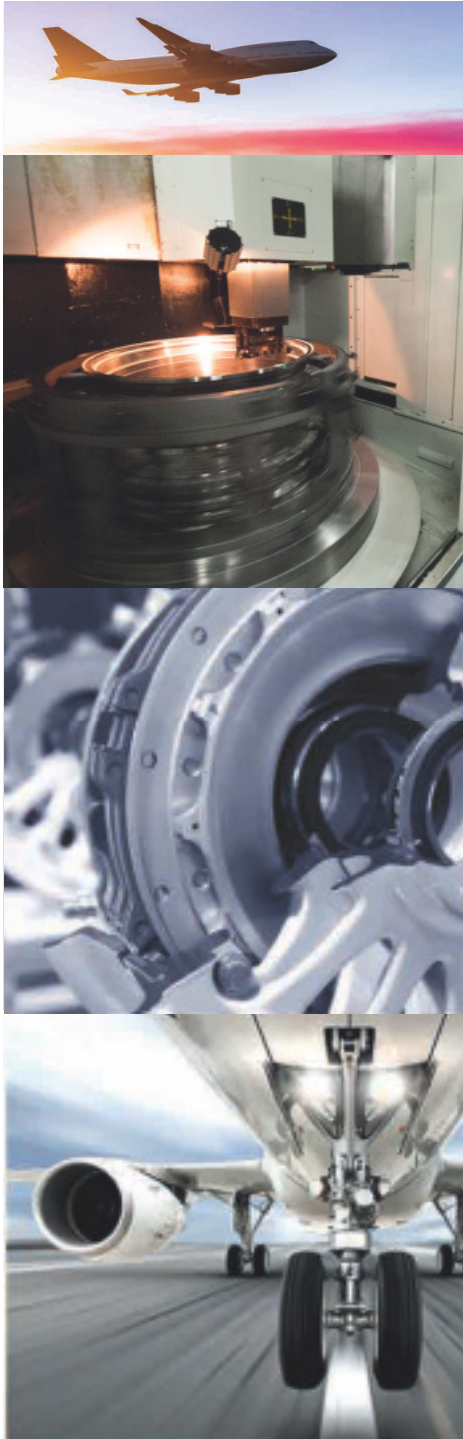


JEP Holdings Ltd

Analyst and Fund Manager Presentation

23 August 2016

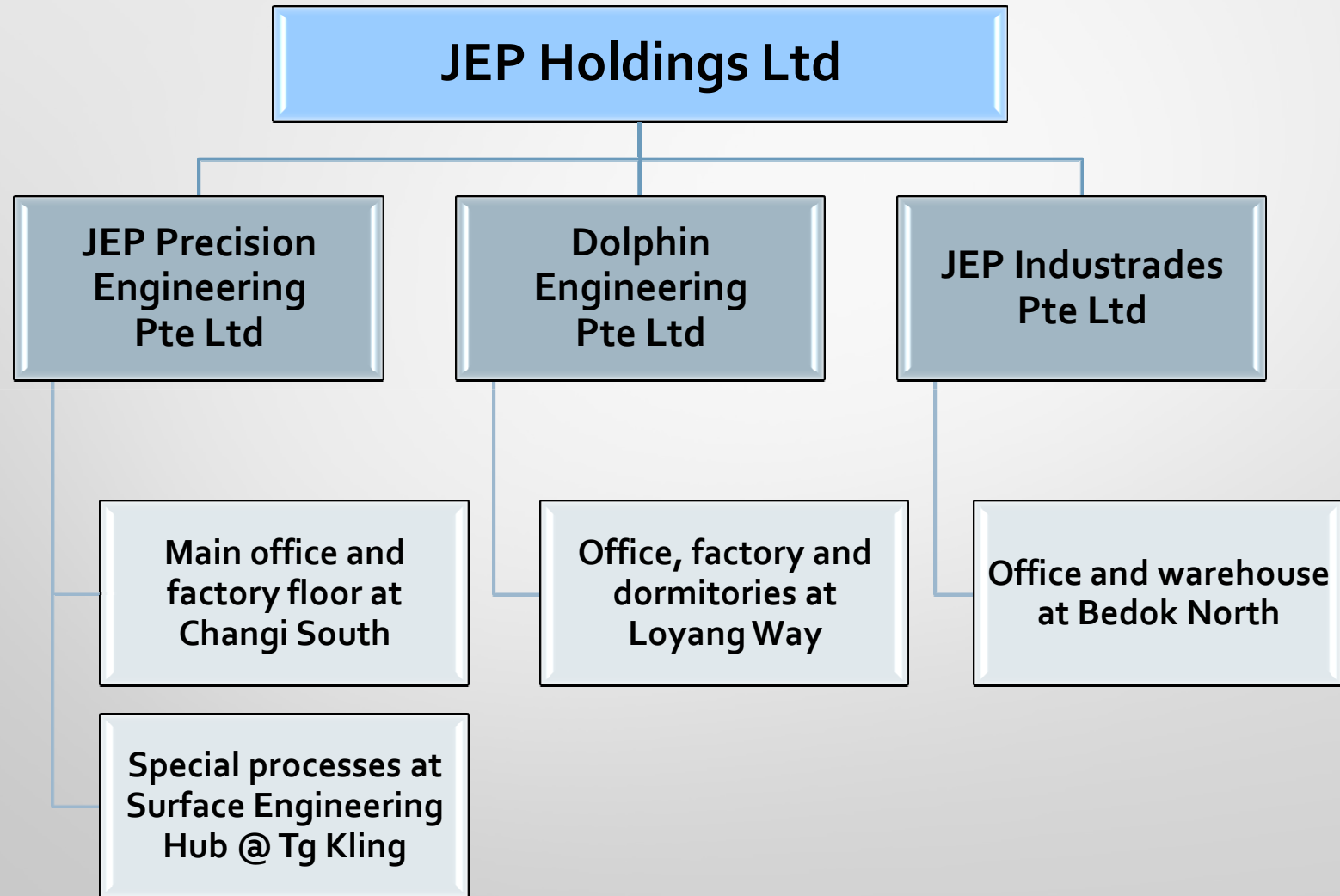


Group Background

Group Overview

- JEP was established in 1986, and listed on Catalist in 2004 (formerly known as Alantac Technology Ltd until May 2010)
- Primary business is precision engineering, with a majority of the Group's revenue coming from the aerospace industry
- Home-grown company with a Singaporean management team and core workforce
- JEP's aerospace business has grown over the years to become a specialised player in the global supply chain
- Acquired a cutting tool trading company (JEP Industrades) in Aug 2015, which provides an additional and diversified income stream

Group Structure and Locations



JEP Precision (acquired in 2007)

