



**MENCAST HOLDINGS LTD.
INVESTOR PRESENTATION
1 AUGUST 2013**

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Contents

- Group Overview and Competitive Strengths
- Operations Review
- Financial Review
- FY2012 & HY2013

Group Overview and Competitive Strengths



Overview



3 Growth engines
Offshore & Engineering
Marine
Energy

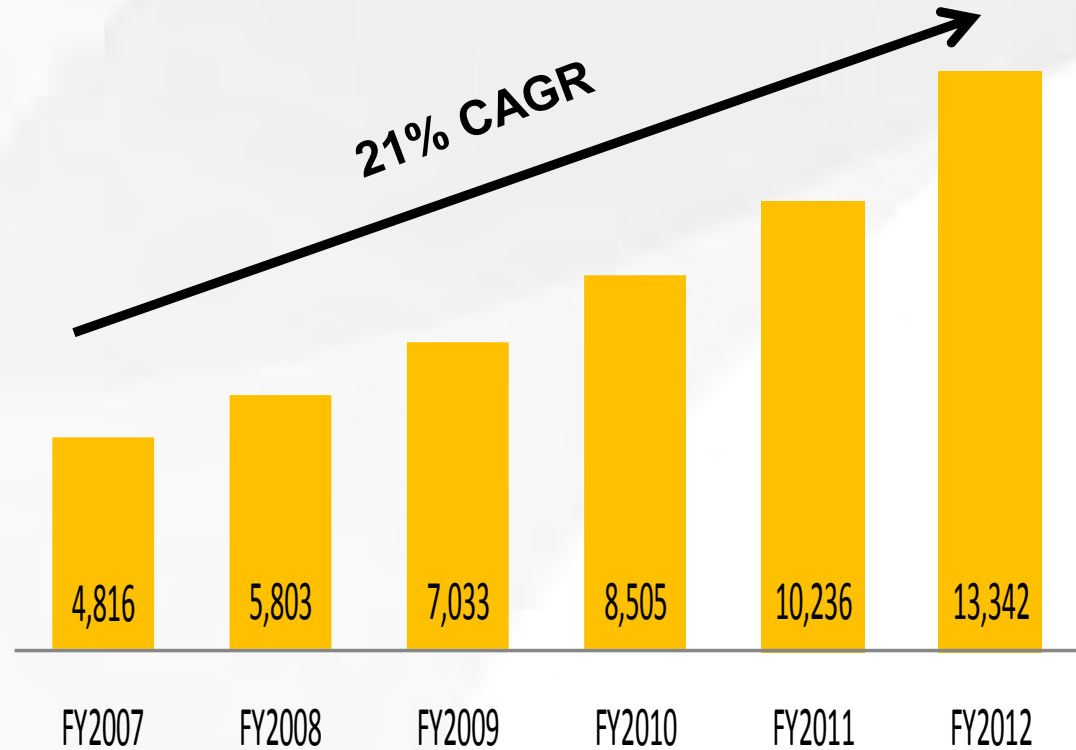


33
Year track
record of
excellence



646
Employees

Net Profit (S\$'000)



Through leadership in Maintenance, Repair & Overhaul (“MRO”) to the Oil & Gas and Marine Industry, Mencast serves the Global Energy Cycle

Mencast serves the Global Energy Cycle

ENERGY CYCLE

Exploration



Remediation



Production



Maintenance



Distribution



Exploration & Production

*Offshore structure engineering and fabrication for exploration, production and seismic survey
Pressure vessels, tanks, skid plates and precision components
Rig positioning and thruster installation
Remote Operated Vehicles*

Distribution

*Manufacturing of sterngear systems and equipment for oil tankers
Piping systems and equipment for O&G industry*

Refinery/ Maintenance

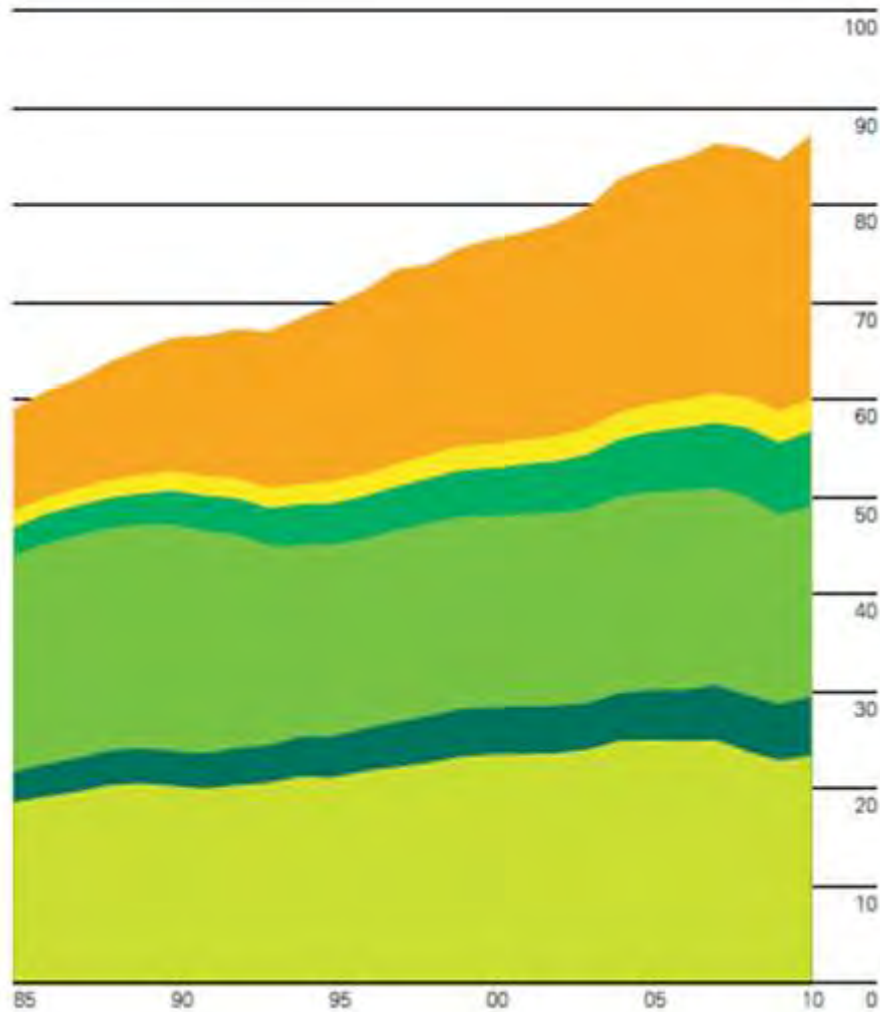
*Integrated MRO services for oil and gas and marine industry
Underwater, topside and offsite capabilities*

