

MARCO POLO MARINE INVESTOR FACTSHEET

MAY 2023



Company Profile

Regional integrated marine logistics company which principally engages in ship chartering and shipyard businesses

Stock Info

0.053 **199.166m**

Price as of 25 Jul Market Cap 25 Jul

6/30/23 51.6%
YE Free float

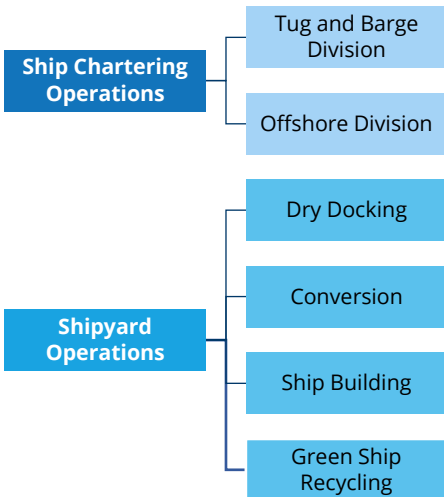
Key Financial Highlights

Key Highlights	2019	2020	2021	2022	1HFY23
Revenue (S\$m)	30.2	30.8	46.1	86.1	55.9
EBITDA (S\$m)*	2.4	(1.9)	10.0	24.2	15.5
Net Profit (S\$m)	(3.9)	(9.2)	14.8	22.0	5.8
Adjusted Net Profit (S\$m)*	(3.9)	(8.9)	3.0	13.8	8.5
Net D/E	-12.5%	-13.6%	-14.0%	-33.2%	-31.1%
Book Value/share (S\$)	0.031	0.028	0.033	0.043	0.043

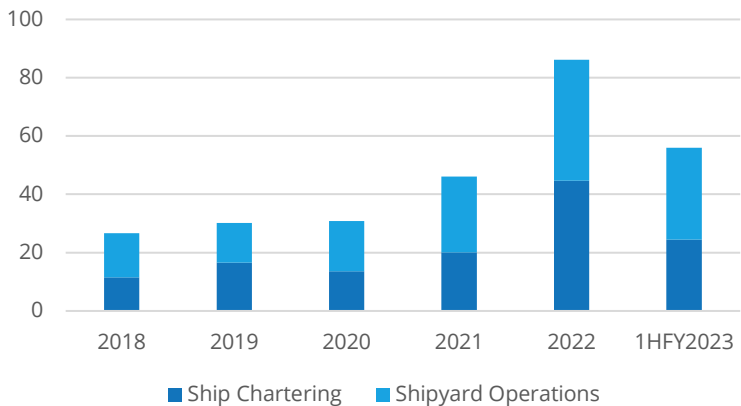
Source: Company

* Excludes one off gains from reversal of impairment loss on receivables, one-off gains arising from the remeasurement of previously held equity interest, bargain purchase and acquisition of debt

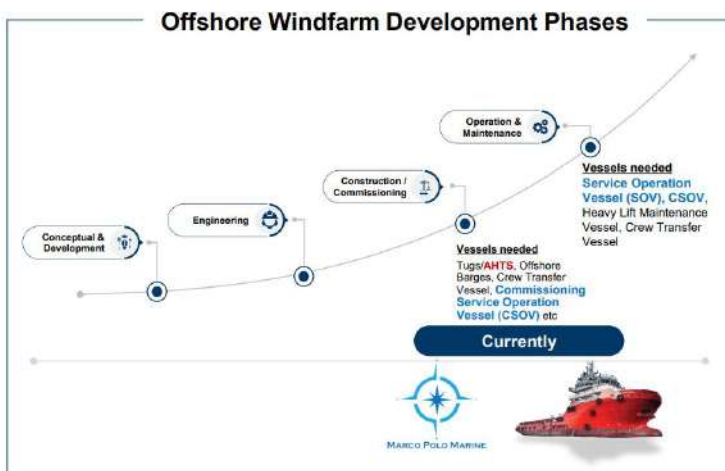
Business Segments



Revenue (S\$m)



Diversification Into Offshore Windfarm



The Group is collaborating with Amogy to develop zero-emission solutions for its existing and newly built wind vessels, allowing them to operate with zero emissions



Commissioning Service Operation Vessel (CSOV)



Service Operation Vessel (SOV)

