



明光集團  
BENG KUANG GROUP

# FY2023 Corporate Highlights

27 February 2024



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# Overview

## Key Facts

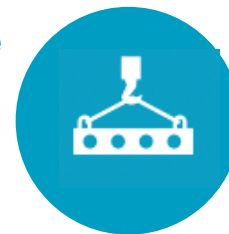
- Beng Kuang Marine Limited (“明光集团” or the “Company”, and together with its subsidiaries, the “Beng Kuang Group”) was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.
- Aligning our business activities to create new value propositions for our customers, Beng Kuang Group 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 Group’s business strategy is shaped towards an asset-light and service-oriented business model, coupled together with monetising fixed assets and deleveraging initiatives.

## Key Stock Information

<b>SGX-ST Listing</b>	First listed in 2004 and transferred to Mainboard in 2007
<b>No. of Issued Shares</b>	Approximately 199 million
<b>Stock Codes</b>	Bloomberg Code: BKM:SP Reuters Code: BENK.SI SGX Code: BEZ.SI

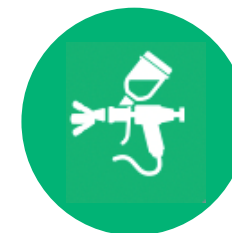
## Core Business Divisions

### Infrastructure Engineering (“IE”)



Providing a wide range of engineering services including repairs and maintenance of floating production platforms, onshore and offshore marine fabrications; and the production and supply of customised pedestal cranes and deck equipment.

### Corrosion Prevention (“CP”)



Providing comprehensive corrosion protection services such as surface preparation and application of protective coatings as part of the marine and offshore energy sectors.

## Key Customers



# Transformative Growth in Recent Years

2021

## FY2021 (S\$ million)

**Revenue: 51.31m**  
**Gross Profit: 11.90**  
**EBITDA: (5.23)**

- Chua Beng Yong appointed as Executive Director on 10 May 2021 and re-designation to Executive Chairman on 03 January 2022
- Appointment of new CEO Yong Jiunn Run on 02 June 2021
- Strategic review to transform the Group's business model to a service-centric and asset-light approach
- Completed share placement of 27 million new ordinary shares at \$0.05 per share on 21 July 2021
- Completed share placement of 37.2 million new ordinary shares at an issue price of S\$0.09 per share, raising gross proceeds of approximately S\$3.35 million on 17 December 2021
- Renewed existing Bond holders and redeemed one Bond holder (with a coupon rate of 9% per annum) in principal amount of S\$3.5 million that mature in Nov 2024

2022

## FY2022 (S\$ million)

**Revenue: 59.13**  
**Gross Profit: 12.52**  
**EBITDA: (13.55)**

- Re-focus on new opportunities with our core activities of Infrastructure Engineering and Corrosion Prevention to create more recurring income streams and enhance the Group's business sustainability
- Streamlining the Group's capex-heavy business activities
- Undertook a decisive action to cease our livestock carrier business
- Ceased 55 Shipyard road IE fabrication business

2023

## Turnaround that is Powered by Strong Business Drivers in 2H2023

## FY2023 (S\$ million)

**Revenue: 79.16**  
**Gross Profit: 24.91**  
**EBITDA : 15.67**  
**Profit before tax: 10.82**

- With an asset-light and service-oriented business model that is anchored by its two core business divisions, IE and CP, the Group continue to perform resiliently within the offshore and marine market
- Announced partial land sales and asset disposals with an aggregate consideration of approximately S\$22.5 million in cash as part of its monetisation and deleveraging initiatives
- Exiting our loss-making business operations



# Our Yard Facilities at Batam, Indonesia



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Waterfront yard on the Eastern side of Batam Island, Kabil

After the two partial disposals, the Group will **continue to own 13.8 hectare (137,986 square metres)** of the waterfront yard

Continual efforts to:

- Enhance the utilisation rate of our assets onsite
- Monetise the remaining property space via leasing activities, while allocating sufficient space to **support the expansion of the Group's IE business activities**

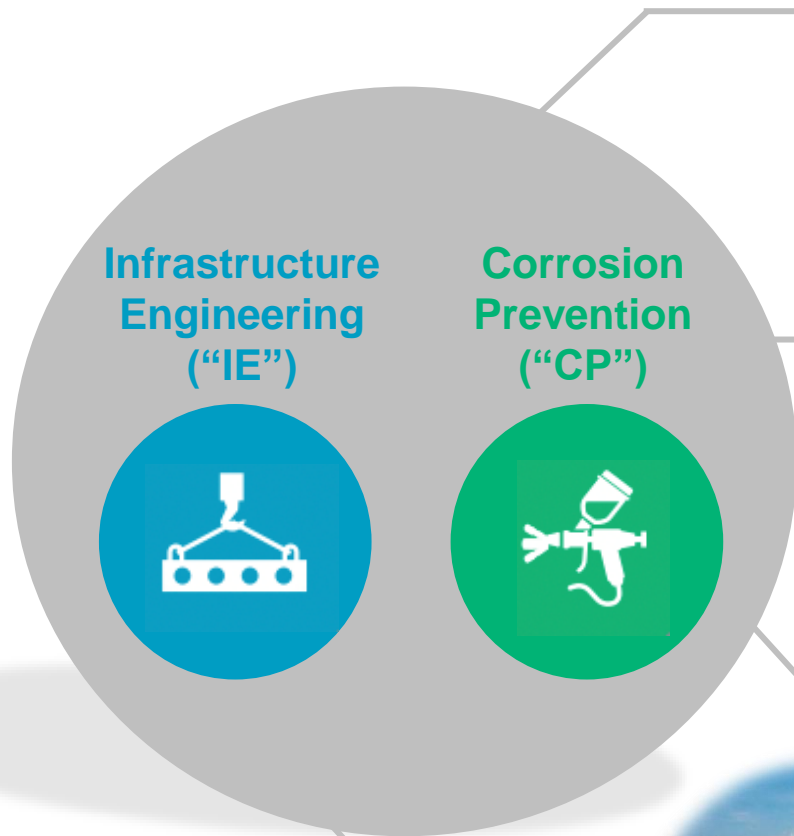
- ✓ The Group has completed the following partial disposals as follows:
  - **January 2024 - 90,000 square metres forming of the Group's shipyard in Batam for a consideration of S\$8.64 million in cash; and**
  - **December 2023 - 100,970 square metres forming of the Group's shipyard in Batam for a consideration of approximately S\$9.97 million in cash.**



# Pivot Towards the Marine and Offshore Energy (M&OE) Market with a Service-Centric Model



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## Floating Production Storage and Offloading vessels (“FPSOs”) and Floating Storage and Offloading vessels (“FSOs”)

- New Build & Conversion Projects
- Inspection & Certification
- Servicing & Maintenance
- Special Projects



## Offshore Renewables Assets

- Project Management for New Build Projects
- Servicing & Maintenance
- Special Projects



## Resident Contractors for Shipyards

- Servicing & Maintenance
- Special Projects
- Corrosion Prevention



## Engineering and Onshore Services

- Structural Fabrication, Turnkey Engineering project
- Service, Repair & Maintenance for Ocean-going Vessels



# Infrastructure Engineering (“IE”)

## Scaling up our business presence within the FPSOs and FSOs market

- The Group’s 51% owned subsidiary, Asian Sealand Offshore & Marine (“ASOM”) specialises in asset integrity solutions for operating floating assets such as FPSOs and FSOs, among others.
- Targeting a larger customer base globally, ASOM has established itself as a proficient “one-stop” offshore in-situ turnkey solutions provider.