Environmental Remediation

*Cleaning, waste management and processing services
Carbon footprint management
Decommissioning*

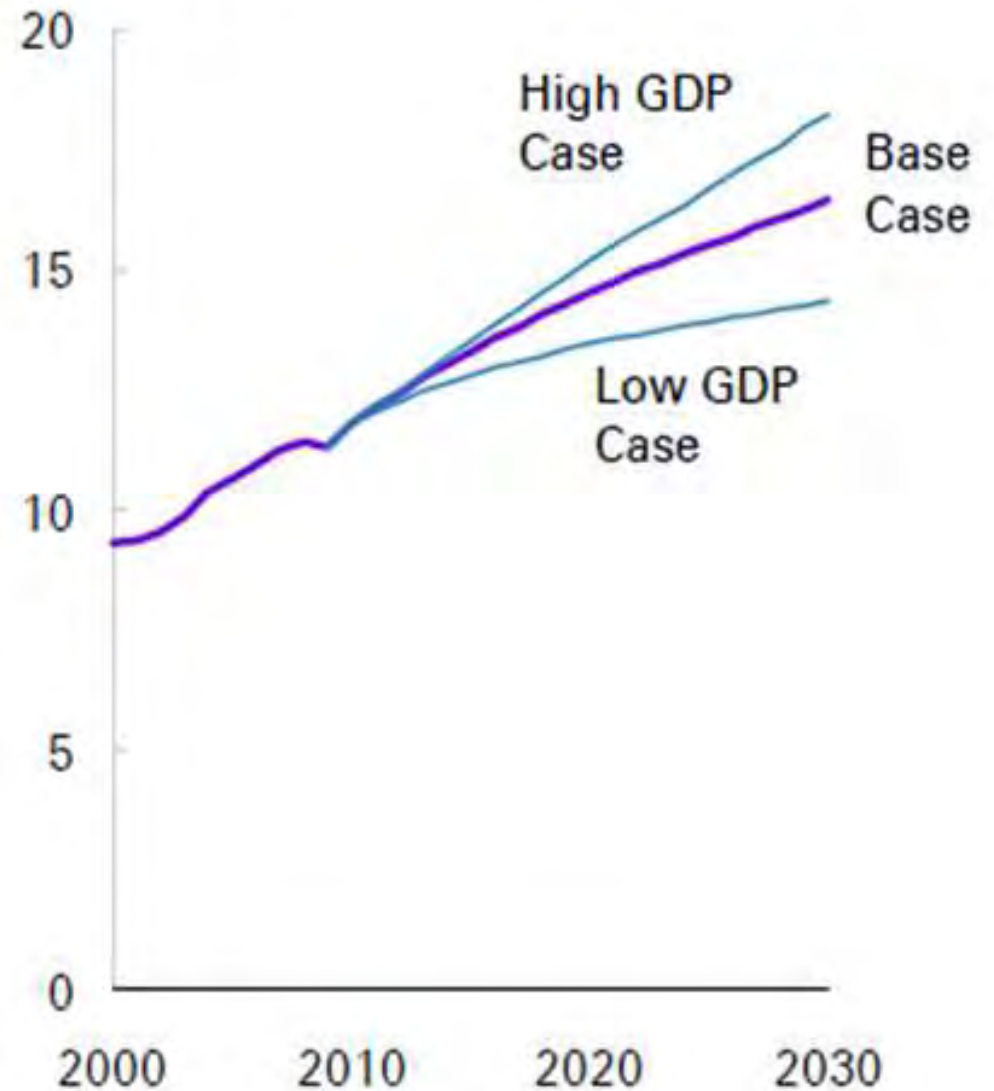
Sustained Energy Demand Growth

Consumption by region
Million barrels daily



Source: BP Statistical Review of World Energy, June 2012

Billion toe



Growth Engines in all Divisions

Business Divisions: Primed for Growth

Marine



- Customized sterngear manufacturing
- Reclaim/recondition of sterngear, refurbishing of propulsion & sterngear system
- Water front, marine project deployment and management
- Maintenance, repair and inspection of shipyards and onboard vessels
- Commercial diving services.

Offshore and Engineering



- Inspection, repair, maintenance (IRM) and 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

Energy



Environmental remediation services including:

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

Mencast
PARTNER PERFECT

Expert solutions, lasting relationships

Key Customers

Strong relationships with the customers have allowed Mencast to secure contracts averaging 3 to 5 years.

Supporting Partners Across Offshore, Marine and Oil & Gas Sectors

Marine



Offshore & Engineering



Energy Services



Mencast's Shareholders

Executive Directors

Glennle Sim

Profile	Stake
Executive Chairman & CEO	21.57%

Wong Boon Huat

Profile	Stake
Executive Director	7.57%

Cornerstone Investor

Gay Chee Cheong and Family

Profile	Stake
Renown private investor	9.10%

Strategic Investors

Heliconia Capital Management

Profile	Stake
100%-owned subsidiary of Temasek	3.00%

Dymon Asia Special Opportunities Fund

Profile	Stake
Premier Asian high return fund with close to US\$3 billion under management	2.35%

