明光集團
BENG KUANG GROUP

BENG KUANG MARINE LIMITED

1H2026 Results

A transitional half — margin reset on mix, with stronger contracted visibility into 2H2026

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1H2026 Executive Summary

Revenue Growth of 9.7%, Extending its Profit Track Record; Outstanding Contracted Work of S$70.7m Provides Visibility Ahead

01 **Revenue increased; margin moderated on mix**

Revenue rose 9.7% to S$55.7m. Gross margin moderated from 38.2% to 26.2% as higher-margin offshore lifecycle work was a smaller share of the revenue mix and early-stage shipbuilding and engineering scaled up.

02 **1H2026 PATMI reflected approximately one month of full ownership of ASOM**

ASOM will contribute a full six months of financial performance in 2H2026, providing a more meaningful representation of its earnings contribution.

03 **Strong commercial momentum with new order wins exceeding revenue recognised during the period**

S$85.2m of new contracts and POs secured in 1H2026 — an order intake-to-revenue ratio of ~1.5x.

04 **The softer first half reflects execution timing and revenue mix — not demand erosion.**

S$70.7m of contracted work outstanding at 30 June, of which ~S$52.3m is ASOM offshore lifecycle work, provides visibility ahead.

Barring unforeseen circumstances, the Group’s revenue and margins are expected to strengthen progressively through 2H2026

1H2026 Financial Snapshot

Reflected approximately one month of full ownership of ASOM

S$55.7m
Revenue
+9.7% YoY

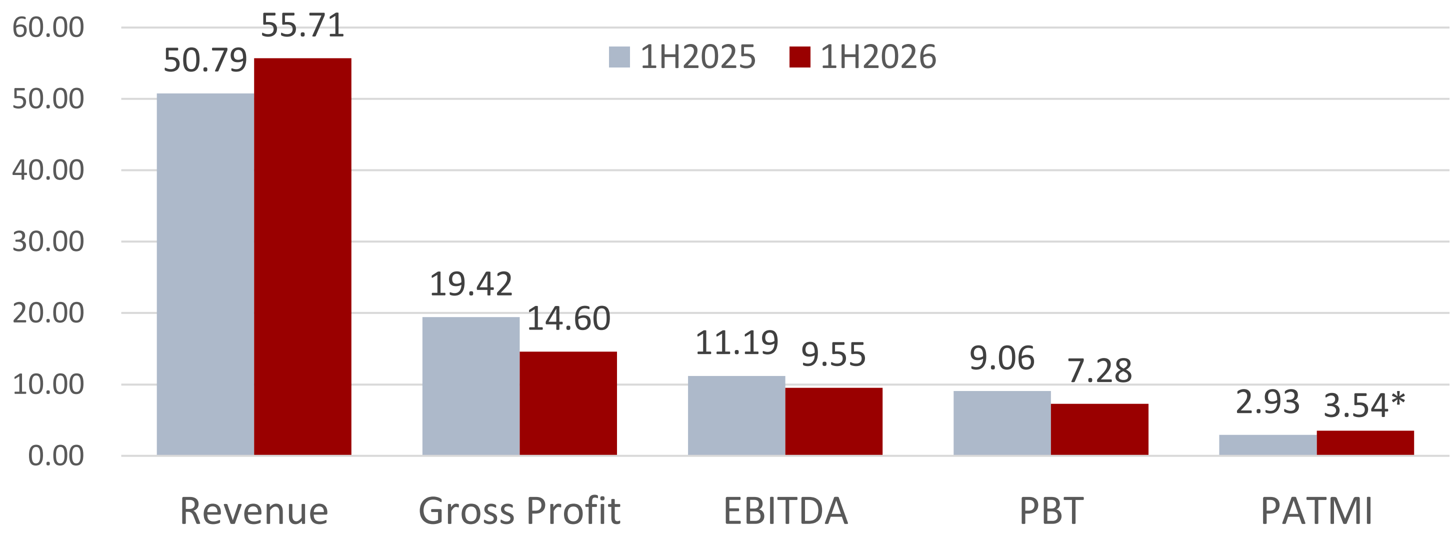
S$14.6m
Gross profit
26.2% margin (1H25: 38.2%)

