

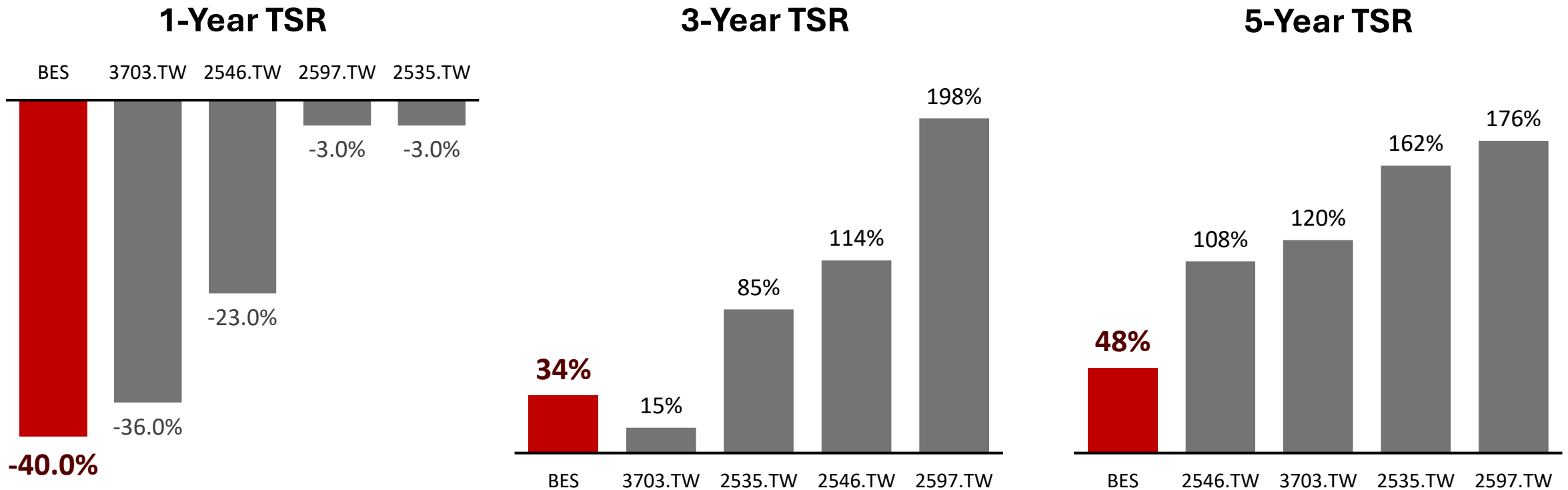
March 18, 2026

BES Engineering Miserable Underperformance



TSR Underperformed to Peers

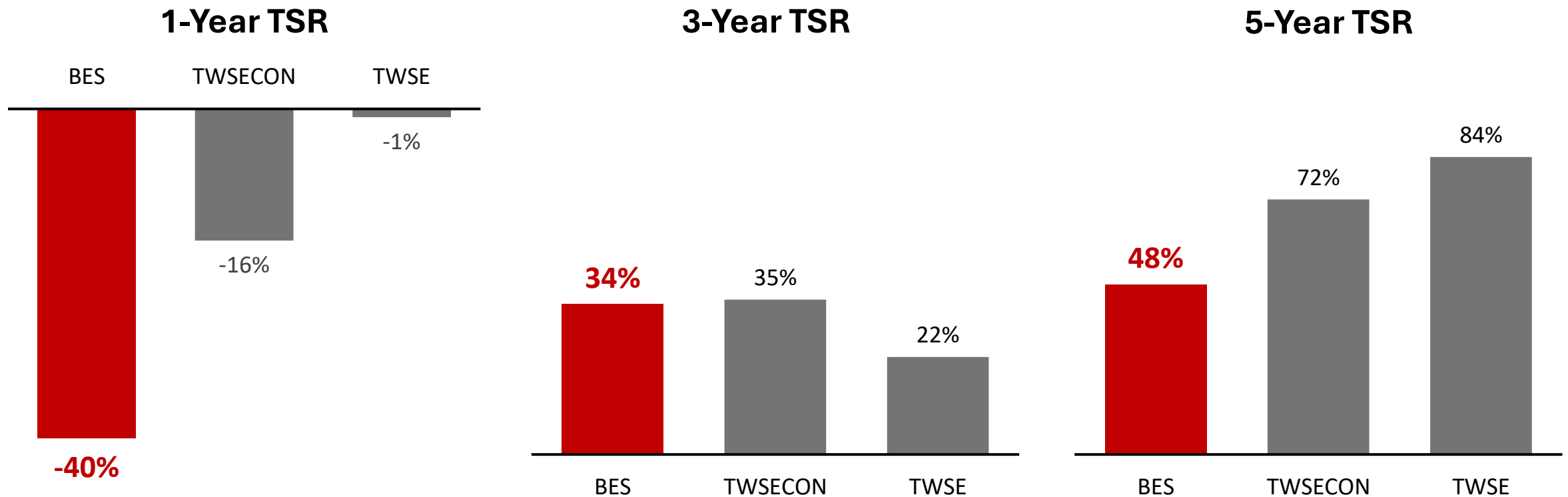
- 1Y, 3Y and 5Y total shareholder return underperformed to its peers
- Share price perf post 2025/4/30 was driven by PJ asset magmt group buying