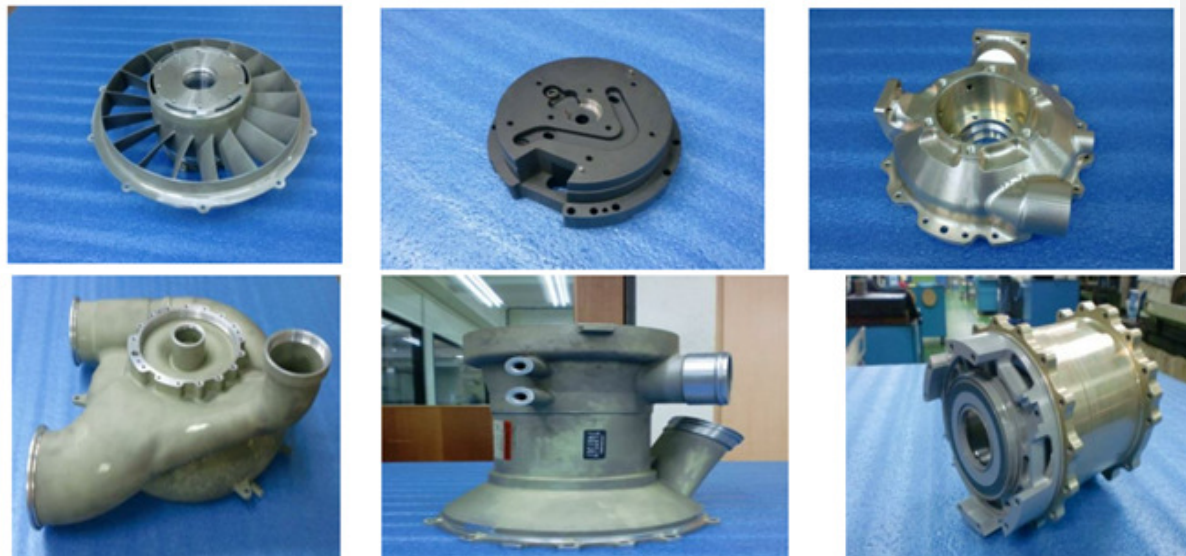
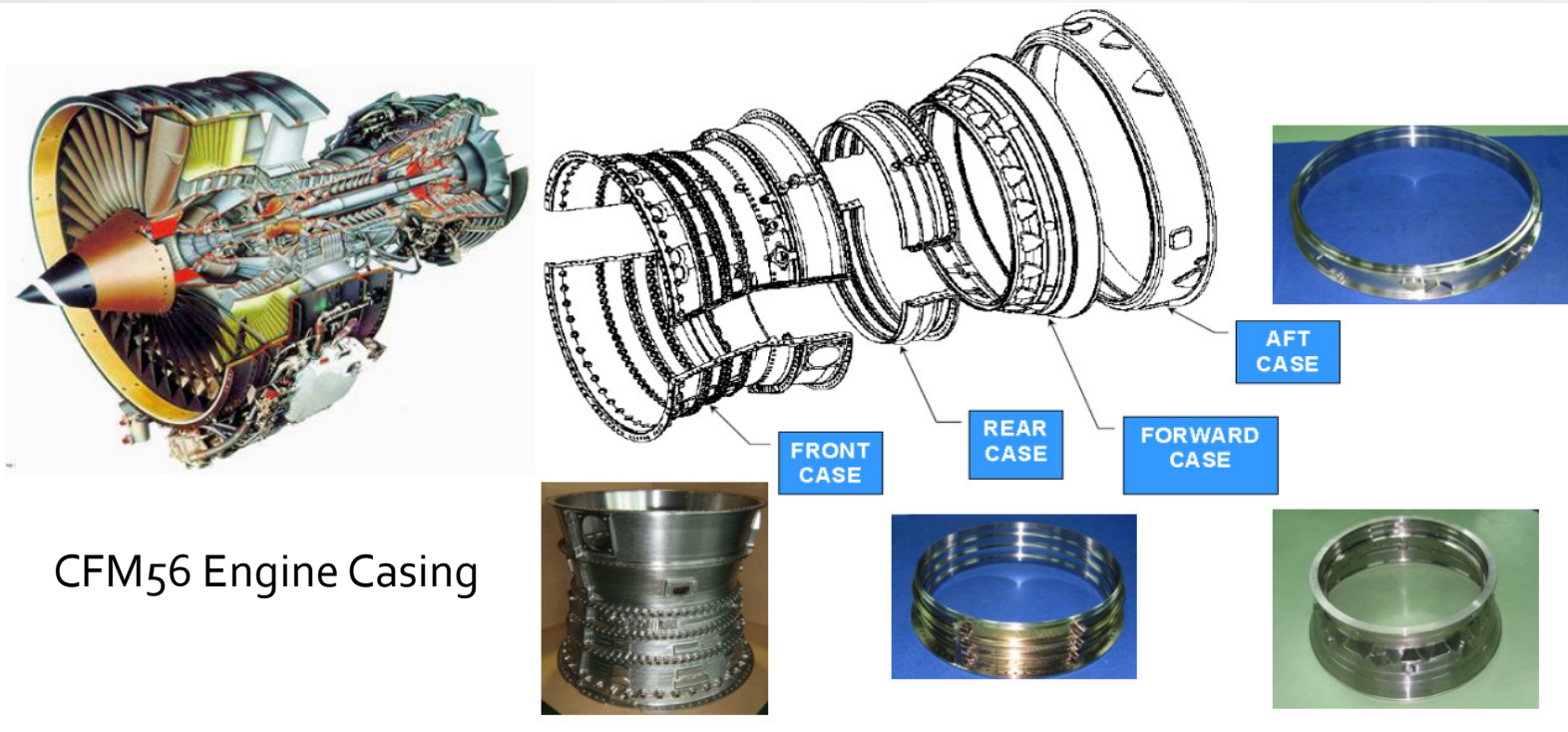
- Main operating subsidiary; carries out precision machining and engineering services, mainly for the aerospace and oil & gas industries
- Main aerospace products include engine casings, landing gear components, etc.
- Oil and gas products: drilling equipment such as body connectors, clip risers, etc.