S$7.3m
PBT
(19.6%) YoY

S$3.54m
PATMI
+20.8% YoY

1.44c
Basic EPS
vs 1.46c (1.4%)

1H2026 vs 1H2025 (S$m)



* *Reported PATMI includes S$1.43m of non-recurring disposal gains — see slide 5 for the underlying basis.*

2Q ahead of 1Q

Sequential improvement supports the timing explanation

Revenue	1Q S$25.7m →	**2Q S$30.0m**
PBT	1Q S$3.0m →	**2Q S$4.3m**
PATMI	1Q S$1.27m →	**2Q S$2.27m**

2Q figures implied from 1H2026 less 1Q2026 reported results.

Reported vs Underlying Earnings

Separating one-off gains from operating performance

S$'m	Reported	Less: One-off	1H2026 underlying	1H2025 underlying
PBT	7.28	(1.43)	**5.85**	9.05
EBITDA	9.55	(1.43)	**8.12**	11.17
PATMI	3.54	(1.43)	**2.11**	2.92

The non-recurring items

- S$0.96m — disposal of a land parcel at Tanjung Uncang, Batam, held by a wholly-owned subsidiary
- S$0.47m — disposal of property, plant and equipment
- Neither arises in the ordinary course of the Group's operations

Non-SFRS(I) measures. Comparatives adjusted on the same basis. No adjustment made for the foreign exchange swing (1H2026: +S$0.09m; 1H2025: (S$1.19m)).

Reported PATMI Increased

Reflecting both the non-recurring disposal gains and a lower NCI allocation following the ASOM ownership step-up.

Excluding the S$1.43m of disposal gains, underlying earnings reflected:

- lower contribution from higher-margin offshore lifecycle work
- higher weightage of early-stage shipbuilding and engineering projects
- mobilisation costs incurred ahead of new projects activation and billing milestones

This reflects project timing and revenue mix rather than demand weakness.

1H2026 Performance Explained

Work-front timing and project mix

What moderated 1H margins

- Offshore lifecycle work was a lower share of revenue mix vs 1H2025
- Supporting floatel for West Africa Basin positioned only in June 2026, delaying work-scope commencement
- Higher weighting of early-stage shipbuilding, deck equipment and engineering works
- Mobilisation, material and subcontractor costs incurred ahead of new projects activation and billing milestones

What held up

- Revenue still grew 9.7% YoY
- Administrative expenses down 12.1% to S$8.74m
- EBITDA remained positive at S$9.55m
- Commercial momentum remained strong with new order wins exceeding revenue recognised during the period

Our Focus in 2H

- Order Book conversion
  - S$70.7m outstanding contracted work
  - Order intake-to-revenue ratio of 1.5x
  - Progressive conversion into recognised revenue
- Offshore mobilisation
  - West Africa Basin campaign fully ramping up
  - Second offshore campaign scheduled to commence in 3Q2026
- Margin recovery
  - Higher proportion of offshore lifecycle work
  - Lower dilution from early-stage shipbuilding
- Cash conversion
  - Contract assets → Billings → Collections
  - Improvement in operating cash flow

