Singapore

ADD *(previously NOT RATED)*

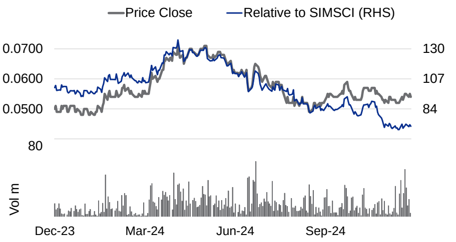
Consensus ratings*:	Buy 3	Hold 0	Sell 0

Current price:	S$0.054
Target price:	S$0.08
Previous target:	na
Up/downside:	48.1%
CGSI/ Consensus:	8.6%
Reuters:	MAPM.SI
Bloomberg:	MPM SP
Market cap:	US$150.8m
	S$202.7m
Average daily turnover:	US$0.55m
	S$0.72m
Current shares o/s:	3,683m
Free float:	51.3%

**Source: Bloomberg*

Key changes in this note

- N/A



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0.0	3.8	5.9
Relative (%)	-4.8	-10.6	-31.9

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

Marco Polo Marine

Time to reap benefits from capex

- We think MPM is in a stronger position than during the last offshore & marine upcycle, with FY23-24 revenue and EBIT surpassing its FY13-14 peaks.
- We see the charter of its new CSOV for offshore windfarm projects and yard capacity expansion from Mar 25F as key revenue drivers starting FY25F.
- The stock trades at 6x 2026F P/E, or a 33% discount to global peers. With a net cash of c.S$36m (FY24), it is trading at ex-cash of 4.8x 2026F P/E.
- We initiate coverage on MPM with an Add call and TP of S$0.08, based on 9x 2026F P/E (in line with peers). Stronger fleet utilisation is a key catalyst.

Emerging stronger than during previous upcycle

Marco Polo Marine (MPM) is a regional offshore services provider headquartered in Singapore. It charters a fleet of over 30 vessels to oil & gas and offshore wind projects in Southeast Asia, Taiwan and South Korea. MPM achieved revenue and EBIT levels of c.S$125m and S$29m, respectively, for two consecutive years in FY23-24, higher than its previous revenue and EBIT peaks of S$113m and S$24m, respectively, in FY13-14. Recovery in the dayrates and utilisation of its oil & gas services vessels, as well as fleet expansion to cater to offshore wind projects, have been the key drivers, in our view.

What's next?

During FY23-24, MPM's capex spend was focused on: 1) a new drydock at its Batam shipyard, and 2) construction of its first newbuild commissioning service operations vessel (CSOV) for a three-year contract with Vestas. Both are expected to commence operations around Mar 25F. FY25F should benefit from a freed-up drydock and continued growth in dayrates; full contributions from the recent capex are likely to only kick in from FY26F, in our view. Given its net cash position of S$35.8m as of Sep 24, we think MPM can add three more crew transfer vessels (CTVs) by FY27F to be deployed in East Asia. Overall, we forecast revenue growth of 6-19% for FY25-27F.

We estimate core net profit growth of 2-33% over FY25-27F

MPM's gross margin expanded by 25% pts from 14.3% in FY20 to 39.3% in FY24 due to elevated dayrates and utilisation levels in a tight global vessel supply environment. We opine that a favourable revenue mix towards high-value repair work should lift margins to 41% by FY27F, offsetting the higher labour costs amid a shortage of workers. We estimate core net profit growth of 2-33% over FY25-27F.

Initiate coverage with an Add call

We initiate coverage on MPM with an Add call and a TP of S$0.08 based on 9x 2026F P/E, in line with global peers. On an ex-net cash basis, the stock trades at an undemanding c.4.8x 2026F P/E. Re-rating catalysts: higher-than-expected fleet utilisation, fleet expansion, and contract announcements. Downside risks: delays/ cancellations of offshore wind projects and lower-than-expected global oil production affecting vessel demand, and surge in newbuild activity impacting dayrates.

