Beng Kuang Marine (BKM SP)

Asset-Light O&G Player Well-Positioned To Capture FPSO Servicing Demand And See Multifold Earnings Jump In 2027

	BUY
Share Price	S$0.48
Target Price	S$0.64
Upside	+33.3%

Highlights

- BKM is well-positioned to capture strong demand for FPSO repair services, especially for its corrosion prevention services, amid an ageing fleet.
- Acquisition of the entire 49% minority stake of ASOM will enable high earnings accretion of three to fourfold in 2027 vs 2025.
- Initiate coverage with BUY and a target price of S$0.64. Catalysts are higher revenue and profit recognition from ASOM following consolidation, as well as winning of more high-value FPSO extension of life jobs.

Analysis

- **Market leader in corrosion prevention supported by strong industry demand.** Beng Kuang Marine (BKM) is a leader in provision of corrosion prevention, repair and life extension services, a high-barrier segment within offshore asset integrity services, operating across Southeast Asia, the Middle East, and Latin America. With non-discretionary demand driven by safety, regulatory compliance, and asset longevity, BKM enjoys resilient margins and strong pricing power, supported by global industry demand where corrosion costs the maritime sector US$50b-80b annually.
- **Ageing global FPSO fleet underpins long-term life extension demand.** Of the roughly 180 floating production, storage, and offloading (FPSO) units in operation globally, over half are more than 30 years old and a quarter exceed 40 years. For these ageing vessels, demand for inspection, repair, and corrosion prevention remains strong as high costs and long newbuild backlogs limit replacements, supporting BKM's services as operators extend asset life.
- **Significant earnings accretion from full acquisition of minority stake in ASOM.** BKM is shifting to an asset-light, service-led model under its BKM 2.0 strategy, focusing on higher-margin, recurring services. As part of this strategy, the proposed acquisition of the remaining 49% of Asian Sealand Offshore and Marine (ASOM) for S$60m, expected by end-Jun 26, will fully consolidate its high-margin earnings and align management interests with BKM. We expect material earnings accretion where BKM's earnings could jump fourfold to S$20m in a bull-case scenario in 2027 vs S$5m in 2025.
- **Initiate coverage with BUY and a target price of S$0.64,** based on 12.1x 2027F PE, +1.5SD above its five-year historical PE. We adopt a 2027F PE to take into account the full consolidation of ASOM into BKM. BKM currently trades at 9.0x 2027F PE. This represents a discount to peers' average 2027F PE of 14.6x, highlighting BKM's undervaluation despite its market leadership.

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)	8.3	18.5	16.1	9.0	8.5
P/B (x)	4.6	3.7	3.8	2.7	2.0
EV/EBITDA (x)	3.0	4.6	4.1	3.3	3.1
Dividend yield (%)	0.0	1.3	1.3	1.5	1.5
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)	-	-	12.1	18.1	-
UOBKH/Consensus (x)	-	-	0.8	1.0	-

Source: BKM, UOB Kay Hian

Analyst(s)

Tang Kai Jie
kaijietang@uobkayhian.com
+65 6590 6624

Heidi Mo
heidimo@uobkayhian.com
+65 6590 6630

Stock Data

GICS sector	Industrials
Bloomberg ticker:	BKM SP
Shares issued (m):	226.9
Market cap (S$m):	108.9
Market cap (US$m):	85.6
3-mth avg daily t'over (US$m):	0.5

Price Performance (%)

52-week high/low				S$0.480 / S$0.172
1mth	3mth	6mth	1yr	YTD
23.1	52.4	45.5	148.7	50.0

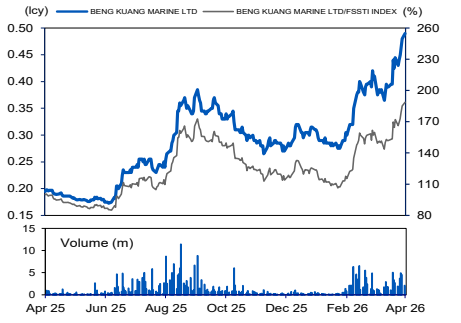
Major Shareholders %

Chan Kwan Bian	12.4
Yong Jiunn Run	5.4

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.

Contents

Investment Highlights 3
Valuation 5
Business Outlook 7
Earnings Results & Outlook 8
Financial Statements 11
Appendix I: Company Background 12
Appendix II: Industry Overview 16
Appendix III: Risk Factors 18
Appendix IV: Milestones & Awards 19
Appendix V: Key Management 20

This report uses the closing prices of 17 Apr 26

Investment Highlights

BKM is a corrosion prevention leader, benefitting from non-discretionary demand, pricing power, and resilient margins

Market leader in corrosion prevention… BKM is a market leader in corrosion prevention, a specialised, high-barrier segment within offshore asset integrity services, and operates across diversified geographies in Asia. The business benefits from non-discretionary demand, as corrosion prevention is essential to prevent structural deterioration of the marine asset, and is critical for safety, regulatory compliance, and asset longevity. This supports stronger pricing power and more resilient margins compared with commoditised marine services.

Strong global corrosion prevention demand supports long-term growth, driven by significant industry-wide cost impact

…supported by strong industry demand. In the global industry, demand corrosion prevention remains resilient across offshore marine assets, with corrosion costing the maritime industry US$50b-80b annually, not including indirect costs, according to market sources. This continued strong demand for corrosion prevention services is likely to support growth for BKM going forward.

Ageing FPSO fleet drives mandatory maintenance demand, supporting long-term corrosion prevention and engineering services growth

Ageing global FPSO fleet underpins long-term life extension demand. Across a fleet of around 180 FPSOs in operation globally, more than half of the fleet are over 30 years old, with a quarter being over 40 years old, according to the American Bureau of Shipping (ABS). For these older FPSOs, asset integrity, inspection, repair and corrosion mitigation become mandatory. Companies owning these FPSOs are also less willing to order new builds as they are costly to construct. The current backlog of FPSO projects, which stretches across the next few years, would also deter some customers from ordering newbuilds. This presents a tailwind for demand of infrastructure engineering and corrosion prevention services across the industry, especially for the older vessels, benefitting BKM.