Execution timeline

1H
Delayed work-front access and early-stage mix dilute margins

Jun
West Africa Basin access begins after floatel positioning

3Q
Further offshore programme expected to mobilise

2H
Execution and cash conversion are our focal points

Commercial Visibility into 2H2026

Secured work underpins higher 2H activity

S$85.2m

New contracts & POs secured in 1H2026

Across offshore integrity, shipbuilding, engineering and deck equipment

S$70.7m

Outstanding contracted work at 30 Jun 2026

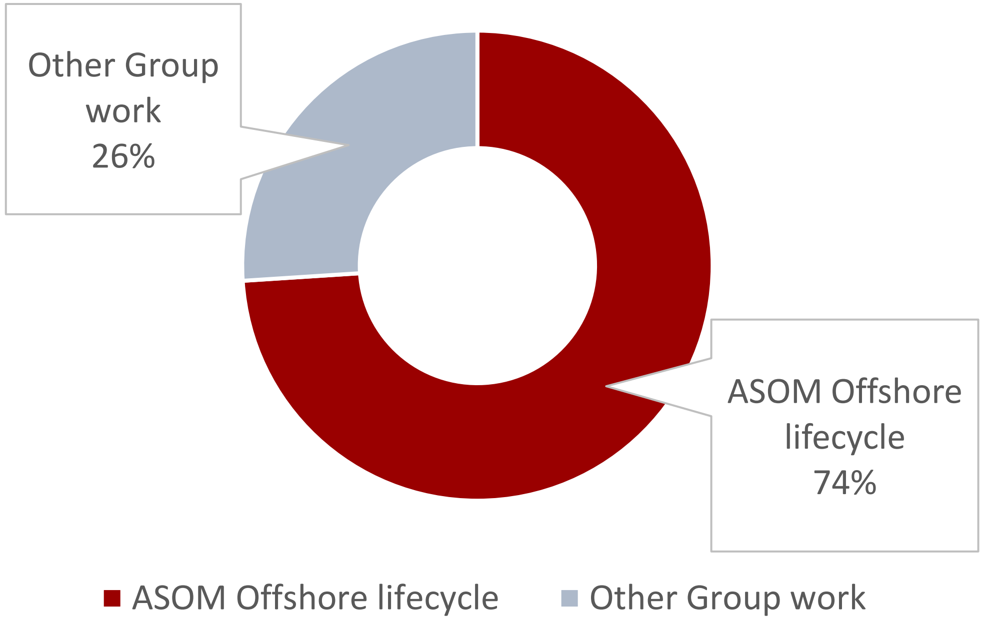
~S$52.3m attributable to ASOM

~1.5x

Order intake-to-revenue ratio in 1H2026

S$85.2m secured against S$55.7m revenue recognised

Outstanding contracted work — S$70.7m



Why our business activities should accelerate

- West Africa Basin scopes commenced following floatel positioning in June 2026
- Further offshore mobilisation expected during 3Q2026, subject to customer schedules
- Shipbuilding projects progressing beyond mobilisation and early execution
- More offshore execution days available across the 2H period

19 active FPSO footprint — our embedded operating base across multiple basins globally

Capital Position

Cash broadly offsets borrowings; reported NAV reflects the ASOM ownership step-up

S$26.3m
Cash & cash equivalents as at 30 June 2026
31 Dec 2025: S$37.4m

S$26.3m
Total borrowings as at 30 June 2026
31 Dec 2025: S$10.5m

~nil
Net debt position as at 30 June 2026
Cash broadly offsets gross borrowings

Up to S$20.0m
Deferred earn-out
Contingent on FY2026 and FY2027 performance targets of ASOM

Capital position remains manageable

- Cash broadly offsets gross borrowings — the Group is close to a net debt neutral position
- Borrowings rose to fund the acquisition consideration and project working capital
- Net current assets of S$15.9m (31 Dec 2025: S$28.1m)
- Management continues to closely monitor banking facilities, covenant requirements and liquidity headroom

Impact of ASOM Acquisition on NAV

NAV per share moved from 12.64 to 3.72 cents

	S$'m
Consideration transferred	60.00
Less: carrying amount of NCI acquired	(14.36)
Premium recognised directly in equity	**45.64**

As ASOM was already controlled and consolidated, the S$45.6m excess consideration was recognised directly in equity under SFRS(I) 10 rather than as goodwill. This reduced the Group's reported NAV but did not arise from operating performance, profitability or cash-generating ability.

