

ENERGY EQUITY RESEARCH

BAKER TECHNOLOGY LTD

SGX: BTP

Bloomberg: BTLR:SP

ISIN code: SG1CI3000002

Country: Singapore

Industry: Energy

20 December 2024

RECOMMENDATION: BUY

Current price: S\$0.605

Target price: S\$0.745

Issued shares: 203 million (30 June 2024)

Market capitalisation: S\$124.8 million

52-week range: S\$0.500 – S\$0.670

PRICE PERFORMANCE



COMPANY DESCRIPTION

Baker Technology Limited (“BTL”) is a manufacturer and provider of specialised marine offshore equipment & services, focused on the oil & gas and renewables industries. BTL’s main business is in the design, construction, operation and chartering of mobile offshore units and Offshore Supply Vessels (“OSVs”), along with the design and construction of a wide range of equipment & components for the marine offshore industry (specifically, for oil & gas and renewables). BTL’s offerings include offshore pedestal cranes, anchor winches, skidding systems, jacking systems, raw water tower structures and wind turbine installation equipment. BTL also provides engineering and other services such as project management, quality assurance and construction supervision.

SUMMARY

For the six months ended 30 June 2024 (1H FY2024), the revenue of BTL and its subsidiaries (“BTL Group”) rose by 33.0% from S\$39.4 million in 1H FY2023 to S\$52.4 million in 1H FY2024 mainly due to higher chartering revenue and spare sales. Chartering revenue rose in line with the vessel utilisation rate of subsidiary CH Offshore Ltd. (“CHO”) rising from 42% in 1H FY2023 to 59% in 1H FY2024. Gross profit rose by 69.2% from S\$11.7 million in 1H FY2023 to S\$19.8 million in 1H FY2024. Profit attributable to owners of the Company rose by 189.1% from S\$4.1 million in 1H FY2023 to S\$11.9 million in 1H FY2024. As the weighted number of shares in issue (basic & diluted) remained the same, basic & diluted Earnings Per Share (“EPS” in cents) rose by 189.1% from 2.03 in 1H FY2023 to 5.87 in 1H FY2024 in line with the rise in profit attributable to owners of the Company. BTL did not declare any dividend for 1H FY2024 and has been declaring dividends only at the end of each financial year.

RECOMMENDATION

BTL is currently trading at a P/E multiple of 7.60x which is lower than the peer average P/E of 7.66x. This suggests that BTL is undervalued at the current share price. Based on BTL Group’s NAV per share of S\$1.128 as at 30 June 2024, BTL is currently trading at a P/B multiple of 0.54x which represents a discount of approximately 46% to NAV. In contrast, the peer average P/B is 0.85x which also suggests that BTL is undervalued. BTL’s current dividend yield of 2.48% is more attractive than the peer average yield of 2.26%, which further suggests that BTL is undervalued. By averaging the estimated target prices based on P/E multiple, P/B multiple and dividend yield, we derive a target price of S\$0.745. The target price implies an upside potential of 23.1% from the current share price of S\$0.605. We note that the upside potential is supported by BTL Group’s substantial cash balance (33.5% of total assets as at 1H FY2024) and our projected diluted EPS (cents) of 10.52 at end-FY2025 which represents an increase of 32.1% from the trailing 12-month (“TTM”) diluted EPS (cents) of 7.96 on 20 December 2024. Thus, in view of the upside potential, we recommend a buy.

KEY FINANCIALS

Year ended 31 December	Revenue (S\$ million)	Earnings ⁽¹⁾ (S\$ million)	EPS ⁽²⁾ (cents)	P/E (x)	DPS (cents)	Dividend Yield (%)	NAV per share (cents)	P/B (x)
2022 Actual	98.5	13.4	6.6	9.16	1.0	1.65%	104.9	0.58
2023 Actual	91.4	8.3	4.1	14.81	1.5	2.48%	107.8	0.56
2024 Forecast	108.6	19.9	9.8	6.18	2.0	3.31%	-	-
2025 Forecast	122.5	21.3	10.5	5.77	2.0	3.31%	-	-

Figures have been rounded. P/E, P/B and dividend yield are based on the current share price of S\$0.605.

⁽¹⁾ Profit attributable to owners of the Company.

⁽²⁾ Earnings Per Share (diluted).

Source: BTL, FPA

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COMPANY OVERVIEW

(I) CORPORATE PROFILE

Baker Technology Limited (“BTL”) is a manufacturer and provider of specialised marine offshore equipment & services, focused on the oil & gas and renewables industries. BTL’s main business is in the design, construction, operation and chartering of mobile offshore units and Offshore Supply Vessels (“OSVs”), along with the design and construction of a wide range of equipment & components for the marine offshore industry (specifically, for oil & gas and renewables). BTL’s offerings include offshore pedestal cranes, anchor winches, skidding systems, jacking systems, raw water tower structures and wind turbine installation equipment. BTL also provides engineering and other services such as project management, quality assurance and construction supervision.

(II) OPERATIONS

(a) Subsidiaries

BTL runs its business through three main subsidiaries: Sea Deep Shipyard Pte. Ltd. (“Sea Deep”), Baker Engineering Pte. Ltd. (“BEPL”) and BT Investment Pte. Ltd. (“BT Investment”). BTL and its subsidiaries (collectively, “BTL Group”) also derive a substantial portion of revenue from CH Offshore Ltd. (“CHO”; SGX: C13), a listed¹ subsidiary of BT Investment.

i. Sea Deep Shipyard Pte. Ltd. (“Sea Deep”):

Sea Deep specialises in manufacturing offshore jack-up drilling rig components. Sea Deep also does repairs, conversions and upgrades of jack-up rigs & liftboats.

Sea Deep and its wholly-owned subsidiary Sea Hercules Cranes Pte. Ltd. (“Sea Hercules Cranes”) offer the following (as labelled in **Exhibit 1**):

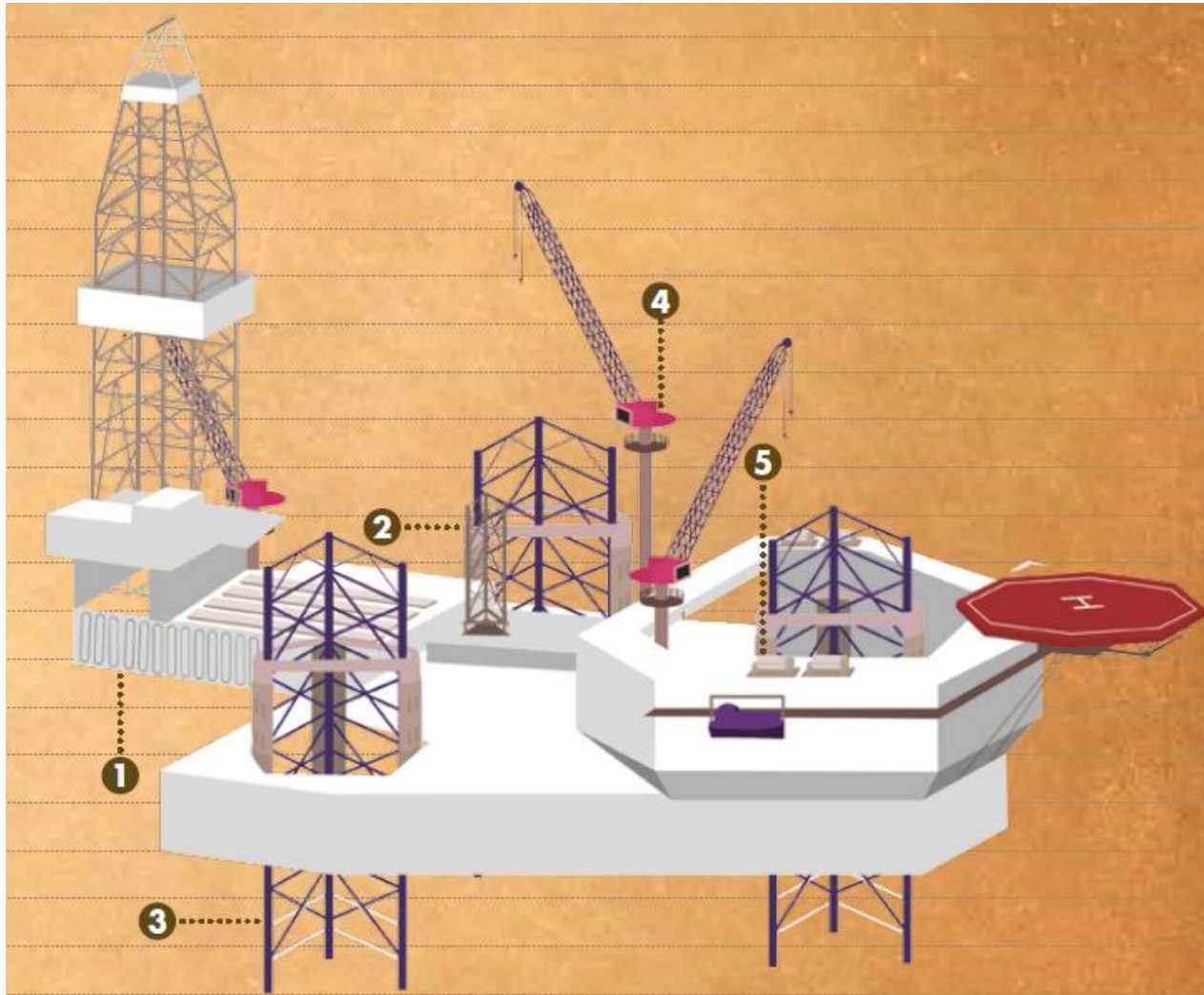
1. Skidding systems
2. Raw water tower structures
3. Rack chords
4. Offshore pedestal cranes
5. Anchor winches

Sea Deep also offers a programme that converts existing hydraulic jacking systems to electrical jacking systems, as well as maintenance and repair services for offshore equipment including cranes, jacking systems and raw water towers.

Sea Deep operates out of a waterfront yard facing Southern Tuas Basin and is located with Sea Hercules Cranes as shown in **Exhibit 2**.

¹ Do note, however, that CHO was included into SGX’s watchlist since 6 June 2023 as it incurred three consecutive years of pre-tax losses and had an average daily market capitalisation of less than S\$40 million in the six months leading up to 15 March 2023. CHO may get delisted in June 2026 if it fails to record a pre-tax profit for a financial year before then and maintain an average daily market capitalisation of S\$40 million or more for the six months leading up to the end of the profitable financial year.

Exhibit 1: Sea Deep's Offerings



Source: BTL's Annual Report (FY2012)

Exhibit 2: Sea Deep's Facility (based on corporate address)



Source: Google Maps, FPA

ii. Baker Engineering Pte. Ltd. (“BEPL”):

BEPL designs, engineers and constructs mobile offshore units and critical equipment & components for the offshore marine industry, including mobile offshore production units, self-elevating units and wind turbine installation equipment. BEPL also has a sub-division that provides steel fabrication and piping work for the oil & gas, marine, mining and land construction industries. BEPL owns BEL Design Pte. Ltd. (“BDPL”), which designs mobile offshore units.

BEPL (together with BDPL) offers the following services:

Design & engineering:

BEPL provides engineering & construction services for a range of mobile offshore units, including liftboats, Mobile Offshore Production Units (MOPUs), workover jack ups and wind turbine installation jack ups. BEPL can also provide bespoke vessel designs.

Past projects include the Blue Titanium liftboat (model no.: BEL320-4R200S) as shown in **Exhibit 3**. Blue Titanium has a leg length of 320 feet (ft), a walk-to-work gangway and an on-board pedestal crane with a lifting capacity of up to 300 metric tonnes (MT). Blue Titanium was built by BEPL and designed by BDPL. Blue Titanium is now owned by BT Titanium Pte. Ltd. (“BT Titanium”), a wholly-owned subsidiary of BT Investment.

BDPL has also developed other liftboat designs with leg lengths of 412 ft (model no.: BEL412-4T206S) and 450 ft (model no.: BEL450-4T206), as well as one specifically for installing wind turbines in offshore wind farms (model no.: BEL352-4T80W).

Structural steel fabrication:

BEPL fabricates critical components such as jack casings, boat-landings and raw water towers. BEPL also provides custom designs for structures such as bracings, steel towers and gangways.

Technical services:

BEPL can provide trained staff & supervisors to plan and execute rig repair programs or provide experienced field mechanics & technicians to troubleshoot and perform field repairs on offshore rig equipment, including heavy mechanical repair. BEPL’s repair services include:

- Inspection, analysis and structural design
- Project management
- Offshore surveying, installation and commissioning
- Surface preparation, coating removal and recoating
- Hull painting, plating, piping and structural repairs & replacement
- Industrial painting
- Repairs to spud can & legs, shock pads and coamings replacements
- Repairs & refurbishment of accommodation quarters
- Repair/replacement of shale shaker, leg racings, jacking unit and raw water tower

BEPL operates out of three waterfront shipyards in Singapore. BEPL noted that operating at waterfront shipyards allows it to provide its customers with an option to transport the final products by sea. BEPL is located with BTL and is also near CHO as shown in **Exhibit 4**.

Exhibit 3: Blue Titanium Liftboat



Source: BEPL's website

Exhibit 4: BEPL's Facility (based on corporate address)



Source: Google Maps, FPA

iii. BT Investment Pte. Ltd. (“BT Investment”):

BT Investment is an investment holding company. According to BTL, BT Investment “focuses on exploring new business opportunities to increase the Group’s revenue stream and expand Baker Tech’s product offerings through acquisitions and strategic alliances”.

BT Investment’s subsidiaries include:

- **BT Titanium:** BT Titanium was incorporated in October 2016 and specialises in vessel chartering & vessel ownership. BT Titanium owns the Blue Titanium, BTL Group’s liftboat.
- **BT OSV 1 Pte. Ltd.:** BT OSV 1 Pte. Ltd. was incorporated in August 2018 and specialises in offshore marine logistics support services & vessel ownership.
- **CHO:** BT Investment acquired a 52.72% stake in CHO in July 2018 and increased its stake further to 54.98% in September 2018 after making a mandatory cash offer.

BTL’s subsidiaries, including BT Investment and its subsidiaries, are listed in **Exhibit 5**.

Exhibit 5: BTL's Subsidiaries

S/N	Subsidiaries (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by BTL		
			2023	2022	2021
Held through Baker Technology Limited ("BTL"):					
1.	Sea Deep Shipyard Pte. Ltd. ("Sea Deep") (Singapore)	Manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry (Singapore)	100.00%	100.00%	100.00%
2.	Baker Engineering Pte. Ltd. ("BEPL") (Singapore)	Design and fabrication of offshore and marine equipment (Singapore)	100.00%	100.00%	100.00%
3.	BT Investment Pte. Ltd. ("BT Investment") (Singapore)	Investment holding (Singapore)	100.00%	100.00%	100.00%
Held through Sea Deep:					
1.1.	Sea Hercules Cranes Pte. Ltd ("Sea Hercules Crane") (Singapore)	Manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry (Singapore)	100.00%	100.00%	100.00%
Held through BEPL:					
2.1.	BEL Design Pte. Ltd. ("BDPL") (Singapore)	Design and engineering of offshore and marine vessels and equipment (Singapore)	100.00%	100.00%	100.00%
Held through BT Investment:					
3.1.	BT Titanium Pte. Ltd. ("BT Titanium") (Singapore)	Provision of offshore marine logistics support services (Singapore)	100.00%	100.00%	100.00%
3.2.	BT Offshore (B) Sdn Bhd (Brunei) ⁽¹⁾	Provision of offshore marine logistics support services (Brunei)	100.00%	100.00%	100.00%
3.3.	BT OSV 1 Pte. Ltd. (Singapore)	Ship owning and chartering (Singapore)	100.00%	100.00%	100.00%
3.4.	BT Offshore Management Pte. Ltd. (Singapore)	Chartering of vessels and ship management services (Singapore)	100.00%	100.00%	100.00%
3.5.	Interseas Pte. Ltd. (Singapore)	Dormant	100.00%	100.00%	100.00%
3.6.	CH Offshore Ltd. ("CHO") (Singapore) ⁽²⁾	Investment holding and owning and chartering of vessels (Singapore)	54.98%	54.98%	54.98%
Held through BT Titanium:					
3.1.1.	BT Offshore (Malaysia) Pte. Ltd. (Malaysia) ⁽³⁾	Provision of offshore marine logistics support services (Malaysia)	100.00%	100.00%	100.00%

Note: We added serial numbers ("S/Ns") for each subsidiary to make clearer which subsidiary owns which. For instance, subsidiaries with S/N 3.x are owned by BT Investment (S/N: 3). We have also bolded subsidiaries that own one or more subsidiaries to highlight the former.

⁽¹⁾ According to BTL's Annual Report for FY2023, BT Offshore (B) Sdn Bhd (S/N: 3.2) is 50% owned by BT Investment (S/N: 3) and 50% owned by BT Titanium (S/N: 3.1).

⁽²⁾ CHO's subsidiaries are separately listed in **Exhibit 7**.

⁽³⁾ According to BTL's Annual Report for FY2023, BT Offshore (Malaysia) Pte. Ltd. (S/N: 3.1.1) is 50% owned by BT Titanium (S/N: 3.1).

Source: BTL's Annual Reports (FY2022 to FY2023), FPA

iv. CH Offshore Ltd. (“CHO”)

One of BTL Group’s main sources of revenue is from CHO. CHO and its subsidiaries (collectively “CHO Group”) own and charter vessels for the marine & offshore sector and provide ship management services.

CHO Group owns five Anchor Handling Tug & Supply (“AHTS”) vessels and co-owns one AHTS vessel (through its 49% ownership of PT Bahtera Nusantara Indonesia), each of which is “equipped with state-of-the-art facilities for heavy offshore work in deeper waters” according to BTL. The vessels provide offshore support services such as offshore construction support, towing, anchor-handling, supply of deck, liquid & dry bulk cargoes and field support services.

CHO Ship Management Pte. Ltd., one of CHO’s subsidiaries, provides ship management services (commercial, technical and operational) not just for BTL Group’s vessels (e.g., the Blue Titanium liftboat) but also for third-party vessels.

CHO Group’s vessels are shown in **Exhibit 6**. CHO’s subsidiaries are listed in **Exhibit 7**.

Exhibit 6: CHO Group’s Vessels

Peridot
2010

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion 2 x Wartsila,
Total 12,240 BHP

Bollard Pull
152.2 MT continuous
158.8 MT maximum

Dynamic Positioning
System Class 2



**Intan Ratu
(Ex-Aquamarine)**
2010

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion 2 x Wartsila, Total
12,240 BHP

Bollard Pull
152.0 MT continuous
157.7 MT maximum

Dynamic Positioning
System Class 2



Coral*
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion 2 x Wartsila,
Total 12,240 BHP

Bollard Pull
157.2 MT continuous
162.0 MT maximum

Dynamic Positioning
System Class 2



Mutiara Ratu (Ex-Langery)
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion 2 x Wartsila,
Total 12,240 BHP

Bollard Pull
151.8 MT continuous
155.1 MT maximum

Dynamic Positioning
System Class 2



M Luisa (Ex-Turquoise)
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion 2 x Wartsila,
Total 12,240 BHP

Bollard Pull
151.8 MT continuous
155.1 MT maximum

Dynamic Positioning
System Class 2



**Atlantic Conqueror
(Ex-Batu Ghoa)**
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion 2 x Wartsila,
Total 12,240 BHP

Bollard Pull
153.6 MT continuous
159.2 MT maximum

Dynamic Positioning
System Class 2

* co-owned

Source: CHO’s Annual Report (FY2023)

Exhibit 7: CHO's Subsidiaries

S/N	Subsidiaries (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by CHO		
			2023	2022	2021
Held through CH Offshore Ltd. ("CHO"):					
3.6.1.	CHO Ship Management Pte. Ltd.	Ship management and investment holding (Singapore)	100%	100%	100%
3.6.2.	Delaware Marine Pte Ltd	Investment holding (Singapore)	100%	100%	100%
3.6.3.	Sea Glory Private Limited	Ship owning and chartering (Singapore)	100%	100%	100%
3.6.4.	Garo Pte. Ltd.	Ship owning and chartering (Singapore)	100%	100%	100%
3.6.5.	Offshore Gold Singapore Pte Ltd	Ship owning and chartering (Singapore)	100%	100%	100%
3.6.6.	Pembroke Marine Pte Ltd	Ship owning and chartering (Singapore)	100%	100%	100%
3.6.7.	Venture Offshore Pte. Ltd.	Ship owning and chartering (Singapore)	100%	100%	100%
3.6.8.	CHO Investment Pte. Ltd.	Ship owning and chartering (Singapore)	100%	100%	-
Held through CHO Ship Management Pte. Ltd.:					
3.6.1.1.	High Majestic Sdn. Bhd. ⁽¹⁾	Ship owning and chartering (Malaysia)	49%	49%	49%
3.6.1.2.	Interseas Sdn. Bhd.	Ship owning and chartering (Malaysia)	-	-	100%
Held through Delaware Marine Pte Ltd:					
3.6.2.1.	Pearl Marine Pte. Ltd.	Ship owning and chartering (Malaysia)	100%	100%	70%
Held through CHO Investment Pte Ltd:					
3.6.8.1.	Interseas Sdn. Bhd.	Ship owning and chartering (Malaysia)	29%	29%	-
3.6.8.2.	Sea Offshore Assets Sdn. Bhd.⁽¹⁾	Trading, ship owning and chartering (Malaysia)	49%	49%	-
Held through Sea Offshore Assets Sdn. Bhd.:					
3.6.8.2.1.	Interseas Sdn. Bhd.	Ship owning and chartering (Malaysia)	25%	25%	-

Note: The S/Ns in this Exhibit follow those in **Exhibit 5**. Thus, they all begin with 3.6.x as they are all owned by CHO (S/N: 3.6). The ownership interest in each subsidiary is noted from the perspective of CHO instead of BTL. We have also bolded subsidiaries that own one or more subsidiaries to highlight the former.

⁽¹⁾ High Majestic Sdn. Bhd. (S/N: 3.6.1.1) and Sea Offshore Assets Sdn. Bhd. (S/N: 3.6.8.2) are deemed as subsidiaries as CHO has the power to control their financial and operating policies.

Source: BTL's Annual Reports (FY2022 to FY2023), CHO's Annual Reports (FY2022 to FY2023), FPA

(b) History

To shed light on how BTL Group came to adopt its current operating structure, we have included a history of BTL as shown in **Exhibit 8**. We have highlighted in bold developments we identified as useful for understanding BTL's current state or are relevant to BTL's current main operating subsidiaries: Sea Deep (and Sea Hercules Cranes), BEPL (and BDPL) and CHO.

Exhibit 8: History of BTL

Year	Month	Event
2018	Oct	Wholly-owned subsidiary Interseas Shipping (Private) Limited underwent a name change and is now known as Sea Hercules Cranes Pte. Ltd. ("Sea Hercules Cranes")
	Oct	Incorporation of wholly-owned subsidiary: Interseas Pte. Ltd.
	Sept	Incorporation of wholly-owned subsidiary: BT Offshore Management Pte. Ltd.
	Aug	Incorporation of wholly-owned subsidiary: BT OSV 1 Pte. Ltd.
	Jul	BT Investment: Acquisition of 52.72% initial stake in CH Offshore Ltd. ("CHO") for S\$45.0 million
	May	Incorporation of wholly-owned subsidiary: BT Offshore (B) Sdn Bhd
	Jan	Completion of Blue Titanium (BTL Group's BEL320-4R200S liftboat)
2017	Jun	Incorporation of wholly-owned subsidiary: BT Offshore (Malaysia) Pte Ltd.
2016	Oct	Incorporation of wholly-owned subsidiary: BT Titanium Pte. Ltd.
2015	Feb	Baker Engineering: Keel Lay Ceremony held for BEL320-4R200S Liftboat
2014	Nov	Baker Engineering: Strike Steel Ceremony held to mark the construction of the BEL320-4R200S Liftboat
	Feb	Incorporation of wholly-owned subsidiary: BEL Design Pte. Ltd. ("BDPL")
2013	Sept	Incorporation of wholly-owned subsidiary: BT Investment Pte. Ltd. ("BT Investment")
	Jun	Disposal of entire 20.29% stake in Discovery Offshore S.A. for S\$41.35 million
	May	Incorporation of wholly-owned subsidiary: Baker Engineering Pte. Ltd. ("Baker Engineering")
2012	Aug	Further investment in Discovery Offshore S.A.; stake increased to 20.037% for a total consideration of S\$31.8 million
	Mar	Disposal of remaining 49% stake in York Transport Equipment (Asia) Pte Ltd for S\$22.2 million
2011	May	Acquired 10.5% stake in Discovery Offshore S.A. for S\$18.8 million
2010	Oct	Disposal of entire issued and paid up share capital of PPL Holdings Pte Ltd for a cash consideration of US\$116.25 million
2009	Nov	Completion of renounceable non-underwritten rights issue of 327.4 million warrants at 1.0 cents each
2008	Oct	Upgraded to SGX-ST Mainboard
	Apr	Acquired Sea Deep Shipyard Pte. Ltd. ("Sea Deep") for S\$20.0 million
2007	Oct	Disposal of 51% stake in York Transport Equipment (Asia) for S\$16.6 million
	May	Acquired PPL Holdings Pte Ltd, an investment holding company that held a 15% stake in PPL Shipyard Pte Ltd, for S\$3.6 million
2006	Jun	Raised S\$14.3 million in gross proceeds from renounceable non-underwritten rights issue with free detachable warrants
2000	Jul	Renamed Baker Technology Limited ("BTL")
	May	Controlling stake acquired by Saberon Investments Pte Ltd ("Saberon")
1996	n.a.	Name was changed to Wassall Asia Pacific Ltd
1994	Jul	Listed on SGX SESDAQ (now SGX Catalist)
	Jun	Converted into public limited company & became York Pacific Holdings Ltd
1992	n.a.	Acquired wholly owned subsidiaries of York Trailer Overseas Ltd
	Mar	Name changed to York Pacific Holdings Pte Ltd
1981	Feb	Incorporation of Majestic Manufacturing Pte Ltd

n.a. = not available.

Source: BTL's Annual Report (FY2023), announcements and website, FPA

(III) SUBSTANTIAL SHAREHOLDERS

As at 20 May 2024, Dr Benety Chang, Executive Director of BTL and CEO of CHO, has a 55.8% total interest (46.4% direct + 9.4% indirect) in BTL. Dr Doris Heng Chin Ngor also has 55.8% total interest (9.4% direct + 46.4% indirect) in BTL. Dr Benety Chang and Dr Doris Heng Chin Ngor are husband and wife, thus each has deemed interest in the shares that the other holds.

Dr Benety Chang was appointed as director and CEO of BTL since 5 May 2000 before he stepped down as CEO of BTL on 31 December 2018. He held a 67% direct interest in Saberon Investments Pte Ltd (“Saberon”)¹ on 16 March 2007², which acquired a controlling stake in BTL in May 2000. Dr Benety Chang was also the founding shareholder and CEO of PPL Shipyard Pte Ltd until his resignation in July 2012. BTL owned 15% of PPL Shipyard Pte Ltd from May 2007 to October 2010.

As at 13 August 2024, Ho Kim Lee Adrian has a total (direct) interest of 10.0% in BTL. Ho Kim Lee Adrian has been one of the largest shareholders of BTL since 12 March 2019, when he held 3.76% total (direct) interest in BTL.

Meanwhile for CHO, as at 1 March 2024, BT Investment remains the largest shareholder of CHO with 54.98% (direct) total interest. BTL is deemed interested in BT Investment’s shares, and Dr Benety Chang and Dr Doris Heng Chin Ngor are deemed interested in BTL’s shares.

Energian Pte. Ltd. is the second largest shareholder of CHO with 34.01% total interest (6.44% direct + 27.58% deemed). Energian Pte. Ltd. first acquired a stake in CHO in April 2010, and was³ a subsidiary of Falcon Energy Group. Falcon Energy Group was a marine offshore company that was suspended from trading since January 2019 and delisted in November 2024 after it was ordered to be wound up.

Tan Pong Tyea was the Chairman and CEO of Falcon Energy Group.

The shareholdings of BTL’s and CHO’s substantial shareholders are also shown in **Exhibit 9**.

Exhibit 9: BTL’s and CHO’s Substantial Shareholders**BTL’s substantial shareholders**

Name	Direct interest		Deemed interest		Total interest	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Dr Benety Chang	94,151,601	46.41%	19,151,771	9.44%	113,303,372	55.85%
Dr Doris Heng Chin Ngor	19,151,771	9.44%	94,151,601	46.41%	113,303,372	55.85%
Ho Kim Lee Adrian	20,283,080	10.00%	-	-	20,283,080	10.00%

CHO’s substantial shareholders

Name	Direct interest		Deemed interest		Total interest	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
BT Investment	387,535,300	54.98%	-	-	387,535,300	54.98%
BTL	-	-	387,535,300	54.98%	387,535,300	54.98%
Dr Benety Chang	-	-	387,535,300	54.98%	387,535,300	54.98%
Dr Doris Heng Chin Ngor	-	-	387,535,300	54.98%	387,535,300	54.98%
Energian Pte. Ltd.	45,379,956	6.44%	194,380,175	27.58%	239,760,131	34.01%
Falcon Energy Group Limited	-	-	239,760,131	34.01%	239,760,131	34.01%
Tan Pong Tyea	-	-	239,760,131	34.01%	239,760,131	34.01%

Source: BTL’s Annual Report (FY2023) & announcements, CHO’s Annual Report (FY2023), FPA

¹ Saberon ceased to be the immediate and ultimate holding company of BTL on 19 May 2011 after Saberon distributed 455,994,550 ordinary shares and 227,997,275 warrants in the capital of BTL held by Saberon to the latter’s shareholders by way of a dividend-in-specie in proportion to their respective shareholdings in Saberon.

² According to BTL’s Annual Reports, Dr Benety Chang’s shareholding in Saberon remained at 167,500 shares from 31 December 2005 to 31 December 2010. The Annual Reports did not state Dr Benety Chang’s shareholding in Saberon in percentage. We obtained Dr Benety Chang’s disclosed percentage of shareholding in Saberon from one of BTL’s announcements.

³ According to ACRA, Energian Pte. Ltd. is now in liquidation.

Over the past three years, Dr Benety Chang and Ho Kim Lee Adrian have also been buying BTL's shares as shown in **Exhibit 10**. Based on BTL's disclosures, Dr Benety Chang spent a total of S\$3.7 million and bought 6,404,164 shares (or 3.16% of total issued shares) at share prices ranging from S\$0.3992 to S\$0.6491 (as calculated by dividing the consideration paid over the number of shares purchased). Meanwhile, Ho Kim Lee Adrian spent S\$0.7 million and bought 1,202,400 shares (or 0.59% of total issued shares) at share prices that ranged from S\$0.4366 to S\$0.6564.

Exhibit 10: Insider Transactions (past three years)

Date	Insider	No. of shares	Price per share (S\$)	Total (S\$)	Before		After	
					No. of shares	%	No. of shares	%
<u>By Dr Benety Chang, Executive Director of BTL & CEO of CHO:</u>								
20 May '24	Dr Benety Chang	114,000	0.5793	66,045.50	94,037,601	46.35%	94,151,601	46.41%
04 Jan '24	Dr Benety Chang	50,200	0.5200	26,104.00	93,987,401	46.33%	94,037,601	46.35%
19 Sep '23	Dr Benety Chang	67,700	0.5450	36,896.50	93,919,701	46.29%	93,987,401	46.33%
16 Aug '23	Dr Benety Chang	162,100	0.5750	93,204.26	93,757,601	46.21%	93,919,701	46.29%
01 Mar '23	Dr Benety Chang	3,115,164	0.6100	1,900,250.04	90,642,437	44.68%	93,757,601	46.21%
21 Dec '22	Dr Benety Chang	88,100	0.6300	55,503.00	90,554,337	44.63%	90,642,437	44.68%
15 Dec '22	Dr Benety Chang	877,400	0.6491	569,529.11	89,676,937	44.20%	90,554,337	44.63%
14 Dec '22	Dr Benety Chang	325,300	0.6219	202,313.83	89,351,637	44.04%	89,676,937	44.20%
12 Dec '22	Dr Benety Chang	280,900	0.5992	168,301.24	89,070,737	43.90%	89,351,637	44.04%
09 Dec '22	Dr Benety Chang	47,900	0.5789	27,727.39	89,022,837	43.88%	89,070,737	43.90%
30 Nov '22	Dr Benety Chang	102,300	0.5427	55,522.30	88,920,537	43.83%	89,022,837	43.88%
28 Nov '22	Dr Benety Chang	63,400	0.5135	32,553.36	88,857,137	43.80%	88,920,537	43.83%
08 Nov '22	Dr Benety Chang	21,000	0.4700	9,870.00	88,836,137	43.79%	88,857,137	43.80%
23 Aug '22	Dr Benety Chang	301,700	0.4750	143,307.50	88,534,437	43.64%	88,836,137	43.79%
12 Aug '22	Dr Benety Chang	115,000	0.4584	52,717.15	88,419,437	43.58%	88,534,437	43.64%
02 Aug '22	Dr Benety Chang	132,000	0.4491	59,274.60	88,287,437	43.52%	88,419,437	43.58%
04 May '22	Dr Benety Chang	82,300	0.4390	36,127.23	88,205,137	43.48%	88,287,437	43.52%
09 Mar '22	Dr Benety Chang	279,000	0.4477	124,894.35	87,926,137	43.34%	88,205,137	43.48%
11 Jan '22	Dr Benety Chang	15,000	0.3992	5,988.00	87,911,137	43.33%	87,926,137	43.34%
10 Jan '22	Dr Benety Chang	50,000	0.4046	20,227.50	87,861,137	43.31%	87,911,137	43.33%
08 Dec '21	Dr Benety Chang	113,700	0.4188	47,622.45	87,747,437	43.25%	87,861,137	43.31%
Total over past three years:		6,404,164	-	3,733,979.31	-	-	-	-
<u>By Ho Kim Lee Adrian:</u>								
13 Aug '24	Ho Kim Lee Adrian	31,100	0.6564	20,415.00	20,251,980	9.98%	20,283,080	10.00%
07 May '24	Ho Kim Lee Adrian	146,000	0.5609	81,885.00	18,113,980	8.93%	18,259,980	9.00%
28 Feb '23	Ho Kim Lee Adrian	293,300	0.6228	182,662.00	16,028,680	7.90%	16,321,980	8.05%
14 Dec '22	Ho Kim Lee Adrian	710,000	0.6193	439,690.00	13,714,580	6.76%	14,424,580	7.11%
03 Aug '22	Ho Kim Lee Adrian	22,000	0.4366	9,605.00	12,307,180	6.07%	12,329,180	6.08%
Total over past three years:		1,202,400	-	734,257.00	-	-	-	-

Note: No. of shares refers to direct interest only.

Source: BTL's announcements, FPA

INDUSTRY OUTLOOK

(I) OIL & GAS INDUSTRY

Based on data from the U.S. Energy Information Administration (“EIA”), the average Brent crude oil spot price fell by 1.7% from US\$75.63 in October 2024 to US\$74.35 in November 2024.

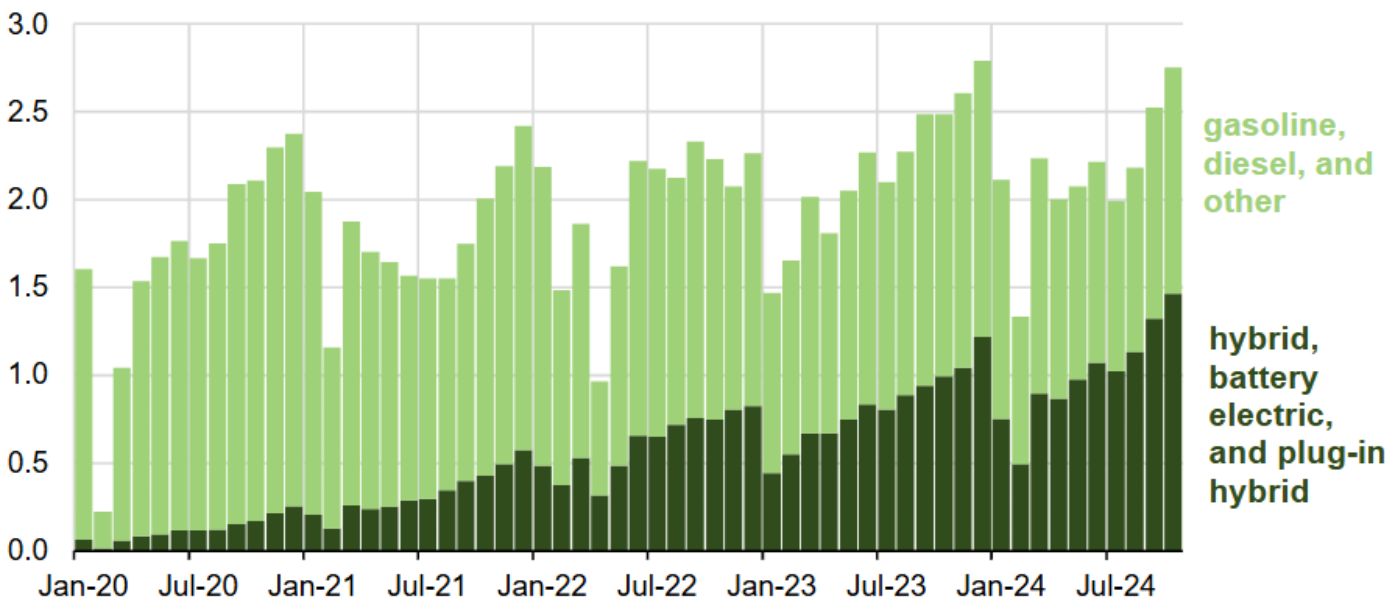
EIA commented in December 2024 that crude oil prices “fell slightly in November following a ceasefire between Israel and Hezbollah in Lebanon”, which “removed some of the risk premium present in oil prices” that “reflected the potential for attacks on oil infrastructure and a disruption to oil supplies”. EIA also noted that “signs of weakening global oil demand growth”, mainly in China, continued to put downward pressure on prices. On the supply side, EIA mentioned that members of the Organization of the Petroleum Exporting Countries (“OPEC”) as well as non-OPEC countries that signed a Declaration of Cooperation agreement with OPEC (together with OPEC, the “OPEC+”) “agreed to delay production increases that were set to begin in January 2025 until April 2025”.

EIA noted in November 2024 that gasoline consumption in China began to fall in recent months “amid increased sales of electric vehicles, slow economic growth, and population decline”. Based on EIA’s estimates, Chinese gasoline consumption fell by 14% year-on-year (“y-o-y”) in August 2024 and continued falling in September and October. In particular, EIA noted that the “Combined sales of hybrid vehicles, plug-in hybrid electric vehicles, and battery electric vehicles (BEV) were more than half of total passenger vehicle sales in China in October 2024” and that the share of sales was up from 40% in October 2023 as shown in **Exhibit 11**. EIA remarked that the continued market penetration of hybrid vehicles and BEV could contribute to lowering future gasoline consumption. Gasoline demand may also fall due to the expected fall in China’s GDP growth from the average of 6.7% in 2015–2019 to 4.1% in 2025 as well as the decline in the Chinese population which may “reduce total miles driven”.

Exhibit 11: China Monthly Passenger Vehicle Sales (January 2020 to October 2024)

China monthly passenger vehicle sales (Jan 2020–Oct 2024)

million vehicles



Data source: China Automotive Technology and Research Center, accessed through Bloomberg L.P.

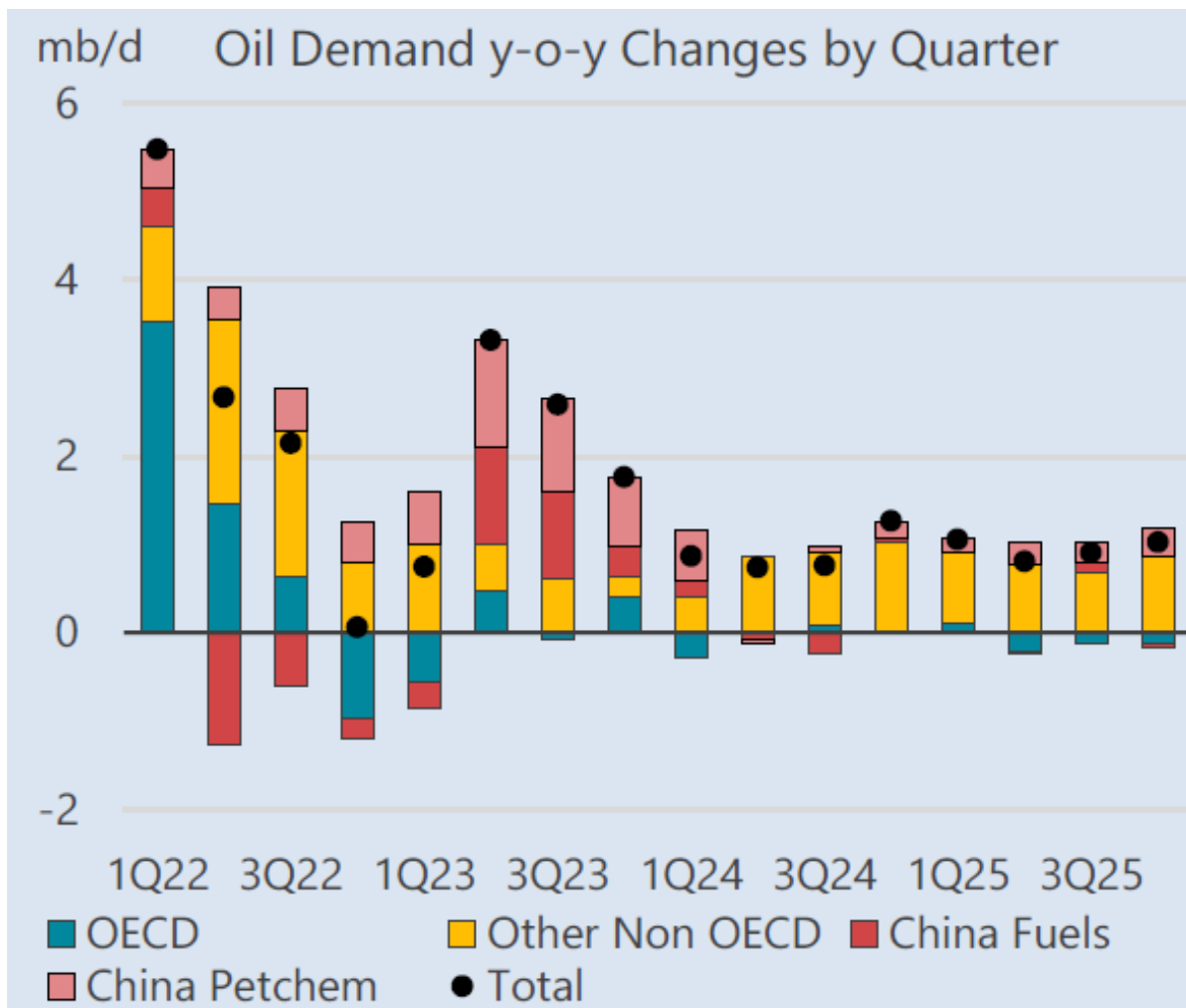
Note: Other includes compressed natural gas and fuel cell electric vehicles.

Source: China Automotive Technology and Research Center (cited by the EIA in November 2024)

Meanwhile, the International Energy Agency (“IEA”) noted in September 2024¹ that oil demand has been faltering since September 2024 when Brent crude oil futures “plunged from a high of more than \$82/bbl in early August to a near three-year low at just below \$70/bbl on 11 September, despite hefty supply losses in Libya and continued crude oil inventory draws”. According to IEA, reported monthly data covering 80% of global oil demand showed that y-o-y oil demand growth was 800 thousand barrels per day (“kb/d”) in 1H 2024, which was “dramatically lower than the growth of 2.3 mb/d recorded in 2023” and “the lowest since 2020”. The components of y-o-y changes in oil demand from 1Q 2022 to 1Q 2024 (and forecasted from 3Q 2024 to 3Q 2025) are shown in **Exhibit 12**.

IEA likewise commented that the decline in global oil demand was mainly led by China, of which consumption fell by 280 kb/d y-o-y in July as opposed to the “roughly 1 mb/d average pace of growth over the preceding 12 months”. IEA noted that contributors to the slowdown in China’s oil demand growth included the “lacklustre domestic consumer spending weighed down by a still-deflating property bubble”, moderating growth of retail-driven gasoline & jet/kerosene and soaring EV sales. IEA also noted that falling manufacturing Purchasing Managers’ Indices (“PMIs”) and slumping prices for copper, steel and iron ore further highlighted China’s economic troubles.

Exhibit 12: Breakdown of Actual & Forecasted Year-on-Year Changes in Oil Demand (1Q 2022 to 3Q 2025)

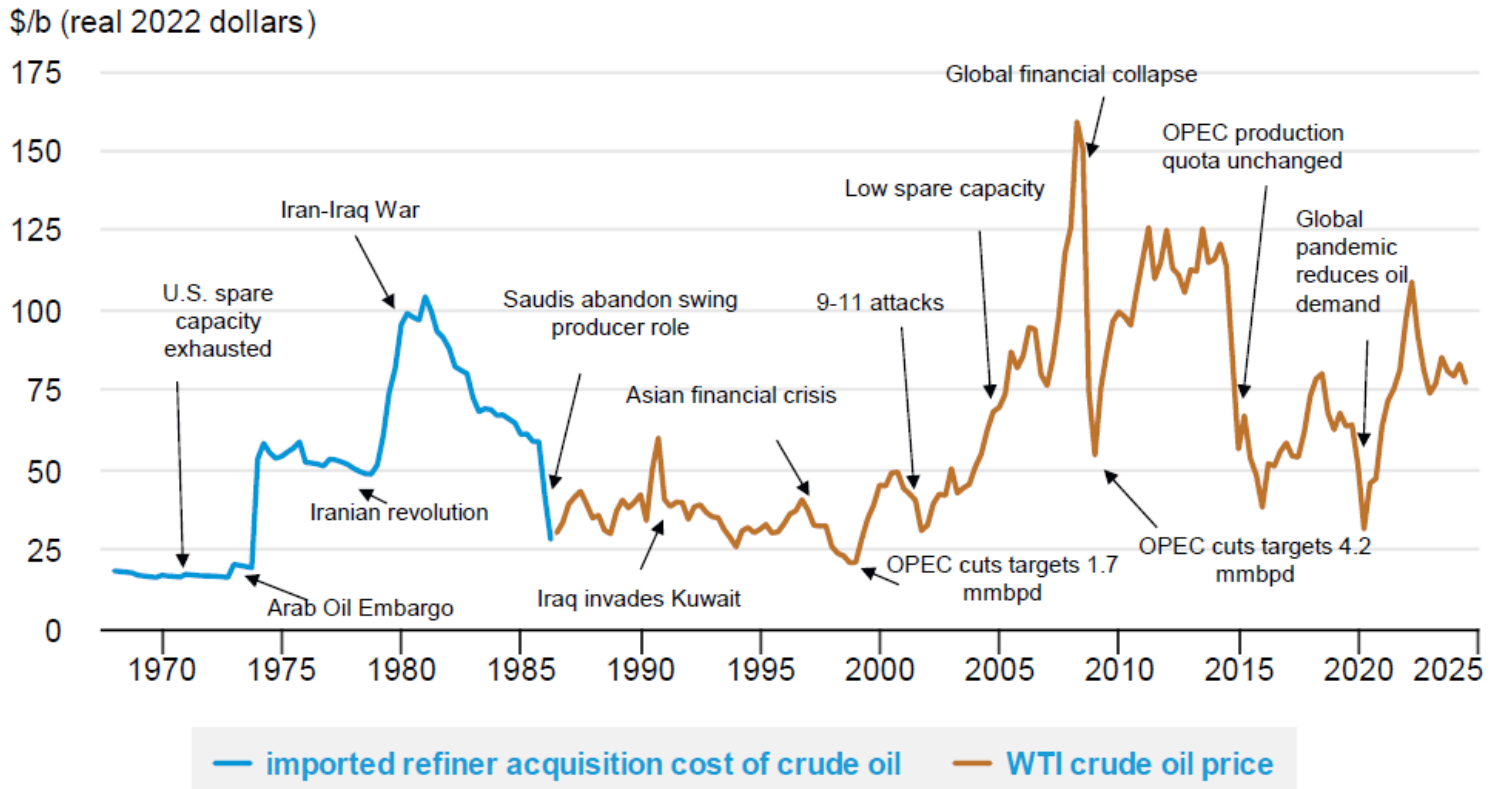


Source: IEA (dated September 2024)

¹ As at 20 December 2024, IEA’s oil market reports from October 2024 to December 2024 are available—for a fee.

According to EIA, geopolitical and economic events affect crude oil prices. The Arab oil embargo (1973–1974) and Iranian revolution (1978–1979) led to a rise in crude oil price while the Asian financial crisis (1997–1998), global financial collapse (around 2007–2009) and global pandemic (2020–2023 according to the World Health Organization) led to a fall in crude oil price as shown in **Exhibit 13**. We note too that OPEC production target cuts near 2000 and 2010 helped to support crude oil prices as also shown in **Exhibit 13**.

