明 光 集 團
BENG KUANG GROUP

1Q2025
Corporate Highlights

7 May 2025

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At a Glance

“Preferred and Trusted Partner” for the offshore and marine industries

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Core Business Units

Infrastructure Engineering (“IE”)

Providing a wide range of engineering services that includes:

- asset integrity solutions
- repairs and maintenance
- production and supply of customised pedestal cranes and deck equipment
- project management and consultancy services
- turnkey projects

Corrosion Prevention (“CP”)

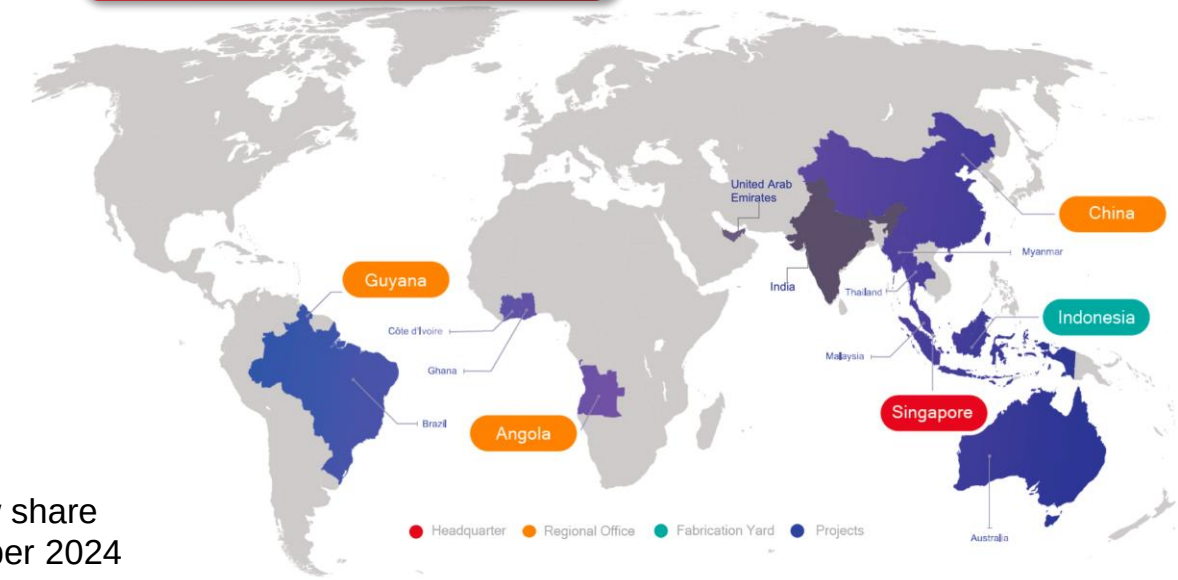
Providing comprehensive corrosion protection services that includes:

- surface preparation
- application of protective coatings

Key Customers

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

Our Global Presence



Key Stock Info

SGX-ST Listing	First listed in 2004 and transferred to Mainboard in 2007
Stock Codes	Bloomberg: BKM:SP Reuters: BENK.SI SGX: BEZ.SI (Ordinary share) SGX: Z3RW (Warrant)
No. of Issued Shares	Approximately 204 million
No. of Issued Warrants	Approximately 60 million warrants (exercisable at S$0.22 per new share from 4 March 2025) and listed on a 3-year period from 4 September 2024

Transformative Turnaround

Driven by a performance-oriented and sustainability approach

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Start of our asset-light strategy

FY2021

Revenue: S$51.31m
Gross Profit: S$11.90m
EBITDA: (S$5.23m)

- Appointment of Chua Beng Yong as Executive Director on 10 May 2021 and re-designation to Executive Chairman on 03 January 2022
- Appointment of 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

Strengthening our business model with a service-centric focus

FY2022

Revenue: S$59.13m
Gross Profit: S$12.52m
EBITDA: (S$13.55m)

- Re-focus on new opportunities within 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

