

## BENG KUANG MARINE

**BUY**

Share Price: **\$0.57**  
 Target Price: **\$0.69**  
 Upside: **+21.1%**

### COMPANY DESCRIPTION

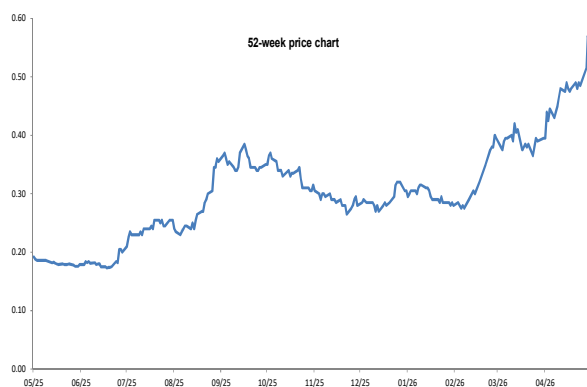
Beng Kuang Marine Limited, and together with their subsidiaries ("Beng Kuang Group"), is a Singapore-based company with an established track record in the marine and offshore energy industries.

Name	<b>BENG KUANG MARINE LTD</b>
Bloomberg Code	<b>BKM SP EQUITY</b>
3M Avg Daily Trading Vol (k)	<b>2,741.7</b>
3M Avg Daily Trading Val (\$'000)	<b>1,222.3</b>
Major Shareholder / Holdings	<b>Chua Family (c.12.8%)</b>
Shares Outstanding (m)	<b>224.6</b>
Market Capitalisation (\$M)	<b>131.3</b>

### STOCK PRICE PERFORMANCE

Absolute Return (%)	<b>1M</b> 43.0	<b>3M</b> 101.8	<b>12M</b> 203.7
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### PRICE CHART



Source : Bloomberg

### Funds Prefer Sticky Offshore-services (FPSOs)

BKM reported 1QFY26 results that were in line with our expectations as revenue rose +20.3%yoy to S\$25.7mln while profit came in at S\$2.8mln (-12.7% YoY/+9.0% qoq). While BKM did not disclose PATMI figures, we expect earnings momentum to strengthen in 2HFY26 following the planned consolidation of ASOM (slated to complete end-May - June 26). We are also encouraged by the recent share sale transaction in which insiders and EQDP funds increased their stakes at S\$0.48/share, which we view as a strong vote of confidence in BKM's prospects. Operationally, ASOM continues to generate recurring revenue through its FPSO lifecycle engineering activities, while BKM has c.S\$51mln of secured contracts expected to be recognised in FY26, providing healthy earnings visibility and operational runway.

We thus maintain our BUY rating on BKM and raise our TP to S\$0.69, based on a 13x FY27F P/E as we roll forward our valuation base on the backdrop of increase institutional participation

**Results in line, awaiting 2H for the profit spike.** BKM's 1QFY26 results reflected healthy operational activity despite profit declining 12.7%yoy likely due to spillover delays from 4Q26. Moving forward, we do not expect further delays. Gross profit margins was slightly lower (26.5%, -9.9p.p yoy) due to early-stage work (less margins) but we believe this should be interpreted in the context of project execution timing and revenue mix rather than weakening fundamentals. Offshore engineering businesses often experience quarterly earnings volatility depending on project stages, customer delivery schedules and work composition.

**Orderbook and earnings visibility remain strong.** Operationally, BKM's order book remains healthy with c.S\$55.9mln of secured contracts as at 1QFY26, of which S\$51.2mln is expected to be recognised in FY26. ASOM alone secured S\$27.6mln of FPSO and FSO-related contracts, with Mgmt. noting that around 80% FY26's FPSO-related work was recurring in nature. Meanwhile, NEI and IOE continue to provide LT earnings visibility through fabrication, shipbuilding and offshore projects extending into FY27-28, reinforcing our view that underlying operational momentum remains intact despite temporary margin pressure.

**Insider accumulation/Insti participation reinforce confidence.** We view the recent founder share sale positively as it saw increased participation from institutional investors Amova AM and Tokio Marine, as well as veteran investor Tan Kim Seng, at S\$0.48/share, reinforcing confidence in BKM's outlook. Executive Chairman Chua Beng Yong (+578k shares) and CEO Yong Jiunn Run(+500k shares) both raised their stakes following the transaction, which reflects Mgmt's confidence given their visibility into BKM's operational pipeline. More importantly, the transaction strengthens BKM's institutional shareholder base at a time when offshore and FPSO-related activity continues to improve globally.

### KEY FINANCIALS

DEC YE	FY23	FY24	FY25	FY26F	FY27F
Revenue (\$mIn)	79.2	111.9	98.2	110.3	115.4
Gross Profit (\$mIn)	24.9	38.7	36.4	40.8	42.7
EBITDA (\$mIn)	11.5	20.6	19.2	24.3	20.8
EBITDA Margin (%)	14.5	18.4	19.6	22	18
Net Income (\$mIn)	3.4	11.5	5.3	12.1	18.1
Net Margin (%)	4.3	10.3	5.4	11	15.7
EPS (S cts)	1.7	5.8	2.6	3.6	5.3
Dividend Per Share (S cts)	0.0	0.6	0.6	0.6	0.7
Dividend Yield (%)	0.0	1.1	1.1	1.1	1.2
PE (x)	33.5	9.9	22.3	16.0	10.7
PB (x)	11.9	5.4	4.5	5.0	3.4

Source: Beng Kuang Marine, Lim & Tan Research

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