## Creating new value propositions and recurring income streams

- With a service-centric business model, the IE business division aims to strengthen and expand its capabilities to create new value propositions across the value chain of the marine and offshore industry, particularly in the new build sector.
- Delivering safe, flexible and cost-effective services and maintenance solutions within the marine and offshore industry, the Group aims to generate more recurring income streams, expand its customer base and enhance its track record.

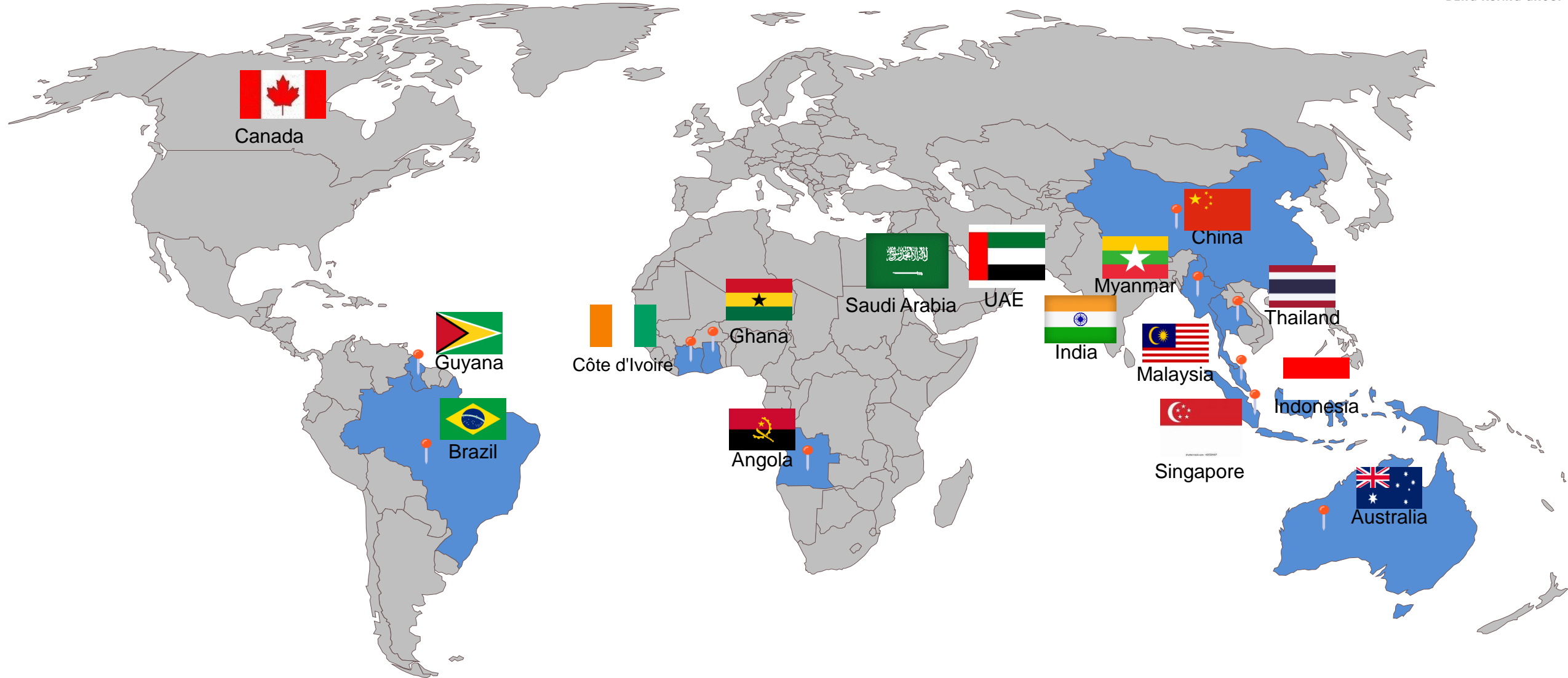
## Pedestal cranes business segment is potentially another high-growth segment

- The engineering, design and build deck equipment unit under the IE division has registered increased orders for pedestal cranes in recent years.
- 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.