Turnaround that is powered by strong business drivers in 2H2023

FY2023

Revenue: S$79.16m
Gross Profit: S$24.91m
Profit before tax: S$10.82m

- 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

Firmly back on the track of profitability

FY2024

Revenue: S$111.88m
Gross Profit: S$38.73m
Profit before tax: S$25.40m

- Completed the second partial land sale of the Group's Batam waterfront yard
- Exited from SGX watch-list on 15 October 2024
- Completed bonus warrants issuance to create additional value to shareholders
- Successfully redeemed outstanding bonds of S$3.5 million and issued new bonds of a smaller size of S$3 million

Market Prospects

New opportunities from improving global access to energy

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Positive FPSO outlook for new builds

- A new FPSO can cost between US$1 billion and US$3 billion.(1)
- The market for floating production, storage, and offloading (FPSO) vessels will continue to snowball over the next five years, with 66 planned FPSO projects between 2022 and 2027.(2)

Need for continuous maintenance and repairs for existing FPSOs

- There are approximately more than 180 operating FPSOs, capable of staying on location for continuous operations upwards of 20 years.(3)
- More than half of the world's FPSOs are over 30-years-old and a quarter are over 40-years-old.(4)

Growing number of marine renewable energy assets

- Corrosion costs the maritime industry between $50 billion and $80 billion annually, not including indirect costs(5)
- Corrosion prevention works are essential to prevent structural deterioration of marine renewable energy assets (new or old).

1. https://www.upstreamonline.com/exclusive/high-costs-and-financing-challenges-cloud-the-outlook-for-fpso-lease-and-operate-model/2-1-1724112
2. https://www.nesfircroft.com/resources/blog/notable-fpso-projects-in-2023-2027/
3. https://www.investopedia.com/terms/f/fpso-floating-production-storage-and-offloading.asp
4. https://splash247.com/more-than-half-of-the-worlds-fpsos-are-over-30-years-old/#:~:text=FPSO)%20fleet%20is,More%20than%20half%20of%20the%20world's%20FPSOs%20are%20over%2030,range%20of%20FPSO%20safety%20issues.
5. https://www.offshore-mag.com/vessels/article/14302211/coating-provides-long-term-protection-of-static-offshore-assets

Asset-light, Service-centric Model

Enhanced business agility to pursue new growth catalysts within the global energy market

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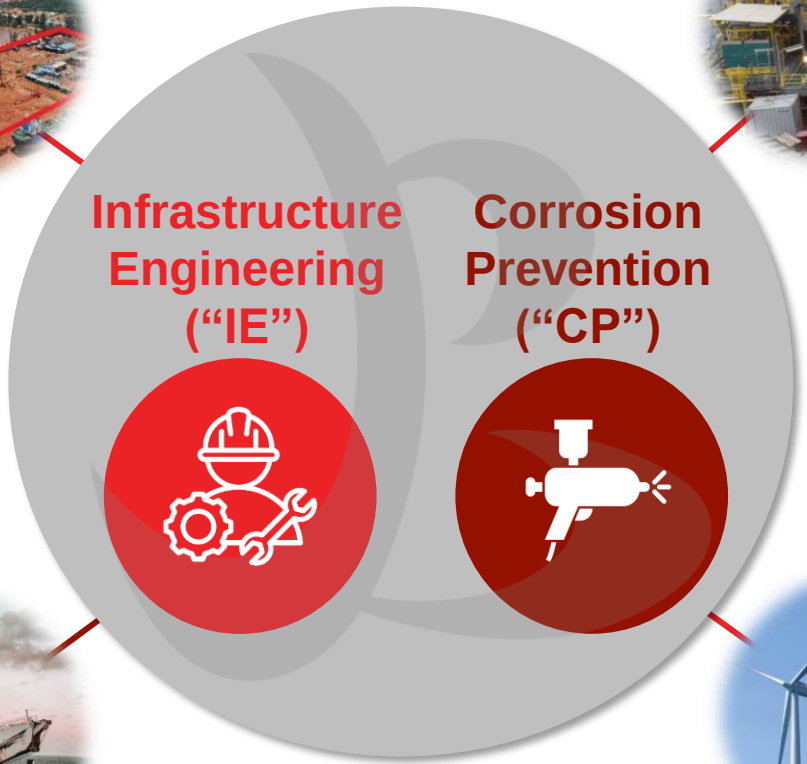
Engineering and Onshore Support Services

