

Singapore

ADD (no change)

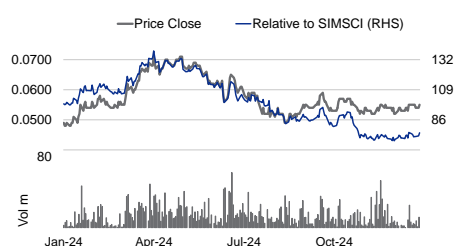
Consensus ratings*: Buy 4 Hold 0 Sell 0

| | |
|-------------------------|-------------------------|
| Current price: | S\$0.055 |
| Target price: | S\$0.08 |
| Previous target: | S\$0.08 |
| Up/downside: | 45.5% |
| CGSI / Consensus: | 6.3% |
| Reuters: | MAPM.SI |
| Bloomberg: | MPM SP |
| Market cap: | US\$150.7m S\$206.5m |
| Average daily turnover: | US\$0.43m S\$0.58m |
| Current shares o/s: | 3,683m |
| Free float: | 51.3% |

*Source: Bloomberg

Key changes in this note

➤ None.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|-----|------|-------|
| Absolute (%) | 1.9 | 3.8 | 10.0 |
| Relative (%) | 3.8 | -4.2 | -23.4 |

| Major shareholders | % held |
|-------------------------------|--------|
| Lee Family | 22.6 |
| Apricot Capital Pte Ltd | 16.5 |
| Penguin International Limited | 8.1 |

Analyst(s)



Meghana KANDE
T (65) 6210 8515
E meghana.kande@cgsi.com
LIM Siew Khee
T (65) 6210 8664
E siewkhee.lim@cgsi.com

Marco Polo Marine

Fleet expansion underway

- We hosted Marco Polo management at our Value Up Conference on 14 Jan 2025. Investors' key focus areas: CSOV status and fleet expansion plans.
- We think MPM's two new CTVs could add around S\$5m of revenues p.a.; vessels are likely to start operating from 2HFY9/25F.
- MPM is seeing better yard activity from improved repair volume; we think fleet charter rates in 1Q25F were also stronger yoy.
- We retain our Add call with an unchanged TP of S\$0.08, based on 9x CY26F P/E (in line with peers).

1st CSOV delivery is on track; another one on the horizon?

We left Marco Polo Marine's (MPM) presentation at our Value Up Conference feeling positive about its offshore wind fleet expansion plans. Management noted that its maiden newbuild Commissioning, Service, and Operations vessel (CSOV) remains on track to work with renewable energy company Vestas (VWS DC, NR, CP: DKK94.66) from Mar 25F onwards. Given MPM's strong net cash of S\$35.8m as at end-Sep 24 and its conversations with customers, we think plans to construct another CSOV could be on the horizon, for delivery around early 2028F.

Added two new CTVs to fleet

MPM's 49%-owned subsidiary PKR Offshore added two newbuild crew transfer vessels (CTVs) to its fleet. This brings MPM's total count of CTVs to 5 units. The new CTVs will be chartered to wind farms in Taiwan, as per management. We think they could start operations in 2H25F. Based on our estimates, 1 CTV can generate revenues of around US\$2m (or c.S\$2.5m) p.a. in Taiwan. This figure could be c.70% higher for CTVs working in South Korea due to higher charter rates. MPM currently operates two CTVs in Taiwan and 1 in South Korea under a framework agreement with Siemens Gamesa (Unlisted) till 2026F with an option to extend to 2030F.

1Q25F: expect better shipyard activity and stronger fleet dayrates

Management noted healthy enquiries for shipbuilding and improving repair volume as the construction of CSOV, which was using up capacity in one of MPM's drydock, is complete. Charter rates for anchor handling tug supply vessels (AHTS) and platform supply vessels (PSV) during Oct-Dec 24 were up 2-16% yoy (source: Clarksons). We expect MPM's fleet to record improved dayrates and firm utilisation qoq in 1Q25F. We retain our FY25F fleet utilisation estimate at 69% (FY24: 69%, FY23: 80%). Our 15-19% revenue growth forecasts for FY25-26F are driven by fleet expansion and higher yard contribution from completion of MPM's 4th drydock. We expect MPM to release its 1Q25F business update towards mid-Feb 25.