# Our Global Presence – Servicing FPSOs & FSOs, and Deck Equipment Supply



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# Our IE Market Positioning (FPSOs Market)

The FPSO market is dominated by major multi-national companies. According to the FPSO Network<sup>(1)</sup>, there are currently **186** FPSOs in operation around the world, with **43** of them operating in the West African region. Details of the major FPSO players are set up below:

<b>Companies Ranked by Owned FPSOs <sup>(1)</sup> (FPSO Operators)</b>	
1	Petrobras (Petróleo Brasileiro S.A.)
2	CNOOC Ltd.
3	TotalEnergies SE
4	ExxonMobil Corporation
5	Equinor ASA
6	Shell plc
7	Woodside Energy Group Ltd.
8	Vår Energi ASA
9	Aker BP ASA
10	Chevron Corporation

<b>Companies Ranked by Fleet Size <sup>(1)</sup> (FPSO Contractors)</b>	
1	MODEC, Inc
2	SBM Offshore N.V.
3	BW Offshore Limited
4	Bumi Armada Berhad
5	Yinson Holdings Berhad
6	Alterra Infrastructure
7	Bluewater Energy Services
8	MISC Berhad
9	Century Energy Services Ltd.
10	MTC Engineering

**Globally, we serve 24 FPSOs out of 186 FPSOs**

**In the West Africa Region, we serve 7 FPSOs out of 43 FPSOs.**

**Our Asset Integrity Team (under ASOM) is one of the market leaders that provides in-situ services onboard of FPSOs with a growing market presence**

Source:

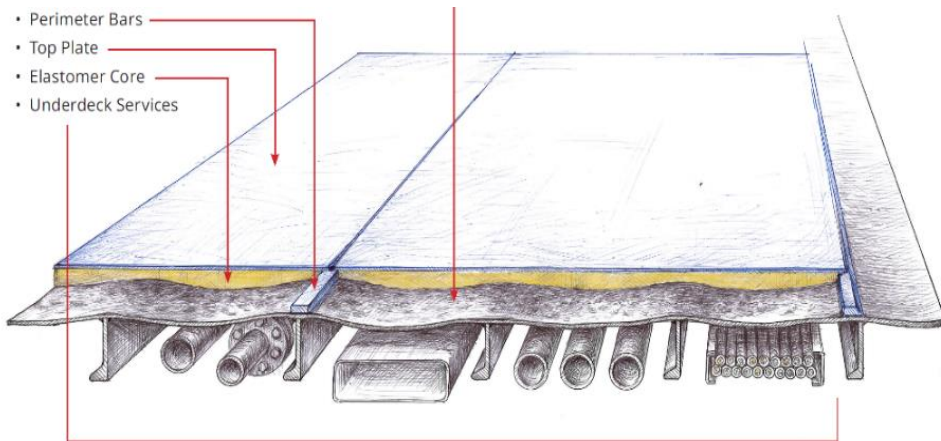
(1) <https://www.blackridgeresearch.com/blog/list-of-global-top-floating-production-storage-offloading-fpsvessel-companies-contractors-manufacturers-installers-operators-owners-suppliers-in-the-world>  
<https://www.oilandgasiq.com/fpsvessel/news/fpsvessel-futures-spotlight-on-africa>

# Our IE Specialisation

## SANDWICH PLATE SYSTEM OVERLAY (SPS) SPECIALIST



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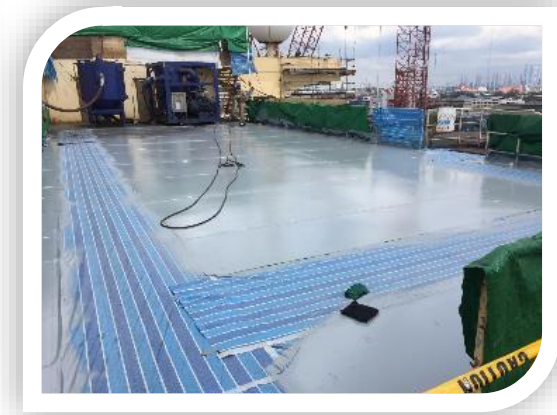