JEP Precision Company Milestones

1986	JEP Precision Engineering was established
1996	Moved to new production facility in Loyang
1997	Obtained ISO 9002:1994 certification
2005	Obtained AS9100:2004 certification
2007	Moved to current premises in Changi South with 50,000 sq ft of manufacturing floor space
2007	Acquired by JEP Holdings Ltd
2009	Completed extension to increase total manufacturing floor space to 120,000 sq ft
2015	Obtained OHSAS 18001 & BizSAFE Star accreditation

Examples of JEP Precision's Aerospace Products



Boeing 787
Air Management
System Components

Dolphin Engineering (acquired in 2012)

- Carries out large format CNC milling and enclosure fabrication
- Major customers are in semiconductor and consumer electronics industries, e.g. HP which works with Dolphin to manufacture large format printers



New 4-storey building at Loyang,
completed Sep 2015



Example of steel fabrication work

Dolphin Engineering

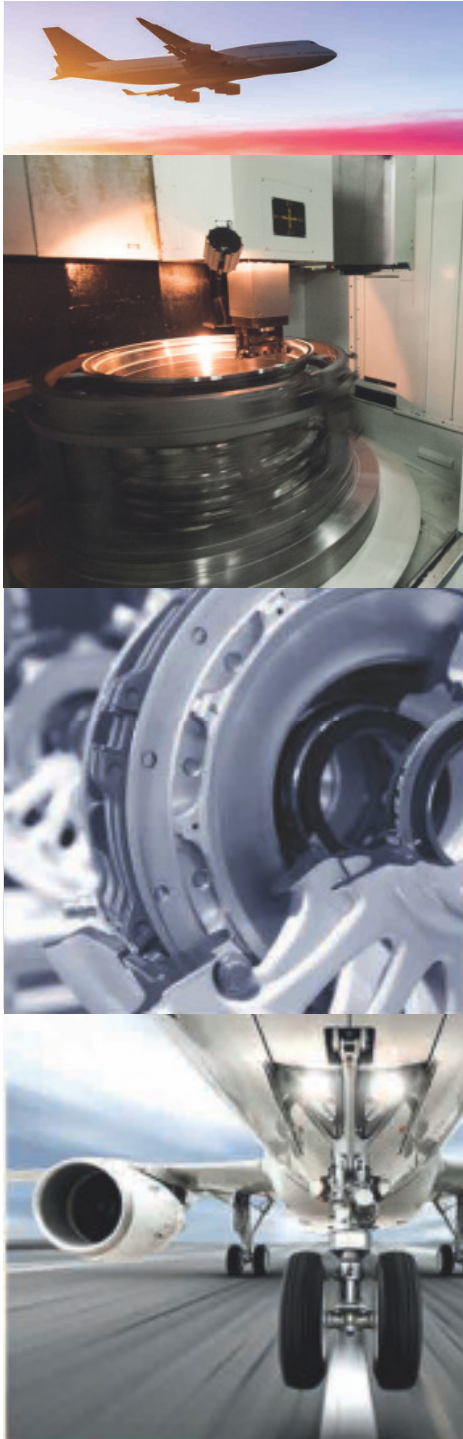


- Services offered:
 - precision CNC milling and lathe turning
 - stainless steel supply, machining & fabrication
 - sheet metal fabrication
 - fabrication and welding work

