



明光集團
BENG KUANG GROUP

INVESTOR PRESENTATION

1H2024
Corporate Highlights

5 August 2024

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Overview

Key Facts

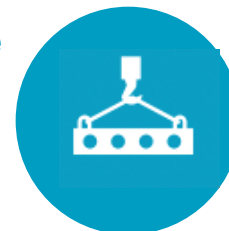
- Beng Kuang Marine Limited (“明光集团” or the “Company”, and together with its subsidiaries, the “Beng Kuang Group”) was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.
- Aligning our business activities to create new value propositions for our customers, Beng Kuang Group continues to strive to be the “Preferred and Trusted 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

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

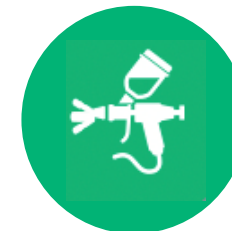
Core Business Divisions

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 Turnaround in Recent Years

2021

FY2021 (S\$ million)

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

Start of our asset-light strategy

- 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

2023

FY2023 (S\$ million)

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

Turnaround that is Powered by Strong Business Drivers in 2H2023

- 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 supply and distribution business

2022

FY2022 (S\$ million)

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

Strengthening our business model with a service-centric focus

- 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

Pivot Towards the Marine and Offshore Energy Market with a Service-Centric Model

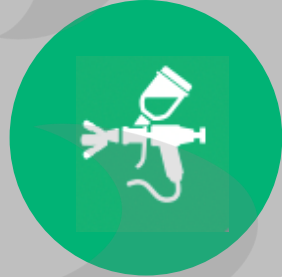


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Infrastructure Engineering
("IE")



Corrosion Prevention
("CP")



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



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



Resident Contractors for Shipyards

- Servicing & Maintenance
- Special Projects
- Corrosion Prevention



Infrastructure Engineering (“IE”)

Scaling up our business presence within the FPSOs and FSOs market

- Under IE, the Group specialises in asset integrity solutions for operating floating assets such as FPSOs and FSOs, among others.
- Targeting a larger customer base globally, the Group has established itself as a proficient “one-stop” in-situ turnkey solutions provider, leveraging on Sandwich Plate System (“SPS”) Technology, in optimising and extending the life of such operating floating assets.

Creating new value propositions at every stage of the asset life cycle

- 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 with onshore support services.
- 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 globally.

Supply deck equipment business segment is potentially another high-growth segment

- The supply deck equipment business segment 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.

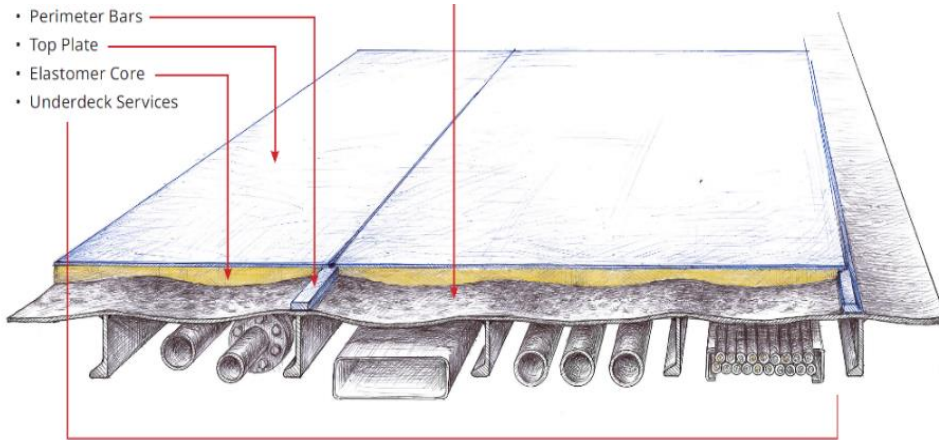
After the two partial disposals, the Group will continue to own 13.8 hectare (137,986 square metres) of the waterfront yard on the Eastern side of Batam Island, Kabil