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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)	8.43	8.08	7.94	5.95	5.15
DPS (S$)	0.001	0.001	0.001	0.001	0.001
Dividend Yield	1.85%	1.85%	2.04%	2.04%	2.22%
EV/EBITDA (x)	3.56	4.23	3.47	2.67	2.36
P/FCFE (x)	46.21	18.04	9.78	28.38	NA
Net Gearing	(33.1%)	(17.8%)	(27.8%)	(29.7%)	(26.8%)
P/BV (x)	1.19	1.08	0.96	0.83	0.72
ROE	15.1%	14.0%	12.8%	15.0%	15.1%
% Change In Core EPS Estimates					
EPS/Consensus EPS (x)			0.76	1.01	1.05

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Valuations and recommendations

Investment thesis

We initiate coverage on Marco Polo Marine (MPM) with an Add call. We think MPM will start to reap the benefits from the capex it spent over FY23-24 towards shipyard capacity expansion and new offshore wind vessel construction. While initial setup challenges could impact utilisation in FY25F, we expect a notable ramp-up in FY26F. Below, we summarise the key drivers behind our investment thesis for MPM:

1. **Growing presence in offshore wind industry:** MPM has been chartering third-party crew transfer vessels (CTVs) to offshore wind farms in Taiwan since 2022, through its subsidiary PKR Offshore. MPM has a framework agreement with Siemens Gamesa (Unlisted) over 2024-26F, with an option to extend to 2030F. The company is also diversifying its offering to offshore wind players, like Siemens and Vestas (VWS DC, NR, CP: DKK98.58), with its first purpose-built commissioning service operations vessel (CSOV), scheduled for operations by Mar 25F. Based on current dayrates, we estimate annual revenues be about US$2m-3m per CTV. Dayrates for CSOVs are typically much higher (c.US$45,000-50,000) as these vessels are more complex, equipped with accommodation facilities, and can be stationed near wind farms for around a month. Growing demand for these offshore vessels is evidenced by the 19 newbuild service operations vessels (SOV) and CSOVs worth US$1.2bn ordered till Nov 2024 (2023: 23 vessels, US$1.5bn), as shown by Clarksons. These deliveries are spread out till 2027F. We think MPM can leverage its local partnerships with “K” Line Wind Service in Japan and Namsung Shipping in Korea to win further charter contracts from existing clients Siemens and Vestas. Given its net cash position of S$35.8m as of Sep 24, we think MPM can add at least three more CTVs by FY27F to deploy across East Asia. Management noted that Philippines and Australia are also target markets for them down the line.
2. **Tight global vessel supply supports higher dayrates:** The global offshore vessel supply remains constrained, with anchor handling tug supply (AHTS) vessel fleet at 7% below the historical peak and newbuild orderbook at only c.2% of global fleet, according to Clarksons. Since 2021, anchor handling tugs (AHT) and AHTS dayrates in APAC are up 83% on the back of high demand from competing industries and limited newbuild vessels due to limited financing options. MPM’s fleet includes 11 AHT/S (comprising both AHT and AHTS vessels), thus allowing the company to be a key beneficiary of the tight global offshore supply vessel (OSV) environment. While fleet utilisation normalised to c.70% in FY24 after an exceptional FY23 (c.80%), charter rates continue to remain elevated for MPM. As a vessel charterer with over 30 OSVs in its fleet, MPM is well positioned to benefit from the tight vessel availability in both the oil & gas and offshore wind industries.
3. **Shipyard expansion to capture repair demand:** Older vessels (aged 15-30 years) formed only around 7% of the working fleet in 2016, according to offshore market intelligence provider Spinergie. Due to the lack of newbuild OSVs, the market share of older vessels grew to roughly 20% in 2023 to meet demand. Given the high utilisation rates for OSVs since 2021, we also expect demand for repairs and maintenance for this ageing fleet to grow, benefiting shipyards. With global yard capacity at a 24-year low, we think MPM stands to benefit from higher repairs and maintenance demand for this older fleet. MPM’s construction of a fourth drydock will expand its yard capacity by 25%, according to management. We estimate shipyard revenue will grow 10-26% over FY25F-27F.

Stock trading at a 34% discount to peers

As of 11 Dec 24, MPM is trading at 5.7x 2026F P/E, which is a 34% discount to global offshore support services peer average. On an ex-net cash basis, the stock trades at an undemanding c.4.8x 2026F P/E.

We value MPM based on 9x 2026F P/E, in line with global peers to account for its improved earnings potential from the recent capex, fleet expansion prospects, and strong cash generation. Our TP of S$0.08 represents a potential upside of 48% from its current price of S$0.054 (as of 11 Dec 24).