JEP Industrades (acquired in 2015)

- Trading company which markets cutting tools used in manufacturing activities, for industries such as aerospace, mould and die, oil and gas
- Provides stability and diversity to the Group's earnings, and vertical integration as some of these cutting tools are used in the Group's manufacturing operations
- Products include indexable carbide inserts, toolholders, milling cutters, boring bars, solid carbide endmills, deburring tools, drill bits, taps and dies, threading and grooving inserts

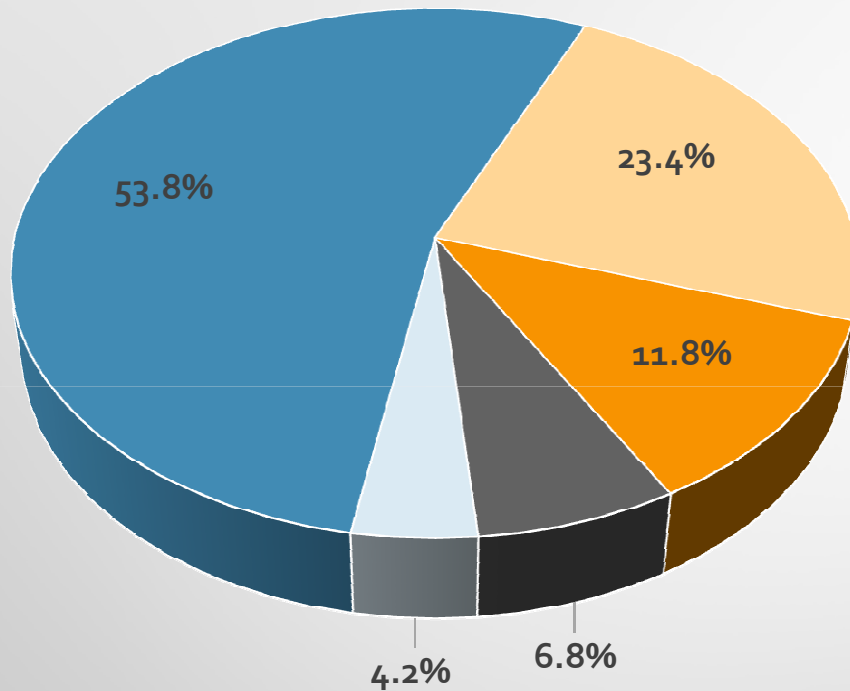




Segment Information

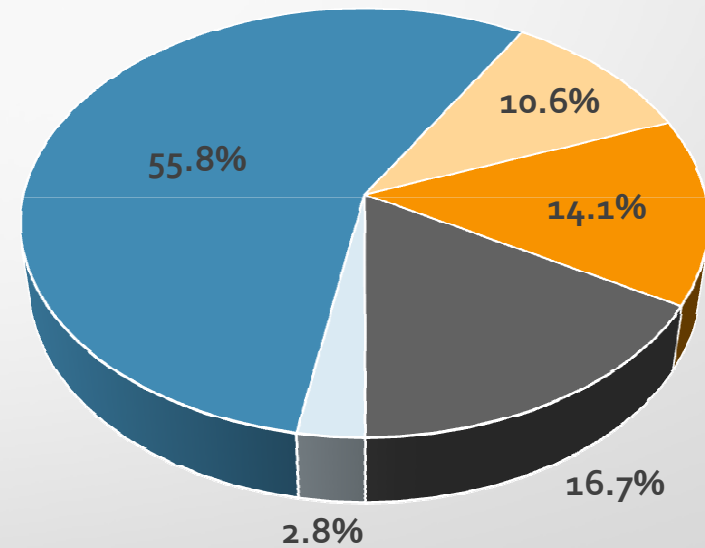
Revenue by Segment

HY2016



■ Aerospace ■ Trading
■ Oil and Gas ■ Others

FY2015



■ Equipment Mfg

Financial Highlights

S\$ million	1H2016	2H2015	1H2015	2H2014	1H2014
Group Revenue	35.6	30.3	28.5	29.4	20.4
Aerospace Segment Revenue	19.1	16.3	16.5	17.2	11.6

