明 光 集 團
BENG KUANG GROUP

BENG KUANG MARINE LIMITED
Registration No. 199400196M

PRESS RELEASE

Beng Kuang Group's Revenue Jumped 34% to S$41.22 Million with Gross Profit Rising 241% to S$5.02 Million and Adjusted EBITDA Surging 546% to S$2.51 Million in 9M2021

- *The Group's IE and CP business segments registered strong revenue growth of 106.4% and 84.9%, increasing to S$22.62 million and S$13.37 million respectively in 9M2021, while revenue from the Group's SH business segment dipped significantly as both of the Group's livestock vessels were taken off charter during 9M2021*

- *With a substantial amount of fixed assets in the balance sheet, the Group registered a depreciation expense (non-cash component) of S$6.18 million in 9M2021*

- *The Group's IE order book is S$8.0 million as at 30 September 2021, of which S$3.0 million is attributed to ASOM that provides specialised on-site vessel repair and maintenance solutions to FPSO and FSO vessels*

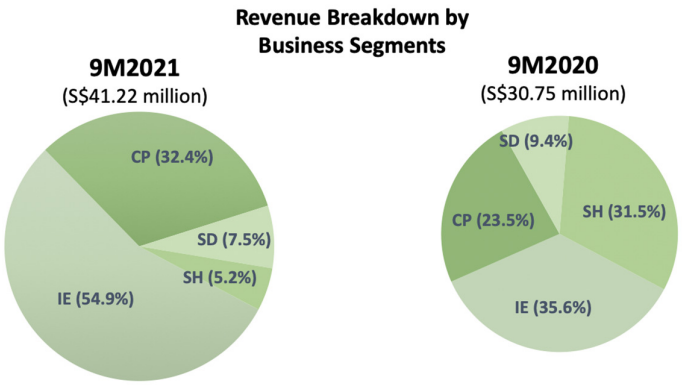
- *Strategic review to prioritise costs minimisation and deleveraging initiatives, while focusing on monetising fixed assets and high-potential business segments to create new growth catalysts*

Singapore, 17 November 2021 – **Beng Kuang Marine Limited** ("**明光集团**" or the "**Company**", and together with its subsidiaries, the "**Beng Kuang Group**"), is pleased to share its business update for the nine (9) months ended 30 September 2021 ("**9M2021**").

Striving to be the "Preferred Partner" in providing total solutions for the marine, offshore oil and gas industries, the Group has four key business segments as follows:

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**") – Operating two livestock vessels and two Indonesian-flagged assist tugs

All business units registered growth except for SH business segment in 9M2021: The Group's IE and CP business segments delivered better performance with higher business volume in 9M2021, where IE's revenue jumped by 106.4% or S$11.66 million from S$10.96 million in 9M2020 to S$22.62 million in 9M2021 and CP's revenue increased by 84.9% or S$6.14 million from S$7.23 million in 9M2020 to S$13.37 million in 9M2021.



For IE, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("**ASOM**"), was the main revenue contributor with S$16.91 million or 74.8% of IE's 9M2021 sales as a result of the re-opening of global business travel from the fourth quarter of 2020 that enabled ASOM to ramp up its business operations.

Specialising in asset integrity solutions, ASOM provides a wide range of on-site services such as repairs, engineering services, maintenances, decommissioning, among others. ASOM's key customers are mainly operators and asset owners of Floating Production Storage and Offloading ("**FPSO**") vessels and Floating Storage and Offloading ("**FSO**") vessels. Revenue contribution from ASOM has been growing progressively over the past few years and as at 30 September 2021, ASOM has an order book of S$3.0 million.

In addition, the Group's other subsidiaries under IE have performed better for 9M2021 as compared to 9M2020 where there has been 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 Group owns and operate a waterfront fabrication yard in Batam, Indonesia with a land size of 32 hectares. In total, the IE business segment (including ASOM) has an order book of S$8.0 million as at 30 September 2021.

