

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

## Revenue and earnings grew by 18% and 21% respectively for FY2013

- 9<sup>th</sup> year of continuous record growth in revenue and profit
- Proposed 3 cents dividend in FY2013 (FY2012: 0.96 cents\*)
- Order book increases by 40%

Singapore, 21 February 2014 – 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 21% increase in net profit after tax to \$16.2 million for the year ended 31 December 2013. A table on the financial highlights is provided below:

FINANCIAL HIGHLIGHTS	2013	2012	chg
	\$'000	\$'000	%
Revenue	99,211	84,086	18
Gross Profit	30,434	27,097	12
<i>Gross Profit Margin</i>	31%	32%	(1)
Net Profit After Tax	16,175	13,342	21
<i>Net Profit Margin</i>	16%	15%	1

^NM denotes not meaningful

\* 1.20 cents in FY2012 adjusted for the effect of bonus shares issued in FY2013

Commenting on the Group’s prospects, **Mr Glendle Sim, Executive Chairman & CEO of Mencast**, said, *“FY2013 is another excellent year for the Group where we increased revenue and profit as well as firmly established our position as the leading MRO player in the region.*

*The Offshore & Engineering industry continues to enjoy growth and the number of job inquiries received by the Group has been strong. Along with our facilities in Penjuru Road and our new workshops in China and Indonesia, we have increased our capability and capacity.*

*To reward shareholders, we propose 2 cents special dividend and 1 cent first and final dividend – a total of 3 cents dividend for FY2013.*

## Financial Overview

The Group reported revenue of \$99.2 million for the year ended 31 December 2013, an 18% jump from \$84.1 million for the year ended 31 December 2012. The increase in revenue was driven by strong improvement in the Offshore & Engineering segment along with contributions from the new Energy Services segment.

Segmental Revenue	2013		2012	
	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	48,746	49	34,880	42
Marine	41,613	42	46,315	55
Energy Services	8,852	9	2,891	3
Total	99,211	100	84,086	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 \$13.9 million or 40% due to:

- Influx of jobs from major customers that have been delayed from FY2012 Q4 and new job orders received during 1<sup>st</sup> half of FY2013 that were completed in 2<sup>nd</sup> half of FY2013. In addition, the waterfront facility has full twelve months of operations as compared to FY2012 where the waterfront was only operational from FY2012 Q2.
- Higher revenue from rope access services as a result of higher demand for such services in 1<sup>st</sup> half of FY2013.
- Increase in revenue from precision engineering services in 1<sup>st</sup> half of FY2013 arising from new orders 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 2<sup>nd</sup> half of FY2013 due to on-going qualification audits by new Oil & Gas customers.

Revenue from Marine segment decreased by \$4.7 million or 10% mainly due to:

- Decrease in revenue from sterngear repair services of \$4.3 million or 26% as the demand for sterngear repair services slowed down from FY2013 Q2.
- Decrease in revenue from diving services of \$2.7 million or 22% due to slow down in market condition.
- The above decrease was offset by the increase in revenue from sterngear manufacturing of \$3.3 million or 39% from \$8.5 million in FY2012 to \$11.8 million in FY2013 arising from the significant increase in orders from major customers in the 1<sup>st</sup> half of FY2013.

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

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

Cost of sales and gross profit increased by \$11.8 million or 21% and \$3.3 million or 12% respectively, in tandem with the increase in revenue.

Gross profit margin of 31% in FY2013 remains comparable with gross profit margin of 32% in FY2012.

The increase in other income of \$3.0 million or 70% was mainly due to the gain on bargain purchase in relation to acquisition of S&W offset by the decrease in gain on disposal of property, plant and equipment.

Consequently, the Group's net profit increased by 21% to \$16.2 million for the year ended 31 December 2013, compared to \$13.3 million for the year ended 31 December 2012. This translated into basic earnings per ordinary share of 5.41 Singapore cents for the year ended 31 December 2013 (31 December 2012: 4.89 Singapore cents).

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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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