Essential services drive recurring demand, with revenue stability strengthened further by ASOM consolidation

Revenue growth powered by recurring nature of BKM's business… Since infrastructure engineering and corrosion prevention are essential for maintaining and extending the lifespan of existing, ageing FPSO and floating storage and offloading (FSO) vessels, demand for these services is inherently recurring. The critical nature of this work makes it difficult for operators to defer or forgo infrastructure engineering and corrosion prevention services, ensuring steady, ongoing service requirements. Currently, recurring revenue makes up around 80% of the group's revenue. This percentage is likely to increase further following the group's recent ASOM consolidation.

Shift to asset-light, service-led model supports higher ROE, stronger cash flow, and potential valuation re-rating

…and asset-light, service-led centric model, … BKM is currently transitioning under its BKM 2.0 strategy towards an asset-light, service-led model. The group has been focusing on moving away from capital-intensive shipbuilding and fabrication into higher-margin, recurring segments such as corrosion prevention and chemical cleaning. As reliance on heavy capex declines and recurring service income becomes more prominent, the business is positioned to achieve structurally higher returns on equity and stronger cash flow generation. Despite this transition, the market continues to value BKM as a traditional cyclical marine contractor, indicating potential for a re-rating as earnings quality and sustainability improve.

ASOM consolidation boosts revenue and earnings, enhancing margins and supporting asset-light strategic transition

…and further boosted by ASOM consolidation. BKM recently proposed acquiring the remaining 49% stake in ASOM for an aggregate consideration of S$60m to reach 100% ownership. This allows the group to fully consolidate ASOM's performance and capture its total economic benefits, providing a boost to the group revenue and earnings after the consolidation. The acquisition was announced in Feb 26 and is expected to be completed by end-Jun 26, subject to the relevant approvals. The transaction is expected to be 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.

ASOM acquisition and initiatives expand offshore footprint, strengthening global presence and future project opportunities

Expansion into new offshore markets. The full acquisition of ASOM provides BKM with greater scale and control over ASOM's operations, and further solidifies BKM's operational footprint beyond Southeast Asia, in West Africa and South America. The group has established entities in Guyana to support offshore FPSO operations through onshore logistics and technical services. Its footprint spans 19 FPSOs and FSOs across seven countries (Angola, Guyana, Malaysia, Ghana, Brazil, China, and Singapore), highlighting the geographic breadth of ASOM's embedded resident contractor model. This is part of the group's strategic effort to grow its offshore and marine presence internationally. BKM has also recently entered into a JV (Offshore Collective) with Epsilon Navigation to invest in and manage marine assets in the offshore energy sector. While this is more about asset strategy than direct geographic expansion, it opens the door for future offshore projects beyond BKM's traditional service contracts.

Strong net cash and operating cash flow provide resilience and flexibility for growth initiatives

Strong balance sheet and cash generation. BKM is currently in a net cash position of around S$26.9m and maintains in a low debt position following the redemption of its bonds, lowering its financial risks. Cash flows from operating activities displayed strength, rising 80% yoy to S$26.6m. This financial strength should position the group well to weather industry cycles more effectively than peers while retaining the capacity to pursue growth initiatives such as acquisitions, JVs, or expansion into new service segments.

Equity placement at premium reflects investor confidence, strengthening balance sheet and supporting strategic growth initiatives

Raising capital and increasing investors' confidence. BKM has also successfully raised equity at a premium recently, through a placement of 15.6m shares at S$0.32 each, slightly above the prevailing market price. The deal underscores strong investor confidence in the company's strategic direction and strengthens its balance sheet, providing additional liquidity and financial flexibility. This supports BKM's ability to execute growth initiatives, such as scaling its asset-light, service-led model, expanding into new offshore markets, or funding acquisitions like ASOM, while maintaining financial resilience, reinforcing its appeal as an investment.

Earnings growth driven by ASOM consolidation, margin expansion, and steady revenue growth from recurring services

We expect BKM to register a solid 90.4%/78.2%/5.9% yoy earnings growth over 2026-28 respectively, driven by higher profit contribution following the full consolidation of ASOM, as well as margin expansion from the more earnings-accretive ASOM business. We estimate revenue growth at 11.2%/5.9%/5.9% for 2026-28 respectively, supported by continued strength in corrosion prevention services, alongside its recurring nature. We also expect gross margin to improve slightly as the company transitions into a more asset-light strategy.

Valuation

Initiate coverage with BUY with S$0.64 target, implying 33.3% upside, based on conservative 12.1x 2027F PE

Initiate coverage with a BUY recommendation and a target price of S$0.64, implying 33.3% upside. Our target price is pegged to 12.1x 2027F PE, +1.5SD above historical averages, to take into account the full-year consolidation of ASOM in 2027, which is expected to boost BKM's profitability significantly. This also represents a discount to peers' average despite BKM's market position and higher profitability following the consolidation of ASOM.

ASOM consolidation and strong demand drive earnings growth, supported by market leadership and solid net cash

Earnings growth. We expect strong earnings growth, following the consolidation of ASOM with BKM, alongside strong industry tailwinds supporting demand for corrosion prevention services. As a market leader in corrosion prevention, coupled with stronger demand arising from an ageing global FPSO fleet, this underpins a three-year EPS CAGR of 29.3% in 2025-28. The company's strengthening balance sheet position and S$26.9m net cash position also provide ample flexibility for growth initiatives and potential capital returns.