Our IE Specialisation

SANDWICH PLATE SYSTEM OVERLAY (SPS) SPECIALIST



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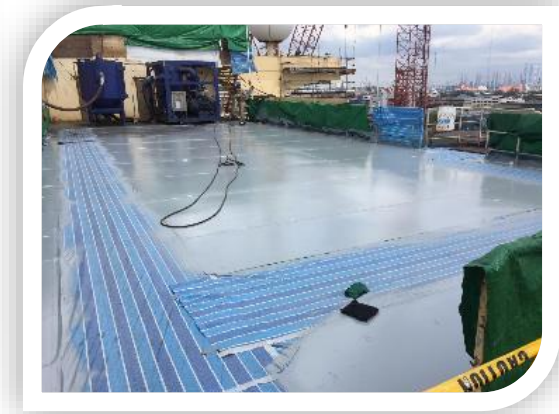
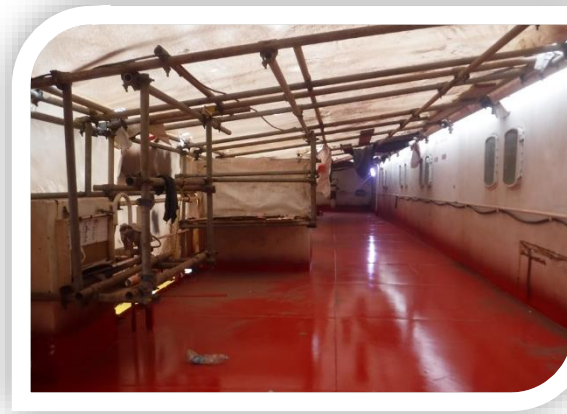


- Fully restores or enhances the strength of the original structure
- The process is extremely quick and uses a fraction of man-hours required for a conventional crop and replace repair
- Plating that is corroded beyond classification society allowances can be utilized

The Group 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



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- 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
Clients								
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
Subtotal	9	5	9	6	6	2	1	38

Our IE Specialisation

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

Turnkey projects and/or support regional established yards and marine and offshore clients with our 13.8 hectare waterfront yard