Source: Bloomberg, 2025/04/30

TSR Underperformed to Sector and TWSE

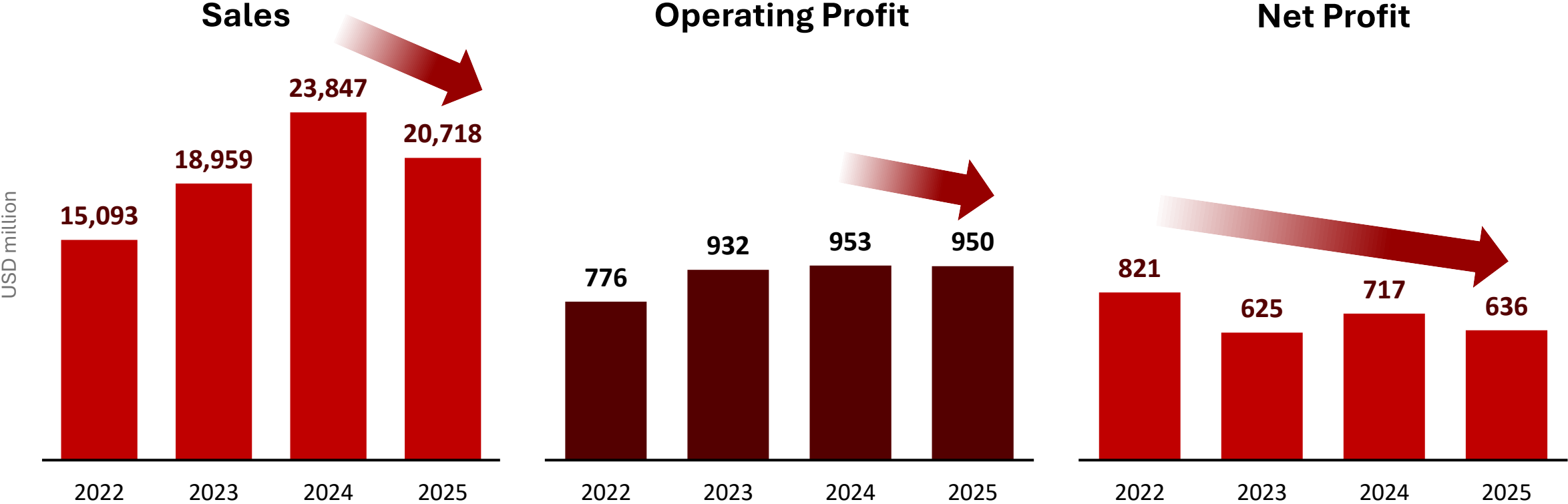
- Total shareholder returns also underperformed to its sector and TWSE for 1-year, 3-year and 5-year measures



Source: Bloomberg, 2025/04/30

Revenue Rising, but Profit Stagnating

- Revenue on the rise, but profitability stagnant during '23 and '24
- '25 sales and profit decline due to slowing government infrastructure spending