Marco Polo Marine is able to design and build Service Operation Vessel and Commissioning Service Operation Vessel to Support Offshore Wind Farms

About the Shipyard



Well-organized covered workshops and warehouses



Drydock 1: 240m x 40m x 8.5m



Drydock 2: 175m x 40m x 8.5m



Drydock 3: 220m x 45m x 9.0m



Shipyard activities continue to experience strong growth as the Group benefits from the increased ship repair capacity achieved through the extension of Dry Dock 1. Recurring income from ship repair activities is expected to continue growing throughout 2023 and beyond. Additionally, the Group has successfully secured higher-value contracts for repair projects in 1HFY2023. Furthermore, the construction of new barges has already commenced, with progressive deliveries scheduled until 1HFY2024.

Shipyard Division (Selected Clients)



Commissioning Service Operation Vessel (CSOV)

In Sep 2022, the Group announced it will build, own and operate a new Commissioning Service Operation Vessel (CSOV) to meet the rising demand for support vessels required to service the booming offshore windfarm industry in Asia. The CSOV is approximately 13% complete and is expected to be completed by 1Q2024 as scheduled. This vessel, measuring 83 meters in length, will be the first CSOV to be designed in Asia. It will be equipped with a walk-to-work gangway and a 3D motion-compensated crane.

In Dec 2022, the Group's Taiwan-based subsidiary, PKR Offshore, entered into an MOU with Vestas Taiwan for the maiden deployment of its new CSOV when its completed. The CSOV will provide charter services to support the growing offshore wind farm industry in Taiwan, Japan and South Korea, based on a minimum utilization commitment per annum, over a 3-year period.

Investment Merits



Attractive Valuation

The Group's asset base is primarily supported by cash and property, plant, and equipment (PPE). It includes a shipyard in Batam covering over 34 hectares of land, along with 12 OSVs, 2 MWVs, and 21 tug and barges. In 2017, Vesselsvalue estimated the value of Marco Polo's 12 OSVs to be over US\$50 million (S\$66 million). Notably, Vesselsvalue highlighted that individual vessel sales have yielded higher prices than selling the entire fleet, despite a slow resale market. In FY2019, the Group successfully sold 1.5 OSVs (one wholly owned vessel and one vessel under a joint venture), resulting in a gain of S\$4.5 million, underscoring the significant value within Marco Polo's books. As of March 31, 2023, the Group's net asset value stands at S\$0.043 per share.



As at 31 Mar 2023, the Group has a net cash position of S\$50.2m.

Strong net cash position



Turnaround efforts bear fruit as the Group turns EBITDA positive.

Following the debt restructuring in FY2017, the Group has emerged from the crisis stronger than before, with a focus on cost and cashflow management. This has helped the Group narrow its losses and maintain a strong balance sheet post-restructuring. Excluding the share of results from JVs, Marco Polo has generated positive EBITDA since the debt restructuring. In FY2022, the Group recorded the highest operational EBITDA since the debt restructuring in 2017



Pivoting to renewables to increase utilisation and boost profitability

While the Oil and Gas (O&G) sector continues to provide a reliable revenue stream for the Group, it recognises the importance of adapting to the global shift towards sustainability and renewable energy. As a proactive response, the Group has pivoted towards this sector, leveraging its shipbuilding capabilities and vessel fleet to secure contracts aligned with this strategic direction. These contracts include the construction of smart floating fish farms and chartering OSVs for windfarm projects in Taiwan. By entering these new target markets, the Group aims to diversify its customer base beyond the cyclical O&G sector, optimize asset utilization, and drive overall profitability.



Design, Build, Owner and Operator business model to set Group apart in ancillary support of offshore windfarm sector

As the operator, designer and owners of vessels, Marco Polo Marine is able to set itself apart from its competitors, by offering bespoke offerings catered to the ship owner and operator of vessels when competing for projects supporting the offshore windfarm sector. In September 2022, the Group announced that it will be constructing its own Commissioning Service Operation Vessel (CSOV) to service the booming offshore windfarm industry in Asia. The construction of the CSOV is expected to be completed tentatively by 1Q2024.



Leveraging established offshore windfarm experience for geographical expansion.

Having proven itself as one of the market leaders in supporting the offshore windfarms in Taiwan, the Group is leveraging on its established track record to expand its geographical footprints into new markets including Japan and Korea.