- 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

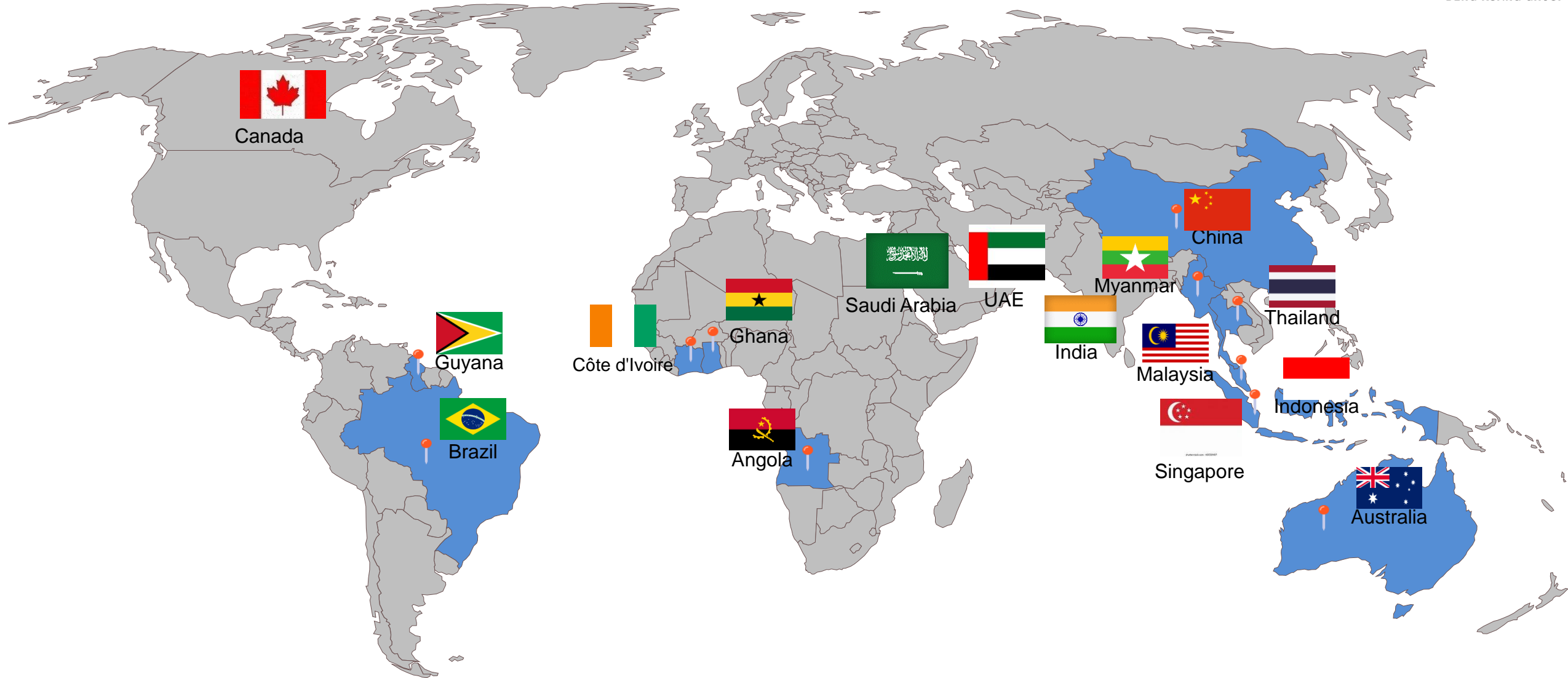
Our Strength & Competitive Edge

- Track records
- Receiving enquires and actively 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.

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



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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 yards.

Blue-chip customers in the marine and offshore industry

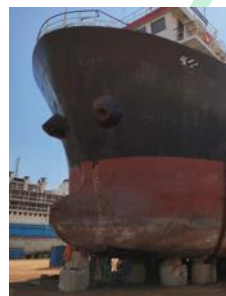
- With our established track record of more than 30 years, we are appointed as “Resident Contractor” to provide corrosion prevention services to several blue-chip customers in the marine and offshore customers.

