

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

## Mencast revenue and earnings grew by 32% and 11% respectively in HY2013

- Revenue increased 32% to \$45.6 million, mainly on higher contributions from Offshore and Engineering segment and contribution from the new segment, Energy Services
- Gross profit margin of 36% in HY2013 remained comparable with that of HY2012 of 39%
- 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, 31 July 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 an 11% increase in net profit after tax to \$7.7 million for the half year ended 30 June 2013 (“HY2013”). A table on the financial highlights is provided below:

FINANCIAL HIGHLIGHTS	HY2013	HY2012	chg
	\$'000	\$'000	%
Revenue	45,640	34,637	32
Gross Profit	16,576	13,507	23
<i>Gross Profit Margin</i>	36%	39%	-
Other Gains	243	278	(13)
Administrative Expenses	(7,953)	(6,115)	30
Net Profit After Tax	7,688	6,910	11
<i>Net Profit Margin</i>	17%	20%	-

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

## Financial Overview

The Group reported revenue of \$45.6 million in HY2013, a 32% jump from \$34.6 million in HY2012. The increase in revenue was driven by strong improvement in the Offshore & Engineering segment, along with contributions from the new Energy Services segment, offset by a marginal decline in contribution from the Marine segment.

Segmental Revenue	HY2013		HY2012	
	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	22,480	49	12,733	37
Marine	19,801	44	21,904	63
Energy Services	3,359	7	-	-
Total	45,640	100	34,637	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 \$9.7 million or 77% due to:

- Influx of jobs from major customers that have been delayed from FY2012 Q4 and FY2013 Q1 as well as new job orders received and completed in FY2013 Q2. In addition, the waterfront facility has full six months' operations in HY2013 as compared to HY2012 where it was only operational from FY2012 Q2.
- Higher revenue from rope access services as a result of higher demand for such services from existing key customers and new customers.
- Increase in revenue from precision engineering services as a result of new orders from the key customers of the Group. This arose from an increase in capabilities because of the additional investments in new equipment such as CNC horizontal boring machine, travelling milling machine and grinding machine, which started since latter part of FY2012

Revenue from Marine segment decreased by \$2.1 million or 10% mainly due to:

- Decrease in revenue from sterngear repair services of \$2.5 million or 29% as the demand for sterngear repair services slowed down especially in FY2013 Q2.
- Decrease in revenue from other marine services (eg berthing) of \$2.5 million or 26% as the waterfront is mainly used for Offshore & Engineering jobs.
- The decrease in revenue from sterngear repair services and other marine services was offset by the increase in revenue from sterngear manufacturing of \$2.8 million or 70% from \$4.0 million in HY2012 to \$6.8 million in HY2013. The significant increase in revenue from sterngear manufacturing is attributable to increase in orders from major customers.

Meanwhile, newly acquired subsidiary Vac-Tech Engineering Pte Ltd contributed \$3.4 million in revenue for the Group's Energy Services segment in HY2013. There was no contribution in HY2012 as Vac-Tech was acquired in the second half of FY2012.

Gross profit increased by 23% to \$16.6 million for HY2013 as a result of the increase in total revenue. Gross profit margin of 36% in HY2013 remained comparable with that of HY2012 of 39%.

In the course of expanding the Group's operations, administrative expenses registered an increase of 30% to \$7.9 million in HY2013 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 11% to \$7.7 million for HY2013, compared to \$6.9 million in HY2012. This translated into basic earnings per ordinary share of 2.69 Singapore cents in HY2013 (HY2012: 2.72 Singapore cents).

### **Outlook & Business Prospects**

Commenting on the Group's prospects, **Mr Glendle Sim, Executive Chairman & CEO of Mencast**, said, *"Mencast has started HY2013 strongly in tandem with our financial track record. Looking ahead, FY2013 will be a year where we concentrate our efforts into preparing for the next phase of growth."*

*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."*

--END--

**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)

---

For more information, please contact:

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

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