Other

Sim Family

Profile	Stake
Mother and siblings of Glennle Sim	20.23%

Board of Directors – Majority Independent Board



Board of Directors		
Name	Position	Role & Responsibilities / Profile Highlights
Glennle Sim	Executive Chairman & Chief Executive Officer	<ul style="list-style-type: none"> Responsible for overall management, strategic planning, operations and marketing of Mencast Group. Graduated from NUS with Bachelor in Business Admin and Master of Business Admin from University of Delaware, USA. Certified in General Foundry Technology & Non-Ferrous Metals Technology by Cast Metal Institute Inc. (USA).
Wong Boon Huat	Executive Director	<ul style="list-style-type: none"> Executive Director of Operations for Men cast's core Offshore & Engineering, Marine & Energy Services segments. Oversees formulation & implementation of Group's operation plans and policies. Founder of Top Great Engineering & Marine Pte Ltd, with 30 years of industry experience.
Sunny Wong	Lead Independent Director	<ul style="list-style-type: none"> Chairman of Nominating Committee and member of Audit & Remuneration Committees. Managing Director of Wong Tan & Molly Lim LLC and practicing advocate and solicitor of Singapore Supreme Court. Graduated from NUS with Bachelor of Laws (Honours).
Ho Chew Thim	Independent Director	<ul style="list-style-type: none"> Chairman of Audit Committee and member of Remuneration & Nomination Committees. Accountant by vocation, over 35 years experience in financial management and held senior financial positions in mainly listed companies and banks including Poh Tiong Choon Logistics, Deutsche Bank, UIC, UOB, etc. Fellow Member of ICPA & CPA Australia. Graduated with Bachelor of Accountancy (First Class Honours) from University of Singapore.
Ng Chee Keong	Independent Director	<ul style="list-style-type: none"> Chairman of Remuneration Committee and member of Audit & Nomination Committees. Joined PSA in 1971 and last held position was President & CEO of PSA. Current director in Jurong Port, Board Member of Centre of Maritime Studies (NUS). Bachelor of Social Science (Economics) from University of Singapore; graduated from Advanced Management Programs at Stanford University (USA) and INSEAD. Awarded Public Admin Medal (Gold) by Singapore govt. in 1997.
David Leow	Independent Director	<ul style="list-style-type: none"> Chairman of Corporate Strategy and Communication Committee and member of A&R Committees. Over 20 years of experience in equity capital markets. Currently Managing Director of Thaler Group. Previous roles included senior positions in DBS Bank's Private Equity Group and UOB Kay Hian's Equity Capital Markets Group. Charter holder with the US CFA Institute as well as the ICA (Australia) and holds a Bachelor of Commerce from the University of Western Australia.

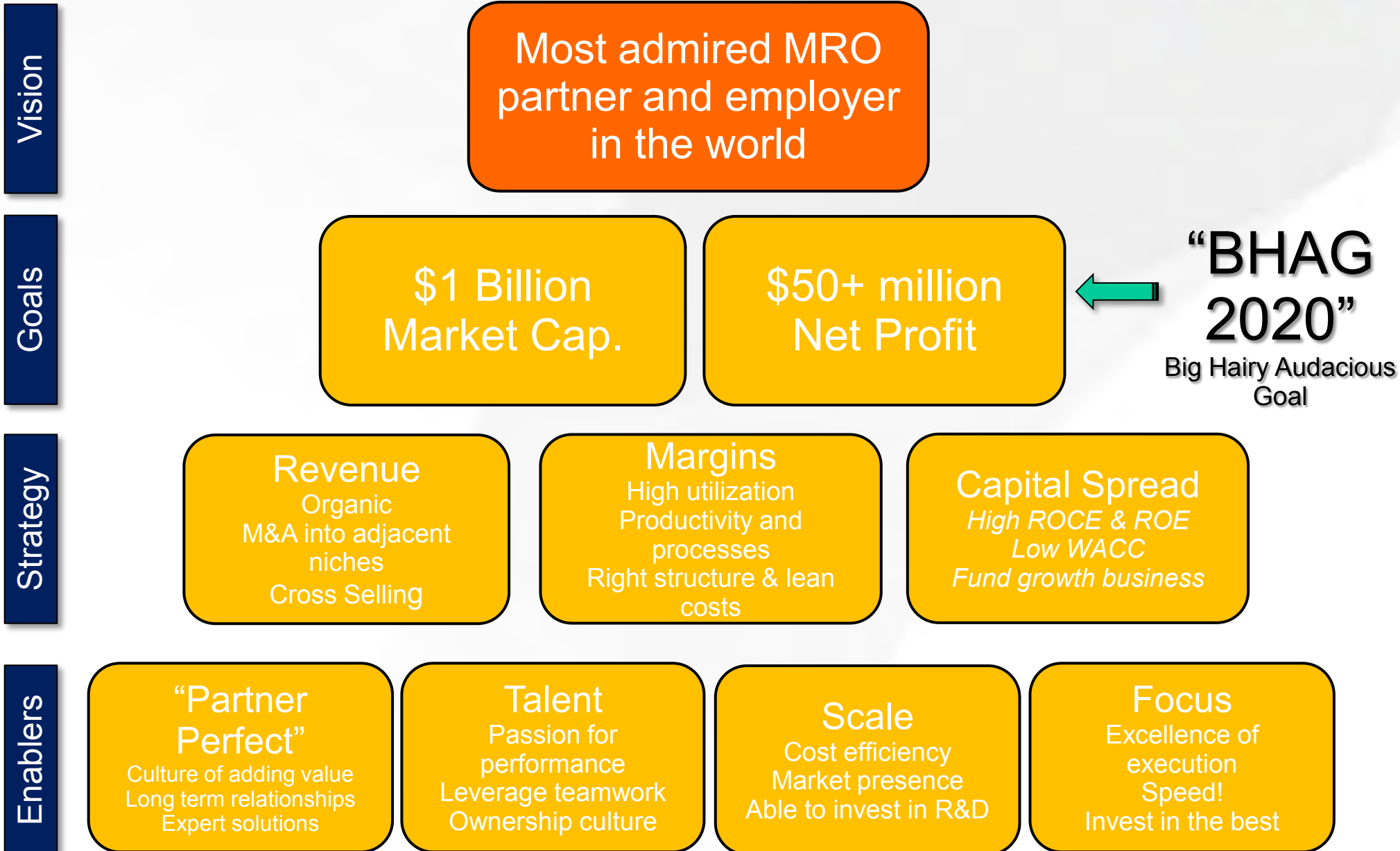
Key Management



From left to right: Brian Heng Teck Kin, Francis Ong Yong Chye, Cheng Shao Rong, Edwin Tan Eng Hoe, Lim Eng Sim, Sim Wei Wei, Jojo Alviedo, Jack Phua Poh Cheng, and Ho Gim Hai

