明 光 集 团
BENG KUANG GROUP

**BENG KUANG MARINE LIMITED**
Registration No. 199400196M

**PRESS RELEASE**

# Beng Kuang Posts Revenue Growth of 15.2% to S$59.13 Million in FY2022; Achieved Adjusted EBITDA of S$2.80 Million with Net Cash of S$7.39 Million Generated from Operating Activities during FY2022

- *The Group's IE and CP business divisions were the key revenue contributors in FY2022 with the IE business division posting revenue growth of 30.5% in FY2022, driven by strong performance of its ASOM business unit and deck equipment business unit*
- *The Group's IE order book stood at S$19.40 million as at 31 December 2022, of which S$16.28 million was attributed to ASOM that provides specialised on-site vessel repair and maintenance solutions to operating floating asset, such as FPSO and FSO vessels, leveraging on SPS Technology*
- *Recognised a one-time loss of S$16.64 million from the Group's livestock vessels business activities, which have been classified as Discontinued Operations, that is undergoing a winding-up process*
- *Net cash inflow generated from operating activities improved to S$7.39 million during FY2022*
- *With a substantial amount of fixed assets in the balance sheet, the Group registered a depreciation expense (non-cash component) of S$6.65 million for FY2022*
- *Prioritising costs minimisation and deleveraging initiatives, while focusing on monetising fixed assets and high-potential business segments to create new growth catalysts*

*Financial Year End: 31 December*

| *(S$ million)* | *FY2022* | *FY2021* |
|---|---|---|
| ***Revenue*** | ***59.13*** | ***51.31*** |
| ***Gross profit*** | ***12.52*** | ***11.90*** |
| ***Net (loss) from continuing operations*** | ***(7.06)*** | ***(2.16)*** |
| ***Net (loss) from discontinued operations*** | ***(16.64)*** | ***(14.64)*** |
| ***Adjusted EBITDA**** | ***2.80*** | ***(0.27)*** |
| ***Net asset value per ordinary share ( S$ cents)*** | ***3.08** (as at 31 December 2022)* | |

**Adjusted EBITDA of Beng Kuang Group is defined as profit before tax, finance expense, depreciation and amortisation of property, plant and equipment and intangible assets, and excluding other gains. Adjusted EBITDA is presented as an additional measure because management believes that some investors may find it to be a useful tool for measuring the Beng Kuang Group's ability to fund capital expenditures or to service debt obligations. It should not be considered in isolation or as an alternative to net profit as an indicator of operating performance or as an alternative to cash flows as a measure of liquidity*

**Singapore, 28 February 2023** – **Beng Kuang Marine Limited** ("**明光集团**" or the "**Company**", and together with its subsidiaries, the "**Beng Kuang Group**"), has announced its financial results for the full year ended 31 December 2022 ("**FY2022**").

Striving to be the "Preferred Partner" in providing total solutions for the offshore and marine industries, the Group has four key business divisions:

1. **Infrastructure Engineering** ("**IE**") – Providing a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures
2. **Corrosion Prevention** ("**CP**") – Providing corrosion prevention services in several established shipyards in Singapore and Batam, Indonesia
3. **Supply and Distribution** ("**SD**") – Providing a variety of marine and industrial hardware, tools and equipment as well as consumables under its house brands like MASTER, MULTI-FLEX, WELL and SPLASH
4. **Shipping** ("**SH**") – Comprises two Indonesian-flagged assist tugs (following the classification of the Group's livestock vessels business activities as Discontinued Operations)

**Commenting on the Group's FY2022 results, Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said:** ***"Our organic revenue growth, healthy cash flow generation and positive adjusted EBITDA of S$2.80 million in FY2022 reflects our enhanced potential with an asset-light operating model.***

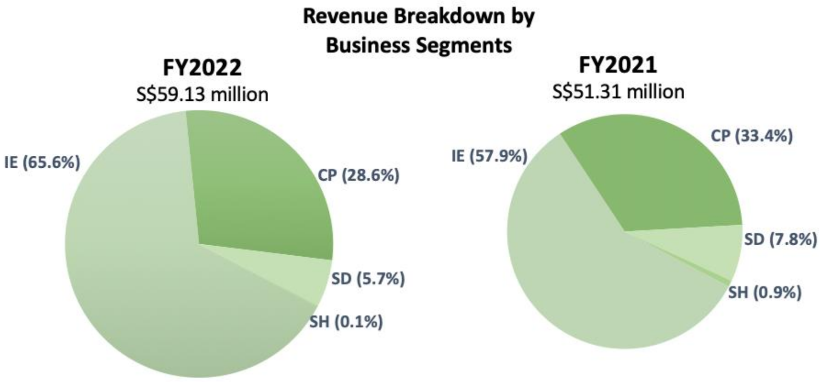
***While we have gained traction in cost minimisation and deleveraging initiatives during the year, the Group recognised a one-time loss of S$16.64 million, from our discontinued operations relating to our livestock vessels, that amplified our losses in FY2022.***

***Nevertheless, it is a necessary step to eradicate related costs as we progress ahead with a clear strategy to increase revenues and improve cost discipline, which will lead to further deleveraging. The aim of these initiatives is to further strengthen cash flow, improve our cost-efficiency, and to generate additional organic growth through our high-potential business segments.***

***I believe we have a more agile business platform on which to build Beng Kuang's future, and we see the current market dynamics as a significant opportunity, and we have set ourselves the goal to build sustainable growth ahead."***

***Review of FY2022***

**Driven by the organic growth of the Group's IE business division, , overall revenue increased 15.2% to S$59.13 million in FY2022:** The Group's IE business division continue to perform strongly throughout FY2022, where IE's revenue surged by 30.5% or S$9.08 million, from S$29.72 million in FY2021 to S$38.80 million in FY2022.