- Fully restores or enhances the strength of the original structure
- The process is extremely quick and uses a fraction of man-hours required for a conventional crop and replace repair
- Plating that is corroded beyond classification society allowances can be utilized

We provides conventional and unique technology, and products in the fields of miscellaneous in-situ repairs for floating assets, and onshore, offshore & marine fabrications.

We have gained capabilities over the last few years in the following trades in order to establish itself as a proficient “one-stop” offshore in-situ turnkey repairer (periodical maintenances, repairs as per class requirements, life extension, warranty repairs, major repairs, upgrade, etc.)

SPS overlay is Class Approved Permanent Solution to maximize the period up to 15 years on FPSOs and FSOs without returning to shipyards for drydock under the IMO 5-year mandatory drydocking survey.





# Our IE Specialisation

## DESIGN AND BUILD MARINE & OFFSHORE DECK EQUIPMENT

Track records and repeated orders from well known marine and offshore customers



- We have secured more than 38 pedestal cranes over the last 5 years and will extend after-sale services on supply of spare parts, servicing and upgrading recommendations and works.
- Delivery to India, Middle East, Canada & SEA – up to 70 ton
- Capability to build up to 250 ton
- Product Range – Pedestal Crane, Mooring Winches, Deck equipment

Pedestal Cranes	1 - 3 ton	5 - 10 ton	10 - 20 ton	20 - 40 ton	25 - 50 ton	60 – 75 ton	250 ton	Total
<b>Clients</b>								
Asia	6	2	5	1	0	2	1	17
Middle East	0	3	4	2	6	0	0	15
Canada	3	0	0	3	0	0	0	6
<b>Subtotal</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>38</b>

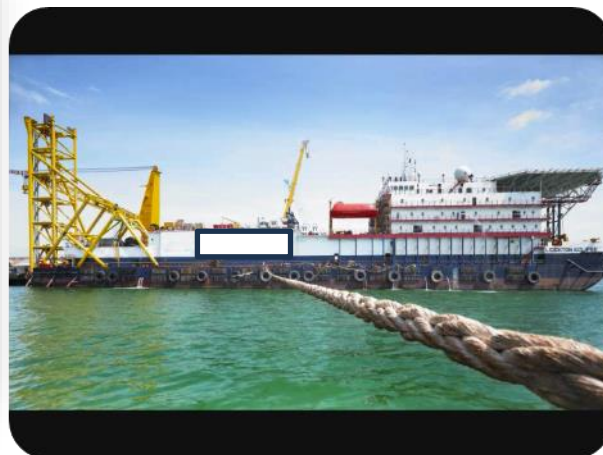
# Our IE Specialisation

## FABRICATION OF STRUCTURAL AND MODULAR PROJECTS TARGETING O&G AND OFFSHORE CLIENTS

Turnkey Projects and/or support regional established yards and M&OE clients with our 13.8 hectare waterfront yard



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- Reduced yet purposeful waterfront yard on fabrication of modular steel projects, small-to-medium size steel and pipe structures for Asia and SEA regional main-contractors as well as neighbouring Shipyards
- No high capital expenditure plans for short to middle term after the recent partial sale 2/3 land area, out of the 32.8 hectare in FY2023/4.
- Sale of partial yard was to go asset light as well as to maximise our intended use of land for suitable project sizes that we specialised on.
- Having a marine supply base to handle Indonesian local content projects

### Our Strength & Competitive Edge

- Proven track record
- Receiving enquires and actively invites our yard to tender for fabrication projects from repeated credible and many satisfied customers.
- Support our subsidiaries in promoting our yard to secure customised projects – Single Buoy Mooring equipment, Pedestal cranes and deck equipment etc.