- Growth in aerospace orders, and the acquisition of JEPI in 2015, have been the main drivers of revenue growth

S\$ million	1H2016	1H2015	% Change
Selling and Distribution Expenses	(1.0)	(0.6)	50.0
Administrative Expenses	(4.1)	(2.2)	91.1

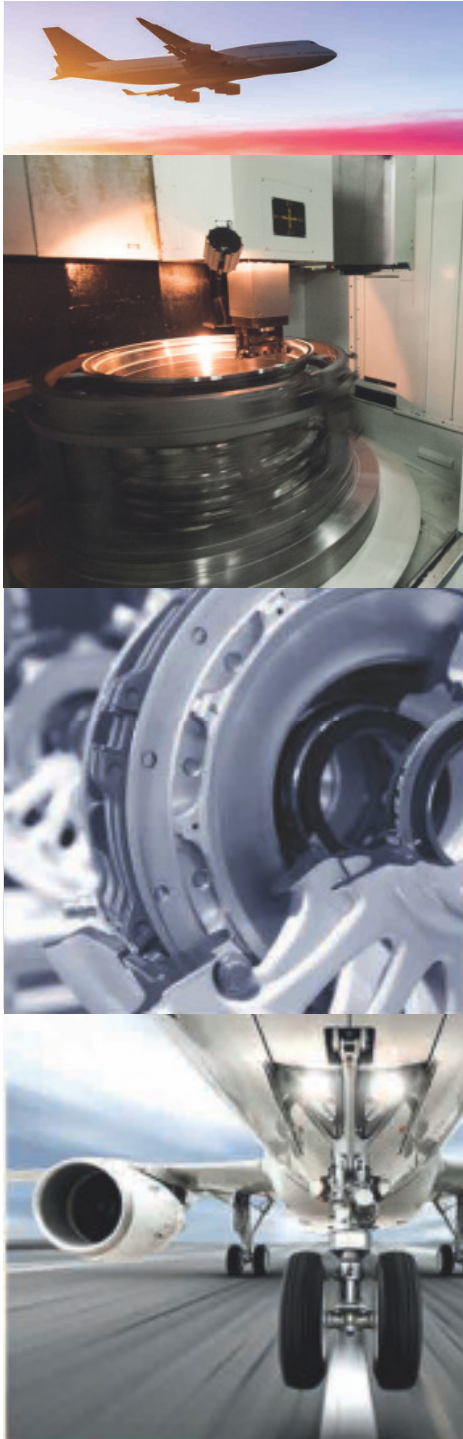
- Selling and distribution expenses increased mainly due to the inclusion of JEPI's payroll costs
- Administrative expenses increased due to foreign exchange losses of \$0.8 million, and increases in amortisation, and staff and directors' costs.

Market Landscape, Competitive Advantages

- JEP Precision is building up its special process capabilities, to position the company as a turnkey solutions provider for aerospace manufacturing
- Special processes are accredited with NADCAP, a globally recognised industry body for aerospace & defense manufacturers
- Contracts with major customers are typically long-term in nature, and barriers to entry are significant due to stringent accreditation processes for new suppliers
- Raw material costs are generally passed on to customers, thus protecting margins from price fluctuations



Artist's impression of the Surface Engineering Hub, JTC (top), and ribbon cutting ceremony for JEP's first chemical process line there in Oct 2014 (above)



