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BENG KUANG GROUP

3Q & 9M2023 Corporate Highlights

09 November 2023

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Overview

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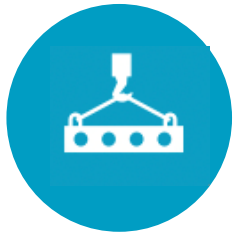
Key Facts

- 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.

Core Revenue Contributors

Infrastructure Engineering ("IE")



Corrosion Prevention ("CP")

Key Stock Information

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

Key Customers

Keppel, ST Engineering, sembcorp marine, allianz middle East, misc MISC BERHAD, Vallianz, SIEMENS, J. RAY McDERMOTT, POSH MARITIME, LARSEN & TOUBRO, MODEC, PaxOcean, SBM OFFSHORE, GPS

Infrastructure Engineering ("IE")

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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 Floating Production Storage and Offloading vessels ("FPSOs") and Floating Storage and Offloading vessels ("FSOs"), among others.
- Targeting a larger customer base globally, 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.

Service-centric business model that create 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.

Corrosion Prevention ("CP")

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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 yards.

Blue-chip customers in the marine and offshore industry

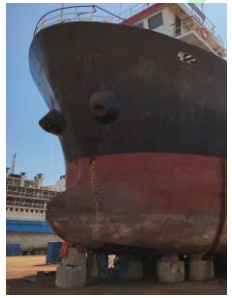
- With our established track record of more than 30 years, we are appointed as "Resident Contractor" to provide corrosion prevention services to several blue-chip customers in the marine and offshore customers.

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



Our Yard Facilities at Batam, Indonesia

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Waterfront yard (total area of 328,956 square metre) on the Eastern side of Batam Island, Kabil

- After the proposal partial disposals, the Group will **continue to own 137,986 square metres** of the waterfront yard.
- Continual efforts to monetise the remaining property space via leasing activities, while allocating sufficient space to **support the expansion of the Group's IE business activities**

✓ In July 2023 and October 2023, the Company has obtained approval from shareholders via Extraordinary General Meetings for the proposed partial disposals:

- **90,000 square metres forming of the Group's shipyard in Batam for a consideration of S$8.64 million in cash; and**
- **100,970 square metres forming of the Group's shipyard in Batam for a consideration of approximately S$9.89 million in cash respectively.**

Key Financial Highlights for 9M2023

(Continuing Operations)

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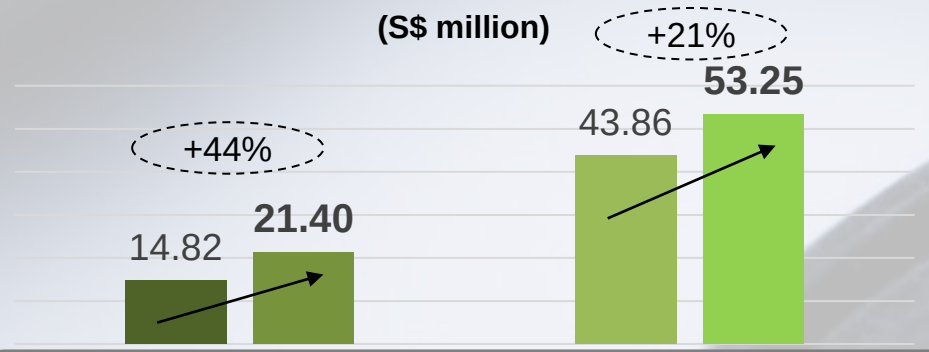
Continual Growth Momentum

Revenue

(S$ million)

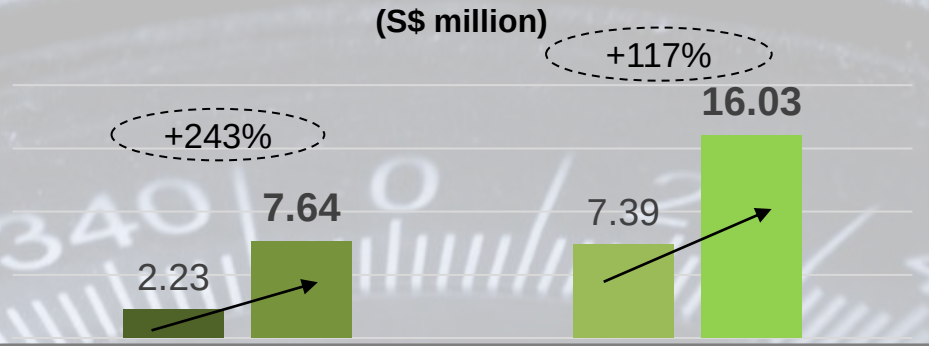


The Group's two core business divisions, IE and CP, continue to be key growth drivers