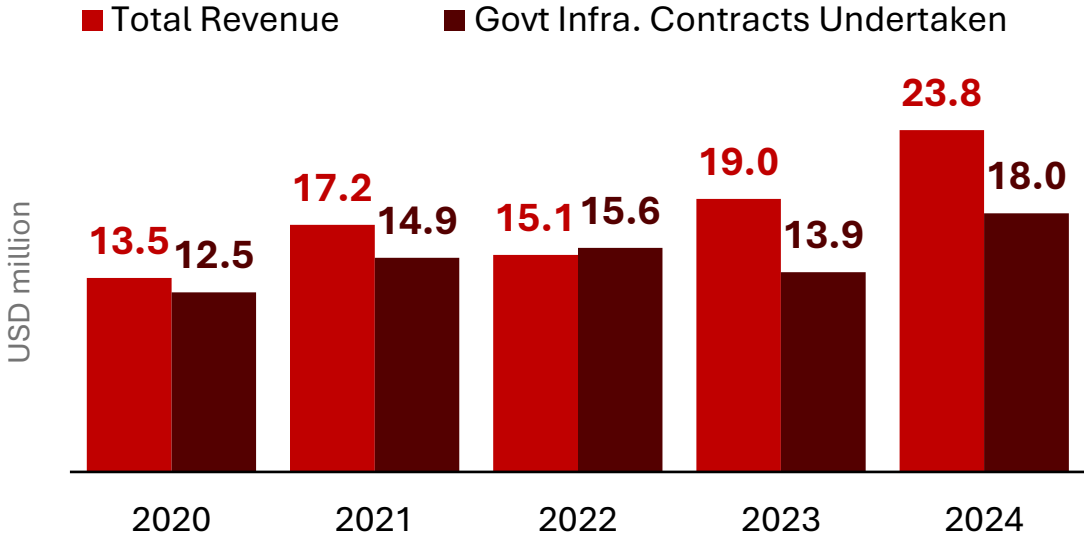


Source: Company Data

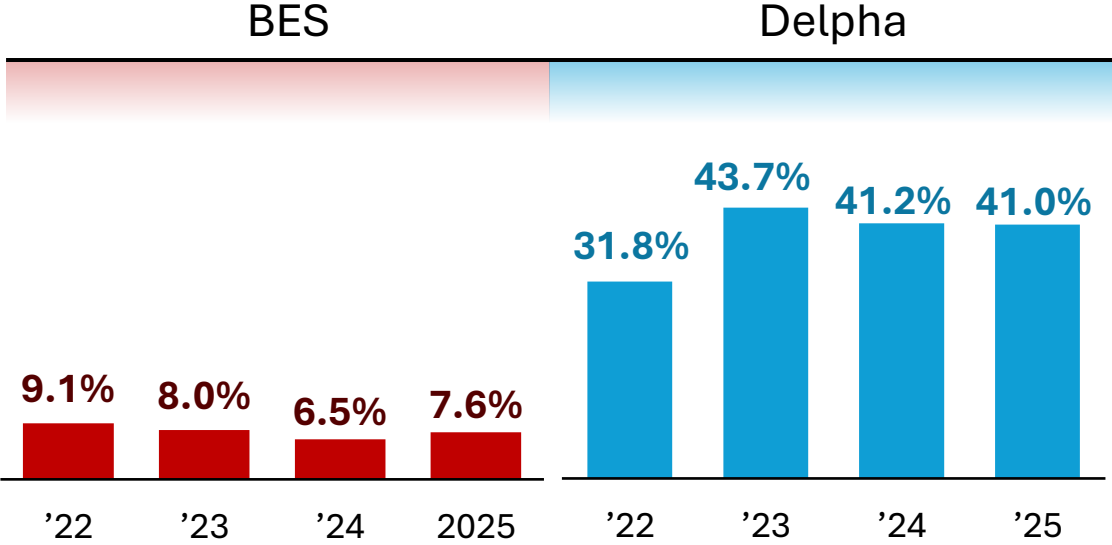
Govt Infrastructure Projects: Competitive & Low Margin

- BES revenue centers around govt. infrastructure contracts
- Accum. Revenue for last 5 years ('20 to '24) reaches NT\$89 bn while NT\$75 bn Govt Infra Projects were undertaken
- As a result, substantial margin gap between BES and Delpha, which makes govt infra projects much less profitable