Financial Performance

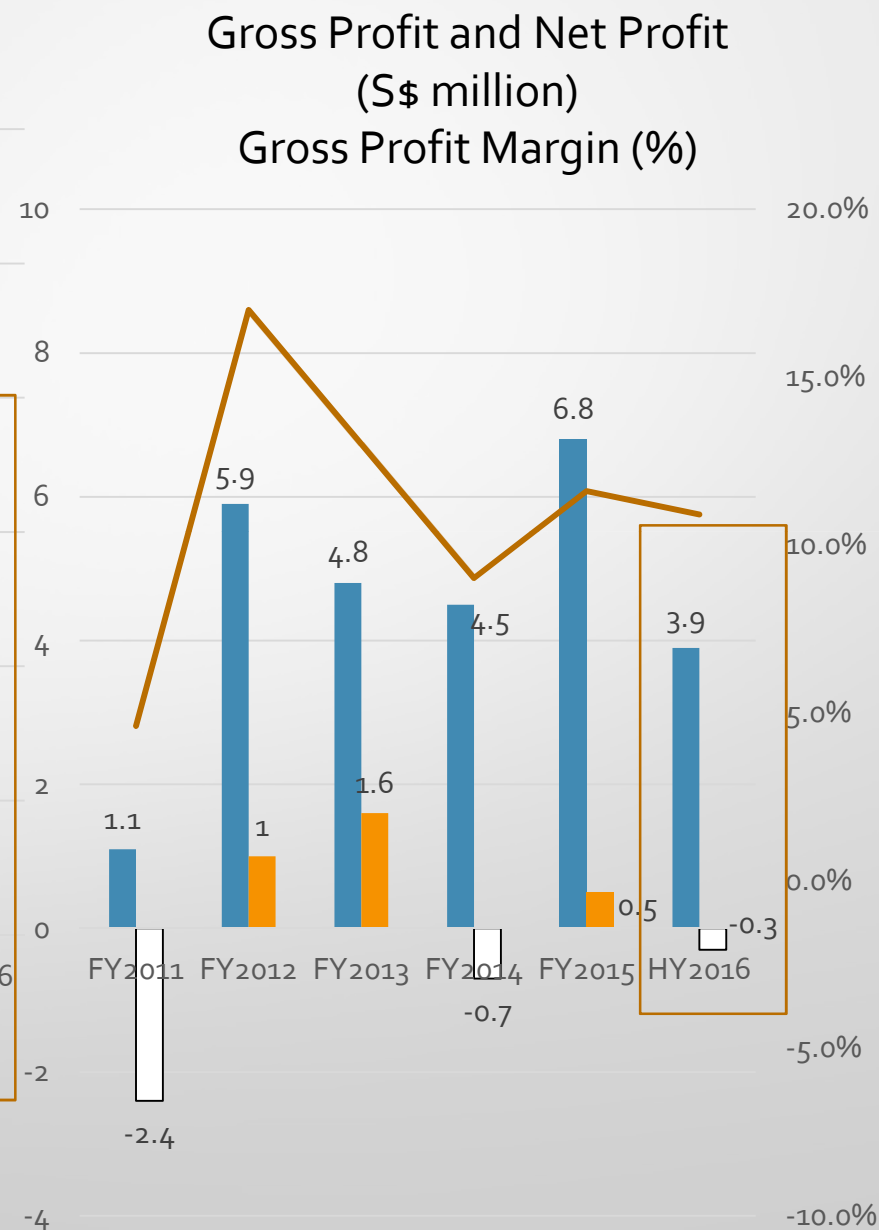
1H2016 Financial Highlights

S\$ million	1H2016	1H2015	% Change
Revenue	35.6	28.5	24.8
Cost of Sales	(31.7)	(25.5)	23.9
Gross Profit	3.9	3.0	32.9
Other Operating Income	0.9	0.9	(1.9)
Selling and Distribution Expenses	(1.0)	(0.6)	50.0
Administrative Expenses	(4.1)	(2.2)	91.1
Finance Costs	(0.4)	(0.4)	3.1
Tax Credit / (Expense)	0.4	(0.1)	N.M.
Net (Loss) / Profit	(0.3)	0.6	N.M.