Capital allocation

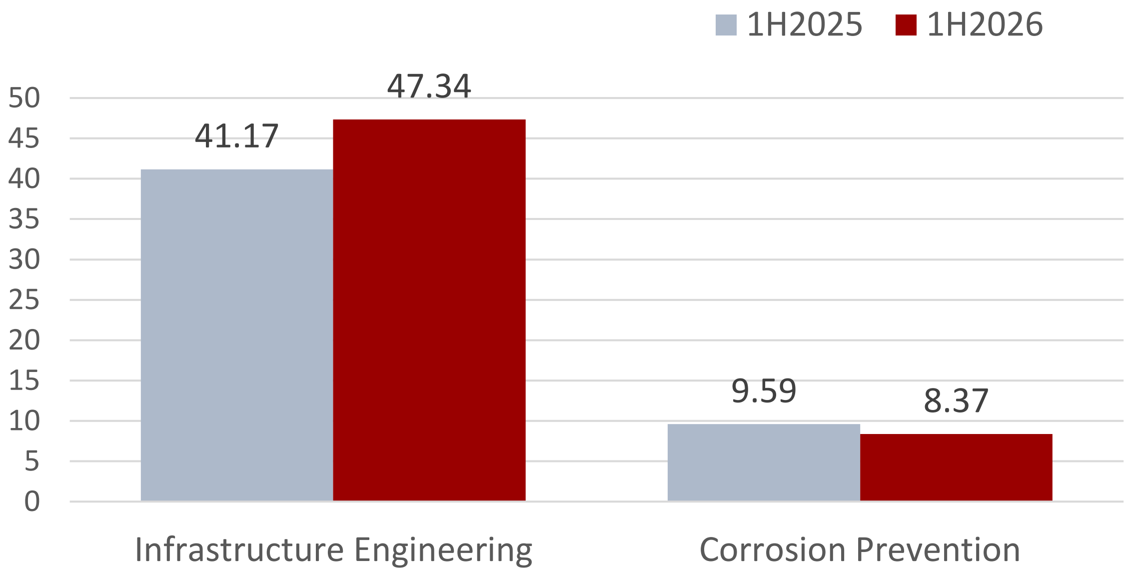
- Resources retained for project execution, order book conversion and liquidity management
- The deferred earn-out is payable only in the scenarios where ASOM delivers the earnings that support it — the obligation and the cash generation move together

The Group maintains a manageable capital, liquidity and working capital profile.