Reiterate Add with an unchanged TP of S\$0.08

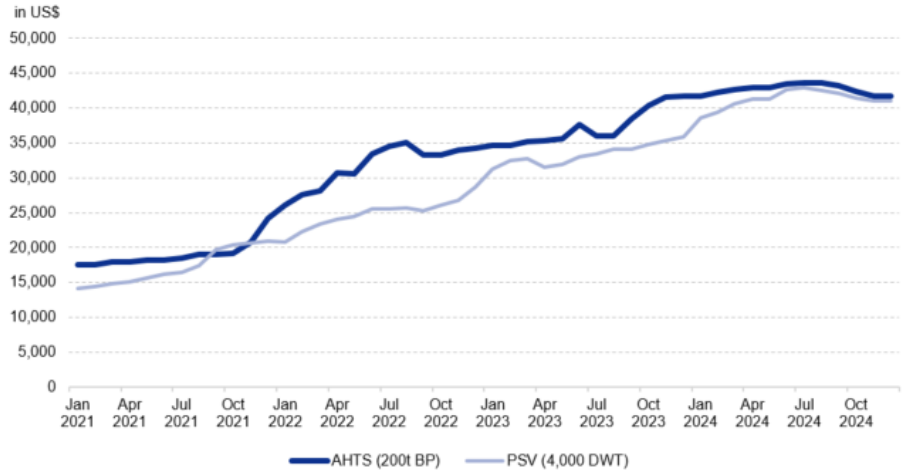
We like MPM for its diversified exposure to oil & gas and offshore wind. Re-rating catalysts: higher-than-expected fleet utilisation, fleet expansion, announcement of construction of another CSOV. Downside risks: lower-than-expected yard utilisation, and delays in offshore wind projects affecting vessel demand.

| Financial Summary | Sep-23A | Sep-24A | Sep-25F | Sep-26F | Sep-27F |
|-------------------------|---------|---------|---------|---------|---------|
| Revenue (S\$m) | 127.1 | 123.5 | 142.3 | 169.8 | 180.4 |
| Operating EBITDA (S\$m) | 43.30 | 42.70 | 44.73 | 53.97 | 61.34 |
| Net Profit (S\$m) | 22.58 | 21.70 | 25.06 | 33.43 | 38.65 |
| Core EPS (S\$) | 0.006 | 0.007 | 0.007 | 0.009 | 0.010 |
| Core EPS Growth | 60.9% | 6.5% | 1.8% | 33.4% | 15.6% |
| FD Core P/E (x) | 8.58 | 8.23 | 8.08 | 6.06 | 5.24 |
| DPS (S\$) | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| Dividend Yield | 1.82% | 1.82% | 2.00% | 2.00% | 2.18% |
| EV/EBITDA (x) | 3.64 | 4.31 | 3.55 | 2.74 | 2.42 |
| P/FCFE (x) | 47.07 | 18.37 | 9.96 | 28.91 | NA |
| Net Gearing | (33.1%) | (17.8%) | (27.8%) | (29.7%) | (26.8%) |
| P/BV (x) | 1.21 | 1.10 | 0.97 | 0.85 | 0.74 |
| ROE | 15.1% | 14.0% | 12.8% | 15.0% | 15.1% |
| EPS/Consensus EPS (x) | | | 0.97 | 1.30 | 1.50 |