# Corrosion Prevention (“CP”)

## One of the leading providers of corrosion prevention services in Singapore

- Ship corrosion continues to be a major hazard for the industry.
- Demand for our services continue to remain resilient and healthy in Singapore and Batam.

## Major customers in the marine and offshore industry

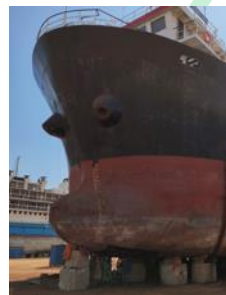
- With our established track record of more than 30 years, we are appointed as “Resident Contractor” to provide corrosion prevention services to several major customers in the marine and offshore industry.

## Sale, lease and rental activities of CP equipment across Southeast Asia

- In addition, the Group has ventured into the sale, leasing and rental activities of CP equipment across Southeast Asia to create new revenue streams.

### External Vessel Hull Corrosion Prevention Process

Vessel Docking



Marine Growth Removal



Surface Cleaning



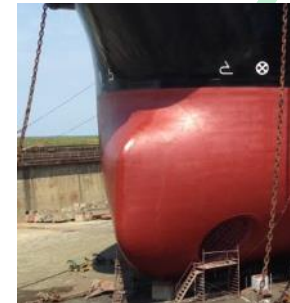
Surface Preparation



Paint Application

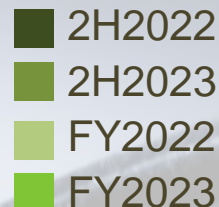
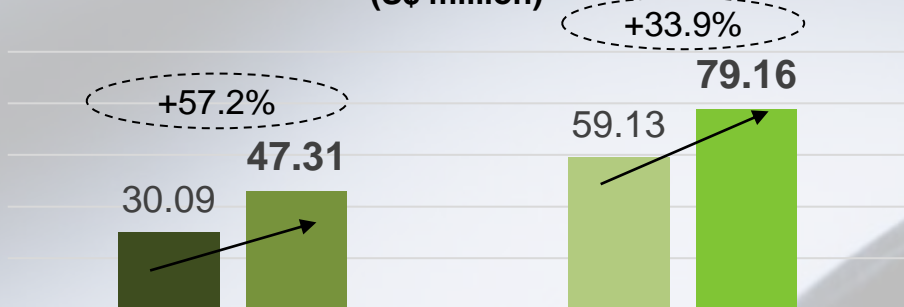


Completion & Handover



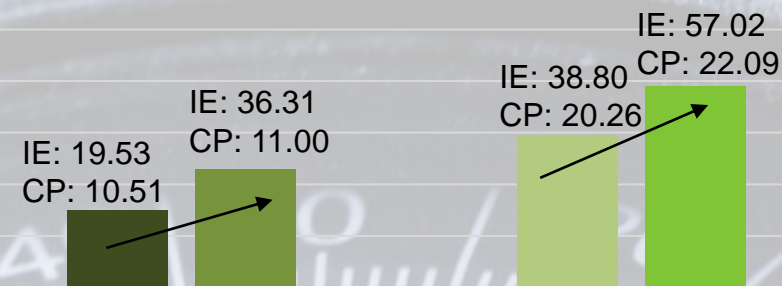
# Key Financial Highlights for FY2023 (Continuing Operations)