Key Management		
Name	Position	Role & Responsibilities / Profile Highlights
Rodolfo “Jojo” Alviedo Jr	Chief Financial Officer	<ul style="list-style-type: none"> Responsible for accounting and finance functions of Mencast Group. Amassed 20 years of international audit and advisory experience across Singapore, Philippines and Vietnam. Qualified CPA in Philippines.
Brian Heng	Director of Corporate Strategy & Marketing Director in Mencast Centre of Excellence	<ul style="list-style-type: none"> Spearheads marketing & business development efforts, formulation of corporate strategies. Strategic human capital role in people development and training programmes. Doctorate of Philosophy from University of Queensland, Executive MBA from NUS, Master of Int’l Biz from Curtin University of Tech & Master of Mass Comms from Griffith University.
Sim Wei Wei	Head of Corporate Services	<ul style="list-style-type: none"> Responsible for corporate services and strategic planning, overseeing coordination and allocation of resources for achievement of strategic objectives. Graduated from SMU with Bachelor of Business Management.
Jack Phua	VP, Mencast Marine Director, Sterngear Services	<ul style="list-style-type: none"> Oversees development of Marine activities. Co-founder of Recon Propeller & Engineering Pte Ltd. Over 23 years of technical & mgt experience in shipbuilding, repair & maintenance industry.
Edwin Tan	VP & MD, Mencast Subsea	<ul style="list-style-type: none"> Responsible for diving, marine inspection, repairs and maintenance operations at Subsea. Certified diver and instructor with over 20 years of diving experience and more than 15 years of experience in Marine & Offshore industry.
Francis Ong	Operations Director, Mencast Subsea	<ul style="list-style-type: none"> Holds certification in Industrial Rope Access Trade Association (IRATA) Rope Access Level 3, highest accolade awarded by the only worldwide association on industrial rope access. Leads a team of 40 rope access technicians. Certified diver with over 20 years of experience.
Ho Gim Hai	MD, Vac-Tech Engineering	<ul style="list-style-type: none"> In charge of developing and executing Vac-Tech strategic plans within Energy Services segment to penetrate the oil & gas hazardous waste management sector.
Lim Eng Sim	GM, Operations of Mencast Marine	<ul style="list-style-type: none"> Spearheads operations in new sales projects and after-sales services, driving operational efficiency and effectiveness through implementation of continuous improvement initiatives. Over 20 years of experience in marine, aerospace and oil & gas industries. Bachelor of Mechanical Engineering from NTU.
Cheng Shao Rong	Senior Manager, Operations of Mencast Engineering	<ul style="list-style-type: none"> Planning, supervision of projects and staff to ensure smooth execution and timely delivery of upstream precision engineering tools and equipment for customers. More than 26 years of experience in field of precision engineering.

Mission & Strategy



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



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 (Note 2)	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	34,466	35,266
Total Built-up Area & Land Area in sqm		47,378	53,120

Notes:

- 1) Excludes 15,091sqm of land leased from JTC in April 2013 which is under development. This land has a plot ratio of 2.0-2.5x
- 2) Property to be disposed by Recon Propeller. Pursuant to the requirements of JTC as a condition to the Group's acquisition of the lease of 42B Penjuru Road.

Competitive Strengths

Dedicated and experienced management team

- Extensive network of client and business contacts to support the Group
- In-depth industry knowledge enables anticipation of market changes and their clients' needs

Established track record and strong reputation

- A strong reputation for trustworthiness built over 30 years in business and via consistent delivery of quality products and services create and retain a loyal long-term customer base

Close proximity to customer base in South-east Asia

- Group's facilities located in Singapore provides strategic advantages as the region is one of the world's leading shipping routes with a heavy concentration of shipyards
- Offers the Group the ability to tap on the potential customer base that exists in and around the region

Diversified global supply chain

- Includes Singapore, Malaysia, Vietnam, China, Philippines, India, Indonesia, and Oman
- Minimises disruptions in the event of unforeseen circumstances

Internationally accredited and certified

- As well as assurance the Group's work is of international standard, these form a very significant competitive barrier to new entrants

Comprehensive services backed by cutting-edge expertise and equipment

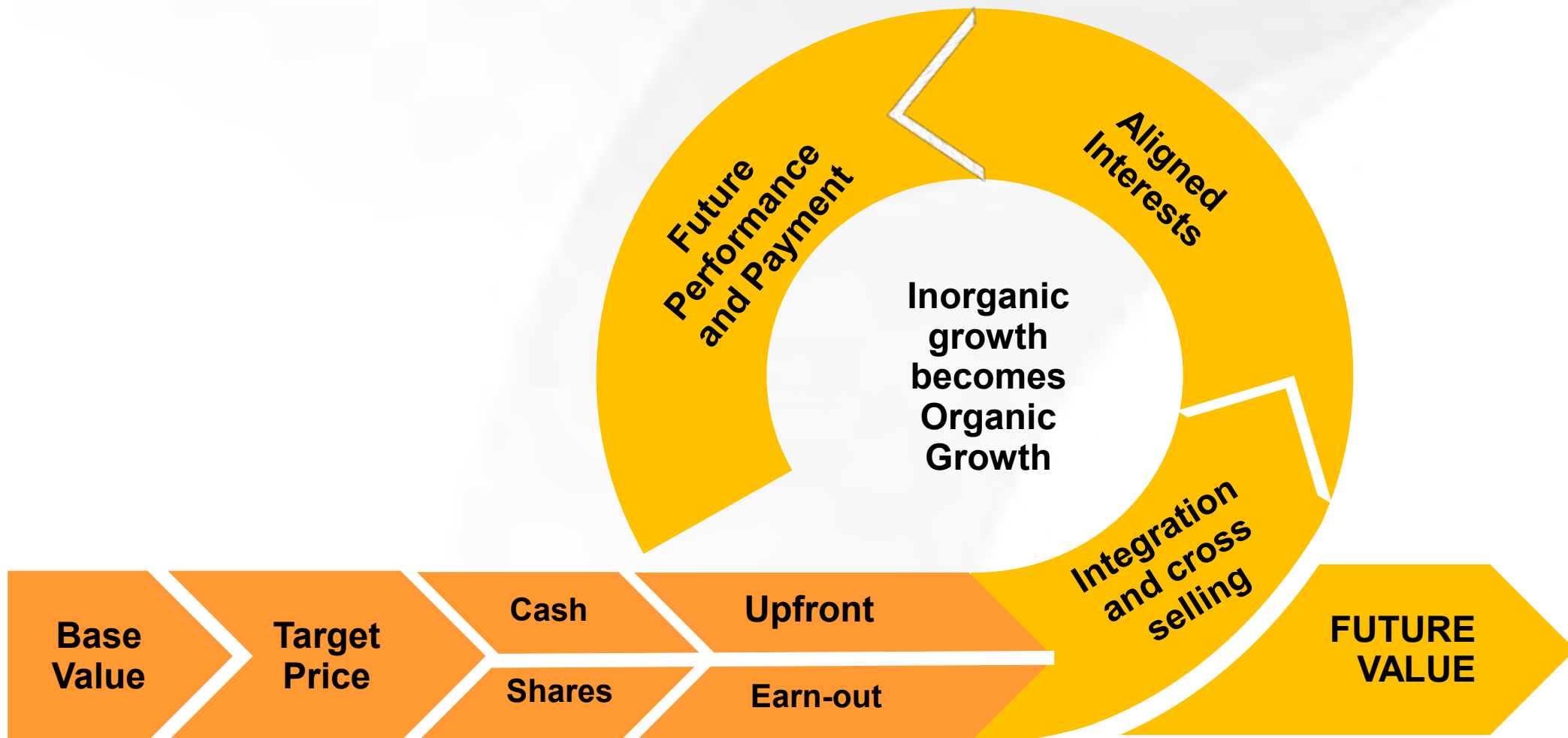
- Better operational efficiency, productivity, quality control, and cost savings
- Greater value-add to clients through provision of expert advice, allowing them to meet regulatory requirements while minimising costs
- Engineering capabilities to tailor and package its offerings according to the needs of its clients