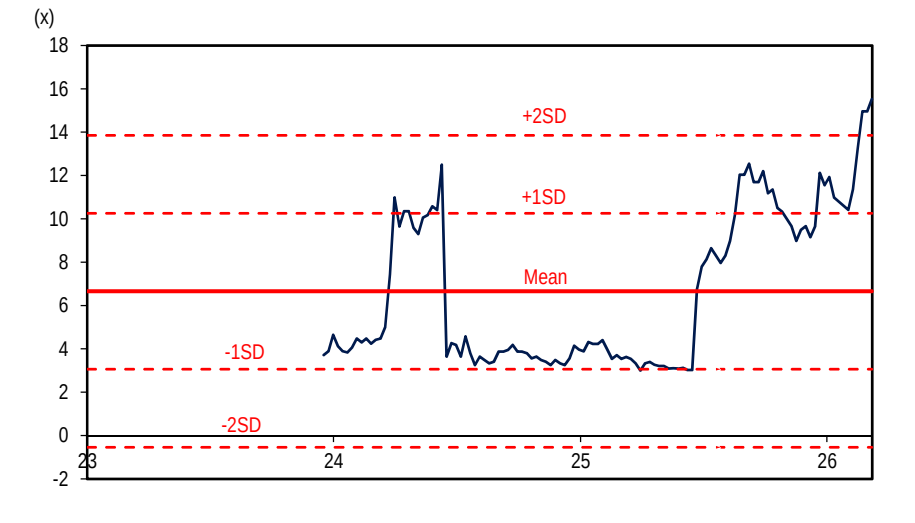
BKM trades at 9.0x 2027F PE currently, below peers' average of 14.6x, with strong ROE and net cash supporting re-rating potential

BKM currently trades at 9.0x 2027F PE, below peers' average of 14.6x 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, support the case for potential valuation re-rating.

Recurring demand supports earnings visibility, with strong momentum underpinning attractive risk-reward and re-rating potential

We expect BKM to continue to benefit from resilient recurring demand for corrosion prevention services, enhancing long-term revenue and earnings visibility. Overall, we think BKM has an attractive risk-reward profile, with sustained earnings momentum likely to drive a valuation re-rating over the next 12 months.

Figure 1: PE Band



Source: BKM, Bloomberg, UOB Kay Hian

Figure 2: Peer Comparison

Company	Ticker	Price @ 17-Apr-26 (lcy)	Market Cap (US$m)	PE 2025 (x)	PE 2026 (x)	PE 2027 (x)	P/B 2026 (x)	ROE 2026 (%)	ROA 2026 (%)	Net Gearing (%)
Singapore										
Kim Heng	KHOM SP	0.085	47	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	142.8
Vallianz	VALZ SP	0.062	59	5.5	n.a.	n.a.	n.a.	n.a.	n.a.	129.4
Marco Polo Marine	MPM SP	0.158	485	9.9	17.1	15.0	2.2	13.7	9.6	(1.6)
Nam Cheong	NCL SP	1.63	514	7.5	n.a.	n.a.	2.0	22.5	14.6	26.8
Asl Marine	ASL SP	0.375	303	25.3	11.4	10.6	3.0	27.7	6.7	191.7
Seatrium	STM SP	2.42	6,431	25.3	21.9	18.2	1.1	5.4	2.9	16.6
Average				13.4	16.8	14.6	2.1	17.3	8.4	71.2
Global										
Aker Solution	AKSO NO	39.66	2,088	7.5	7.8	10.8	1.6	21.4	6.7	(22.5)
Bilfinger	GBF GR	107.4	4,763	22.7	16.6	13.7	2.7	17.6	18.2	(15.1)
Average				15.1	12.2	12.3	2.1	19.5	12.5	(18.8)
Beng Kuang Marine	BKM SP	0.48	86	18.4	13.3	9.0	3.8	36.7	17.3	(74.4)

Source: Bloomberg, UOB Kay Hian

Business Outlook

BKM transitions to asset-light service-focused model, driving higher margins, stable earnings, and stronger cash flow

Asset-light, service-centric transformation. BKM is actively transitioning under its BKM 2.0 strategy toward an asset-light, service-focused business model. The company is shifting away from capital-intensive shipbuilding and fabrication into higher-margin, recurring segments such as corrosion prevention and chemical cleaning. With less reliance on heavy capex and more emphasis on recurring service income, BKM is positioned for more stable margins, structurally higher returns on equity, and stronger cash flow generation over time. This transformation supports the long-term sustainability and quality of its earnings.

Full ASOM acquisition enables earnings consolidation, enhancing revenue visibility and supporting asset-light, service-driven strategy

Full consolidation of ASOM to boost revenue and earnings. BKM is acquiring the remaining 49% stake in ASOM for S$60m, bringing its ownership to 100%. This allows the group to fully consolidate ASOM's revenue and earnings, capturing the economic benefits of its high-margin offshore FPSO services. Announced on 26 Feb 26 and expected to complete by end-Jun 26 pending approvals, the acquisition is anticipated to be earnings-accretive. ASOM's service-focused business aligns with BKM's asset-light strategy, strengthening its core engineering segment while enhancing revenue visibility and operational leverage.

ASOM acquisition and global initiatives expand BKM's offshore footprint, strengthening scale and international growth

Strategic expansion and operational growth. The full acquisition of ASOM strengthens BKM's operational scale and control while extending its offshore footprint beyond Southeast Asia into West Africa and South America. The group has also incorporated entities in Guyana to support offshore FPSO operations with onshore logistics and technical services, reflecting a strategic push to expand its international presence in the offshore and marine sector. In addition, BKM has formed a JV with Epsilon Navigation (Offshore Collective) to invest in and manage marine assets in the offshore energy sector. While this initiative is focused on asset strategy, it positions the group for participation in future offshore projects beyond its traditional service contracts, further supporting its global operational expansion.

Overall, BKM's business outlook is shaped by its asset-light transformation, strategic acquisitions, and geographic expansion, which collectively enhance operational scale, recurring revenue potential, and long-term sustainability.

Earnings Results & Outlook

Strong 1Q26 orderbook of S$55.9m anchored by recurring ASOM revenue visibility

Strong start in 1Q26. BKM released its first-ever contract update for 1Q26, reporting approximately S$51.2m of 2026 revenue secured, providing solid earnings visibility. BKM's total orderbook stood at around S$55.9m at end-1Q26. This secured pipeline is primarily driven by ASOM, which remains the group's core recurring revenue engine, while new energy infrastructure (NEI) and infrastructure & offshore engineering (IOE) contribute project-based income with additional multi-year visibility.

