

# Company Spotlight: Marco Polo Marine (SGX: 5LY)

*Sailing Towards a New High*

Marco Polo Marine (SGX: 5LY)	13 January 2025
Market cap (S\$M)	202.7
Price (S\$)	0.054
Bloomberg Price Target (S\$)	0.075
ROE	12.3%
P/E	9.4
Dividend Yield	1.8%
P/S	1.6
P/B	1.1

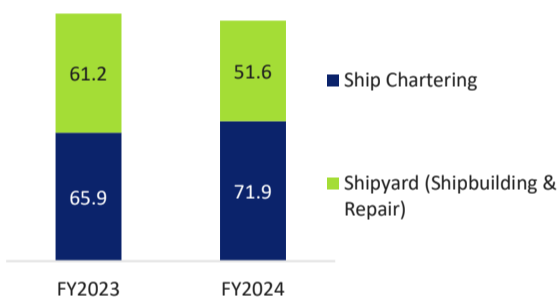
## FY24 Financial Performance

- In FY24 (ended 30 Sep), Marco Polo Marine achieved revenue of S\$123.5 million, reflecting a 2.8% decline from the S\$127.1 million recorded in FY23.
- Despite this, the Group's adjusted net profit grew by 4.4% YoY, reaching S\$26.3 million compared to S\$25.2 million in FY23.
- Additionally, the Group maintained a strong net cash position of S\$35.8 million at the end of FY24.

## Ship Chartering Business:

- Customers come mainly from the oil & gas and renewable energy sectors in Asia.
- In the oil and gas sector, the company provides essential offshore support with vessels like Anchor Handling Tug Supply Vessels (AHTS) and Platform Supply Vessels (PSVs). These vessels are crucial for tasks such as towing and positioning rigs, as well as transporting supplies. Major clients in this sector operate in regional waters including the Gulf of Thailand, Malaysia, Indonesia, Myanmar, and Taiwan.
- The company also serves the mining and commodities industry by providing tugboats and barges for transporting bulk commodities and supporting mining operations.
- In the renewable energy sector, Marco Polo Marine offer CTVs to assist in the construction and maintenance of these wind farms.

Revenue Breakdown (S\$ million)



## Shipyard Value Chain:

- Design Phase:** Define basic parameters and requirements of the vessel, create detailed drawings and specifications, and develop comprehensive plans for all aspects of the vessel.
- Planning and Procurement:** Develop detailed project schedules and timelines, and source and purchase materials and equipment.
- Construction Phase:** Construct and assemble the hull in sections, install systems and components, and place the vessel in a dry dock for final installations and inspections.
- Testing and Trials:** Test all installed systems for functionality and conduct sea trials to test performance and seaworthiness.
- Delivery and Handover:** Conduct comprehensive inspections to ensure compliance, compile and hand over necessary documentation, and officially hand over the vessel to the client.
- Additional Services:** Provide ongoing maintenance and repair services and offer conversion services to modify existing vessels.

## Risks:

Maybank noted in October that Marco Polo Marine faces risks from potential global economic slowdowns or recessions, which could lead to a drop in charter rates and demand for vessels. Additionally, geopolitical conflicts, such as those between China and Taiwan, could significantly impact their charter operations.

Source: SGX, Bloomberg, Marco Polo Marine FY24 Annual Report Data as of 13 January 2025

## Company Overview

- Marco Polo Marine is a regional integrated marine logistics company primarily involved in ship chartering and shipyard operations.
- The Shipping Division charters Offshore Supply Vessels (OSVs) and tugboats for various industries, while the Shipyard Division provides shipbuilding, maintenance, repair, and conversion services through its modern shipyard in Batam, Indonesia.
- The company has made significant strides in the renewable energy sector and has around 400 staff.



## Headquarters and Facilities:

- Headquartered in Singapore.
- The chartering fleet includes 14 OSVs, 8 tugboats, 6 barges, and 2 Crew Transfer Vessels (CTVs) with 1 Commissioning Service Operation Vessel (CSOV) slated to be deployed in Taiwan for a wind farm project commissioning in 1Q 2025.
- The total CSOV cost is US\$60 million. CSOVs are specialised ship designed to support the construction, commissioning, maintenance, and repair of offshore wind farms.
- The Group's shipyard is located in Batam, Indonesia. This modern shipyard occupies a total land area of approximately 34 hectares with a seafront of approximately 650 meters and houses three dry docks.
- The shipyard operated at an average utilisation rate of 91% in FY24, compared to 85% in FY23.
- Marco Polo Marine's 4th dry dock is expected to be completed in 1Q 2025. This would imply higher yard capacity and higher repair and maintenance revenue from the yard in 2H 2025 once teething issues of the new yard is sorted out.

## Market Position and Achievements:

- Shipyard Expansion:** The construction of a fourth dry dock, expected to be completed by 1Q 2025, will enhance the company's ship repair and maintenance capabilities.
- Ship Chartering Growth:** The ship chartering segment is expected to continue driving growth, supported by a tight supply-demand balance in the offshore market and higher charter rates. The company plans to continue expanding its fleet to meet the growing demand from the offshore oil & gas and renewable energy sectors.
- SIAS Investors' Choice Awards:** Marco Polo Marine has been recognised by the Securities Investors Association (Singapore) (SIAS) for its excellence in corporate governance and investor relations, in addition to the Investors' Choice Outstanding chief executive in 2023.

## Strategic Positioning and Future Outlook:

- Strategic Positioning:** Marco Polo Marine has strategically pivoted towards the renewable energy sector, particularly offshore wind farms, to diversify its customer base and increase asset utilisation.
- Strategic Agreement with Siemens Gamesa:** This agreement aims to strengthen Marco Polo Marine's offshore presence beyond Taiwan, particularly in the renewable energy sector.
- Amogy Inc.:** Collaboration with Amogy Inc. to develop zero-emission solutions using ammonia power systems for their wind vessels. This partnership aims to decarbonise the shipping sector and reduce the carbon footprint of offshore wind farms.
- Anchor Handlers:** Company also plans to increase their fleet of anchor handlers, which could be used for both oil & gas and windfarm projects
- CSOV Deployment:** The commissioning of the CSOV in 1H FY25 will further strengthen their offshore presence.
- Optimistic Outlook:** Robust demand from the offshore wind farm and oil and gas markets is anticipated to support higher charter rates and overall growth in FY25. A tight supply-demand balance in the offshore market is likely to drive demand for OSVs and support higher average charter rates, while the construction of the fourth drydock commenced in May 2024 and is expected to be completed by 1Q 2025.

Singapore Exchange

2 Shenton Way  
#02-02 SGX Centre 1  
Singapore 068804  
main: +65 6236 8888

sgx.com