Exhibit 13: Drivers of Crude Oil Price (1970–2024)

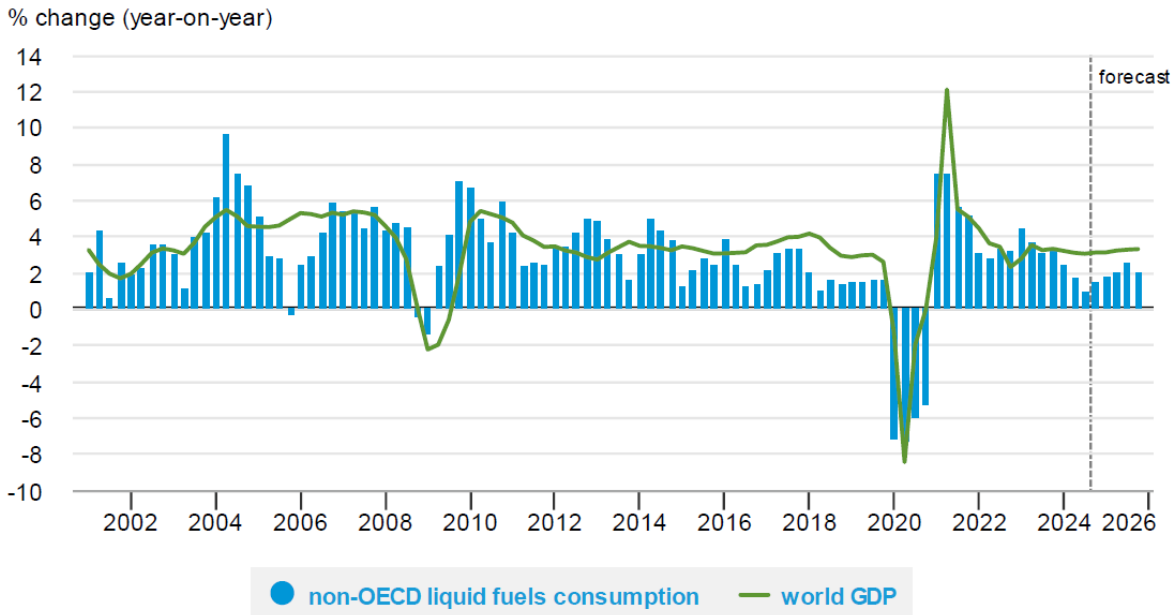


Source: EIA (dated December 2024), LSEG (previously Refinitiv)

EIA noted that economic growth has a “strong impact” on oil consumption. The percentage change in non-OECD liquid fuels consumption generally fluctuated in line with the percentage change in world GDP from 2002 to 2024 as shown in **Exhibit 14**. Demand for crude oil may also be driven by any of its derivative (e.g., gasoline) as shown in **Exhibit 15**.

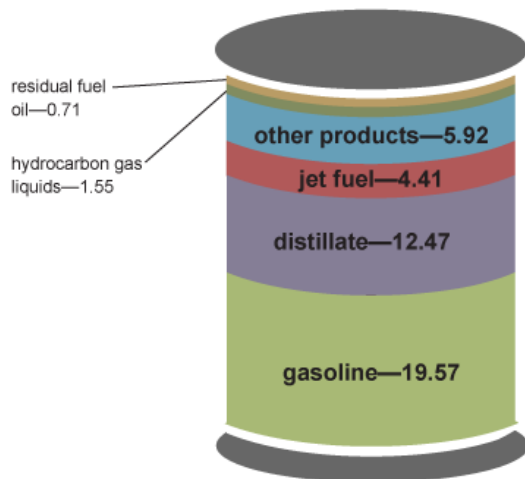
On the supply side, EIA noted too that changes in production by non-OPEC countries as well as Saudi Arabia can affect crude oil prices.

Exhibit 14: Non-OECD Liquid Fuels Consumption vs World GDP (2002–2024)



Source: EIA (dated December 2024), Oxford Economics

Exhibit 15: Petroleum Products Made from a Barrel of Crude Oil (2023 in gallons)



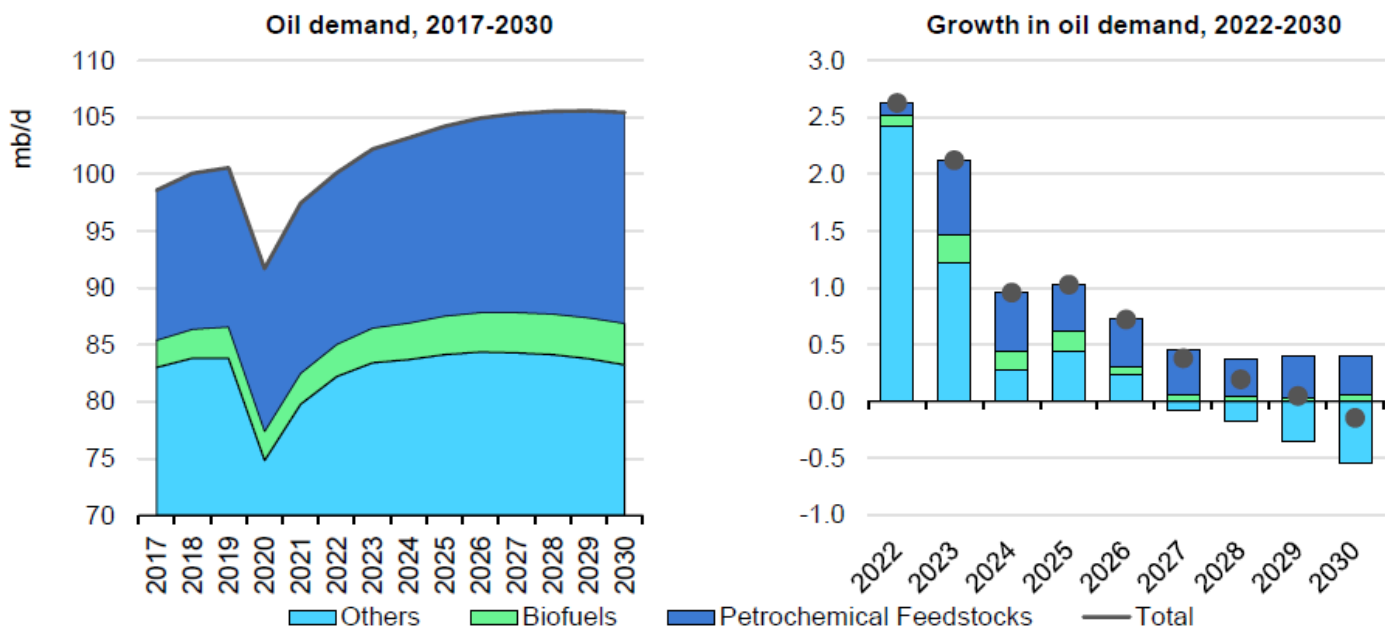
Data source: U.S. Energy Information Administration, *Petroleum Supply Monthly*, March 2024, preliminary data
 Note: A 42-gallon (U.S.) barrel of crude oil yields about 45 gallons of petroleum products because of refinery processing gain. The sum of the product amounts in the image may not equal 45 because of independent rounding.

Source: EIA (dated March 2024)

IEA forecasted in June 2024 that global oil demand will level off at around 106 mb/d towards 2030 in line with the “accelerating transition to clean energy technologies”. IEA noted that “Surging EV sales and continued efficiency improvements of vehicles, and the substitution of oil with renewables or gas in the power sector, will significantly curb oil use in road transport and electricity generation”. Nonetheless, IEA forecasted total oil demand to rise by 3.2 mb/d from 2023 to 2030 mainly due to the “increased use of jet fuel and feedstocks from the booming petrochemical sector”. Feedstocks are those “derived from refined or partially refined petroleum fraction, principally for use in the manufacturing of chemicals, synthetic rubber, and a variety of plastics” according to EIA. IEA’s forecast of global oil demand from 2024 to 2030 is shown in **Exhibit 16**.

Exhibit 16: Forecasted World Oil Demand Growth (2024–2030)

World oil demand dominated by growth in petrochemical feedstocks



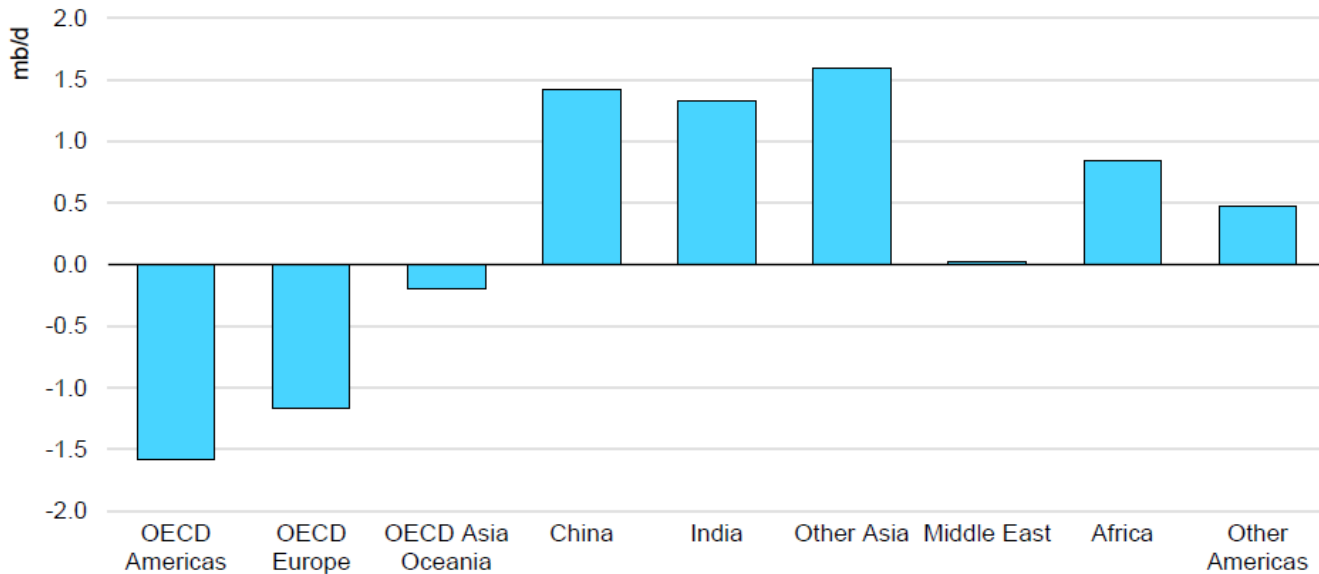
IEA. CC BY 4.0.

Source: IEA (dated June 2024)

IEA noted that oil demand growth would be mainly driven by Asian economies, especially India and China. IEA remarked that the growth in Chinese oil demand would be “driven by the petrochemical sector as rapid deployment of clean energy technologies and massive infrastructure investments in high-speed rail blunt demand for transport fuels” such that Chinese gasoline use would “peak by 2025” while Indian oil demand growth would be driven by transport fuels. Meanwhile, structural factors such as “population growth and industrialisation, as well as a growing middle class that is more likely to spend on energy intensive luxury goods such as cars and travel” are expected to support economic growth in Asia such that Asian oil demand is expected to rise by 4.2 mb/d (above the forecasted global rise of 3.2 mb/d) from 2023 to 2030.

In contrast, IEA forecasted that oil demand from advanced economies would “continue its decades-long decline” and fall from 45.7 mb/d in 2023 to 42.7 mb/d in 2030 due to “more limited economic growth” and the implementation of “ambitious” clean energy policies, such that OECD countries would “experience the largest declines in transport fuel demand and smaller rises in jet fuel demand”.

IEA’s forecast of cumulative oil demand growth from 2023 to 2030 as broken down by regions is shown in **Exhibit 17**.

Exhibit 17: Forecasted Cumulative Growth in Oil Demand by Regions (2023–2030)**Growth in oil demand by region, 2023-2030**

IEA. CC BY 4.0.

Source: IEA (dated June 2024)

IEA also provided a breakdown of forecasted GDP growth for select countries from 2024 to 2030 as shown in **Exhibit 18**. IEA noted that global GDP growth is “projected to average 3% over the 2024-2030 forecast period – about half a point lower than during the 2010s” as persistent inflation, estimated to be “around 2.4% at a five-year horizon”, may mean higher interest rates and tighter credit which could keep global economic growth below the pre-pandemic trend in the near- to medium-term. IEA added that the “present shift towards deglobalisation” where “higher tariffs and other restrictions hamper trade and upend supply chains” as well as geopolitical risks “amid wars in Ukraine and the Middle East and an increasingly tense relationship between China and some neighbouring countries” may also contribute to limited economic growth in the forecast period.

Exhibit 18: Forecasted Real GDP Growth (2024–2030)**Real GDP growth assumptions**

	2011-2019	2022	2023	2024	2025	2026-30
USA	2.4%	1.9%	2.5%	2.6%	1.9%	1.7%
Europe	2.0%	3.2%	1.3%	1.5%	2.0%	1.4%
Japan	0.9%	0.9%	1.9%	0.5%	0.9%	0.4%
China	7.3%	3.0%	5.2%	4.7%	4.1%	3.7%
India	6.8%	6.6%	7.7%	6.3%	7.4%	6.4%
Africa	3.7%	3.8%	2.5%	3.0%	3.9%	3.4%
OECD	2.1%	3.0%	1.7%	1.6%	1.9%	1.6%
Non-OECD	4.7%	3.6%	4.4%	4.1%	4.4%	3.9%
World	3.4%	3.3%	3.2%	3.0%	3.3%	2.9%

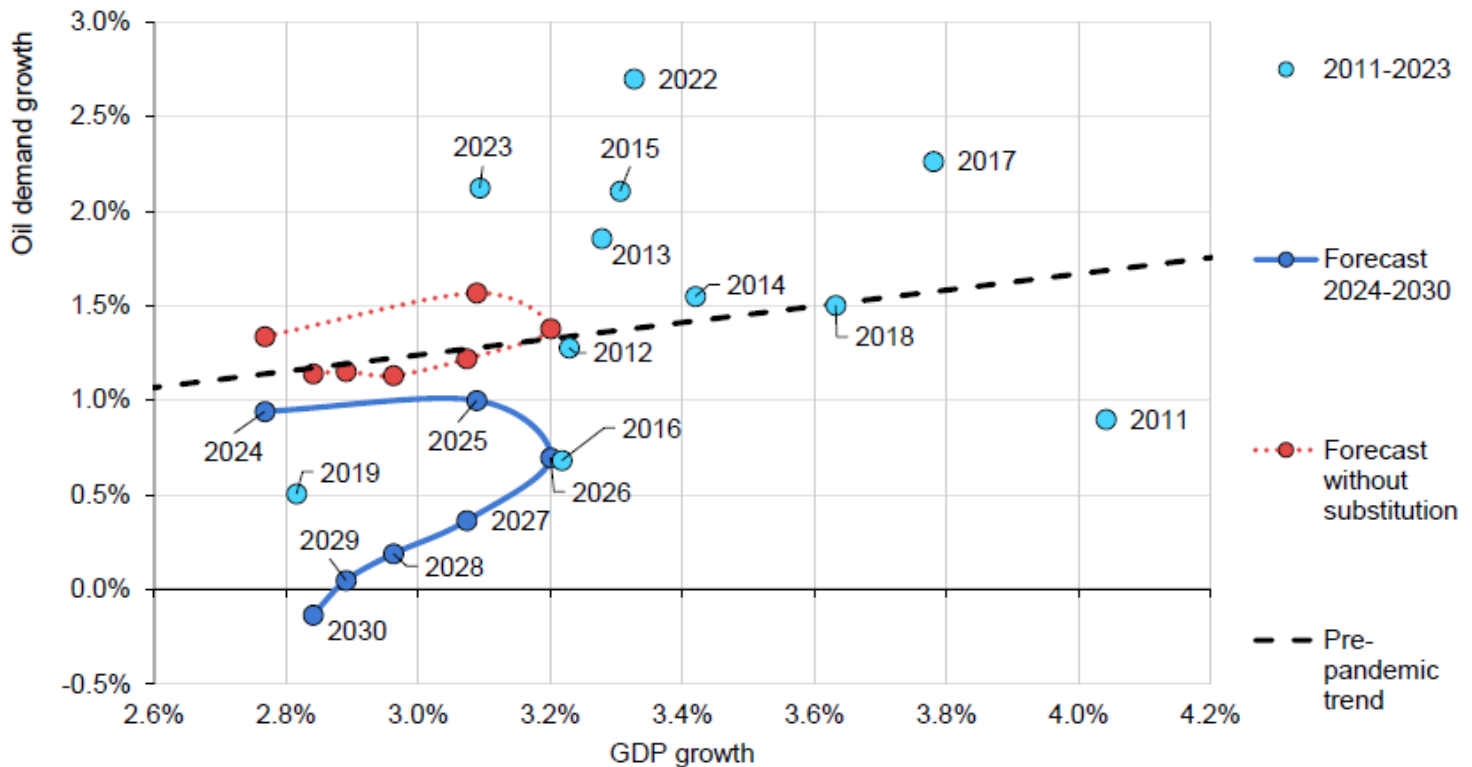
Source: Oxford Economics (cited by IEA in June 2024)

Generally in line with the forecasted world GDP growth, IEA noted that global oil demand growth would be around 1 mb/d in 2024 and 2025. However, IEA remarked that oil demand growth would decouple from GDP growth from 2026 due to “substitution away from oil in transport and power generation” as shown in **Exhibit 19**. IEA commented that the substitution effect would be “especially prominent in transport – the mainstay of oil demand – with road fuel already plateauing this year” due to the rise in EV sales as well as remote and hybrid work becoming mainstay. IEA also noted that oil was being displaced in electricity generation with Saudi Arabia having plans that “would see about 1 mb/d cut from direct crude, fuel oil and gasoil use in power plants by 2030” at least partly through a “large increase in utilisation of domestic gas and renewable resources”.

While oil demand from long-distance transport such as aviation and marine is “less amenable to direct substitution” and is expected to continue growing, IEA noted that fuel efficiencies would slow the rise in oil demand. IEA remarked that jet/kerosene use remained about 5% below 2019 levels despite global flight activity having “regained pre-pandemic levels over the course of 2023”, and is “not expected to surpass pre-Covid levels until 2027”. Fuel efficiencies related to regulations by the International Maritime Organization (“IMO”) are also “set to gradually erode consumption of marine fuels”.

Exhibit 19: Forecasted Decoupling of Oil Demand Growth from GDP Growth (2024–2030)

Growth in global oil demand and GDP, 2011-2030



IEA. CC BY 4.0.

Note: Excludes 2020 and 2021 due to Covid-19 distortions.

Source: IEA (dated June 2024)

Overall, IEA provided a breakdown of its annual world oil demand forecasts from 2024 to 2030 as shown in **Exhibit 20**.

Asia's oil demand is expected to rise by 14.0% from 31.10 mb/d in 2023 to 35.44 mb/d in 2030. In Asia, China's oil demand is expected to rise by 8.5% from 16.64 mb/d in 2023 to 18.06 mb/d in 2030 while India's oil demand is expected to rise by 24.8% from 5.41 mb/d in 2023 to 6.75 mb/d in 2030.

In contrast, OECD's oil demand is expected to fall by 6.4% from 45.65 mb/d in 2023 to 42.71 mb/d in 2030. In OECD, U.S.'s oil demand is expected to fall by 6.6% from 20.25 mb/d in 2023 to 18.91 mb/d in 2030 while the collective oil demand of France, Germany, Italy, Spain and the U.K. is expected to fall by 10.2% from 7.52 mb/d in 2023 to 6.75 mb/d in 2030.

Exhibit 20: Forecasted World Oil Demand (2024–2030)

Table 2 SUMMARY OF GLOBAL OIL DEMAND								
	2023	2024	2025	2026	2027	2028	2029	2030
Demand (mb/d)								
Americas	24.96	24.94	24.96	24.77	24.44	24.14	23.78	23.38
Europe	13.45	13.28	13.19	13.09	12.91	12.71	12.51	12.29
Asia Oceania	7.25	7.26	7.19	7.17	7.17	7.12	7.09	7.05
Total OECD	45.65	45.48	45.34	45.03	44.51	43.98	43.38	42.71
Asia	31.10	32.06	32.80	33.48	34.08	34.56	35.05	35.44
Middle East	8.97	9.03	9.23	9.25	9.28	9.27	9.14	8.99
Americas	6.46	6.51	6.59	6.67	6.74	6.81	6.88	6.96
FSU	4.94	4.90	4.95	5.03	5.12	5.18	5.25	5.32
Africa	4.32	4.42	4.50	4.66	4.78	4.90	5.03	5.16
Europe	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87
Total Non-OECD	56.59	57.72	58.89	59.93	60.83	61.56	62.21	62.74
World	102.24	103.20	104.23	104.96	105.34	105.54	105.59	105.45
of which:								
United States ¹	20.25	20.38	20.41	20.22	19.90	19.60	19.28	18.91
Europe 5 ²	7.52	7.43	7.37	7.29	7.16	7.04	6.90	6.75
China	16.64	17.12	17.49	17.66	17.89	18.00	18.05	18.06
Japan	3.29	3.24	3.19	3.17	3.12	3.09	3.06	3.03
India	5.41	5.61	5.85	6.02	6.19	6.34	6.55	6.75
Russia	3.76	3.70	3.71	3.71	3.73	3.75	3.75	3.75
Brazil	3.25	3.32	3.33	3.35	3.35	3.36	3.38	3.39
Saudi Arabia	3.70	3.71	3.82	3.72	3.60	3.53	3.36	3.17
Canada	2.45	2.44	2.44	2.44	2.44	2.46	2.45	2.43
Korea	2.45	2.52	2.49	2.48	2.52	2.52	2.51	2.50
Mexico	1.74	1.72	1.71	1.70	1.69	1.68	1.66	1.65
Iran	1.77	1.79	1.81	1.85	1.88	1.91	1.93	1.96
Total	72.22	72.96	73.62	73.64	73.52	73.28	72.88	72.34
% of World	70.6%	70.7%	70.6%	70.2%	69.8%	69.4%	69.0%	68.6%
Annual Change (% per annum)								
Americas	0.9	-0.1	0.1	-0.8	-1.4	-1.2	-1.5	-1.7
Europe	-0.8	-1.3	-0.6	-0.8	-1.4	-1.5	-1.6	-1.8
Asia Oceania	-0.9	0.2	-1.0	-0.3	0.0	-0.6	-0.5	-0.6
Total OECD	0.1	-0.4	-0.3	-0.7	-1.2	-1.2	-1.4	-1.5
Asia	6.3	3.1	2.3	2.1	1.8	1.4	1.4	1.1
Middle East	0.7	0.7	2.2	0.3	0.3	-0.2	-1.4	-1.6
Americas	2.3	0.8	1.2	1.2	1.0	1.1	1.1	1.1
FSU	0.1	-0.8	1.0	1.6	1.7	1.2	1.4	1.5
Africa	-0.2	2.3	1.8	3.6	2.6	2.6	2.6	2.6
Europe	0.5	1.2	1.6	1.2	1.2	1.1	0.8	0.7
Total Non-OECD	3.8	2.0	2.0	1.8	1.5	1.2	1.1	0.8
World	2.1	0.9	1.0	0.7	0.4	0.2	0.0	-0.1
Annual Change (mb/d)								
Americas	0.23	-0.02	0.02	-0.19	-0.34	-0.30	-0.36	-0.40
Europe	-0.10	-0.17	-0.09	-0.10	-0.18	-0.19	-0.21	-0.22
Asia Oceania	-0.06	0.02	-0.07	-0.02	0.00	-0.04	-0.03	-0.04
Total OECD	0.07	-0.17	-0.13	-0.31	-0.52	-0.53	-0.60	-0.67
Asia	1.85	0.95	0.75	0.68	0.59	0.48	0.49	0.39
Middle East	0.06	0.06	0.20	0.03	0.03	-0.02	-0.13	-0.15
Americas	0.15	0.05	0.08	0.08	0.07	0.07	0.08	0.07
FSU	0.01	-0.04	0.05	0.08	0.09	0.06	0.07	0.08
Africa	-0.01	0.10	0.08	0.16	0.12	0.12	0.13	0.13
Europe	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Total Non-OECD	2.06	1.13	1.17	1.04	0.90	0.73	0.65	0.53
World	2.13	0.96	1.03	0.73	0.38	0.20	0.05	-0.14

¹ US figures exclude US territories.

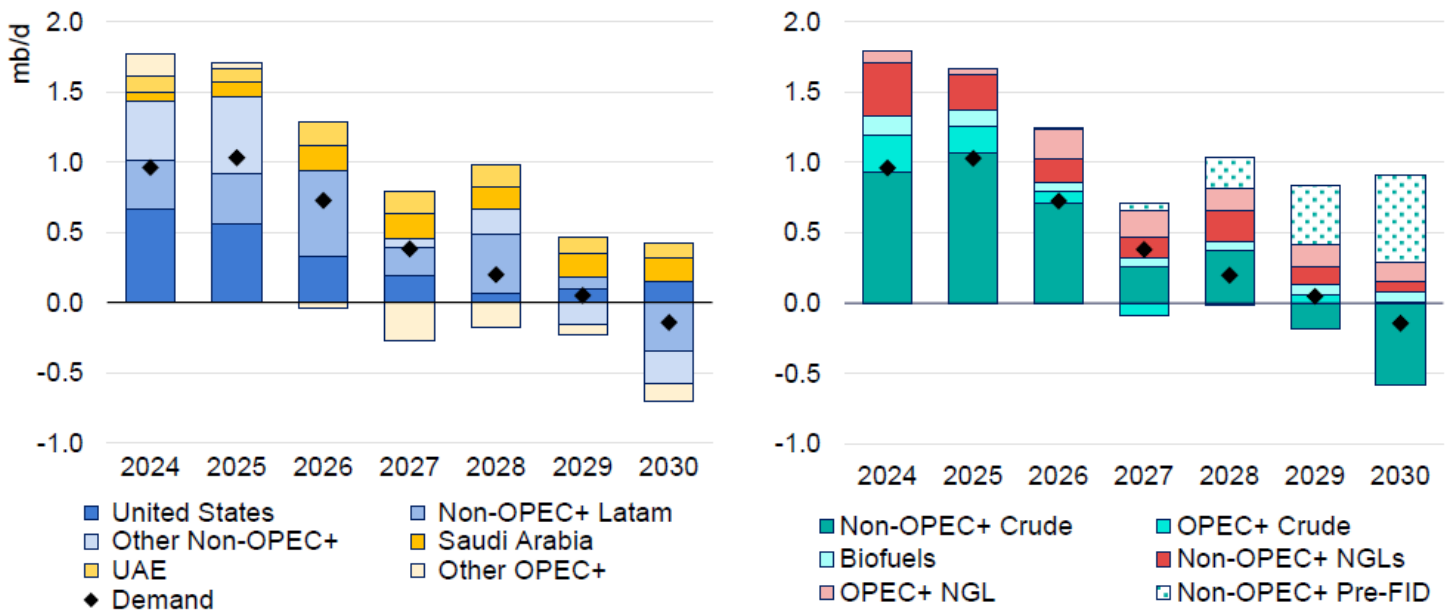
² France, Germany, Italy, Spain and UK.

Source: IEA (dated June 2024)

On the supply side, IEA commented that global oil production capacity would “outstrip demand growth” over the forecast period “led higher by the United States and other producers in Americas”. IEA forecasted that total supply capacity (not oil supply) would rise by 6 mb/d to 113.8 mb/d by 2030, which would be 8 mb/d over the forecasted global demand of 105.4 mb/d. IEA provided a breakdown of its forecast of annual world oil supply capacity growth (not oil supply growth) from 2024 to 2030 as shown in **Exhibit 21**.

Exhibit 21: Forecasted World Oil Supply Capacity Growth (2024–2030)

Global oil supply capacity forecast, year-on-year change, 2024-2030



IEA. CC BY 4.0.

Notes: Assumes Iran and Russia remain under sanctions. OPEC+ NGLs include condensates. Crude includes processing gains and non-conventional volumes. Right-hand chart includes pre-sanctioned projects, listed in the Tables section.

Source: IEA (dated June 2024)

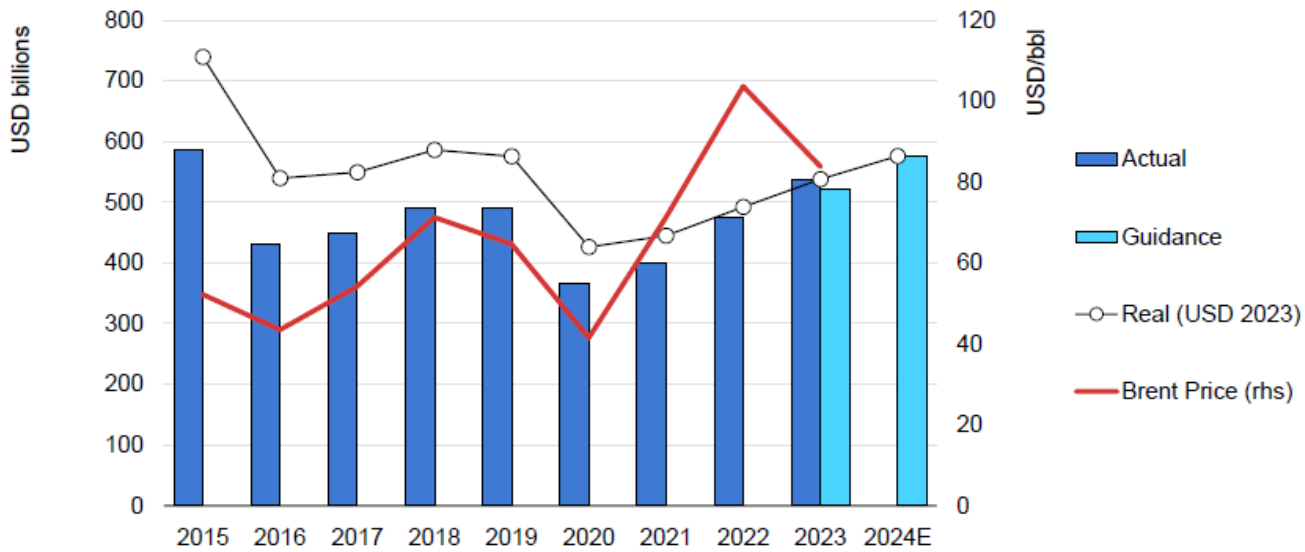
IEA noted that non-OPEC+ producers would “dominate medium-term capacity expansion plans” and add a total of 4.6 mb/d (or 76%) of the net increase in oil supply capacity. IEA further noted that the U.S. alone would account for 2.1 mb/d of the increase in non-OPEC+ oil supply capacity, while Brazil, Guyana, Canada and Argentina would contribute 2.7 mb/d. Should there be no further green-lighted expansions, growth would “stall in the United States and Canada while Brazil and Guyana shift into decline based on current plans”. However, should companies “continue to sanction additional projects that are already on the drawing board”, non-OPEC+ production capacity could rise further by 1.3 mb/d by 2030.

Saudi Arabia, the United Arab Emirates (UAE) and Iraq are expected to lead the remaining 1.4 mb/d rise in OPEC+ capacity (out of the 6 mb/d rise in global oil supply capacity) while the production capacity of African and Asian members continues to fall. IEA noted that “The UAE and Iraq are raising crude oil capacity while Saudi Arabia is poised for a significant increase in its output of NGLs and condensates”. NGLs refer to Natural Gas Liquids, which are hydrocarbons (e.g., ethane, propane and butane) according to EIA.

IEA further elaborated on the global upstream Capital Expenditure (“CapEx”) which would lead to the forecasted growth in production capacity. IEA remarked that upstream CapEx rose to US\$538 billion in 2023 despite crude prices falling y-o-y, mainly due to projects executed by national oil companies in the Middle East, China and the Americas. IEA also forecasted that upstream CapEx would rise by 7% y-o-y in 2024 as shown in **Exhibit 22**, which would be slower than the average annual increase of 14% in the previous three years in nominal terms.

Exhibit 22: Forecasted Global Upstream Capital Expenditure (2024)

Global oil and gas upstream capital spending



IEA. CC BY 4.0.

Source: IEA analysis based on company reports and data from Argus Media Group.

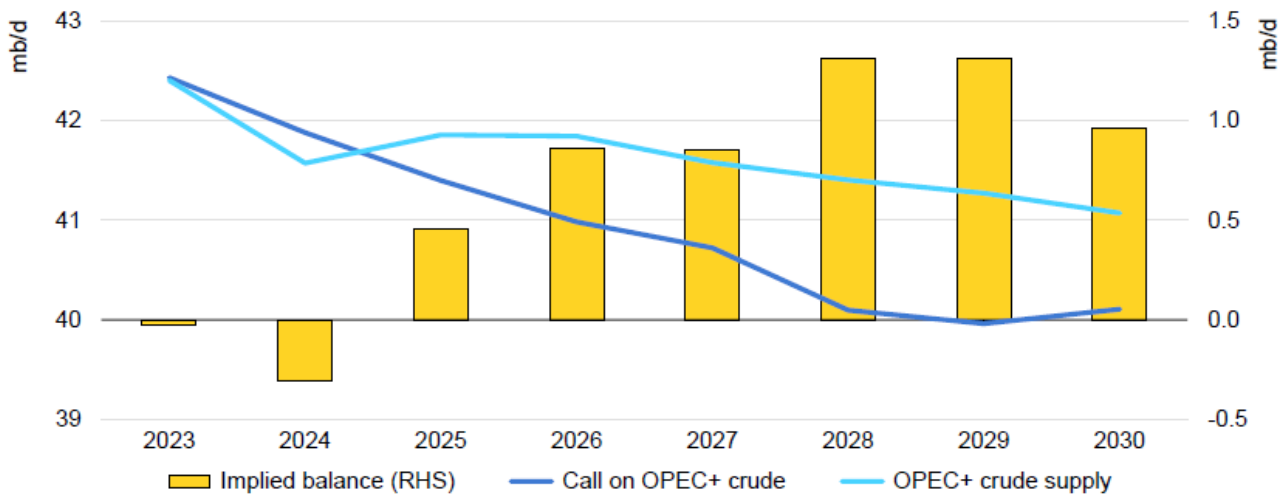
Source: IEA (dated June 2024)

On oil supply (instead of production capacity), IEA forecasted that global oil supply would rise by 4.2 mb/d (vs global oil demand growth of 3.2 mb/d) from 102.2 mb/d in 2023 to 106.4 mb/d by 2030. Like as forecasted for global oil production capacity growth, IEA noted that non-OPEC+ producers in the Americas would “dominate the outlook” and contribute to oil supply growth of 4.4 mb/d by 2030. IEA also noted that non-OPEC+ production would remain “robust” from 2024 to 2030 such that, coupled with the expected fall in oil demand, the call on OPEC+ crude oil (the amount of crude oil OPEC+ needs to pump to balance the market according to Reuters) would fall from above 42.0 mb/d in 2023 to slightly above 40.0 mb/d in 2030 as shown in **Exhibit 23**.

Based on OPEC+’s output policy (as at June 2024), IEA also forecasted that OPEC+ oil output (including NGLs and condensates) would fall by 370 kb/d by 2030. As the expected fall in OPEC+ oil output would remain lower than the expected fall in the call on OPEC+ crude oil, IEA noted that OPEC+ would “pump above the call on its crude oil to varying degrees from 2025 through 2030” as shown by the implied balance in **Exhibit 23**. We note that crude oil prices may thus fall from 2024 to 2030.

Exhibit 23: Forecasted Call on OPEC+ Crude Oil (2024–2030)

Call on OPEC+ crude oil, 2023-2030



IEA. CC BY 4.0.

Note: Based on the current OPEC+ supply agreement.

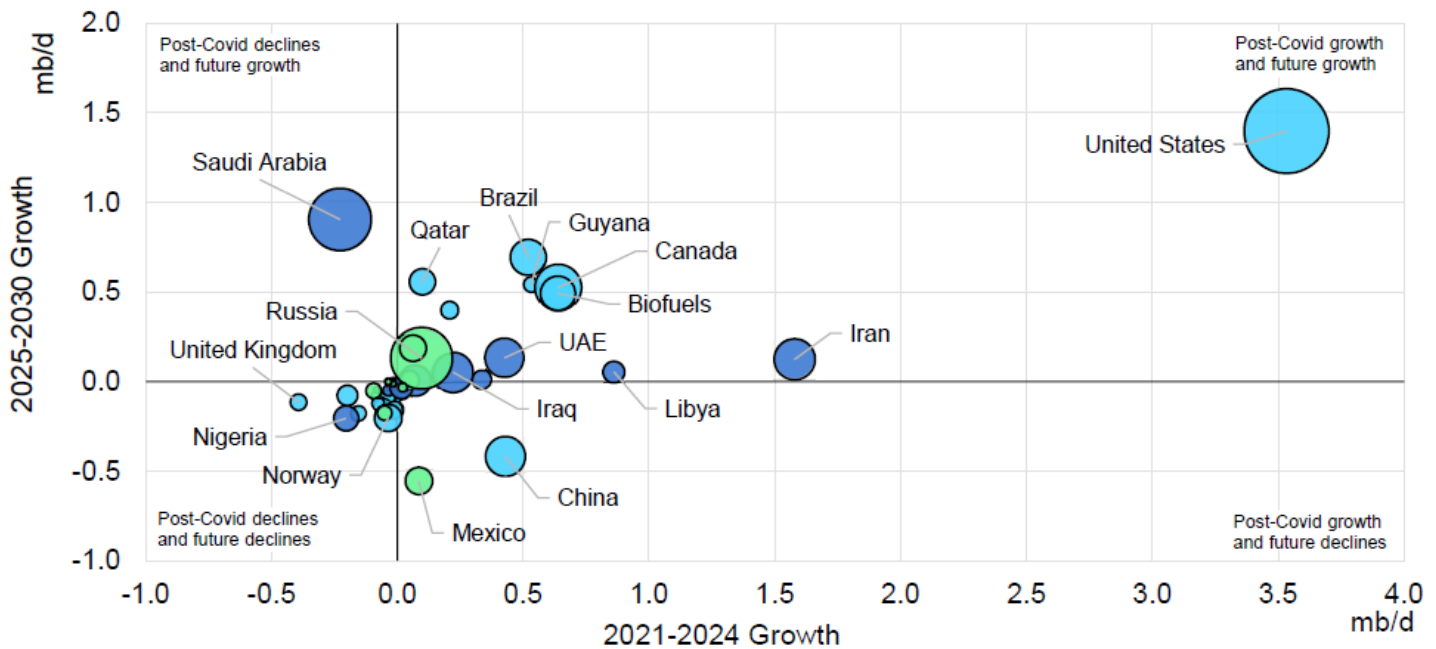
Source: IEA (dated June 2024)

In terms of the progression of forecasted oil supply growth, IEA noted that annual oil supply growth would slow from 2 mb/d in 2023 to 690 kb/d in 2024 before averaging annually at 550 kb/d from 2025 to 2029. Thereafter, IEA forecasted that oil supply would “swing into contraction in line with a deceleration in oil demand growth due to, amongst other factors, the continued uptake of EVs and intensified efforts to substitute oil use in Middle East power generation”.

IEA also charted the forecasted changes in oil supply from 2025–2030 vs the changes in oil supply from 2021–2024 for select countries as shown in **Exhibit 24**. Oil supply from the U.S. and Saudi Arabia are expected to grow the most from 2025–2030 while oil supply from Mexico and China are expected to fall the furthest.

Exhibit 24: Forecasted Changes in Oil Supply for Select Countries (2025–2030 vs 2021–2024)

Oil supply changes for select countries in 2025-2030 compared to 2021-2024



IEA. CC BY 4.0.

Notes: Based on current OPEC+ supply deal. Assumes Russia and Iran remain under sanctions. Sized to 2024 total liquids production.

Source: IEA (dated June 2024)

Overall, IEA provided a breakdown of its annual non-OPEC (not non-OPEC+) oil supply forecast as well as the call on OPEC (not OPEC+) crude oil + stock changes (as implied by the oil demand and oil supply forecasts) from 2024 to 2030 as shown in **Exhibit 25**. Call on OPEC crude oil + stock changes are expected to fall by 1.5 mb/d from 27.4 mb/d in 2024 to 25.9 mb/d in 2030, which suggests that OPEC may need to lower its crude oil supply by at least 1.5 mb/d from 2024 to 2030 for OPEC to maintain crude oil prices.

Exhibit 25: Forecasted Non-OPEC Oil Supply and Call on OPEC Crude + Stock Changes (2024–2030)

Table 1b
WORLD OIL SUPPLY AND DEMAND - WEO Regions
(million barrels per day)

	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEMAND									
North America	24.3	24.6	24.5	24.6	24.4	24.0	23.7	23.4	23.0
Central and South America	6.7	6.9	6.9	7.0	7.1	7.1	7.2	7.3	7.3
Europe	14.3	14.2	14.1	14.0	13.9	13.8	13.6	13.4	13.2
Africa	4.3	4.3	4.4	4.5	4.7	4.8	4.9	5.0	5.2
Middle East	8.9	9.0	9.0	9.2	9.3	9.3	9.3	9.1	9.0
Eurasia	4.9	4.9	4.9	4.9	5.0	5.1	5.2	5.2	5.3
Asia Pacific	36.6	38.3	39.3	40.0	40.7	41.2	41.7	42.1	42.5
Total Demand¹	100.1	102.2	103.2	104.2	105.0	105.3	105.5	105.6	105.4
NON-OPEC SUPPLY									
North America	25.7	27.4	28.1	28.8	29.1	29.3	29.4	29.4	29.5
Central and South America	5.7	6.2	6.5	6.9	7.5	7.7	8.1	8.2	7.8
Europe	3.3	3.3	3.3	3.4	3.3	3.1	3.1	3.0	2.9
Africa	2.5	2.5	2.5	2.7	2.7	2.8	2.8	2.7	2.7
Middle East	3.2	3.1	3.1	3.2	3.2	3.3	3.5	3.6	3.6
Eurasia	13.9	13.8	13.5	13.7	13.9	13.8	13.8	13.8	13.8
Asia Pacific	7.4	7.4	7.5	7.4	7.2	7.0	6.8	6.6	6.3
Total Non-OPEC	61.6	63.8	64.6	66.1	66.9	67.0	67.5	67.3	66.6
Processing gains ³	2.3	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5
Global Biofuels	2.9	3.1	3.3	3.4	3.5	3.5	3.6	3.7	3.7
Total Non-OPEC Supply	66.8	69.2	70.2	71.9	72.8	73.0	73.5	73.5	72.8
OPEC⁴									
Crude	27.9	27.4							
NGLs	5.4	5.5	5.6	5.7	5.9	6.1	6.3	6.5	6.7
Total OPEC	33.3	33.0							
Total Supply	100.2	102.2							
Memo items:									
Call on OPEC crude + Stock ch.⁵	27.8	27.5	27.4	26.7	26.3	26.2	25.7	25.6	25.9

1 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply. Includes biofuels.

2 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.

3 Net volumetric gains and losses in the refining process and marine transportation losses.

4 OPEC includes current members throughout the time series.

(⁵) Amount of crude oil that OPEC needs to pump to balance the market, as calculated by [total demand – (non-OPEC supply + OPEC NGLs)].

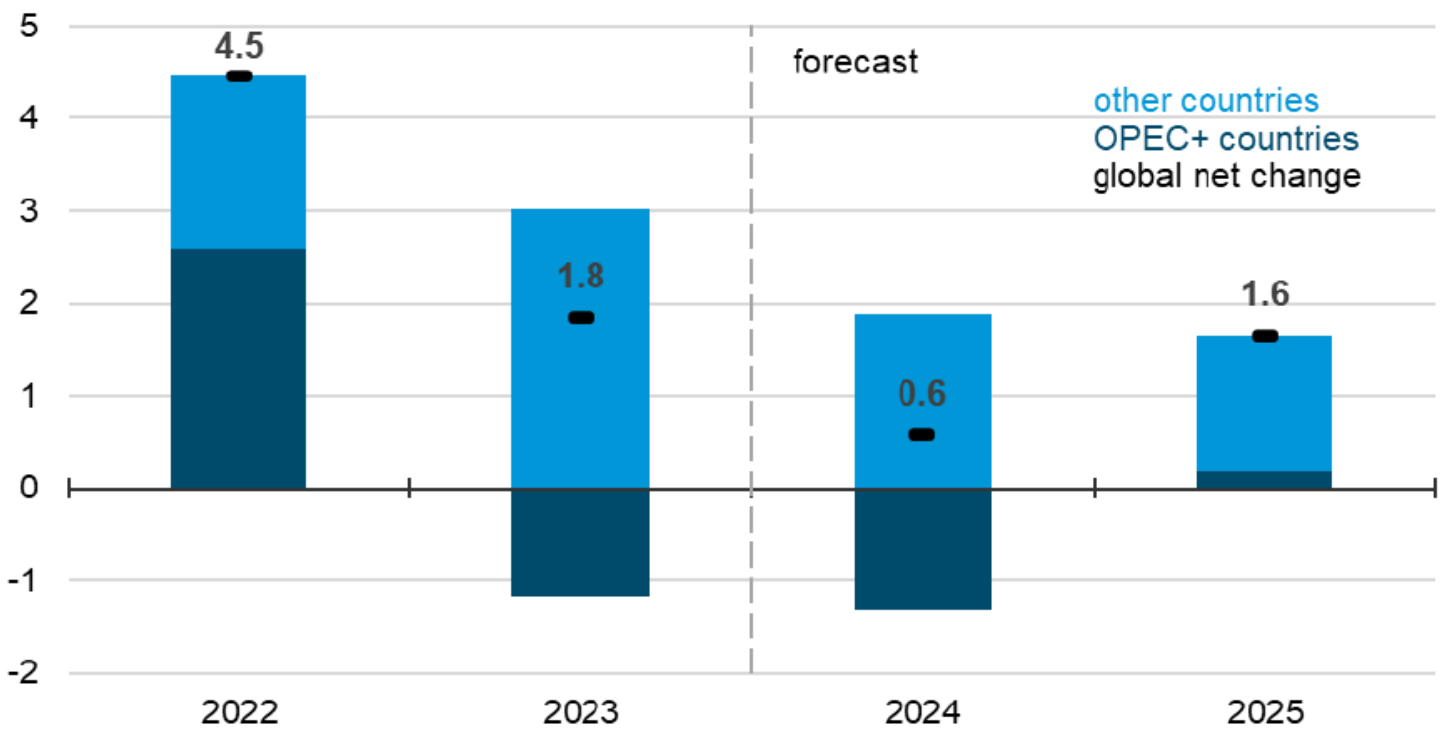
Source: IEA (dated June 2024)

In the near-term (2024–2025), EIA projected in December 2024 that oil consumption growth would be 0.9 mb/d in 2024 and 1.3 mb/d in 2025, both of which would be lower than the pre-COVID 10-year average annual growth of 1.5 mb/d as well as “below the oil demand growth seen during the 2021–2023 pandemic recovery”. EIA commented that most of the global oil consumption growth would be from Asia (especially India). In particular, EIA forecasted that India’s liquid fuels consumption would rise by 0.2 mb/d in 2024 and by over 0.3 mb/d in 2025 due to rising demand for transport fuels, while China’s liquid fuels consumption would rise by less than 0.1 mb/d in 2024 and nearly 0.3 mb/d in 2025. EIA also noted that OECD oil consumption would be “relatively unchanged across 2024 and 2025, with a slight decline this year and a slight increase next year”.

Meanwhile, EIA estimated that global liquid fuels production would rise by 0.6 mb/d in 2024 and forecasted that global liquid fuels production would rise by 1.6 mb/d in 2025 as shown in **Exhibit 26**. EIA noted that non-OPEC+ countries, led by the U.S., Canada and Guyana, produced 1.9 mb/d of oil in 2024 while OPEC+ countries reduced their oil production by 1.3 mb/d. EIA expected that non-OPEC+ countries would continue to drive over 90% of the expected oil supply growth of 1.6 mb/d in 2025.