By segment:

- ASOM accounted for approximately S$27.6m (about 54% of 2026 phased revenue), underpinned by recurring, compliance-driven offshore lifecycle and asset integrity work across 19 FPSOs and FSOs in seven countries. These contracts will be largely recognised in 2026, reinforcing ASOM's position as the group's primary earnings driver, with additional upside potential from pending West Africa lifecycle mandate renewals that have not yet been included in the current orderbook.
- NEI contributed approximately S$15.8m (around 31%) from its Batam-based shipbuilding and fabrication activities, spanning four active projects including newbuild barges, vessel conversions, and offshore fabrication works. This supports near-term yard utilisation while anchoring project-based revenue streams in 2026.
- IOE also reported an active orderbook of around S$12.5m, with approximately S$7.8m (around 15%) of 2026 phased revenue, supported by offshore crane supply programmes, standalone equipment orders, and aftermarket services. The remaining S$4.7m of orders extend into 2027-28, providing multi-year revenue visibility.

Overall, the 1Q26 contract update highlights an increasingly stable and recurring revenue base anchored by ASOM, complemented by NEI's fabrication-driven projects and IOE's equipment and aftermarket business, which together strengthen both near-term earnings visibility and medium-term orderbook durability.

BKM's revenue declined 12% yoy, but margins remained resilient; net profit fell 41% due to one-off 2024 gain

Continued profitability. BKM saw a decline in revenue in 2025 to S$98m (-12% yoy), attributed to timing delays of offshore asset integrity projects within the infrastructure engineering division. Gross profit margin improved by 2.5ppt, underscoring the resilience of BKM's business. Net profit fell 41% yoy to S$12.5m, due to the absence of one-time gain of S$5.5m from the partial disposal of the Batam property which occurred in 2024, alongside the decline in top-line. Excluding the one-off gain in 2024, net profit margin dropped slightly to 12.8%, compared with 14.0% in the prior year. Similarly, net profit attributable to equity holders also fell 54% to S$5.3m in 2025 (2024: S$11.5m).

Figure 3: Revenue Breakdown & Forecasts

(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

BKM's strong net cash and operating cash flow provide flexibility to fund growth initiatives

Improving balance sheet position and cash generation. BKM is currently in a net cash position of around S$26.9m and maintains in a low debt position following the redemption of its bonds, lowering its financial risks. Cash flows from operating activities displayed strength, rising 80% yoy to S$26.6m. This financial strength should position the group to pursue growth initiatives such as acquisitions, JVs, or expansion into new service segments.

Returns to shareholders through dividends. BKM proposed a cash dividend of 0.6 S cents per ordinary share for 2025, representing a dividend payout of 23.5% and a dividend yield of 1.9%. This dividend payout also represents BKM's maiden dividend payout to shareholders, providing a boost to investor sentiment.

Maiden dividend of 0.6 S cents boosts investor sentiment, reflecting commitment to shareholder returns

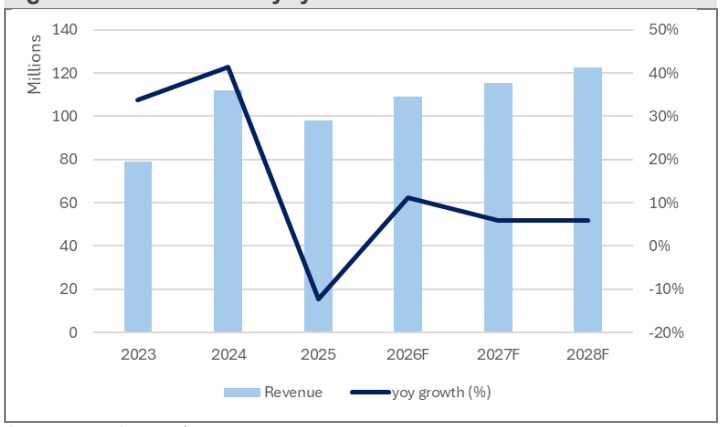
Upsides from consolidation of ASOM with BKM. Following the consolidation of ASOM with BKM, we expect strong revenue growth as BKM realises a higher revenue contribution from ASOM starting Jul 26. Full-year contribution in 2027 is likely to bring stronger revenue growth for BKM. We also expect BKM's margin to improve following the consolidation and remain at a higher level going forward due to the higher margin nature of ASOM's business.

ASOM consolidation drives higher revenue and margins, supporting stronger growth and profitability going forward

To continue focusing on transitioning into asset-light business model. In 2026, we expect revenue growth to be driven by new contracts, adding to its current recurring revenue, as demand for infrastructure engineering and corrosion prevention services remains strong across the industry. We expect revenue to increase 11.2% in 2026, and 5.9%/5.9% in 2027/28 respectively, as a result of higher revenue contribution from ASOM from 2026 onwards.

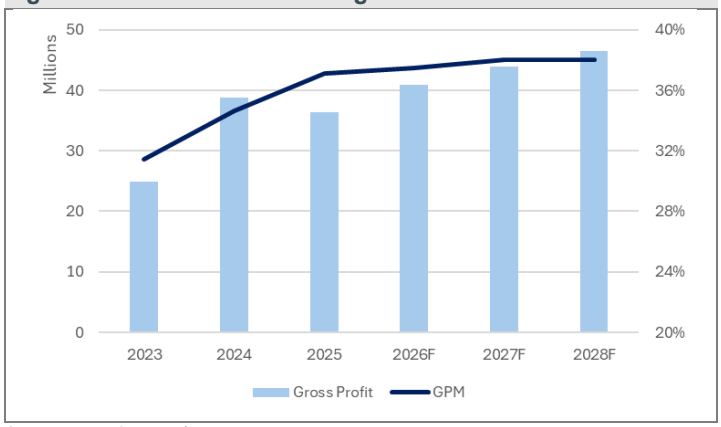
Continued shift to asset-light model, supported by recurring services and new contract growth

