



明光集團
BENG KUANG GROUP

BENG KUANG MARINE LIMITED

Registration No. 199400196M

PRESS RELEASE

**Powered by Strong Business Drivers in 2H2023,
Beng Kuang Group Makes Turnaround with
Net Profit of S\$7.92 Million in FY2023;
Revenue Growth Increased 33.9% to S\$79.16 Million with
Gross Profit Surging 98.9% to S\$24.91 Million**

- *With part of its turnaround strategy comprising 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, particularly in the 2H2023 as revenue surged 57.2% to S\$47.31 million*
- *Higher demand for its FPSO and FSO contracting and maintenance services propelled the Group's IE growth momentum with organic revenue growth of 85.9% and 47.0% in 2H2023 and FY2023 respectively*
- *Coupled together with the exit of its loss-making business operations, the Group's costs minimisation and productivity measures undertaken in recent years have progressively improved its gross profit margin to 31.5% in FY2023 from 21.2% in FY2022, driving gross profit growth of 98.9% to S\$24.91 million in FY2023*
- *Net cash inflow generated from operating activities was S\$5.95 million in FY2023*
- *During FY2023, the Group 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*
- *As compared to the previous corresponding period, the Group's cash and cash equivalents increased significantly by 81.6% to S\$12.19 million, while total borrowings reduced 36.3% to S\$14.14 million as at 31 December 2023.*
- *In January 2024, the Group completed the final partial land sale of its Batam shipyard property and it has received the remaining amount of the sale consideration of approximately S\$7.6 million in cash*
- *Expects to sustain and build upon this positive business momentum for FY2024 by targeting the emerging growth trends within the offshore and marine industry*



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Financial Year End: 31 December

(S\$ million)	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
Revenue	47.31	30.09	+57.2	79.16	59.13	+33.9
Gross profit	16.52	7.36	+124.6	24.91	12.52	+98.9
Gross profit margin (%)	34.9	24.5	+10.4 percentage points	31.5	21.2	+10.3 percentage points
Profit/ (loss) before income tax from Continuing Operations	9.63	(5.06)	N.M	10.82	(5.55)	N.M
EBITDA				15.67	(13.55)	N.M
Net asset value per share (S\$ cents)				4.79	3.08	+55.5

Singapore, 27 February 2024 – 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 positive turnaround of its financial performance with a set of profitable results for the full year ended 31 December 2023 (“FY2023”).

Striving to be the “Preferred Partner” in providing total solutions for the offshore and marine industries, the Group’s business model is anchored by two core business divisions as follows:

1. **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.
2. **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.

Commenting on the Group’s FY2023 results, Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said: *“FY2023 has been a transitional year as our turnaround plan gathers pace on restoring the Group’s profitability, deleveraging our balance sheet and simplifying our operations with profitable business divisions. The encouraging results to date support our belief that we are on the right track.*

Notably, the Group’s two core business divisions delivered strong underlying performance, particularly our IE business division has been charting an upward growth trajectory serving the FPSOs and FSOs market with repair and maintenance services globally.

With the progress made in recent years, we have emerged with a stronger financial footing and business agility. We will continue to focus our strategic efforts on high-growth business segments with our two core business divisions, while methodically improving our operating efficiencies and asset utilisation rates.

Building on our strong business momentum in 2H2023, we aim to capitalise on emerging growth trends within the offshore and marine industry in FY2024 and develop a new phase for the Group’s future growth.”



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Key Financial Highlights for FY2023

Strong organic growth from its IE business division boosted the Group's overall revenue to S\$79.16 million in FY2023, representing a growth of 33.9% as compared to FY2022's revenue of S\$59.13 million: The Group's two core business divisions, IE and CP, registered positive revenue growth and notably, revenue of the Group's IE increased 47.0% to S\$57.02 million in FY2023, accounting for 72.0% of overall revenue.