Cross-selling of services and integrated MRO solutions

- Unique in the region and countries (e.g. Oman)
- Substantively greater cost savings accruing to client arising from integrated services, and thus improved competitiveness and client stickiness, which translate into higher revenues for the Group

Mencast's Acquisition Strategy for Growth

- High growth markets
- High margin and ROE
- Adjacent sectors
- Target/sector well known to Mencast



Operations Review



MARINE

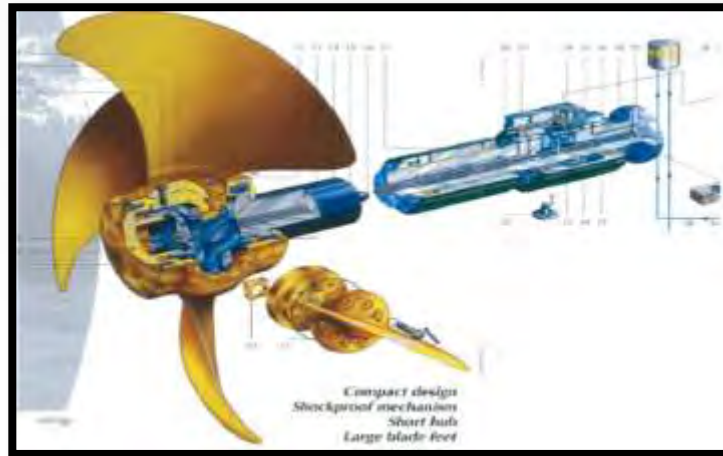
Principal Services

- Provide quality propeller repair and modification services
- Ship inspection, repair, maintenance, engineering and fabrication works
- Marine project management works

Services Capability

- Customized manufacturing, mobile reclaiming and reconditioning of hull parts
- Customized marine project deployment and management
- Maintenance, repair and inspection at shipyards, ports, wharves and onboard vessels for offsite works
- 30 years of integrated marine specialist services, both offshore and onshore









OFFSHORE & ENGINEERING

Mencast

Principal Services

- Inspection, maintenance and fabrication of offshore structures
- Onshore structures-related services and engineering
- In-house capabilities to manufacture metal precision components

Services Capability

- Fabricate complex skids, filtration membrane and pressured vessels
- Analysis of pressure vessels, and storage tank designs
- Full turnkey project management of engineering projects
- Supply Manpower onboard vessel to mobilize equipment
- Industrial rope access to bridges, tunnels and other construction projects



OFFSHORE & ENGINEERING

Mencast
PARTNER PERFECT



OFFSHORE & ENGINEERING



OFFSHORE & ENGINEERING



ENERGY SERVICES

Mencast

Principal Services

- Chemical decontamination of exhumers
- Semi-robotic oil tank de-sludging
- Air-Fin cooling cleaning and Hydro cleaning
- Heat-Exchange re-tubing
- Mobile decontaminating plants

Services Capability

- Custom-designed environmental and energy solutions
- Physically and chemically encapsulate wastes prior to landfill disposal
- Reclaim and lengthen asset life cycle to strengthen business model to become environmentally sustainable
- Design and launch carbon footprint management initiatives



ENERGY SERVICES



ENERGY SERVICES



Mencast serves the Global Energy Cycle



Accreditations and Certifications

Mencast MARINE



Mencast OFFSHORE & ENGINEERING



Mencast ENERGY SERVICES



Financial Review - FY2012 & HY2013



Group's Financial Performance – FY2012 & HY2013

S\$'000	Audited			Unaudited		
	FY 2012	FY 2011	Change (%)	HY 2013	HY 2012	Change (%)
Revenue	84,086	56,358	49.2	45,640	34,637	31.8
Gross Profit	26,492	22,543	17.5	16,576	13,507	22.7
<i>Gross Margin</i>	<i>31.5%</i>	<i>40.0%</i>	-	<i>36.3%</i>	<i>39.0%</i>	-
Other Gains - net	4,266	374	n.m	243	278	12.6
Finance Expenses	1,272	783	62.5	638	520	22.7
Total Expenses	17,712	12,442	42.4	8,591	6,635	29.5
Operating Profit	14,318	11,258	27.2	8,866	7,670	15.6
<i>Operating Margin</i>	<i>17.0%</i>	<i>20.0%</i>	-	<i>19.4</i>	<i>22.1</i>	-
EBITDA	18,982	14,089	34.7	11,598	9,426	23.0
<i>EBITDA Margin</i>	<i>22.6%</i>	<i>25.0%</i>	-	<i>25.4%</i>	<i>27.2%</i>	-
Profit before Tax	13,046	10,488	24.4	8,228	7,150	15.1
Net Profit	13,342	10,236	30.3	7,688	6,910	11.3
<i>Net Margin</i>	<i>15.9%</i>	<i>18.2%</i>	-	<i>16.8%</i>	<i>19.9%</i>	-

Capacity expansion in booming market drove:

- Record revenue and net profit in FY2012
- 11.3% growth in NPAT in HY2013

Group's Financial Position

S\$'000	Change (%)	30 Jun 2013	31 Dec 2012	31 Dec 2011
Total Assets	11.2	216,985	195,146	137,225
Total Liabilities	12.1	117,328	104,824	80,067
Total Debt *	30.4	78,976	60,575	39,343
Net Debt**	66.8	68,136	40,859	29,892
Total Equity ***	10.1	99,657	90,322	57,158
Gearing Ratio (Total Debt / Total Equity)	-	0.79x	0.67x	0.69x
Net Gearing Ratio (Net Debt / Total Equity)	-	0.68x	0.45x	0.52x
Net Gearing Ratio (adjusted for the effect of unrecognised fair values of properties) ****	-	0.51x	0.33x	0.52x

• *Total Debt is calculated as current and non-current borrowings.*

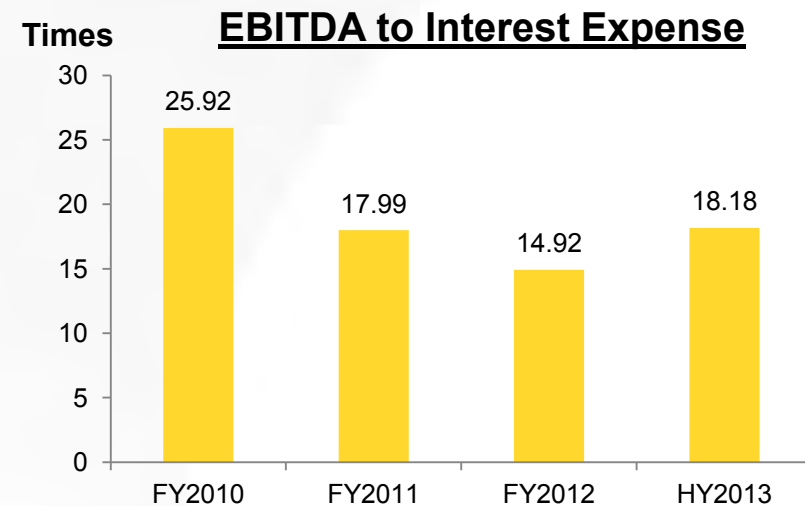
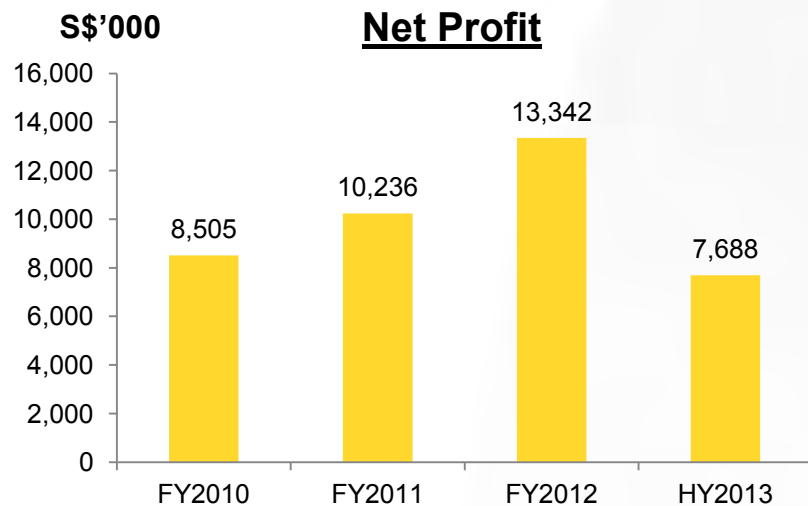
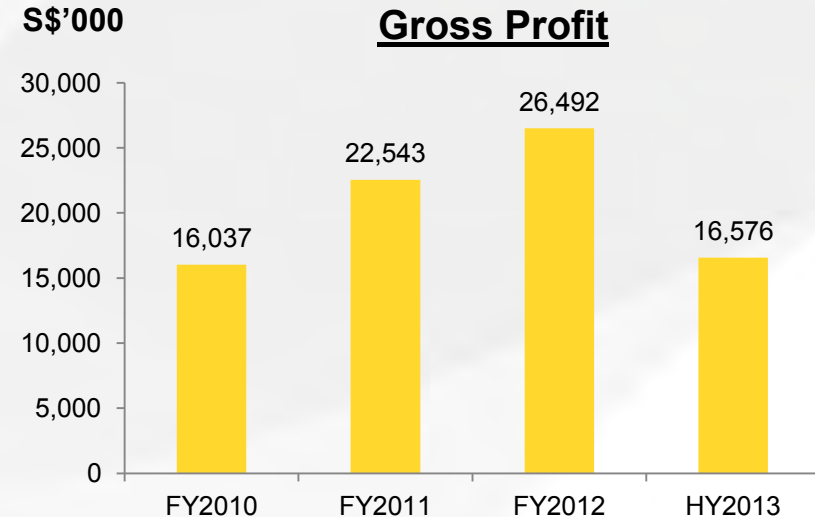
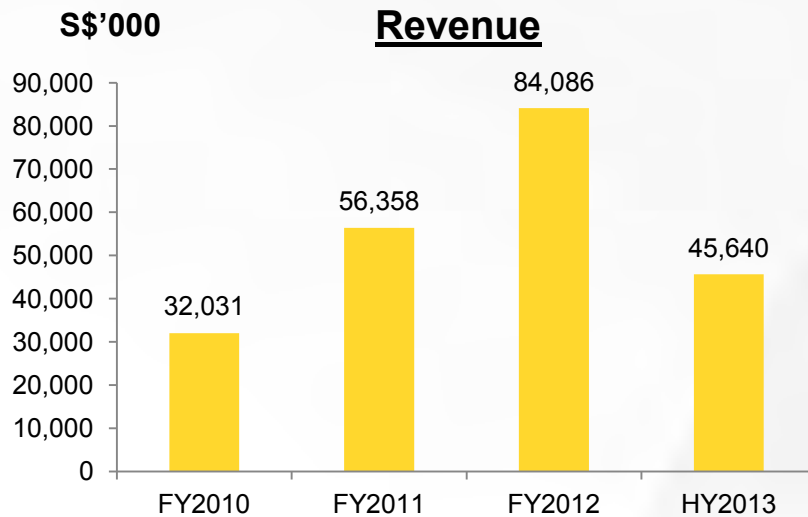
** *Net Debt is calculated as current and non-current borrowings minus cash and cash equivalents.*