Potential re-rating catalysts and downside risks

Stronger fleet utilisation and fleet expansion are key re-rating catalysts for MPM. As of Sep 24, the company had a net cash balance of S$35.8m, which can be used to buy at least three more CTVs. Currently, CTVs are priced in the range of US$5m-6m apiece. Additional catalysts include announcements of new contracts, and entry into new offshore markets, such as Japan. Higher-than-expected oil & gas production could also drive-up vessel utilisation levels.

We see downside risks from delays or cancellations of offshore wind projects, which could impact vessel demand and utilisation. In addition, lower-than-expected global oil prices may reduce demand for OSVs in the oil & gas sector, while a surge in newbuild vessel activity could pressure dayrates.

Figure 1: Peer comparison

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	P/E (x) CY24F	P/E (x) CY25F	P/E (x) CY26F	2-year EPS CAGR (%)	P/BV (x) CY24F	P/BV (x) CY25F	Recurring ROE (%) CY24F	Net Debt / (Net Cash) (lcl curr) FY24F	Dividend Yield (%) CY24F
Marco Polo Marine	MPM SP	Add	0.05	0.08	151	8.0	7.3	5.7	7.9%	1.0	0.9	13.3%	-35.8	1.9%
Pacific Radiance	PACRA SP	Add	0.05	0.07	51	na	17.8	19.5	-2.6%	0.7	0.7	-0.8%	-14.8	0.0%
Mermaid Maritime	MMT SP	Add	0.14	0.16	142	16.8	9.3	6.6	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
Dyna-Mac Holdings Ltd	DMHL SP	NR	0.67	na	618	13.6	11.5	9.9	45.2%	6.7	4.2	na	na	2.6%
ASL Marine Holdings Ltd	ASL SP	NR	0.06	na	47	na	na	na	na	na	na	na	na	na
Kim Heng Ltd	KHOM SP	NR	0.08	na	44	na	na	na	na	na	na	na	na	na
Nam Cheong Ltd	NCL SP	NR	0.41	na	120	na	na	na	na	na	na	na	na	na
Wintermar Offshore Marine Tbk	WINS IJ	NR	464.0	na	127	na	na	na	na	na	na	17.9%	na	na
Logindo Samudramakmur Tbk F	LEAD IJ	NR	120.0	na	44	na	na	na	na	na	na	na	na	na
Sillo Maritime Perdana Tbk PT	SHIP IJ	NR	1,050	na	179	na	na	na	na	na	na	na	na	na
Sealink International Bhd	SELI MK	NR	0.32	na	36	na	na	na	na	na	na	na	na	na
Marine & General Bhd	MARG MK	NR	0.32	na	55	na	2.6	na	136.6%	0.9	0.7	na	na	na
Icon Offshore Bhd	ICON MK	NR	1.02	na	143	72.9	10.2	9.3	233.3%	na	na	2.5%	51.7	0.0%
Perdana Petroleum Bhd	PETR MK	NR	0.24	na	118	na	na	na	na	na	na	na	na	na
Sea1 offshore Inc	SEA1 NO	NR	26.30	na	362	7.5	5.3	4.1	-21.5%	0.9	0.7	37.8%	237.2	20.1%
Tidewater Inc	TDW US	NR	47.16	na	2,468	13.3	8.5	5.3	71.9%	2.1	1.7	18.5%	264.8	2.9%
Helix Energy Solutions Group I	HLX US	NR	9.86	na	1,500	25.7	11.7	10.5	na	1.0	0.9	na	-43.2	na
Subsea 7 SA	SUBC NO	NR	174.0	na	4,715	19.1	10.2	8.1	453.2%	1.1	1.0	5.8%	629.7	3.5%
SEACOR Marine Holdings Inc	SMHI US	NR	6.68	na	185	na	na	4.5	77.4%	0.6	0.6	-6.0%	258.0	na
Peers - average (excl. MPM)						**24.1**	**9.7**	**8.7**	**113.2%**	**1.6**	**1.3**	**10.1%**		**4.1%**

DATA AS AT 11 DEC 2024
SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
Note: Forecasts for Not Rated (NR) companies are based on Bloomberg consensus' estimates; MPM's net cash position is the actual value of Sep 30, 2024

