage tanks, chemical and petrochemical industry

ATDU System



- Anaerobic Thermal Desorption System
- Recovers and separates hydrocarbons from oily waste
- Preserve organic constituents for collection and recycling

Spiderjet Surface Cleaner



- Tank wall cleaning with high pressure water
- Does not require scaffolding
- Able to travel along the wall in any direction
- Attached to a safety line in the event of a vacuum failure

Mencast

OFFSHORE & ENGINEERING



Mencast

MARINE



Mencast

ENERGY SERVICES



THANK YOU!

MENCAST HOLDINGS LTD.

42E Penjuru Road, Mencast Central
Singapore 609161
www.mencast.com.sg

Investor Relations Contact
Financial PR Pte Ltd
Romil Singh / Kathy Zhang
6438 2990
romil@financialpr.com.sg
staff@financialpr.com.sg

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