Figure 4: Revenue And yoy Growth



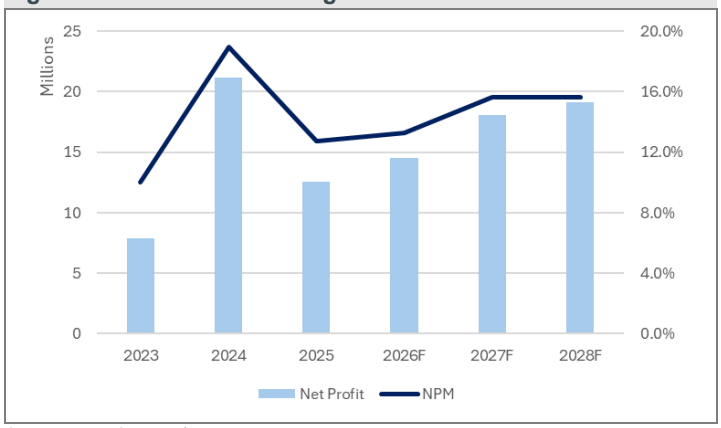
Source: BKM, UOB Kay Hian

Figure 5: Gross Profit And Margin



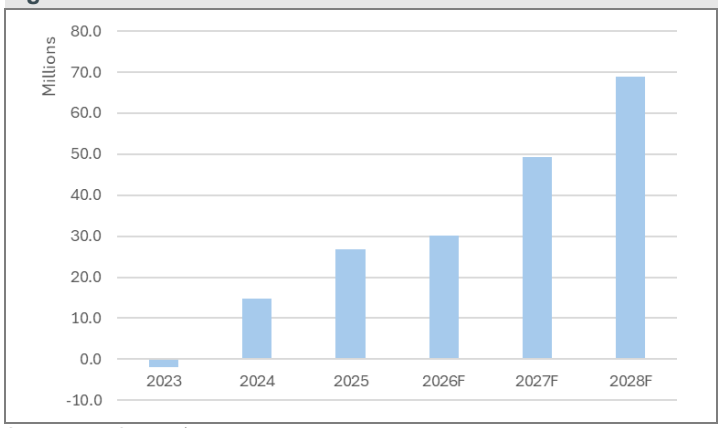
Source: BKM, UOB Kay Hian

Figure 6: Net Profit And Margin



Source: BKM, UOB Kay Hian

Figure 7: Net Cash Position



Source: BKM, 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

Appendix I – Company Background

BKM is an offshore and marine engineering services provider specialising in infrastructure engineering and corrosion prevention solutions for the offshore energy and marine industries.

Headquartered in Singapore, the group traces its origins to the 1990s when it began operations as a subcontractor providing corrosion prevention services to shipyards. Over the years, the company has progressively expanded its capabilities across the offshore and marine energy sectors. Today, BKM provides integrated engineering services supporting floating offshore assets, particularly FPSOs and floating storage and offloading vessels, as well as other offshore and marine infrastructure.

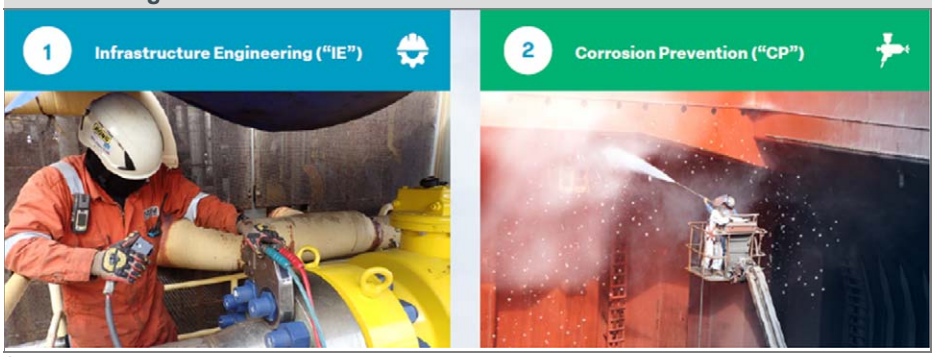
BKM began trading on the Singapore Stock Exchange on 15 Oct 04, and was thereafter transferred to the SGX Mainboard on 19 Dec 07. As at 31 Dec 25, the group had approximately 209m issued shares and around 58m outstanding warrants listed on the SGX.

In recent years, the group has undertaken a strategic transformation towards an asset-light and service-centric business model. This shift focuses on strengthening recurring service revenue and enhancing operational efficiency by concentrating on its core engineering and maintenance capabilities within the offshore and marine industries.

The group's business activities span two key operating segments:

- **Infrastructure engineering.** The infrastructure engineering segment provides a wide range of engineering services including repairs and maintenance of floating production platforms, offshore and onshore marine fabrications, as well as the production and supply of customised pedestal cranes and deck equipment.
- **Corrosion prevention.** The corrosion prevention segment provides corrosion protection services including surface preparation and application of protective coatings for marine and offshore assets. These services help prevent structural deterioration and extend the operational lifespan of vessels and offshore infrastructure.

Business Segments



Source: BKM

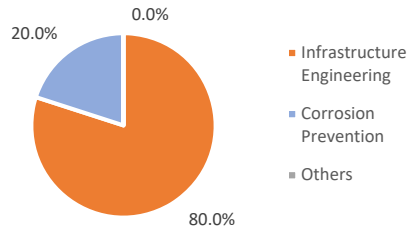
Revenue structure by business segment and geography. BKM derives revenue from customers across several offshore markets. In 2025, the infrastructure engineering business segment was the largest revenue contributor, contributing around 80% of the group's revenue. Within the segment, Europe was the largest revenue contributor at S$53.9m. Singapore and other Asian markets contributed S$12.0m and S$8.8m respectively, while smaller contributions were recorded from South America, Africa and the Middle

Revenue Breakdown 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

Revenue Breakdown By Segments (2025)



Source: BKM, UOB Kay Hian

East. On the other hand, corrosion prevention services contribute to around 20% of the group's revenue and are primarily concentrated in Singapore and Asia.

Acquisition of remaining stake in ASOM. BKM has proposed acquiring the remaining 49% stake in ASOM for an aggregate consideration of S$60m to reach 100% ownership. This allows the group to fully consolidate ASOM's performance and capture its total economic benefits. Incorporated in Mar 07, ASOM specialises in offshore repair and maintenance services supporting offshore and marine infrastructure projects and has been a significant contributor to BKM's infrastructure engineering operations, generating S$75.2m in revenue and S$14.9m PAT in 2025. The acquisition was announced on 26 Feb 26 and is expected to be completed by 30 Jun 26, subject to the relevant approvals and completion conditions.