SOURCES: CGSI RESEARCH, COMPANY REPORTS

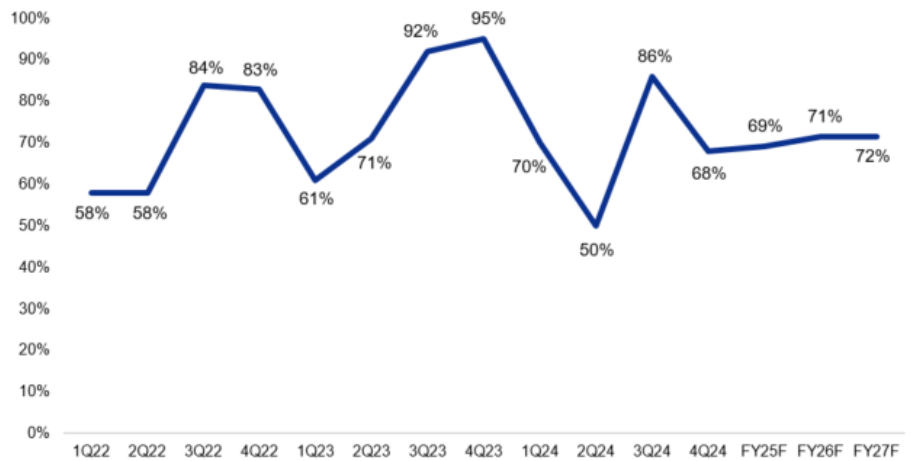
Fleet expansion underway

Figure 1: Charter rates for large AHTS and PSV were up 2-16% yoy in Oct-Dec 24



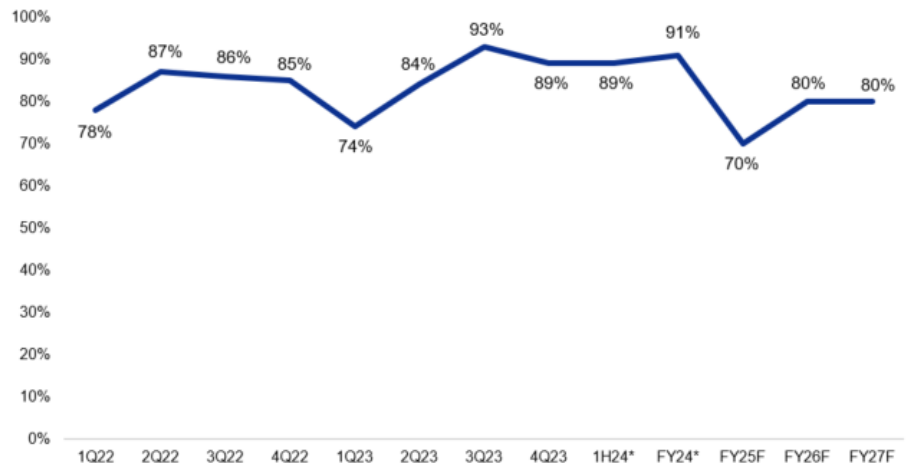
SOURCES: CGSI RESEARCH, CLARKSONS SHIPPING INTELLIGENCE

Figure 2: Fleet utilisation



SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: Yard utilisation



*1H24 and FY24 include construction of CSOV

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: MPM revenue forecasts by segment

| FYE September 30 (in S\$m) | FY23 | FY24 | FY25F | FY26F | FY27F | %yoy change | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | | | | | | FY25F | FY26F | FY27F |
| Shipbuilding | 15.8 | 18.4 | 17.1 | 20.8 | 22.1 | -7.0% | 21.5% | 6.2% |
| Ship repair | 42.7 | 31.1 | 37.4 | 47.7 | 53.3 | 20.0% | 27.6% | 11.7% |
| Sale of goods | 2.7 | 2.1 | 2.6 | 3.2 | 3.6 | 24.4% | 25.7% | 10.0% |
| Shipyard | 61.2 | 51.6 | 57.1 | 71.7 | 78.9 | 10.6% | 25.7% | 10.0% |
| Ship chartering | 65.9 | 71.9 | 85.3 | 98.0 | 101.5 | 18.6% | 14.9% | 3.5% |
| Total revenues | 127.1 | 123.5 | 142.3 | 169.8 | 180.4 | 15.2% | 19.3% | 6.3% |