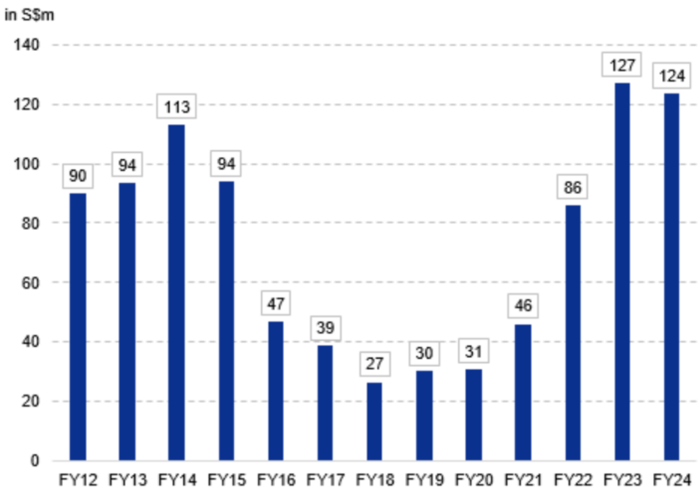
Company background

Introduction

Headquartered in Singapore, MPM provides offshore supply vessels (OSVs) for deployment in Gulf of Thailand, Malaysia, Indonesia, Taiwan and South Korea. Based on our estimates, about 80% of MPM's fleet supports oil & gas projects, while the remaining 20% caters to offshore wind farms. Its key business segments include:

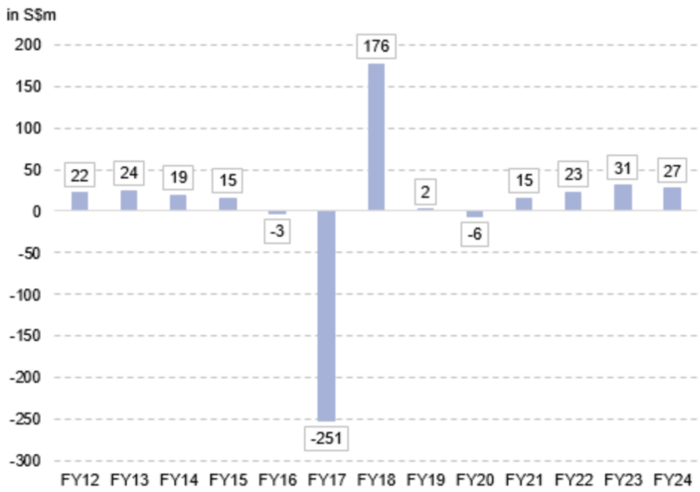
1. **Ship chartering:** MPM charters AHT/S, maintenance work vessels, tugs, barges, and other OSVs primarily for the oil & gas industry. It has also been chartering vessels to offshore wind projects since 2022 through its subsidiary PKR Offshore. MPM's fleet includes over 30 vessels. The company also opportunistically charters out third-party vessels for short term contracts.
2. **Shipyard:** MPM owns a shipyard in Batam, Indonesia, which currently has three operational drydocks and one more drydock scheduled to start operations by Mar 25F. The yard is involved in shipbuilding of OSVs, such as AHT/S, special purpose vessels, and barges. MPM's yard also takes up orders for maintenance, repair, conversion, outfitting and offshore fabrication. In FY23, shipbuilding accounted for 26% of segment revenues, while ship repair made up about 70%.

Figure 2: FY23-24 revenue surpassed FY14 peak



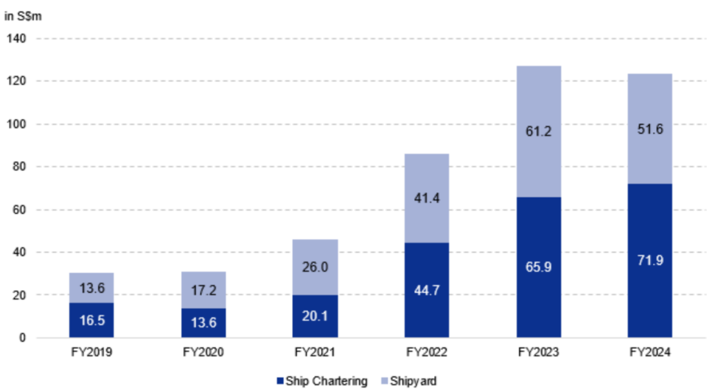
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 3: FY23-24 EBIT (excl. share of JV) surpassed FY13 peak