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



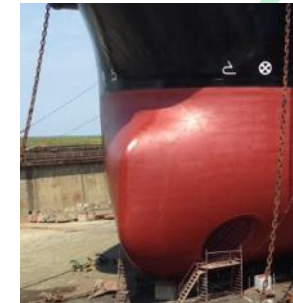
Surface Preparation



Paint Application



Completion & Handover



Key Financial Snapshot for 1H2024



Revenue
S\$59.92m **+88.1%**
from 1H2023



Gross Profit
S\$21.26m **+153.4%**
from 1H2023



Gross Profit
Margin **+9.2**
35.5% percentage points
from 1H2023



Net Profit
S\$14.38m **+28x**
from 1H2023



EBITDA
S\$18.98m **+396.6%**
from 1H2023

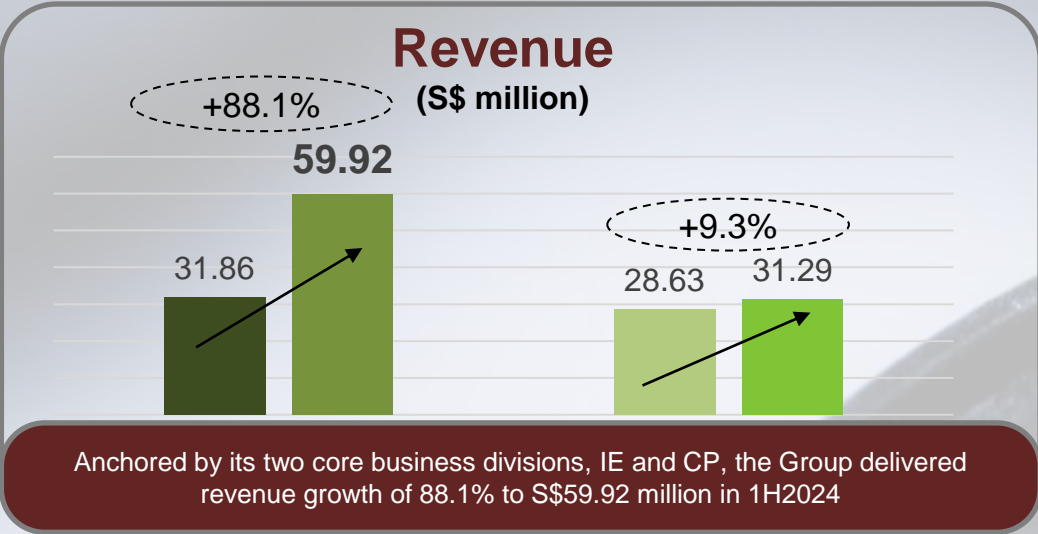
Strong Growth Trajectory in 1H2024

- The Group's transition to an asset-light and service-oriented business model that is anchored by its two core business divisions, IE and CP, delivered revenue growth of 88.1% to S\$59.92 million in 1H2024
- Strong performance by the Group's asset integrity solutions for operating floating assets such FPSOs and FSOs, among others, propelled the Group's IE division with organic revenue growth of 141.7% in 1H2024
- Rationalising and streamlining initiatives, together with the exit of the Group's loss-making business operations, undertaken in recent years have progressively improved its gross profit margin to 35.5% in 1H2024, as compared to 26.3% in 1H2023, driving gross profit growth of 153.4% to S\$21.26 million in 1H2024
- Net cash inflow generated from operating activities was S\$5.96 million in 1H2024
- Recognised one-off gain of S\$5.53 million from second partial land sale
- Net profit of S\$14.38 million in 1H2024 has exceeded net profit of S\$7.92 million in FY2023
- As compared to 31 December 2023, the Group's balance sheet continues to strengthen further with cash and cash equivalents increasing significantly to S\$19.29 million, while total borrowings reduced further to S\$8.57 million as at 30 June 2024
- Expects to sustain and build upon this positive business momentum for FY2024 by targeting the emerging growth trends within the offshore and marine industry