Exhibit 26: Forecasted Liquid Fuels Production Growth (2024–2025)

Global liquid fuels production growth
million barrels per day



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, December 2024

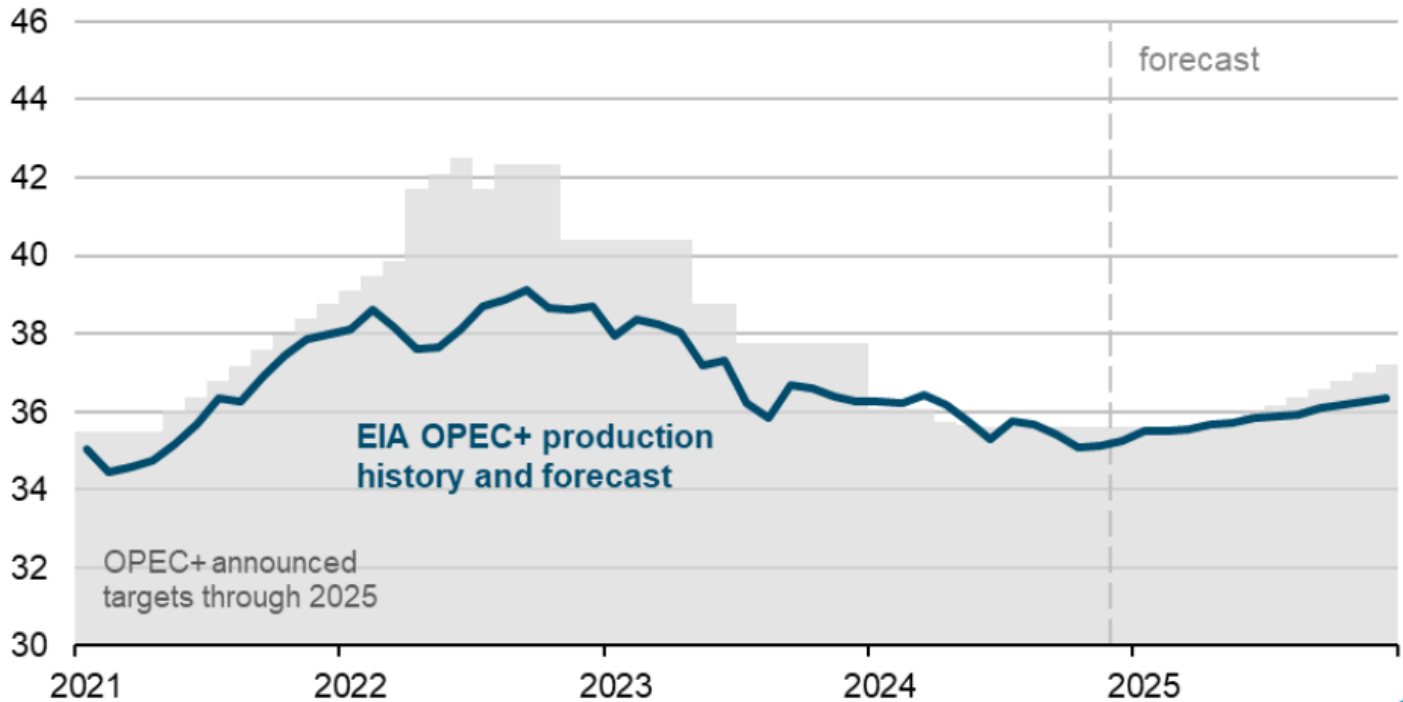
Source: EIA (dated December 2024)

As discussed earlier, EIA noted that OPEC+ countries “agreed to delay production increases that were set to begin in January 2025 until April 2025”. EIA noted too that OPEC+ also announced their production targets through 2026 and that the announced targets align with the production that EIA expected would “keep oil markets relatively balanced” in 2025. Thus, EIA expected that OPEC+ would “generally raise production in line with the new target levels through much of 2025” as shown in **Exhibit 27**.

Exhibit 27: Forecasted OPEC+ Crude Oil Production and Targets (2024–2025)

OPEC+ crude oil production and targets

million barrels per day



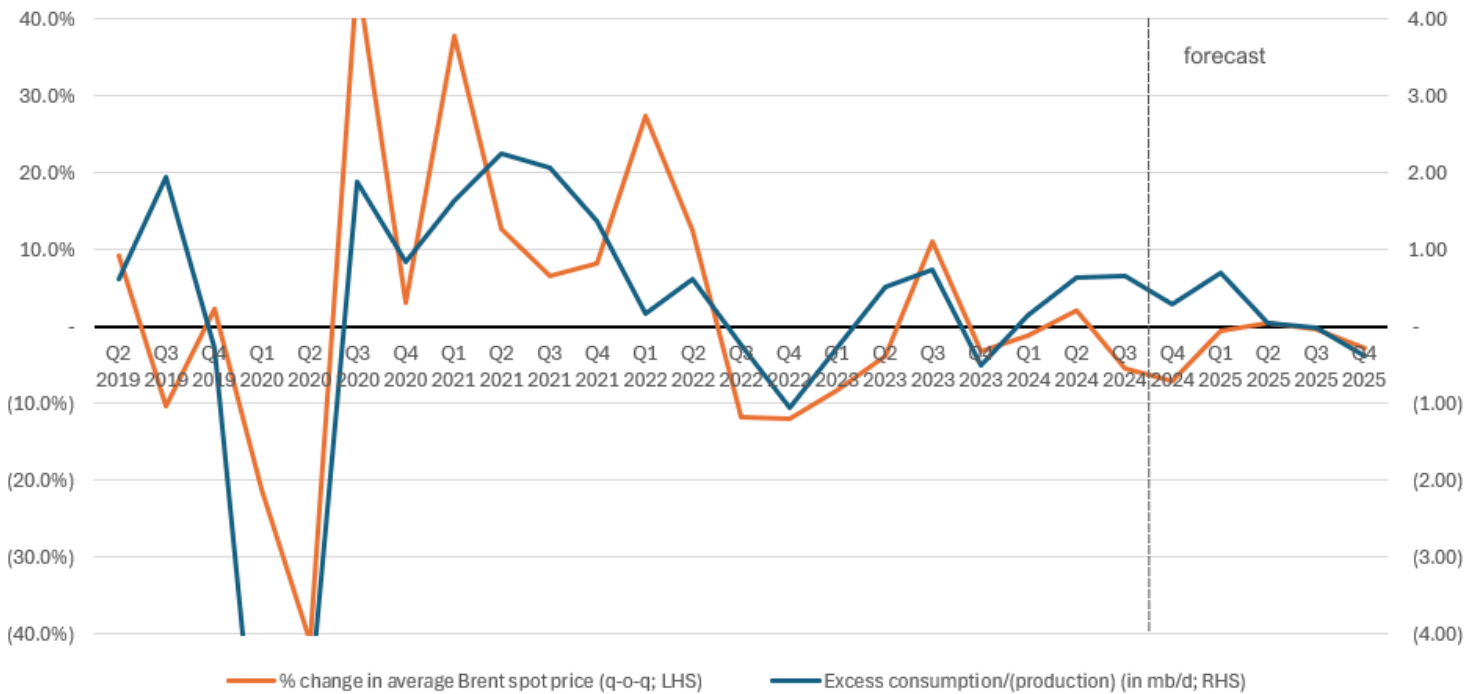
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, December 2024

Source: EIA (dated December 2024)



By comparing the historical global oil consumption & production with the average Brent spot price, we note that changes in the average Brent spot price generally followed changes in excess consumption (or production) from 2Q 2019 to 3Q 2024 as shown in **Exhibit 28**.

Exhibit 28: Changes in Excess Oil Consumption/Production vs Changes in Average Brent Spot Price (2Q 2019–4Q 2025)



Source: EIA (dated December 2024), FPA

Thus, in line with the expected changes in global oil production & consumption, EIA forecasted that the average Brent spot price would rise from US\$74.00 per barrel in 1Q 2025 to US\$74.33 per barrel in 2Q 2025 in line with OPEC+’s production cuts in 1Q 2025 before falling to US\$72.00 per barrel in 4Q 2025 as OPEC+ increase their production from April 2025 as shown in **Exhibit 29**.

Exhibit 29: Forecasted Average Brent Spot Price (4Q 2024–4Q 2025)

(in relevant units)	Actual							Forecast				
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Global petroleum consumption (in mb/d)	101.27	102.12	102.56	102.59	102.18	103.12	103.27	103.54	103.83	103.96	104.68	104.81
Global petroleum production (in mb/d)	101.55	101.60	101.82	103.09	102.03	102.48	102.62	103.24	103.14	103.91	104.70	105.19
Excess consumption/(production) (in mb/d)	(0.28)	0.52	0.74	(0.50)	0.15	0.64	0.65	0.30	0.69	0.05	(0.02)	(0.38)
Average Brent spot price (USD per barrel; curr. qtr)	81.04	78.02	86.64	83.93	82.96	84.72	80.03	74.37	74.00	74.33	74.00	72.00
Average Brent spot price (USD per barrel; prev. qtr)	88.44	81.04	78.02	86.64	83.93	82.96	84.72	80.03	74.37	74.00	74.33	74.00
% change in average Brent spot price (q-o-q)	(8.4%)	(3.7%)	11.0%	(3.1%)	(1.2%)	2.1%	(5.5%)	(7.1%)	(0.5%)	0.4%	(0.4%)	(2.7%)

Source: EIA (dated December 2024), FPA





(II) MARINE OFFSHORE INDUSTRY

Before we discuss the outlook of the marine offshore industry, we shall touch on the role that OSVs play in the oil & gas industry.

Different OSVs play different roles in the oil & gas industry. For instance, AHTS vessels may tow oil rigs to their drilling locations¹ while liftboats provide a stable platform to conduct maintenance and construction works. SEACOR Marine Holdings Inc. (“SEACOR Marine”), a marine and support transportation services provider, elaborates on the work scopes of four OSVs as shown in **Exhibit 30**. SEACOR Marine also elaborated further on the work scope of liftboats as shown in **Exhibit 31**.

BTL Group owns the Blue Titanium liftboat and, through CHO Group, five AHTS vessels.

Exhibit 30: Work Scopes of Offshore Support Vessels

		Work Scope
	<p>Platform Supply Vessels (PSV)</p> <ul style="list-style-type: none"> • 21 vessels and 2 newbuild vessels on order (plus 2 options) • Average age of 7.3 years • 11 vessels with deck space > 800m² (average age of 5.7 years) • 7 vessels with hybrid power, 4 additional hybrid systems on order • Newbuilds with deck space of 1,000m² and integrated hybrid power 	<ul style="list-style-type: none"> • Shallow water and deepwater activities • Delivery of cargo, drilling fluids, fuel and water to rigs • Construction, maintenance support and standby • Accommodation and walk-to-work • Offshore wind support
	<p>Fast Support Vessels (FSV)</p> <ul style="list-style-type: none"> • 23 vessels (1 managed) • Average age of 11.3 years • Aluminum monohulls or catamarans, up to 150 passengers • DP-2 or DP-3, 30-40 knots speed 	
	<p>Liftboats</p> <ul style="list-style-type: none"> • 8 vessels including 4 premium liftboats • Average age of 13.5 years (9.8 years for premium liftboats) • Working water depth up to 275 feet • Accommodation up to 150 berths 	
	<p>Anchor Handling Tug & Supply (AHTS)</p> <ul style="list-style-type: none"> • 3 vessels (1 leased-in) • Average age of 13.4 years • 7,000 to 11,000 BHP, 120t + Bollard Pull • DP-2 	

Source: SEACOR Marine (published December 2024)

Exhibit 31: Work Scope of Liftboats

Liftboats Scope of Work	
Offshore Wind	Offshore Oil and Natural Gas
<ul style="list-style-type: none"> ✓ Tower Sections - Installation ✓ Export Cables ✓ Offshore Substation ✓ Array Cables ✓ Commissioning ✓ Site Preparation ✓ Accommodation 	<ul style="list-style-type: none"> ✓ Well intervention and workover ✓ Construction, Maintenance, Repair ✓ Subsea operations ✓ Diving operations ✓ Accommodations ✓ Decommissioning, Plug & Abandonment ✓ Coring ✓ Midstream support

Source: SEACOR Marine (published September 2024)

¹ For an idea of how an AHTS vessel tows a drilling rig, we found this 48-minute video helpful: <https://www.youtube.com/watch?v=43csxMbD5yk>.

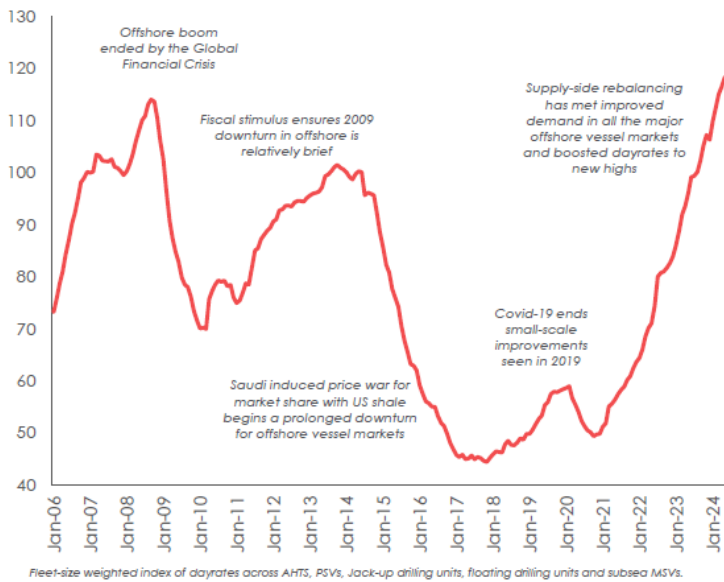
As OSVs support the oil & gas industry, their dayrates may be influenced by developments in the oil & gas industry. For instance, OSV dayrates generally followed movements in offshore oil & gas investment from 2010 to 2024 as shown in **Exhibit 32**. Clarksons, a shipping services provider, also noted that supply factors may influence day rates. Clarksons noted that dayrates rose to “new highs” around January 2024 as supply-side “rebalancing” met “improved demand” in all major OSV markets. Riviera Maritime Media, a maritime, offshore and energy media outlet, noted in April 2019 that there was an oversupply of OSVs.

Exhibit 32: Drivers of Offshore Dayrates (2006–2024)

Energy Security: Offshore Oil & Gas Still 16% Of Global Energy Supply

Offshore Dayrates have made a strong recovery across the last three years, exceeding previous highs

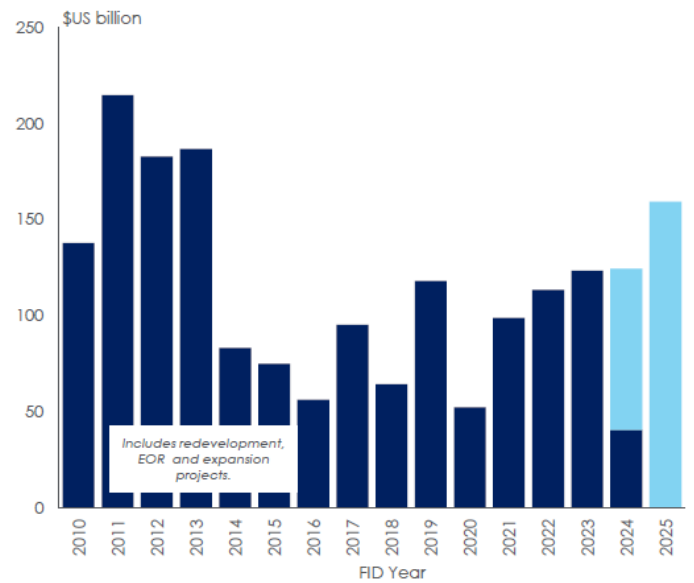
Clarksons Offshore Dayrate Index (AHTS, PSV, jack-ups, floaters and subsea MSVs)



Source: Clarksons Research

Source: Clarksons (published August 2024)

Offshore Oil & Gas Investment

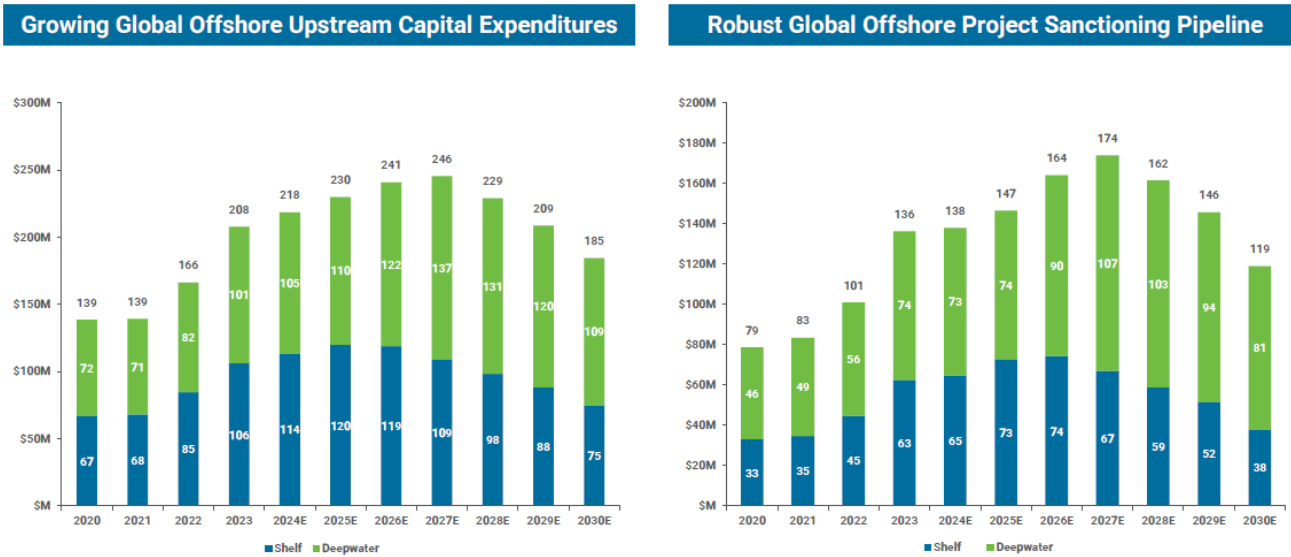


CAPEX data as specified by project operators. Where no definitive figure is given, estimates derived from assessment of comparable projects with known CAPEX.

On the demand side, SEACOR Marine noted that OSV demand remain “Strong”. Global offshore upstream CapEx is expected to rise at a Compound Annual Growth Rate (“CAGR”) of 4.3% from \$208 million (currency unstated) in 2023 to \$246 million in 2027 while project sanctioning pipeline is expected to grow at a CAGR of 6.4% from \$136 million in 2023 to \$174 million in 2027 as shown in **Exhibit 33**.

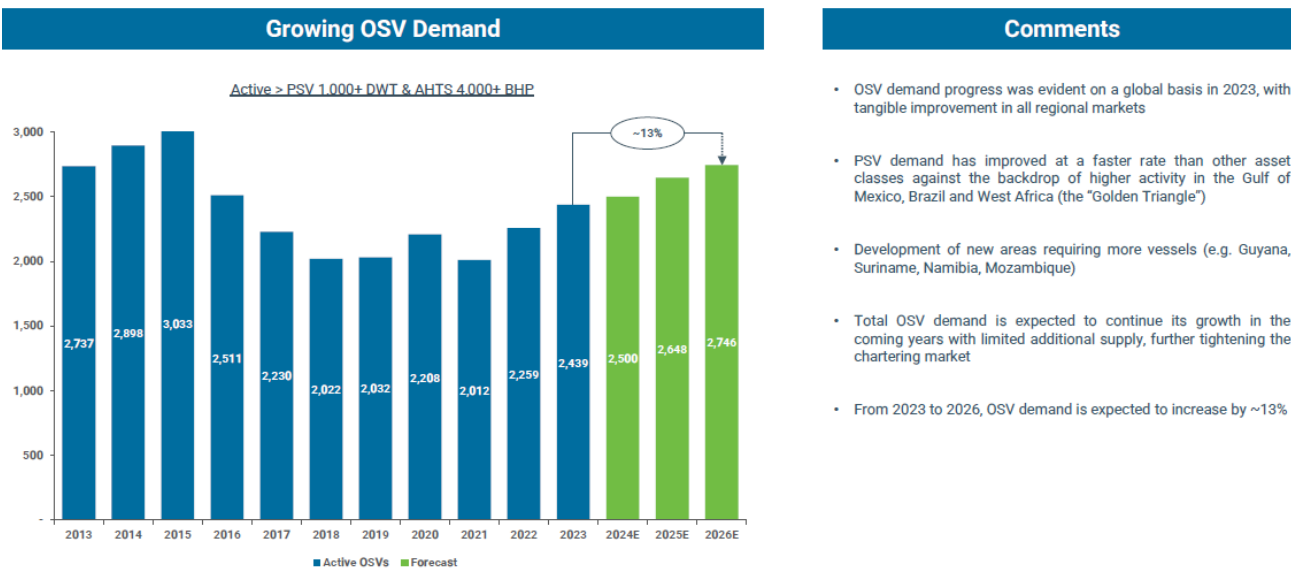
In line with the forecasted rise in global offshore upstream CapEx and project sanctioning pipeline, demand for Platform Supply Vessels (“PSVs”) with 1,000+ Deadweight Tonnage (“DWT”, or the weight that the vessel can carry) and AHTS vessels with 4,000+ brake horsepower (“BHP”, or a measure of the vessel’s engine power) is expected to rise by 13% from 2,439 vessels in 2023 to 2,746 vessels in 2026 as shown in **Exhibit 34**.

Exhibit 33: Forecasted Global Offshore Upstream CapEx and Project Sanctioning Pipeline (2024–2030)



Source: Rystad Energy (cited by SEACOR Marine in September 2024)

Exhibit 34: Forecasted Growth in OSV Demand (2024–2030)

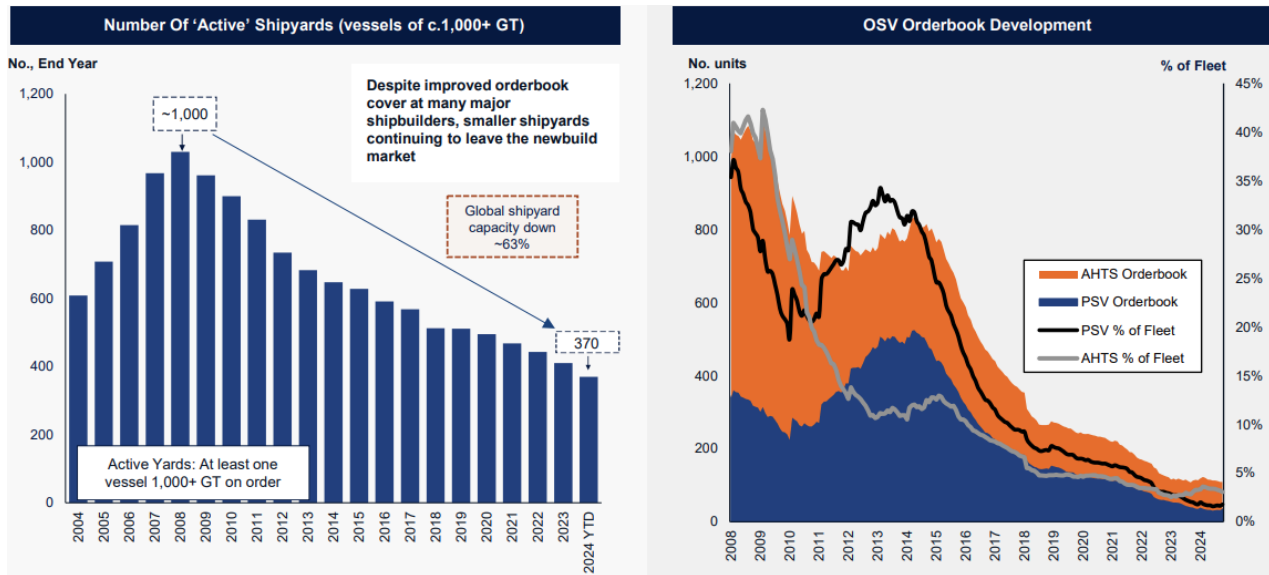


Source: Clarksons (cited by SEACOR Marine in September 2024)

Meanwhile, on the supply side, Tidewater noted that the orderbooks for PSVs and AHTS vessels have been declining in line with the fall in active shipyards since 2008 as shown in **Exhibit 35**. Tidewater is a marine and transportation services provider with one of the largest OSV fleets in the world.

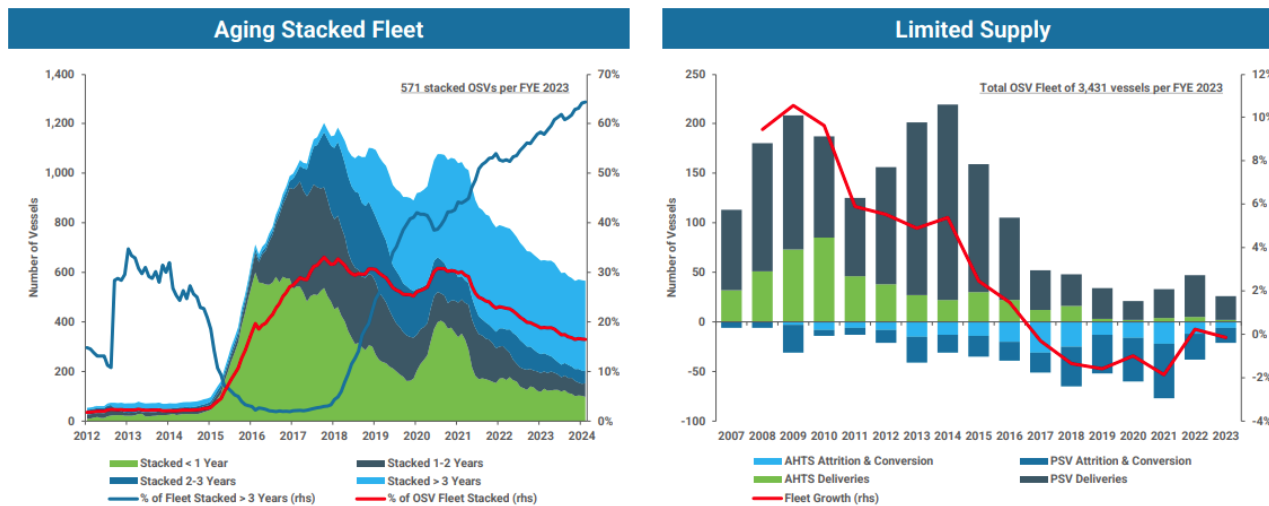
SEACOR Marine likewise noted that OSV (AHTS + PSV) fleet has been falling from 2017 to 2023 partly due to the fall in AHTS and PSV deliveries as shown in **Exhibit 36**. SEACOR Marine also noted that the percentage of fleet stacked (i.e., left idle) for over three years has been rising from 2018 to 2024 such that the stacked fleet has been ageing. Aged vessels may face a higher likelihood of being rejected from deployment.

Exhibit 35: Number of Active Shipyards (2004–2024) and Orderbooks of AHTS Vessels & PSVs (2008–2024)



Source: Clarksons (dated October 2024; cited by Tidewater in November 2024)

Exhibit 36: Stacked Fleet (2012–2024) and Supply of AHTS Vessels & PSVs (2007–2023)

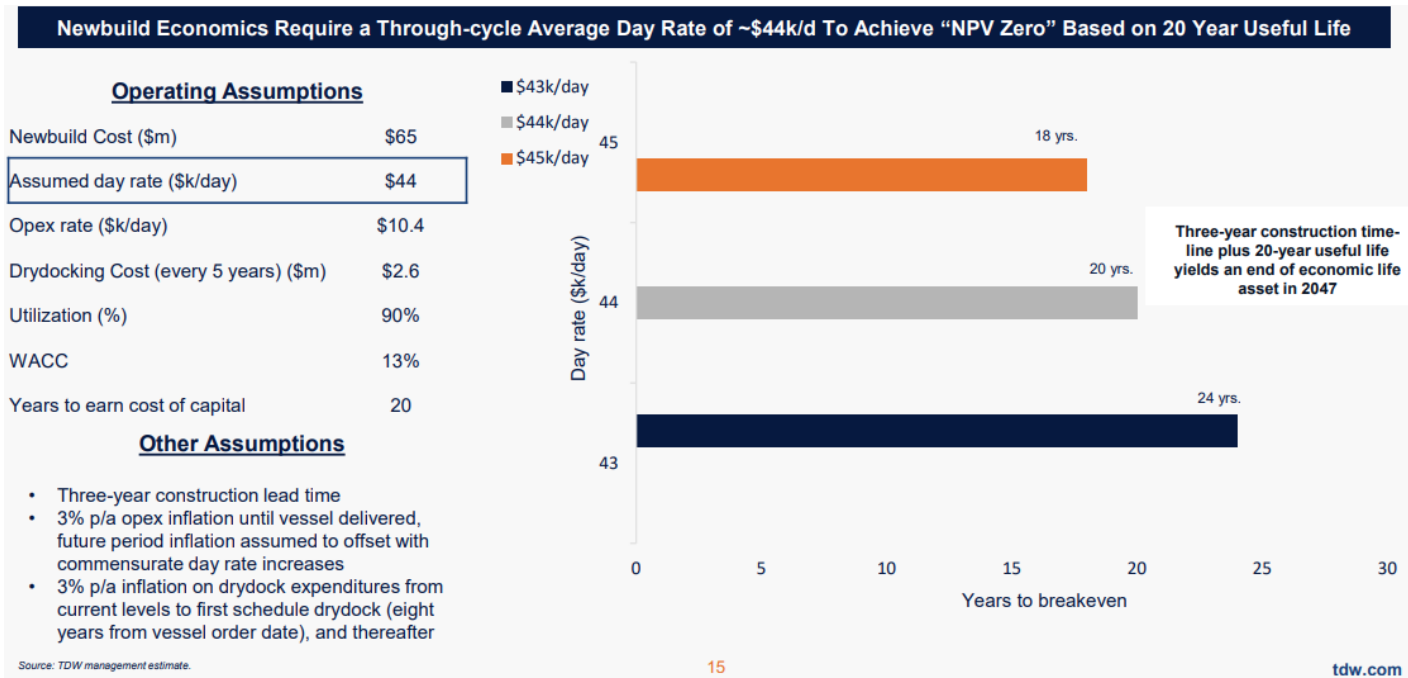


Limited orderbook, constrained financing and continued development of local cabotage leads to a favorable supply and demand balance

Source: Clarksons (cited by SEACOR Marine in September 2024)

One contributor to the limited OSV fleet is the high day rate required to justify the construction of a new vessel. According to Tidewater’s estimates, day rates would need to rise to around \$44,000 (currency unstated) and maintain a utilisation rate of 90% for a vessel operator to reach a break-even Net Present Value (“NPV”) based on a 20-year useful life as shown in **Exhibit 37**. As at 3Q 2024, only one of Tidewater’s disclosed vessel classes has reached leading edge term contract day rates of above \$44,000 as shown in **Exhibit 38**.

Exhibit 37: Estimated Newbuild Economics



Source: Tidewater (published November 2024)

Exhibit 38: Tidewater’s Leading Edge Term Contract Day Rates (4Q 2023 to 3Q 2024)

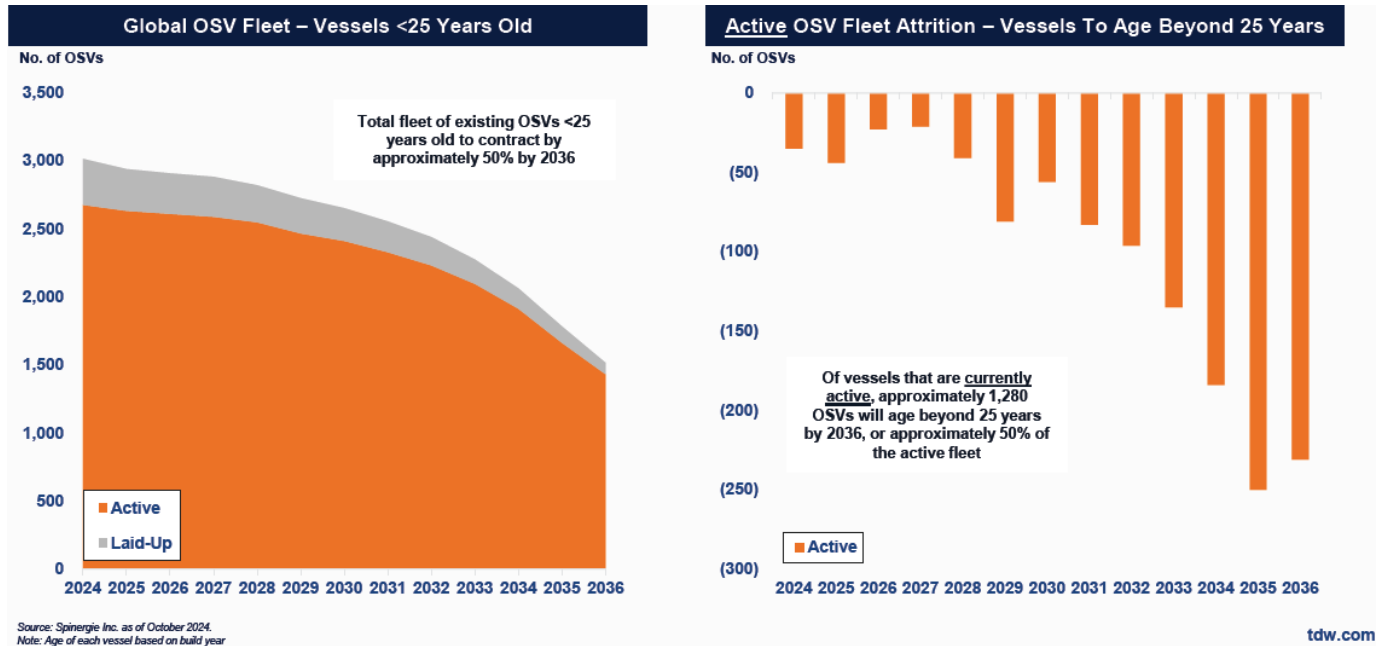
Vessel Class	Q3'24 Tidewater Vessel Count	2022 Day Rate	Q4 2023 Leading Edge Term Contracts	Q1 2024 Leading Edge Term Contracts	Q2 2024 Leading Edge Term Contracts	Q3 2024 Leading Edge Term Contracts
>900m ² PSV	69	\$16,604	\$31,118	\$32,520	\$35,172	\$37,283
700 - 900m ² PSV	49	13,889	34,887	25,712	28,026	35,411
<700m ² PSV	21	10,477	--	--	19,825	16,004
>16k BHP AHTS	11	19,737	37,899	43,115	48,615	--
12 - 16K BHP AHTS	4	11,695	11,268	--	--	--
8 - 12K BHP AHTS	17	11,604	21,347	23,280	25,175	29,210
4 - 8K BHP AHTS	21	6,997	12,000	--	12,470	17,105

Note: Tidewater noted that leading edge contract rates reflect the “average for the new term contracts signed in the respective quarter for each vessel class”. Tidewater defined term contracts as “time charters with a contracted duration of approximately two months or longer”.

Source: Tidewater (published November 2024)

Accordingly, the global OSV fleet of vessels aged 25 years and below is expected to fall from 2024 to 2036 as shown in **Exhibit 39**. For comparison, we have collated the vessels owned or co-owned by BTL Group (including CHO Group) as well as their respective ages as shown in **Exhibit 40**.

Exhibit 39: Forecasted Ageing Global OSV Fleet (2024–2036)



Source: Spingerie (dated October 2024; cited by Tidewater in November 2024)

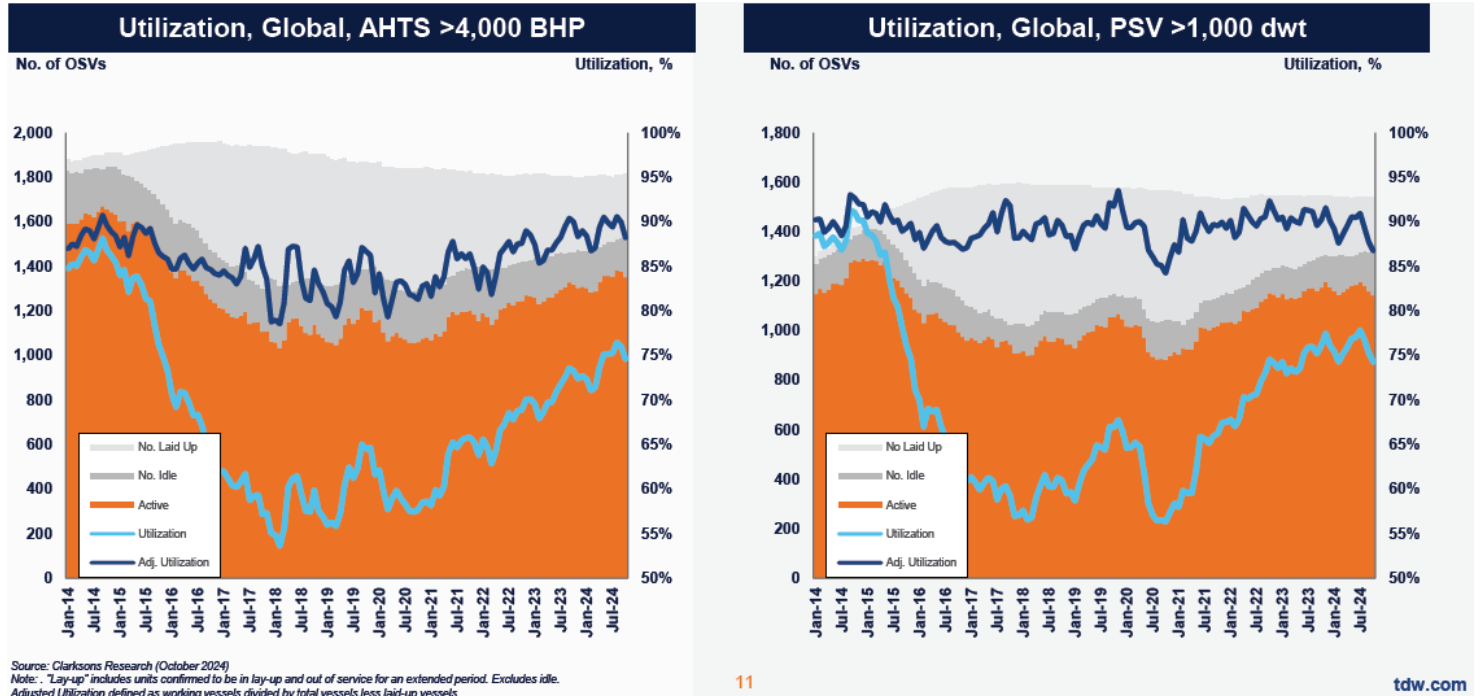
Exhibit 40: Vessels Owned or Co-Owned by BTL Group (including CHO Group)

Vessel	Type	IMO number	Year built	Age (in 2024)	Flag
<u>Wholly-owned (BTL Group):</u>					
Blue Titanium	Liftboat	9779862	2018	6	Singapore
<u>Wholly-owned (CHO Group):</u>					
Peridot	AHTS	9427885	2010	14	Singapore
Intan Ratu (Ex-Aquamarine)	AHTS	9427873	2010	14	Malaysia
Mutiara Ratu (Ex-Langery)	AHTS	9427677	2008	16	Malaysia
M Luisa (Ex-Turquoise)	AHTS	9380221	2008	16	Mexico
Atlantic Conqueror (Ex-Batu Ghoa)	AHTS	9380219	2008	16	Malaysia/Mexico
<u>Co-owned (CHO Group):</u>					
Coral	AHTS	9427689	2008	16	Singapore

Note: Online sources may indicate where each vessel is currently located based on their respective IMO (International Maritime Organization) numbers. Also, online sources (e.g., VesselFinder) and BEPL’s website stated that Blue Titanium was completed in 2018 while BTL’s Annual Report for FY2017 noted that the construction of Blue Titanium was completed in 2017. Source: CHO’s Annual Report (FY2023), BEPL’s website, MarineTraffic, VesselFinder, BalticShipping, FPA

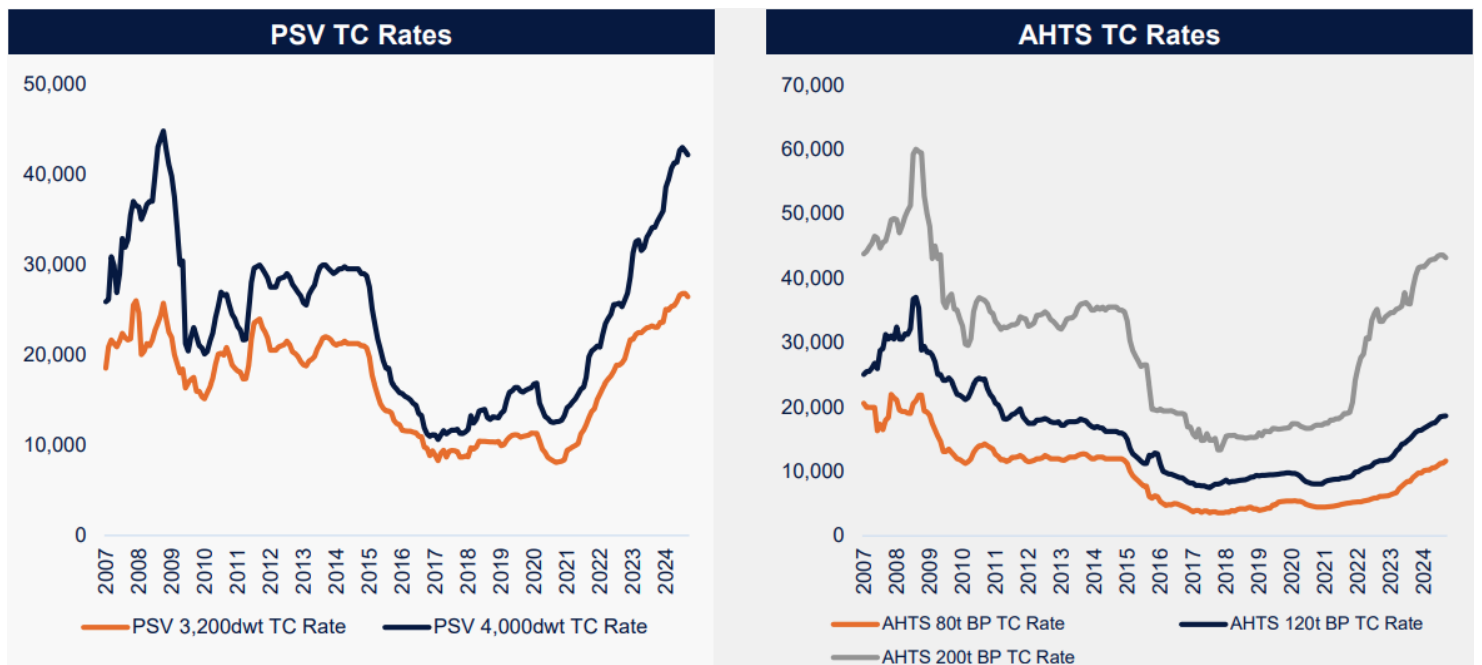
In line with the changes in demand and supply of OSV vessels, the utilisation rates and TC (presumably Time Charter) rates of AHTS vessels & PSVs have been rising from 2021 to 2024 as shown in **Exhibit 41** and **Exhibit 42** respectively.

Exhibit 41: Utilisation Rates of AHTS Vessels & PSVs (January 2014–July 2024)



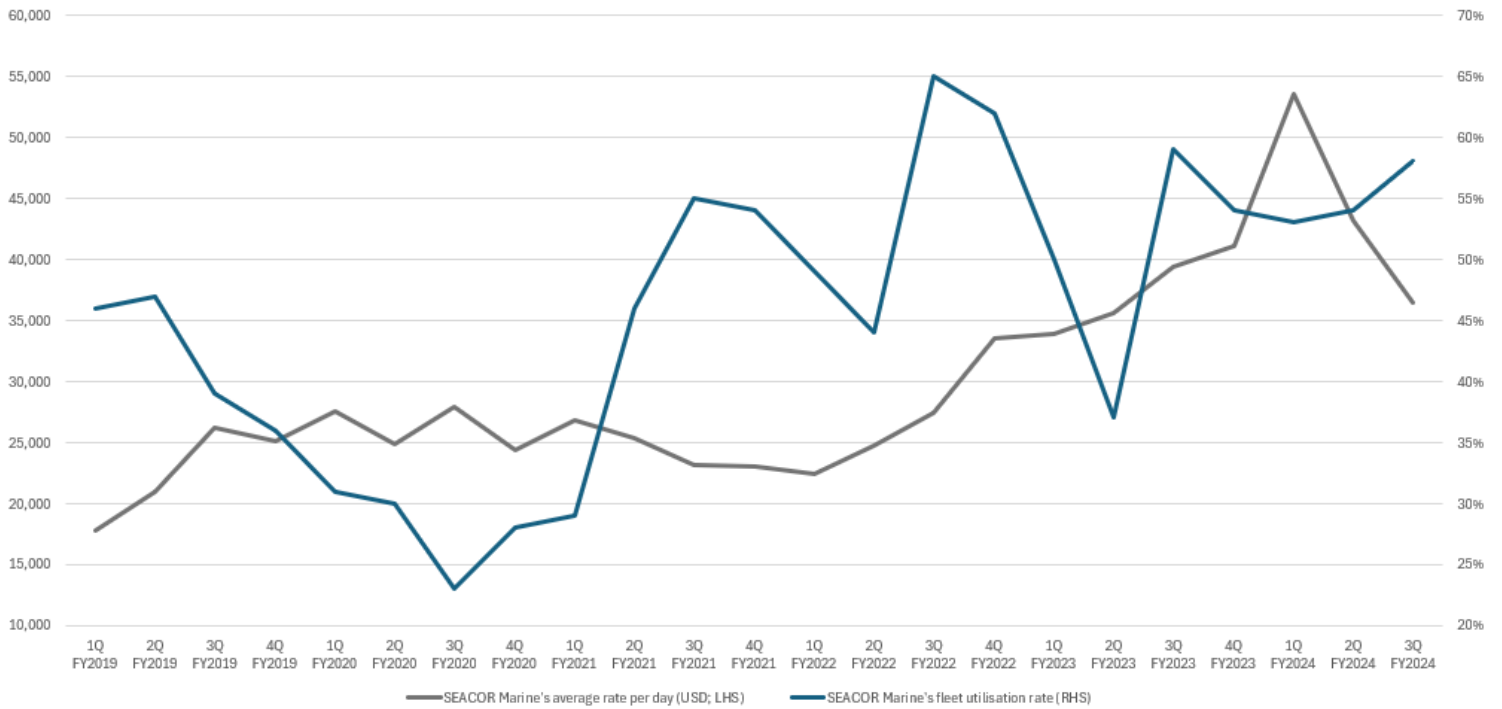
Source: Clarksons (dated October 2024; cited by Tidewater in November 2024)

Exhibit 42: TC Rates of AHTS Vessels & PSVs (2007–2024)



As a benchmark of liftboat performance, the average rate per day (in USD) and fleet utilisation rate of SEACOR Marine’s liftboats have also been rising from 1Q FY2021 to 3Q FY2024 as shown in **Exhibit 43**.

Exhibit 43: Average Rate Per Day (in USD) and Fleet Utilisation Rate of SEACOR Marine’s Liftboats (1Q FY2019–3Q FY2024)



Source: SEACOR Marine, FPA

RECENT SHARE PRICE DEVELOPMENTS

Over the past year, BTL's share price rose by 19.8% from S\$0.505 on 21 December 2023 to S\$0.605 on 20 December 2024 as shown in **Exhibit 44**.

Exhibit 44: Share Price Performance (past one year)



Source: Yahoo! Finance, FPA

On 7 February 2024, BTL issued a profit guidance for its FY2023 financial results. BTL noted that it expected “to report a decreased net profit after tax for FY2023” as compared with FY2022 due to lower vessel utilisation and vessel impairment charges recorded by CHO Group as well as lower fabrication revenue. Share price fell by 3.8% from S\$0.520 on 7 February 2024 to S\$0.500 on 14 February 2024.

On 26 February 2024, BTL released its FY2023 and 2H FY2023 results. Revenue fell by 7.2% from S\$98.5 million in FY2022 to S\$91.4 million in FY2023 while net profit fell by 65.8% from S\$11.3 million in FY2022 to S\$3.9 million in FY2023. However, on a semi-annual basis, revenue rose by 1.3% from S\$51.4 million in 2H FY2022 to S\$52.0 million in 2H FY2023 while net profit rose by 5.9% from S\$2.2 million in 2H FY2022 to S\$2.4 million in 2H FY2023. Share price rose by 1.0% from S\$0.500 on 26 February 2024 to S\$0.505 on 4 March 2024.

On 8 April 2024, BTL announced that two of its Independent Directors, Ang Miah Kiang and Han Sah Heok Vicky, would retire after the conclusion of BTL's Annual General Meeting (“AGM”) held on 26 April 2024. Ang Miah Kiang was the Chairman of Audit Committee and member of the Remuneration Committee while Han Sah Heok Vicky was the Chairman of the Remuneration Committee and member of both the Audit and Nominating Committees. BTL noted that in line with SGX Listing Rule 210(5)(d)(iv), Ang Miah Kiang and Han Sah Heok Vicky would no longer be considered Independent Directors after 26 April 2024 as more than nine years had passed since their respective appointments to BTL's Board of Directors (the “Board”) on 1 November 2013 and 1 December 2013 respectively. Share price fell by 5.0% from S\$0.600 on 8 April 2024 to S\$0.570 on 15 April 2024.

On 26 April 2024, Wong Meng Yeng was re-elected as a director of BTL at the AGM. Prior to his re-election, Wong Meng Yeng was an Independent Director and the Board Chairman. As more than nine years had passed since his appointment to the Board, Wong Meng Yeng ceased to be an Independent Director after the AGM pursuant to SGX Listing Rule 210(5)(d)(iv). However, the Board determined that his continued involvement would be “highly beneficial” for BTL and its shareholders. Thus, following his re-election, Wong Meng Yeng was re-designated as Non-Independent Non-Executive Director on 26 April 2024 immediately after the conclusion of the AGM. Share price rose by 5.5% from S\$0.550 on 26 April 2024 to S\$0.580 on 3 May 2024.

