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

**PRESS RELEASE**

# Beng Kuang Group Achieves Profitability in 1H2023; Revenue Increased 9.7% to S$31.86 Million with Gross Profit Surging 62.5% to S$8.39 Million in 1H2023

- *The Group's business strategy towards an asset-light and service-oriented business model has gained momentum with efforts to monetise fixed assets and deleveraging initiatives showing good progress, while the Group's continuing operations of its two core business divisions, IE and CP, continue to perform resiliently within the offshore and marine market*
- *The Group's order book stood at S$24.4 million as at 30 June 2023, of which S$8.8 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*
- *Costs minimisation and productivity measures undertaken have improved the Group's gross profit margin to 26.3% in 1H2023, driving gross profit growth of 62.5%*
- *Net cash inflow generated from operating activities was S$3.92 million in 1H2023*
- *The Group has cash and cash equivalents of S$6.07 million and total borrowings of S$17.96 million as at 30 June 2023*
- *During 1H2023, the Group announced partial land sales and asset disposals with an aggregate consideration of approximately S$20.5 million in cash*
- *Expects to sustain and build upon this positive business momentum for FY2023 by targeting the 'green shoots' within the marine and offshore industry*

*Financial Year End: 31 December*

| ***(S$ million)*** | ***1H2022*** | ***1H2023*** | ***Change (%)*** |
|---|---|---|---|
| ***Revenue*** | ***29.05*** | ***31.86*** | ***+9.7*** |
| ***Gross profit*** | ***5.16*** | ***8.39*** | ***+62.5*** |
| ***Profit/ (loss) before income tax from Continuing Operations*** | ***(0.49)*** | ***1.19*** | ***N.M*** |
| ***EBITDA*** | ***5.23*** | ***3.82*** | ***(26.8)*** |
| ***Adjusted EBITDA**** | ***1.91*** | ***3.66*** | ***+91.6*** |

**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*

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**Singapore, 11 August 2023** – **Beng Kuang Marine Limited** ("明光集团" or the "**Company**", and together with its subsidiaries, the "**Beng Kuang Group**"), is pleased to announce a set of profitable financial results for first six months ended 30 June 2023 ("1H2023").

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

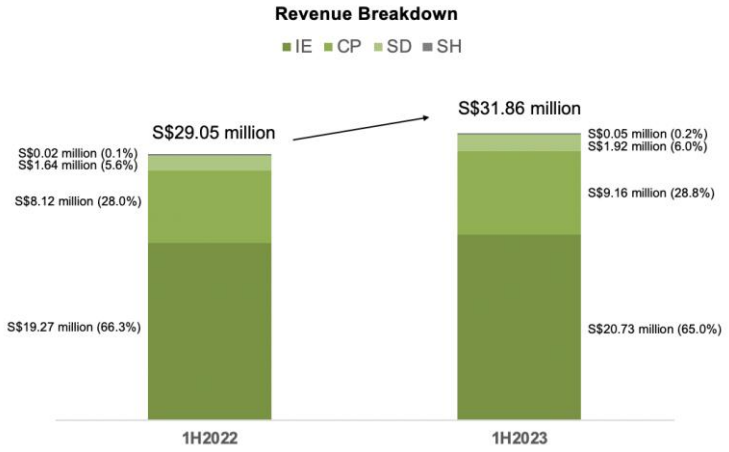
1. **Infrastructure Engineering** ("**IE**") – Providing a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures
2. **Corrosion 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 Indonesian-flagged assist tugs

**Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said:** ***"It is very encouraging to return to profitability in 1H2023. This is a direct result of the significant efforts by our teams in implementing our business strategy to monetise our assets, and with our core IE and CP business divisions delivering resilient performance.***

***We expect to sustain and build upon this positive business momentum for FY2023. With further targeted business development within our core IE and CP business divisions, we aim to build a stronger business portfolio and order book targeting the 'green shoots' within the marine and offshore industry, which also sets us up to deliver long term shareholder value."***

***Key Financial Highlights for 1H2023 (Continuing Operations)***

**Revenue increased by to S$31.86 million in 1H2023, representing a growth of 9.7% as compared to 1H2022:** The Group's four business divisions posted revenue growth in 1H2023, with the IE and CP business divisions being the main contributors in 1H2023, registering revenue of S$20.73 million and S$9.16 million respectively.