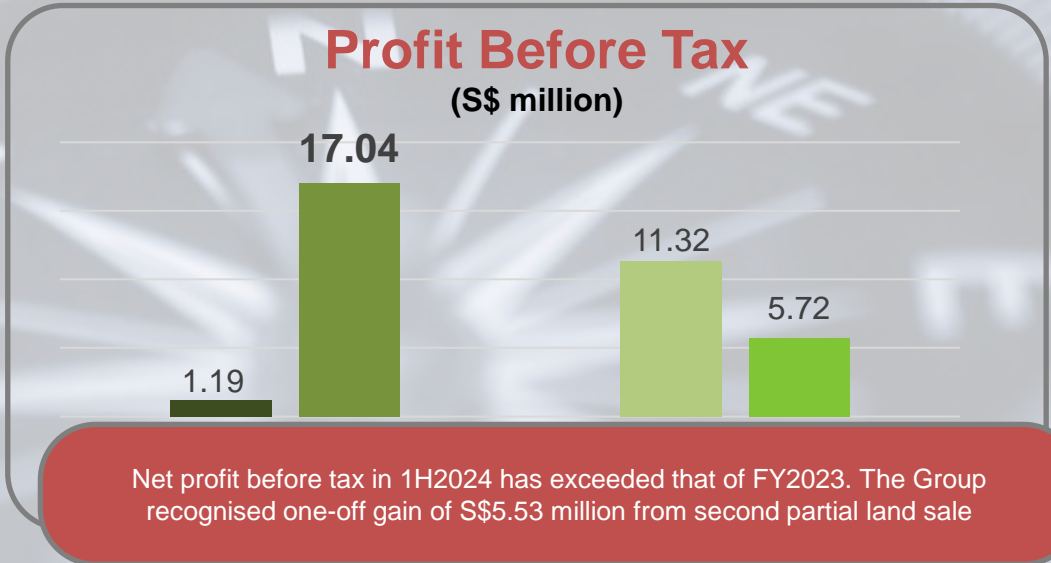
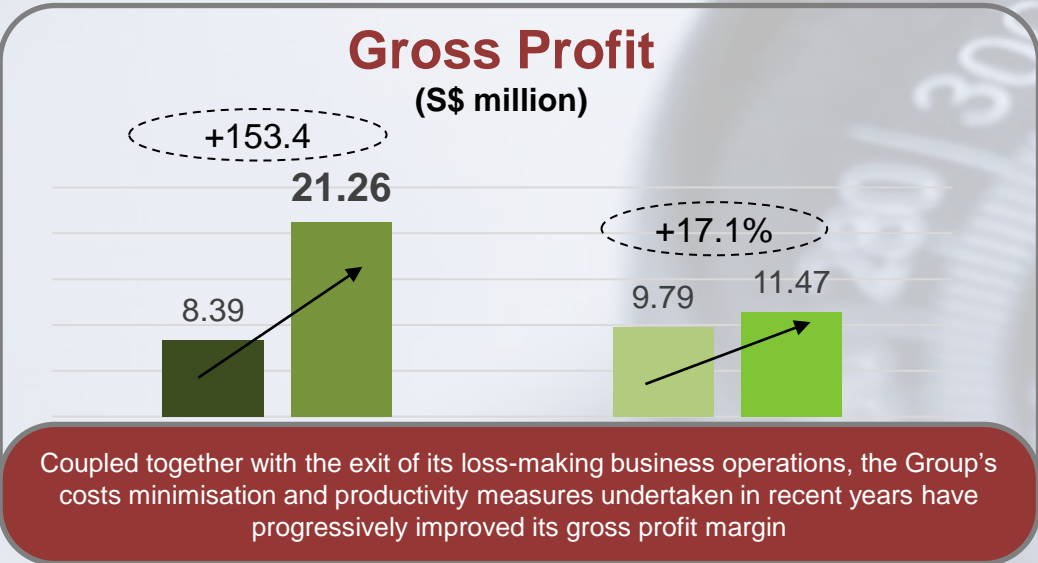
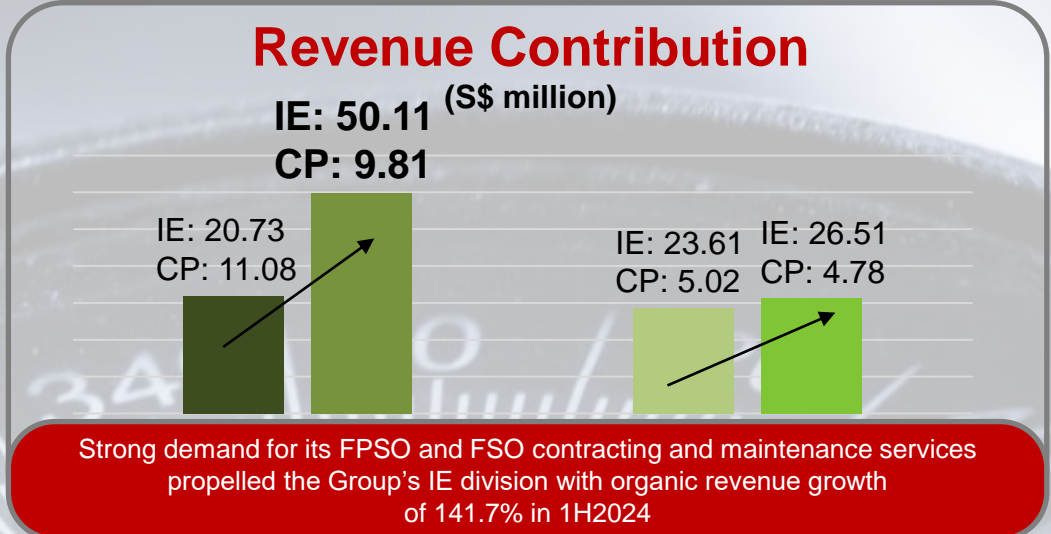
Key Financial Highlights for 1H2024