*** *Total Equity includes share capital, reserves and non-controlling interests.*

**** *The Group's six properties are carried at in the books \$32.5m. In FY2013 Q1, the Group engaged third-party valuers to carry out a valuation of the Group's properties. This determined a market value of \$66.0m, a revaluation surplus of \$33.5m.*

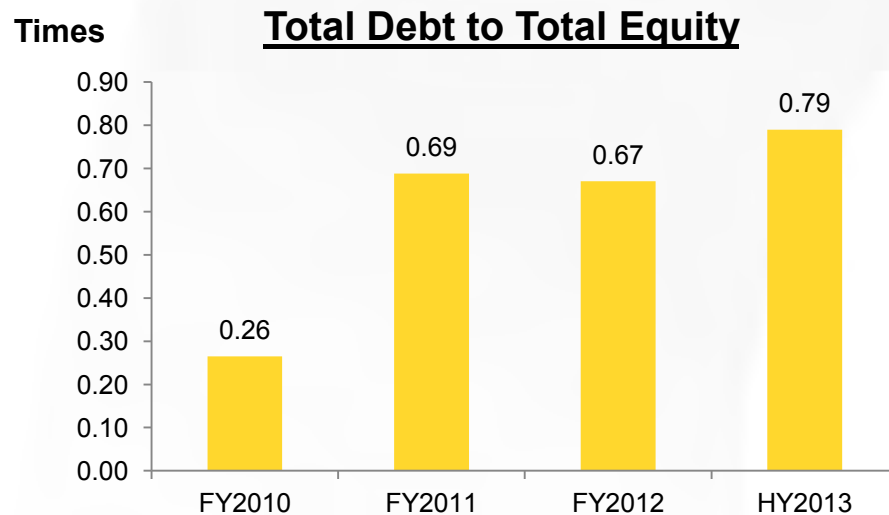
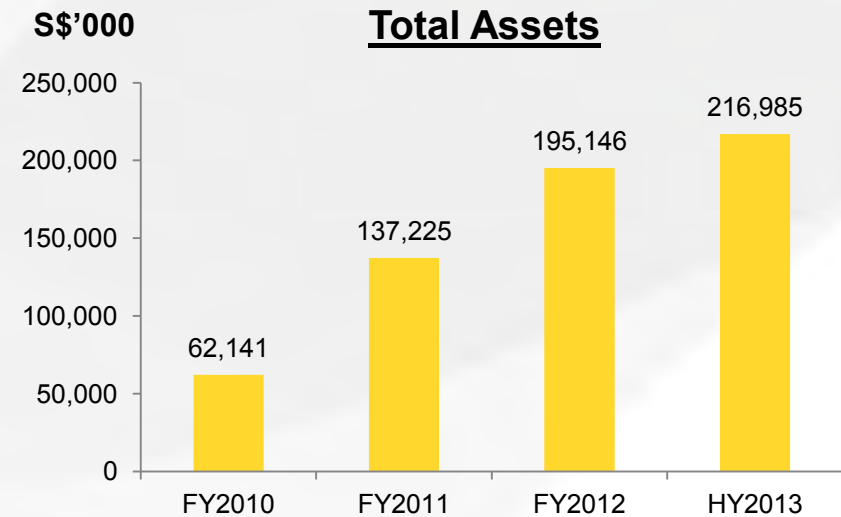
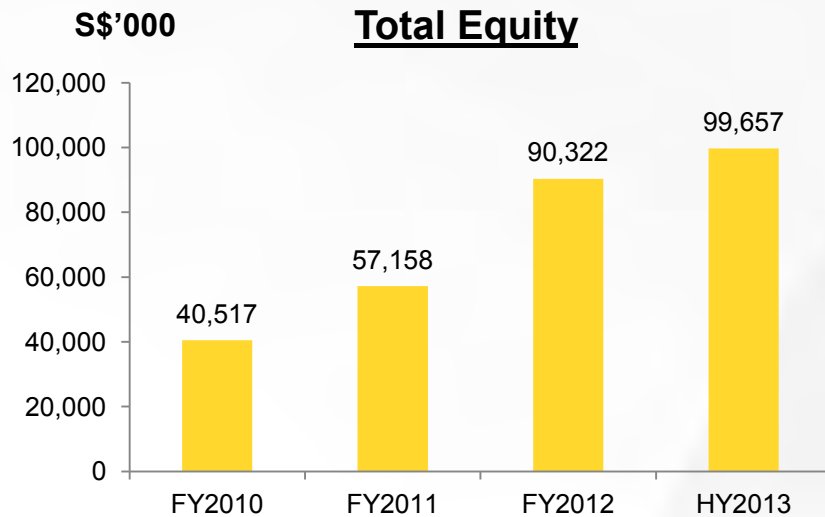
Group's Financial Performance