Revenue v.s. Govt Infra. Contracts



Gross Margin



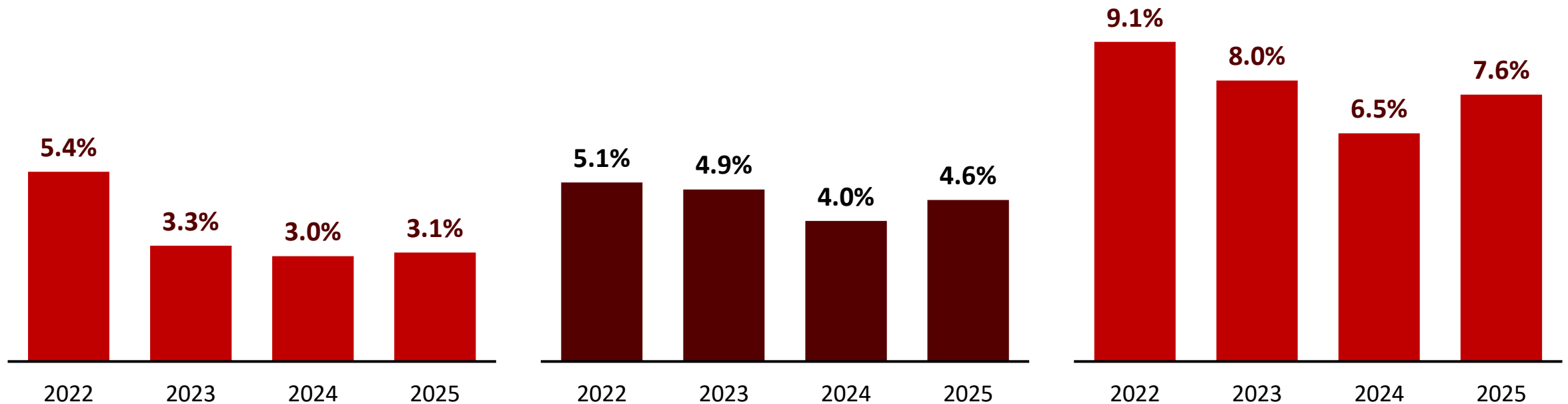
Overfocus on Public Infra. means lower profitability

- Public infrastructure contracts are not most profitable construction projects
- Ineffective business strategy results in a clear downward trend on profitability

