UOBKayHian

Company – Update
Singapore
Monday, 20 July 2026

Beng Kuang Marine (BKM SP)

Deepening FPSO Exposure, Orderbook On The Rise

BUY (Maintained)	
Share Price	S$0.485
Target Price	S$0.750
Upside	+54.6%

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Highlights

- BKM's management recently highlighted the group's FPSO transition and growth strategy.
- ASOM recently secured S$85.2m in new contracts in 1H26, including West Africa FPSO awards, lifting group orderbook to S$70.7m as at end-Jun 26.
- Maintain BUY with an unchanged target price of S$0.75, pegged to 14x 2027F PE. BKM currently trades at 9.2x 2027F PE, vs peers' average of 11.8x.

Analysis

- **Key takeaways from SG Small & Mid Cap Corporate Day.** We recently met with Beng Kuang Marine's (BKM) management at the SG Small & Mid Cap Corporate Day to discuss the group's transition into a floating production, storage, and offloading (FPSO) focused oil & gas player and its growth strategy. Key topics covered included BKM's scope across the FPSO lifecycle, recent contract wins in West Africa, workforce and capacity expansion, and its outlook for adding more FPSOs under management. Summary of the key questions raised is found in the next page.
- **1H26 contract wins and purchase orders.** BKM's wholly-owned subsidiary, Asian Sealand Offshore & Marine (ASOM), secured approximately S$85.2m in new contracts and purchase orders in 1H26, comprising S$27.6m in 1Q26 and S$57.6m in 2Q26, all backed by formal purchase orders. The 2Q26 awards notably included two FPSO tank services purchase orders for FPSOs operating in West Africa, with an aggregate value of approximately US$28.6m, formalising the West Africa lifecycle mandate renewals previously flagged in Apr 26, and also marking the early phase of a multiyear FPSO life extension programme, positioning the group for sustained follow-on work.
- **Orderbook continues to grow.** As at end-Jun 26, ASOM, Nexus Engineering Indonesia (NEI) and International Offshore Equipments (IOE) collectively carried approximately S$70.7m of contracted work remaining for delivery, comprising S$52.3m for ASOM, S$7.3m for NEI and S$11.1m for IOE. NEI's balance spans four active projects at its Batam yard, while IOE's orderbook includes staged crane, davit and aftermarket deliveries extending into 2028. Looking ahead, management remains focused on disciplined execution, with ASOM's embedded FPSO relationships expected to support repeat maintenance and life extension work, while NEI and IOE continue to selectively replenish their pipelines.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	111.9	98.2	109.1	115.5	122.4
EBITDA	26.3	17.1	19.5	24.3	25.7
Operating profit	26.3	17.1	19.5	24.3	25.7
Net profit (rep./act.)	11.5	5.3	10.2	18.1	19.2
Net profit (adj.)	11.5	5.3	10.2	18.1	19.2
EPS (S$ cent)	5.8	2.6	3.0	5.3	5.6
PE (x)	8.4	18.7	16.2	9.1	8.6
P/B (x)	4.6	3.7	3.8	2.7	2.1
EV/EBITDA (x)	4.4	6.8	5.9	4.8	4.5
Dividend yield (%)	0.0	1.2	1.2	1.4	1.4
Net margin (%)	10.3	5.4	9.3	15.7	15.7
Net debt/(cash) to equity (%)	(69.9)	(101.7)	(70.0)	(80.7)	(85.8)
Interest cover (x)	27.8	28.0	47.3	48.2	47.7
ROE (%)	75.6	22.5	29.3	34.8	27.1
Consensus net profit (S$m)	-	-	11.2	18.1	19.2
UOBKH/Consensus (x)	-	-	0.9	1.0	1.0

Source: BKM, UOB Kay Hian

Stock Data

GICS Sector	Industrials
Bloomberg ticker	BKM SP
Shares issued (m)	299.9
Market cap (S$m)	145.5
Market cap (US$m)	112.7
3-mth avg daily t'over (US$m)	0.9

Price Performance (%)

52-week high/low				S$0.600 / S$0.225
1mth	3mth	6mth	1yr	YTD
(3.0)	1.0	54.0	110.9	51.6