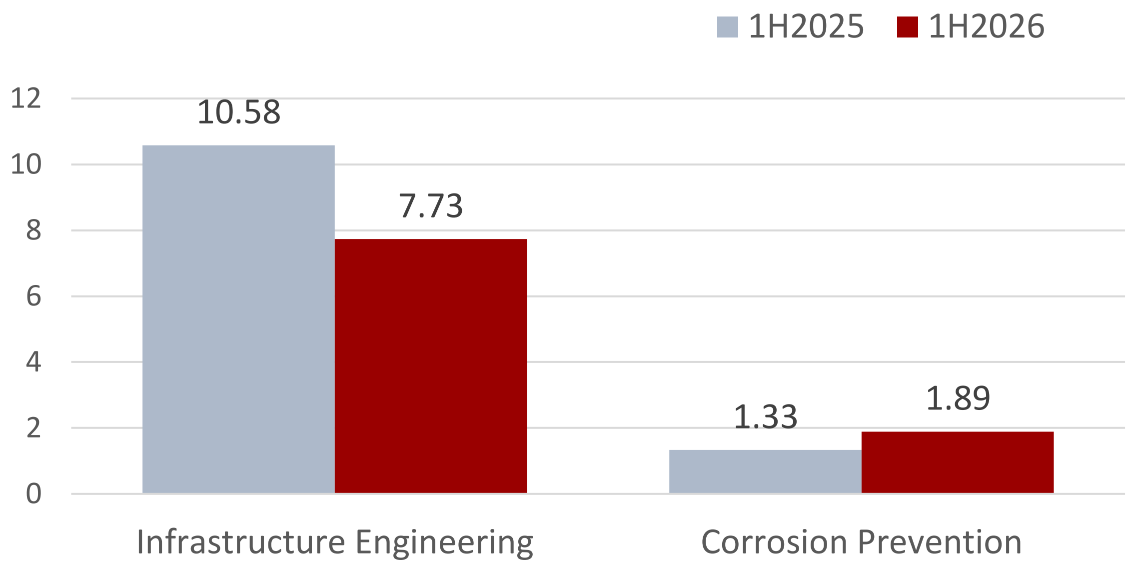
Segment Performance

IE leads revenue; CP reported profit lifted by one-off gains

External revenue (S$m)



Segment profit (S$m)



Infrastructure Engineering (IE)

Revenue S$47.34m (+15.0%) YoY

Segment profit S$7.73m (26.9%) YoY

Growth driven by engineering and shipbuilding activity; profit lower on mix and execution stage.

Corrosion Prevention (CP)

Revenue S$8.37m (12.7%) YoY

Segment profit S$1.89m (+41.9%) YoY

CP revenue declined due to project completions and uneven work volumes across operating locations, while segment profit was helped by a one-off gain.

Batam Shipbuilding & Deck Equipment

Adjacent growth entering execution, with an early-stage margin profile

NEI Batam: shipbuilding resumes with scale

Early-stage projects

Material, mobilisation and fabrication costs precede later-stage margin recognition. This was the key driver of the Group's 1H margin dilution.

Milestone-driven

Revenue and margin depend on fabrication progress, customer certification and delivery — not on calendar phasing.

Execution ramp, not margin peak

Margin should improve as these projects advance beyond mobilisation and early execution. The 1H margin is not the run-rate for this work.

IOE: deck equipment and marine cranes

- Project-driven revenues, dependent on fabrication progress and delivery schedules
- Activity improved versus early in the year, but sustainable profitability requires utilisation discipline
- Strategically complementary where scopes are linked to ASOM’s offshore platform and the Batam execution base.
- Unlike ASOM's annual-reset cycle, this work carries a rolling backlog — the two order book measures should not be compared directly

Working Capital & Cash Conversion

Cash deployed ahead of certification, billing and collection

(S$8.65m)	S$23.0m	S$18.9m	88.8%
Operating cashflow	**Contract assets**	**Trade & other receivables**	**Receivables under 90 days**
1H2025: +S$10.01m	+S$13.85m vs Dec 2025	+S$3.38m vs Dec 2025	Dec 2025: 86.5%

Why operating cashflow was negative

Project execution
Costs and revenue recognised as work progresses

→

Contract assets
Work performed ahead of customer certification

→

Billings
Milestone certification converts assets to receivables

→

Collections
Receivables convert into cash

2H cash priorities

1. Convert contract assets into certified billings
2. Accelerate receivable collections
3. Protect margins through the execution ramp
4. Maintain liquidity and facility headroom

Our Priorities for 2H2026

01 Execute the contracted work

Deliver S$70.7m of outstanding contracted work safely and progressively, subject to work-front access and mobilisation schedules.

02 Accelerate cash collections

Drive certification, milestone billing and receivable collection to reverse the 1H working capital build.

03 Protect and recover margin

Strengthen project controls as offshore and Batam execution moves beyond the early-stage cost phase.

04 Engineering Execution

Deliver Batam shipbuilding projects and deck equipment orders through key execution milestones, providing an additional earnings pillar alongside ASOM's offshore lifecycle business.

05 Strengthen CP operating performance

Restore workload levels following the yard realignment and improve manpower utilisation and execution efficiency across operations.

06 Manage liquidity and commitments

Maintain facility headroom and plan for deferred consideration alongside project working capital needs.

These priorities will guide management's execution focus for 2H2026, with emphasis on project conversion, margin discipline and cash collection.