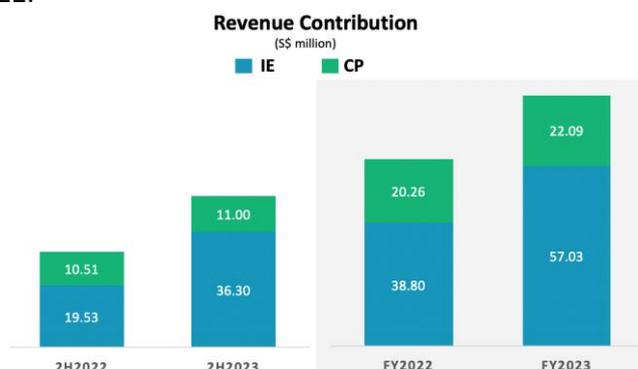
Increased business volume from higher demand of contracting and maintenance services for operating floating assets such as Floating Production Storage and Offloading vessels ("FPSO") and Floating Storage and Offloading vessels ("FSO"), among others, propelled the Group's IE revenue growth by 85.9% to S\$36.31 million in 2H2023.

Under IE, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"), specialises in asset integrity solutions for operating floating assets. ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider. Aiming to secure new contracts and build a larger customer base, ASOM has diversified its geographical scope of work from West Africa to South America and China as well as Southeast Asia.

As a service-centric business, revenue contribution from ASOM has been growing progressively over the past few years and as at 31 December 2023, ASOM has an order book of S\$30 million.

In addition, the Group's subsidiary, International Offshore Equipments Pte Ltd ("IOE"), under IE has registered better performance for FY2023 as compared to FY2022, where its new pedestal cranes supply business has contributed to additional revenue. With a view to further nurture this business unit into another growth segment, IOE aims to expand its business presence in existing and new markets that includes India and Middle Eastern countries.

For the Group's CP, revenue is largely recurring in nature and with resilient demand for its CP services, revenue from CP increased 9.0% or S\$1.83 million to S\$22.09 million in FY2023, as compared to S\$20.26 million in FY2022.



Improvement of the Group's gross profit margin to 31.5%, driving gross profit growth of 98.9% to S\$24.91 million in FY2023: As part of its turnaround strategy, the Group has implemented costs minimisation and productivity initiatives in recent years and it have progressively yielded improvement in the Group's gross profit margin, which increased 10.3 percentage points to 31.5% in FY2023, as compared to 21.2% in FY2022.



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Corresponding to higher revenue and higher gross profit margin, the Group's gross profit surged 98.9% to S\$24.91 million in FY2023, as compared to a gross profit of S\$12.52 million recognised in FY2022.

Achieved a positive turnaround and profitability with higher adjusted EBITDA in FY2023: To support an increased volume of business activities in FY2023, the Group incurred higher salaries and other personnel expenditures and as a result, the Group's administrative expenses increased 19.7% to S\$16.05 million in FY2023.

In FY2023, the Group's depreciation expenses from continuing operations dipped by S\$1.37 million to S\$3.05 million from S\$4.42 million of depreciation expenses recognised in FY2022. Moving ahead, the Group expects lower depreciation expenses from the partial land sales and asset disposals that have been announced in FY2023.

Overall, the Group achieved a profit before income tax from Continuing Operations of S\$10.82 million in FY2023, which marks a turnaround of the loss position of S\$5.55 million recognised in FY2022.

On an EBITDA basis, the Group achieved positive EBITDA of S\$15.67 in FY2023, as compared to negative EBITDA of S\$13.55 million.

Notably, the Group generated cash of S\$5.95 million from its operating activities in FY2023.

Advancement towards an asset-light and service-oriented business model with a stronger balance sheet: In FY2023, the Group announced partial land sales and asset disposals of S\$22.5 million, of which one of the partial sale of its Batam shipyard property was completed in December 2023 and a gain of \$6.26 million was recognised in FY2023.

Following the completion of both partial land sales of its Batam shipyard property, the Group will still retain 137,986 square metres of the Batam shipyard property, which is approximately one-third of its original size.

In addition to assets disposals, the Group has been reducing its borrowings over the years and as at 31 December 2023, the Group's total borrowings decreased 36.3% to S\$14.14 million as compared to S\$22.19 million as at 31 December 2022.

As at 31 December 2023, the Group has cash and cash equivalents of S\$12.19 million. And recently in January 2024, the Group completed the final partial land sale of its Batam shipyard property and it has received the remaining amount of the sale consideration of approximately S\$7.6 million in cash.

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This press release is to be read in conjunction with the Company's results announcement released on 27 February 2024, which can be downloaded via www.sgx.com.



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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.

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.bkmgroupp.com.sg/>

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

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