On 29 July 2024, BTL released its 1H FY2024 results. Revenue rose by 33.0% from S\$39.4 million in 1H FY2023 to S\$52.4 million in 1H FY2024 while net profit rose by 767.7% from S\$1.5 million in 1H FY2023 to S\$13.0 million in 1H FY2024. However, share price fell by 0.8% from S\$0.635 on 29 July 2024 to S\$0.630 on 5 August 2024.

FINANCIAL ANALYSIS

(I) FINANCIAL REVIEW

Revenue:

BTL Group's revenue rose by 33.0% from S\$39.4 million in 1H FY2023 to S\$52.4 million in 1H FY2024 mainly due to higher chartering revenue and spare sales. BTL noted that charter revenue rose due to higher vessel utilisation for BTL Group's owned vessels and higher contributions from third-party managed vessels.

Charter hire revenue & other ancillary charter hire revenue (collectively shortened as "charter hire-related revenue") have collectively been the largest component of revenue since BTL Group acquired CHO Group and began chartering both its Blue Titanium liftboat as well as owned or third-party vessels operated by CHO Group from FY2018. In FY2023, charter hire-related revenue comprised 74.6% of BTL Group's revenue as shown in **Exhibit 45**. Charter hire revenue relates to revenue from the lease component of BTL Group's time charters (where a charterer leases a vessel and hires its crew for a specific period according to Clarksons) and bareboat charters (where a charterer leases only the vessel). Other ancillary charter hire revenue relates to the provision of crew & other services under time charters.

BTL Group owns the Blue Titanium liftboat and, through the CHO Group, five AHTS vessels. CHO Group also co-owns one AHTS vessel and manages third-party vessels.

CHO reported that the utilisation rate for the vessels it owned rose from 42% in 1H FY2023 to 59% in 1H FY2024. CHO Group also manages and may operate third-party vessels. The number of vessels operated by CHO Group rose from four vessels in FY2022 to seven vessels in FY2023 likely because CHO Group managed more third-party vessels.

In line with the higher utilisation rate of vessels owned by CHO Group and higher revenue from third-party chartered vessels, CHO Group's charter hire-related revenue rose by 75.9%¹ from US\$8.3 million (S\$11.1 million²) in 1H FY2023 to US\$14.6 million (S\$19.7 million) in 1H FY2024. The rise in CHO Group's charter hire-related revenue may partially explain the rise in BTL Group's revenue in 1H FY2024.

¹ Where we indicate both the USD and SGD figures, the percentage change corresponds with the change in USD figures.

² By comparing CHO Group's revenue as disclosed by BTL (e.g., S\$32.3 million in FY2023) and as disclosed by CHO (e.g., US\$24.1 million in FY2023), we note that the implied exchange rate used by BTL to convert CHO's revenue from USD to SGD (e.g., USD 1: SGD 1.342 in FY2023) aligned with the average of daily USD-to-SGD exchange rates (as obtained from Investing.com) in the corresponding period (e.g., USD 1: SGD 1.343 in FY2023). Thus, we use the implied (where available) or average exchange rates in the corresponding period to convert CHO Group's revenue to SGD for comparability with BTL Group's revenue.

Exhibit 45: BTL Group's Revenue (FY2019–FY2023)

(in S\$ '000)	Actual				
	FY2023	FY2022	FY2021	FY2020	FY2019
Charter hire revenue ⁽¹⁾	33,784	26,203	21,081	24,031	24,515
Other ancillary charter hire revenue ⁽¹⁾	34,382	34,557	33,655	27,151	30,170
Charter hire-related revenue	68,166	60,760	54,736	51,182	54,685
Other marine offshore revenue ⁽¹⁾	14,991	30,028	11,304	8,360	5,971
Spare sales	8,258	7,713	3,457	3,622	3,826
BTL Group's revenue	91,415	98,501	69,497	63,164	64,482
Charter hire-related revenue	74.6%	61.7%	78.8%	81.0%	84.8%
Other marine offshore revenue	16.4%	30.5%	16.3%	13.2%	9.3%
Spare sales	9.0%	7.8%	5.0%	5.7%	5.9%
% of BTL Group's revenue	100.0%	100.0%	100.0%	100.0%	100.0%

⁽¹⁾ Charter hire revenue and other ancillary charter hire revenue are included in marine offshore revenue in BTL's financial statements. We calculated other marine offshore revenue by deducting charter hire-related revenue from marine offshore revenue.

Source: BTL's Annual Reports (FY2019 to FY2023), FPA

To provide a further analysis of BTL Group's charter hire-related revenue, we will first review CHO Group's charter hire-related revenue before reviewing the charter hire-related revenue of BTL Group (less CHO Group).

CHO Group's charter hire-related revenue generally rose from US\$11.5 million in 1H FY2020 to US\$14.6 million in 1H FY2024, in line with the general rise in the average Brent spot price from US\$39.75 per barrel in 1H FY2020 to US\$83.84 per barrel in 1H FY2024 and the general rise in median time charter rates for AHTS vessels with Bollard Pull of 120 MT (stated as "AHTS 120t BP TC Rate"; currency unstated) from 9,773 in 1H FY2020 to 16,885 in 1H FY2024 as shown in **Exhibit 46**.

CHO Group provided 1H and full-year vessel utilisation rates only. Thus, as full-year vessel utilisation rates may generally correspond with the average of semi-annual vessel utilisation rates as follows (assuming an equal number of working days in 1H and 2H):

$$\text{Vessel utilisation rate (full year)} \approx \frac{1}{2} \times [\text{Vessel utilisation rate (1H)} + \text{Vessel utilisation rate (2H)}]$$

We estimate the 2H vessel utilisation rates as follows (using 2H FY2023 as an example):

$$\begin{aligned} \text{Vessel utilisation rate (2H FY2023)} &= \text{Vessel utilisation rate (FY2023)} \times 2 - \text{Vessel utilisation rate (1H FY2023)} \\ &= 44\% \times 2 - 42\% \\ &= 46\% \end{aligned}$$

Exhibit 46: CHO Group's Charter Hire-Related Revenue (1H FY2019–1H FY2024)

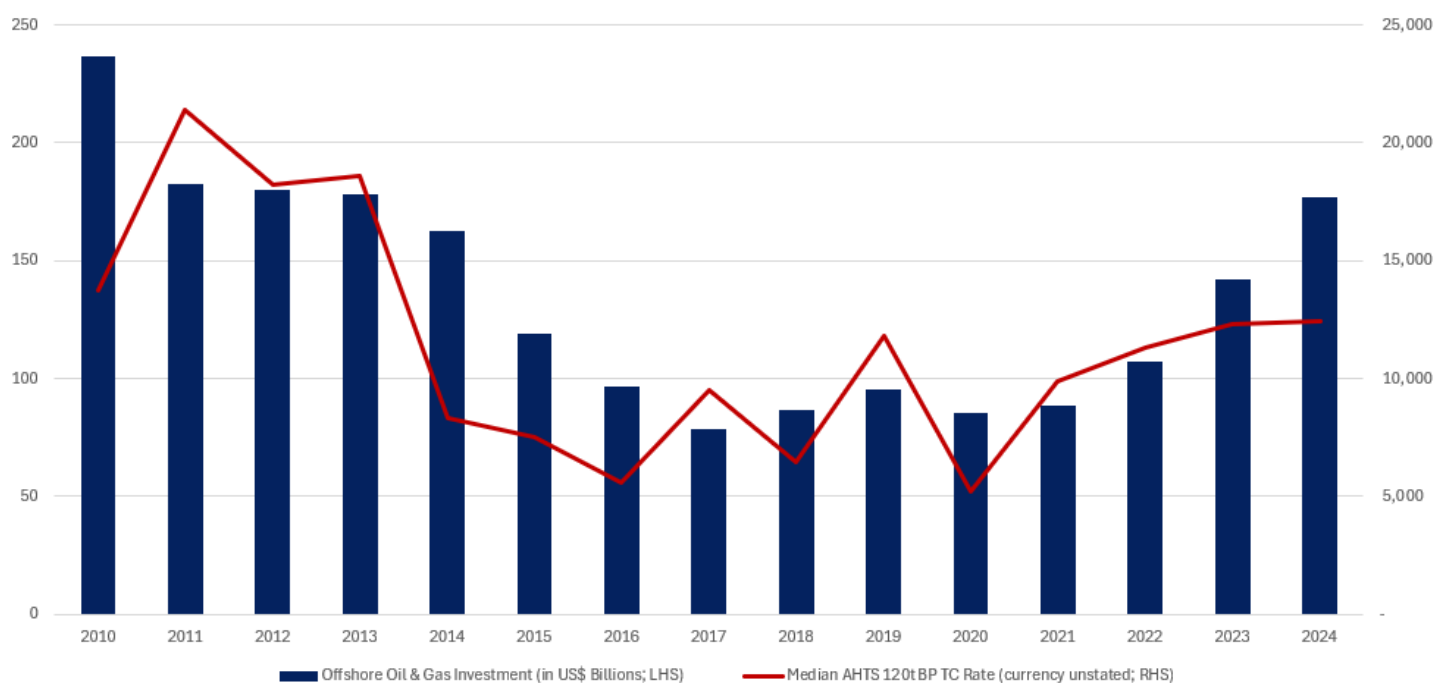
(in US\$ '000 unless otherwise stated)	Actual										
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Charter hire revenue	7,224	10,965	3,531	4,105	4,227	3,426	1,947	3,099	6,590	n.a.	n.a.
Other ancillary charter hire revenue	7,400	4,402	4,785	5,039	4,784	5,306	4,341	3,469	4,901	n.a.	n.a.
Charter hire-related revenue	14,624	15,367	8,316	9,144	9,011	8,732	6,288	6,568	11,491	n.a.	n.a.
Management and agency fee	193	231	180	31	413	(139)	639	471	388	n.a.	n.a.
Revenue	14,817	15,598	8,496	9,175	9,424	8,593	6,927	7,039	11,879	12,323	8,633
Average Brent spot price (in USD)	83.84	85.29	79.53	94.49	107.51	76.44	65.02	43.66	39.75	62.60	66.09
(A) Median AHTS 120t BP TC Rate (currency unstated) ⁽¹⁾	16,885	14,769	12,147	11,585	10,153	9,102	8,588	8,386	9,773	9,683	9,437
(B) Utilisation rate	59%	46%	42%	59%	89%	64%	54%	56%	66%	81%	61%
Adjusted utilisation rate	74%	58%	53%	59%	89%	64%	54%	56%	66%	81%	61%
(A × B) Effective AHTS 120t BP TC Rate	9,962	6,794	5,102	6,835	9,036	5,825	4,637	4,696	6,450	7,844	5,757

n.a. = not available.

⁽¹⁾ "AHTS 120t BP TC Rate" (as cited from Tidewater) likely refers to the Time Charter rates for AHTS vessels with Bollard Pull of 120 MT. Rates as estimated from **Exhibit 42** on page 36 using Automeris.io, an app that allows users to extract data from charts. We cite the AHTS 120t BP TC Rate (instead of the 80t BP or 200t BP TC rate) as CHO Group's owned vessels have a continuous Bollard Pull of 151.8–153.6 MT. In the absence of actual complete data (e.g., numerical figures from Clarksons), we cite the median rates as mid-period rates may be more indicative of the average (mean) full-period rates than end-period rates. Median refers to 31 March for 1H, 30 September for 2H and 30 June for the full financial year.

Source: CHO's financial statements (1H FY2019 to 1H FY2024), EIA, Clarksons (dated October 2024; cited by Tidewater in November 2024), Automeris.io, FPA

Median AHTS 120t BP TC Rates generally followed offshore oil & gas investments from 2011 to 2024 as shown in **Exhibit 47**.

Exhibit 47: Median AHTS Time Charter Rates vs Offshore Oil & Gas Investment (2010–2024)

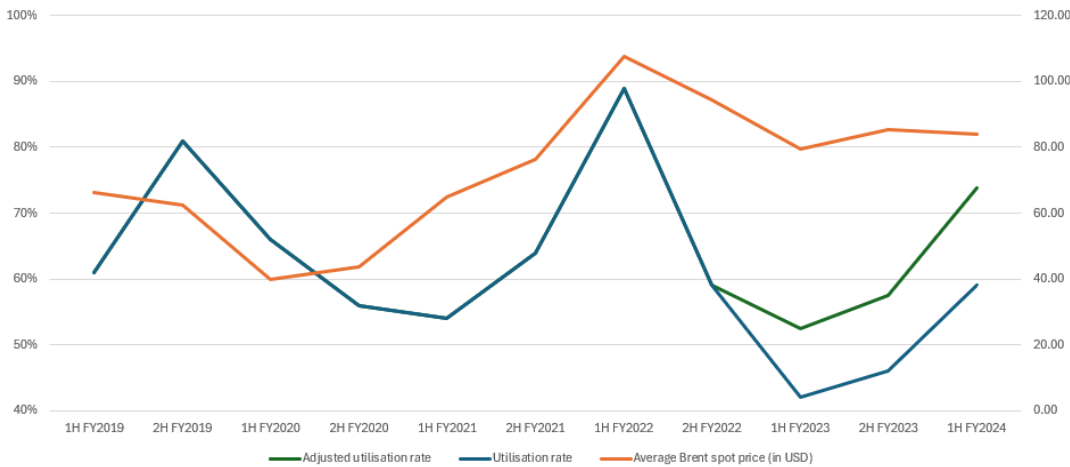
Note: Offshore oil & gas investment as estimated from **Exhibit 32** (on page 31) and median AHTS 120t BP TC Rate as estimated from **Exhibit 42** (on page 36) using Automeris.io.

Source: Clarksons, Automeris.io, FPA

Meanwhile, utilisation rate fluctuated in line with the average Brent spot price from 1H FY2019 to 1H FY2024 as shown in **Exhibit 48**, although the vessel utilisation rate fell further from 1H FY2023 to 1H FY2024 as one of CHO Group’s five owned vessels was offhired and made unavailable for charter due to arbitration proceedings regarding unpaid charter hire.

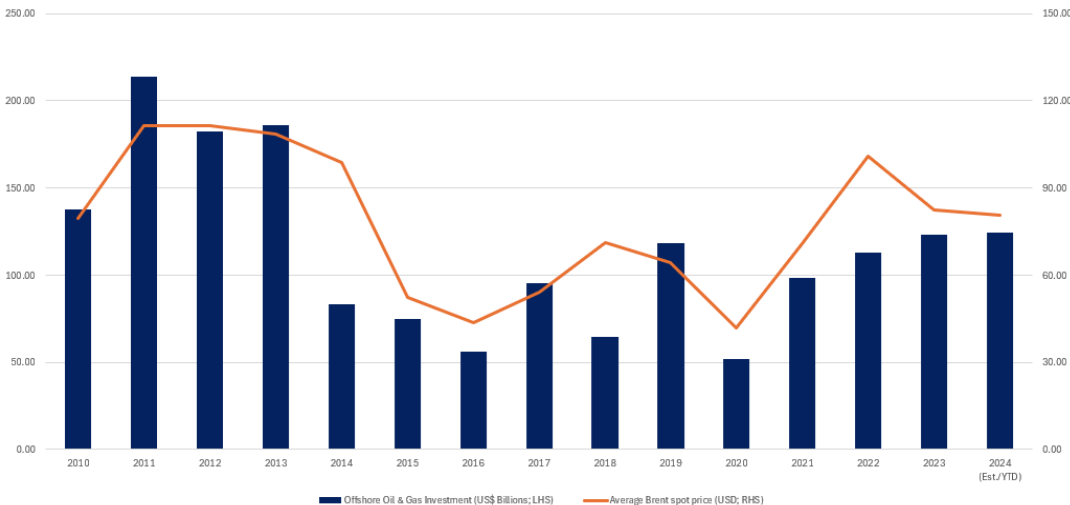
Changes in offshore oil & gas investment generally followed the average Brent spot price movements from 2010 to 2024 as shown in **Exhibit 49**¹.

Exhibit 48: CHO Group’s Utilisation Rate vs Average Brent Spot Price (1H FY2019–1H FY2024)



Note: We calculate the adjusted utilisation rate from 1H FY2023 to 1H FY2024 by multiplying the utilisation rate by 5/4 to estimate CHO Group’s utilisation rate had its vessel not been offhired and made unavailable for charter from 1H FY2023. Source: CHO’s financial statements (1H FY2020 to 1H FY2024), EIA, FPA

Exhibit 49: Offshore Oil & Gas Investment vs Average Brent Spot Price (2010–2024)

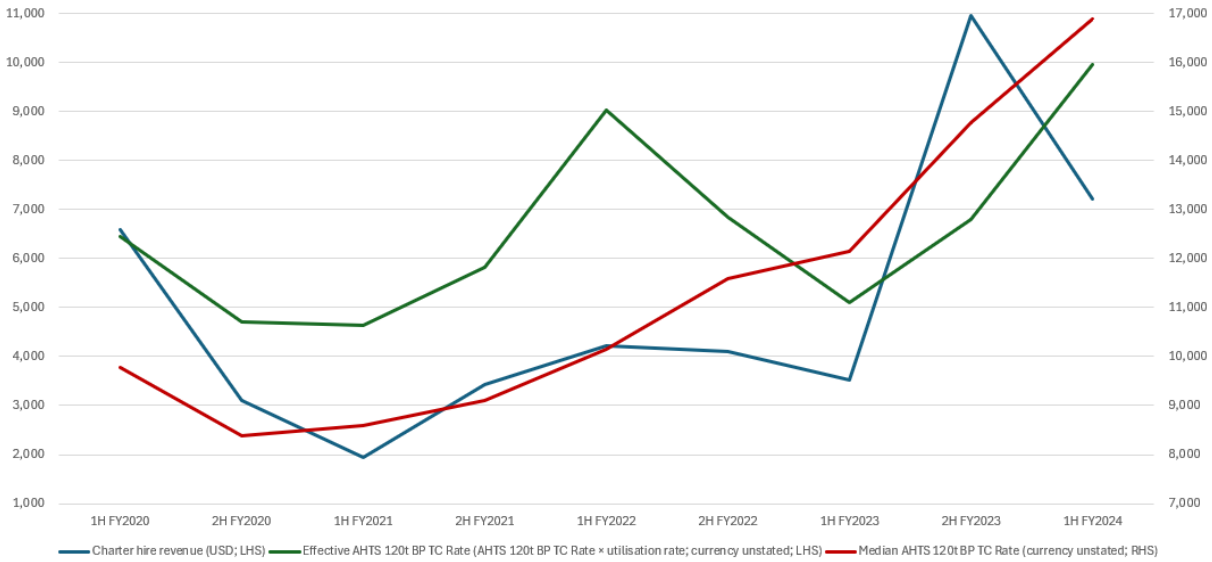


Source: EIA, Clarksons, Automeris.io, FPA

¹ However, do note that Brent spot prices are expected to fall from 2024 to 2030 due to supply rising faster than demand (see **Exhibit 23** on page 24) while offshore oil & gas investment (which relates to production capacity) is expected to rise from 2024 to 2027 (see **Exhibit 33** on page 32). Also, Brent spot price may show greater short-term volatility (e.g., within a year) than offshore oil & gas investment. For financial review purposes, as utilisation rates (as shown in **Exhibit 41** on page 36) may generally have greater volatility than time charter rates (as shown in **Exhibit 42** on page 36), we estimate that utilisation rates may be better compared against the Brent spot price while time charter rates may be better compared against offshore oil & gas investment.

As broken down into charter hire revenue and other ancillary charter hire revenue, CHO Group’s charter hire revenue rose in line with the effective AHTS 120t BP TC Rate (median AHTS 120t BP TC Rate × utilisation rate) from 1H FY2020 to 1H FY2024 as shown in **Exhibit 50**. CHO Group’s other ancillary charter hire revenue generally fluctuated in line with utilisation rate (except 1H FY2022) from 1H FY2020 to 1H FY2024 as shown in **Exhibit 51**.

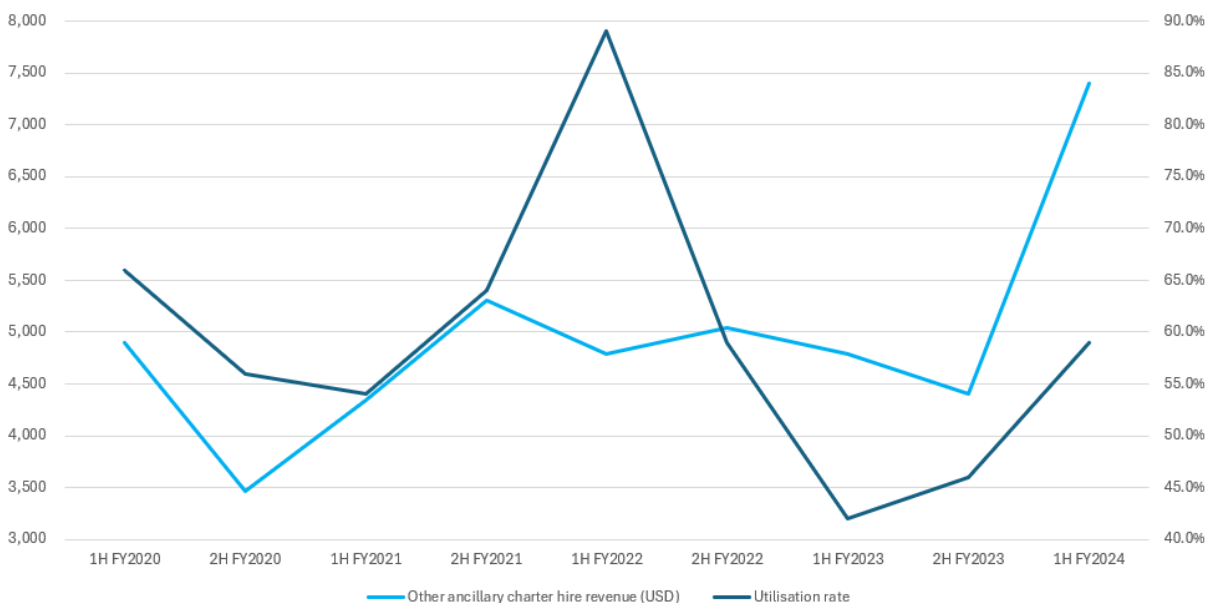
Exhibit 50: CHO Group’s Charter Hire Revenue vs Effective AHTS 120t BP TC Rate (1H FY2020–1H FY2024)



Note: We include the median AHTS 120t BP TC Rate to show how rising time charter rates alone may not fully explain the variance in CHO Group’s charter hire revenue from 1H FY2020 to 1H FY2024.

Source: CHO’s financial statements (1H FY2021 to 1H FY2024), Clarksons (cited by Tidewater in November 2024), Automeris.io, FPA

Exhibit 51: CHO Group’s Other Ancillary Charter Hire Revenue vs Utilisation Rate (1H FY2020–1H FY2024)



Source: CHO’s financial statements (1H FY2021 to 1H FY2024), FPA

Having reviewed CHO Group's charter hire-related revenue, we will now review the charter hire-related revenue of BTL Group (less CHO Group).

By deducting CHO Group's charter hire-related revenue from that of BTL Group, we estimate the charter hire-related revenue from BTL Group's liftboat, the Blue Titanium, as shown in **Exhibit 52**. We note that our estimates correspond closely to the revenue from one major customer for which BTL provided "specialised marine offshore equipment and services", as noted by BTL. Blue Titanium has been on a time charter supporting rejuvenation works for a national oil company since 1H FY2018. Therefore, the major customer is likely the national oil company; accordingly, revenue from the one major customer would be the actual charter hire-related revenue from Blue Titanium. From here on, we assume that revenue from the one major customer is the actual charter hire-related revenue from Blue Titanium.

Blue Titanium's charter hire-related revenue (as indicated by revenue from one major customer) generally rose from FY2019 to FY2023. It averaged S\$24.5 million in FY2019 & FY2020 before rising by 38.1% from S\$24.0 million in FY2020 to S\$33.2 million in FY2021. Thereafter, it averaged S\$34.9 million from FY2021 to FY2023. BTL Group may thus have managed to secure higher charter rates for Blue Titanium at around FY2021.

Exhibit 52: (Estimated) Blue Titanium's Charter Hire-Related Revenue (FY2019–FY2023)

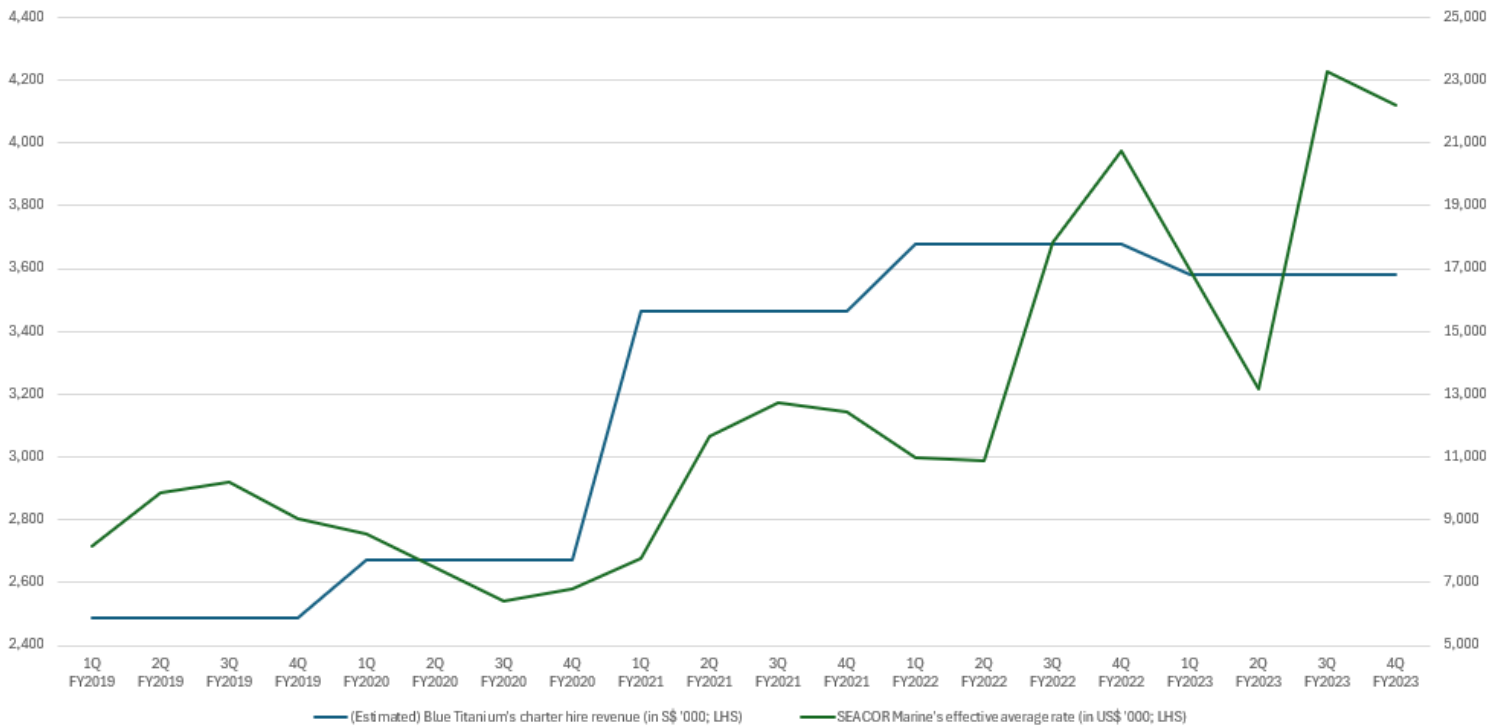
(in S\$ '000)	Actual				
	FY2023	FY2022	FY2021	FY2020	FY2019
Charter hire revenue	33,784	26,203	21,081	24,031	24,515
Other ancillary charter hire revenue	34,382	34,557	33,655	27,151	30,170
BTL Group's charter hire-related revenue	68,166	60,760	54,736	51,182	54,685
Charter hire revenue	19,452	11,483	7,217	13,349	14,569
Other ancillary charter hire revenue	12,328	13,537	12,957	11,532	13,043
CHO Group's charter hire-related revenue	31,780	25,020	20,173	24,881	27,612
BTL Group (less CHO)					
Charter hire revenue	14,332	14,720	13,864	10,682	9,946
Other ancillary charter hire revenue	22,054	21,020	20,698	15,619	17,127
(Estimated) Blue Titanium's charter hire-related revenue	36,386	35,740	34,563	26,301	27,073
Revenue from one major customer	36,220	35,427	33,201	24,037	24,921

Note: BTL disclosed its charter hire-related revenue on an annual basis only.

Source: BTL's Annual Reports (FY2019 to FY2023), CHO's Annual Reports (FY2019 to FY2023), FPA

To benchmark our estimated¹ charter hire-related revenue for Blue Titanium, we compare it with SEACOR Marine’s liftboat performance. We estimate Blue Titanium’s charter hire revenue for each quarter by dividing the respective annual figures by four. We note that our estimated quarterly charter hire revenue for Blue Titanium generally rose in line with SEACOR Marine’s effective average rate (average rate per day × fleet utilisation rate) for its liftboats from 1Q FY2019 to 4Q FY2023 as shown in Exhibit 53.

Exhibit 53: (Estimated) Blue Titanium’s Charter Hire Revenue vs SEACOR Marine’s Liftboat Effective Average Rate (1Q FY2019–4Q FY2023)

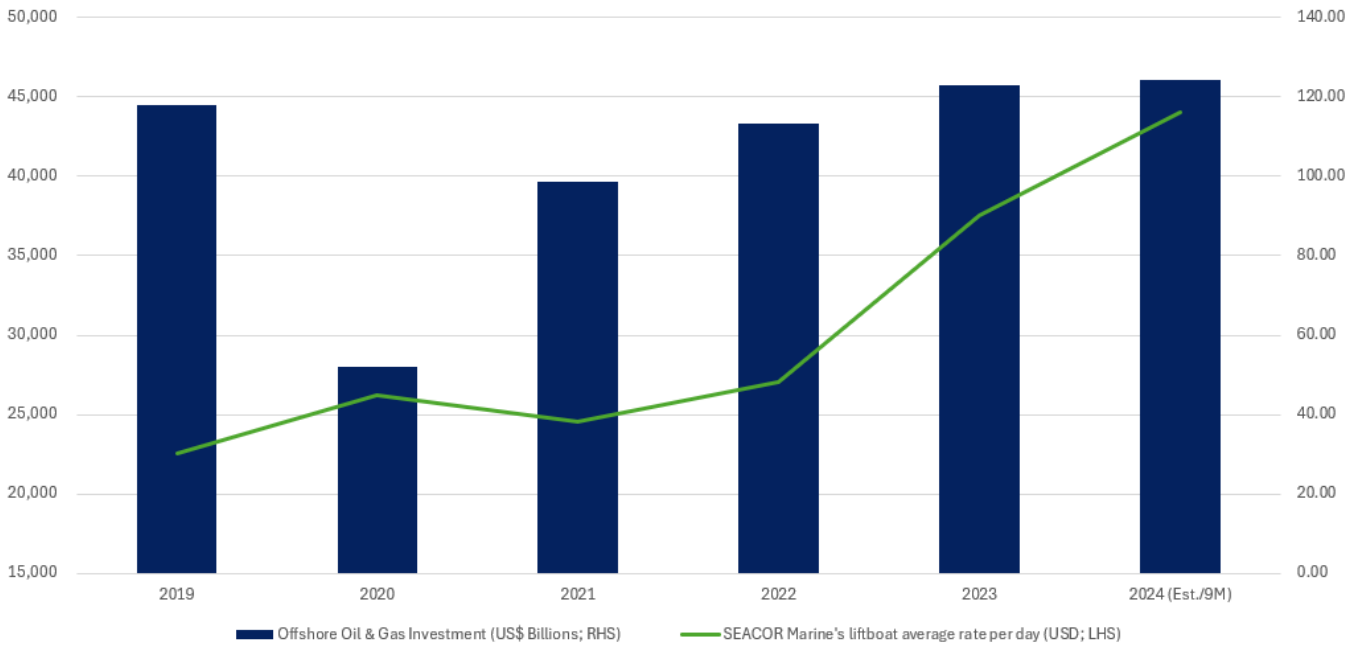


Source: BTL’s financial statements (1H FY2019 to 2H FY2023), SEACOR Marine, FPA

¹ For use in financial projections later.

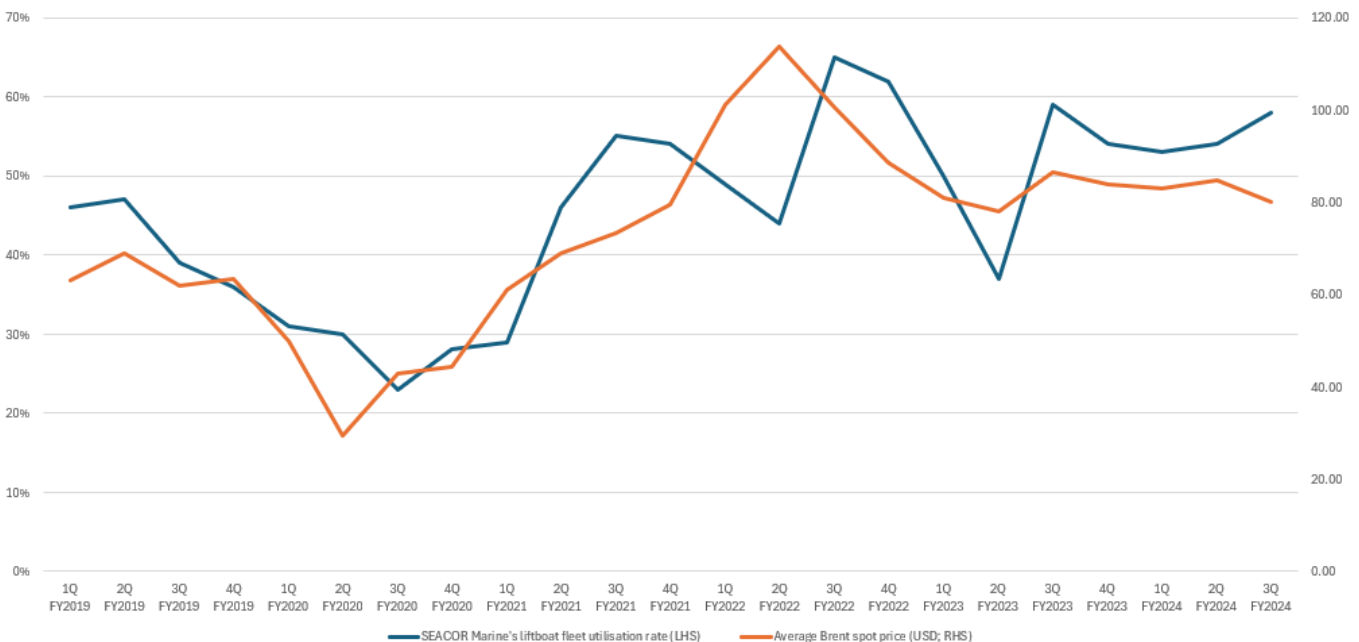
SEACOR Marine’s liftboat average rate per day generally rose in line with offshore oil & gas investment from 2019 to 2024 as shown in **Exhibit 54**. Meanwhile, SEACOR Marine’s liftboat fleet utilisation rate fluctuated in line with the average Brent spot price from 1Q FY2019 to 3Q FY2024 as shown in **Exhibit 55**.

Exhibit 54: SEACOR Marine’s Liftboat Average Rate Per Day vs Offshore Oil & Gas Investment (FY2019–FY2024)



Source: *Clarksons (cited by Tidewater in November 2024), SEACOR Marine, Automeris.io, FPA*

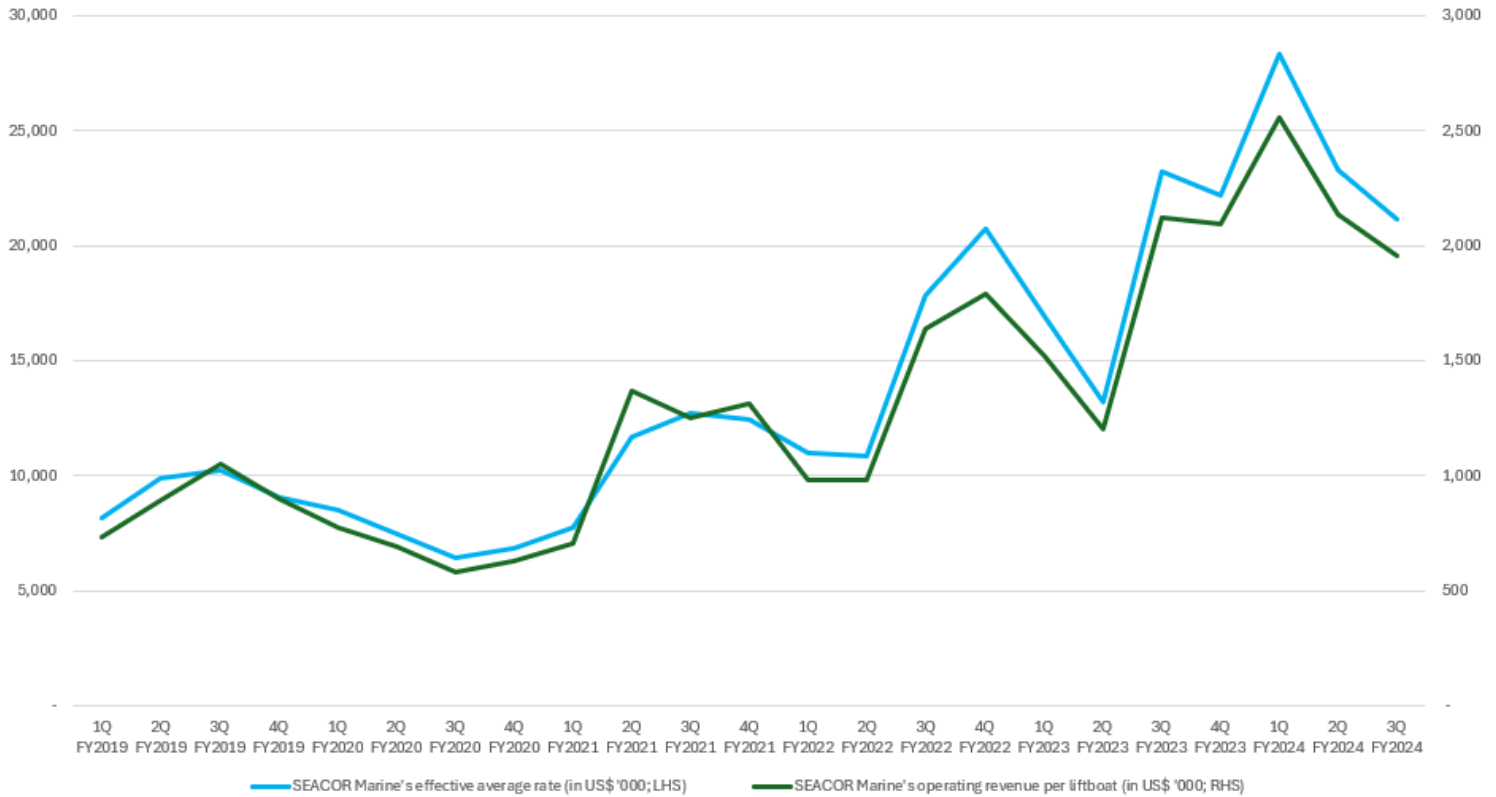
Exhibit 55: SEACOR Marine’s Liftboat Fleet Utilisation Rate vs Average Brent Spot Price (1Q FY2019–3Q FY2024)



Source: *EIA, SEACOR Marine, FPA*

We note that our calculated effective average rate for SEACOR Marine’s liftboats has been indicative of SEACOR Marine’s time charter operating revenue per liftboat as the former fluctuated in line with the latter from 1Q FY2019 to 3Q FY2024 as shown in **Exhibit 56**. Therefore, changes in SEACOR Marine’s effective average rate may be indicative of changes in Blue Titanium’s charter hire revenue.

Exhibit 56: SEACOR Marine’s Effective Average Rate vs SEACOR Marine’s Time Charter Operating Revenue Per Liftboat (1Q FY2019–3Q FY2024)

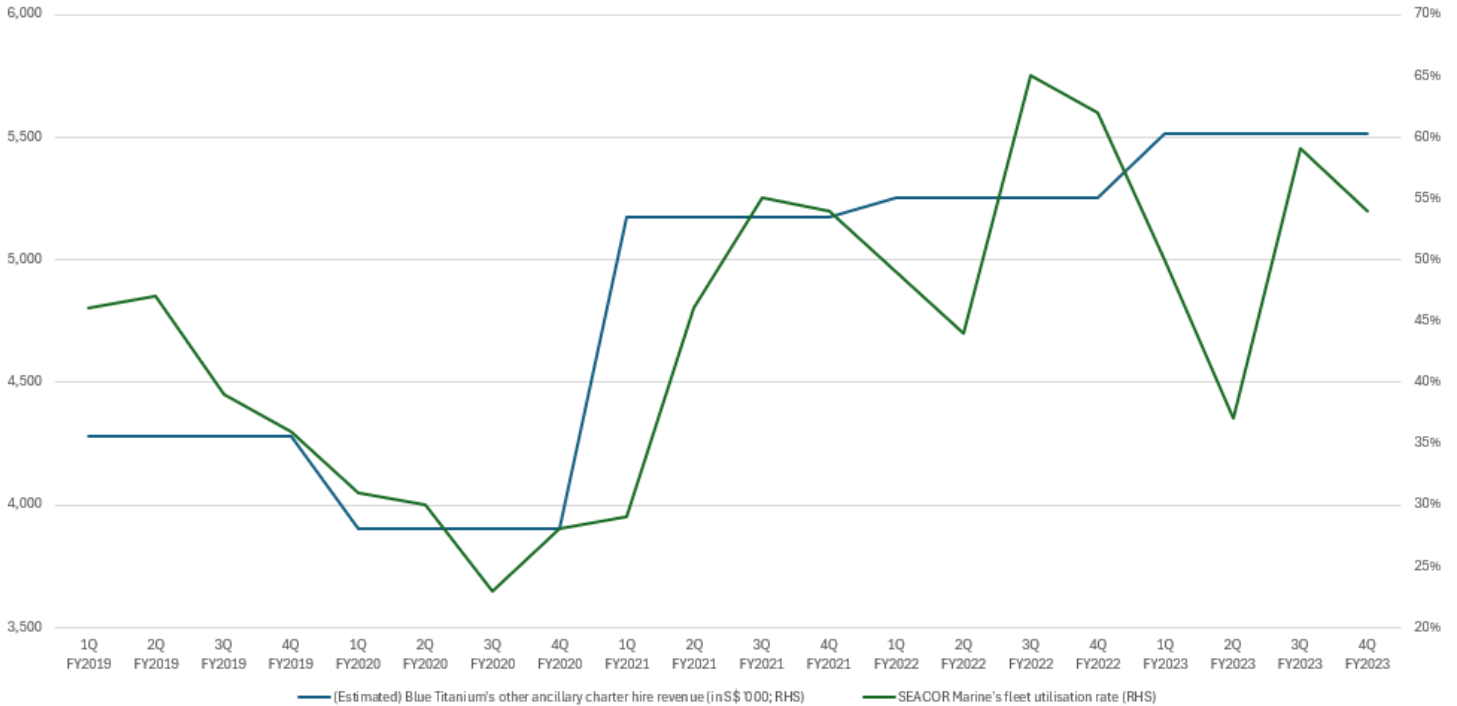


Source: SEACOR Marine, FPA

Meanwhile, we also estimate Blue Titanium’s other ancillary charter hire revenue for each quarter by dividing the respective annual figures by four. We note that our estimated quarterly other ancillary charter hire revenue for Blue Titanium generally rose in line with SEACOR Marine’s liftboat fleet utilisation rate from 1Q FY2019 to 4Q FY2023 as shown in **Exhibit 57**. As discussed on page 46 (and shown in **Exhibit 55** on the same page) SEACOR Marine’s fleet utilisation rate generally fluctuated in line with the average Brent spot price from 1Q FY2019 to 3Q FY2024. Therefore, our estimated quarterly other ancillary charter hire revenue for Blue Titanium may have generally fluctuated in line with the average Brent spot price from 1Q FY2019 to 4Q FY2023.

A comparison between our estimated charter hire-related revenue for Blue Titanium (or BTL Group’s charter hire-related revenue excluding that of CHO Group), SEACOR Marine’s liftboat performance and the average Brent spot price from 1Q FY2019 to 3Q FY2024 is shown in **Exhibit 58**.

Exhibit 57: (Estimated) Blue Titanium’s Other Ancillary Charter Hire Revenue vs SEACOR Marine’s Liftboat Fleet Utilisation Rate (1Q FY2019–4Q FY2023)



Source: BTL’s Annual Reports (FY2019–FY2023), SEACOR Marine, FPA

Exhibit 58: (Estimated) Blue Titanium’s Charter Hire-Related Revenue vs SEACOR Marine’s Liftboat Performance & Average Brent Spot Price (1Q FY2019–3Q FY2024)

Period	SEACOR Marine						BTL Group (less CHO Group)				Average Brent spot price (USD)		
	Time charter operating revenue	No. of liftboats			Operating revenue per liftboat	Time charter statistics			(Estimated) Blue Titanium charter hire-related revenue				
		Owned	Leased-in	Total		Average rate per day (A)	Fleet utilisation (B)	A × B	Charter hire (C)	Other ancillary charter hire (D)		C + D	
1Q FY2019	13,877	17	2	19	730	17,750	46%	8,165	2,486	4,282	6,768	63.14	
2Q FY2019	16,932	17	2	19	891	20,993	47%	9,867	2,486	4,282	6,768	69.04	
3Q FY2019	16,830	14	2	16	1,052	26,172	39%	10,207	2,486	4,282	6,768	61.90	
4Q FY2019	14,375	14	2	16	898	25,121	36%	9,044	2,486	4,282	6,768	63.30	
1Q FY2020	12,339	14	2	16	771	27,514	31%	8,529	2,670	3,905	6,575	49.97	
2Q FY2020	11,001	14	2	16	688	24,894	30%	7,468	2,670	3,905	6,575	29.52	
3Q FY2020	9,319	14	2	16	582	27,947	23%	6,428	2,670	3,905	6,575	42.97	
4Q FY2020	9,406	14	1	15	627	24,365	28%	6,822	2,670	3,905	6,575	44.34	
1Q FY2021	10,580	14	1	15	705	26,792	29%	7,770	3,466	5,175	8,641	61.12	
2Q FY2021	13,697	9	1	10	1,370	25,334	46%	11,654	3,466	5,175	8,641	68.91	
3Q FY2021	11,234	9	-	9	1,248	23,137	55%	12,725	3,466	5,175	8,641	73.45	
4Q FY2021	11,831	9	-	9	1,315	23,033	54%	12,438	3,466	5,175	8,641	79.42	
1Q FY2022	8,830	9	-	9	981	22,416	49%	10,984	3,680	5,255	8,935	101.17	
2Q FY2022	8,805	9	-	9	978	24,712	44%	10,873	3,680	5,255	8,935	113.84	
3Q FY2022	14,720	9	-	9	1,636	27,447	65%	17,841	3,680	5,255	8,935	100.53	
4Q FY2022	16,127	9	-	9	1,792	33,465	62%	20,748	3,680	5,255	8,935	88.44	
1Q FY2023	13,712	9	-	9	1,524	33,936	50%	16,968	3,583	5,513	9,096	81.04	
2Q FY2023	10,837	9	-	9	1,204	35,623	37%	13,181	3,583	5,513	9,096	78.02	
3Q FY2023	19,122	9	-	9	2,125	39,419	59%	23,257	3,583	5,513	9,096	86.64	
4Q FY2023	16,754	8	-	8	2,094	41,114	54%	22,202	3,583	5,513	9,096	83.93	
1Q FY2024	20,461	8	-	8	2,558	53,506	53%	28,358	n.a.	n.a.	n.a.	82.96	
2Q FY2024	17,102	8	-	8	2,138	43,204	54%	23,330	n.a.	n.a.	n.a.	84.72	
3Q FY2024	15,643	8	-	8	1,955	36,423	58%	21,125	n.a.	n.a.	n.a.	80.03	

Note: We estimate SEACOR Marine’s 4Q time charter operating revenue, average rate per day and fleet utilisation by comparing SEACOR Marine’s 1Q to 3Q figures with the respective annual figures.

n.a. = not available.

Source: BTL’s Annual Reports (FY2019–FY2023), EIA, SEACOR Marine, FPA

Next, we review the remaining portion of BTL Group's revenue. Besides the provision of ship management & agency services by CHO Group, BTL Group derives revenue from the design & fabrication of vessels and marine offshore components & equipment (e.g., offshore pedestal cranes), provision of repair, maintenance & servicing as well as upgrading & refurbishment services by Sea Deep & BEPL (collectively shortened as "other marine offshore revenue"). BTL Group also derives its revenue from the sale of offshore equipment spares by Sea Deep (labelled as "spare sales" by BTL).

CHO Group's management & agency fee likely followed the number of vessels CHO Group managed from FY2019 to FY2023.