Within the IE division, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("**ASOM**"), was the key contributor with revenue growth of 25.22% or S$5.44 million in FY2022 as a result of higher business volume.

Specialising in asset integrity solutions for operating floating assets such as Floating Production Storage and Offloading vessels and Floating Storage and Offloading vessels, among others, ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider, leveraging on Sandwich Plate System ("**SPS**") Technology, in optimising and extending the life of such operating floating assets. Aiming to secure new contracts and build a larger customer base, ASOM has diversified its geographical scope of work from South Africa to South America and China.

As a service-centric business, revenue contribution from ASOM has been growing progressively over the past few years and as at 31 December 2022, ASOM has an order book of S$16.28 million.

In addition, the engineering, design and build deck equipment unit under IE Division also registered increased orders for pedestal cranes, contributing to an increase in revenue by S$2.86 million in FY2022 as compared to FY2021. To build on this momentum, the engineering, design and build deck equipment unit has been actively targeting new customers in new geographical markets that includes India and Middle Eastern countries.

While there were more fabrication work orders for its Batam yard due a recent uptrend in outsourcing manpower-intensive projects by established shipyard customers in Singapore to neighbouring countries to reduce the dependency on foreign workers, the utilisation rate of the Group's 32-hectare waterfront yard is still below optimal capacity and utilisation rate.

Hence, the Group is continuing its focus to unlock the value of its Batam yard, while undertaking cost optimisation efforts to nearshore to its Batam yard, following the lease termination at its Singapore yard.

In total, the IE business division (including ASOM) has an order book of S$19.40 million as at 31 December 2022.

Revenue from the Group's CP remained relatively stable at S$16.90 million as compared to S$17.13 million in FY2021 as the demand for CP services for Singapore and Batam yards continue to remain healthy.

Revenue from the Group's SD declined S$0.65 million to S$3.36 million in FY2022, as compared to S$4.01 million in FY2021, due to soft market demand for marine and industrial hardware. The Group's SD continue to undertake a key role within the Group's business model, serving as its internal procurement arm to support the rest of the Group's business units to manage the operating costs of consumables.

**The Group's livestock vessels business activities have been classified as Discontinued Operations:**
There was only revenue contribution of S$0.08 million from the Group's SH business division in FY2022 as both of the Group's livestock vessels continue to be off charter as highlighted previously in the Group's announcements.

On 5 October 2022, the Group announced the discontinuation of the livestock carrier business activities, which would involve the Group's disposal of the livestock vessels assets. And on 3 November 2022, the Group provided an update to shareholders that it has received notice on 2 November 2022 through physical service of documents that KPI OceanConnect Pte. Ltd. ("KPIOC"), a company incorporated in Singapore, has on 1 November 2022, filed a winding up application with the High Court of the Republic of Singapore to wind up CL2. CL2 has confirmed in the letter to Court which was submitted to Court on 9 December 2022, that Company Voluntary Liquidation was not proceeding and that CLT does not object to CWU 221, followed by the Court appointed the liquidators on 17 January 2023. On 19 January 2023, RSM was engaged by UOB Bank to be the receivers.

**Achieved adjusted EBITDA of S$2.80 million in FY2022:** The Group registered lower gross profit margin of 21.2% in FY2022, mainly due to a one-time indirect overhead costs incurred due to temporary downtime from relocating from Singapore IE operation to our Batam yard as well as higher material costs, labour costs and wages driven by market forces and inflationary pressure.

The Group's interest expense on borrowings declined slightly by 4.6% or S$0.08 million from S$1.78 million in FY2021 to S$1.70 million in FY2022, which is in line with reduced borrowings million.

As an ongoing strategy, the Group will continue to prioritise costs minimisation and deleveraging initiatives. With the discontinuation of the livestock vessels business activities, the Group will be looking to further improve its financial and liquidity position.

With a substantial amount of fixed assets in the balance sheet, the Group registered a depreciation expense (non-cash component) of S$6.65 million for FY2022.

Overall, the Group registered a loss before tax of S$5.55 million from continuing operations but on an adjusted EBITDA basis, the Group achieved profit of S$2.80 million in FY2022, as compared to a loss of S$0.27 million in FY2021.

**Net cash of S$7.39 million generated from operating activities during FY2022 with continued deleveraging:** As part of its deleveraging initiatives, the Group utilised net S$4.04 million for loan repayments and S$1.70 million for payment of lease liabilities during FY2022.

**-END-**

*This press release should be read in conjunction with the Company's announcements uploaded on SGXNet on 28 February 2023.*

**About Beng Kuang Marine Limited**
(Bloomberg: BKM:SP / Reuters: BENK.SI / SGX Stock Code: BEZ)

Beng Kuang Marine Limited ("**明光集团**" or the "**Company**", and together with its subsidiaries, the "**Beng Kuang Group**") was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.

With a multi-pronged business model, Beng Kuang Group continues to strive to be the "Preferred Partner" in providing total solutions for the offshore and marine industries.

Forging ahead with an innovative and operating mindset, the Beng Kuang Group team aims to create new value propositions for our customers and align its business activities towards new market trends and opportunities.

*For more information, please visit http://www.bkmgroup.com.sg/*

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***Issued on behalf of Beng Kuang Marine Limited by 8PR Asia Pte Ltd.***

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