Strategy 2.0. BKM recently shifted its business strategy to a more capex-light, service-centric model primarily to restore and sustain profitability. The transformation centres on its core segments, infrastructure engineering services and corrosion prevention services, which offer higher-margin, recurring service work compared with volatile, project-based shipbuilding. By focusing on value-led growth, cost efficiency, and financial discipline, the strategy aims to structurally improve margins rather than rely on cyclical upturns.

At its core, the strategy prioritises sustainable and consistent earnings. By reducing capital intensity, strengthening recurring revenue streams, and tightening cost control, BKM is positioning itself to deliver more stable profitability and stronger cash generation over time.

BKM 2.0 Strategy

Source: BKM

Group Structure

INFRASTRUCTURE ENGINEERING ("IE")

- Shipbuilding / Conversion
- Offshore Construction
- Turnkey Projects
- Sandwich Plate System (SPS) License
- Offshore Asset Integrity Management
- Project Management Services
- Supply of Deck Equipment
- Rental of Industrial Equipment & Machinery

100% PT Nexus Engineering Indonesia
100% PT Master Indonesia
51% Asian Sealand Offshore and Marine Pte Ltd
  51% ASIC Engineering Sdn Bhd
  51% PBT Engineering Resources Pte Ltd
  51% Asian Sealand Offshore & Marine International Inc.
    25% Asian Sealand Offshore & Marine Inc
51% Asian Sealand Energy Services Pte Ltd
  38% Clean Concept Works Pte Ltd
51% International Offshore Equipments Pte Ltd
  51% International Offshore Equipment Canada Inc.

CORROSION PREVENTION ("CP")

- Abrasive & Non-Abrasive Blasting
- Paint Application
- Rental of Machineries and Equipment
- Shop Blasting & Painting
- Thermal Spray Coating
- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

100% Beng Kuang Marine (B&Chew) Pte Ltd
  100% Beng Kuang Marine (B&M) Pte Ltd
  100% BK Corrosion Engineering Pte Ltd
  100% Nexus Sealand Trading Pte Ltd
  100% Nexus Hydrotech Pte Ltd
100% PT Nexelite CP Indonesia
51% Pangco Pte Ltd
  51% PT Berger Batam

OTHERS

- Tugs & Barges

100% Quill Marine Pte Ltd
  100% Drako Shipping Pte Ltd
    100% PT Marina Shipping
98% Water and Environmental Technologies (WET) Pte Ltd

Source: BKM

Key Subsidiaries Companies

Company Name	Business Segment	Role in Structure	Details
PT Nexus Engineering Indonesia	Infrastructure Engineering	Wholly-Owned Subsidiary	Provides services within the infrastructure engineering segment, which includes shipbuilding/conversion, offshore construction, turnkey projects, sandwich plate system licence, offshore asset integrity management, project management services, supply of deck equipment, and rental of industrial equipment and machinery.
PT Master Indonesia	Infrastructure Engineering	Wholly-Owned Subsidiary	Operates within the infrastructure engineering segment supporting activities such as shipbuilding/conversion, offshore construction, turnkey projects, project management services, and supply of deck equipment and industrial machinery.
Asian Sealand Offshore and Marine Pte. Ltd.	Infrastructure Engineering	Subsidiary (51% stake)	Part of the infrastructure engineering segment which provides shipbuilding/conversion, offshore construction, turnkey projects, offshore asset integrity management and project management services.
Asian Sealand Energy Services Pte. Ltd.	Infrastructure Engineering	Subsidiary (51% stake)	Core platform within the infrastructure engineering segment delivering turnkey onshore Engineering, Procurement and Construction solutions, with a particular focus on module fabrication for FPSO vessels and marine engineering projects.
International Offshore Equipments Pte. Ltd.	Infrastructure Engineering	Subsidiary (51% stake)	Engaged in the infrastructure engineering segment including supply of cranes and deck equipment and support for offshore construction and engineering projects.
Beng Kuang Marine (B&Chew) Pte. Ltd.	Corrosion Prevention	Wholly-Owned Subsidiary	Provides services under the corrosion prevention segment including abrasive and non-abrasive blasting, paint application, shop blasting and painting, and thermal spray coating.
PT Nexelite CP Indonesia	Corrosion Prevention	Wholly-Owned Subsidiary	Provides corrosion prevention services including abrasive blasting, paint application and thermal spray coating for marine and offshore structures.
Pangco Pte. Ltd.	Corrosion Prevention	Subsidiary (51% stake)	Engaged in corrosion prevention services including abrasive and non-abrasive blasting, paint application, thermal spray coating and related equipment services.
Quill Marine Pte. Ltd.	Others	Wholly-Owned Subsidiary	Provides freighting services under the group's shipping activities.
Water and Environmental Technologies (WET) Pte. Ltd.	Others	Subsidiary (98% stake)	Part of the group's "others" segment which includes activities outside the core engineering and corrosion prevention operations.

Source: BKM, UOB Kay Hian

Key Customers

Source: BKM

Geographic Presence

Source: BKM

Appendix II – Industry Overview

BKM operates within the offshore engineering and marine services segment of the oil and gas industry, providing infrastructure engineering and corrosion prevention solutions that support offshore energy production assets. Looking ahead, the offshore marine and oilfield services industry is expected to grow at a moderate 5-6% CAGR over the next several years, driven by ongoing offshore activity and structural demand for maintenance services. Growth in new offshore projects may be cyclical, but maintenance, repair, and corrosion prevention activities provide a stable recurring revenue base worth US$15b-20b annually for service providers.

Offshore oil and gas development supports demand for marine engineering services. Offshore fields currently account for 35-37% of global crude oil production, highlighting their importance in global energy supply. According to the International Energy Agency (IEA), offshore production will remain a major contributor in the coming decades as energy companies develop deepwater and ultra-deepwater reserves to offset declining output from mature onshore fields. These developments require extensive infrastructure, including platforms, subsea systems, and floating production units, which rely on engineering services for fabrication, installation, repair, and maintenance throughout their lifecycle.