Changes in other marine offshore revenue of BTL Group (less CHO Group) generally followed movements in the average Brent spot price from FY2019 to FY2023 (except FY2020) as shown in **Exhibit 59**. Meanwhile, spare sales generally rose in line with the rise in the median utilisation rate for jack-up rigs.

Rig demand as well as the jack-up utilisation rate from 2011 to 2024 are shown in **Exhibit 60**. We note that changes in jack-up utilisation rate generally followed movements in the Brent spot price from 2011 to 2024 as shown in **Exhibit 61**.

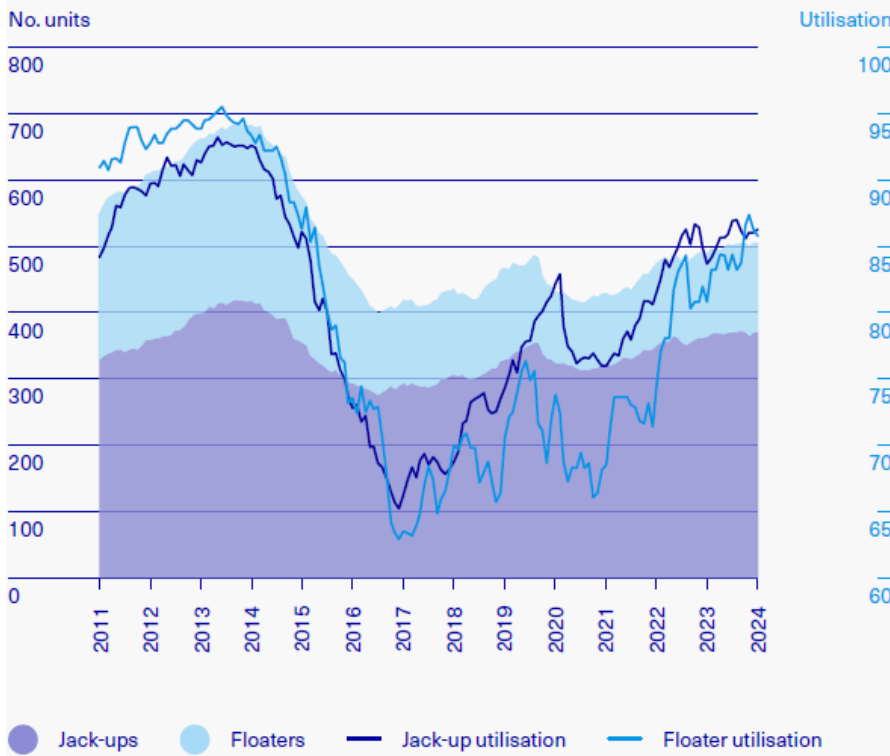
Exhibit 59: Other Marine Offshore Revenue and Spare Sales of BTL Group (less CHO Group; FY2019–FY2023)

(in S\$ '000)	Actual				
	FY2023	FY2022	FY2021	FY2020	FY2019
Other marine offshore revenue	14,991	30,028	11,304	8,360	5,971
Less: CHO Group's management & agency fee	(552)	(612)	(672)	(1,184)	(949)
Other marine offshore revenue (less CHO Group)	14,439	29,416	10,632	7,176	5,022
Spare sales	8,258	7,713	3,457	3,622	3,826
<u>For comparison:</u>					
Average Brent spot price (USD)	82.41	100.94	70.89	41.69	64.34
Median jack-up utilisation rate ⁽¹⁾	86.8%	85.6%	78.0%	76.4%	77.9%

⁽¹⁾ Jack-up utilisation rate as estimated from **Exhibit 60** using Automeris.io.

Source: BTL's Annual Reports (FY2019 to FY2023), CHO's Annual Reports (FY2019 to FY2023), Clarksons (cited by the International Union of Marine Insurance or "IUMI" in October 2024), EIA, Automeris.io, FPA

Exhibit 60: Rig Demand and Utilisation (2011–2024)



Source: Clarksons (cited by IUMI in October 2024)

Exhibit 61: Jack-up Utilisation vs Offshore Oil & Gas Investment (2011–2024)



Note: Jack-up utilisation rate as estimated from **Exhibit 60** using Automeris.io.

Source: Clarksons (cited by IUMI in October 2024), EIA (cited by the Federal Reserve Bank of St. Louis), Automeris.io, FPA

The change in BTL Group's revenue as well as CHO Group's revenue from FY2021 to FY2023 is summarised in **Exhibit 62**.

Major components of BTL Group's revenue are CHO Group's charter hire-related revenue (from the charter of vessels that CHO Group owns or operates), Blue Titanium's charter hire-related revenue, other marine offshore revenue (less CHO Group) and spare sales. CHO Group's & Blue Titanium's charter hire-related revenue generally rose from FY2021 to FY2023 in line with the rise in the effective average rate for AHTS vessels and liftboats respectively. Other marine offshore revenue (less CHO Group) fluctuated in line with the generally rising average Brent spot price. Spare sales rose in line with the rising median jack-up utilisation rate.

Charter rates & utilisation rates for AHTS vessels & liftboats as well as the median utilisation rate for jack-up rigs generally rose in line with the rising average Brent spot price and offshore oil & gas investment.

Exhibit 62: BTL Group's and CHO Group's Revenue (FY2021–FY2023)

(in S\$ '000)	Actual		FY2022 v FY2023		Actual FY2021	FY2021 v FY2023	
	FY2023	FY2022	Absolute Change	Change (%)		Absolute Change	Change (%)
BTL Group							
Charter hire revenue ⁽¹⁾	33,784	26,203	7,581	28.9%	21,081	12,703	60.3%
Other ancillary charter hire revenue ⁽¹⁾	34,382	34,557	(175)	(0.5%)	33,655	727	2.2%
BTL Group's charter hire-related revenue	68,166	60,760	7,406	12.2%	54,736	13,430	24.5%
Other marine offshore revenue ⁽¹⁾	14,991	30,028	(15,037)	(50.1%)	11,304	3,687	32.6%
Spare sales	8,258	7,713	545	7.1%	3,457	4,801	138.9%
BTL Group's revenue	91,415	98,501	(7,086)	(7.2%)	69,497	21,918	31.5%
CHO Group							
Charter hire revenue	19,452	11,483	7,970	69.4%	7,217	12,236	169.6%
Other ancillary charter hire revenue	12,328	13,537	(1,209)	(8.9%)	12,957	(629)	(4.9%)
CHO Group's charter hire-related revenue	31,780	25,020	6,760	27.0%	20,173	11,607	57.5%
Management & agency fee	552	612	(60)	(9.9%)	672	(120)	(17.9%)
CHO Group's revenue	32,332	25,632	6,700	26.1%	20,845	11,487	55.1%
BTL Group (less CHO Group)							
Charter hire revenue ⁽¹⁾	14,332	14,720	(389)	(2.6%)	13,864	467	3.4%
Other ancillary charter hire revenue ⁽¹⁾	22,054	21,020	1,034	4.9%	20,698	1,356	6.6%
(Estimated) Blue Titanium's charter hire-related revenue	36,386	35,740	646	1.8%	34,563	1,823	5.3%
Other marine offshore revenue ⁽¹⁾	14,439	29,416	(14,977)	(50.9%)	10,632	3,807	35.8%
Spare sales	8,258	7,713	545	7.1%	3,457	4,801	138.9%
BTL Group's revenue (less CHO Group)	59,083	72,869	(13,786)	(18.9%)	48,652	10,431	21.4%
For comparison:							
Revenue from one major customer	36,220	35,427	793	2.2%	33,201	3,019	9.1%
Average Brent spot price (USD)	82.41	100.94	(18.53)	(18.4%)	70.89	11.52	16.3%
Offshore oil & gas investment (US\$ Billions) ⁽²⁾	123.0	113.2	9.8	8.6%	98.6	24.4	24.7%
Median AHTS 120t BP TC Rate (currency unstated)	14,233	10,735	3,498	32.6%	8,878	5,354	60.3%
Median jack-up utilisation rate	86.8%	85.6%	-	-	78.0%	-	-

⁽¹⁾ BTL Group's charter hire revenue, other ancillary charter hire revenue and other marine offshore revenue are grouped as marine offshore revenue in BTL's financial statements.

⁽²⁾ As estimated from **Exhibit 32** on page 31 using Automeris.io.

Source: BTL's Annual Reports (FY2019 to FY2023), CHO's Annual Reports (FY2019 to FY2023), EIA, Clarksons, Automeris.io, FPA

Revenue from Asia Pacific (excluding China and Singapore) averaged 61.5% of BTL Group's revenue from 1H FY2019 to 1H FY2024 as shown in **Exhibit 63**. Most of BTL Group's revenue was from Asia Pacific (excluding China and Singapore) from 1H FY2019 to 1H FY2024 as the Blue Titanium and CHO Group's vessels were mainly deployed in Asia Pacific (excluding China and Singapore).

Exhibit 63: Geographical Distribution of BTL Group's Revenue (1H FY2019–1H FY2024)

(in S\$ '000)	Average	Actual										
		1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Asia Pacific (excluding China and Singapore)	n.a.	38,150	39,043	24,108	20,787	20,070	20,524	19,394	24,506	21,182	n.a.	n.a.
Africa	n.a.	3,649	3,462	4,754	13,289	2,606	7,225	6,569	1,294	2,516	n.a.	n.a.
Europe	n.a.	2,811	3,648	252	10,278	13,951	4,514	2,036	969	2,267	n.a.	n.a.
Middle East	n.a.	5,630	5,053	6,035	2,570	1,862	1,858	322	736	1,679	n.a.	n.a.
Singapore	n.a.	2,105	769	3,377	3,084	500	4,393	1,956	2,065	2,117	n.a.	n.a.
Americas	n.a.	-	45	830	1,336	8,109	575	93	1,866	1,921	n.a.	n.a.
China	n.a.	36	22	17	29	30	33	5	42	4	n.a.	n.a.
BTL Group's revenue	n.a.	52,381	52,042	39,373	51,373	47,128	39,122	30,375	31,478	31,686	n.a.	n.a.
<i>As % of revenue:</i>												
Asia Pacific (excluding China and Singapore)	61.5%	72.8%	75.0%	61.2%	40.5%	42.6%	52.5%	63.8%	77.9%	66.8%	n.a.	n.a.
Africa	12.1%	7.0%	6.7%	12.1%	25.9%	5.5%	18.5%	21.6%	4.1%	7.9%	n.a.	n.a.
Europe	10.1%	5.4%	7.0%	0.6%	20.0%	29.6%	11.5%	6.7%	3.1%	7.2%	n.a.	n.a.
Middle East	6.5%	10.7%	9.7%	15.3%	5.0%	4.0%	4.7%	1.1%	2.3%	5.3%	n.a.	n.a.
Singapore	5.8%	4.0%	1.5%	8.6%	6.0%	1.1%	11.2%	6.4%	6.6%	6.7%	n.a.	n.a.
Americas	4.0%	0.0%	0.1%	2.1%	2.6%	17.2%	1.5%	0.3%	5.9%	6.1%	n.a.	n.a.
China	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	n.a.	n.a.
BTL Group's revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n.a.	n.a.

n.a. = not available (for geographical distribution of 1H & 2H FY2019 revenue) or, otherwise, not applicable.

Source: BTL's financial statements (1H FY2019 to 1H FY2024), FPA

Cost of sales & gross profit:

BTL Group's cost of sales rose by 17.8% from S\$27.7 million in 1H FY2023 to S\$32.6 million in 1H FY2024, in line with the rise in revenue. As the y-o-y rise in revenue (33.0%) was higher than the y-o-y rise in cost of sales (17.8%), gross profit margin rose from 29.7% in 1H FY2023 to 37.7% in 1H FY2024. Gross profit thus rose by 69.2% from S\$11.7 million in 1H FY2023 to S\$19.8 million in 1H FY2024.

BTL Group's gross profit margin generally fluctuated between 7.6% (1H FY2020) and 37.9% (1H FY2019) from 1H FY2019 to 1H FY2024 as shown in **Exhibit 64**. To provide a further analysis of BTL Group's gross profit margin, we review CHO Group's gross profit margin before reviewing the gross profit margin of Blue Titanium (less CHO Group).

Exhibit 64: BTL Group's Cost of Sales and Gross Profit (1H FY2019–1H FY2024)

(in S\$ '000)	Actual										
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Marine offshore revenue	45,654	46,203	36,954	46,022	44,766	36,602	29,438	30,045	29,497	n.a.	n.a.
Spare sales	6,727	5,839	2,419	5,351	2,362	2,520	937	1,433	2,189	n.a.	n.a.
BTL Group's revenue	52,381	52,042	39,373	51,373	47,128	39,122	30,375	31,478	31,686	27,262	37,220
Cost of sales	(32,620)	(35,680)	(27,691)	(36,893)	(29,798)	(29,587)	(21,733)	(25,055)	(29,277)	(24,125)	(23,097)
BTL Group's gross profit	19,761	16,362	11,682	14,480	17,330	9,535	8,642	6,423	2,409	3,137	14,123
Gross profit margin	37.7%	31.4%	29.7%	28.2%	36.8%	24.4%	28.5%	20.4%	7.6%	11.5%	37.9%

Note: BTL Group did not disclose its charter hire-related revenue on a semi-annual basis from 1H FY2019 to 1H FY2024.

n.a. = not available.

Source: BTL's financial statements (1H FY2021 to 1H FY2024), FPA

CHO Group's gross profit margin (before direct depreciation) generally fluctuated between 12.1% (1H FY2023) and 52.4% (1H FY2022) as shown in **Exhibit 65**, and generally followed CHO Group's vessel utilisation rate (except in 1H FY2021) as plotted in **Exhibit 66**. As noted by BTL in April 2021, ongoing operational expenses including vessel maintenance, repairs and crew costs would continue to be incurred even when vessels were not utilised. Changes in CHO Group's vessel utilisation rate generally followed movements in the average Brent spot price (as shown in **Exhibit 48** on page 42).

CHO Group's gross profit also included direct depreciation. Direct depreciation generally fell from US\$3.7 million in 1H FY2019 to US\$2.3 million in 1H FY2024 in line with the fall in the number of vessels CHO Group owned.

Exhibit 65: CHO Group's Cost of Sales and Gross Profit (1H FY2019–1H FY2024)

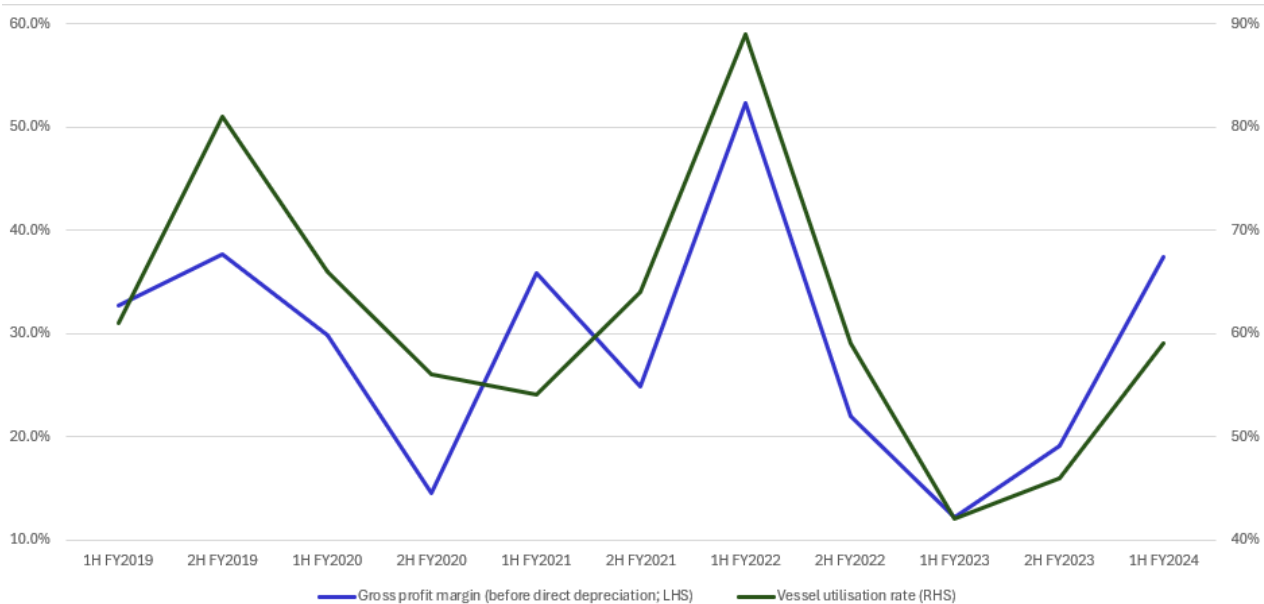
(in US\$ '000)	Actual										
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Charter hire revenue	7,224	10,965	3,531	4,105	4,227	3,426	1,947	3,099	6,590	n.a.	n.a.
Other ancillary charter hire revenue	7,400	4,402	4,785	5,039	4,784	5,306	4,341	3,469	4,901	n.a.	n.a.
Management and agency fee	193	231	180	31	413	(139)	639	471	388	n.a.	n.a.
CHO Group's revenue	14,817	15,598	8,496	9,175	9,424	8,593	6,927	7,039	11,879	12,323	8,633
Cost of sales	(9,267)	(12,622)	(7,465)	(7,163)	(4,489)	(6,456)	(4,449)	(6,014)	(8,331)	(7,675)	(5,813)
Gross profit (before direct depreciation)	5,550	2,976	1,031	2,012	4,935	2,137	2,478	1,025	3,548	4,648	2,820
Direct depreciation	(2,291)	(2,415)	(2,309)	(2,341)	(2,302)	(2,592)	(2,657)	(2,943)	(3,322)	(3,422)	(3,729)
Gross profit (after direct depreciation)	3,259	561	(1,278)	(329)	2,633	(455)	(179)	(1,918)	226	1,226	(909)
No. of vessels owned (at end of period)	5	5	5	5	5	5	6	6	10	10	12
Direct depreciation per vessel owned	(458)	(483)	(462)	(468)	(460)	(518)	(443)	(491)	(332)	(342)	(311)
Average exchange rate (Investing.com)	1.347	1.349	1.336	1.392	1.365	1.355	1.332	1.360	1.398	1.369	1.359

(in S\$ '000)	Actual										
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Charter hire revenue	9,729	14,794	4,717	5,715	5,770	4,641	2,594	4,215	9,214	n.a.	n.a.
Other ancillary charter hire revenue	9,966	5,939	6,392	7,015	6,530	7,188	5,784	4,718	6,853	n.a.	n.a.
Management and agency fee	260	312	240	43	564	(188)	851	641	543	n.a.	n.a.
CHO Group's revenue	19,954	21,045	11,349	12,773	12,864	11,641	9,229	9,574	16,610	16,869	11,731
Cost of sales	(12,480)	(17,030)	(9,972)	(9,972)	(6,128)	(8,746)	(5,927)	(8,180)	(11,649)	(10,506)	(7,899)
Gross profit (before direct depreciation)	7,474	4,015	1,377	2,801	6,737	2,895	3,301	1,394	4,961	6,363	3,832
Direct depreciation	(3,085)	(3,258)	(3,084)	(3,259)	(3,142)	(3,511)	(3,540)	(4,003)	(4,645)	(4,684)	(5,067)
Gross profit (after direct depreciation)	4,389	757	(1,707)	(458)	3,594	(616)	(238)	(2,609)	316	1,678	(1,235)
Gross profit margin (before direct depreciation)	37.5%	19.1%	12.1%	21.9%	52.4%	24.9%	35.8%	14.6%	29.9%	37.7%	32.7%
Vessel utilisation rate	59%	46%	42%	59%	89%	64%	54%	56%	66%	81%	61%

n.a. = not available.

Source: CHO's Annual Reports (FY2019 to FY2023), financial statements (1H FY2019 to 1H FY2024) & announcements, Investing.com, FPA

Exhibit 66: CHO Group's Gross Profit Margin vs Vessel Utilisation Rate (1H FY2019–1H FY2024)



Source: CHO's financial statements (1H FY2019 to 1H FY2024), FPA

Excluding CHO Group as well as 1H FY2020, BTL Group's gross profit margin (inclusive of Blue Titanium's charter hire-related revenue, non-CHO other marine offshore revenue and spare sales) fluctuated between 14.0% (2H FY2019) and 60.3% (1H FY2019) from 1H FY2019 to 1H FY2024 as shown in **Exhibit 67**. BTL noted in August 2021 that the "margin from large vessel chartering" (i.e., chartering of Blue Titanium) was higher than the gross profit margin from spare sales and fabrication. BTL also noted in its Annual Report for FY2017 that gross profit margin (of fabrication and, perhaps, spare sales) may vary "depending on the product mix and stages of construction for the projects being undertaken" in each period.

The gross profit margin in 1H FY2020 (13.9%) was low due to COVID-19. While BEPL "saw more tenders and projects for fabrication work" and "was seeing a higher level of activity" from mid-2019, BTL further noted that fabrication activity "slowed significantly" after the Singapore government imposed movement restrictions from April 2020 for three to four months (i.e., mainly in 1H FY2020) such that BTL had to notify their clients of the force majeure situation as production levels fell "with the reduction of available production manpower". Gross profit margin thus fell as marine offshore revenue (less CHO Group) fell¹ in 1H FY2020 while BTL Group continued incurring ongoing operational expenses related to its shipyards & employees.

Exhibit 67: Cost of Sales and Gross Profit of BTL Group (less CHO Group; 1H FY2019–1H FY2024)

(in S\$ '000)	Actual										
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Marine offshore revenue	25,700	25,158	25,605	33,249	31,902	24,961	20,209	20,471	12,887	n.a.	n.a.
Spare sales	6,727	5,839	2,419	5,351	2,362	2,520	937	1,433	2,189	n.a.	n.a.
BTL Group's revenue (less CHO Group)	32,427	30,997	28,024	38,600	34,264	27,481	21,146	21,904	15,076	10,393	25,489
Cost of sales	(17,055)	(15,392)	(14,635)	(23,662)	(20,528)	(17,330)	(12,266)	(12,872)	(12,983)	(8,934)	(10,130)
Gross profit (less CHO Group)	15,372	15,605	13,389	14,938	13,736	10,151	8,880	9,032	2,093	1,459	15,358
Gross profit margin (less CHO Group)	47.4%	50.3%	47.8%	38.7%	40.1%	36.9%	42.0%	41.2%	13.9%	14.0%	60.3%

n.a. = not available.

Source: BTL's financial statements (1H FY2019 to 1H FY2024), CHO's financial statements (1H FY2019 to 1H FY2024), FPA

¹ As noted from BTL's Annual Report for FY2020, BTL recognised construction contract revenue over time "by reference to the Group's progress towards completing the performance obligation in the contract". Fabrication revenue would thus fall if production slowed in a given period.

Other income and other expenses:

Other income rose by 239.3% from S\$1.5 million in 1H FY2023 to S\$5.1 million in 1H FY2024.

BTL provides a breakdown of its other income & other expenses on an annual basis. Other income comprises interest income, other sundry income, rental income, grant income and foreign exchange gain as shown in **Exhibit 68**. Other expenses include loss on disposal of Property, Plant & Equipment (“PP&E”), foreign exchange loss, impairment of vessel(s), impairment of loan to associate and other sundry expenses.

Interest income (from short-term deposits & corporate bonds) rose from FY2021 to FY2023 due to rising interest rates and higher deposits. The carrying value of corporate bonds held by BTL Group also rose by 290.4% from US\$1.4 million¹ (S\$2.0 million) in FY2022 to US\$5.6 million (S\$7.5 million) in FY2023 while interest rates on the corporate bonds rose from 1.38–3.98% in FY2022 to 1.38–8.00% in FY2023. The change in the carrying value of corporate bonds and their interest rates may imply that BTL Group invested in US\$4.1 million (US\$5.6 million – US\$1.4 million) of additional corporate bonds with an interest rate of 8.00%. The additional corporate bonds may thus account for up to US\$0.3 million (US\$4.1 million × 8.00%) or S\$0.4 million (out of S\$2.8 million) of interest income in FY2023.

Grant income fell from FY2020 to FY2023 mainly due to the scaling down of COVID-19 governmental reliefs. Loss on disposal of PP&E was generally related to CHO Group’s disposal of vessels in FY2020 & FY2021.

CHO Group recognised an impairment of vessels of US\$8.5 million (S\$11.7 million) in FY2020 due to a fall in the recoverable amount of vessels in line with the then-continued weakness in the oil & gas industry. CHO Group also recognised an impairment of vessel of US\$3.1 million (S\$4.2 million) in FY2023 mainly due to the unavailability of one of its vessels for charter until completion of arbitration proceedings for unpaid charter hire.

Exhibit 68: BTL Group’s Other Income and Other Expenses (FY2019–FY2023)

(in S\$ '000)	Actual				
	FY2023	FY2022	FY2021	FY2020	FY2019
Interest income	2,788	554	94	249	658
Rental income	18	35	34	33	45
Grant income	179	549	1,318	2,647	-
Foreign exchange gain	-	-	187	-	-
Other sundry income	220	638	1,083	42	41
Other income	3,205	1,776	2,716	2,971	744
Loss on disposal of PP&E	-	-	(3,829)	(2,230)	(424)
Foreign exchange loss	(2,180)	(526)	-	(1,220)	(567)
Impairment of vessel(s)	(4,160)	-	-	(11,712)	-
Impairment of loan to associate	-	-	(82)	(1,605)	-
Other sundry expenses	-	-	(6)	(27)	-
Other expenses	(6,340)	(526)	(3,917)	(16,794)	(991)

Included in other sundry income:

Insurance claim for vessel	-	367	870	-	n.a.
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n.a. = not available.

Source: BTL’s Annual Reports (FY2019 to FY2023), FPA

¹ From FY2021 to FY2023, BTL Group’s corporate bonds are denominated in USD. Thus, we compare the bond carrying value for each year by converting the figures to USD using the respective implied exchange rates for each year.

Administrative expenses:

Administrative expenses fell by 3.6% from S\$11.2 million in 1H FY2023 to S\$10.8 million in 1H FY2024 mainly due to BTL Group recording a reversal of expected credit loss (“ECL”) of S\$0.2 million in 1H FY2024 as compared to an allowance of ECL of S\$1.5 million in 1H FY2023.

BTL did not provide a breakdown of its administrative expenses. However, we collated a breakdown of the administrative expenses from FY2019 to FY2023 based on the financial review provided in BTL’s Annual Reports as shown in **Exhibit 69**. We estimate that employee benefits expense comprises the largest component of administrative expenses. We also note that BTL regularly attributed changes in administrative expenses to the change in reversal or allowance of ECLs.

Exhibit 69: (Estimated) Breakdown of BTL Group’s Administrative Expenses (FY2019–FY2023)

(in S\$ '000)	Estimate				
	FY2023	FY2022	FY2021	FY2020	FY2019
Reversal/(allowance) of expected credit losses	(1,476)	(4,784)	1,468	(2,958)	(1,847)
Provision for shipbrokers' commission	-	-	-	-	(6,815)
Employee benefits expense (including executive directors):					
Salaries, wages, bonuses and other costs	(13,188)	(13,794)	(12,074)	(12,055)	(11,393)
Contributions to defined contribution plans	(874)	(846)	(843)	(944)	(905)
(Estimated) Other admin expenses (e.g., operating expenses)	(5,595)	(2,097)	(2,430)	(4,171)	(7,091)
Administrative expenses	(21,133)	(21,521)	(13,879)	(20,128)	(28,051)

Source: BTL’s Annual Reports (FY2019 to FY2023), FPA

Finance cost:

Finance cost rose by 60.9% from S\$0.3 million in 1H FY2023 to S\$0.5 million in 1H FY2024.

BTL disclosed the interest rates on each of its bank borrowings and interest expense on lease liabilities on an annual basis as shown in **Exhibit 70**. The interest rate of loan #1, a secured revolving credit facility, generally followed movements in the average target federal funds rate from FY2019 to FY2023. However, the interest rates of BTL Group's two other loans remained at 3.00% and 5.50% respectively.

Loans #1 to #3 are held by CHO Group while lease liabilities are held by BTL Group (less CHO Group).

Exhibit 70: BTL Group's Finance Cost (FY2019–FY2023)

(in S\$ '000)	Actual / Estimate				
	FY2023	FY2022	FY2021	FY2020	FY2019
Finance cost	554	536	657	788	929
Total borrowings (prev. FY)	11,278	15,076	17,557	16,065	12,514
Finance cost as % of total borrowings (prev. FY)	4.9%	3.6%	3.7%	4.9%	7.4%
Loan #1 (secured revolving credit facility)	6,013	6,011	7,501	7,513	7,508
Loan #2 (unsecured loan) ⁽¹⁾	3,509	4,615	3,500	-	-
Loan #3 (secured loan) ⁽²⁾	-	1,794	3,051	4,248	5,006
Lease liabilities	1,756	2,656	3,505	4,304	-
Total borrowings (prev. FY)	11,278	15,076	17,557	16,065	12,514

Disclosed (effective) interest rates:

Loan #1 (secured revolving credit facility)	6.58%	3.73%	3.16%	4.13%	5.03%
Loan #2 (unsecured loan) ⁽¹⁾	3.00%	3.00%	3.00%	3.00%	-
Loan #3 (secured loan) ⁽²⁾	-	5.50%	5.50%	5.50%	5.50%
(Estimated) Lease liabilities	4.50%	5.08%	5.34%	5.48%	n.a.
Average target federal funds rate	5.23%	2.02%	0.25%	0.50%	2.25%

(Estimated) Interest expense schedule:

Loan #1 (secured revolving credit facility)	396	224	237	310	378
Loan #2 (unsecured loan)	105	138	105	-	-
Loan #3 (secured loan)	-	99	168	234	275
Lease liabilities	79	135	187	236	283
(Estimated) Finance cost	580	596	697	780	936

For comparison:

(Actual) Finance cost	554	536	657	788	929
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Note: We estimate the effective interest rate on lease liabilities for FY2019 by dividing the interest expense on lease liabilities of S\$0.3 million for FY2019 over the addition of lease liabilities of S\$5.1 million in FY2019 (instead of the carrying value of lease liabilities in the previous financial year as BTL Group had no lease liabilities in FY2018).

⁽¹⁾ Temporary Bridging Loan provided under Enterprise Financing Scheme for working capital assistance.

⁽²⁾ Provided under Enterprise Singapore for working capital assistance for companies in the offshore industry.

Source: BTL's Annual Reports (FY2019 to FY2023), U.S. Federal Reserve, FPA

Profit before tax:

In line with the changes in gross profit, other income, other expenses, administrative expenses and finance cost, profit before tax rose by 686.9% from S\$1.7 million in 1H FY2023 to S\$13.6 million in 1H FY2024.

Income tax expense/credit:

Income tax expense rose by 165.9% from S\$0.2 million in 1H FY2023 to S\$0.6 million in 1H FY2024 in line with the rise in profit before tax. The effective income tax rate fell from 13.4% in 1H FY2023 to 4.5% in 1H FY2024.

BTL provided a detailed breakdown of its tax expense on an annual basis as shown in **Exhibit 71**. We note that BTL recognised income tax credit from FY2021 to FY2023 mainly due to net marine offshore income not subject to tax. As noted by the Inland Revenue Authority of Singapore (“IRAS”), “Shipping enterprises operating Singapore-registered and foreign ships enjoy tax exemptions on certain types of shipping income” under Section 13A of the Singapore Income Tax Act 1947. The “certain types of shipping income” include the charter of ships, use of ship for offshore oil & gas activity, gain on sale of a Singapore ship as well as the provision of prescribed¹ ship management services to a qualifying company in respect of Singapore ships owned or operated by the qualifying company.

We note that the Blue Titanium and one of CHO Group’s five owned vessels (as well as the co-owned vessel) sail under the Singapore flag (as shown in **Exhibit 40** on page 35).

Thus, BTL Group’s income tax expense may be derived mainly from the operation of CHO Group’s other four owned vessels and foreign third-party vessels, its design & fabrication activities (recorded under other marine offshore revenue excluding CHO Group) and spare sales.

Exhibit 71: Breakdown of BTL Group’s Income Tax Expense/Credit (FY2019–FY2023)

(in S\$ '000)	Actual				
	FY2023	FY2022	FY2021	FY2020	FY2019
Profit/(loss) before tax	3,222	11,003	2,440	(25,907)	(16,920)
Income tax expense @ applicable tax rate of 17%	548	1,871	415	(4,404)	(2,876)
<u>Adjustment for tax effect of:</u>					
Net marine offshore income not subject to tax ⁽¹⁾	(1,459)	(2,434)	(3,102)	527	97
Income not subject to taxation	(586)	(253)	30	(135)	-
Non-deductible expenses	493	489	1,265	2,824	2,174
Deferred tax assets not recognised	692	463	633	421	77
Utilisation of deferred tax benefits prev. not recognised	(106)	(359)	(23)	(117)	(191)
Effect of diff. tax rates of companies operating on diff. jurisdiction	138	9	44	394	113
Tax effect of share of results of associates	-	-	-	-	846
Under/(over) provision in respect of prior years	13	(21)	285	526	794
Others, net	(83)	(94)	7	(10)	(13)
Income tax expense/(credit) recognised in P&L	(350)	(329)	(446)	26	1,021

⁽¹⁾ Represents net income exempted under Section 13A and tax exemption under Section 43(6) of the Singapore Income Tax Act 1947.

Source: BTL’s Annual Reports (FY2019 to FY2023), FPA

¹ As prescribed in Income Tax (Prescribed Ship Management Services) Rules 2017.

Profit for the period:

In line with the changes in profit before tax and income tax expense/credit, profit for the period rose by 767.7% from S\$1.5 million in 1H FY2023 to S\$13.0 million in 1H FY2024.

Non-Controlling Interests (“NCIs”):

Material NCI relates to the 45.02% interest of CHO Group not owned by BTL Group.

Profit/loss for the period attributable to NCI rose from a loss of S\$2.6 million in 1H FY2023 to a profit of S\$1.1 million in 1H FY2024, generally in line with CHO Group’s result for the period rising from a loss of US\$4.4 million (S\$5.9 million) in 1H FY2023 to a profit of US\$1.1 million (S\$1.5 million) in 1H FY2024.

Profit attributable to owners of the Company:

In line with the changes in profit for the period and profit attributable to NCI, profit attributable to owners of the Company rose by 189.1% from S\$4.1 million in 1H FY2023 to S\$11.9 million in 1H FY2024.

Earnings per share (“EPS”), dividend per share (“DPS”) and payout ratio:

As the weighted number of shares in issue (basic & diluted) remained at 202,877,948, basic & diluted EPS (cents) rose by 189.1% from 2.03 in 1H FY2023 to 5.87 in 1H FY2024 in line with the rise in profit attributable to owners of the Company.

BTL declared dividends on an annual basis from FY2019 to FY2023 as shown in **Exhibit 72**. BTL does not have a formal dividend policy as at end-FY2023. Despite incurring a loss in FY2019, BTL declared DPS (cents) of 0.5 in line with its positive operating cash flow in FY2019 and “healthy” cash & short-term deposits at end-FY2019. BTL raised its DPS (cents) to 1.0 in FY2022 and to 1.5 in FY2023 given “better cash flows”.

Exhibit 72: BTL Group’s Earnings Per Share, Dividend Per Share and Payout Ratio (FY2019–FY2023)

(in S\$ '000)	Actual				
	FY2023	FY2022	FY2021	FY2020	FY2019
Profit/(loss) attributable to owners of the Company	8,287	13,400	5,886	(13,797)	(9,392)
Weighted no. of shares in issue (basic & diluted; in '000)	202,878	202,878	202,878	202,878	202,878
Earnings per share (basic & diluted in cents)	4.08	6.60	2.90	(6.80)	(4.63)
Dividend per share (cents)	1.5	1.0	0.5	-	0.5
Earnings per share (basic & diluted in cents)	4.08	6.60	2.90	(6.80)	(4.63)
Payout ratio	36.7%	15.1%	17.2%	-	(10.8%)

Source: BTL’s financial statements (1H FY2019 to 2H FY2023), FPA

A summary of BTL Group's financial performance from 1H FY2023 to 1H FY2024 is shown in **Exhibit 73**.

Exhibit 73: BTL Group's Financial Performance (1H FY2023–1H FY2024)

(in S\$ '000)	Actual		1H FY2023 v 1H FY2024		Actual	2H FY2023 v 1H FY2024	
	1H FY2024	1H FY2023	Absolute Change	Change (%)	2H FY2023	Absolute Change	Change (%)
Marine offshore revenue	45,654	36,954	8,700	23.5%	46,203	(549)	(1.2%)
Spare sales	6,727	2,419	4,308	178.1%	5,839	888	15.2%
Revenue	52,381	39,373	13,008	33.0%	52,042	339	0.7%
Cost of sales	(32,620)	(27,691)	(4,929)	17.8%	(35,680)	3,060	(8.6%)
Gross profit	19,761	11,682	8,079	69.2%	16,362	3,399	20.8%
Other income/(expense)	5,069	1,494	3,575	239.3%	(4,629)	9,698	(209.5%)
Administrative expenses	(10,759)	(11,158)	399	(3.6%)	(9,975)	(784)	7.9%
Finance cost	(465)	(289)	(176)	60.9%	(265)	(200)	75.5%
Profit before tax	13,606	1,729	11,877	686.9%	1,493	12,113	811.3%
Income tax (expense)/credit	(617)	(232)	(385)	165.9%	884	(1,501)	(169.8%)
Profit for the period	12,989	1,497	11,492	767.7%	2,377	10,612	446.4%
Attributable to:							
Owners of the Company	11,901	4,116	7,785	189.1%	4,252	7,649	179.9%
Non-controlling interests	1,088	(2,619)	3,707	(141.5%)	(1,875)	2,963	(158.0%)
Profit for the period	12,989	1,497	11,492	767.7%	2,377	10,612	446.4%
Weighted avg no. of shares in issue (basic & diluted; '000)	202,878	202,878	-	-	202,878	-	-
Earnings per share (basic & diluted in cents)	5.87	2.03	3.84	189.1%	2.10	3.77	179.9%

Source: BTL's financial statements (1H FY2023 to 1H FY2024), FPA

FINANCIAL PROJECTIONS

(I) REVENUE PROJECTION

To project BTL Group's revenue, we will first project CHO Group's revenue.

Based on EIA's forecasts, the average Brent spot price is expected to fall from US\$83.84 per barrel in 1H FY2024 to US\$77.20 per barrel in 2H FY2024, US\$74.17 per barrel in 1H FY2025 and US\$73.00 per barrel in 2H FY2025.

While the average Brent spot price is expected to fall, global offshore upstream CapEx (as a measure of offshore oil & gas investment) is expected to rise from US\$218 million in FY2024 to US\$230 million in FY2025 (as shown in **Exhibit 33** on page 32) which may increase the utilisation rate of AHTS vessels. Therefore, we project that the utilisation rate of CHO Group's owned vessels would remain the same from 2H FY2024 to 2H FY2025 excluding the effect of the one vessel remaining offhired due to ongoing arbitration proceedings from 1H FY2023.

To project the utilisation rate for each semi-annual period, we calculate the adjusted utilisation rate by multiplying the utilisation rate by 5/4 (or 1.25) for each semi-annual period should one of CHO Group's five vessels be offhired or remain unavailable for charter hire due to the arbitration proceedings from 1H FY2023, so that changes in the adjusted utilisation rate would not be influenced by any vessel being made unavailable for charter. Accordingly, we project that the adjusted utilisation rate would remain at 74% from 2H FY2024 to 2H FY2025, the same as in 1H FY2024, as shown in **Exhibit 74**.

As there has been no further update on the arbitration since 7 October 2024, we assume that the proceedings would only be settled at the end of 1H FY2025 (instead of in 2H FY2024). Thus, we divide our projected adjusted utilisation rate by 1.25 for 2H FY2024 and 1H FY2025 to obtain our projected utilisation rate of 59% in 2H FY2024 and 1H FY2025.

Thereafter, we expect that the utilisation rate would recover as CHO Group's vessel would be available for charter hire, such that the projected utilisation rate of 74% in 2H FY2025 would be the same as the projected adjusted utilisation rate in 2H FY2025.

Exhibit 74: Projected Utilisation Rate of CHO Group (2H FY2024–2H FY2025)

(in US\$ '000)	Projection			Actual						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Average Brent spot price (avg in USD; curr. period)	73.00	74.17	77.20	83.84	85.29	79.53	94.49	107.51	76.44	65.02
Average Brent spot price (avg in USD; prev. period)	74.17	77.20	83.84	85.29	79.53	94.49	107.51	76.44	65.02	43.66
% change in average Brent spot price	(1.6%)	(3.9%)	(7.9%)	(1.7%)	7.2%	(15.8%)	(12.1%)	40.6%	17.6%	48.9%
Adjusted utilisation rate (curr. semi-annual period)	74%	74%	74%	74%	58%	53%	59%	89%	64%	54%
Adjusted utilisation rate (prev. semi-annual period)	74%	74%	74%	58%	53%	59%	89%	64%	54%	56%
% change in adjusted utilisation rate	-	-	-	28.3%	9.5%	(11.0%)	(33.7%)	39.1%	18.5%	(3.6%)
Vessel made unavailable for charter due to arbitration?	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Utilisation rate	74%	59%	59%	59%	46%	42%	59%	89%	64%	54%
Adjustment factor (x1.25 if vessel made unavailable)	x 1.00	x 1.25	x 1.25	x 1.25	x 1.25	x 1.25	x 1.00	x 1.00	x 1.00	x 1.00
Adjusted utilisation rate	74%	74%	74%	74%	58%	53%	59%	89%	64%	54%

Note: For financial projections, we will use mainly figures from the past three (instead of five) financial years to ensure the relevance of our projections unless where necessary (e.g., projecting Blue Titanium's charter hire-related revenue).

Source: CHO's financial statements (1H FY2020 to 1H FY2024) & announcements, EIA, FPA

Based on AHTS 120t BP TC Rates as extracted from **Exhibit 42** on page 36, the median AHTS 120t BP TC Rate (currency unstated) in 2H FY2024 (i.e., on 30 September 2024) was around 18,675, up from around 16,885 in 1H FY2024.

As global offshore upstream CapEx is expected to rise from US\$218 million in FY2024 to US\$230 million in FY2025, we assume that the global offshore upstream CapEx would rise at a constant CAGR such that it would rise by 2.7% from US\$218 million at end of 2H FY2024 to US\$224 million at end of 1H FY2025 and rise by 2.7% to US\$230 million at end of 2H FY2025. In line with our projected rise in global offshore upstream CapEx, we project that AHTS 120t BP TC Rate would rise by 2.7% from 18,675 in 2H FY2024 to 19,182 in 1H FY2025 and rise by 2.7% to 19,703 in 2H FY2025.

By multiplying the AHTS 120t BP TC Rate with the utilisation rate for each semi-annual period, we obtain the effective AHTS 120t BP TC Rate from 2H FY2024 to 2H FY2025. We project that the effective AHTS 120t BP TC Rate would rise by 10.6% from 9,962 in 1H FY2024 to 11,018 in 2H FY2024, rise by 2.7% to 11,317 in 1H FY2025 and rise by 28.4% to 14,531 in 2H FY2025.

In line with the projected rise in effective AHTS 120t BP TC Rate, we project that CHO Group's charter hire revenue would rise by 10.6% from US\$7.2 million in 1H FY2024 to US\$8.0 million in 2H FY2024, rise by 2.7% to US\$8.2 million in 1H FY2025 and rise by 28.4% to US\$10.5 million in 2H FY2025 as shown in **Exhibit 75**.

We also project that CHO Group's other ancillary charter hire revenue would remain at US\$7.4 million from 2H FY2024 to 1H FY2025, the same as in 1H FY2024, before rising by 25.0% to US\$9.3 million in 2H FY2025 in line with the projected changes in utilisation rate as shown in **Exhibit 75**.

Exhibit 75: Projected Charter Hire-Related Revenue of CHO Group (2H FY2024–2H FY2025)

(in US\$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Median AHTS 120t BP TC Rate (currency unstated)	19,703	19,182	18,675	16,885	14,769	12,147	11,585	10,153	9,102	8,588
Utilisation rate	74%	59%	59%	59%	46%	42%	59%	89%	64%	54%
Effective AHTS 120t BP TC Rate	14,531	11,317	11,018	9,962	6,794	5,102	6,835	9,036	5,825	4,637
Eff. AHTS 120t BP TC Rate (currency unstated; curr. period)	14,531	11,317	11,018	9,962	6,794	5,102	6,835	9,036	5,825	4,637
Eff. AHTS 120t BP TC Rate (currency unstated; prev. period)	11,317	11,018	9,962	6,794	5,102	6,835	9,036	5,825	4,637	4,810
% change in effective AHTS 120t BP TC Rate	28.4%	2.7%	10.6%	46.6%	33.2%	(25.4%)	(24.4%)	55.1%	25.6%	(3.6%)
Charter hire revenue (curr. semi-annual period)	10,537	8,206	7,990	7,224	10,965	3,531	4,105	4,227	3,426	1,947
Charter hire revenue (prev. semi-annual period)	8,206	7,990	7,224	10,965	3,531	4,105	4,227	3,426	1,947	3,099
% change in charter hire revenue	28.4%	2.7%	10.6%	(34.1%)	210.5%	(14.0%)	(2.9%)	23.4%	76.0%	(37.2%)

(in US\$ '000)	Projection			Actual						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Utilisation rate (curr. semi-annual period)	74%	59%	59%	59%	46%	42%	59%	89%	64%	54%
Utilisation rate (prev. semi-annual period)	59%	59%	59%	46%	42%	59%	89%	64%	54%	56%
% change in utilisation rate	25.0%	-	-	28.3%	9.5%	(28.8%)	(33.7%)	39.1%	18.5%	(3.6%)
Other ancillary charter hire revenue (curr. period)	9,250	7,400	7,400	7,400	4,402	4,785	5,039	4,784	5,306	4,341
Other ancillary charter hire revenue (prev. period)	7,400	7,400	7,400	4,402	4,785	5,039	4,784	5,306	4,341	3,469
% change in other ancillary charter hire revenue	25.0%	-	-	68.1%	(8.0%)	(5.0%)	5.3%	(9.8%)	22.2%	25.1%

Source: CHO's financial statements (2H FY2020 to 1H FY2024), Clarksons (cited by Tidewater in November 2024), Automeris.io, FPA

We assume that CHO Group will continue to manage the same number of vessels from 2H FY2024 to 2H FY2025 as in 1H FY2024. Therefore, we project that management & agency fee would remain at US\$0.2 million from 2H FY2024 to 2H FY2025, the same as in 1H FY2024.

Overall, we project that CHO Group's revenue would rise by 5.2% from US\$14.8 million in 1H FY2024 to US\$15.6 million in 2H FY2024, rise by 1.4% to US\$15.8 million in 1H FY2025 and rise by 26.5% to US\$20.0 million in 2H FY2025 as shown in **Exhibit 76**.

Next, we project the revenue of BTL Group (less CHO Group).

The Blue Titanium liftboat was first mobilised in 2Q FY2018 and was supporting rejuvenation works for an oil & gas platform for a national oil company at end-FY2018. From FY2019 to FY2020, our estimated charter hire revenue for Blue Titanium (i.e., BTL Group's charter hire revenue excluding CHO Group) remained around the annual average of S\$10.3 million.

BTL noted that Blue Titanium continued to support rejuvenation works for an oil & gas platform for a national oil company at the end of each financial year from FY2019 to FY2023. However, our estimated charter hire revenue for Blue Titanium rose by 29.8% from S\$10.7 million in FY2020 to S\$13.9 million in FY2021 and rose further by 6.2% to S\$14.7 million in FY2022 before remaining around the annual average of S\$14.5 million from FY2022 to FY2023.

Given that our estimated charter hire revenue for Blue Titanium rose in an almost step-wise manner from the average of S\$10.3 million in FY2019–FY2020 to the average of S\$14.5 million in FY2022–FY2023, we assume that BTL Group managed to revise Blue Titanium's time charter rate in FY2021. Following our assumption, we also note that our estimated charter hire revenue for Blue Titanium of S\$13.9 million in FY2021 may suggest that BTL Group raised Blue Titanium's time charter rate in 2Q FY2021 as follows:

$$\begin{aligned}
 \text{Blue Titanium's charter hire revenue (FY2021)} &= \text{Average charter hire revenue (FY2019–FY2020)} \times \frac{\text{rate revision quarter ("q")}}{4 \text{ (quarters per year)}} \\
 &+ \text{Average charter hire revenue (FY2022–FY2023)} \times \frac{(4 - q)}{4} \\
 &= \text{S\$10.3 million} \times \frac{q}{4} + \text{S\$14.5 million} \times \frac{(4 - q)}{4} = \text{S\$13.9 million} \\
 \therefore \text{S\$13.9 million} \times 4 &= \text{S\$10.3 million} \times q + \text{S\$14.5 million} \times (4 - q) \\
 \therefore \text{S\$55.5 million} &= \text{S\$58.1 million} - \text{S\$4.2 million} \times q \\
 \therefore \text{S\$4.2 million} \times q &= \text{S\$2.6 million} \\
 \Rightarrow q &= 1.6 \approx 2
 \end{aligned}$$

Thus, we estimate that Blue Titanium's time charter contracts generally last for three years (e.g., 2Q FY2018 to 1Q FY2021, 2Q FY2021 to 1Q FY2024 and 2Q FY2024 to 1Q FY2027).

