



# Annual General Meeting Presentation 2024

26 April 2024

# AGM Presentation



## FY2023 Financial Highlights

	FY2023	FY2022	%
Revenue (see FY2023 Revenue performance)	101.2 million	79.8 million	27% ↑
Gross Profit	32.8 million	27.7 million	18% ↑
Gross Profit Margin	32%	35%	3% ↓
EBIDTA	S\$17.9 million	S\$21.7 million	18% ↓

- Increase in Gross profit from S\$27.7 million to S\$32.2 million which is in line with the increase in revenue in FY2023 vs FY2022
- Gross profit margin decreased by 3% from 35% for FY2022 to 32% for FY2023 mainly due to weakness in the demand for the rental of equipment segment
- EBITDA dipped from S\$21.7 million in FY2022 to S\$17.9 million in FY2023 mainly due to higher admin and other operating expenses

## Ratios

- Current Ratio has improved from 0.94 for FY2022 to 1.07 for FY2023
- Debt to equity ratio increased from 0.72 to 0.90 due to new loans incepted in FY2023

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## FY2023 Revenue Performance

### Revenue

<b>The Group</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Marine offshore support services income, recognised over time	<b>44,110</b>	31,043
Chartering and towage income, recognised over time	<b>25,920</b>	28,553
Equipment rental income, recognised over time	<b>4,140</b>	7,632
Revenue recognised over time	<b>74,170</b>	67,228
Sale of goods, recognised at a point in time	<b>10,413</b>	11,113
Trading in vessels, recognised at a point in time	<b>16,611</b>	1,500
Revenue recognised at a point in time	<b>27,024</b>	12,613
	<b>101,194</b>	79,841

### Marine Offshore Support Services Income

- Revenue increased by S\$13 million for FY2023 vs FY2022
- Mainly due to increase in marine support services rendered to various rigs and completion of horizontal direction drilling works
- Rigs demand for services remains cyclical, much depends on each Rig's specific requirements

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## FY2023 Revenue Performance

### Revenue

	2023	2022
	\$'000	\$'000
<b>The Group</b>		
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	<b>101,194</b>	<b>79,841</b>

### Chartering and Towage Income

- Revenue decreased by S\$2.6 million for FY2023 vs FY2022
- Mainly due to lower utilisation of certain vessels under 51% owned subsidiary Bridgewater Offshore Pte Ltd (“**BWOPL**”)
- Demand for certain vessels under BWOPL has remained subdued due to cyclical demand which contributed to the loss for BWOPL for FY2023
- Charter leases can range from short term to medium term between 2 to 12 months where periods on hire are determined by current market conditions and demands for each specific type of vessel

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## FY2023 Revenue Performance

### Revenue

	2023	2022
	\$'000	\$'000
<b>The Group</b>		
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### Equipment Rental Income

- Challenging crane rental business environment in FY2023 where there was an oversupply of cranes in the market
- Revenue decreased by S\$3.5 million for FY2023 vs FY2022
- Drop in utilisation of cranes in FY2023 vs FY2022
- Major equipment rental project secured in FY2022 vs FY2023

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## FY2023 Revenue Performance

### Revenue

#### The Group

Marine offshore support services income, recognised over time

Chartering and towage income, recognised over time

Equipment rental income, recognised over time

Revenue recognised over time

Sale of goods, recognised at a point in time

Trading in vessels, recognised at a point in time

Revenue recognised at a point in time

**2023**                      2022

**\$'000**                      \$'000

**44,110**                      31,043

**25,920**                      28,553

**4,140**                      7,632

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**74,170**                      67,228

**10,413**                      11,113

**16,611**                      1,500

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**27,024**                      12,613

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**101,194**                      79,841

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#### Trading in Vessels Income

- Seized opportunities and traded in vessels and revenue increased S\$15.1million for FY2023 vs FY2022

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## Presentation of reportable segments revenue and ensure consistency between annual report and financial statements

- The Group had complied with the SFRS(I) regarding the disclosures on the financial statements in the 2023 Annual Report in the Table A & B below
- The Group have reported additional revenue information on annual report page 4 to show the progress we have made in the strategy to diversify into the renewables energy

Compliance with SFRS(I)				For Your Information Only		
Financial Statements Note 18 (Table A)	S\$('000)	Financial Statements Note 27 (Table B)	S\$('000)	Annual Report Page 4- Revenue by Segments in Financial Highlights	S\$('000)	% of Total Revenue
Chartering & towage	25,920	Offshore Rig Services and supply chain management	84,583	Chartering of vessels	25,920	<b>25.6</b>
Marine offshore support services	44,110			Renewable Energy	17,686	<b>17.5</b>
Equipment rental	4,140			Marine offshore support services (including Equipment rental and Sale of goods)	40,977	<b>40.5</b>
Sale of goods	10,413			Subtotal	<b>58,663</b>	58.0
Subtotal	<b>58,663</b>			Total	<b>84,583</b>	<b>84,583</b>
Total	<b>84,583</b>					
Vessel sales and newbuild						
Trading in vessels	16,611	Vessel sales and newbuild	16,611	Vessel sales & newbuild	16,611	<b>16.4</b>
Total Revenue	<b>101,194</b>	Total Revenue	<b>101,194</b>	Total Revenue	<b>101,194</b>	100

