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## Mencast revenue and earnings grew by 26% and 16% respectively for the nine months ended 30 September 2013

- Revenue increased 26% to \$71.2 million, mainly on higher contributions from Offshore and Engineering segment and contribution from the new segment, Energy Services
- Gross profit margin of 33% for FY2013 (nine months) remained comparable with that of FY2012 (nine months) of 32%
- Components in place to embark on the next growth phase; near term growth catalyst is the new production facility at Penjuru (TOP for the workshop obtained in April 2013)

Singapore, 5 November 2013 – Mencast Holdings Ltd. and its subsidiaries (“Mencast” or the “Group”), a Mainboard listed and Singapore-based maintenance, repair and overhaul (“MRO”) provider comprising Marine, Offshore & Engineering and Energy Services, is pleased to report a 16% increase in net profit after tax to \$9.5 million for the nine months ended 30 September 2013. A table on the financial highlights is provided below:

FINANCIAL HIGHLIGHTS	2013	2012	chg
	\$'000	\$'000	%
Revenue	71,238	56,324	26
Gross Profit	23,432	18,260	28
<i>Gross Profit Margin</i>	33%	32%	3%
Administrative Expenses	(13,052)	(9,827)	33
Net Profit After Tax	9,483	8,196	16
<i>Net Profit Margin</i>	13%	15%	(13)

<sup>^</sup>NM denotes not meaningful

## Financial Overview

The Group reported revenue of \$71.2 million for the nine months ended 30 September 2013, a 26% jump from \$56.3 million for the nine months ended 30 September 2012. The increase in revenue was driven by strong improvement in the Offshore & Engineering segment, along with contributions from the new Energy Services segment, and a marginal increase in contribution from the Marine segment.

Segmental Revenue	2013		2012	
	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	33,572	47	23,189	41
Marine	31,938	45	31,532	56
Energy Services	5,728	8	1,603	3
Total	71,238	100	56,324	100

1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This includes rope access services

2) Marine Services includes sterngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This includes diving services

3) Energy includes oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes prior to landfill disposal and design and launch carbon footprint management initiatives and green initiatives

Overall, revenue from Offshore & Engineering segment increased by \$10.4 million or 45% due to:

- Influx of jobs from major customers that have been delayed from FY2012 Q4 and new job orders received during HY2013 that were completed in the nine months ended 30 September 2013. In addition, the waterfront facility has full nine months operations as compared to nine months ended 30 September 2012 where the waterfront was only operational from FY2012 Q2.
- Higher revenue from rope access services as a result of higher demand for such services from existing and new customers.
- Increase in revenue from precision engineering services in HY2013 due to new orders from customers of the Group as a result of the increase in capabilities because of the additional investments in new equipment such as CNC horizontal boring machine, travelling milling machine and grinding machine. Such increase was tapered down in FY2013 Q3 due to on-going qualification audits by new Oil & Gas customers.

Marginal increase in revenue from Marine segment of \$406,000 or 1% mainly due to:

- Increase in revenue from sterngear manufacturing of \$3.6 million or 67% from \$11.8 million for the nine months ended 30 September 2012 to \$8.7 million for the nine months ended 30 September 2013 arising from significant increase in orders from major customers.
- The increase in revenue from sterngear manufacturing was offset by the decrease in revenue from sterngear repair services of \$3.0 million or 25% as the demand for sterngear repair services slowed down from FY2013 Q2.

The revenue, cost of sales and gross profit of the new Energy segment was contributed solely by the subsidiary, Vac-Tech, which was acquired in 2nd half of FY2012.

The increase in revenue of \$4.1 million was mainly due commencement of jobs in FY2013 Q2 after securing contracts with major customers.

Gross profit increased by 28% to \$23.4 million for the nine months ended 30 September 2013 as a result of the increase in total revenue. Gross profit margin of 33% for the nine months ended 30 September 2013 improved marginally from 32% for the nine months ended 30 September 2012.

In the course of expanding the Group's operations, administrative expenses registered an increase of 33% to \$13.1 million for the nine months ended 30 September 2013 due to the recruitment of key personnel as well as higher fixed costs in relation to the new properties at 42E and 42B Penjuru Road.

Consequently, the Group's net profit increased 16% to \$9.5 million for the nine months ended 30 September 2013, compared to \$8.2 million for the nine months ended 30 September 2012. This translated into basic earnings per ordinary share of 3.22 Singapore cents for the nine months ended 30 September 2013 (30 September 2012: 3.06 Singapore cents).

### **Outlook & Business Prospects**

Commenting on the Group's prospects, **Mr Glendle Sim, Executive Chairman & CEO of Mecast**, said, ***"Mecast has continued to grow strongly in FY2013 in tandem with our financial track record."***

***Apart from offering a comprehensive range of services in a single package through our three business segments, the Group will also ramp up production at our new facility, 42B Penjuru Road where TOP was obtained in April 2013. Through the steadfast execution of our "Triple Play" strategy (Capacity Expansion, M&A and New Revenue Streams), we will continue to establish ourselves firmly as the leading MRO player."***

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## **ABOUT MENCAS HOLDINGS LTD. (Bloomberg Ticker: MCAST SP)**

Listed on SGX-Catalist on 25 June 2008 and transferred to SGX-Mainboard on 14 December 2011, Mencast Group is a Singapore-based marine maintenance, repair and overhaul ("Marine MRO") provider comprising Marine, Offshore & Engineering and Energy Services. As an industry leader in sterngear equipment manufacturing and servicing, the Group specializes in the provision of propeller and sterngear products and services for a wide range of vessels catering to customers worldwide in the Marine and Offshore Oil and Gas industries.

Mencast's Offshore & Engineering services include offshore structures, engineering, manufacturing, inspection and maintenance, including rope access services. Marine services include sterngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. It also includes diving services. For the Energy segment, services provided encompasses oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes prior to landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

Mencast is one of the first sterngear equipment manufacturers in Singapore to obtain the ISO9001:2000 Quality Management System. Also, it had achieved the Singapore SME 500 award for two consecutive years in 2005 and 2006.

For more information, please refer to the corporate website: [www.mencast.com.sg](http://www.mencast.com.sg)

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For more information, please contact:

Jojo Alviedo / David Leow  
[ir@mencast.com.sg](mailto:ir@mencast.com.sg)

Tel: (65) 6268 4331, Fax: (65) 6264 4156