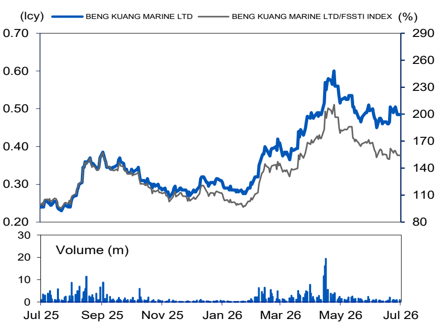
Major Shareholders

	%
Chan Kwan Bian	9.4
Yong Jiunn Run	4.1

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.13
FY26 Net Cash/ Share (S$)	0.09

Price Chart



Source: Bloomberg

Company Description

Beng Kuang Marine provides corrosion prevention and infrastructure engineering services. The group offers hydro-jet cleaning and tank cleaning services. Beng Kuang Marine trades copper slag and waste management in Asia.

Stock Impact

- **SG Small & Mid Cap Corporate Day Q&A summary.** Investors' questions centred on the durability and scalability of BKM's FPSO franchise.
  - Management confirmed that two of three West Africa life extension contracts with SBM Offshore have been awarded. These are 3-4-year deals offering the highest value across the FPSO lifecycle, with newbuild scope comparatively smaller at S$3m-5m each.
  - On competitiveness, BKM's integrated multi skillset model is favoured given yard accommodation constraints, and the company has been scaling its workforce.
  - Management sees Guyana as a likely candidate to replicate West Africa's success, and guided for 1-2 additional FPSOs per year going forward, building on the 7-8 FPSOs added over the past 3-4 years, with FPSO count serving as the key growth proxy.
  - Safety track record and asset familiarity underpin BKM's competitive edge, while higher oil prices should benefit recurring revenue as FPSOs pump more.
  - Dividend payout has remained steady at around 20% over the past few years.
- **Expect higher revenue recognition in 2H26.** BKM completed the acquisition of the remaining stake in ASOM at end-Jun 26. The transaction is expected to significantly boost BKM's 2H26 revenue and is also earnings-accretive, enabling the group to fully capture ASOM's high-margin earnings while strengthening its core engineering segment. This is also in line with the company's strategy to shift towards an asset-light business model under BKM 2.0, given the nature of ASOM's business.
- **Healthy balance sheet position.** BKM remained in a net cash position of S$26.9m as at end-25 with little debt. The company has been focused on paying down its debt, back by its strong cash flow from operations of S$26.6m as at end-25. This strong balance sheet is likely to strengthen further as BKM continues to shift towards an asset light operating model under its BKM 2.0 strategy, positioning the company well to capitalise on any opportunities amid strong industry tailwinds.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of S$0.75,** implying a 54.6% upside. Our target price is pegged to 14.0x 2027F PE, +1.5SD above historical averages, and we expect re-rating to continue as BKM continues to deepen its FPSO exposure and strengthen its orderbook. This also represents a discount to peers' average despite BKM's market position and higher profitability following the consolidation of ASOM.
- BKM currently trades around 9.2x 2027F PE, below peers' average of 11.8x 2027F PE, highlighting BKM's undervaluation. We believe its strong fundamentals, underpinned by a superior ROE of 38.8% vs the industry average of 17.3% and a strong net cash position, continue to support the case for valuation re-rating. Full-year consolidation of ASOM in 2027 is also expected to boost BKM's profitability significantly.

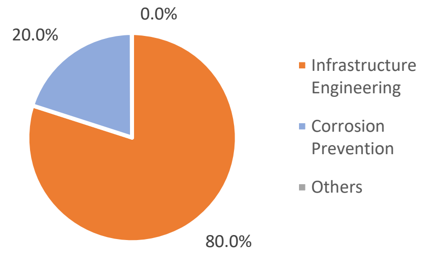
Earnings Revision/Risk

- No changes to our earnings forecasts.

Share Price Catalyst

- Higher revenue and profit recognition from ASOM following the consolidation.
- Winning of more high-value FPSO extension of life jobs.