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: Peers comparison

| Company | Bbg Ticker | Bbg Recom. | Price (lcl curr) | Target Price (lcl curr) | Market Cap (US\$ m) | P/E (x) | | 2-year EPS CAGR (%) | | P/BV (x) | | Recurring ROE (%) | Net Debt / (Net Cash) Dividend Yield (%) | |
|------------------------------------|------------|------------|------------------|-------------------------|---------------------|-------------|------------|---------------------|---------------|------------|------------|-------------------|--|------------------|
| | | | | | | CY24F | CY25F | CY24F | CY25F | CY24F | CY25F | | (lcl curr) FY24F | (lcl curr) CY24F |
| Marco Polo Marine | MPM SP | Add | 0.06 | 0.08 | 151 | 8.2 | 7.5 | 5.8 | 7.9% | 1.1 | 0.9 | 13.3% | -35.8 | 1.9% |
| Pacific Radianc | PACRA SP | Add | 0.05 | 0.07 | 50 | na | 17.4 | 19.1 | -2.6% | 0.7 | 0.7 | -0.8% | -14.8 | 0.0% |
| Mermaid Maritime | MMT SP | Add | 0.13 | 0.16 | 138 | 16.4 | 9.1 | 6.5 | 25.5% | 0.8 | 0.7 | 4.8% | 68.6 | 0.0% |
| Vallianz Holdings Ltd | VALZ SP | NR | 0.04 | na | 33 | na | na | na | na | na | na | na | na | na |
| ASL Marine Holdings Ltd | ASL SP | NR | 0.06 | na | 44 | na | na | na | na | na | na | na | na | na |
| Kim Heng Ltd | KHOM SP | NR | 0.08 | na | 43 | na | na | na | na | na | na | na | na | na |
| Nam Cheong Ltd | NCL SP | NR | 0.39 | na | 111 | na | na | na | na | na | na | na | na | na |
| Wintermar Offshore Marine Tbk | WINS IJ | NR | 414.0 | na | 111 | na | na | na | na | na | na | 17.9% | na | na |
| Logindo Samudramakmur Tbk P | LEAD IJ | NR | 94.00 | na | 33 | na | na | na | na | na | na | na | na | na |
| Sillo Maritime Perdana Tbk PT | SHIP IJ | NR | 985.0 | na | 164 | na | na | na | na | na | na | na | na | na |
| Sealink International Bhd | SELI MK | NR | 0.30 | na | 33 | na | na | na | na | na | na | na | na | na |
| Marine & General Bhd | MARG MK | NR | 0.31 | na | 53 | na | 2.6 | na | 136.6% | 0.8 | 0.7 | na | na | na |
| Icon Offshore Bhd | ICON MK | NR | 0.99 | na | 137 | 70.4 | 9.9 | 9.0 | 233.3% | na | na | 2.5% | 51.7 | 0.0% |
| Perdana Petroleum Bhd | PETR MK | NR | 0.25 | na | 121 | na | na | na | na | na | na | na | na | na |
| Sea1 offshore Inc | SEA1 NO | NR | 24.35 | na | 330 | 6.8 | 5.9 | 4.6 | -29.8% | 0.8 | 0.7 | 37.8% | 237.2 | 22.0% |
| Tidewater Inc | TDW US | NR | 54.65 | na | 2,859 | 15.5 | 10.2 | 6.3 | 68.6% | 2.5 | 2.0 | 18.5% | 265.0 | 2.5% |
| Helix Energy Solutions Group I | HLX US | NR | 8.99 | na | 1,367 | 23.7 | 10.7 | 9.5 | na | 0.9 | 0.8 | na | -43.1 | na |
| Subsea 7 SA | SUBC NO | NR | 197.1 | na | 5,206 | 21.1 | 11.4 | 9.0 | 450.1% | 1.2 | 1.2 | 5.8% | 617.6 | 2.9% |
| SEACOR Marine Holdings Inc | SMHI US | NR | 6.87 | na | 190 | na | na | 4.7 | 77.4% | 0.6 | 0.6 | -6.0% | 258.0 | na |
| Peers - average (excl. MPM) | | | | | | 25.6 | 9.6 | 8.6 | 119.9% | 1.0 | 0.9 | 10.1% | | 4.6% |

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
Estimates for Not rated companies are based on Bloomberg consensus estimates
Data as at 15 Jan 2025



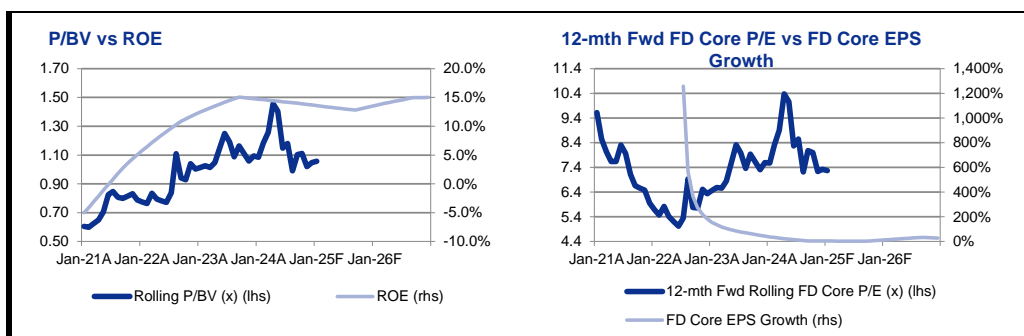
ESG in a nutshell

Marco Polo Marine (MPM) demonstrated progress in aligning its operations with environmental sustainability and social responsibility. The adoption of hybrid energy systems, green ship recycling, and reduced emissions reflect improvements in environmental performance. However, a rise in workplace safety incidents and increased energy consumption in certain areas highlight operational challenges. Upcoming initiatives, such as the hybrid-powered offshore wind service vessel and the ammonia-to-power collaboration with Amogy, are key for the company's ESG trajectory.