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## FY2023 Expenses

	FY2023	FY2022	%
Distribution	S\$1.7 million	S\$2.1 million	18% ↓
Administrative	S\$18.3 million	S\$15.4 million	18% ↑
Other	S\$6.6 million	S\$5.3 million	25% ↑

### Distribution expenses

- Distribution expenses decreased by 18% from S\$2.1 to S\$1.7 million for FY2023 as compared to FY2022 mainly due to lower advertising and promotion expenses

### Administrative expenses

- Administrative expenses increased by 18% from S\$15.4 million to S\$18.3 million for FY2023 as compared to FY2022 mainly due to higher staff costs and professional fees due to inflationary environment and expansion into new countries

### Other expenses

- Other expenses increased by 25% from S\$5.3 million to S\$6.6 million for FY2023 as compared to FY2022 mainly due to higher impairment loss on PPE, insurance expenses (additional vessels) and forex translation loss

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## FY2023 Finance Cost

### The Group

Interest expenses on:

- Bank overdrafts, term loans and trust receipts
- Lease liabilities

	2023	2022
	\$'000	\$'000
	2,613	2,076
	497	300
	<b>3,110</b>	<b>2,376</b>

### Finance Cost

- Operate in a CAPEX intensive industry
- Current high interest rate environment impacts all industries but our profile of floating rate loans is less than 20% of total loans and borrowings
- Finance cost increased by S\$0.7 million for FY2023 vs FY2022
- Mainly due to higher interest rates on floating rate loans and new loans incepted in FY2023
- Interest rate exposure -increase of interest rate of 1% shall amount to increase in finance cost of approximately S\$81,000
- Limit loan exposure while balancing the need to seize new growth opportunities
- The Company prioritises capital expenditures that have the maximum potential to generate higher returns and is exploring to refinance those high floating interest rate loans. Return of capital employed (ROCE) was 9% for FY2023 which exceeds the current cost of capital of the Group

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## Projects for FY2023 to FY2025

- a. Framework Agreement signed with Soiltech Engineering and an established offshore windfarm contractor in Korea
  - We are in the process of reactivating an existing vessel to a geotechnical vessel and upon successful activation shall enter into definitive charter contract and deployment under the Framework Agreement.
  - In FY2025, the Framework Agreement with the entry of definitive charter contract is expected to contribute to the group's revenue based on the forecasted project schedules of the established offshore windfarm contractor in Korea
- b. Shipbuilding contract of S\$10.6 million for a self-propelled split hopper barge million from TIPC Marine Corporation Ltd
  - Project is ongoing and scheduled to complete by 1Q2025 as originally planned
- c. Horizontal directional drilling works by Alcatel Submarine Networks
  - Project was completed in 1Q2024
- d. Variation contract of US\$7.8 million comprising modifications works for marine based asset from established construction company in Taiwan in relation to Offshore Renewable Energy Construction projects
  - Project is ongoing and scheduled to complete by 4Q2024 as originally planned

# AGM Presentation



## Vessel classification

### Inventories

#### The Group

	2023 \$'000	2022 \$'000
Finished goods (bunkers and materials), at cost	1,560	1,607
Vessel held for trading	4,700	–
Vessels under construction	19,224	1,681
Construction work-in-progress	3,717	–
Allowance for inventory obsolescence:		
Opening balance	(469)	(1,311)
Allowance utilised	–	963
Exchange difference on translation	8	(121)
	<b>(461)</b>	<b>(469)</b>
	<b>28,740</b>	<b>2,819</b>

### Vessel classification

- The Group buys vessels which may be for trading (inventories) or for charter (PPE)
- Unless the upfront intended use is clear, newly purchased vessels are initially classified as inventories
- Once inspection and/or reactivation is complete, the Group will decide on the intended use which will determine the final classification
- This basis is applied consistently
- Material reclassification in audited financial statements
  - Vessel asset of S\$3.4 million was reclassified from PPE to inventories in accordance with the above basis

## **Adequacy and integrity of the Group's internal controls, compliance, risk management and financial reporting systems**

- The Group has a formal reporting process
- The finance teams are familiar with this reporting process, and understand the Singapore FRS(I) and group reporting requirements
- The finance teams are adequately resourced
- The results announcements are reviewed internally to ensure they are fairly stated
- The full-year financial statements are additionally reviewed by the external auditors
- The ARC reviews the interim and full-year results announcements and makes the necessary due enquiries before the results are released
- The FY2023 financial statements, audited and unaudited, were subject to the review process.
- Variances between the unaudited and audited financial statements, were reclassifications between different line items
- The reclassification has no impact on the net profit or net assets of the Group