For each of Blue Titanium's time charter contractual period (as estimated by us), we collated the average of our estimated annual charter hire revenue for Blue Titanium as well as SEACOR Marine's average liftboat day rate & average liftboat fleet utilisation at the start of each contractual period as shown in **Exhibit 78**.

We note that SEACOR Marine's effective average daily rate (average liftboat day rate × average liftboat fleet utilisation) rose by 41.0% from US\$8,267 in 2Q FY2018 to US\$11,654 in 2Q FY2021, in line with the rise in average annual charter hire revenue estimated for Blue Titanium of 40.8% between the first period (2Q FY2018 to 1Q FY2021) and second period (2Q FY2021 to 1Q FY2024).

Thus, as SEACOR Marine's effective average daily rate rose by 100.2% from the start of the second period (2Q FY2021) to the start of the projection period (2Q FY2024), we project that our estimated average annual charter hire revenue for Blue Titanium would likewise rise by 100.2% from S\$14.5 million in the second period to S\$29.1 million in the projection period (2Q FY2024 to 1Q FY2027) as shown in **Exhibit 78**.

Accordingly, we project that our estimated charter hire revenue for Blue Titanium would be S\$23.3 million in FY2024 as follows:

$$\begin{aligned}
 \text{Blue Titanium's charter hire revenue (FY2024)} &= \text{Average charter hire revenue (2Q FY2021 to 1Q FY2024)} \times \frac{q}{4} \\
 &+ \text{Average charter hire revenue (2Q FY2024 to 1Q FY2027)} \times \frac{(4-q)}{4} \\
 &= \text{S\$14.5 million} \times \frac{1.6}{4} + \text{S\$29.1 million} \times \frac{(4-1.6)}{4} \\
 &= \text{S\$23.3 million}
 \end{aligned}$$

Exhibit 78: Projected Average Annual Charter Hire Revenue for Blue Titanium (by estimated charter periods)

(in S\$ '000 unless otherwise stated)	Projection	Estimate	
	2Q FY2024 to 1Q FY2027	2Q FY2021 to 1Q FY2024	2Q FY2018 to 1Q FY2021
BTL Group excl. CHO Group:			
Proxy period for comparison	n.a.	FY20222 to FY2023	FY2019 to FY2020
Average annual charter hire revenue (in proxy period)	29,081	14,526	10,314
% change in average charter hire revenue	100.2%	40.8%	n.a.
(Estimated) Start of Blue Titanium's time charter period	2Q FY2024	2Q FY2021	2Q FY2018
SEACOR Marine:			
Average liftboat day rate (USD; start of period)	43,204	25,334	19,225
Average liftboat fleet utilisation (USD; start of period)	54%	46%	43%
Effective average daily rate (USD; start of period)	23,330	11,654	8,267
% change in effective average daily rate	100.2%	41.0%	n.a.

n.a. = not available or applicable.

Source: BTL's Annual Reports (FY2019 to FY2023), CHO's Annual Reports (FY2019 to FY2023), SEACOR Marine, FPA

As the average Brent spot price is expected to fall from FY2024 to FY2025 while global offshore upstream CapEx is expected to rise in the same period, we assume that the utilisation rate of Blue Titanium will remain the same in FY2024 and FY2025. Thus, we project that our estimated charter hire revenue for Blue Titanium will be S\$29.1 million in FY2025 as follows:

$$\begin{aligned}
 \text{Blue Titanium's charter hire revenue (FY2025)} &= \text{Average charter hire revenue (2Q FY2024 to 1Q FY2027)} \\
 &\times \frac{\text{Liftboat utilisation rate (FY2025)}}{\text{Liftboat utilisation rate (FY2024)}} \\
 &= \text{Average charter hire revenue (2Q FY2024 to 1Q FY2027)} \\
 &\times \frac{\text{Liftboat utilisation rate (FY2024)}}{\text{Liftboat utilisation rate (FY2024)}} \\
 &= \text{S\$29.1 million}
 \end{aligned}$$

We also assume that other ancillary charter hire revenue for Blue Titanium (i.e., BTL Group's other ancillary charter hire revenue excluding CHO Group), other marine offshore revenue (less CHO Group) and spare sales would remain at S\$22.1 million, S\$14.4 million and S\$8.3 million respectively in FY2024 and FY2025, the same as in FY2023, in line with the divergence in average Brent spot price and global offshore upstream CapEx in FY2023 as well as the expected continued divergence from FY2024 to FY2025.

Therefore, we project that the revenue of BTL Group (less CHO Group) would rise by 15.2% from S\$59.1 million in FY2023 to S\$68.0 million in FY2024 and rise by 8.5% to S\$73.8 million in FY2025 as shown in **Exhibit 79**.

Overall, we project that BTL Group's revenue would rise by 18.8% from S\$91.4 million in FY2023 to S\$108.6 million in FY2024 and rise by 12.8% to S\$122.5 million in FY2025 as shown in **Exhibit 80**, in line with the rising effective average rates for AHTS vessels and liftboats.

Exhibit 79: Projected Revenue of BTL Group (less CHO Group; FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Charter hire revenue (less CHO Group)	29,081	23,288	14,332	14,720	13,864
Other ancillary charter hire revenue (less CHO Group)	22,054	22,054	22,054	21,020	20,698
(Estimated) Blue Titanium charter hire-related revenue	51,134	45,342	36,386	35,740	34,563
Other marine offshore revenue (less CHO Group)	14,439	14,439	14,439	29,416	10,632
Marine offshore revenue (less CHO Group)	65,574	59,781	50,825	65,156	45,195
Spare sales	8,258	8,258	8,258	7,713	3,457
BTL Group's revenue (less CHO Group)	73,832	68,039	59,083	72,869	48,652
Average Brent spot price (USD)	73.58	80.49	82.41	100.94	70.89
(A) Average liftboat day rate (USD; SEACOR Marine) ⁽¹⁾	n.a.	44,055	37,523	27,010	24,574
(B) Average fleet utilisation (SEACOR Marine) ⁽¹⁾	n.a.	55%	50%	55%	46%
(A × B) Effective average daily rate (SEACOR Marine)	n.a.	24,230	18,762	14,856	11,304

n.a. = not available.

⁽¹⁾ We assume that FY2024 figures would be the same as the 9M FY2024 figures.

Source: BTL's Annual Reports (FY2021 to FY2023), CHO's Annual Reports (FY2021 to FY2023), SEACOR Marine, EIA, FPA

Exhibit 80: Projected Revenue of BTL Group (inclusive of CHO Group; FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Charter hire revenue (CHO Group)	25,502	20,317	19,452	11,483	7,217
Other ancillary charter hire revenue (CHO Group)	22,654	19,764	12,328	13,537	12,957
CHO Group's charter hire-related revenue	48,157	40,081	31,780	25,020	20,173
Charter hire revenue (non-CHO Group)	29,081	23,288	14,332	14,720	13,864
Other ancillary charter hire revenue (non-CHO Group)	22,054	22,054	22,054	21,020	20,698
Charter hire-related revenue (incl. CHO Group)	99,291	85,423	68,166	60,760	54,736
Management and agency fee (CHO Group)	525	515	552	612	672
Other marine offshore revenue (non-CHO Group)	14,439	14,439	14,439	29,416	10,632
Marine offshore revenue (incl. CHO Group)	114,256	100,378	83,157	90,788	66,040
Spare sales	8,258	8,258	8,258	7,713	3,457
Revenue (incl. CHO Group)	122,514	108,636	91,415	98,501	69,497

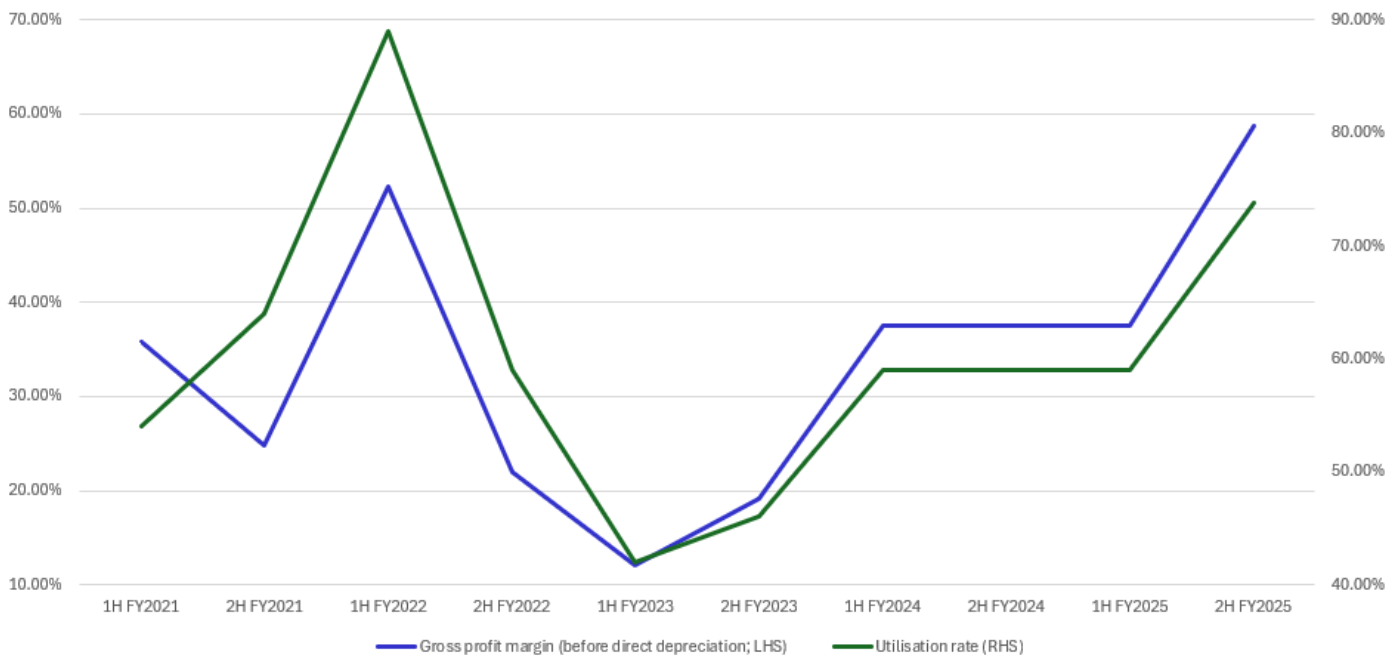
Source: BTL's Annual Reports (FY2021 to FY2023), CHO's Annual Reports (FY2021 to FY2023), FPA

(II) GROSS PROFIT PROJECTION

To project BTL Group's gross profit, we will first project CHO Group's gross profit.

Changes in CHO Group's gross profit margin (before direct depreciation) followed changes in the utilisation rate from 1H FY2019 to 1H FY2024. Thus, we project that gross profit margin (before direct depreciation) would remain at 37.5% from 2H FY2024 to 1H FY2025, the same as in 1H FY2024, before rising to 58.8% in 2H FY2025, in line with the projected changes in utilisation rate as shown in **Exhibit 81**.

Exhibit 81: Projected Gross Profit Margin of CHO Group (before depreciation; 2H FY2024–2H FY2025)



Note: As changes in CHO Group's gross profit margin (before direct depreciation) followed the changes in its utilisation rate fairly closely from 1H FY2019 to 1H FY2024, we project CHO Group's gross profit margin (before direct depreciation) for 2H FY2024 to 2H FY2025 by assuming that a 1% change in (utilisation rate – 40%) would correspond with a 1% change in (gross profit margin – 10%) in line with the LHS and RHS axes used in this Exhibit.

Source: CHO's financial statements (1H FY2021 to 1H FY2024), FPA

CHO Group's direct depreciation per vessel owned (as obtained by dividing direct depreciation over the number of vessels CHO Group owned for each semi-annual period) generally fell from US\$531,000¹ in 1H FY2021 to US\$458,000 in 1H FY2024. We assume that direct depreciation per vessel owned would stay at US\$458,000 and that CHO Group would continue to own five vessels from 2H FY2024 to 2H FY2025. Thus, we project direct depreciation to be US\$2.3 million for each semi-annual period from 2H FY2024 to 2H FY2025 as shown in **Exhibit 82**.

Accordingly, we project that CHO Group's gross profit (after direct depreciation) would rise by 8.8% from US\$3.3 million in 1H FY2024 to US\$3.5 million in 2H FY2024, rise by 2.3% to US\$3.6 million in 1H FY2025 and rise by 160.6% to US\$9.5 million in 2H FY2025 as shown in **Exhibit 82**.

On an annual basis, we thus project CHO Group's gross profit (after direct depreciation) to be US\$6.8 million (S\$9.1 million) in FY2024 and US\$13.1 million (S\$17.8 million) in FY2025 as shown in **Exhibit 83**.

¹ All figures in thousands are written to the nearest thousand.

Exhibit 82: Projected Direct Depreciation & Gross Profit of CHO Group (after direct depreciation; 2H FY2024–2H FY2025)

(in US\$ '000)	Projection					Actual				
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Revenue	19,980	15,799	15,583	14,817	15,598	8,496	9,175	9,424	8,593	6,927
Cost of sales	(8,237)	(9,881)	(9,746)	(9,267)	(12,622)	(7,465)	(7,163)	(4,489)	(6,456)	(4,449)
Gross profit (before direct depreciation)	11,742	5,918	5,837	5,550	2,976	1,031	2,012	4,935	2,137	2,478
Direct depreciation	(2,291)	(2,291)	(2,291)	(2,291)	(2,415)	(2,309)	(2,341)	(2,302)	(2,592)	(2,657)
Gross profit (after direct depreciation)	9,451	3,627	3,546	3,259	561	(1,278)	(329)	2,633	(455)	(179)
Gross profit margin (before direct depreciation)	58.8%	37.5%	37.5%	37.5%	19.1%	12.1%	21.9%	52.4%	24.9%	35.8%
No. of vessels owned (at end of period)	5	5	5	5	5	5	5	5	5	5
Direct depreciation per vessel owned	(458)	(458)	(458)	(458)	(483)	(462)	(468)	(460)	(518)	(531)

Source: CHO's financial statements (1H FY2021 to 1H FY2024) & announcements, FPA

Exhibit 83: Projected Gross Profit of CHO Group (FY2024–FY2025)

(in US\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue	35,779	30,400	24,094	18,599	15,520
Cost of sales	(18,119)	(19,013)	(20,087)	(11,652)	(10,905)
Gross profit (before direct depreciation)	17,660	11,387	4,007	6,947	4,615
Direct depreciation	(4,582)	(4,582)	(4,724)	(4,643)	(5,249)
Gross profit (after direct depreciation)	13,078	6,805	(717)	2,304	(634)
Implied/Average exchange rate	1.361	1.335	1.342	1.378	1.343

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue	48,682	40,596	32,332	25,632	20,845
Cost of sales	(24,653)	(25,390)	(26,955)	(16,058)	(14,647)
Gross profit (before direct depreciation)	24,029	15,206	5,377	9,574	6,198
Direct depreciation	(6,234)	(6,119)	(6,339)	(6,399)	(7,050)
Gross profit (after direct depreciation)	17,795	9,087	(962)	3,175	(852)

Source: CHO's Annual Reports (FY2021 to FY2023), Investing.com, Oanda.com, FPA

The gross profit margin of BTL Group (less CHO Group) as shown in **Exhibit 84** averaged 43.3% from 1H FY2021 to 1H FY2024.

We assume that the gross profit margin of BTL Group (less CHO Group) would be 43.3% for FY2024 and FY2025. Thus, we project that the gross profit of BTL Group (less CHO Group) would rise by 1.6% from S\$29.0 million in FY2023 to S\$29.5 million in FY2024 and rise by 8.5% to S\$32.0 million in FY2025 as shown in **Exhibit 85**.

Exhibit 84: Gross Profit Margin of BTL Group (less CHO Group; 1H FY2021–1H FY2024)

(in US\$ '000)	Actual / Estimate						
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Revenue	14,817	15,598	8,496	9,175	9,424	8,593	6,927
Cost of sales	(9,267)	(12,622)	(7,465)	(7,163)	(4,489)	(6,456)	(4,449)
Direct depreciation	(2,291)	(2,415)	(2,309)	(2,341)	(2,302)	(2,592)	(2,657)
CHO Group's gross profit	3,259	561	(1,278)	(329)	2,633	(455)	(179)
Average exchange rate	1.347	1.349	1.336	1.392	1.365	1.355	1.332

(in S\$ '000)	Actual / Estimate						
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
BTL Group's revenue	52,381	52,042	39,373	51,373	47,128	39,122	30,375
Less: CHO Group's revenue	(19,954)	(21,045)	(11,349)	(12,773)	(12,864)	(11,641)	(9,229)
BTL Group's revenue (less CHO Group)	32,427	30,997	28,024	38,600	34,264	27,481	21,146
BTL Group's gross profit	19,761	16,362	11,682	14,480	17,330	9,535	8,642
Less: CHO Group's gross profit	(4,389)	(757)	1,707	458	(3,594)	616	238
BTL Group's gross profit (less CHO Group)	15,372	15,605	13,389	14,938	13,736	10,151	8,880

BTL Group's gross profit margin (less CHO Group) 47.4% 50.3% 47.8% 38.7% 40.1% 36.9% 42.0%

Source: BTL's financial statements (1H FY2021 to 1H FY2024), CHO's financial statements (1H FY2021 to 1H FY2024), Investing.com, FPA

Exhibit 85: Projected Gross Profit of BTL Group (less CHO Group; FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
BTL Group's revenue (less CHO Group)	73,832	68,039	59,083	72,869	48,652
Cost of sales	(41,847)	(38,564)	(30,077)	(44,234)	(29,623)
BTL Group's gross profit (less CHO Group)	31,985	29,476	29,006	28,635	19,029

Gross profit margin 43.3% 43.3% 49.1% 39.3% 39.1%

Source: BTL's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), FPA

Overall, we project that BTL Group's gross profit would rise by 37.5% from S\$28.0 million in FY2023 to S\$38.6 million in FY2024 and rise by 29.1% to S\$49.8 million in FY2025 as shown in **Exhibit 86**, in line with the projected rise in BTL Group's revenue.

Exhibit 86: Projected Gross Profit of BTL Group (including CHO Group; FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue (incl. CHO Group)	122,514	108,636	91,415	98,501	69,497
Cost of sales	(72,734)	(70,073)	(63,371)	(66,691)	(51,320)
Gross profit (incl. CHO Group)	49,780	38,563	28,044	31,810	18,177

Source: BTL's Annual Reports (FY2021 to FY2023), CHO's Annual Reports (FY2021 to FY2023), FPA

(III) NET PROFIT PROJECTION**Other income and other expenses:**

Based on CHO's financial statements & Annual Reports, we estimate the semi-annual breakdowns of CHO Group's other income and other expenses as shown in **Exhibit 87**. We note that CHO Group included ECL on trade receivables and write-back on ECL on trade receivables in other expenses and other income respectively, while BTL Group does not include them in other expenses nor other income.

We assume that there would be no ECL on trade receivables nor write-back on ECL on trade receivables from 2H FY2024 to 2H FY2025 such that the projections of CHO Group's other income and other expenses from 2H FY2024 to 2H FY2025 can be compared against those of BTL Group.

For other income, we assume that CHO Group will not receive further interest income from outside parties nor other income other than interest income from banks, grant income and "Others" (excluding insurance claims for vessel) from 2H FY2024 to 2H FY2025. As interest income from banks and "Others" (excluding insurance claims for vessel; semi-annual breakdown as estimated by us) seemed to be following a trend as at 1H FY2024, we project each of the income to remain at US\$16,000 and US\$42,000 respectively from 2H FY2024 to 2H FY2025, the same as in 1H FY2024. In contrast, grant income fluctuated between US\$4,000 (2H FY2023) and US\$81,000 (1H FY2021) from 1H FY2021 to 1H FY2024. Thus, we project grant income from 2H FY2024 to 2H FY2025 to be US\$37,000, the average from 1H FY2021 to 1H FY2024.

For other expenses, we assume that CHO Group would incur only indirect depreciation from 2H FY2024 to 2H FY2025. As indirect depreciation seemed to be following a trend as at 1H FY2024, we project indirect depreciation to remain at US\$6,000 from 2H FY2024 to 2H FY2025, the same as in 1H FY2024.

Our projections for CHO Group's other income and other expenses from 2H FY2024 to 2H FY2025 are shown in **Exhibit 87**.

Exhibit 87: Projected Other Income and Other Expenses of CHO Group (2H FY2024–2H FY2025)

(in US\$ '000)	Projection			Estimate						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Interest income from outside parties	-	-	-	-	-	-	1	-	-	-
Interest income from banks	16	16	16	16	63	89	52	2	-	-
Grant income	37	37	37	41	4	26	10	77	22	81
Write-back of expected credit loss on trade receivables	-	-	-	116	365	-	60	331	1,273	-
Net foreign exchange gain	-	-	-	-	-	-	(86)	86	-	-
Gain on disposal of vessel	-	-	-	-	-	-	-	-	(667)	667
Insurance claims for vessel	-	-	-	-	-	-	266	-	593	-
Others (excl. insurance claims for vessel)	42	42	42	42	53	25	5	-	1	3
Other income	95	95	95	215	485	140	308	496	1,222	751
Net foreign exchange loss	-	-	-	(159)	(140)	(447)	(268)	-	(150)	(155)
Expected credit losses on trade receivables	-	-	-	-	(383)	(1,082)	(2,491)	(1,150)	(137)	-
Impairment loss on vessel	-	-	-	-	(3,100)	-	-	-	-	-
Loss on disposal of vessels	-	-	-	-	-	-	-	-	(2,857)	-
Expected credit losses on loan to associated company	-	-	-	-	-	-	-	-	(61)	-
Indirect depreciation	(6)	(6)	(6)	(6)	(8)	(11)	(11)	(12)	(12)	(11)
Others	-	-	-	-	-	-	-	-	(2)	-
Other expenses	(6)	(6)	(6)	(165)	(3,631)	(1,540)	(2,770)	(1,162)	(3,219)	(166)

Note: Figures as estimated by comparing those in CHO's Annual Reports against the respective figures in CHO's financial statements.

Source: CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2022 to 1H FY2024), FPA

Accordingly, we project that CHO Group's other income would fall by 50.4% from US\$625,000 (S\$839,000) in FY2023 to US\$310,000 (S\$414,000) in FY2024 and fall by 38.6% to US\$191,000 (S\$259,000) in FY2025 as shown in **Exhibit 88**.

We also project that CHO Group's other expenses would fall by 96.7% from US\$5.2 million (S\$6.9 million) in FY2023 to US\$171,000 (S\$228,000) in FY2024 and fall by 93.0% to US\$12,000 (S\$16,000) in FY2025 as shown in **Exhibit 88**.

Exhibit 88: Projected Other Income and Other Expenses of CHO Group (FY2024–FY2025)

(in US\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Interest income from outside parties	-	-	-	1	-
Interest income from banks	32	32	152	54	-
Grant income	75	78	30	87	103
Write-back of expected credit loss on trade receivables	-	116	365	391	1,273
Net foreign exchange gain	-	-	-	-	-
Gain on disposal of vessel	-	-	-	-	-
Insurance claims for vessel	-	-	-	266	593
Others (excl. insurance claims for vessel)	84	84	78	5	4
Other income	191	310	625	804	1,973
Net foreign exchange loss	-	(159)	(587)	(268)	(305)
Expected credit losses on trade receivables	-	-	(1,465)	(3,641)	(137)
Impairment loss on vessel	-	-	(3,100)	-	-
Loss on disposal of vessels	-	-	-	-	(2,857)
Expected credit losses on loan to associated company	-	-	-	-	(61)
Indirect depreciation	(12)	(12)	(19)	(23)	(23)
Others ⁽¹⁾	-	-	-	-	(2)
Other expenses	(12)	(171)	(5,171)	(3,932)	(3,385)
Implied/Average USD-to-SGD exchange rate	1.361	1.335	1.342	1.378	1.343

(in S\$ '000)	Projection		Actual		
	2H FY2025	1H FY2025	FY2023	FY2022	FY2021
Other income	259	414	839	1,108	2,650
Other expenses	(16)	(228)	(6,939)	(5,419)	(4,546)

Source: CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2022 to 1H FY2024), Investing.com, Oanda.com, FPA

Based on BTL's financial statements & Annual Reports, we also estimate the semi-annual breakdowns of BTL Group's other income and other expenses as shown in **Exhibit 89**.

For other income, we assume that BTL Group will receive only interest income, grant income and other sundry income as other income from 2H FY2024 to 2H FY2025. As interest income and grant income seemed to be following a trend as at 1H FY2024, we project that interest income and grant income would remain at S\$1.7 million and S\$0.1 million respectively from 2H FY2024 to 2H FY2025, the same as in 1H FY2024.

However, other sundry income (semi-annual breakdown as estimated by us) did not seem to be following a trend. Thus, we project other sundry income from 2H FY2024 to 2H FY2025 to be S\$0.1 million, the average from 1H FY2021 to 1H FY2024.

For other expenses, we estimate that BTL Group did not incur other sundry expenses except in 2H FY2021. The remaining other expenses seem to be either one-off (e.g., impairment of vessel) or erratic (e.g., foreign exchange loss) in nature. Thus, we assume that BTL Group will not incur other expenses from 2H FY2024 to 2H FY2025.

Our projections of BTL Group's other income and other expenses from 2H FY2024 to 2H FY2025 are shown in **Exhibit 89**.

Exhibit 89: Projected Other Income and Other Expenses of BTL Group (2H FY2024–2H FY2025)

(in S\$ '000)	Projection			Estimate						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Interest income	1,690	1,690	1,690	1,690	1,856	932	479	75	38	56
Rental income	-	-	-	-	9	9	17	18	17	17
Grant income	114	114	114	114	11	168	218	331	660	658
Gain on disposal of vessel	-	-	-	-	-	-	-	-	(898)	898
Foreign exchange gain	-	-	-	3,070	(294)	294	(1,308)	1,308	(55)	242
Insurance claim for vessel	-	-	-	-	-	-	367	-	870	-
Other sundry income	128	128	128	195	129	91	93	178	67	146
Other income	1,932	1,932	1,932	5,069	1,711	1,494	(134)	1,910	699	2,017
Loss on disposal of PP&E	-	-	-	-	-	-	-	-	(3,819)	(10)
Foreign exchange loss	-	-	-	-	(2,180)	-	(526)	-	-	-
Impairment of vessel	-	-	-	-	(4,160)	-	-	-	-	-
Impairment of loan to associate	-	-	-	-	-	-	-	-	(82)	-
Other sundry expenses	-	-	-	-	-	-	-	-	(6)	-
Other expenses	-	-	-	-	(6,340)	-	(526)	-	(3,907)	(10)

Note: Figures as estimated by comparing those in BTL's Annual Reports against the respective figures in BTL's financial statements.

Source: BTL's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2022 to 1H FY2024), FPA

Thus, on an annual basis, we project BTL Group's other income to rise by 118.5% from S\$3.2 million in FY2023 to S\$7.0 million in FY2024 before falling by 44.8% to S\$3.9 million in FY2025 as shown in **Exhibit 90**.

We also project that BTL Group will not incur other expenses from FY2024 to FY2025 as shown in **Exhibit 90**.

Exhibit 90: Projected Other Income and Other Expenses of BTL Group (FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Interest income	3,380	3,380	2,788	554	94
Rental income	-	-	18	35	34
Grant income	228	228	179	549	1,318
Gain on disposal of vessel	-	-	-	-	-
Foreign exchange gain	-	3,070	-	-	187
Insurance claim for vessel	-	-	-	367	870
Other sundry income	257	323	220	271	213
Other income	3,865	7,001	3,205	1,776	2,716
Loss on disposal of PP&E	-	-	-	-	(3,829)
Foreign exchange loss	-	-	(2,180)	(526)	-
Impairment of vessel	-	-	(4,160)	-	-
Impairment of loan to associate	-	-	-	-	(82)
Other sundry expenses	-	-	-	-	(6)
Other expenses	-	-	(6,340)	(526)	(3,917)

Source: BTL's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2022 to 1H FY2024), FPA

Administrative expenses:

CHO Group included ECL on trade receivables and write-back on ECL on trade receivables in other expenses and other income respectively, while BTL Group likely included them in administrative expenses. Thus, before we project the administrative expenses of CHO Group (or BTL Group), we transfer CHO Group's ECL on trade receivables and write-back on ECL on trade receivables from other expenses and other income respectively to CHO Group's administrative expenses as shown in **Exhibit 91**, so that we can compare thus analyse CHO Group's administrative expenses against those of BTL Group.

Exhibit 91: Adjustment of CHO Group's Other Income, Other Expenses and Administrative Expenses (1H FY2021–1H FY2024)

(in US\$ '000)	Actual / Estimate						
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Administrative expenses	(1,774)	(1,649)	(1,590)	(1,478)	(1,399)	(1,433)	(1,540)
Write-back of expected credit loss on trade receivables	116	365	-	60	331	1,273	-
Expected credit losses on trade receivables	-	(383)	(1,082)	(2,491)	(1,150)	(137)	-
Administrative expenses (adjusted)	(1,658)	(1,667)	(2,672)	(3,909)	(2,218)	(297)	(1,540)
Other income	215	485	140	308	496	1,222	751
Write-back of expected credit loss on trade receivables	(116)	(365)	-	(60)	(331)	(1,273)	-
Other income (adjusted)	99	120	140	248	165	(51)	751
Other expenses (incl. indirect depreciation)	(165)	(3,631)	(1,540)	(2,770)	(1,162)	(3,219)	(166)
Write-back of expected credit loss on trade receivables	-	383	1,082	2,491	1,150	137	-
Other expenses (adjusted)	(165)	(3,248)	(458)	(279)	(12)	(3,082)	(166)

Note: Our estimations of CHO Group's other income (adjusted) & other expenses (adjusted) are used to estimate the net other income/expenses of BTL Group (less CHO Group) later.

Source: CHO's financial statements (1H FY2021 to 1H FY2024), FPA

CHO Group's administrative expenses (adjusted) as a percentage of CHO Group's revenue averaged 20.7% from 1H FY2021 to 1H FY2024. We assume that the percentage will remain at 20.7% from 2H FY2024 to 2H FY2025. Thus, we project that CHO Group's administrative expenses (adjusted) would rise by 94.9% from US\$1.7 million (S\$2.2 million) in 1H FY2024 to US\$3.2 million (S\$4.3 million) in 2H FY2024, rise by 1.4% to US\$3.3 million (S\$4.5 million) in 1H FY2025 and rise by 26.5% to US\$4.1 million (S\$5.6 million) in 2H FY2025 as shown in **Exhibit 92**, in line with the projected changes in CHO Group's revenue.

As we assume that there would be no ECL on trade receivables nor write-back on ECL on trade receivables for CHO Group from 2H FY2024 to 2H FY2025, we project that CHO Group's administrative expenses from 2H FY2024 to 2H FY2025 would be the same as the adjusted administrative expenses for the respective semi-annual periods.

By deducting CHO Group's administrative expenses (adjusted) from BTL Group's administrative expenses, we estimate the administrative expenses of BTL Group (less CHO Group) for each semi-annual period. We also project the revenue of BTL Group (less CHO Group) to be S\$35.6 million in 2H FY2024 by deducting the revenue of S\$32.4 million in 1H FY2024 from the projected revenue of S\$68.0 million in FY2024, and the revenue to be S\$36.9 million in 1H FY2025 & 2H FY2025 or half of the projected revenue of S\$73.8 million in FY2025.

We note that administrative expenses as a percentage of revenue averaged 23.0% from 1H FY2021 to 1H FY2024 for BTL Group (less CHO Group). Thus, we assume that the percentage would remain at 23.0% from 2H FY2024 to 2H FY2025. Accordingly, we project that the administrative expenses of BTL Group (less CHO Group) would fall by 3.7% from S\$8.5 million in 1H FY2024 to S\$8.2 million in 2H FY2024, rise by 3.7% to S\$8.5 million in 1H FY2025 and remain at S\$8.5 million in 2H FY2025 as shown in **Exhibit 92**, in line with the projected changes in the revenue of BTL Group (less CHO Group).

By adding up our projections for the adjusted administrative expenses of CHO Group and the administrative expenses of BTL Group (less CHO Group), we project that BTL Group's administrative expenses would rise by 16.0% from S\$10.8 million in 1H FY2024 to S\$12.5 million in 2H FY2024, rise by 3.9% to S\$13.0 million in 1H FY2025 and rise by 9.1% to S\$14.1 million in 2H FY2025 as shown in **Exhibit 92**.

Exhibit 92: Projected Administrative Expenses (2H FY2024–2H FY2025)

(in US\$ '000)	Projection					Actual / Estimate				
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
CHO Group's administrative expenses (adjusted)	(4,143)	(3,276)	(3,231)	(1,658)	(1,667)	(2,672)	(3,909)	(2,218)	(297)	(1,540)
CHO Group's revenue	19,980	15,799	15,583	14,817	15,598	8,496	9,175	9,424	8,593	6,927
CHO Group's admin expenses (adjusted) as % of revenue	20.7%	20.7%	20.7%	11.2%	10.7%	31.5%	42.6%	23.5%	3.5%	22.2%
Average exchange rate	1.361	1.361	1.324	1.347	1.349	1.336	1.392	1.365	1.355	1.332

(in S\$ '000)	Projection					Actual				
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
BTL Group's administrative expenses	(14,146)	(12,966)	(12,485)	(10,759)	(9,975)	(11,158)	(11,622)	(9,899)	(6,869)	(7,010)
CHO Group's administrative expenses (adjusted)	5,637	4,458	4,277	2,233	2,249	3,569	5,442	3,028	402	2,052
BTL Group's administrative expenses (less CHO Group)	(8,509)	(8,509)	(8,208)	(8,526)	(7,726)	(7,589)	(6,180)	(6,871)	(6,467)	(4,958)
BTL Group's revenue (less CHO Group)	36,916	36,916	35,612	32,427	30,997	28,024	38,600	34,264	27,481	21,146
Admin expenses as % of revenue (less CHO Group)	23.0%	23.0%	23.0%	26.3%	24.9%	27.1%	16.0%	20.1%	23.5%	23.4%

Source: BTL's financial statements (1H FY2021 to 1H FY2024), CHO's financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

Accordingly, on an annual basis, we project CHO Group's non-adjusted administrative expenses to rise by 54.5% from US\$3.2 million (S\$4.3 million) in FY2023 to US\$5.0 million (S\$6.7 million) in FY2024 and rise by 48.2% to US\$7.4 million (S\$10.1 million) in FY2025 as shown in **Exhibit 93**. Our projection of CHO Group's non-adjusted administrative expenses of US\$5.0 million in FY2024 differs from that of the adjusted administrative expenses of US\$4.9 million in FY2024 as CHO Group had a write-back of ECL on trade receivables of US\$0.1 million in 1H FY2024.

We also project that BTL Group's administrative expenses will rise by 10.0% from S\$21.1 million in FY2023 to S\$23.2 million in FY2024 and rise by 16.6% to S\$27.1 million in FY2025 as shown in **Exhibit 94**.

Exhibit 93: Projected Administrative Expenses of CHO Group (FY2024–FY2025)

(in US\$ '000)	Projection		Actual / Estimate		
	FY2025	FY2024	FY2023	FY2022	FY2021
Administrative expenses	(7,419)	(5,005)	(3,239)	(2,877)	(2,973)
Write-back of expected credit loss on trade receivables	-	116	365	391	1,273
Expected credit losses on trade receivables	-	-	(1,465)	(3,641)	(137)
Administrative expenses (adjusted)	(7,419)	(4,889)	(4,339)	(6,127)	(1,837)
Other income	191	310	625	804	1,973
Write-back of expected credit loss on trade receivables	-	(116)	(365)	(391)	(1,273)
Other income (adjusted)	191	194	260	413	700
Other expenses (incl. indirect depreciation)	(12)	(171)	(5,171)	(3,932)	(3,385)
Write-back of expected credit loss on trade receivables	-	-	1,465	3,641	137
Other expenses (adjusted)	(12)	(171)	(3,706)	(291)	(3,248)
Implied/Average exchange rate	1.361	1.335	1.342	1.378	1.343

(in S\$ '000)	Projection		Actual / Estimate		
	FY2025	FY2024	FY2023	FY2022	FY2021
Administrative expenses	(10,095)	(6,684)	(4,346)	(3,965)	(3,993)
Administrative expenses (adjusted)	(10,095)	(6,529)	(5,823)	(8,444)	(2,467)

Source: CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

Exhibit 94: Projected Administrative Expenses of BTL Group (FY2024–FY2025)

(in US\$ '000)	Projection		Actual / Estimate		
	FY2025	FY2024	FY2023	FY2022	FY2021
CHO Group's administrative expenses (adjusted)	(7,419)	(4,889)	(4,339)	(6,127)	(1,837)
CHO Group's revenue	35,779	30,400	24,094	18,599	15,520
Admin expenses (adjusted) as % of revenue (CHO Group)	20.7%	16.1%	18.0%	32.9%	11.8%
Implied/Average exchange rate	1.361	1.335	1.342	1.378	1.343

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
CHO Group's administrative expenses (adjusted)	(10,095)	(6,529)	(5,823)	(8,444)	(2,467)
BTL Group's administrative expenses (less CHO Group)	(17,017)	(16,715)	(15,310)	(13,077)	(11,412)
BTL Group's administrative expenses	(27,112)	(23,244)	(21,133)	(21,521)	(13,879)

Source: BTL's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

Finance cost:

The carrying amounts of BTL Group's loans and lease liabilities at the end of each semi-annual period from 1H FY2021 to 1H FY2024 are shown in **Exhibit 95**. CHO Group's finance cost stemmed from loans #1 to #3.

We assume that the current and non-current carrying amounts of loans #1 and #2 at the end of 2H FY2024 would remain the same as at the end of 1H FY2024. We also note that total lease liabilities at the end of a given semi-annual period (e.g., S\$7.6 million at the end of 1H FY2024) generally followed the non-current lease liabilities a year ago (e.g., S\$7.6 million at the end of 1H FY2023). Thus, we project that total lease liabilities would be S\$7.3 million at the end of 2H FY2024, the same as the non-current lease liabilities at the end of 2H FY2023.

Our projections for the carrying amounts of loans #1 to #3 as well as that of lease liabilities at the end of 2H FY2024 are shown in **Exhibit 95**.

Exhibit 95: Projected Carrying Amounts of Loans and Lease Liabilities (2H FY2024)

(in US\$ '000)	Projection	Actual						
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Loan #1 (secured revolving credit facility)	6,005	6,005	5,993	6,017	6,013	n.a.	6,011	n.a.
Loan #2 (unsecured loan)	1,409	1,409	1,384	1,266	1,348	n.a.	1,209	n.a.
Loan #3 (secured loan)	-	-	-	-	-	n.a.	1,332	n.a.
Lease liabilities	637	633	629	795	956	n.a.	900	n.a.
Current borrowings	8,050	8,046	8,006	8,078	8,317	n.a.	9,452	n.a.
Loan #2 (unsecured loan)	221	221	874	1,524	2,161	n.a.	3,406	n.a.
Loan #3 (secured loan)	-	-	-	-	-	n.a.	462	n.a.
Lease liabilities	6,659	6,982	7,296	7,615	800	n.a.	1,756	n.a.
Non-current borrowings	6,880	7,203	8,170	9,139	2,961	n.a.	5,624	n.a.
Loan #1 (secured revolving credit facility)	6,005	6,005	5,993	6,017	6,013	n.a.	6,011	n.a.
Loan #2 (unsecured loan)	1,630	1,630	2,258	2,790	3,509	n.a.	4,615	n.a.
Loan #3 (secured loan)	-	-	-	-	-	n.a.	1,794	n.a.
Lease liabilities	7,296	7,615	7,925	8,410	1,756	n.a.	2,656	n.a.
Total borrowings	14,931	15,249	16,176	17,217	11,278	n.a.	15,076	n.a.

Note: We did not do further projections for 1H FY2025 and 2H FY2025 as we require only projections up to end-FY2024 to project finance cost up to FY2025. We also project that current lease liabilities would gradually increase from 2H FY2023 to 2H FY2024 in line with the trend from FY2019 to FY2022.

n.a. = not available.

Source: BTL's financial statements (1H FY2021 to 1H FY2024), FPA

On 18 December 2024, the U.S. FOMC released its Summary of Economic Projections which showed that the median projected federal funds rate would be 3.9% at end-2025. On 19 December 2024, the U.S. FOMC also lowered the target federal funds rate by 25 basis points from 4.50–4.75% to 4.25–4.50%.

Therefore, we assume that the average target federal funds rate would rise from 5.27% in FY2024 to 4.20% (average of 4.50% at end-2024 and median projected rate of 3.9% at end-2025) in FY2025 as shown in **Exhibit 96**.

In line with the projected changes in the average target federal funds rate, we project that the interest rate on loan #1 would rise slightly from 6.58% in FY2023 to 6.61% in FY2024 before falling to 5.89% in FY2025 as shown in **Exhibit 97**.

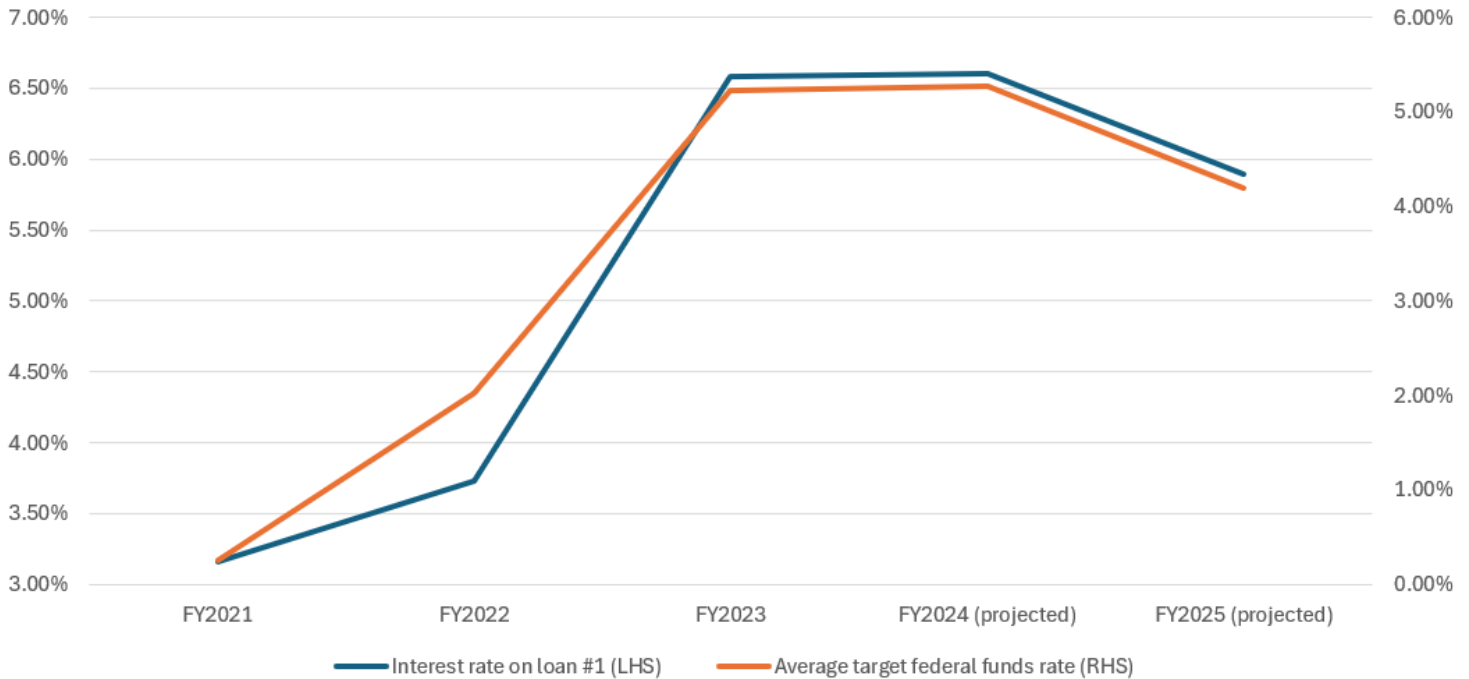
Exhibit 96: Projected Average Target Federal Funds Rate (FY2025)

(in %)	Projection	Actual			
	FY2025	FY2024	FY2023	FY2022	FY2021
January		5.50%	4.50%	0.25%	0.25%
February		5.50%	4.75%	0.25%	0.25%
March		5.50%	5.00%	0.50%	0.25%
April		5.50%	5.00%	0.50%	0.25%
May		5.50%	5.25%	1.00%	0.25%
June		5.50%	5.25%	1.75%	0.25%
July		5.50%	5.50%	2.50%	0.25%
August		5.50%	5.50%	2.50%	0.25%
September		5.00%	5.50%	3.25%	0.25%
October		5.00%	5.50%	3.25%	0.25%
November		4.75%	5.50%	4.00%	0.25%
December		4.50%	5.50%	4.50%	0.25%
Average target federal funds rate	4.20%	5.27%	5.23%	2.02%	0.25%

Note: We record the higher end of the target federal funds range (e.g., 4.50–4.75% at end-November 2024) as the target federal funds rate (e.g., 4.75% at end-November 2024).

Source: U.S. Federal Reserve, FPA

Exhibit 97: Projected Interest Rate for Loan #1 (FY2024–FY2025)



Note: As changes in loan #1’s interest rate followed fairly closely the changes in the average target federal funds rate from FY2019 to FY2023, we assume that a 1% change in the average target federal funds rate would correspond with a 1% change in (loan #1’s interest rate – 3.00%) in line with the LHS and RHS axes used in this Exhibit.

Source: BTL’s Annual Reports (FY2019 to FY2023), U.S. Federal Reserve, FPA

The interest rates for loans #1 to #3 as well as the effective interest rate on lease liabilities from FY2021 to FY2023 are shown in **Exhibit 98**.

As the interest rate on loan #2 remained at 3.00% from FY2021 to FY2023, we assume that the interest rate on loan #2 would remain at 3.00% from FY2024 to FY2025, the same as in FY2023. In contrast, the effective interest rate on lease liabilities (as calculated by dividing interest expense on lease liabilities over the carrying amount of total lease liabilities at the end of the previous financial year) fell from 5.34% in FY2021 to 4.50% in FY2023. Thus, we assume that the effective interest rate on lease liabilities would remain at 4.50% in FY2024 and FY2025, the same as in FY2023.

Accordingly, we project that CHO Group's finance cost would fall by 1.9% from US\$354,000 (S\$475,000) in FY2023 to US\$347,000 (S\$464,000) in FY2024 and fall by 14.7% to US\$296,000 (S\$403,000) in FY2025 while BTL Group's finance cost would rise by 48.1% from S\$0.6 million in FY2023 to S\$0.8 million in FY2024 before falling by 10.9% to S\$0.7 million in FY2025 as shown in **Exhibit 98**.

Exhibit 98: Projected Finance Cost (FY2024–FY2025)

(in US\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
CHO Group's finance cost	296	347	354	291	350
Implied/Average USD-to-SGD exchange rate	1.361	1.335	1.342	1.378	1.343

(in S\$ '000)	Actual ⁽¹⁾ / Projection		Actual / Estimate		
	FY2025	FY2024	FY2023	FY2022	FY2021
CHO Group's finance cost	403	464	475	401	470
Interest expense on lease liabilities	328	357	79	135	187
BTL Group's finance cost	731	820	554	536	657

(Estimated) Interest expense schedule:

Loan #1 (secured revolving credit facility)	354	396	396	224	237
Loan #2 (unsecured loan)	49	68	105	138	105
Loan #3 (secured loan)	-	-	-	99	168
Lease liabilities	328	357	79	135	187
(Estimated) Finance cost	731	820	580	596	697

Loan #1 (secured revolving credit facility)	6,005	5,993	6,013	6,011	7,501
Loan #2 (unsecured loan)	1,409	1,384	1,348	1,209	394
Loan #3 (secured loan)	-	-	-	1,332	1,265
Lease liabilities	637	629	956	900	848
Current borrowings (prev. FY)	8,051	8,006	8,317	9,452	10,008

Loan #2 (unsecured loan)	221	874	2,161	3,406	3,106
Loan #3 (secured loan)	-	-	-	462	1,786
Lease liabilities	6,659	7,296	800	1,756	2,657
Non-current borrowings (prev. FY)	6,880	8,170	2,961	5,624	7,549

Loan #1 (secured revolving credit facility)	6,005	5,993	6,013	6,011	7,501
Loan #2 (unsecured loan)	1,630	2,258	3,509	4,615	3,500
Loan #3 (secured loan)	-	-	-	1,794	3,051
Lease liabilities	7,296	7,925	1,756	2,656	3,505
Total borrowings (prev. FY)	14,931	16,176	11,278	15,076	17,557

Disclosed (effective) interest rates:

Loan #1 (secured revolving credit facility)	5.89%	6.61%	6.58%	3.73%	3.16%
Loan #2 (unsecured loan)	3.00%	3.00%	3.00%	3.00%	3.00%
Loan #3 (secured loan)	-	-	-	5.50%	5.50%
(Estimated) Lease liabilities	4.50%	4.50%	4.50%	5.08%	5.34%

Average target federal funds rate

4.20%	5.27%	5.23%	2.02%	0.25%
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⁽¹⁾ Actual refers to the average target federal funds rate of 5.27% in FY2024.