Net Margin

Operating Profit

Gross Margin

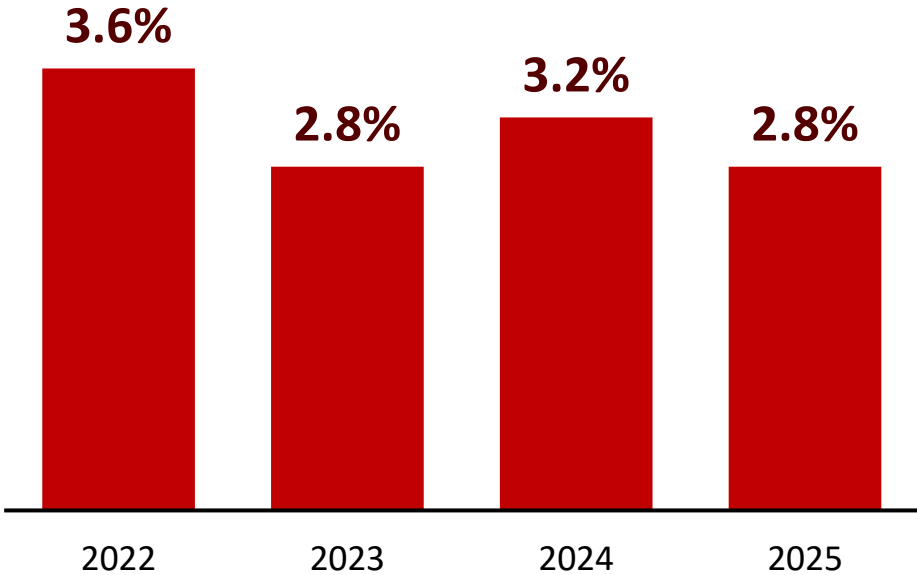


Source: Company Data

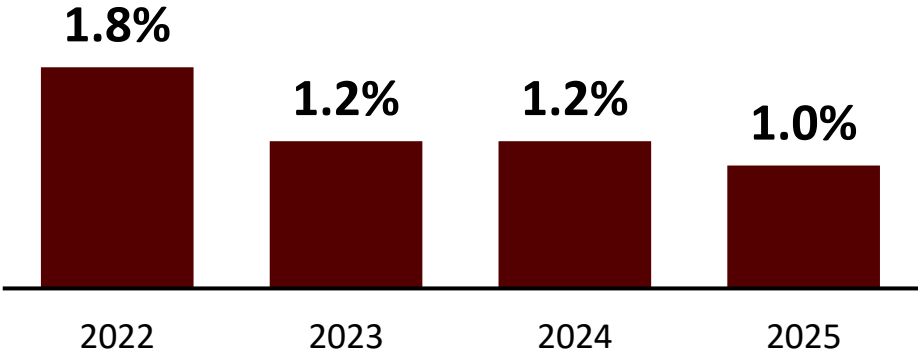
Rising Revenue, but Capital Efficiency Falling

- Lower margin transfers into inefficient use of funds and poor returns on equity and asset

Return on Equity



Return on Asset

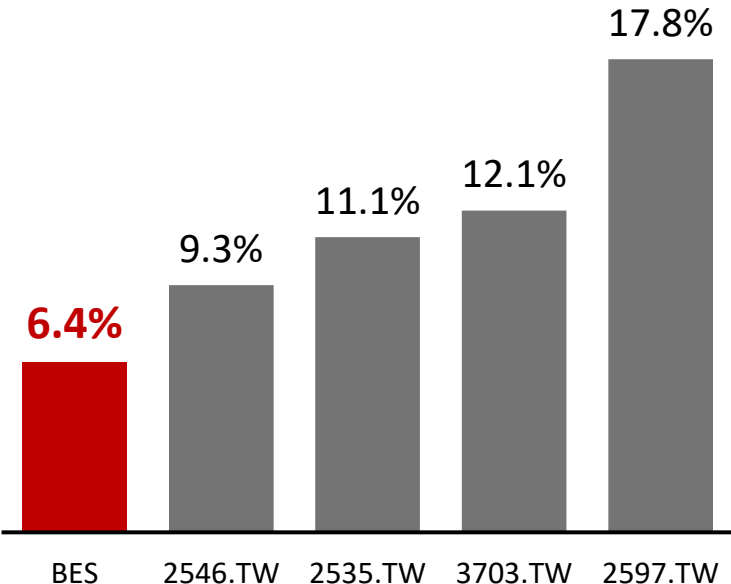


Source: Company Data

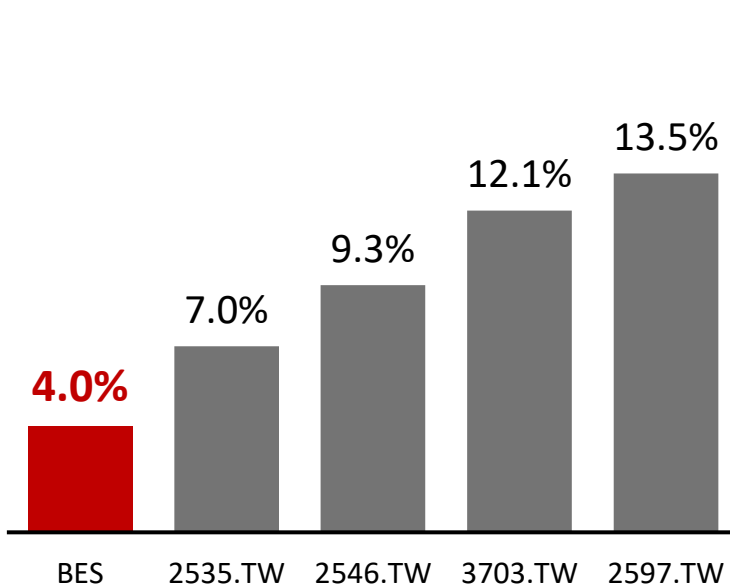
Margin Profile Bottoms Among Peers

- '24 gross, operating and net margins are the lowest among comparable
- Poor margins indicate BES are not seizing the right opportunities