- Project Management for New Build Projects
- Structural Fabrication, Turnkey Engineering project
- Topside completion & commissioning support
- Service, Repair & Maintenance for Ocean-going Vessels

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

- New Build & Conversion Projects
- Carryover Work for Commissioning and Deployment
- Servicing & Maintenance
- Inspection & Certification
- Special Projects



Resident Contractors for Shipyards

- Servicing & Maintenance
- Special Projects
- Corrosion Prevention

Offshore Renewables Assets

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

Infrastructure Engineering (“IE”)

Unique value propositions driven by a service-centric business model

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Our Strategy

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

- Specialising in asset integrity solutions for operating floating assets such FPSOs and FSOs, among others, for both offshore and onshore markets.
- Gaining much capabilities over the decade serving the offshore oil & gas market, the Group has established itself as a proficient “one-stop” in-situ turnkey solutions provider, utilising conventional and unique technologies, targeting a larger customer base globally.

2 Creating new value propositions at every stage of the asset life cycle with a service-centric business model

- To strengthen and expand its capabilities within the offshore and marine industry, particularly in the new build sector with onshore support services.
- Cement our lead market position as a one-stop service provider and expand our track record globally.

Targeted Markets

FPSOs and FSOs

- New Build & Conversion Projects
- Carryover Work for Commissioning and Deployment
- Servicing & Maintenance

Engineering and Onshore Support Services

- Project Management for New Build Projects
- Structural Fabrication, Turnkey Engineering project
- Topside completion & commissioning support
- Service, Repair & Maintenance for Ocean-going Vessels

Offshore Renewables Assets

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

Corrosion Prevention ("CP")

Established track record with a diversified group of blue-chip customers

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1. **One of the leading providers of corrosion prevention services in Singapore**
2. **Blue-chip customers in the offshore and marine 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 offshore and marine customers.
- Demand for our services continue to remain resilient and healthy in Singapore and Batam yards.

- **Ship corrosion continues to be a major hazard for the industry**
- **Corrosion prevention is essential for prolonging the lifespan of assets, ensuring safety, and maintaining operational efficiency.**

External Vessel Hull Corrosion Prevention Process

Vessel Docking → Marine Growth Removal → Surface Cleaning → Surface Preparation → Paint Application → Completion & Handover

Key Financial Snapshot for 1Q2025

Revenue	S$23.89m
Gross Profit	S$8.69m
Gross Profit Margin	36.4%
Profit before Tax	S$4.18m
Generated net cash from operating activities in 1Q2025	S$3.89m

Our IE business division experienced some delays in the commencement of some FPSO projects due to logistical and administrative issues in one of our key operating markets within Africa. In addition, contracts of the Group's deck equipment business are scheduled to commence from 2Q2025 onwards.

Our CP division contributed lower revenue due to the timing of work assignments in 1Q2025.

Corresponding to lower revenue recognised in 1Q2025, the Group posted lower gross profit.

Improvements in cost management and productivity resulted in higher gross profit margin.