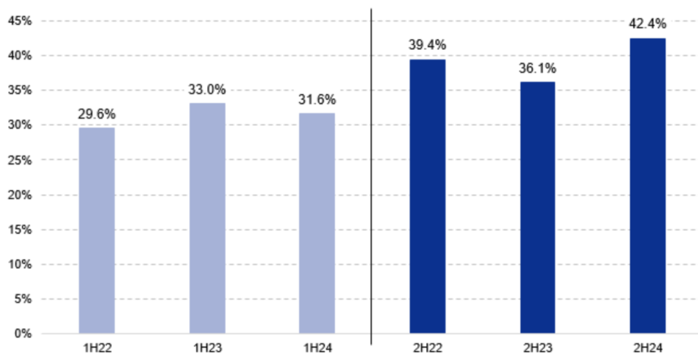
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 4: Revenue breakdown by segment



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 5: Gross margin trend: MPM's 2H period (Apr to Sep) tends to be seasonally stronger than its 1H period (Oct to Mar)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Fleet

As of end Sep 24, MPM had a fleet of over 30 vessels, primarily comprised of 11 AHT/S and 16 tugboats and barges. It operates in Indonesia through its 70.7% owned subsidiary PT Bina Buana Raya Tbk (BBRM IJ, NR, CP: Rp83). In addition, one owned and two third-party CTVs are chartered to offshore wind farms in Taiwan and South Korea through its 49% owned-subsidiary PKR Offshore. MPM has a framework agreement with Siemens Gamesa over 2024-26F with an option to extend to 2030F. As per our channel checks, MPM also has two AHT/S vessels operating in Taiwan.

Typically, AHT/S vessels are used during construction and installation stages of wind farms. Thereafter, CSOV and CTVs support commissioning, operations and maintenance work. CSOVs can also be used for light construction and cable repairs. Compared to CTVs, which are primarily used for daily transfer of personnel, CSOVs can be stationed at sea for around a month as they come equipped with living facilities. Around 80-120 people can be accommodated. They also feature motion-compensated walk-to-work gangways that allow technicians to easily transfer between the CSOV and offshore wind structures in harsh weather.

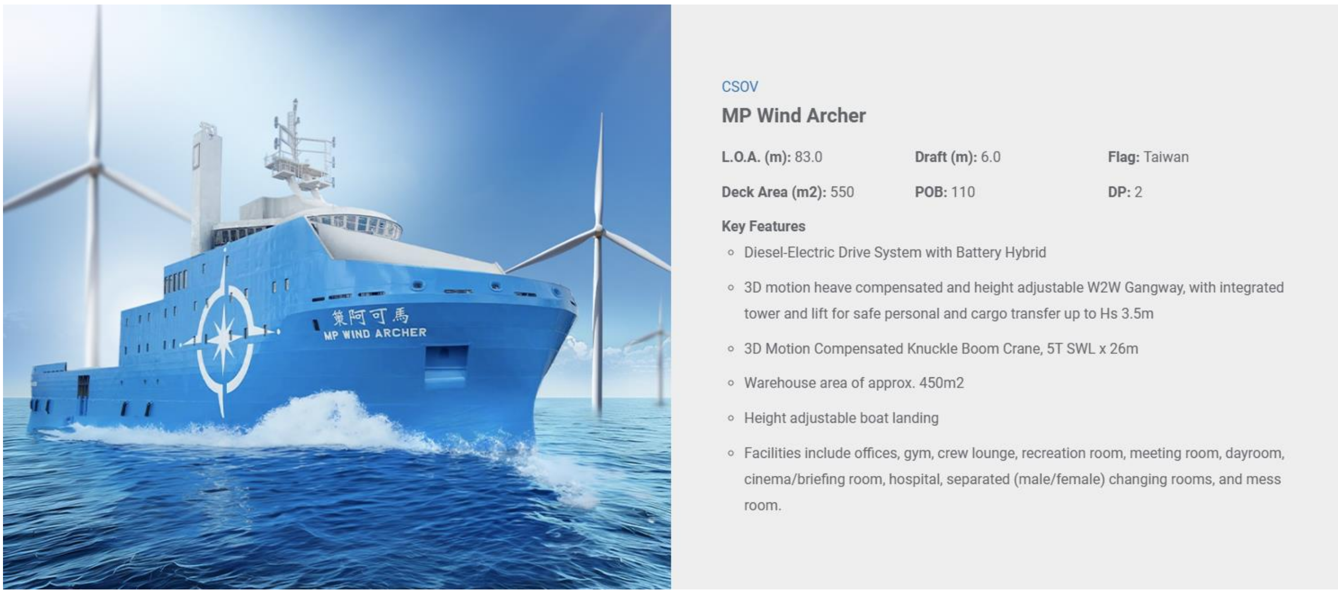
MPM announced plans to build, own and operate a CSOV in Sep 22. By Nov 23, it signed a framework agreement with Vestas for three years with a minimum utilisation commitment per annum. Its new CSOV is scheduled for delivery in Jan 25F to enter operations by Mar 25F and will be deployed across offshore wind farms in Taiwan, Japan, and South Korea.