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- 1H2023
- 1H2024
- 1Q2024
- 2Q2024



Building upon our strong business momentum in FY2024 and beyond

Key Financial Highlights for 1H2024



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Business model enhancement

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

Achieved ROE of **47.8%**

while negative ROE was posted in 1H2023

Lower gearing of **48%**

as compared to gearing of 323% in 1H2023

Strengthened balance sheet

NAV per share:
9.00 cents

Cash and cash equivalents increased to S\$19.29 million, while total borrowings reduced further to S\$8.57 million as at 30 June 2024

Net profit of **S\$14.38 million**

Profit attributable to equity holders of the Company amounted to S\$8.57 million. On an EBITDA basis, the Group achieved S\$18.98 million in 1H2024

Commenting on the 1H2024 results, Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said: *“Our team came together to deliver a strong start to 2024, delivering high-quality growth in revenue and profit that is anchored by our asset-light, service centric business model within the oil and gas industry.*

Our progress reflects the turnaround strategy we have been re-engineering since 2021, and our steadfast commitment to strengthening our value propositions and achieving durable results.

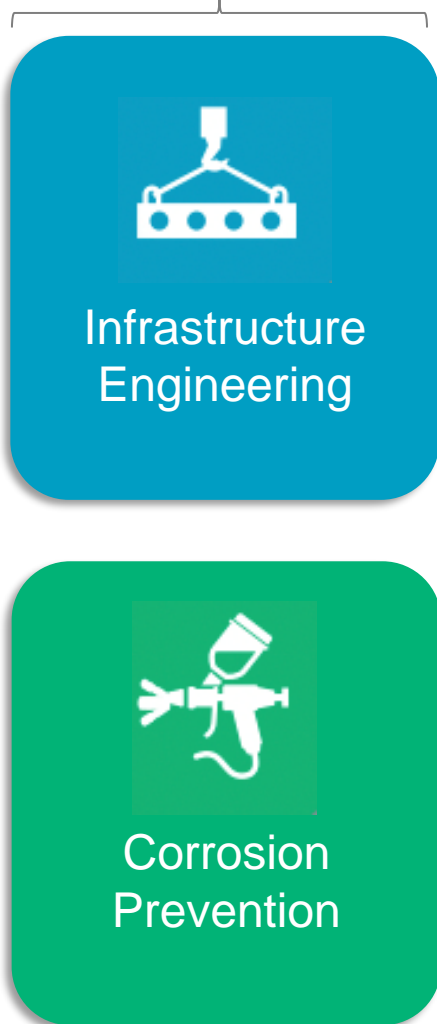
Guided by our 2.0 business model, together with further targeted business development, we are building a stronger foundation to expand our value propositions and increase our operational scale globally.

Capitalising on our momentum, we are excited about our opportunities to enhance our growth potential ahead along the energy value chain and we will continue to invest in human capital to broaden our talent pool and capabilities.”

Building upon our strong business momentum in FY2024 and beyond

Advancing Towards BKM 2.0

Anchored by our Two
Core Business Units



Key
Business Pillars



Key
Focus Areas



Building Sustainable Growth





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