Source: BTL's Annual Reports (FY2020 to FY2023) & financial statement (1H FY2024), CHO's Annual Reports (FY2020 to FY2023), U.S. Federal Reserve, FPA

Income tax expense and profit for the year:

According to IRAS, “Shipping enterprises operating Singapore-registered and foreign ships enjoy tax exemptions on certain types of shipping income” under Section 13A of the Singapore Income Tax Act 1947. The “certain types of shipping income” include the charter of ships, use of ship for offshore oil & gas activity, gain on sale of a Singapore ship as well as the provision of prescribed ship management services to a qualifying company in respect of Singapore ships owned or operated by the qualifying company.

We estimate that Blue Titanium and one of CHO Group’s five wholly-owned vessels sail under the Singapore flag (as shown in **Exhibit 40** on page 35). Therefore, CHO Group (and, in turn, BTL Group) may incur income tax from the operation of CHO Group’s other four wholly-owned vessels.

CHO Group’s co-owned vessel Coral also sails under the Singapore flag. CHO Group co-owns Coral through its 49% ownership of associated company PT Bahtera Nusantara Indonesia. However, CHO Group stopped recognising its share of results from PT Bahtera Nusantara Indonesia after FY2019 when CHO Group’s accumulated losses from PT Bahtera Nusantara Indonesia exceeded CHO Group’s interest in PT Bahtera Nusantara Indonesia. Therefore, profit before tax from the operation of the co-owned vessel is unlikely to affect CHO Group’s income tax after FY2019.

From 1H FY2021 to 1H FY2024, CHO Group registered a profit before tax only in 1H FY2022 and 1H FY2024 of which CHO Group incurred an income tax expense only in 1H FY2024¹. The effective tax rate (for income tax expense) in 1H FY2024 was 18.6%. The breakdown of CHO Group’s income tax expense/credit from 1H FY2021 to 1H FY2024 is shown in **Exhibit 99**.

As we have only one reference point for CHO Group’s effective tax rate (for income tax expense), CHO Group’s effective tax rate (for income tax expense) would be Singapore’s corporate tax rate of 17% should it operate only foreign vessels. However, as one of CHO Group’s five wholly-owned vessels sails under the Singapore flag, we estimate that CHO Group’s effective tax rate (for income tax expense) would instead be 13.6% ($17\% \times \frac{4}{5}$) from 2H FY2024 to 2H FY2025 as four out of CHO Group’s five wholly-owned vessels sail under foreign flags.

Thus, we project that CHO Group would incur an income tax expense of US\$31,000 (S\$41,000) in 2H FY2024, US\$40,000 (S\$54,000) in 1H FY2025 and US\$714,000 (S\$971,000) in 2H FY2025 as shown in **Exhibit 99**.

¹ The same statement can be made if we extend our review to the period from 1H FY2019 to 1H FY2024.

Exhibit 99: Projected Income Tax Expense/Credit of CHO Group (2H FY2024–2H FY2025)

(in US\$ '000)	Projection			Actual / Estimate						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Income tax (expense)/credit	(714)	(40)	(31)	(254)	525	82	645	16	416	(1)
Profit/(loss) before tax	5,249	293	227	1,364	(4,407)	(4,449)	(4,414)	422	(4,052)	(1,317)
Effective tax rate (for income tax expense)	13.6%	13.6%	13.6%	18.6%	-	-	-	-	-	-
Current income tax	-	-	-	(634)	(166)	(157)	(11)	-	(35)	-
Over provision in respect of previous years	-	-	-	2	(6)	-	-	16	(128)	(1)
Deferred income tax	-	-	-	378	922	239	656	-	579	-
Income tax (expense)/credit	(714)	(40)	(31)	(254)	750	82	645	16	416	(1)
Average USD-to-SGD exchange rate (Investing.com)	1.361	1.361	1.324	1.347	1.349	1.336	1.392	1.365	1.355	1.332

(in S\$ '000)	Projection			Actual / Estimate						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Income tax (expense)/credit	(971)	(54)	(41)	(342)	708	110	898	22	564	(1)

Note: CHO's Annual Report for FY2023 showed that CHO Group incurred an income tax credit of US\$607,000 in FY2023. However, based on CHO's financial statements for 1H FY2023 and 2H FY2023, CHO Group incurred a total income tax credit of US\$832,000 in FY2023 (US\$82,000 in 1H + US\$750,000 in 2H). As CHO's financial statement in 1H FY2024 reiterated that income tax credit was US\$82,000 in 1H FY2023, we estimate that income tax credit in 2H FY2023 was US\$525,000 (US\$607,000 – US\$82,000). Accordingly, we show our estimate of income tax credit of US\$525,000 in 2H FY2023 in the first "Income tax (expense)/credit" row and the published income tax credit of US\$750,000 in 2H FY2023 in the second "Income tax (expense)/credit" row to show the published breakdown of income tax credit in 2H FY2023.

Source: CHO's Annual Report (FY2023) & financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

Accordingly, we project that CHO Group's income tax expense would be US\$285,000 (S\$381,000) in FY2024 and US\$754,000 (S\$1.0 million) in FY2025 as shown in **Exhibit 100**, such that its profit for the year would be US\$1.3 million (S\$1.7 million) in FY2024 and US\$4.8 million (S\$6.5 million) in FY2025 as shown in **Exhibit 101**.

Exhibit 100: Projected Income Tax Expense/Credit of CHO Group (FY2024–FY2025)

(in US\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Income tax (expense)/credit	(754)	(285)	607	661	415
Profit/(loss) before tax	5,542	1,591	(8,856)	(3,992)	(5,369)
Effective tax rate (on income tax expense)	13.6%	17.9%	-	-	-

Current income tax	-	-	(711)	(11)	(35)
Over provision in respect of previous years	-	-	(6)	16	(130)
Deferred income tax	-	-	1,324	656	580
Income tax (expense)/credit	(754)	(285)	607	661	415

Implied/Average USD-to-SGD exchange rate	1.361	1.335	1.342	1.378	1.343
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(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Income tax (expense)/credit	(1,025)	(381)	815	911	557

Note: The breakdown of income expense/credit for FY2021 and FY2023 disclosed in CHO's Annual Reports did not tally with the semi-annual breakdown disclosed in CHO's financial statements and as shown in **Exhibit 99**.

Source: CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

Exhibit 101: Projected Financial Performance of CHO Group (FY2024–FY2025)

(in US\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue	35,779	30,400	24,094	18,599	15,520
Cost of sales	(18,119)	(19,013)	(20,087)	(11,652)	(10,905)
Gross profit (before direct depreciation)	17,660	11,387	4,007	6,947	4,615
Direct depreciation	(4,582)	(4,582)	(4,724)	(4,643)	(5,249)
Gross profit (after direct depreciation)	13,078	6,805	(717)	2,304	(634)
Other income	191	310	625	804	1,973
Other expenses (incl. indirect depreciation)	(12)	(171)	(5,171)	(3,932)	(3,385)
Administrative expenses	(7,419)	(5,005)	(3,239)	(2,877)	(2,973)
Finance cost	(296)	(347)	(354)	(291)	(350)
Profit/(loss) before tax	5,542	1,591	(8,856)	(3,992)	(5,369)
Income tax (expense)/credit	(754)	(285)	607	661	415
Profit/(loss) for the year	4,788	1,307	(8,249)	(3,331)	(4,954)
Implied/Average exchange rate	1.361	1.335	1.342	1.378	1.343

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Profit/(loss) for the year	6,515	1,745	(11,069)	(4,591)	(6,654)

Source: CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), FPA

By deducting each of CHO Group's respective semi-annual income & expenses from that of BTL Group, we estimate the semi-annual performance of BTL Group (less CHO Group) from 1H FY2021 to 1H FY2024 as shown in **Exhibit 102**.

We estimate that the average effective tax rate from 1H FY2021 to 1H FY2024 was 2.7% for BTL Group (less CHO Group). The effective tax rate of BTL Group (less CHO Group) may be low (as compared to Singapore's corporate tax rate of 17%) as income from the operation of Blue Titanium may not be subject to income tax. Thus, we assume that the effective tax rate from 2H FY2024 to 2H FY2025 would be 2.7% such that the income tax expense of BTL Group (less CHO Group) would be S\$209,000 in 2H FY2024 and S\$251,000 in 1H FY2025 and 2H FY2025 as shown in **Exhibit 102**.

Accordingly, we project that the income tax expense of BTL Group (less CHO Group) would be S\$483,000 in FY2024 and S\$502,000 in FY2025, such that the profit for the year would be S\$18.9 million in FY2024 and S\$17.8 million in FY2025 as shown in **Exhibit 103**.

Exhibit 102: Projected Income Tax Expense & Financial Performance of BTL Group (less CHO Group; 2H FY2024–2H FY2025)

(in S\$ '000)	Projection			Actual / Estimate						
	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021
Revenue (less CHO Group)	36,916	36,916	35,612	32,427	30,997	28,024	38,600	34,264	27,481	21,146
Cost of sales	(20,923)	(20,923)	(21,509)	(17,055)	(15,392)	(14,635)	(23,662)	(20,528)	(17,330)	(12,266)
Gross profit (less CHO Group)	15,992	15,992	14,103	15,372	15,605	13,389	14,938	13,736	10,151	8,880
Other income/(expenses), net	1,811	1,811	1,814	5,158	(409)	1,919	(617)	1,701	1,036	1,228
Administrative expenses	(8,509)	(8,509)	(8,208)	(8,526)	(7,726)	(7,589)	(6,180)	(6,871)	(6,467)	(4,958)
Finance cost	(163)	(166)	(122)	(235)	(32)	(47)	(60)	(75)	(87)	(100)
Profit before tax	9,132	9,129	7,567	11,769	7,439	7,672	8,081	8,491	4,634	5,050
Income tax (expense)/credit	(251)	(251)	(209)	(275)	(126)	(342)	(590)	(1)	(117)	0
Profit/(loss) for the year	8,881	8,878	7,379	11,494	7,313	7,331	7,491	8,490	4,518	5,050
Effective tax rate	2.7%	2.7%	2.7%	2.4%	1.7%	4.7%	7.9%	0.0%	2.6%	0.0%

Note: "Other income/(expenses), net" as estimated by deducting the sum of other income (adjusted) & other expenses (adjusted) of CHO Group from the sum of other income & other expenses of BTL Group.

Source: BTL's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

Exhibit 103: Projected Income Tax Expense & Financial Performance of BTL Group (less CHO Group; FY2024–FY2025)

(in S\$ '000)	Projection		Actual / Estimate		
	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue (less CHO Group)	73,832	68,039	59,083	72,869	48,652
Cost of sales	(41,847)	(38,564)	(30,077)	(44,234)	(29,623)
Gross profit (less CHO Group)	31,985	29,476	29,006	28,635	19,029
Other income/(expenses), net	3,622	6,970	1,489	1,082	2,221
Administrative expenses	(17,017)	(16,715)	(15,310)	(13,077)	(11,412)
Finance cost	(328)	(357)	(79)	(135)	(187)
Profit before tax	18,261	19,375	15,106	16,504	9,651
Income tax (expense)/credit	(502)	(483)	(465)	(582)	(111)
Profit/(loss) for the year	17,759	18,891	14,641	15,923	9,540
Effective tax rate	2.7%	2.5%	3.1%	3.5%	1.2%

Source: BTL's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

By adding up our projections for the income tax expense/credit of CHO Group and those of BTL Group (less CHO Group), we project that BTL Group's income tax expense would be S\$0.9 million in FY2024 and S\$1.5 million in FY2025, such that BTL Group's profit for the year would rise by 477.7% from S\$3.6 million in FY2023 to S\$20.6 million in FY2024 and rise by 17.6% to S\$24.3 million in FY2025 as shown in **Exhibit 104**.

Exhibit 104: Projected Income Tax Expense/Credit and Profit/Loss for the Year of BTL Group (FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Profit before tax	25,801	21,500	3,222	11,003	2,440
Income tax (expense)/credit	(1,527)	(864)	350	329	446
Profit/(loss) for the year	24,274	20,636	3,572	11,332	2,886

Source: BTL's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), CHO's Annual Reports (FY2021 to FY2023) & financial statements (1H FY2021 to 1H FY2024), Investing.com, Oanda.com, FPA

Profit/loss attributable to owners of the Company:

Profit/loss attributable to owners of the Company is obtained by deducting BTL Group's profit attributable to NCIs from its profit for the year. NCI relates to the 45.02% interest in CHO Group not owned by BTL Group.

As we project CHO Group's profit for the year to be US\$1.3 million in FY2024 and US\$4.8 million in FY2025, we project that profit attributable to NCIs would be US\$588,000 (S\$786,000; as calculated by US\$1.3 million × 45.02%) in FY2024 and US\$2.2 million (S\$2.9 million; as calculated by US\$4.8 million × 45.02%) in FY2025 as shown in **Exhibit 105**.

Thus, we project that profit attributable to owners of the Company would rise by 139.5% from S\$8.3 million in FY2023 to S\$19.9 million in FY2024 and rise by 7.5% to S\$21.3 million in FY2025 as shown in **Exhibit 106**.

Exhibit 105: Projected Profit Attributable to NCI of CHO Group & BTL Group (FY2024–FY2025)

(in US\$ '000)	Projection		Actual / Estimate		
	FY2025	FY2024	FY2023	FY2022	FY2021
Profit/(loss) for the year	4,788	1,307	(8,249)	(3,331)	(4,954)

Attributable to:

Profit/(loss) alloc. to NCIs (FY21-23 based on BTL's figures)	2,156	588	(3,514)	(1,501)	(2,234)
Profit/(loss) allocated to owners of the Company	2,632	718	(4,735)	(1,830)	(2,720)
Profit/(loss) for the year	4,788	1,307	(8,249)	(3,331)	(4,954)

Implied/Average exchange rate	1.361	1.335	1.342	1.378	1.343
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(in S\$ '000)	Projection		Actual / Estimate		
	FY2025	FY2024	FY2023	FY2022	FY2021
Profit/(loss) allocated to NCIs (as disclosed by BTL)	2,933	786	(4,715)	(2,068)	(3,000)
Profit/(loss) allocated to owners of the Company	3,582	959	(6,354)	(2,523)	(3,654)
Profit/(loss) for the year	6,515	1,745	(11,069)	(4,591)	(6,654)

Source: BTL's Annual Reports (FY2021 to FY2023), CHO's Annual Reports (FY2021 to FY2023), Investing.com, Oanda.com, FPA

Exhibit 106: Projected Profit Attributable to Owners of the Company (FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Profit/(loss) for the year	24,274	20,636	3,572	11,332	2,886
<i>Attributable to:</i>					
Owners of the Company	21,341	19,850	8,287	13,400	5,886
Non-controlling interests	2,933	786	(4,715)	(2,068)	(3,000)
Profit/(loss) for the year	24,274	20,636	3,572	11,332	2,886

Source: BTL's Annual Reports (FY2021 to FY2023), CHO's Annual Reports (FY2021 to FY2023), Investing.com, Oanda.com, FPA

Earnings per share and dividend per share:

We assume that the weighted average number of shares in issue (basic & diluted) will remain at 202,877,948 in FY2024 and FY2025, the same as in FY2023. Thus, we project that basic & diluted EPS (cents) would rise by 139.5% from 4.08 in FY2023 to 9.78 in FY2024 and rise by 7.5% to 10.52 in FY2025 as shown in **Exhibit 107**, in line with the projected rise in profit attributable to owners of the Company.

BTL Group's payout ratio averaged 23.0% from FY2021 to FY2023. We assume that BTL Group's payout ratio would be 23.0% for FY2024 and FY2025. Thus, we project that BTL would raise its DPS (cents) from 1.5 in FY2023 to 2.0 (rounded down from 2.3) in FY2024 and maintain it at 2.0 (rounded down from 2.4) in FY2025 as shown in **Exhibit 107**.

Our projections for BTL Group's financial performance in FY2024 and FY2025 are summarised in **Exhibit 108**.

Exhibit 107: Projected Earnings Per Share and Dividend Per Share of BTL Group (FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
<i>Attributable to:</i>					
Owners of the Company	21,341	19,850	8,287	13,400	5,886
Non-controlling interests	2,933	786	(4,715)	(2,068)	(3,000)
Profit/(loss) for the year	24,274	20,636	3,572	11,332	2,886
Weighted avg no. of shares in issue (basic & diluted; '000)	202,878	202,878	202,878	202,878	202,878
Earnings per share (basic & diluted in cents)	10.52	9.78	4.08	6.60	2.90
Dividend per share (cents)	2.0	2.0	1.5	1.0	0.5
Payout ratio	23.0%	23.0%	36.7%	15.1%	17.2%

Source: BTL's Annual Reports (FY2021 to FY2023), FPA

Exhibit 108: Projected Financial Performance of BTL Group (FY2024–FY2025)

(in S\$ '000)	Projection		Actual		
	FY2025	FY2024	FY2023	FY2022	FY2021
Charter hire revenue (CHO Group)	25,502	20,317	19,452	11,483	7,217
Other ancillary charter hire revenue (CHO Group)	22,654	19,764	12,328	13,537	12,957
Charter hire-related revenue (CHO Group only)	48,157	40,081	31,780	25,020	20,173
Charter hire revenue (non-CHO Group)	29,081	23,288	14,332	14,720	13,864
Other ancillary charter hire revenue (non-CHO Group)	22,054	22,054	22,054	21,020	20,698
Charter hire-related revenue (BTL Group incl. CHO Group)	99,291	85,423	68,166	60,760	54,736
Management and agency fee (CHO Group)	525	515	552	612	672
Other marine offshore revenue (non-CHO Group)	14,439	14,439	14,439	29,416	10,632
Marine offshore revenue (BTL Group incl. CHO Group)	114,256	100,378	83,157	90,788	66,040
Spare sales	8,258	8,258	8,258	7,713	3,457
Revenue (including CHO Group)	122,514	108,636	91,415	98,501	69,497
Cost of sales	(72,734)	(70,073)	(63,371)	(66,691)	(51,320)
Gross profit	49,780	38,563	28,044	31,810	18,177
Other income	3,865	7,001	3,205	1,776	2,716
Other expenses	-	-	(6,340)	(526)	(3,917)
Administrative expenses	(27,112)	(23,244)	(21,133)	(21,521)	(13,879)
Finance cost	(731)	(820)	(554)	(536)	(657)
Profit before tax	25,801	21,500	3,222	11,003	2,440
Income tax (expense)/credit	(1,527)	(864)	350	329	446
Profit/(loss) for the year	24,274	20,636	3,572	11,332	2,886
<i>Attributable to:</i>					
Owners of the Company	21,341	19,850	8,287	13,400	5,886
Non-controlling interests	2,933	786	(4,715)	(2,068)	(3,000)
Profit/(loss) for the year	24,274	20,636	3,572	11,332	2,886
Weighted avg no. of shares in issue (basic & diluted; '000)	202,878	202,878	202,878	202,878	202,878
Earnings per share (basic & diluted in cents)	10.52	9.78	4.08	6.60	2.90
Dividend per share (cents)	2.0	2.0	1.5	1.0	0.5
Payout ratio	23.0%	23.0%	36.7%	15.1%	17.2%

Source: BTL's Annual Reports (FY2021 to FY2023), CHO's Annual Reports (FY2021 to FY2023), Investing.com, Oanda.com, FPA

VALUATION ANALYSIS

(I) PEER COMPARISON ANALYSIS

We performed a peer comparison analysis to review how BTL is faring against industry peers in terms of valuation metrics. We selected peer companies which were likewise listed on SGX, provided offshore services and owned vessels. Then, we compared BTL against the peers in terms of P/E multiple, P/B multiple and dividend yield.

Below, we list the peer companies that have been selected to compare with BTL. We have included a brief description of each company as follows:

i. Marco Polo Marine Ltd. (“MPML”)

MPML is an integrated marine logistics company which engages mainly in the shipping and shipyard businesses. MPML's shipping business relates to the chartering of mainly AHTS vessels in regional waters, as well as of tugboats and barges to customers mainly in the mining, commodities, construction, infrastructure and land reclamation industries. MPML's shipyard business relates to ship building as well as the provision of ship maintenance, repair, outfitting and conversion services.

ii. Mermaid Maritime Public Co Ltd (“Mermaid”)

Mermaid is an international subsea and offshore services company which provides Inspection, Repair & Maintenance service, Transportation & Installation and cable laying service. Mermaid serves oil & gas majors operating offshore through its subsea vessels, specialised diving equipment and remotely operated vehicles. Mermaid has presence in five geographical regions and has a team of over 1,000 professional divers, technicians, surveyors, management and support staff.

iii. Pacific Radiance Ltd. (“PRL”)

PRL operates and manages offshore vessels as well as provides offshore support services. PRL serves oil & gas markets in Middle East, Africa and Latin America and has access to markets with cabotage restrictions. PRL also operates a 33,000 square metres state-of-the-art shipyard with over 180 metres of water frontage, featuring two dry docks as well as facilities for equipment fabrication, testing and maintenance purposes.

iv. Kim Heng Ltd. (“Kim Heng”)

Kim Heng provides integrated offshore and marine value chain services. Kim Heng's products & services caters to different stages of marine infrastructure projects and offshore oil & gas projects from oil exploration to field development and oil production. Kim Heng provides services including offshore rig repair, maintenance & refurbishment, fabrication, vessel newbuilding and afloat repairs through its two shipyards with a combined waterfront of 205 metres. Kim Heng also has a fleet of anchor handling tugs, barges and cranes for sale and rent.

v. Atlantic Navigation Holdings (“Atlantic”)

Atlantic is an integrated offshore service provider that operates mainly out of United Arab Emirates. Atlantic owned 21 vessels and cross-chartered vessels from third parties to serve its customers. Atlantic also provides services across different phases of the oil-field life-cycle, i.e., from exploration and construction to production and post-production of offshore oil & gas.

Exhibit 109 shows the results of our peer comparison analysis.

Exhibit 109: Peer Comparison Analysis

Company	Listing Currency	Stock Symbol	Price as at 20 Dec '24	Market Cap (million)	Diluted EPS (cents) ⁽¹⁾	P/E	DPS (cents) ⁽²⁾	Dividend Yield (%)	NAV per share (cents) ⁽³⁾	P/B
Baker Technology Limited ("BTL")	SGD	BTP	0.605	124.77	7.96	7.60	1.50	2.48%	112.8	0.54
Peer companies:										
Marco Polo Marine Ltd. ("MPML")	SGD	5LY	0.052	195.19	0.58	9.00	0.10	1.92%	5.4	0.97
Mermaid Maritime Public Co Ltd ("Mermaid") ⁽⁴⁾	SGD	DU4	0.126	180.91	0.79	16.05	-	-	15.8	0.80
Pacific Radiance Ltd. ("PRL") ⁽⁴⁾	SGD	RXS	0.047	69.50	4.24	1.11	-	-	6.6	0.71
Kim Heng Ltd. ("Kim Heng")	SGD	5G2	0.082	57.80	(0.17)	n.m.	0.21	2.59%	7.8	1.05
Atlantic Navigation Holdings ("Atlantic") ^{(4) (5)}	SGD	5UL	0.360	188.46	8.03	4.48	-	-	31.8	1.13
Peer average⁽⁶⁾:			-	-	-	7.66	-	2.26%	-	0.85

n.m. = not meaningful.

⁽¹⁾ & ⁽²⁾ Trailing 12-months ("TTM") data. ⁽³⁾ Most recent data.

⁽⁴⁾ As the companies' financial statements were presented in United States Dollars (USD), we have calculated the TTM diluted EPS (cents) for each company by multiplying each relevant period's EPS with the corresponding USD-to-SGD exchange rate (as obtained from Oanda.com) at the end of the period before calculating the TTM periods' diluted EPS figures. We have also multiplied each company's most recent NAV per share with the corresponding USD-to-SGD exchange rate (as obtained from Oanda.com) at the end of the period from which each company's NAV per share figure was obtained.

⁽⁵⁾ Price and market capitalisation as at 25 November 2024. Atlantic's share price fell by 81.7% from S\$0.360 on 25 November 2024 to S\$0.066 on 26 November 2024 as the ex-date for its cash distribution (S\$0.159 per share) and special dividend (S\$0.1488 per share) totalling S\$0.3078 (S\$0.159 + S\$0.1488) per share was on 26 November 2024. Atlantic distributed majority of its net proceeds from the sale of 20 of its 21 vessels.

Source: SGX Stock Screener, respective companies' financial statements, Oanda.com, FPA

(a) P/E multiple

Based on the results in **Exhibit 109**, BTL is currently trading at a P/E multiple of 7.60x which is lower than the peer average P/E of 7.66x. This suggests that BTL is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.610 if BTL is to trade at the peer average P/E multiple of 7.66x as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Peer Average P/E} \times \text{BTL's TTM EPS} \\ &= 7.66 \times \text{S\$0.0796} \\ &= \text{S\$0.610} \end{aligned}$$

The estimated target price of S\$0.610 implies an upside potential of 0.8% from the current share price of S\$0.605.

(b) P/B multiple

Based on the results in **Exhibit 109**, BTL is currently trading at a P/B multiple of 0.54x which is lower than the peer average P/B of 0.85x. This suggests that BTL is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.960 if BTL is to trade at the peer average P/B multiple of 0.85x as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Peer Average P/B} \times \text{BTL's NAV per share} \\ &= 0.85 \times \text{S\$1.128} \\ &= \text{S\$0.960} \end{aligned}$$

The estimated target price of S\$0.960 implies an upside potential of 58.7% from the current share price of S\$0.605.

(c) Dividend yield

Based on the results in **Exhibit 109**, BTL's current dividend yield of 2.48% is more attractive than the peer average yield of 2.26%. This suggests that BTL is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.664 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \frac{\text{BTL's Dividend Yield}}{\text{Peer Average Yield}} \times \text{BTL's Current Share Price} \\ &= \frac{2.48\%}{2.26\%} \times \text{S\$0.605} \\ &= \text{S\$0.664} \end{aligned}$$

The estimated target price of S\$0.664 implies an upside potential of 9.8% from the current share price of S\$0.605.

(d) Target price

From our analysis, BTL seems to be undervalued in terms of its P/E multiple, P/B multiple and dividend yield. By averaging our estimated target prices based on P/E multiple, P/B multiple and dividend yield, we derive a target price of S\$0.745 as follows:

$$\begin{aligned} \text{Target Price} &= \frac{1}{3} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (P/B multiple)} \\ &\quad + \text{Estimated Target Price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$0.610} + \text{S\$0.960} + \text{S\$0.664}] \\ &= \text{S\$0.745} \end{aligned}$$

The target price of S\$0.745 implies an upside potential of 23.1% from the current share price of S\$0.605.

POTENTIAL CATALYSTS

(I) DEPLOYMENT OF CASH BALANCE

BTL Group's cash & short-term deposits rose at a CAGR of 21.4% from S\$37.2 million in 1H FY2019 to S\$98.3 million in 1H FY2024 as shown in **Exhibit 110**. Cash & short-term deposits as a percentage of total assets rose by 2.8 times from 12.1% in 1H FY2019 to 33.5% in 1H FY2024 while the cash-to-debt ratio (as calculated by dividing cash & short-term deposits over total loans & borrowings) rose by 2.9 times from 2.2 in 1H FY2019 to 6.4 in 1H FY2024.

Given that BTL Group's cash & short-term deposits as a proportion of total assets has been rising from 1H FY2019 to 1H FY2024 while it also has more than enough cash to repay its total loans & borrowings, BTL Group may be hoarding cash in case any suitable acquisition opportunity turns up.

For instance, BTL noted in April 2024 that BTL maintained a "robust cash balance" to "be able to seize opportunities when they arise". However, BTL also noted in April 2024 that market conditions during then as compared to around 2014 to 2015 were "not as favourable as new capital expenditure in the oil and gas market" continued to "suffer from the down cycle since 2017". BTL added that for it to deploy capital into its business, it would need a "number of favourable factors" including "available and reasonable funding from the capital markets", "firm market opportunities to ensure ability to deploy any new build assets", "reduction in fabrication costs or increase in charter hire rates to ensure reasonable pay back periods" and "clarity in the Offshore Support Vessel sector in relation to what the fuel of the future is". BTL concluded though that "Where an opportunity is assessed to tip the balance positively", BTL would "seize the opportunity and deploy capital as required".

For comparison, BTL's previous significant capital deployments included its acquisition of a 54.98% stake in CHO Group from July 2018 to September 2018 for a total consideration of S\$47.1 million, its construction of the Blue Titanium liftboat from 2014 to 2017 of which costs totalled S\$100.1 million and its acquisition of Sea Deep in April 2008 for a total consideration of S\$20.0 million. The three capital outlays mentioned are now major components of BTL Group's revenue.

We also note that Dr Benety Chang remained the CEO of BTL throughout the acquisitions (FY2008 to FY2018) and, although he stepped down as CEO of BTL on 31 December 2018, is still currently on the Board.

Exhibit 110: BTL Group's Cash & Short-Term Deposits vs Total Assets, Total Loans & Borrowings and Total Liabilities (1H FY2019–1H FY2024)

(in S\$ '000)	Actual										
	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	2H FY2021	1H FY2021	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Cash & short-term deposits	98,275	87,521	85,252	71,467	70,077	59,760	51,089	44,316	46,008	45,222	37,223
Current assets	137,855	129,180	120,960	117,365	110,217	98,589	80,749	75,323	80,799	78,015	75,958
Non-current assets	155,336	150,274	157,573	154,379	162,941	167,662	184,120	188,181	216,915	218,690	230,859
Total assets	293,191	279,454	278,533	271,744	273,158	266,251	264,869	263,504	297,714	296,705	306,817
Cash & short-term deposits as % of total assets	33.5%	31.3%	30.6%	26.3%	25.7%	22.4%	19.3%	16.8%	15.5%	15.2%	12.1%
Loans & borrowings (current)	8,046	8,006	8,078	8,317	9,291	9,452	9,153	10,008	9,563	9,512	9,517
Loans & borrowings (non-current)	7,203	8,170	9,139	2,961	4,068	5,624	7,350	7,549	5,513	6,553	7,390
Total loans & borrowings	15,249	16,176	17,217	11,278	13,359	15,076	16,503	17,557	15,076	16,065	16,907
Cash-to-debt ratio	6.4	5.4	5.0	6.3	5.2	4.0	3.1	2.5	3.1	2.8	2.2
Current liabilities	28,846	25,864	22,814	22,402	20,617	22,894	19,070	22,299	28,646	27,613	20,680
Non-current liabilities	9,779	10,998	13,468	7,336	9,457	10,904	13,389	13,516	12,781	13,622	14,436
Total liabilities	38,625	36,862	36,282	29,738	30,074	33,798	32,459	35,815	41,427	41,235	35,116

Source: BTL's financial statements (1H FY2019 to 1H FY2024), FPA

(II) RISING DIVERSIFICATION INTO THE OFFSHORE RENEWABLES SECTOR

Based on Clarkson’s forecast, offshore wind capacity will rise at a CAGR of near or over 20%¹ from 68 GW in 2024 to around 240 GW by 2030 as shown in **Exhibit 111**. Offshore wind may increasingly contribute to OSV demand. Liftboats, for instance, may be utilised for work related to offshore substations & site preparation for offshore wind farms (as noted in **Exhibit 31** on page 30).

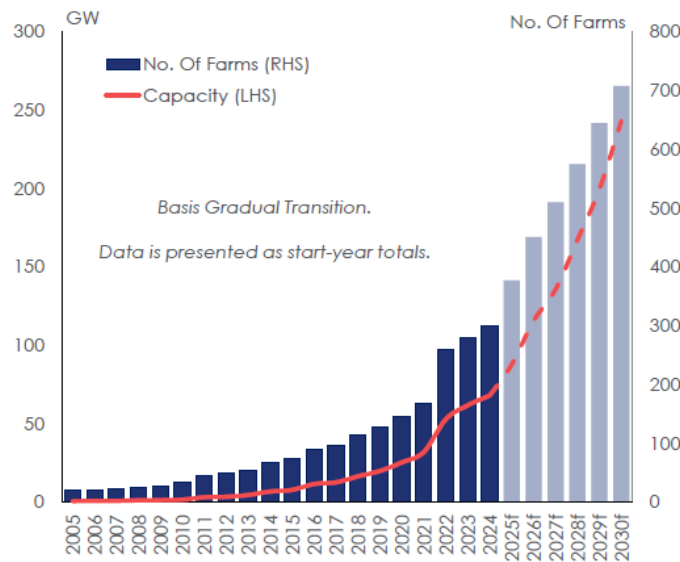
BTL noted in April 2022 that BTL Group’s percentage of revenue from or related to the offshore renewables sector was “up to 10%” and noted in April 2023 that the percentage rose to “about 30%”. While BTL did not state further how it derived its revenue from the offshore renewables sector, BTL Group’s revenue growth may rise should it continue to diversify into offshore renewables.

Exhibit 111: Forecasted Growth in Offshore Wind (2025–2030)

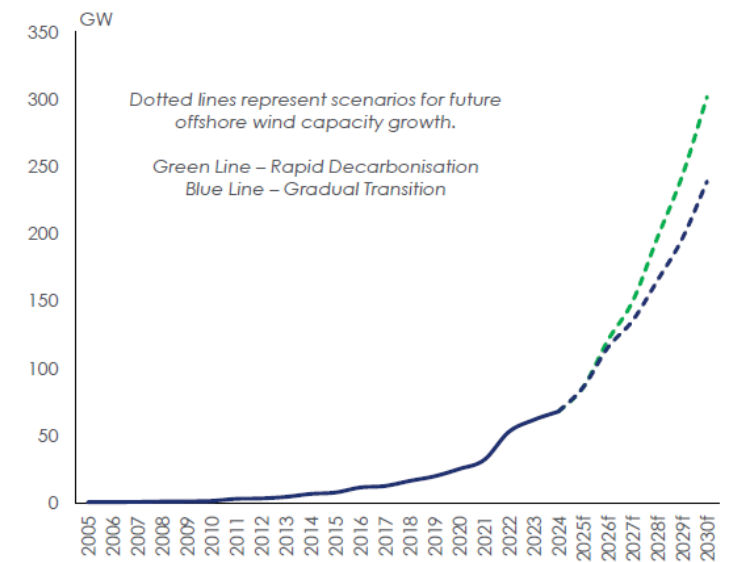
Energy Transition and Energy Security: Offshore Wind Growing & Will Play Vital Role

Long-term outlook positive despite recent inflationary pressures; ~240 GW projected by 2030 (68 GW today)

The Growth Of Offshore Wind



Offshore Wind In The Energy Transition



Source: Clarkson’s (published August 2024)

¹ Baseline estimated based on offshore wind capacity rising from 68 GW in June 2024 to 240 GW at end-2030.

INVESTMENT RECOMMENDATION

BTL is currently trading at a P/E multiple of 7.60x which is lower than the peer average P/E of 7.66x. This suggests that BTL is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.610 if BTL is to trade at the peer average P/E multiple of 7.66x.

Based on BTL Group's NAV per share of S\$1.128 as at 30 June 2024, BTL is currently trading at a P/B multiple of 0.54x which represents a discount of approximately 46% to NAV. In contrast, the peer average P/B is 0.85x which represents a discount of approximately 15% to NAV. We estimate a target price of S\$0.960 if BTL Group is to trade at the peer average P/B multiple of 0.85x.

BTL's current dividend yield of 2.48% is more attractive than the peer average yield of 2.26%. This suggests that BTL is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.664.

By averaging our estimated target prices based on P/E multiple, P/B multiple and dividend yield, we derive a target price of S\$0.745 as follows:

$$\begin{aligned}\text{Target Price} &= \frac{1}{3} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (P/B multiple)} \\ &\quad + \text{Estimated Target Price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$0.610} + \text{S\$0.960} + \text{S\$0.664}] \\ &= \text{S\$0.745}\end{aligned}$$

The target price of S\$0.745 implies an upside potential of 23.1% from the current share price of S\$0.605.

Before we provide a recommendation (i.e., buy, hold or sell) based on the upside potential, we review how the upside potential of 23.1% is derived.

The upside potential of 23.1% is mainly due to the peer average P/B multiple of 0.85x being 58.7% higher than BTL Group's P/B multiple of 0.54x, which may be, in turn, due to BTL Group's substantial cash balance (33.5% of total assets as at 1H FY2024). Even though BTL Group's P/B multiple averaged 0.43x in the past five years (1H FY2019 to 1H FY2024) as shown in **Exhibit 112**, BTL Group's P/B multiple may rise should it deploy its cash balance to acquire a suitable profit-generating business.

Even if BTL Group does not acquire another business, it may receive a takeover bid given the rising demand for yet limited supply of AHTS vessels due to rising offshore oil & gas investment, prohibitive day rates required to justify the construction of new vessels and BTL Group's low P/B multiple relative to peers. For instance, Dyna-Mac (SGX: NO4), a contractor which focuses on the provision of offshore topside modules, was acquired for S\$0.67 per share in November 2024 at a 35.4% premium from the last traded price of S\$0.495 on 10 September 2024 (before the takeover offer was announced).

In view of the rationale for BTL Group's lower-than-peer-average P/B multiple as well as our projected diluted EPS (cents) of 10.52 at end-FY2025 which represents an increase of 32.1% from 7.96 as at 20 December 2024, we consider the upside potential of 23.1% justified. Thus, in line with our assumptions and analyses thus far (as well as the sources we relied on), in view of the upside potential, we recommend a buy.

However, we recognise that there are risks to the target price which we highlight in the next section.

Exhibit 112: Historical Share Price and Valuation Metrics (1H FY2019–1H FY2024)

Period	Results release date	Share price (S\$) ⁽¹⁾	Diluted EPS (cents)	TTM EPS (cents)	P/E multiple	DPS (cents)	TTM DPS (cents)	Dividend yield	Payout ratio (TTM)	NAV per share (cents)	P/B multiple
1H FY24	29 Jul 2024	0.630	5.87	7.96	7.91	-	1.50	2.38%	18.8%	112.8	0.56
2H FY23	26 Feb 2024	0.505	2.10	4.12	12.24	1.50	1.50	2.97%	36.4%	107.8	0.47
1H FY23	31 Jul 2023	0.600	2.03	4.19	14.33	-	1.00	1.67%	23.9%	106.2	0.56
2H FY22	27 Feb 2023	0.625	2.16	6.60	9.46	1.00	1.00	1.60%	15.1%	104.9	0.60
1H FY22	29 Jul 2022	0.445	4.45	5.34	8.33	-	0.50	1.12%	9.4%	103.9	0.43
2H FY21	25 Feb 2022	0.420	0.90	2.90	14.48	0.50	0.50	1.19%	17.2%	99.1	0.42
1H FY21	30 Jul 2021	0.405	2.00	(3.64)	(11.14)	-	-	-	0.0%	98.1	0.41
2H FY20	26 Feb 2021	0.305	(5.64)	(6.80)	(4.48)	-	-	-	-	95.7	0.32
1H FY20	30 Jul 2020	0.210	(1.16)	(6.74)	(3.12)	-	0.50	2.38%	(7.4%)	103.2	0.20
2H FY19	27 Feb 2020	0.310	(5.58)	(4.63)	(6.70)	0.50	0.50	1.61%	(10.8%)	103.2	0.30
1H FY19	06 Aug 2019	0.390	0.95	12.51	3.12	-	0.50	1.28%	4.0%	109.0	0.36
Minimum		-	-	-	(11.14)	-	-	-	-	-	0.20
Maximum		-	-	-	14.48	-	-	2.97%	-	-	0.60
Average		-	-	-	4.13	-	-	1.49%	-	-	0.43

⁽¹⁾ Share price based on seven days after results release date to account for price movements after results release.

Source: BTL's financial statements (1H FY2019 to 1H FY2024), Yahoo! Finance, FPA

RISKS TO TARGET PRICE

(I) EXPIRY OF PROPERTY LEASES

BTL Group leases three properties with water frontage from Jurong Town Council as shown in **Exhibit 113**. Sea Deep & Sea Hercules Cranes are located at 6 Pioneer Sector 1, BEPL & BTL are located at 10 Jalan Samulun, and CHO is located at 12A Jalan Samulun based on their respective corporate addresses.

While BTL Group managed to secure a 20-year lease extension for 6 Pioneer Sector 1, BTL Group has yet secured any extension for the leases of 12A Jalan Samulun and 10 Jalan Samulun which are expiring in May 2025 and December 2025 respectively. BTL noted in April 2022 that “leases at two of the properties cannot be renewed due to the Government’s plans for the area”, thus it was “exploring alternative facilities”.

Should BTL Group be unable to renew its remaining two leases nor find alternative locations, BTL Group’s design & fabrication revenue (other marine offshore revenue less CHO Group) may fall. For reference, other marine offshore revenue (less CHO Group) was around S\$14.4 million (or 15.8% of BTL Group’s revenue of S\$91.4 million) in FY2023. BTL Group may also face inconveniences in the operation of CHO (which engages mainly in the chartering of vessels and provision of charter-related services).

Exhibit 113: Property Leases

Location	Description	Area (sqm)	Tenure
6 Pioneer Sector 1 Singapore 628418	A purpose-built shipyard complex with single-storey workshops, 3-storey office, stores, water frontage and paint blasting/open fabricating	31,094	Expiring on 31 December 2043
10 Jalan Samulun Singapore 629124	An existing custom-built premises with single-storey workshop, 3-storey office and water frontage	10,430	Expiring on 31 December 2025
12A Jalan Samulun Singapore 629131	An existing custom-built premises with single-storey workshop, 3-storey office and water frontage	5,995	Expiring on 31 May 2025

Source: BTL’s Annual Report (FY2023)

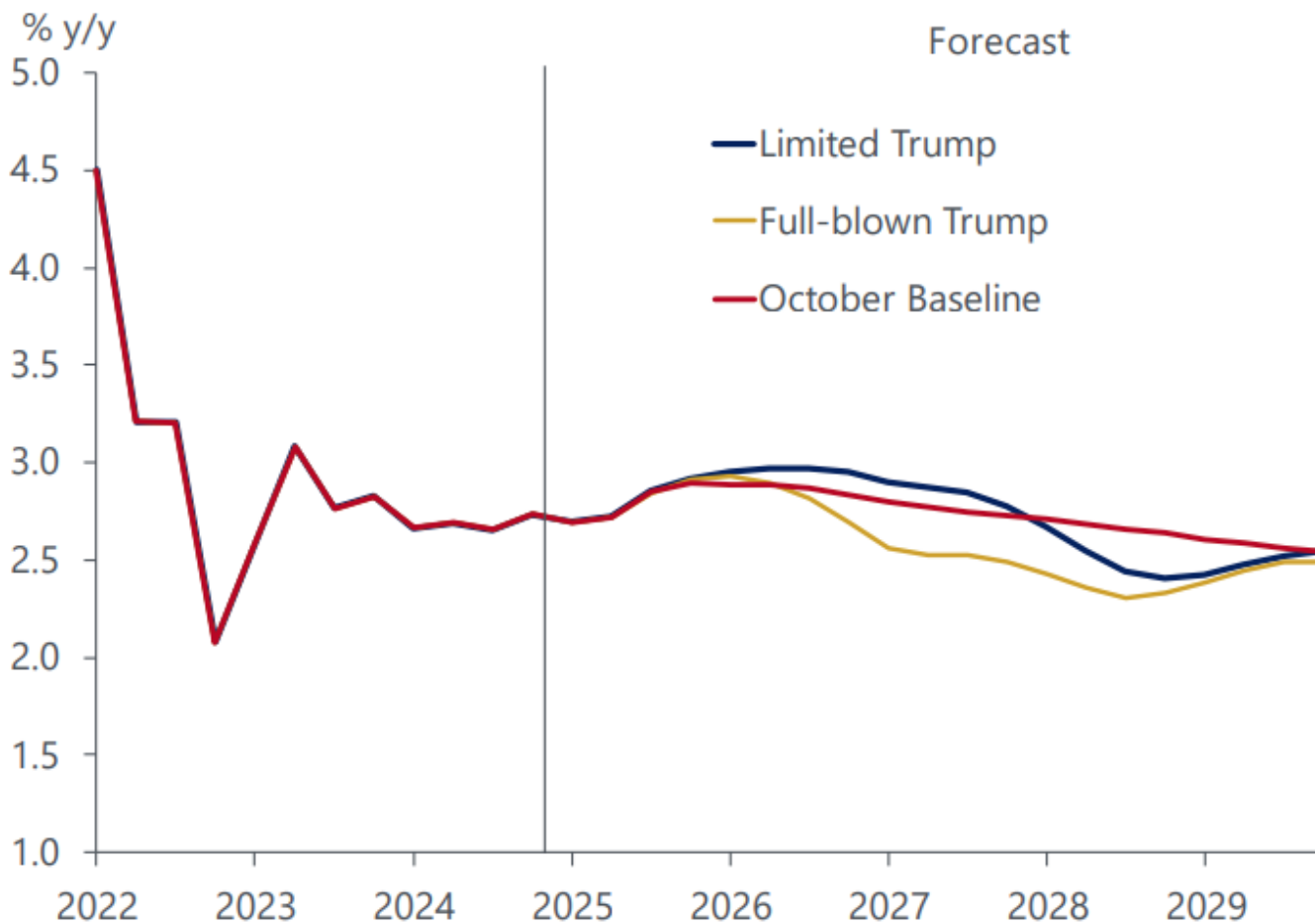
(II) FURTHER GLOBAL ECONOMIC SLOWDOWN DUE TO TRUMP’S POLICIES

According to Oxford Economics, global GDP growth may fall further (than as noted by IEA in June 2024) should U.S. President-elect Donald Trump implement the “more radical aspects of his policy agenda”. Oxford Economics noted that looser fiscal policies could lead to higher U.S. inflation, thus keep interest rates elevated for longer. Oxford Economics added that “uncertainty over the US tariff regimes for their industry and the risk of retaliatory measures by policymakers elsewhere” coupled with “higher borrowing costs” could lead firms to postpone or call off their investment plans. Meanwhile, weakening military support for Ukraine could weaken Europe’s “already tepid recovery” and “force more of the region’s limited fiscal space to be used to finance increased defence spending”. Thus, annual world GDP growth may fall to around 2.5% from 2025 to 2029 (below the projected average annual growth of 3% in 2024–2030 mentioned on page 19) as shown in the “Full-blown Trump” scenario in **Exhibit 114**.

While oil demand growth is expected to decouple from global GDP growth from 2026, weakening global economic growth may hasten the decline in oil demand which was projected by IEA in June 2024. Coupled with higher-for-longer interest rates, oil & gas companies may thus pause or discontinue their offshore oil & gas investment plans such that demand for AHTS vessels, liftboats as well as for design & fabrication of marine offshore equipment may fall. Thus, as compared to a scenario whereby Trump’s “more radical” policies will not implemented, BTL Group’s revenue may fall after FY2025 (such that BTL’s declining prospects may get reflected in its P/E multiple near end-FY2025).

Exhibit 114: Forecasted World GDP Growth under Various Trump Scenarios (2025–2029)

World GDP under different scenarios



Source: Oxford Economics (published November 2024)

CORPORATE GOVERNANCE

(I) BOARD COMPOSITION

As at 26 April 2024, the Board comprised seven directors:

- Lim Jun Xiong Steven: Independent Director, Board Chairman
- Jeanette Chang: Executive Director, Chief Executive Officer (“CEO”) of BTL
- Dr Benety Chang: Executive Director, CEO of CHO
- Wong Meng Yeng: Non Executive, Non-Independent Director
- Tan Yang Guan: Non Executive, Non-Independent Director
- Chong Weng Hoe: Independent Director
- Ajay Kumar Jain: Independent Director

Lim Jun Xiong Steven was appointed to the Board on 1 December 2023. He was appointed as the Board Chairman after the conclusion of the AGM held on 26 April 2024. As at the latest announcements by respective companies, Lim Jun Xiong Steven is an independent director of Livingstone Health Holdings Limited (SGX: PRH), Sinarmas Land Limited (SGX: A26), Riverstone Holdings Limited (SGX: AP4) and Cosmosteel Holdings Limited (SGX: B9S).

Jeanette Chang is the daughter of Dr Benety Chang. She was redesignated as CEO of BTL on 1 January 2019.

Dr Benety Chang was appointed as director and CEO of BTL since 5 May 2000 before he stepped down as CEO of BTL on 31 December 2018. He also held a substantial direct interest in Saberon until Saberon ceased to be the immediate and ultimate holding company of BTL on 19 May 2011. Thereafter, he remained the largest shareholder and holds 55.8% total interest (46.4% direct + 9.4% indirect) in BTL’s shares as at 20 May 2024.