The Group's IE continues to be its core revenue generator with revenue growth of 7.5% in 1H2023, with its 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("**ASOM**"), being the main revenue contributor of IE's 1H2023 sales as a result of increased business volume from higher demand for FPSO and FSO contracting services.

Specialising in asset integrity solutions for operating floating assets such as Floating Production Storage and Offloading vessels ("FPSO") and Floating Storage and Offloading vessels ("FSO"), 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 30 June 2023, ASOM has an order book of S$8.8 million.

In addition, the Group's subsidiary, International Offshore Equipments Pte Ltd ("IOE"), under IE has performed better for 1H2023 as compared to 1H2022, where its new pedestal cranes supply business has contributed to additional revenue. In May 2023, the Group announced that IOE has secured new marine & offshore pedestal crane contracts with an aggregate value of approximately US$2.75 million, from different clients in various geographical markets, where some of the new clients are new markets that includes India and Middle Eastern countries.

For the Group's CP, revenue are largely recurring in nature and in 1H2023, revenue from CP increased 12.9% or S$1.05 million to S$9.16 million in 1H2023, as compared to S$8.12 million in 1H2022, as demand for its CP services at Singapore and Batam shipyards continue to gain momentum.

Revenue from the Group's SD increased 17.1% or S$0.28 million to S$1.92 million in 1H2023 as compared to S$1.64 million in 1H2022. The Group's SD undertakes a supporting 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 SH generate revenue of S$0.05 million in 1H2023. Under the Group's SH, there are two tugboats and one crane barge. One tugboat has been disposed for S$0.97 million during 1H2023 and as announced in June 2023, the remaining tugboat is in the process of being disposed.

To further calibrate and optimise its business model, the Group plans to streamline its business divisions and operations to focus on its core revenue generators, IE and CP business division, moving ahead.

**Costs minimisation and productivity initiatives undertaken have improved the Group's gross profit margin to 26.3% in 1H2023, driving gross profit growth of 62.5%:** As part of the Group's turnaround strategy, the implementation of costs minimisation and productivity initiatives have led to an improvement of its gross profit margin, which increased 8.5 percentage points to 26.3% in 1H2023, as compared to 17.8% in 1H2022.

**Lower depreciation expenses recognised in 1H2023 as the Group advances towards an asset-light and service-oriented business model:** In addition, the Group's depreciation expenses from continuing

operations dipped by S$1.98 million to S$1.69 million in 1H2023 from S$3.67 million in 1H2022. Moving ahead, the Group expects lower depreciation expenses from the partial land sales and asset disposals that have been announced during 1H2023.

For the partial land sales and asset disposals that were announced in 1H2023, it will generate an aggregate consideration of approximately S$20.5 million in cash upon completion. On 21 July 2023, the Group has obtained shareholders' approval via an Extraordinary General Meeting to dispose 90,000 square metres of land, forming part of the Group's 328,956 square metre waterfront fabrication yard on the eastern side of Batam Island, Kabil, for S$8.64 million.

**Achieved profitability and higher adjusted EBITDA in 1H2023:** While expenses have risen in 1H2023, the Group achieved a profit before tax of S$1.19 million and net profit of S$0.51 million.

The Group's EBITDA was lower by S$1.41 million, from S$5.23 million in 1H2022 as compared to S$3.82 million for 1H2023, mainly due to other gain of S$3.31 million recognised in 1H2022 that include government grants of S$0.73 million; provisional insurance claim of S$1.23 million; foreign exchange gain of S$1.33 million as a result of United States Dollar strengthening against Singapore Dollar.

On an Adjusted EBITDA basis, the Group improved to S$3.66 million in 1H2023. Notably, the Group generated cash of S$3.92 million from its operating activities in 1H2023.

**-END-**

This press release is to be read in conjunction with the Company's results announcement released on 11 August 2023, which can be downloaded via www.sgx.com.

**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 approach, 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 our business activities towards new market trends and opportunities with an asset-light and service-oriented business model.

*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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