## Revenue (S\$ million)



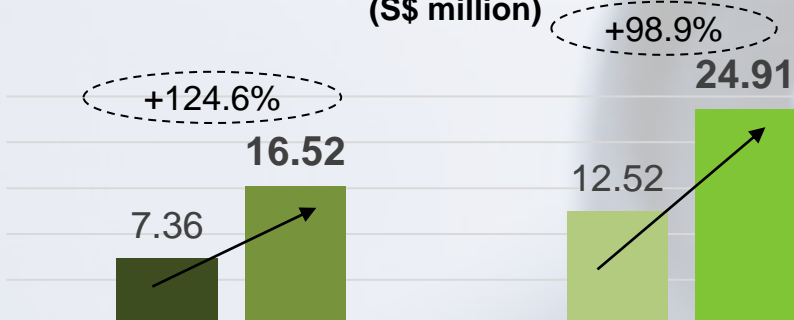
Anchored by its two core business divisions, IE and CP, the Group continue to perform resiliently within the offshore and marine market, particularly in the 2H2023 as revenue surged 53.1% to S\$46.06 million

## Revenue Contribution (S\$ million)



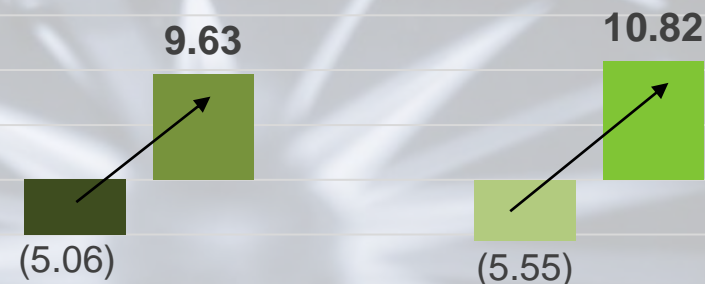
Higher demand for its FPSO and FSO contracting and maintenance services propelled the Group's IE growth momentum with organic revenue growth of 81.4% and 44.7% in 2H2023 and FY2023 respectively

## Gross Profit (S\$ million)



Coupled together with the exit of its loss-making business operations, the Group's costs minimisation and productivity measures undertaken in recent years have progressively improved its gross profit margin

## Profit / (Loss) Before Tax (S\$ million)



Powered by strong business drivers in 2H2023, the Group makes turnaround in FY2023 and also generated cash of S\$5.95 million from its operating activities in FY2023

Building upon our strong business momentum in 2H2023 towards FY2024



# Key Financial Highlights for FY2023

## (Continuing Operations)



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### Business Model Enhancement

An asset-light and service-oriented business model anchored by our IE and CP businesses

### Improvement in Gross Profit Margin

Progressively improving our gross profit margin to 31.5% in FY2023 from 21.2% in FY2022

### Monetisation and Deleveraging Initiatives

Announced partial land sales and asset disposals with an aggregate consideration of approximately S\$22.5 million in cash

### Strengthened Balance Sheet

NAV:  
4.79 cents

Cash and cash equivalents increased by 81.6% to S\$12.19 million, while total borrowings reduced 36.3% to S\$14.14 million as at 31 December 2023

### Additional cash proceeds from second partial land sale

In January 2024, the Group completed the final partial land sale of its Batam shipyard property and it has received the remaining S\$7.6 million in cash

**Commenting on the FY2023 results, Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said:** *“FY2023 has been a transitional year as our turnaround plan gathers pace on restoring the Group’s profitability, deleveraging our balance sheet and simplifying our operations with profitable business divisions. The encouraging results to date support our belief that we are on the right track.*

*Notably, the Group’s two core business divisions delivered strong underlying performance, particularly our IE business division has been charting an upward growth trajectory serving the FPSOs and FSOs market with repair and maintenance services.*

*With the progress made in recent years, we have emerged stronger on a financial footing with more business agility. We will continue to focus our strategic efforts on high-growth business segments with our two core business divisions, while methodically improving our operating efficiencies and asset utilisation rates.*

*Building on our strong business momentum in 2H2023, we aim to capitalise on emerging growth trends within the offshore and marine industry in FY2024 and develop a new phase for the Group’s future growth.”*

**Building upon our strong business momentum in 2H2023 towards FY2024**





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# FY2023 Corporate Highlights

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