Strong and consistent growth in earnings



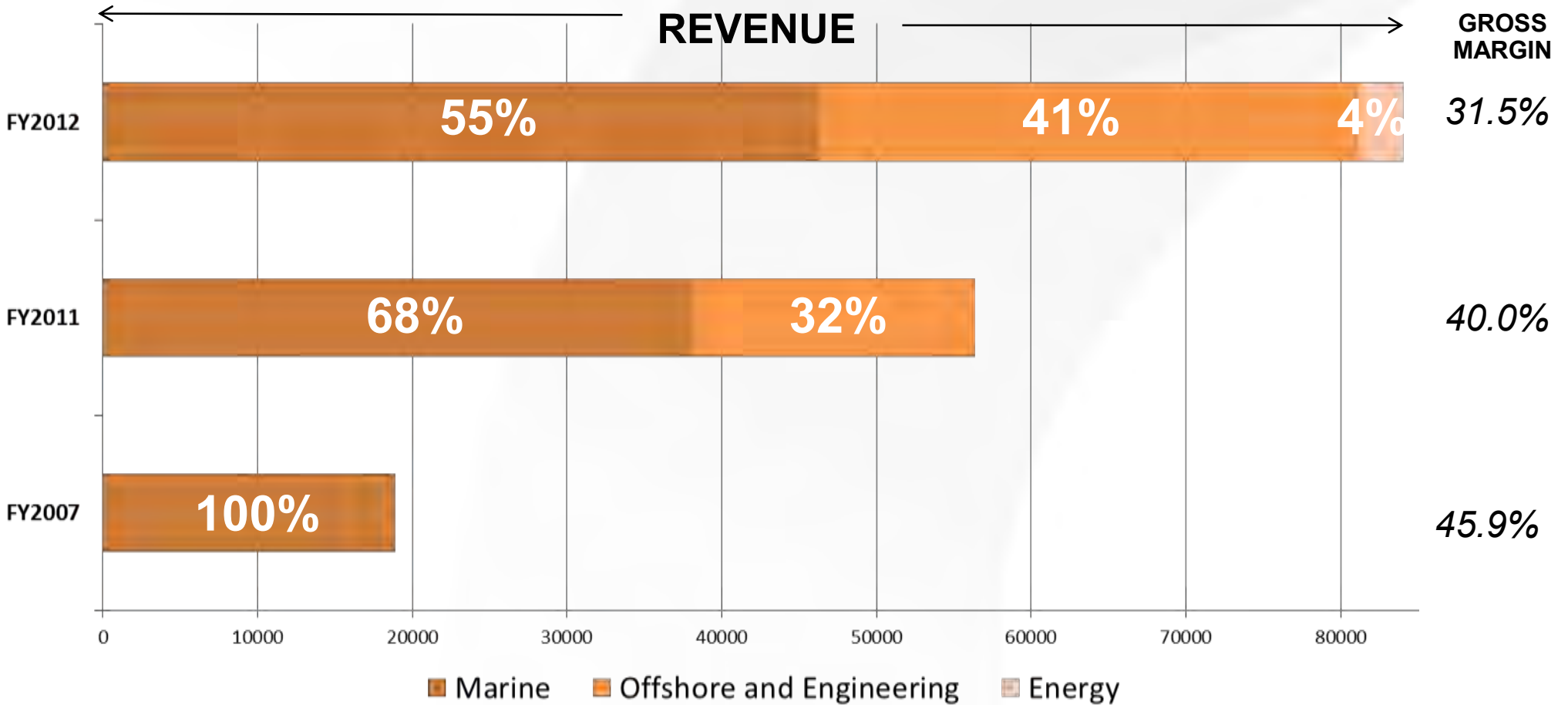
Group's Financial Position

Steady growth in equity base and asset size while maintaining low gearing.



Evolution of Business Mix

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



Strategic

- Operational excellence – capability, scale and efficiency
 - Unlock full power of MRO model through cross selling and entry into new geographies
 - Focussed footprint – expand in fastest growing areas
-

Market Outlook

- Rising energy demand
 - Expanding market share in growing markets
 - Significant new client wins already in 2013
-

Financial

- Balance sheet management to fund growth while remaining financially prudent
- Deliver improving returns
- Expand capital spreads (ROCE-WACC)

Equity Analysts Bullish

Mencast Holdings

Initiating Coverage
14 Jun 2013

Overweight

Current Price **S\$0.54**
Fair Value **S\$0.71**
Up / (downside) **31%**

Stock Statistics

Market cap **S\$157.7m**
52-low **S\$0.432**
52-high **S\$0.588**
Avg daily vol **90,120**
No of share **284.7m**
Free float **52%**

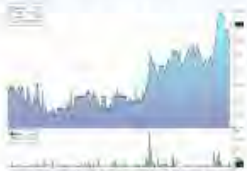
Key Indicators

ROE 13F **15.2%**
ROA 13F **7.3%**
P/BK **1.7x**
Net gearing **0.81x**

Major Shareholders

Glennle Sim **22.1%**
Chua Kim Choo **12.2%**

Historical Chart



Source: Bloomberg

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Full speed ahead on the growth lane

- **Initiate coverage with an Overweight recommendation and a S\$0.71 fair value**, based on 10x PER FY14, (in line of its peers in the marine and offshore industry). This translates into potential upside of 31% from its current price. We believe its business model will benefit from 1) continued capex spending in the offshore O&G space 2) growth of Singapore as a marine and offshore repair and conversion hub 3) outsourcing trend by shipyards. The group has continued to expand its service offerings by acquiring 5 companies in the past 2 years, which are expected to give a boost to its plans to expand locally, in South East Asia and the Middle East.
- **Expansion mode in full gear.** Mencast is a Singapore-based maintenance, repair and overhaul (MRO) service provider mainly for the marine and O&G industries. It operates from its new waterfront facilities in Tuas with an area of 51,535 sqm. The second phase of its new facilities will be completed in 2Q13 and is expected to boost capacity by around 50% yoy. It recently acquired another adjacent plot of land with an area of 15,091 sqm to be used for its offshore and training academy, and is expected to begin operations in FY15.
- **MRO for the marine and offshore industry.** MRO activities are more synonymous with the aviation industry, where Singapore is a market leader in the region in that regards. The group is aiming to follow the same business model by providing all the services required from a single point of contact. We believe that its business model should be well received especially given the higher costs of labour here, where it is essential that companies focus on higher value services and benefits of economies of scale, which the company can provide with its new modern facilities, upgraded IT and sales systems and sharing of knowledge and expertise between its subsidiaries. We note that most of its competitors are smaller privately owned companies operating locally.
- **Steady revenue from marine repair and engineering.** Singapore enjoys a world recognised status as a major ship repair and conversion centre thanks mainly to its thriving port, excellent local supply chain and skilled manpower. The country is a global leader in the building of jack-up rigs and conversion of floating production storage and offloading (FPSO) vessels, with their yards and operations here. The group counts many of these shipyards as its customer and we believe that Mencast can tap on these opportunities as it synergies its subsidiaries to be an integrated service provider.

Key Financial Data

(S\$ m, FYE Dec)	2011	2012	2013F	2014F	2015F
Sales	56.4	84.1	100.9	116.0	133.4
Gross Profit	23.5	30.9	40.4	46.4	53.4
Net Profit	10.2	13.2	15.7	20.0	23.1
EPS (cents)	4.6	4.7	5.6	7.1	8.2
EPS growth (%)	6.9	1.1	19.4	27.0	15.4
PER (x)	12.1	12.0	10.1	7.9	6.9
NTA/share (cents)	8.4	15.9	20.0	25.9	32.9
DPS (cents)	0.8	1.0	1.2	1.2	1.2
Div Yield (%)	1.5	1.7	2.1	2.1	2.1

Source: Company, NRA Capital estimates

From 12 page report (14 June 2013):

“We expect the group to achieve an average net profit growth of 20% over the next three years.”

“Further successful integration will improve its advantages of economies of scale.

“31% upside from current price”

YTD 20% outperformance versus FT STI



THANK YOU!

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Mencast
PARTNER PERFECT