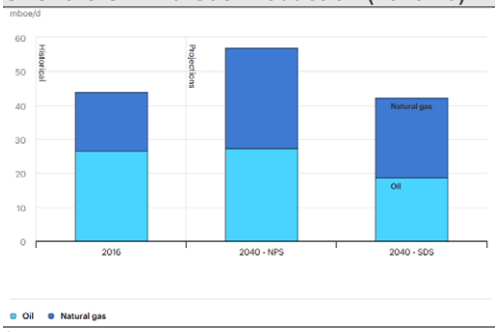
Expansion of floating production systems and FPSO developments. FPSO systems are increasingly critical for deepwater oil production where fixed platforms are not viable. FPSOs process, store, and offload crude oil, supporting long-term production. According to Mordor Intelligence, the global FPSO market was valued at around US$8.29b in 2025 and is projected to reach US$13.43b by 2031, representing a CAGR of around 8.3%. FPSOs typically operate for 20-30 years and require ongoing engineering support, including structural repairs, equipment upgrades, and periodic refurbishment, sustaining demand for offshore engineering service providers.

Growth in offshore production infrastructure and upstream investment. Offshore production continues to expand as companies invest in new developments. Around 42% of remaining recoverable conventional oil resources are located offshore, and offshore projects accounted for about 71% of newly-started oil and gas reserves in 2024. This growth drives demand for supporting infrastructure such as platforms, subsea installations, and floating production systems, requiring engineering contractors capable of fabrication, maintenance, and infrastructure engineering services.

Maintenance and asset integrity remain critical for offshore production assets. Offshore fields naturally decline over time, requiring continuous investment to sustain production. The IEA estimates global oil field decline rates at 5-6% annually, while deep offshore fields may fall by over 10% per year without reinvestment. Companies must continuously invest in structural repairs, equipment replacement, refurbishment, and asset integrity management, creating recurring service demand worth US$10b-12b annually for offshore engineering providers.

Importance of corrosion prevention in offshore infrastructure. Offshore infrastructure faces harsh marine conditions, with seawater, humidity, and extreme weather accelerating corrosion and structural degradation. Corrosion prevention is essential for platforms, pipelines, and vessels. The National Association of Corrosion Engineers estimates the global economic cost of corrosion at over US$2.5t annually, equivalent to around 3.4% of global GDP. Services such as abrasive blasting, protective coatings, and thermal spray

Offshore Oil And Gas Production (2016-40)



Source: IEA

FPSO Market Size Forecast (US$b)

Source: Mordor Intelligence

applications are critical to extending asset lifespans and providing stable recurring revenue in the offshore energy sector.

Industry outlook. Looking ahead, the offshore engineering and marine services industry remains supported by ongoing offshore energy investment and maintenance of existing infrastructure. Increasing deepwater exploration and production drives demand for FPSOs and other offshore facilities. The large installed base of infrastructure requires continuous inspection, repair, and maintenance, supporting sustained demand for offshore engineering and corrosion prevention services provided by companies such as BKM.

Despite structural tailwinds, the industry is inherently cyclical and sensitive to oil prices and upstream capital expenditure. Weaker oil prices can defer offshore projects and reduce discretionary spending, resulting in lumpy project flows and earnings volatility. Maintenance and asset integrity services are more resilient, as they are essential for sustaining production and ensuring regulatory compliance, partially mitigating the impact of cyclical downturns.

Appendix III – Risk Factors

Exposure to offshore energy and marine industry cycles. BKM's performance is closely linked to activity in the offshore energy and marine industries. Demand for offshore repair, maintenance, marine fabrication, and corrosion prevention depends on capital expenditure and maintenance spending by operators and shipyards. Any slowdown in offshore development or reductions in maintenance budgets could reduce demand for the group's services and affect revenue growth and earnings visibility.

Revenue concentration in infrastructure engineering segment. The infrastructure engineering segment accounts for a substantial portion of BKM's revenue, supporting offshore repair, maintenance, and infrastructure projects. Subsidiaries such as ASOM play a key role in delivering these services. Reliance on specific projects or a small number of major customers creates concentration risk; delays, cancellations, or reduced spending by key clients could cause revenue fluctuations and earnings volatility.

Dependence on project-based engineering activities. A significant portion of BKM's operations involves project-based engineering services, including offshore repair, marine fabrication, and infrastructure maintenance. Revenue may vary with the timing, scale, and completion of projects. Delays, cancellations, or slower execution can affect revenue recognition and lead to earnings variability across reporting periods.

Project execution and operational risks. Engineering and offshore service projects often involve technical complexity, tight schedules, and coordination with multiple contractors. Delays, cost overruns, equipment failures, or operational incidents can reduce project profitability and place pressure on margins.

Integration and acquisition risks. BKM pursues growth through strategic investments and acquisitions, including the proposed purchase of the remaining stake in ASOM. While such transactions can enhance engineering capabilities and operational scale, integration challenges, management alignment, and coordination risks remain. If expected synergies or financial benefits are not realised, these transactions may not deliver the anticipated earnings improvement.

Exposure to oil and gas capital expenditure cycles. Although BKM does not directly produce oil and gas, much of its engineering and maintenance work supports offshore energy infrastructure. Demand is therefore influenced by oil and gas operators' capital expenditure decisions. Weaker crude oil prices or reduced upstream investment may delay offshore development or lower maintenance spending, reducing demand for BKM's services and negatively impacting earnings.