Balance Sheet

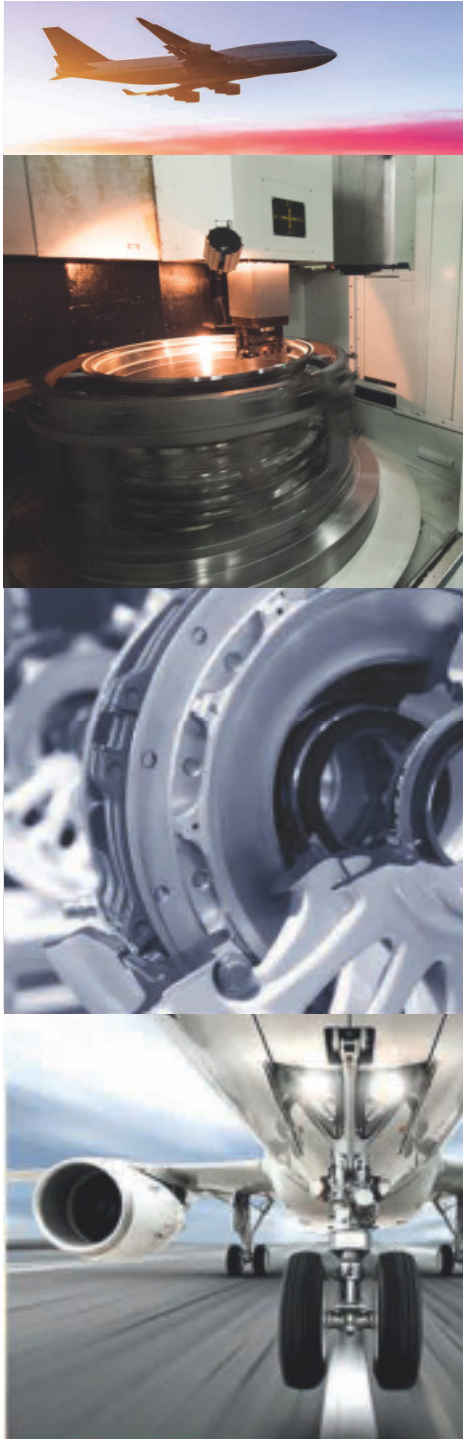
S\$ million	30 June 2016	30 Dec 2015
Current Assets	32.8	31.6
Inventories	12.7	13.5
Trade Receivables	16.2	13.2
Cash and Bank Balances	2.3	3.1
Current Liabilities	21.7	23.1
Total Assets	88.1	82.3
Total Liabilities	47.1	41.0
Total Loans and Borrowings	26.4	15.3
Shareholders' Equity	38.5	38.7

Historical Data



Financial Performance Notes

- Net loss in FY2014 was mainly due to costs associated with new product launches
- FY2015 profit affected by fall-off in oil and gas orders, made up by aerospace growth and acquisition of JEPI
- Loans and borrowings have increased over FY15-16, largely due to capex for new facilities
- Dividend of S\$0.001 per share paid for FY2012, HY2013, FY2013



Current and Future Plans

Recent Developments

- Implemented Lean Manufacturing principles in 2015, focusing on the 7 Wastes concept – reduced cycle time, consumables, and overtime.
- Surface Engineering Hub – 4 special processes currently in operation, with 2 more to follow by end 2016
- Completed a new 4-storey building for Dolphin in Sep 2015, with workers dormitory and AS9100 quality certified production facilities
- New factory at Seletar Aerospace Park (SAP) expected to complete in end 2016; will have 80% larger production floor area compared to current premises in Changi



Artist's impression of JEP's new facility at Seletar

Outlook and Future Plans

- Shifting and consolidation of precision engineering activities to new Seletar premises in 2017; expected to result in operational synergies and economies of scale
- Positive outlook for the global aerospace sector, underpinned by growth in passenger travel and resultant aircraft fleet expansion/renewal
- Stepped up business development efforts to fill up the excess capacity left by the drop in oil and gas orders
- Continual reviewing of operations to optimise processes, aiming to further reduce wastage and labour costs



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Thank You

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