Revenue from the Group's CP increased by 84.9% or S$6.14 million from S$7.23 million in 9M2020 to S$13.37 million in 9M2021 with the gradual return of the Group's foreign labour workforce to operations. The Group's CP also recorded higher business volume in Batam. However, there are still border controls and hefty costs related to COVID-19 that were associated with new workforce employment.

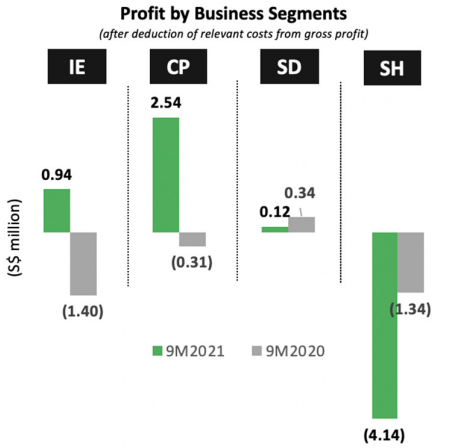
Revenue from the Group's SD increased to S$3.10 million in 9M2021 from S$2.86 million in 9M2020. The Group's SD continue to undertake a key role within the Group's business model as our internal procurement arm to support the rest of our business units to manage the operating costs of consumables.

Revenue from the Group's SH declined substantially by S$7.57 million to S$2.13 million in 9M2021, from S$9.70 million in 9M2020 as both of the Group's livestock vessels were taken off charter. The first livestock vessels was taken off charter since October 2020 due to an accident and it is currently docked on our Batam waterfront yard for repairs. Due to COVID-19 travel restrictions and border control measures, there were delays in coordinating onsite insurance and Class inspections. The

second livestock vessel was taken off charter as it was detained on 7 October 2021 by the Indonesia Navy for anchoring at unauthorised area. With the release of vessel from detention on 15 November 2021, the Group is also exploring initiatives to align the SH's activities towards the bareboat charter business model to enhance stability in revenue streams and limiting operational risks.

Gross profit increased 241% to S$5.02 million in 9M2021:

The Group's gross profit margin increased by approximately 7.4 percentage points from 4.78% in 9M2020 to 12.18% in 9M2021 largely attributed to ASOM's increased business volume from on-site repair and maintenance services for active offshore FPSO and FSO vessels as well as CP's higher business activities.



Adjusted EBITDA increased 546% to S$2.51 million in 9M2021: With a substantial amount of fixed assets in the balance sheet, the Group registered a depreciation expense (non-cash component) of S$6.18 million in 9M2021. Hence, after adjusting for depreciation expense, grants and other income, the Group recorded an adjusted EBITDA of S$2.64 million in 9M2021. The Group generated net cash inflow of S$1.89 million from operating activities during 9M2021.

To accelerate its growth plans and strengthen its balance sheet, the Company had conducted the share placement exercise of 27,000,000 placement shares and raised S$1.35 million in gross proceeds, which was completed on 21 July 2021. Further on 18 October 2021, the Company had announced that it is raising gross proceeds of approximately S$3.35 million from another share placement exercise. Both share placement exercises were undertaken by SAC Capital Private Limited.

Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said: ***"Our performance so far demonstrates that we are moving in the right direction, however there are still uncertainties in our livestock carrier business activities and we are taking proactive measures to mitigate the situation.***

As we maintain our disciplined and proactive approach to cost minimisation and deleveraging initiatives, we will continue to focus on investing in accretive growth projects and opportunities to improve profitability and create long-term sustainable returns for stakeholders."

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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.

Over the years, Beng Kuang Group has been striving to be the "Preferred Partner" in providing total solutions for the marine, offshore oil and gas industries. As a testament to its commitment to quality, health and safety, many of its subsidiaries have been accredited with the relevant ISO certifications.

Leveraging on its strong track record and established business networks, Beng Kuang Group continues to strategically grow its key businesses in Infrastructure Engineering, Corrosion Prevention, Supply & Distribution and Shipping.

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

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

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