Figure 6: Overview of MPM's fleet as at end Sep 24

Type of vessel	No. of units	Size	Location
Key vessels			
Anchor Handling Tug & Supply vessels (AHTS)	9	5400 - 12070 BHP	Thailand, Indonesia, Taiwan
Anchor Handling Tugs (AHT)	2	4900 - 5000 BHP	Thailand, Taiwan
Platform Supply Vessels (PSV)	1	3300 DWT	Thailand
Crew Transfer Vessels (CTV)	3	12-24 pax	Taiwan, South Korea
Commissioning Service Operations Vessel (CSOV)	1	110 pax	Yet to start operations
Others			
Maintenance Work Vessels (MWV)	2		
Tugs	8		
Barges	6		
Total vessels	**32**		

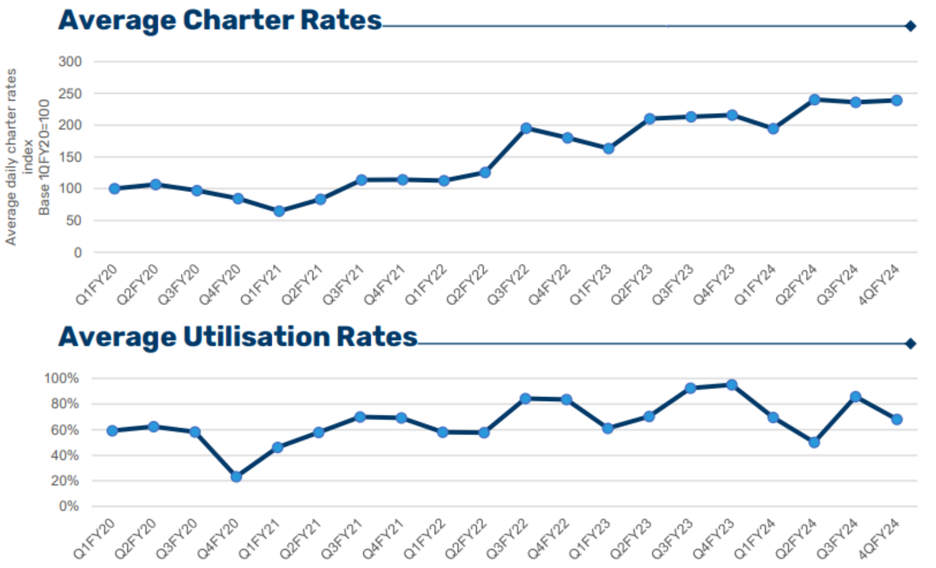
SOURCES: CGSI RESEARCH, COMPANY REPORTS, MARINETRAFFIC

Figure 7: Key features of MPM's new CSOV, MP Wind Archer



SOURCES: CGSI RESEARCH, PKR OFFSHORE

Figure 8: MPM has seen rising charter rates for its vessels and improved fleet utilisation levels since 2020



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Financials

New fleet and yard expansion likely to start in FY25F

In FY24, MPM's ship chartering revenue growth decelerated to 9.2% yoy as dayrates remained elevated while fleet utilisation normalised to around 70%, from an exceptional FY23 level of 80% (FY22: 71%). Shipyard segment revenues were down 15.7% yoy in FY24 due to lower repair volumes as one of its drydocks was occupied for the construction of its CSOV from May to Aug 24.

We expect MPM's revenues to increase by 15-19% in FY25-26F on 1) fleet expansion, and 2) greater yard capacity. The new CSOV is scheduled to enter operations in Mar 25F, with a gradual ramp up in contribution into FY26F. This takes into account the monsoon period in Taiwan which typically occurs during Jun-Sep every year. In our view, MPM could add around three more CTVs to its fleet by FY27F to expand its presence in the offshore wind market in Taiwan, South Korea and Japan. According to our estimates, each CTV can contribute about US$2m-3m per annum in revenue to the group.