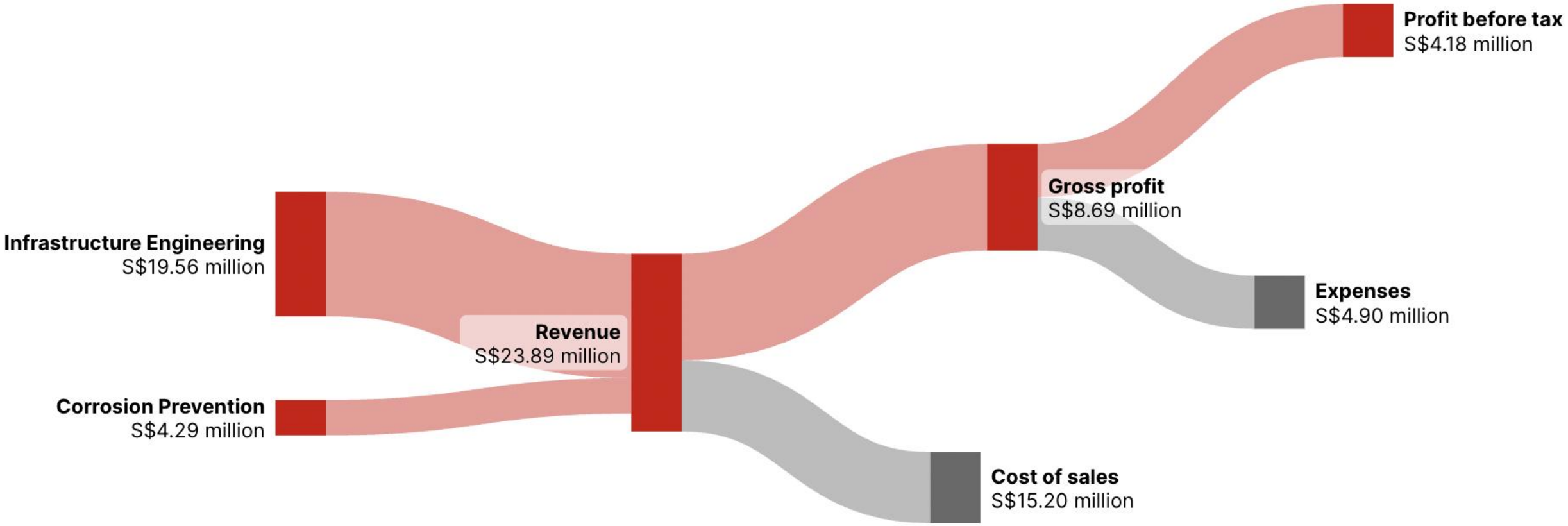
Absence of one-time gain in 1Q2025, as compared to 1Q2024's one-time gain of S$5.83m from disposal of from the second partial sale of our Batam property.

If the one-time gain was excluded in 1Q2024, the net profit before tax would be S$5.49m in 1Q2024.

Focused on improving our liquidity position with our operating activities.

Key Segmental Presentation for 1Q2025

Driven by its two core business divisions, the Group continue to be profitable



Key Financial Highlights for 1Q2025

Impacted by timing of projects execution; Momentum to pick up from 2Q2025

(S$ million)	1Q2024	1Q2025	Change (%)
Revenue	28.63	**23.89**	(16.6)
Gross profit	9.79	**8.69**	(11.3)
Other gains	6.43[1]	**0.39**	(94.0)
Profit before tax	11.32[1]	**4.18**	(63.1)
EBITDA	12.29[1]	**5.06**	(58.8)

Commenting on the 1Q2025 results, Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said: *"While our business activities experienced delays due to the timing of projects execution, the Group continue to deliver profitability with healthy cash flow.*

Our strong operational fundamentals and disciplined financial management position us well to navigate near-term challenges and we remain confident of the Group's overall momentum moving forward."

On outlook, Mr Yong highlighted: "*Barring unforeseen circumstances, we are seeing a healthy pipeline of projects supporting FPSO operations that can potentially increase the number of fleets under our management.*

In addition, our deck equipment business recently secured a US$4.9 million contract that reflects the growing confidence from our clients in our technical capabilities and reliability of our products and services.

Building on the new ground that we have gained in Brazil and Malaysia, we are actively pursuing opportunities to progress towards our strategic objectives."