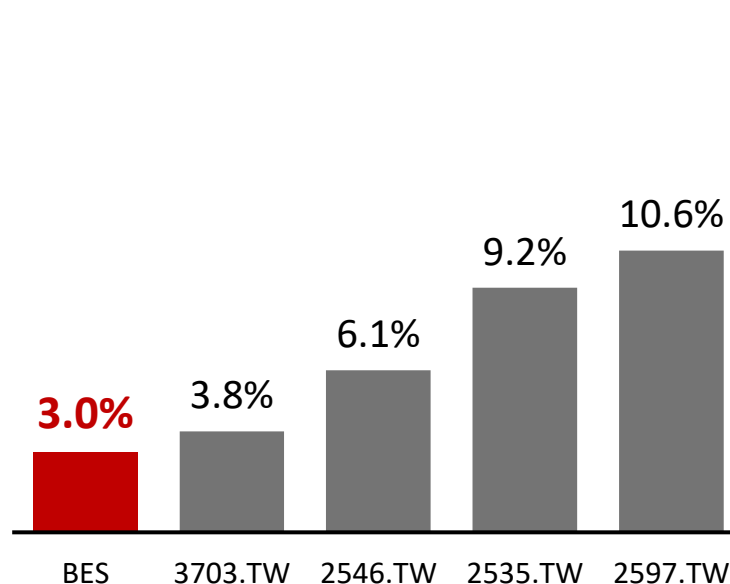
Gross Margin



Operating Margin



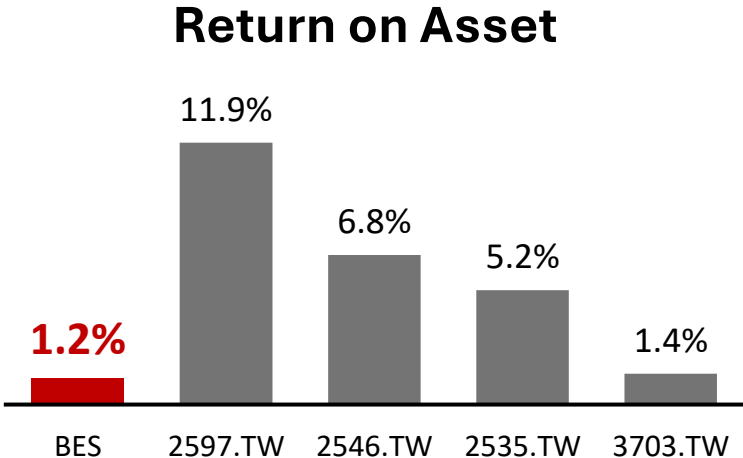
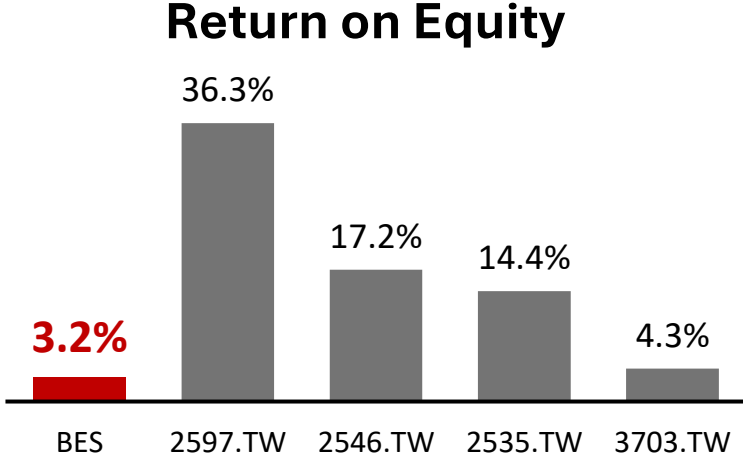
Net Margin



Source: Company Data, FY2024

Ineffective Use of Capital and Asset

- '24 ROE was 3.2%, lowest among peers
- '24 ROA was 1.2%, also lowest among comparable
- Lowest ROE and ROA imply ineffective use of capital/asset



Source: Company Data, FY2024