

MENCAST HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company registration no.: 200802235C)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL

Background

Mencast Holdings Ltd. (the “Company”, and together with its subsidiaries, the “Group”) was placed on the watch-list under the financial entry criteria (“Financial Criteria Watch-list”) pursuant to Rule 1311(1) of the Listing Manual on 6 June 2019 as it recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months.

The Company remains on the Financial Criteria Watch-list (hereinafter referred to as the “Watch-list”) as at the date of this announcement as the Company did not meet the Financial exit criteria pursuant to Rule 1314(1) of the Listing Manual (the “Financial Exit Criteria”).

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “Board”) wishes to provide an update on its efforts and the progress made in meeting the Financial Exit Criteria.

Update on the Unaudited Financial Performance and Financial Position

In spite of the COVID-19 situation and uncertain business conditions, the Group’s continuing operations managed to achieve a 9.1% increase in revenue, from \$43.0 million last year to \$46.9 million in FY2020. For the first time in 5 years, the Group’s continuing operations also reported its net profit before tax of \$5.9 million in FY2020, a significant reversal from a net loss of \$8.3 million in FY2019.

Excluding non-recurring gains and non-cash allowances for impairment on property, plant & equipment and disposal group classified as held for sale, the Group’s continuing operations would have recorded an adjusted net profit before tax of \$3.33 million, inclusive support from government grants (FY2019: adjusted loss before tax of \$13.4 million). Excluding COVID-19 government related grants such as job support scheme, foreign workers levy and property tax rebates of approximately \$3.28 million, the Group would have attained a breakeven position of \$53,000 profit before tax as compared to an adjusted loss before tax of \$13.4 million last year. That said, our adjusted net profit before tax for FY2020 would have been better if not for the COVID-19 situation where the business activities of our customers were affected by the circuit breaker measures, movement control or lockdown in Singapore.

Following the successful completion of the Group’s debt restructuring exercise as announced on 26 August 2020, \$92.2 million of current borrowings was reclassified to non-current borrowings. For the first time in 4 years, the Group is in a net current assets position of \$24.99 million. The Group also ended the reporting year with an EBITDA and cash position of \$18.1 million and \$15.6 million, respectively.

Please refer to the announcement dated 26 February 2021 on the unaudited financial statements of the Group for the full financial year ended 31 December 2020 for an update on the Group’s financial position and any material developments that may have an impact on its financial situation.

Update on Efforts for Satisfying Financial Exit Criteria

The Board endeavours to review the available options to meet the Financial Exit Criteria, taking into account of the market conditions and uncertainties surrounding the global economy in light of the COVID-19 outbreak. The Group will remain focused on efforts to improve its financial performance.

The Group will continue to focus on the development and enhancement of its waste management business under the Energy segment by ways of increasing its capacity, developing new revenue stream, business collaborations to diversify its customer and market base, which will further reduce the Group's reliance in the marine, offshore and O&G industries.

The Group remains committed to execute its turnaround strategies, to rationalise and reduce operating costs across its business segments as well as continue to drive growth by exploring viable opportunities both in Singapore and overseas, and to seek out strategic partners and potential investments.

The Company is aware of the 5th June 2022 deadline given by SGX-ST to meet the Financial Exit Criteria. The Company will, in the meantime, provide shareholders with quarterly update on its efforts and the progress made in meeting the Financial Exit Criteria.

If any material development occurs between the quarterly updates, the Company will make immediate announcement of such development.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENDLE
Executive Chairman & Chief Executive Officer
26 February 2021

About Mencast

Mencast Holdings Ltd. and its subsidiaries ("Mencast" or the "Group") is a regional maintenance, repair and overhaul ("MRO") solutions provider for the global Offshore, Oil & Gas and Marine sectors. Headquartered in Singapore, our Group was successfully listed in June 2008 as the first sponsor-approved listing on Singapore's SGX Catalist and later became the first such company to transfer to the SGX Mainboard.

For more information on Mencast, visit <http://www.mencast.com.sg>

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