1. Includes the one-off gain of S$5.83 million from partial disposal of Batam property respectively in 1Q2024

Quarterly Highlights

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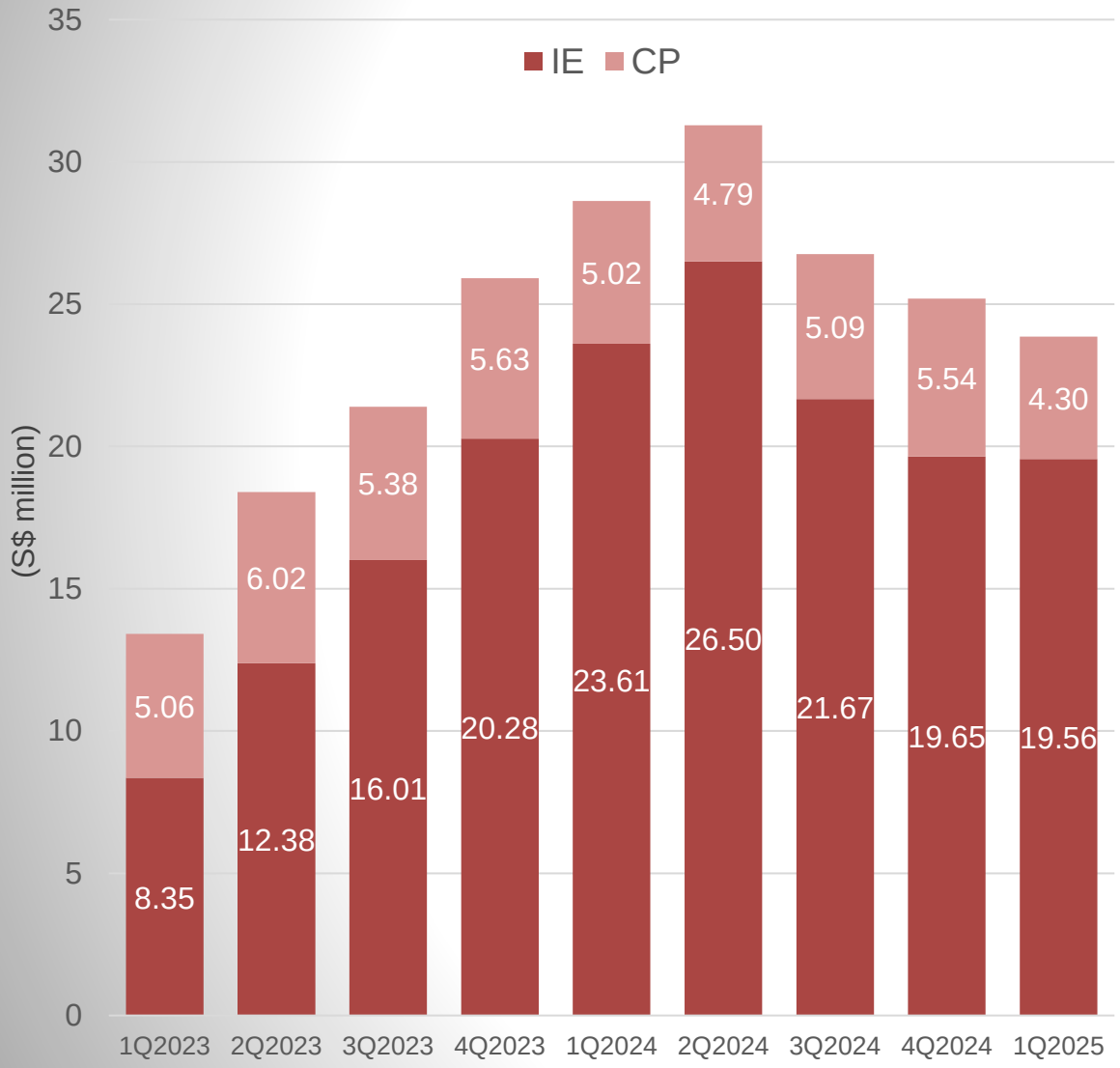
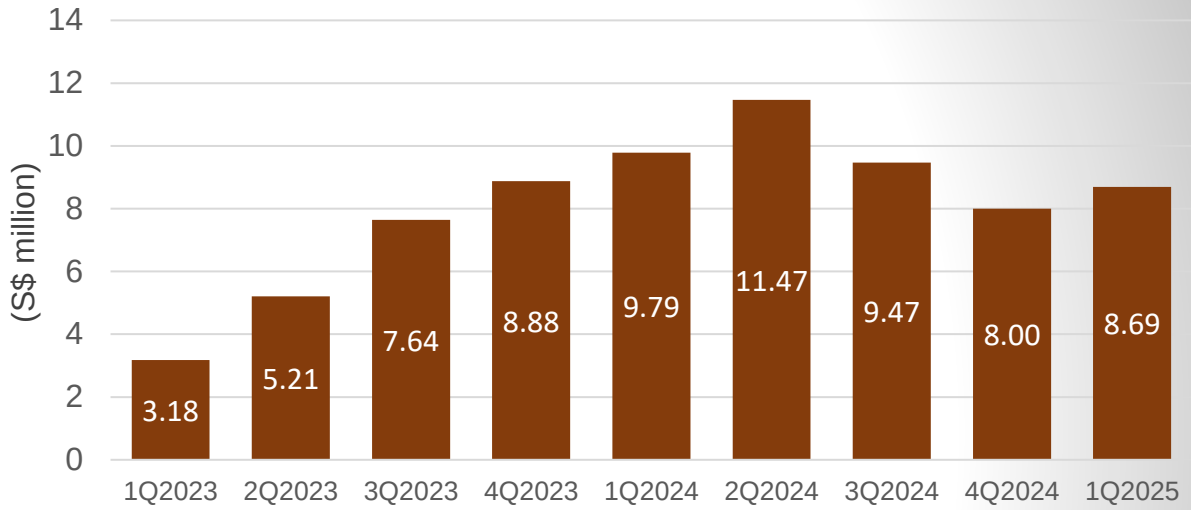
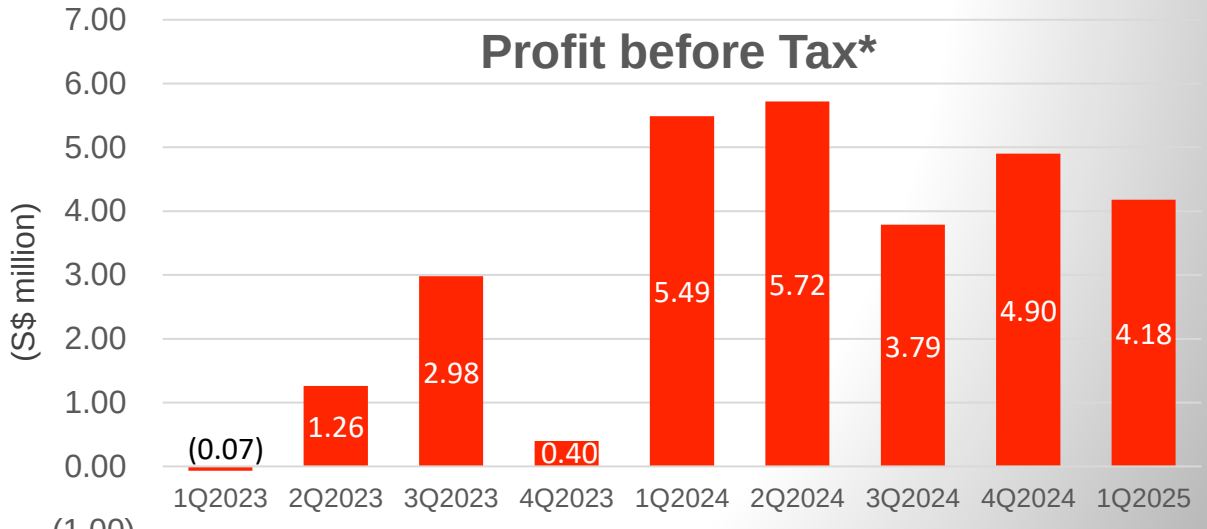
Revenue Contribution



Gross Profit



Profit before Tax*



*Excluding one-off gain(s)

Advancing Towards BKM 2.0

Building sustainable growth within the global offshore and marine industry

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Anchored by our Two Core Business Units

- Infrastructure Engineering
- Corrosion Prevention

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Key Business Pillars

1. Strategic Market Positioning
2. Value-led Transformation
3. Financial Resiliency
4. Robust Risk Management
5. Talent Optimisation
6. ESG Integration

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Key Focus Areas

- Enhance Core Capabilities & Entrenching Lead Market Position
- Building Fresh Capabilities & New Revenue Streams
- Develop and Incubate New Business & Ventures
- Strategic Partnerships
- Capex-light and Service-centric Model
- Talent Acquisition
- Improve Cost & Operating Efficiency

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2.0

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