Revenue By Segment (2025)



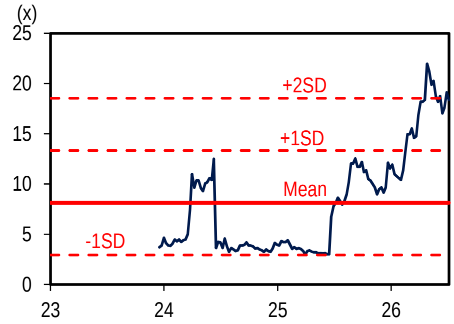
Source: BKM, UOB Kay Hian

Revenue And Forecast

(S$'m)	2025	2026F	2027F	2028F
Infrastructure Engineering	78.5	88.5	94.1	100.2
Corrosion Prevention	19.6	20.6	21.4	22.1
Others	0.0	0.0	0.0	0.0
Total	98.2	109.1	115.5	122.4

Source: BKM, UOB Kay Hian

Historical PE Band



Source: BKM, Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	98.2	109.1	115.5	122.4
EBITDA	17.1	19.5	24.3	25.7
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	17.1	19.5	24.3	25.7
Total other non-operating income	0.0	(0.0)	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(0.6)	(0.4)	(0.5)	(0.5)
Pre-tax profit	16.5	19.0	23.8	25.2
Tax	(3.9)	(4.5)	(5.7)	(6.0)
Minorities	(7.2)	(4.4)	0.0	0.0
Net profit	5.3	10.2	18.1	19.2
Net profit (adj.)	5.3	10.2	18.1	19.2

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	15.7	14.9	14.4	14.1
Other LT assets	0.2	0.2	0.3	0.3
Cash/ST investment	37.4	36.9	58.9	79.2
Other current assets	26.5	36.2	38.4	40.6
Total assets	79.8	88.3	111.9	134.2
ST debt	4.2	2.8	3.9	4.2
Other current liabilities	31.6	37.1	39.8	42.1
LT debt	6.2	4.1	5.8	6.2
Other LT liabilities	1.6	1.4	1.5	1.6
Shareholders' equity	26.4	42.9	61.0	80.2
Minority interest	9.7	0.0	0.0	0.0
Total liabilities & equity	79.8	88.3	111.9	134.2

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	26.6	13.4	21.9	22.5
Pre-tax profit	16.5	19.0	23.8	25.2
Tax	(3.9)	(4.5)	(5.7)	(6.0)
Deprec. & amort.	3.6	3.1	3.0	2.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	10.1	(4.9)	(0.4)	(0.1)
Non-cash items	0.1	(0.2)	(0.2)	(0.2)
Other operating cashflows	0.3	0.9	1.4	0.8
Investing	(3.6)	(2.1)	(2.2)	(2.4)
Capex (maintenance)	0.0	0.0	0.0	0.0
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.2	0.1	0.1	0.1
Others	(3.9)	(2.2)	(2.3)	(2.4)
Financing	(8.1)	(11.8)	2.3	0.1
Dividend payments	(5.6)	0.0	0.0	0.0
Proceeds from borrowings	10.9	17.6	8.7	8.9
Loan repayment	(12.7)	(8.9)	(5.8)	(8.2)
Others/interest paid	(0.6)	(20.4)	(0.5)	(0.5)
Net cash inflow (outflow)	14.9	(0.5)	22.0	20.3
Beginning cash & cash equivalent	22.4	37.4	36.9	58.9
Changes due to forex impact	(0.5)	0.0	0.0	0.0
Ending cash & cash equivalent	36.8	36.9	58.9	79.2

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.4	17.8	21.0	21.0
Pre-tax margin	16.8	17.5	20.6	20.6
Net margin	5.4	9.3	15.7	15.7
ROA	6.9	12.1	18.1	15.6
ROE	22.5	29.3	34.8	27.1
Growth				
Turnover	(12.3)	11.2	5.9	5.9
EBITDA	(35.2)	14.0	24.7	5.9
Pre-tax profit	(35.2)	15.8	24.7	5.9
Net profit	(53.8)	90.4	78.2	5.9
Net profit (adj.)	(53.8)	90.4	78.2	5.9
EPS	(55.2)	15.1	78.2	5.9
Leverage				
Debt to total capital	22.5	13.8	13.7	11.4
Debt to equity	39.7	16.0	15.9	12.9
Net debt/(cash) to equity	(101.7)	(70.0)	(80.7)	(85.8)
Interest cover (x)	28.0	47.3	48.2	47.7

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