- 3Q2022
- 3Q2023
- 9M2022
- 9M2023

Gross Profit

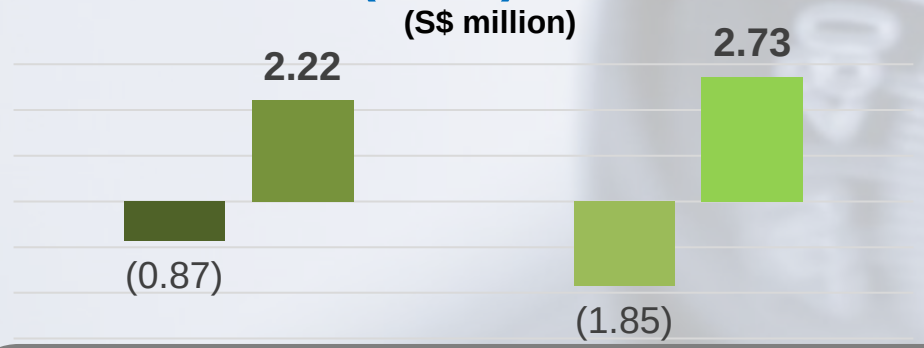
(S$ million)



Costs minimisation and productivity measures undertaken have improved the Group's gross profit margin to 30.1% in 9M2023

Profit / (Loss) Before Tax

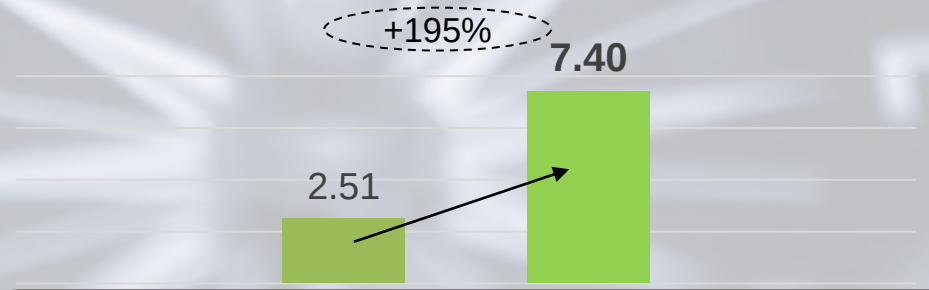
(S$ million)



Turnaround gaining momentum
as financial results improved significantly
with strong performance in 3Q2023

Adjusted EBITDA*

(S$ million)



*Defined as profit before tax, finance expense, depreciation and amortisation of property, plant and equipment and intangible assets, and excluding other gains.

Key Financial Highlights for 9M2023

(Continuing Operations)

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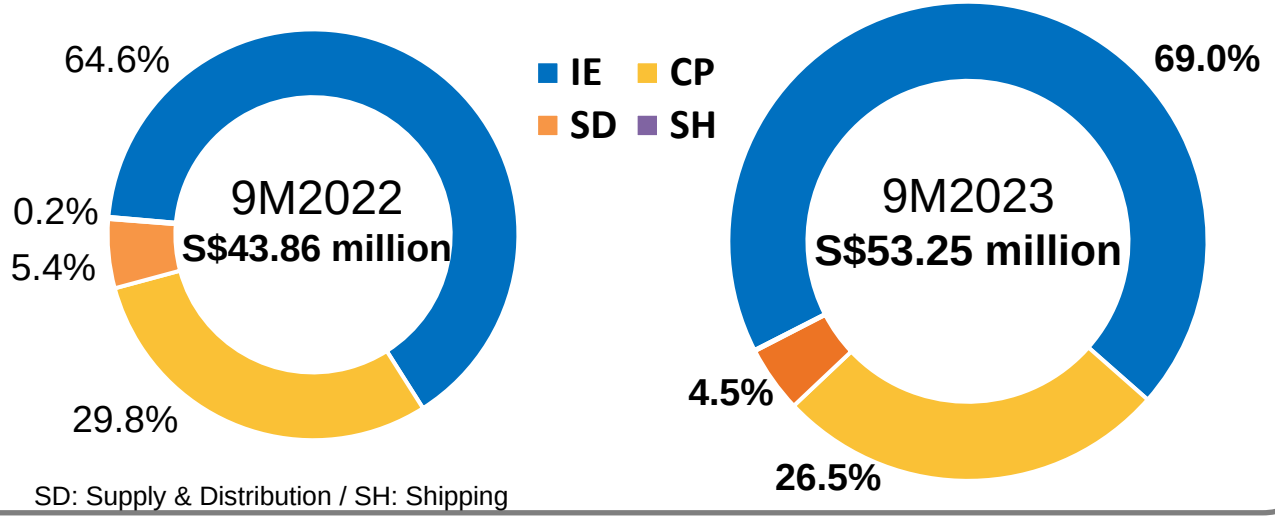
Continual Growth Momentum

Revenue Breakdown



SD: Supply & Distribution / SH: Shipping

Commenting on the 9M2023 results, Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said: *"We maintained positive organic growth with our core IE and CP business divisions delivering strong performance, providing good momentum in our turnaround.*

Our strategy is delivering, demonstrated with the strength of our underlying performance and monetising efforts, and we remain confident that Beng Kuang Group is well positioned to create high-value growth within the marine and offshore industry."

Transformation to an asset-light and service-oriented business model with recurring revenue streams anchored by our IE and CP businesses

Net cash inflow generated from operating activities was S$6.64 million in 9M2023, as compared to S$5.40 million in 9M2022

Cash and cash equivalents of S$6.60 million with reduced total borrowings of S$15.95 million as at 30 September 2023

Following completion of the partial disposals of the Group's shipyard in Batam, the Group's balance sheet will be boosted by S$18.53 million in cash

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The End