| | |
|---|--|
| <p>Keep your eye on</p> <p>The rising workplace safety incidents, with a fourfold increase from FY21 to FY23, expose potential deficiencies in safety protocols amid growing business activity.</p> | <p>Implications</p> <p>Increased accidents could lead to regulatory penalties, operational delays and strained relationships with unions. Investment in safety training and stricter adherence to standards will be critical to reversing this trend.</p> |
| <p>ESG highlights</p> <p>MPM noted in its Annual Report that the implementation of hybrid energy storage systems in its CSOV vessels could cut fuel consumption and emissions by up to 15-20% compared to traditional non-diesel electric hybrid vessels. It also signed an MoU with Brooklyn-based Amogy to install the latter's proprietary ammonia-to-power system on MPM's existing or newly built wind vessels.</p> <p>In addition, MPM is venturing into the green ship recycling business to help shipowners recycle their end-of-life ships. MPM's shipyard in Indonesia is the first in the country to be awarded the ISO 30000:2009 certificate, as per MPM's annual report.</p> | <p>Implications</p> <p>MPM's environmental initiatives position it well in terms of emissions management and resource efficiency.</p> |
| <p>Trends</p> <p>MPM reduced its Scope 1 and 2 emissions by 12% and energy intensity by over 500% in FY23, driven by transition to LED lighting and hybrid technologies. However, electricity consumption increased by 15% due to the growing scale of operations.</p> <p>The total number of workplace accidents increased from 8 in FY21 to 32 in FY23, underscoring the need for stricter safety management.</p> | <p>Implications</p> <p>The downward trend in emissions and energy intensity is encouraging but requires continued investment in operational efficiencies to sustain progress.</p> <p>Addressing safety issues will be critical to ensuring that the company's social practices keep pace with its growth.</p> |

SOURCES: CGSI RESEARCH

BY THE NUMBERS



Profit & Loss

| (\$m) | Sep-23A | Sep-24A | Sep-25F | Sep-26F | Sep-27F |
|---|--------------|--------------|--------------|--------------|--------------|
| Total Net Revenues | 127.1 | 123.5 | 142.3 | 169.8 | 180.4 |
| Gross Profit | 45.7 | 48.5 | 55.5 | 67.9 | 74.0 |
| Operating EBITDA | 43.3 | 42.7 | 44.7 | 54.0 | 61.3 |
| Depreciation And Amortisation | (12.1) | (12.4) | (12.8) | (12.8) | (14.4) |
| Operating EBIT | 31.2 | 30.3 | 31.9 | 41.2 | 47.0 |
| Financial Income/(Expense) | (0.3) | (1.6) | (2.4) | (1.4) | (1.1) |
| Pretax Income/(Loss) from Assoc. | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Non-Operating Income/(Expense) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (pre-EI) | 31.1 | 28.8 | 29.7 | 39.9 | 46.1 |
| Exceptional Items | (0.6) | (3.1) | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 30.5 | 25.7 | 29.7 | 39.9 | 46.1 |
| Taxation | (4.7) | (1.8) | (2.4) | (3.2) | (3.7) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 25.8 | 23.9 | 27.3 | 36.7 | 42.4 |
| Minority Interests | (3.2) | (2.2) | (2.2) | (3.3) | (3.7) |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Preference Dividends (Australia) | | | | | |
| Net Profit | 22.6 | 21.7 | 25.1 | 33.4 | 38.7 |
| Recurring Net Profit | 23.1 | 24.6 | 25.1 | 33.4 | 38.7 |
| Fully Diluted Recurring Net Profit | 23.1 | 24.6 | 25.1 | 33.4 | 38.7 |
| Normalised Net Profit | 26.4 | 27.0 | 27.3 | 36.7 | 42.4 |
| Fully Diluted Normalised Profit | 23.2 | 24.8 | 25.1 | 33.4 | 38.7 |