Wong Meng Yeng was appointed to the Board on 3 June 2010 and was the Board Chairman until the conclusion of the AGM held on 26 April 2024. As more than nine years had passed since his appointment to the Board, Wong Meng Yeng ceased to be an Independent Director after the AGM pursuant to SGX Listing Rule 210(5)(d)(iv). However, the Board determined that Wong Meng Yeng’s continued involvement would be “highly beneficial” for BTL and its shareholders. Thus, following his re-election, Wong Meng Yeng was re-designated as Non-Independent Non-Executive Director on 26 April 2024 immediately after the conclusion of the AGM.

Tan Yang Guan was appointed as Non-Executive, Non-Independent Director of BTL since 5 May 2000. He has been a consultant of BTL Group from 1 July 2009, and provides financial advice & overview for BTL Group. He was the Finance Director of PPL Shipyard Pte Ltd from December 1997 to November 2012 and was responsible for all its financial matters including accounting, financial and treasury functions. He holds a 2.03% direct interest in BTL’s shares as at 12 March 2024.

Chong Weng Hoe was appointed to the Board on 1 December 2023.

Ajay Kumar Jain was appointed to the Board on 12 June 2023.

The Board oversees the business affairs and performance of BTL Group. The Board also sets BTL Group’s values and standards to ensure obligations to shareholders and other stakeholders are understood and met. The Board is supported by Board Committees:

Audit and Risk Management Committee:

The ARC comprised three directors:

- Lim Jun Xiong Steven: ARC Chairman, Independent Director, Board Chairman
- Chong Weng Hoe: Independent Director
- Ajay Kumar Jain: Independent Director

On 7 June 2024, the Board renamed the Audit Committee (“AC”) as the Audit and Risk Management Committee.

The AC’s duties included reviewing BTL Group’s half-year and full-year financial statements before submission to the Board for approval of publication via SGXNet, and ensuring the integrity of BTL’s financial statements and any announcements relating to BTL’s financial performance.

Nominating Committee (“NC”):

The NC comprised three directors:

- Chong Weng Hoe: NC Chairman, Independent Director
- Lim Jun Xiong Steven: Independent Director, Board Chairman
- Jeanette Chang: Executive Director, CEO

The NC’s duties include determining on an annual basis, and as and when circumstances require, whether a director is independent, taking into account the criteria given in the Listing Manual, the Code of Corporate Governance 2018 and guidelines pertaining to relationships. The NC’s duties also include reviewing the size and composition of the Board and Board Committees annually to ensure that the size of the Board is conducive to effective discussion and decision-making.

Remuneration Committee (“RC”):

The RC comprised four directors:

- Ajay Kumar Jain: RC Chairman, Independent Director
- Lim Jun Xiong Steven: Independent Director, Board Chairman
- Wong Meng Yeng: Non-Executive, Non-Independent Director
- Chong Weng Hoe: Independent Director

The RC’s duties include reviewing the remuneration of Executive Directors and Key Management Personnel annually to ensure that it is commensurate with their performance, giving due regard to BTL’s financial & commercial health and business needs.

(II) MANAGEMENT TEAM

The management team comprised the following:

- Jeanette Chang: CEO of BTL
- Dr Benety Chang: CEO of CHO
- Tan Kiang Kherng: Chief Financial Officer (“CFO”) of BTL
- Tan Wee Lee: Managing Director of BEPL, Sea Deep and Sea Hercules Cranes
- Lim Tze Kern, Kenny: Managing Director of CHO Ship Management Pte. Ltd.

The management team supports the CEO in day-to-day management and business operations as well as the execution of strategies & policies to “achieve the long-term sustainable growth” of BTL Group (as noted by BTL).

(III) REMUNERATION

BTL noted that independent directors are paid in FY2023 and will be paid in FY2024 Directors' fees according to the framework as shown in **Exhibit 115**. The total remuneration for each director and the breakdown of remuneration for FY2023 is shown in **Exhibit 116**.

Exhibit 115: Directors' Fees Framework for FY2024

	FY2024 ⁽²⁾
Basic Fee for Board Members ⁽¹⁾	\$44,000 per annum
Additional fee:	
– Allowance for Board Chairman	75.0% of Basic Fee
– Audit Committee Chairman	50.0% of Basic Fee
– Audit Committee Members	25.0% of Basic Fee
– Remuneration/Nominating Committee Chairman	25.0% of Basic Fee
– Remuneration/Nominating Committee Members	12.5% of Basic Fee

Notes:

⁽¹⁾ Following the re-designation to Non-Executive Non-Independent Director upon the conclusion of the upcoming AGM, Mr Wong Meng Yeng will continue to be compensated in accordance with the above Directors' fee framework.

⁽²⁾ The Directors' fee framework for FY2024 will remain consistent with that of FY2023

Source: BTL's Annual Report (FY2023)

Exhibit 116: Directors' Remuneration for FY2023

Name of Directors	Fees (\$)	Salary, CPF & Allowance (\$)	Bonus (\$)	Benefits (\$)	Total (\$)
MR WONG MENG YENG	104,500	-	-	-	104,500
MS JEANETTE CHANG ⁽⁴⁾	-	534,938	220,933	48,000 ⁽²⁾	803,871
DR BENETY CHANG ⁽⁴⁾	-	631,735 ⁽³⁾	247,024	-	878,759
MR TAN YANG GUAN	-	-	-	186,173 ⁽¹⁾	186,173
MR ANG MIAH KHIANG	71,500	-	-	-	71,500
MS HAN SAH HEOK VICKY	71,500	-	-	-	71,500
MR AJAY KUMAR JAIN	24,471	-	-	-	24,471
MR LIM JUN XIONG STEVEN	3,737	-	-	-	3,737
MR CHONG WENG HOE	3,737	-	-	-	3,737

Notes:

⁽¹⁾ This relates to consultancy fees paid by the Group.

⁽²⁾ This relates to directors' fees paid by CH Offshore Ltd. ("CHO"), a subsidiary of the Company.

⁽³⁾ This relates to Salary, CPF & Allowances and Bonus paid by the Company and CHO.

⁽⁴⁾ Ms Jeanette Chang, the CEO and Executive Director, is the daughter of Dr Benety Chang (Executive Director of the Company).

Note: Ajar Kumar Jain was appointed to the Board on 12 June 2023 while Lim Jun Xiong Steven and Chong Weng Hoe were appointed to the Board on 1 December 2023. The three independent directors' dates of appointment may be why they did not receive the full-year Directors' Fee in FY2023.

Source: BTL's Annual Report (FY2023)

The remuneration for Key Management Personnel in FY2023 is shown in **Exhibit 117**.

Exhibit 117: Key Management Personnel's Remuneration

Name Of Key Management Personnel	Designation	Salary, CPF & Allowance (%)	Bonus (%)	Other Benefits
\$500,000 AND UP TO \$750,000 MR TAN WEE LEE	Managing Director (Baker Engineering Pte. Ltd., Sea Deep Shipyard Pte. Ltd, Sea Hercules Cranes Pte. Ltd.)	66	34	-
MR TAN KIANG KHERNG	Chief Financial Officer (Baker Technology Limited)	68	23	9 ⁽¹⁾
\$250,000 AND UP TO \$500,000 MR LIM TZE KERN KENNY	Managing Director (CHO Ship Management Pte. Ltd.)	93	7	-

Notes:

⁽¹⁾ This relates to directors' fees paid by CHO, a subsidiary of the Company.

Source: BTL's Annual Report (FY2023)

SUSTAINABILITY INFORMATION

Sustainability governance:

The Board and Executive Officers determine and monitor material Economic, Environmental, Social and Governance (“EESG”) factors and oversee climate-related risks & opportunities as part of Enterprise Risk Management (“ERM”) and strategy process. The Board reviews annually BTL Group’s strategy and budget including climate-related issues. Material EESG factors are regularly reviewed to determine relevancy, and the Management also provides updates on material EESG factors to the Board.

The Management, together with the Environmental Management System (“EMS”) Committee, is responsible for the implementation and integration of sustainability initiatives into daily operations. The EMS Committee comprises Management and “sustainability champions” from various departments within BTL Group, including quality assurance & control, health & safety and production. The EMS Committee ensures that the sustainability policy & objectives are established and compatible with BTL Group’s strategic direction, implements and integrates sustainability procedures into BTL Group’s business processes, and provides updates to Management on a regular basis. The EMS Committee meets every six months to discuss sustainability initiatives and progress on the initiatives and may appoint third-party vendors to assist in developing or advancing any aspect of BTL Group’s sustainability strategy.



The EMS Committee is supported by the Management Representative Committee (“MRC”), which includes Management and departmental & section heads from across BTL Group. The MRC is responsible for matters relating to quality, environmental, safety and health of BTL Group. The MRC meets monthly to inspect BTL Group’s premises, discuss observations, issues and changes in regulations, and execute the implementation of sustainability procedures amongst other activities.

Stakeholder engagement:

BTL Group engages with its stakeholders to strengthen its relationships with them and receive their inputs which would help in determining its material focus areas. BTL noted that the Board and the Management “monitor all feedback channels from key stakeholders” to be “better informed in the formulation/tweaking of the Group’s sustainability strategy”. BTL also noted that BTL Group’s “financial performance, business strategy and business developments are disseminated through a range of communication channels” including BTL Group’s website (www.bakertech.com.sg) and that stakeholders could reach out to BTL Group via the Contact Us pages on each company’s website or the investor relations email address (investor_relations@bakertech.com.sg).




BTL’s approach to engagement with its identified stakeholders is shown in **Exhibit 118, Exhibit 119 and Exhibit 120.**

Exhibit 118: Stakeholder Engagement (part 1)

Key Stakeholders	Forms Of Engagement	Key Topics	Our Commitment
<p>Internal Employees</p> 	<ul style="list-style-type: none"> • Staff memos and emails • Staff meetings • Training and development programmes • Performance appraisals • Health and wellness programmes • Safety briefings • Regular gatherings • Compensation and benefits framework 	<ul style="list-style-type: none"> • Staff memos and emails • Mental welfare and wellbeing • Career and personal development • Employee engagement • Employee benefits and compensation 	<p>We are focused on providing equal opportunities and fair compensation and benefits. We provide clear policies and procedures to serve as a guide for our employees. As part of protecting employee’s mental and physical health and well-being, we continue to prioritise occupational health and safety and also provide learning and career development opportunities.</p>
<p>External Community and Environment</p> 	<ul style="list-style-type: none"> • Community outreach initiatives • Donations • Environmentally focused activities • Internship programme 	<ul style="list-style-type: none"> • Stakeholder engagement • Corporate social responsibilities • Social development Internship experience 	<p>We continue to engage the local community by supporting various not-for-profit charitable causes and other organisations to better improve the lives of people in the communities around us. We also carry out our operations in a responsible manner to contribute to environmental sustainability.</p> <p>We are committed to providing training opportunities to students to develop long term interest in the oil and gas and renewables sectors and the possibility of the offer of employment of suitable candidates.</p>


Source: BTL’s Annual Report (FY2023)

Exhibit 119: Stakeholder Engagement (part 2)

Key Stakeholders	Forms Of Engagement	Key Topics	Our Commitment
<p>External Customers and Business Partners</p> 	<ul style="list-style-type: none"> • Teleconferences and email • Meetings • Corporate website • Business development events • Audits • Customer satisfaction surveys 	<ul style="list-style-type: none"> • Product quality • Health and safety compliance • Solutions to address customers’ requirements 	<p>We strive to develop and maintain long-term relationships with our customers by providing reliability, on-time delivery, high quality, customisation and solutions to fulfil their requirements and maximise customer satisfaction. We are committed to providing prompt responses to enquires and feedback.</p>
<p>Government and Regulators</p> 	<ul style="list-style-type: none"> • Ongoing communication with relevant authorities • Teleconferences and email • Meetings and forums • Surveys • Inspections/site visits • Audits 	<ul style="list-style-type: none"> • Regulatory and legal procedures and practices • Investment opportunities • Environmental compliance 	<p>Compliance with regulatory and legal procedures and practices is of critical importance. We ensure timely transparent disclosure, responses and adaptation to new or revised requirements and to surveys and requests for feedback.</p> <p>We adopted the Approved Code of Conduct in relation to Chief Executives’ and Board of Directors’ Workplace Safety and Health duties which was issued in 2022.</p>
<p>Suppliers and Contractors</p> 	<ul style="list-style-type: none"> • Perform assessment and continuous monitoring of key suppliers and contractors • Meetings • Teleconferences and email 	<ul style="list-style-type: none"> • Business relationships and ethical business practices • Fair and equal treatment • Responsible procurement practices • Environmental compliance • Timely supply of products and services 	<p>To be sustainable, we have to work hand in hand with our suppliers and contractors and together, we establish strong rapport and long-standing relationships built on mutual trust and integrity. We support our suppliers and contractors to enable them to provide competitive pricing for good quality products and also to abide by our Group’s policies and procedures.</p>

Source: BTL’s Annual Report (FY2023)

Exhibit 120: Stakeholder Engagement (part 3)

Key Stakeholders	Forms Of Engagement	Key Topics	Our Commitment
<p>External Shareholders and Investing Community</p> 	<ul style="list-style-type: none"> • Annual reports • General meetings • Websites and SGXNET Announcements 	<ul style="list-style-type: none"> • Economic performance, corporate governance and business strategy 	<p>To develop confidence and trust in our Group, we ensure accurate and transparent disclosure of the Group's business developments to shareholders and the investing community on a timely basis. All financial results and announcements are published on SGXNET and the Group's website at www.bakertech.com.sg. We seek to address shareholder queries in accordance with prevailing regulations. Each operating subsidiary within the Group has its own website focusing on its unique company profile, ongoing projects and operations.</p>

Source: BTL's Annual Report (FY2023)

Materiality assessment:

BTL noted that BTL Group reviews its material topics on an annual basis to “account for changes in the impact (both positive and negative) on stakeholders”. BTL also noted that from FY2022, BTL Group adopted a materiality assessment which considered and incorporated “inputs from stakeholder engagement, emerging market trends, changes in regulations, climate-related risks and opportunities and economic drivers”.

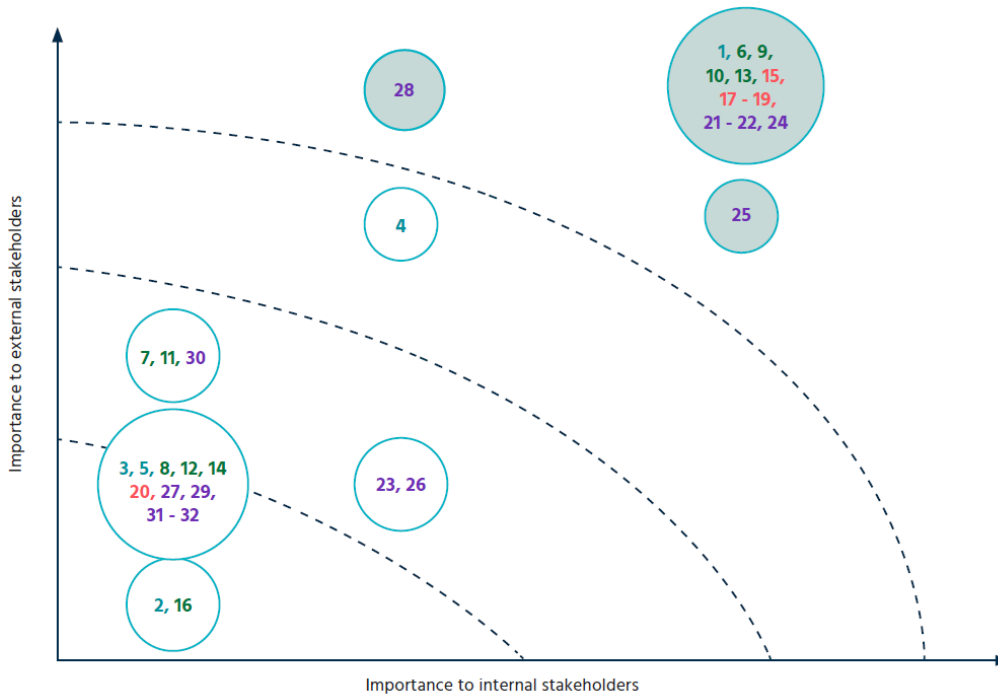
The steps in BTL Group’s materiality methodology (identify, prioritise, validate, review & assess) are shown in **Exhibit 121**.

Exhibit 121: Materiality Methodology

Source: BTL's Annual Report (FY2023)

BTL charted its material topics by the importance to internal & external stakeholders as shown in **Exhibit 122** to identify topics of the highest importance to both internal & external stakeholders (as shaded in **Exhibit 122**). BTL also noted that it reviewed the Global Reporting Initiative (“GRI”) sector standard for oil and gas, GRI 11, and included additional material topics in its materiality chart.

Exhibit 122: Materiality Chart



ECONOMIC

1. Economic performance
2. Market presence
3. Indirect economic impacts
4. Procurement practices
5. Tax

GOVERNANCE

15. Anti-Corruption
16. Anti-Competitive behaviour
17. Cyber security and data protection
18. Whistleblowing
19. Risk Management
20. Public Policy

ENVIRONMENTAL

6. Energy
7. Water and Effluents
8. Biodiversity
9. GHG Emissions
10. Waste
11. Supplier Environmental Assessment
12. Materials
13. Climate adaptation, resilience and transition
14. Air emissions

SOCIAL

21. Human rights
22. Employment
23. Labour management relations
24. Occupational health and safety
25. Training and education
26. Freedom of association
27. Security practices
28. Local communities
29. Supplier social assessment
30. Customer health and safety
31. Marketing and labelling
32. Customer Privacy

Source: BTL’s Annual Report (FY2023)

Through the materiality assessment process, BTL noted that the “Key material topics of highest importance to both internal and external stakeholders” are as shown in **Exhibit 123**.

Exhibit 123: Key Material Topics

Pillars	Focus Areas	Material Topics standard disclosures	Relevant GRI topics
Economic	Economic Excellence	<ul style="list-style-type: none"> Economic performance 	201-1 to 201-4
Environmental	Environmental Sustainability	<ul style="list-style-type: none"> Task Force On Climate-Related Financial Disclosures Energy Emissions Waste 	302-1 to 302-4 305-1 to 305-7 306-1 to 306-5
Social	People Focus	<ul style="list-style-type: none"> Employment Training and Education Diversity and Equal Opportunity Non-discrimination 	401-1 to 401-3 404-1 to 404-3 405-1 406-1
	Total Workplace Safety and Health	<ul style="list-style-type: none"> Occupational Health and Safety 	403-1 to 403-7, 403-9 to 403-10
	Community Engagement	<ul style="list-style-type: none"> Local Communities 	
Governance	Responsible Business	<ul style="list-style-type: none"> Anti-corruption Code of Conduct Whistleblowing Human Rights Risk Management 	205-1 to 205-3, 415-1 2-15 2-16, 2-25, 2-26 2-23 201-2, 205-1
	Data Security	<ul style="list-style-type: none"> Personal Data 	

Source: BTL's Annual Report (FY2023)

(I) ENVIRONMENTAL

BTL included Energy, Emissions and Waste as Environmental material topics.

(a) Energy and Emissions

From FY2022, BTL Group started tracking its Scope 1 & 2 energy usage as well as emissions from activities over which BTL Group has operational control. BTL Group's energy usage comes from a mix of direct and indirect energy sources, whereby direct energy (Scope 1) refers to fuel burnt by BTL Group for operational purposes and indirect energy (Scope 2) refers to electricity purchased from utility companies. BTL noted that BTL Group did not consume any direct renewable energy in FY2023 but instead generated all its direct energy from diesel, liquefied petroleum gas and acetylene. BTL also noted that BTL Group's emissions are "directly related" to the amount of fuel burnt through electricity generation, other operational uses and private transportation.

The boundaries of BTL Group's reported emissions comprise only its operations in Singapore across its three yards, and do not include the operations of CHO Group nor that of Blue Titanium as the sustainability performance of CHO Group and of Blue Titanium are disclosed in CHO Group's sustainability report¹.

BTL Group consumed 1,624 GJ of Scope 1 energy and 3,822 GJ of Scope 2 energy in 2023 as shown in **Exhibit 124**. BTL noted that BTL Group's energy intensity (Scope 1 + Scope 2) fell by 6.4% from 250 GJ/\$million revenue in FY2022 to 234 GJ/\$million revenue in FY2023. BTL also noted that BTL Group's emission intensity (Scope 1 + Scope 2) fell by 4% from 25 tCO₂e/\$million revenue in FY2022 to 24 tCO₂e/\$million revenue in FY2023.

By dividing the emission intensity (e.g., 25 tCO₂e/\$million revenue or 25,000 kgCO₂e/\$million revenue in FY2022) over the energy intensity (e.g., 250 GJ/\$million revenue in FY2022) of each year, we note that emissions per energy consumed rose by around 2.6% from 100.0 kgCO₂e/GJ in FY2022 to 102.6 kgCO₂e/GJ in FY2023 as shown in **Exhibit 124**. We also note that electricity consumed fell the least from FY2022 to FY2023 (40.1%) as compared with Diesel (49.7%), LPG (61.3%) and CNG (100%), and that the emissions produced per energy consumed for electricity (around 110+ kgCO₂e/GJ) was higher than that of Scope 1 energy sources (around 70+ kgCO₂e/GJ) as shown in **Exhibit 124**. Thus, the rise in emissions per energy consumed was mainly due to the rising proportion of electricity (vs Scope 1 energy sources) consumed.

To BTL's credit, BTL noted that BTL Group would "explore renewable energy sources in place of grid electricity" across its yards & facilities from 2024 to 2026 with the view of reducing its Scope 2 emissions by a target of 50%. BTL also noted that BTL Group would "encourage the adoption of more energy efficient equipment with lower emissions when and where operationally and economically possible".

The energy consumed & Greenhouse Gas ("GHG") emission of BTL Group (less CHO Group and Blue Titanium) in FY2023 are shown in **Exhibit 124**.

¹ While we projected CHO Group's financial performance in the financial projections section, we did the projections only to project the profit/loss attributable to NCI for BTL Group. We will focus only on the sustainability performance disclosed by BTL in this report.

Exhibit 124: Review of Energy Consumed & GHG Emission (FY2022–FY2023)

(in relevant units)	Actual / Estimate		FY2022 v FY2023	
	FY2023	FY2022	Absolute Change	Change (%)
Energy consumed (GJ):				
Diesel	1,253	2,489	(1,236)	(49.7%)
Liquefied Petroleum Gas ("LPG")	371	958	(587)	(61.3%)
Compressed Natural Gas ("CNG")	-	38	(38)	(100.0%)
Total scope 1 energy consumed (GJ)⁽¹⁾	1,624	3,485	(1,861)	(53.4%)
Electricity consumed (Scope 2 in GJ)	3,822	6,380	(2,558)	(40.1%)
Total energy consumed (GJ)	5,446	9,865	(4,419)	(44.8%)
GHG Emission (tCO₂e or 1,000 kgCO₂e):				
Stationary	83	207	(124)	(59.9%)
Transport	34	42	(8)	(19.0%)
Scope 1 emissions (tCO₂e)⁽²⁾	117	249	(132)	(53.0%)
Scope 2 emissions (tCO ₂ e)	442	719	(277)	(38.5%)
Scope 3 emissions (tCO ₂ e)	53	51	2	3.9%
Total emissions (tCO₂e)	612	1,019	(407)	(39.9%)
GHG Emission (kgCO₂e) per energy (GJ) consumed:				
Total emission intensity (tCO ₂ e/\$million revenue)	25	24	1	4.2%
Total energy intensity (GJ/\$million revenue)	250	234	16	6.8%
(Est.) Total emissions per GJ consumed (kg CO₂e/GJ)	100.0	102.6	(2.6)	(2.5%)
Scope 1 emissions (tCO ₂ e)	117	249	(132)	(53.0%)
Total scope 1 energy consumed (GJ) ⁽¹⁾	1,624	3,485	(1,861)	(53.4%)
(Est.) Scope 1 emissions per GJ consumed (kg CO₂e/GJ)	72.0	71.4	0.6	0.8%
Scope 2 emissions (tCO ₂ e)	442	719	(277)	(38.5%)
Total scope 2 energy consumed (GJ) ⁽¹⁾	3,822	6,380	(2,558)	(40.1%)
(Est.) Scope e emissions per GJ consumed (kg CO₂e/GJ)	115.6	112.7	3.0	2.6%

⁽¹⁾ Excluding acetylene.⁽²⁾ Including acetylene.

Source: BTL's Annual Report (FY2023), FPA

(b) Waste

BTL noted that BTL Group's activities generate different types of waste. For instance, the fabrication and commissioning activities generate scrap metal, empty containers and spent oil while deliveries that BTL Group receives introduce wooden pallets and plastics.

To manage waste, BTL noted that BTL Group "adopts the 5Rs of responsible waste management hierarchy":

1. **Reduce:** BTL noted that BTL Group focuses on planning & scheduling to have "optimal nesting and cutting plans that result in minimal wastage".
2. **Reuse:** Where possible, BTL Group reuses industrial waste and scrap material like scrap steel and wooden pallets.
3. **Recycle:** BTL Group recycles waste which it cannot reuse but may have alternative purposes, e.g., paper, clothes, (re-usable) empty drums and plastic.
4. **Recover:** BTL noted that timber material and waste are disposed by authorised vendors who can recover energy from the waste (e.g., via incineration).
5. **Residual:** BTL noted that responsible residual disposal would be the last resort where "no further use can be obtained".

BTL characterised the responsible waste management hierarchy as shown in **Exhibit 125**.

Exhibit 125: Responsible Waste Management Hierarchy



From zerowastesg.com

Source: BTL's Annual Report (FY2023), zerowastesg.com (cited by BTL)

BTL Group recycled 430 tonnes of operational waste in FY2023, mainly in the form of steel scrap, timber and paper. BTL Group also disposed of 171 tonnes of non-hazardous waste. BTL noted that while BTL Group recycled 117 kg of e-waste in FY2022, BTL Group “had no e-waste to recycle” in FY2023. BTL Group disposed of 3 m³ of hazardous materials in FY2023, and BTL noted that hazardous waste is “handled, stored and disposed of to licensed toxic waste collectors in accordance with best practices and local regulatory requirements”.

The waste generated by BTL Group (less CHO Group and Blue Titanium) in FY2023 is shown in **Exhibit 126**.

Exhibit 126: Waste Generated

Type Of Waste Generated	Amount		Outcome
	2022	2023	
Hazardous			
Paint containers (m ³)	18	3	The waste collector removes paint before recycling the metal paint cans
E-Waste (kg)	117	0	E-waste collected is sent for recycling on a yearly basis
Non-Hazardous			
Steel Scrap (tonnes)	473	425	Recycled by waste vendor
Timber (tonnes)	46	4	Recycled by waste vendor
Paper (tonnes)	0.73	1.23	Recycled by waste vendor
General Waste (tonnes)	163*	171	Incinerated

* excludes information from one vendor who only started providing data from 2023

Source: BTL's Annual Report (FY2023)

BTL also showcased its environmental sustainability (including waste management) efforts in FY2023 as shown in **Exhibit 127**.

Exhibit 127: Environmental Sustainability Efforts

In FY2023, we achieved our target of

0

significant spills.

We aim to continue achieving this target for the following year



Baker Engineering recycled a total of

1230kg

in waste paper for 2023

as part of our recycling initiative for FY2023. Greater awareness, adoption of the paperless payroll system and move to online leave approval has significantly reduce our overall paper consumption for the year

We are committed to achieving energy efficiency in our yards
Since FY2022, we started exploring alternative energy sources in place of grid electricity across our different yards and facilities.



Promote eco-consciousness among our stakeholders and investment community by

publishing digital copies of our Annual Report and related Appendix instead of hard copies



We had no significant instances of non-compliance with laws and regulations (environmental and otherwise) and

no fines were paid during the reporting period



Regularly serviced air-conditioning units are set to an optimum temperature to reduce electricity usage

and are automatically programmed to switch off after working hours. LED lightings and energy saving appliances are used to improve energy efficiency

Waste bins in the mess hall (on our vessels) are separated into food waste (perishable items) and general waste

Waste bins on deck are divided into General waste bin, Scrap material bin and Special bin (Battery bin and Razor blade bin)

Waste disposal is conducted onshore to avoid polluting the oceans

We encourage all employees to be mindful of food waste and to minimise their packaging wastage

by advocating the use of reusable containers and water bottles



Waste is segregated in our yards to promote reuse and recycling



We believe that everyone has a shared responsibility to make a difference

We increase conservancy awareness among employees through a series of eye-catching e-posters, emails and internal memos



Our vessels are equipped with waste management and disposal systems

that ensure waste generated is disposed according to strict protocols

Baker Engineering is an ISO 14001 certified company with prevailing environmental standards which it adheres to. These standards are also applied throughout the Group's operations where relevant



Source: BTL's Annual Report (FY2023)

(II) SOCIAL

BTL included Employment, Training & Education, Diversity & Equal Opportunity, Non-Discrimination, Occupational Health & Safety and Local Communities as Social material topics.

(a) Employment

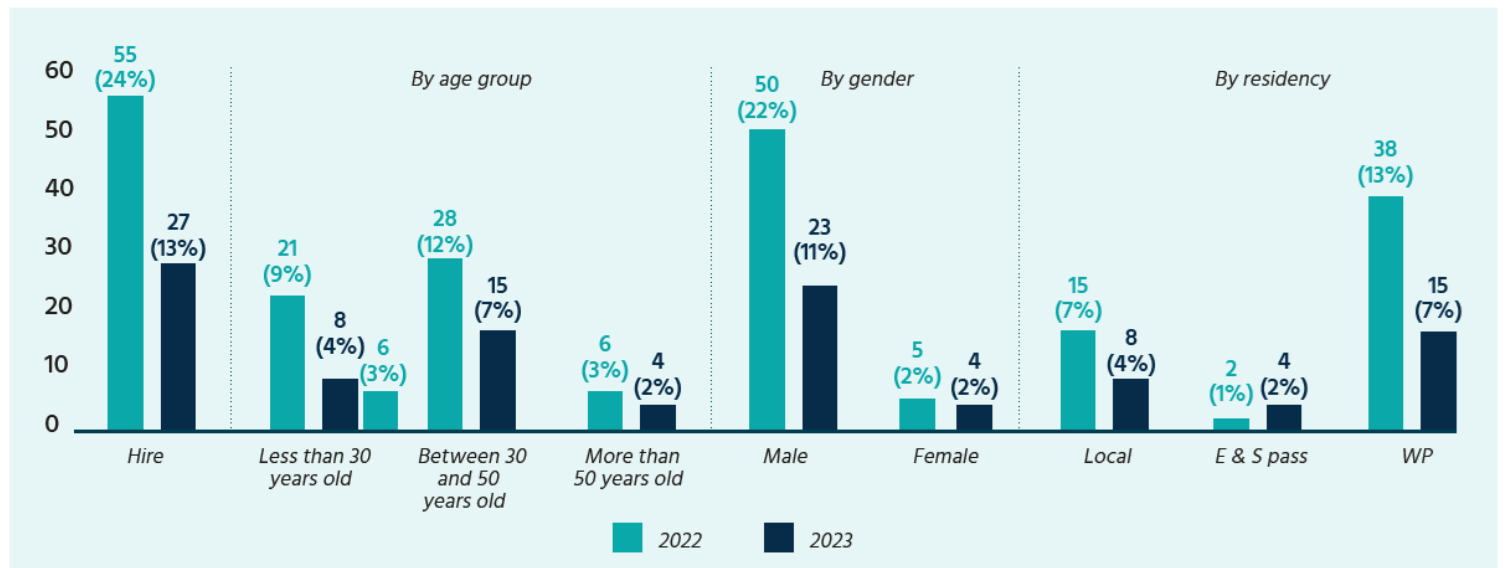
BTL noted that employees are its “most valuable asset” and “key to the long-term viability” of its business, and that BTL Group is committed to “building an organisation where employees are happy, healthy and motivated to perform”. BTL provided internships to three Institute of Technical Education (“ITE”) students in 2023, whereby the students were rotated through departments with different job functions. During FY2023, BTL Group had nine female employees and 31 male employees who were entitled to maternity and paternity leave respectively. Of the entitled employees, one female employee and two male employees took maternity and paternity leave respectively and all three returned to work thereafter. BTL noted that its retention rate in FY2023 was 83%.

BTL’s total number and percentage of new employee hires (excluding the three ITE interns) in 2022 and 2023 are shown in Exhibit 128.

Exhibit 128: New Employee Hires

Total Number and Rate(%) of New Employee Hires

GRI 401-1



Source: BTL's Annual Report (FY2023)

(b) Training & Education

BTL Group provides training & development programmes to enable its employees to perform their roles, to enhance their capabilities and performance, to develop their skills for career advancement and to raise their technical and sector knowhow so that they would be more effective and knowledgeable. BTL noted that increasing employees' knowledge base would allow employees to keep pace with the advancement in technology as BTL Group digitalise more aspects of its processes. BTL noted too that on-the-job training has also been a key focus for both new and existing employees.

BTL disclosed that employees attended a total of 546 training hours with external providers in FY2023.

(c) Diversity, Equal Opportunity and Non-Discrimination

BTL noted that BTL Group put in place a formal board diversity policy in FY2022 which reflected its "commitment to diversity", its targets, and its processes & procedures to support Board diversity. BTL also noted that it had "maintained at least 22% female representation" on its Board since 2013. BTL had two female Board members and nine directors (thus the 22.2% female representation) in FY2013, of which the two female Board members were Executive Director Jeanette Chang (daughter of Executive Director and largest shareholder Dr Benety Chang) and Independent Director Han Sah Heok Vicky.

BTL Group continued to have two female members on its Board until the conclusion of the AGM held on 26 April 2024, where Independent Director Han Sah Heok Vicky retired as she was first appointed to the Board more than nine years ago and was thus no longer considered independent under SGX Listing Rule 210(5)(d)(iv).

BTL noted too that BTL Group's recruitment process is "guided by its nondiscriminatory hiring policy, which assesses solely based on merit focusing on candidates' qualifications, skills, aptitude, attitude and suitability for specific roles as well as the ability to contribute to the Company" and that the HR policy prohibits any discrimination on the basis of nationality, age, race, religion, language, gender or marital status. BTL also emphasised that "all employees are remunerated in an equitable manner, regardless of gender, age and residency status" and that "experience, qualifications and capabilities" are the main considerations when determining the remuneration of an employee or candidate.

BTL Group encourages older employees to continue working until such time as they choose to retire and offers these employees the option of shorter working hours and modified job scopes where possible. BTL Group had six employees above the retirement age at end-FY2023.

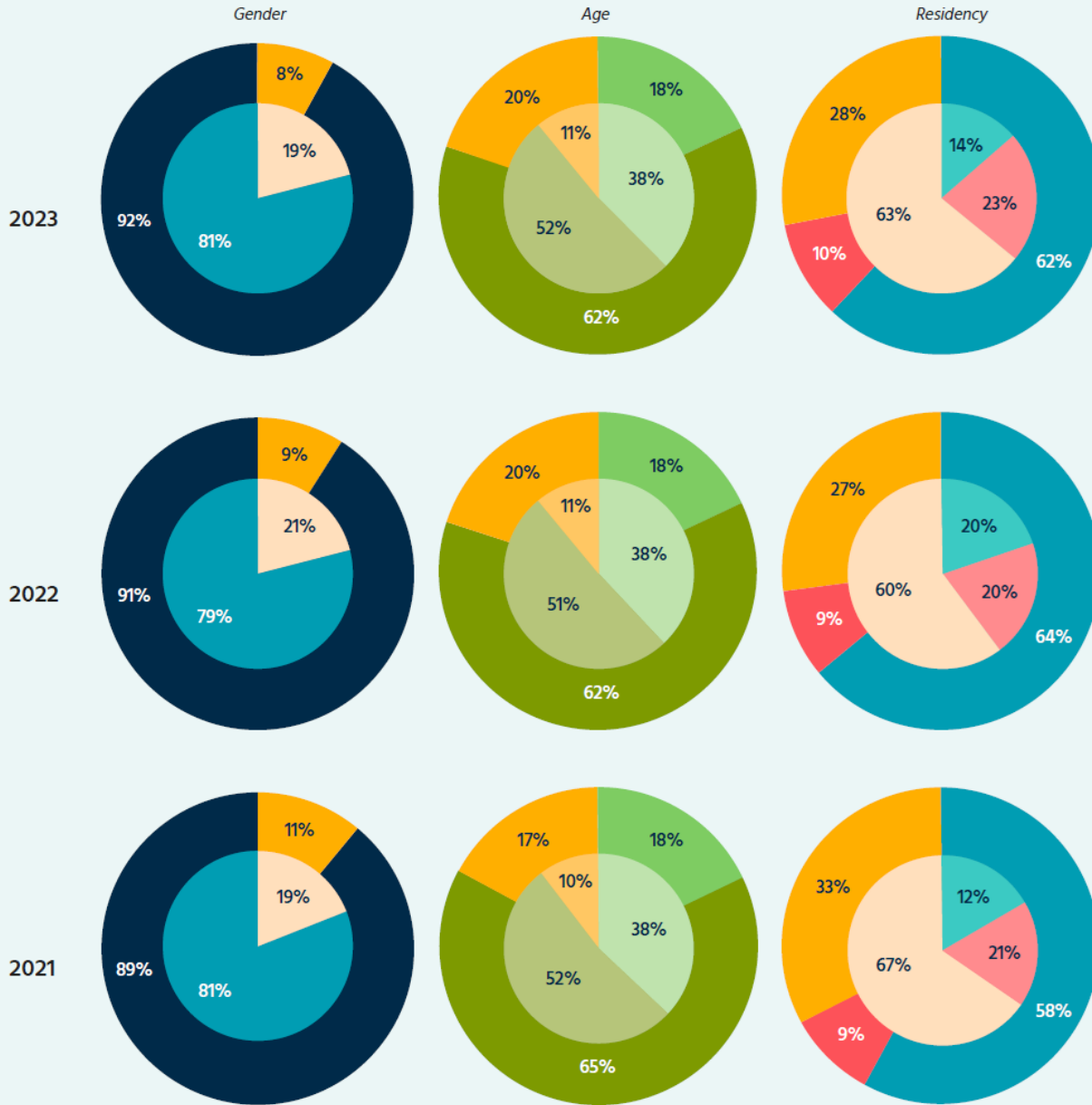
BTL disclosed that it achieved its target of zero incidents of discrimination in FY2023.

The diversity of employees of BTL Group (less CHO Group) is shown in **Exhibit 129**.

Exhibit 129: Diversity of Employees

Diversity of Employees

GRI 405-1



Inner circle - exclude NTS workers
 Outer circle - include NTS workers
 Male
 Female
 Under 30 years old
 30 - 50 years old
 Over 50 years old
 Singaporean and PR
 E pass and S pass holders
 Work permit holders

* Values may not add to 100% due to rounding

Source: BTL's Annual Report (FY2023)

(d) Occupational Health & Safety

BTL noted that it places “great importance on the health and safety” of all its employees to “maintain and enhance the trust and confidence” of its employees and other stakeholders. BTL noted that its main operating subsidiaries (excluding CHO Group), BEPL, Sea Deep and Sea Hercules Cranes, are all ISO 45001 certified¹. The three subsidiaries are also BizSAFE Star Enterprises. Workplace Safety and Health (“WSH”) Council’s BizSAFE levels are shown in **Exhibit 130**.

Exhibit 130: BizSAFE Levels

Source: WSH Council

BTL noted that BTL Group implemented Safety Management Systems (“SMS”) in line with ISO 45001. BTL Group’s SMS, together with its Quality Management System (ISO 9001) and Environmental Management Systems (ISO 14001), form BTL Group’s Shipyard Management System. The Shipyard Management System undergoes annual audits as part of certification requirements. The SMS adheres to requirements of the WSH Act and other relevant safety rules, regulations and requirements as set by local regulators. The SMS applies to all activities on BTL Group’s premises from the office to the production yard, and all personnel on BTL Group’s premises, including employees, visitors, subcontractors and crew, have to abide by the SMS.

BTL Group also has a Workplace Safety, Health and Environment (“WHSE”)² committee responsible for maintaining, reviewing, updating and implementing the SMS. BTL noted that safety performance indicators (covering among others, policies & procedures, risk assessments, licences and statutory requirements) are reviewed regularly during WHSE meetings and “corrective measures, audits and management reviews and improvements” are made to the system where required. Ad hoc reviews are also conducted if and when there is an incident onsite, and BTL Group would conduct investigations into the root causes of the incidents or when there are relevant incidents in other yards or on other vessels.

¹ ISO 45001 is an international standard for operational health & safety management systems.

² Exact spelling as cited from BTL’s Annual Report for FY2023.

All hazardous, critical and major operations for each section and/or department are reviewed weekly and, if also required, on an ad hoc basis. Risk assessments are carried out on all activities on BTL Group's premises through a risk rating matrix and all personnel (including subcontractors and facilities vendors) working in BTL Group's yards have to submit risk assessments for their work.

The WHSE team, WHSE committee and all supervisors monitor BTL Group's operations and ensure that all employees comply with the implemented code of practices and safety procedures. BTL noted that BTL Group's emphasis on "promoting workers' health and improving workplace safety" led to "relatively low number of accidents" at its workplace and that BTL Group would continue to "target zero injuries and fatalities" amongst its workforce.

BTL Group's injury and fatality rates from FY2021 to FY2023 are shown in **Exhibit 131**. BTL noted that there was one work-related injury for Sea Deep Shipyard Group (likely comprising Sea Deep & Sea Hercules Cranes) in FY2023, which resulted in a loss of four man-days.

Exhibit 131: Injury and Fatality Rate

	FY2021	FY2022	FY2023
Number of man-hours worked ¹	533,411	583,020	504,304
Number of fatalities	0	0	0
Number of high-consequence injuries	0	1	0
Total number of recordable injuries	5	8	1
Fatality frequency rate	00.00	00.00	00.00
High-consequence injury frequency rate	00.00	1.72	00.00
Total recordable injury frequency rate	9.37	13.72	1.98
Accident Frequency Rate ("AFR") ²	9.37	13.72	1.98
Accident Severity Rate ("ASR") ³	58.12	530	7.93

¹ Recordable injuries include fatalities, lost time injuries, restricted work injuries and medical treatment injuries receiving at least one day of medical leave

² Accident Frequency Rate = No. of MOM reportable accidents / Manhours worked x 1,000,000

³ Accident Severity Rate = No. of man days lost due to MOM reportable accidents / Manhours worked x 1,000,000.

Source: BTL's Annual Report (FY2023)

(e) Local Communities

BTL noted that BTL Group remains "committed to delivering long-term sustainable value with a positive impact" to the society, thus "continued to be proactive" in its philanthropic activities. BTL noted that BTL Group pledged its support towards the 1000 Enterprises for Children-in-Need fundraising programme organised by the Singapore Children's Society, and supported Food From The Heart, Children's Wishing Well and the Society for the Prevention of Cruelty to Animals ("SPCA").

(III) GOVERNANCE

BTL included Anti-corruption, Code of Conduct, Whistleblowing, Human Rights, Personal Data and Risk Management as Governance material topics.

(a) Anti-corruption

BTL noted that BTL Group is committed to conducting its business and operations in an “ethical, honest and professional manner”. BTL also noted that BTL Group adopts a “zero-tolerance policy towards any form of bribery and corruption” and is “committed to acting transparently, fairly and with integrity” in all its business activities and relationships.

BTL Group has an Anti-Bribery and Corruption Policy which applies to all its directors, officers, employees, contract workers etc. and has clear prohibitions against bribery and corruption and, amongst others, covers scenarios in relation to conflicts of interest and the responsibility of each employee, director and officer in relation to such conflicts of interest.

Operational activities which are of higher bribery or corruption risk are subject to internal audit and reviewed regularly.

BTL noted that BTL Group had no case of corruption and did not offer or provide any gift, entertainment or donation to any political or government official in FY2023.

(b) Code of Conduct

BTL noted that BTL Group’s Code of Conduct “assists the Board, employees and company representatives in understanding their responsibilities better and provides guidelines for daily business operations to enable them to execute their duties and responsibilities to the highest standard of business integrity and also in accordance with applicable laws and regulations”. BTL also noted that appropriate disciplinary action, including termination of employment, will be taken if an employee is found to have violated the Code.

(c) Whistleblowing

BTL Group has a Whistleblowing policy which allows stakeholders (including employees, clients and vendors) to raise their concerns in confidence regarding financial and non-financial matters without fear of retaliatory or obstructive actions. BTL noted that all whistleblowing reports (if any) are received and investigated by the Independent Directors and senior management where unrelated to such parties. BTL also noted that there was no report nor concern raised nor brought to the attention of the Independent Directors or Audit Committee in FY2023.

(d) Human Rights

BTL Group has in place a Human Rights Statement committing to upholding the International Human Rights Principles as set out in the Universal Declaration of Human Rights and International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.

BTL noted that BTL Group “does not tolerate unethical labour practices such as slavery, forced labour, child labour and human trafficking” in any of its operations and business practices. BTL also noted that all of BTL Group’s employees, subcontractors, suppliers and vendors are expected to adhere to BTL Group’s policies.

(e) Personal Data

BTL noted that BTL Group protects the privacy and confidentiality of all personal data of its employees and stakeholders, and is guided by the Personal Data Protection Act (“PDPA”) which outlines how personal data should be managed. BTL Group has also appointed a Data Protection Officer (“DPO”) to oversee and ensure that all personal data is managed in accordance with PDPA. The DPO noted that there was no report nor concern nor any breach of personal data in FY2023.

BTL also noted that BTL Group took precautionary steps to secure and protect the collection of personal data. To ensure that employees were updated on the changes to the PDPA made at the start of 2021 and aware of any corporate obligations or liabilities, BTL noted that employees who handle personal data regularly were provided external training by the Singapore Association for Continuing Education while those who had “significantly less exposure” to personal data went through an in-house training instead.

(f) Risk Management

BTL noted that on a six-monthly basis and as and when required, the Audit Committee and the Board, supported by Management and Executive Officers, review existing risks and consider changes and trends in the market environment as well as business operations to further enhance and build on its ERM framework. BTL noted that this is done to “minimise significant exposures to financial, industry-related and operational risks (including any sanctions-related and climate-related risks) to better safeguard stakeholders’ interest and the Group’s assets whilst delivering sustainable value to shareholders”.

BTL disclosed its risk management measures as shown in **Exhibit 132**.

Exhibit 132: Risk Management Measures**Financial Risk**

- Review group's strategy and financial performance regularly to ensure continued liquidity
- Continue to explore new market opportunities for sustainable growth and development
- Adopt and practise a policy of collecting payment before delivery or an up-front collection of non-refundable deposits (where possible)
- Where possible, hedge foreign currency fluctuations naturally by a sale or purchase of a matching asset or liability of the same currency and amount
- Undertake spot conversion of excess foreign currencies to Singapore Dollar
- Closely follow impacts on supply chains from pricing of raw materials to freight costs to ensure more rigorous pricing for projects
- Carry out credit checks and financial reviews of new clients/customers

Industry-Related Risks

- Cautiously reducing our cost base and curtailing discretionary expenditure to ensure that the Group remains resilient amidst adversity
- Exploration of new market opportunities (including in the renewables sector) for sustainable growth and development

Health and Safety Risks

- Cultivate safe-at-work habits and practices
- Raise awareness for certified in-house safety procedures and policies
- Attend regular training programmes and daily safety meetings and conduct safety promotions
- Conduct regular safety site walkabouts followed by WHSE meetings attended by WHSE committee members to review issues and opportunities for improvement, if any, and to highlight good safety observations
- Provide mandatory internal safety briefings and induction programmes and external competency training (where required) in addition to employee's orientation programmes.
- Conduct periodic fire evacuation and security drills to ensure preparedness and cooperation during emergencies

Operational Risks

- Maximise operational efficiency by sourcing of alternative sites to ensure continuity to fulfil customers' requirements in the event of yard closure due to force majeure events
- Diversify vendor, supplier and subcontractor base to reduce reliance on any given suppliers
- Identify vendors/suppliers local to our yards or vessels to ensure continuity of supplies
- Plan for business continuity and response measures to address disruption of business operations
- Improve IT security and accessibility to allow working from home as part of business continuity plan
- Reduce reliance on manual foreign workers by adopting automation (where possible) and technology
- Ensure that new contracts/charters have sufficient protections in relation to force majeure clauses including the potential adverse development of the Covid-19 pandemic

Governance Risks

- Update and review governance policies on a regular basis and provide annual training to employees
- Provide and maintain ease of communication to management to enable stakeholders especially employees to raise matters in addition to whistleblowing reporting options
- Regularly assess exposure and nexus to sanctions-related risks and keep abreast of changes to applicable Sanctions List

**Climate-related Physical and Transition Risks
GRI 2-23**

- Raise awareness of climate risks and sustainability considerations amongst employees so that sustainability issues form part of strategic decision making in relation to procedures, asset purchases, facilities etc
- Identify alternatives to fuel burning sources of energy including solar power and batteries
- Purchase lower emissions and higher productivity equipment (where cost-effective)
- Increase market share within the renewables sector to increase revenue
- Widen customer base and knowledge within renewables sector
- Maintain a strong balance sheet to weather any climate related impacts
- Increase automation to reduce reliance on foreign labour
- Educate employees on the importance of hydration to combat increase in temperatures
- Ensure that contracts have appropriate force majeure clauses to address possible extreme weather conditions

Source: BTL's Annual Report (FY2023)

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