Appendix IV – Key Milestones & Awards

Key Corporate Milestones

Year	Events
1994	- Incorporated in Singapore, providing corrosion prevention services to shipyards and offshore facilities.
2004	- Listed on Singapore Stock Exchange.
2007	- Transferred to Mainboard on the Singapore Stock Exchange. - Secured a US$5.85m contract for conversion and upgrading works of a FPSO vessel. - Acquired a 32.8-ha waterfront fabrication yard in Kabil, Batam, Indonesia to expand its offshore engineering and fabrication capabilities. - Expanded into the environment and resource division, focusing on water and wastewater treatment as well as industrial waste management services.
2008	- Commenced operations of the Batam waterfront fabrication yard, supporting offshore engineering and marine projects.
2009	- Delivered the first major project from the Batam yard, a 260-man accommodation pipe-lay barge.
2010	- Expanded business activities into ship owning and chartering, including livestock carriers, tugs and barges.
2011	- Secured largest single contract worth US$21.0m and US$31.25m to construct two semi-submersible charges. - Delivered and commenced operations of the first owned livestock carrier, MV Barkly Pearl, transporting live cattle from Australia to Indonesia and other parts of Asia.
2012-13	- Continued expansion of integrated marine service capabilities across the infrastructure engineering, corrosion prevention, shipping and supply & distribution segments.
2015	- On-site offshore repairs & maintenance services via ASOM. - Expanded services to offshore repairs and crane/deck equipment supply.
2016	- TOP A&A HQ Office & Yard at Shipyard Road.
2021	- Appointed Chua Beng Yong as Executive Director in May 21 and re-designated to Executive Chairman in Jan 22. - Appointed new CEO Yong Jiunn Run in Jun 21. - Turnaround plan and strategic review in progress.
2022	- Announced the discontinuation of the group's cattle line business, allowing focus on the core infrastructure engineering and corrosion prevention segments.
2023	- Undertook asset monetisation initiatives involving the Batam yard, including the partial sale of land parcels to optimise asset utilisation. - Financial turnaround with profitability achieved.
2024	- Completed the second partial land sale of the Batam waterfront yard, as part of ongoing asset optimisation and business restructuring initiatives.
2025	- Continued execution of the group's service-centric and asset-light strategy, focusing on engineering services supporting offshore floating production assets.

Source: BKM, UOB Kay Hian

Appendix V – Key Management

Selected Directors/Personnel

Name	Position	Experience
Chua Beng Yong	Executive Chairman	Mr Chua Beng Yong is the Executive Chairman of BKM and one of the founders of the group. He was first appointed Director on 10 May 21 and was re-designated as Executive Chairman on 3 Jan 22. As Executive Chairman, he is responsible for overseeing the overall management of the group, including developing and steering corporate plans, business directions and strategies. Mr Chua has more than 30 years of experience in the marine, offshore, oil and gas industries.
Chua Meng Hua	Executive Director	Mr Chua Meng Hua is an Executive Director of BKM and one of the founders of the group. He was first appointed Director on 8 Jan 94 and was last re-elected on 21 Apr 25. Mr Chua oversees the group's administrative, safety and operational systems, including developing and steering plans and operational directions. He has more than 30 years of experience in the marine industry.
Yong Jiunn Run	Chief Executive Officer	Mr Yong Jiunn Run was appointed Chief Executive Officer of BKM on 2 Jun 21. His responsibilities include making major corporate decisions and developing and steering corporate plans, business directions and strategies for the group. Prior to joining the group, Mr Yong served as Chief Executive Officer of CIMB Group Commercial Banking, Senior Managing Director of CIMB Commercial Banking Singapore and Director of CIMB Cambodia. Prior to CIMB, he was the Business Head for Global Enterprise Banking at OCBC. Mr Yong has more than 30 years of experience in corporate and commercial banking.
Lee Wei Liang	Chief Financial Officer	Mr Lee Wei Liang is the Chief Financial Officer of BKM and is responsible for overseeing all financial matters of the group. Mr Lee joined the group as Finance Manager in 2000 and was promoted to Chief Financial Officer in 2012. Prior to joining BKM, he worked at Bob Low and Company where he held positions from Audit Assistant to Audit Senior between 1998 and 2000. Mr Lee holds a Bachelor of Accountancy from Queensland University of Technology.
Chua Beng Hock	Chief Operating Officer	Mr Chua Beng Hock is the Chief Operating Officer of BKM and one of the founders of the group. He assists the Chief Executive Officer in formulating the group's strategic initiatives and enhancing operational efficiency across the group's business units. His responsibilities include overseeing the group's business divisions as well as developing and steering plans and directions in marketing, business development and operations.
Low Wee Siong	Lead Independent Director	Mr Low Wee Siong was first appointed Independent Director on 19 May 17. He serves as Lead Independent Director and Chairman of the Audit Committee, and is a member of the Remuneration Committee and Nominating Committee. Mr Low has over two decades of experience spanning law, investment banking and audit. His principal areas of practice as a legal practitioner include capital markets, mergers and acquisitions and private capital transactions. He has also acted as financial adviser in investment banking for initial public offerings, rights issues, privatisations, adjustments to convertible securities and debt restructurings, and previously practised as an auditor. Mr Low holds a Master of Laws from King's College London, a Bachelor of Laws from the National University of Singapore and a Bachelor of Accountancy from Nanyang Technological University. He is an Advocate and Solicitor of the Supreme Court of Singapore, a Solicitor of England and Wales and a Chartered Accountant of Singapore.
Lum Kin Wah	Independent Director	Mr Lum Kin Wah was first appointed Independent Director on 9 May 19 and serves as Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nominating Committee. Mr Lum has more than 40 years of experience in the maritime industry, having held roles ranging from apprentice to general manager and director in companies including Keppel Shipyard subsidiaries, Pan-United Shipyard Indonesia and Batamec Shipyard. He was also Managing Director of Nexus Engineering, a subsidiary of Labroy Marine. Mr Lum holds a Bachelor of Science (First Class Honours) degree from the University of Strathclyde, Scotland. He is a Chartered Engineer registered in the UK and a member of the Society of Naval Architects and Marine Engineers in Singapore.
Yee Chia Hsing	Independent Director	Mr Yee Chia Hsing was appointed Independent Director on 10 Jul 23 and serves as Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committee. Mr Yee has more than 20 years of experience in banking and finance. After his banking career, he headed a health supplements division of a SGX-listed company before taking on the role of Executive Director and Chief Executive Officer of another SGX-listed company with hospitality assets. Mr Yee holds a First Class Honours degree in Accountancy from Nanyang Technological University. He previously served as a Member of Parliament for Chua Chu Kang GRC (Nanyang division) from 2015-20.

Source: BKM, UOB Kay Hian

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."