Cash Flow

| (\$m) | Sep-23A | Sep-24A | Sep-25F | Sep-26F | Sep-27F |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| EBITDA | 43.30 | 42.70 | 44.73 | 53.97 | 61.34 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (13.74) | 2.20 | 0.72 | (1.04) | 0.00 |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | (0.63) | (3.13) | 0.00 | 0.00 | 0.00 |
| Other Operating Cashflow | 0.47 | (1.00) | (0.30) | (1.35) | (1.66) |
| Net Interest (Paid)/Received | (0.31) | (1.63) | (2.43) | (1.38) | (1.07) |
| Tax Paid | (0.98) | (1.51) | (2.37) | (3.20) | (3.68) |
| Cashflow From Operations | 28.11 | 37.64 | 40.35 | 47.01 | 54.93 |
| Capex | (13.30) | (50.71) | (10.00) | (30.00) | (50.00) |
| Disposals Of FAs/subsidiaries | 6.67 | 3.15 | 0.00 | 0.00 | 0.00 |
| Acq. Of Subsidiaries/Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Investing Cashflow | (16.20) | (8.42) | 0.00 | 0.00 | 0.00 |
| Cash Flow From Investing | (22.82) | (55.98) | (10.00) | (30.00) | (50.00) |
| Debt Raised/(repaid) | (1.08) | 29.37 | (10.00) | (10.00) | (10.00) |
| Proceeds From Issue Of Shares | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Shares Repurchased | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividends Paid | 0.00 | (3.75) | (3.68) | (4.05) | (4.05) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | 7.12 | (0.40) | 3.00 | 3.00 | 3.00 |
| Cash Flow From Financing | 6.05 | 25.22 | (10.68) | (11.05) | (11.05) |
| Total Cash Generated | 11.34 | 6.88 | 19.66 | 5.96 | (6.12) |
| Free Cashflow To Equity | 4.22 | 11.03 | 20.35 | 7.01 | (5.07) |
| Free Cashflow To Firm | 5.60 | (16.71) | 32.77 | 18.39 | 6.00 |

SOURCES: CGSI RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

| (\$m) | Sep-23A | Sep-24A | Sep-25F | Sep-26F | Sep-27F |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Cash And Equivalents | 63.1 | 68.8 | 88.4 | 94.4 | 88.3 |
| Total Debtors | 48.1 | 41.7 | 42.6 | 45.1 | 44.8 |
| Inventories | 8.4 | 3.7 | 3.6 | 4.2 | 4.4 |
| Total Other Current Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Current Assets | 119.5 | 114.1 | 134.6 | 143.6 | 137.5 |
| Fixed Assets | 92.8 | 148.1 | 147.4 | 166.0 | 202.6 |
| Total Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangible Assets | 6.3 | 6.9 | 4.8 | 3.4 | 2.4 |
| Total Other Non-Current Assets | 10.5 | 7.8 | 7.8 | 7.8 | 7.8 |
| Total Non-current Assets | 109.5 | 162.8 | 160.0 | 177.2 | 212.8 |
| Short-term Debt | 1.0 | 18.6 | 0.0 | 0.0 | 0.0 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 28.0 | 27.0 | 28.5 | 30.6 | 30.5 |
| Other Current Liabilities | 7.0 | 7.4 | 6.8 | 6.4 | 6.2 |
| Total Current Liabilities | 36.0 | 52.9 | 35.3 | 37.0 | 36.7 |
| Total Long-term Debt | 1.3 | 14.4 | 25.1 | 16.7 | 7.6 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 7.5 | 8.2 | 6.3 | 5.2 | 4.4 |
| Total Non-current Liabilities | 8.8 | 22.6 | 31.4 | 21.9 | 12.0 |
| Total Provisions | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total Liabilities | 45.2 | 75.9 | 67.0 | 59.2 | 49.0 |
| Shareholders' Equity | 167.8 | 183.6 | 207.9 | 238.6 | 274.5 |
| Minority Interests | 16.1 | 17.4 | 19.7 | 23.0 | 26.7 |
| Total Equity | 183.9 | 201.1 | 227.6 | 261.6 | 301.3 |

Key Ratios

| | Sep-23A | Sep-24A | Sep-25F | Sep-26F | Sep-27F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth | 47.7% | (2.8%) | 15.2% | 19.3% | 6.3% |
| Operating EBITDA Growth | 78.9% | (1.4%) | 4.8% | 20.7% | 13.7% |
| Operating EBITDA Margin | 34.1% | 34.6% | 31.4% | 31.8% | 34.0% |
| Net Cash Per Share (\$\$) | 0.017 | 0.010 | 0.017 | 0.021 | 0.022 |
| BVPS (\$\$) | 0.046 | 0.050 | 0.056 | 0.065 | 0.075 |
| Gross Interest Cover | 102.1 | 18.6 | 13.2 | 29.8 | 44.0 |
| Effective Tax Rate | 15.4% | 7.0% | 8.0% | 8.0% | 8.0% |
| Net Dividend Payout Ratio | 16.2% | 15.1% | 16.2% | 12.1% | 11.4% |
| Accounts Receivables Days | 57.71 | 64.24 | 56.32 | 55.16 | 58.23 |
| Inventory Days | 22.42 | 29.36 | 15.21 | 13.89 | 14.68 |
| Accounts Payables Days | 60.59 | 74.12 | 69.77 | 69.47 | 73.39 |
| ROIC (%) | 25.2% | 21.5% | 16.9% | 22.2% | 22.8% |
| ROCE (%) | 18.3% | 14.4% | 13.1% | 15.5% | 16.0% |
| Return On Average Assets | 12.8% | 11.3% | 10.3% | 12.4% | 12.9% |

Key Drivers

| | Sep-23A | Sep-24A | Sep-25F | Sep-26F | Sep-27F |
|-----------------------|---------|---------|---------|---------|---------|
| Fleet utilisation (%) | 79.8% | 68.5% | 69.1% | 71.5% | 71.6% |
| Yard utilisation (%) | 85.0% | 91.0% | 70.0% | 80.0% | 80.0% |

SOURCES: CGSI RESEARCH, COMPANY REPORTS

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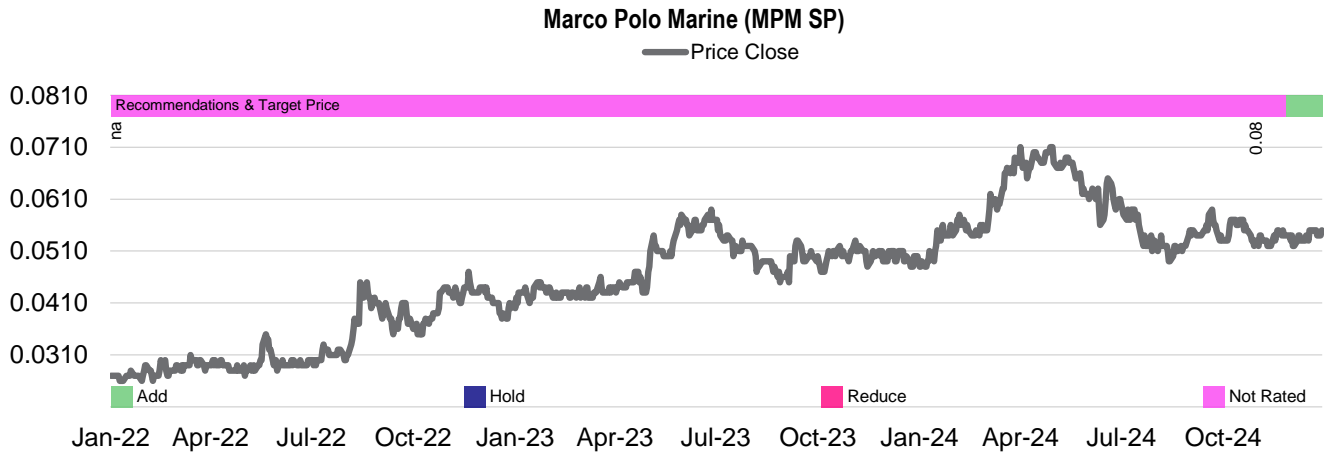
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| Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2024 | | |
|--|-------------------------|--------------------------------|
| 598 companies under coverage for quarter ended on 31 December 2024 | | |
| | Rating Distribution (%) | Investment Banking clients (%) |
| Add | 67.4% | 0.8% |
| Hold | 22.2% | 0.8% |
| Reduce | 10.4% | 0.3% |

Spitzer Chart for stock being researched (2 year data)



| Recommendation Framework | |
|--|--|
| Stock Ratings | Definition: |
| Add | The stock's total return is expected to exceed 10% over the next 12 months. |
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