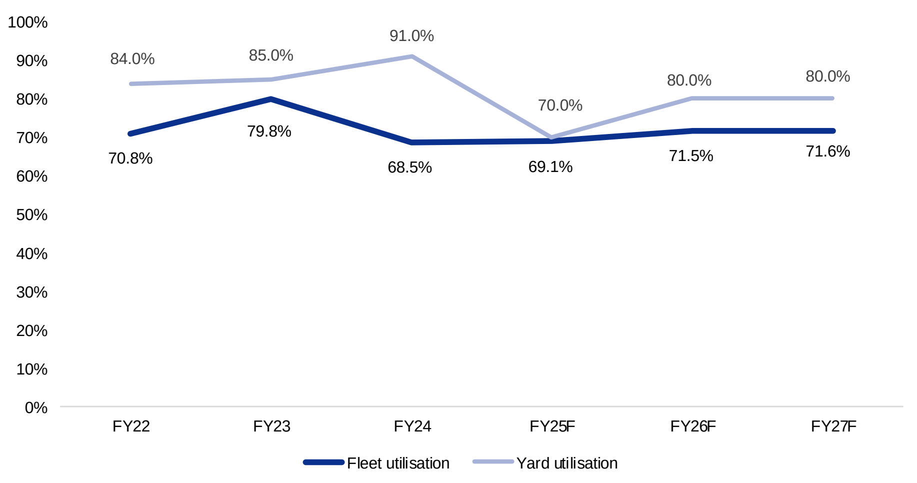
MPM's fourth drydock is expected to also commence operations from Mar 25F, and repair volumes seem to be rebounding, as per management's comments. While FY25F yard utilisation could be impacted by initial setup challenges, we expect 80% utilisation during FY26-27F.

Figure 9: MPM's revenue by segment

						%yoy change		
FYE September 30 (in S$m)	FY23	FY24	FY25F	FY26F	FY27F	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 10: Utilisation forecasts



SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Margin improvements should support core net profit growth

We forecast MPM's core net profit to grow 2-33% over FY25-27F, primarily on higher revenues and gross margin improvements. Between FY20 and FY24, MPM's gross margin expanded 25% pts from 14.3% to 39.3% due to elevated dayrates and utilisation levels. We opine that a favourable revenue mix towards high-value repair work should lift margins to 41% by FY27F.

Recent labour shortages were a notable drag on margins, causing administrative expenses to reach 13%/10% of 1H24/2H24 revenues. Management flagged that competition from other regions necessitated hiring of new workers who had to be trained. We account for the tough hiring situation to persist in FY25F, with signs of easing from FY26F as productivity of newly-trained workers picks up.

Figure 11: MPM's margins and core net profit forecasts

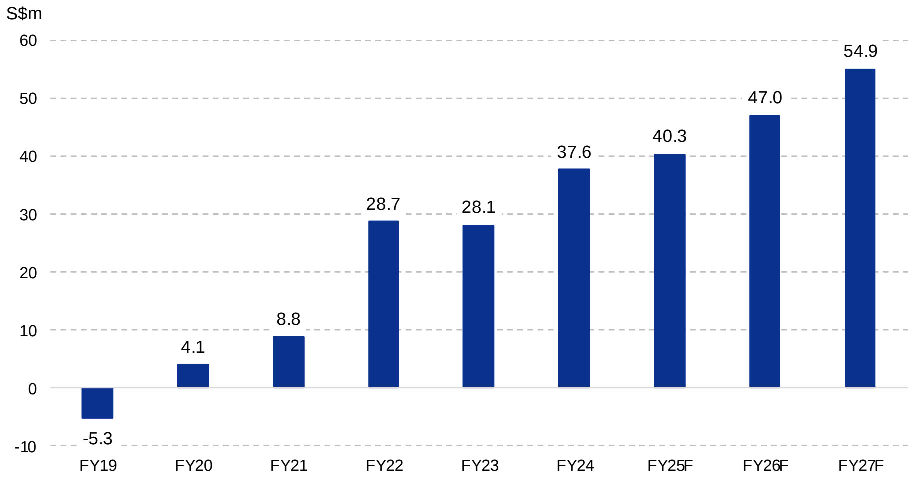
						%yoy change		
FYE September 30 (in S$m)	FY23	FY24	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Gross margin	36.0%	39.3%	39.0%	40.0%	41.0%	-0.3% pt	+1% pt	+1% pt
Core net profit	23.1	24.6	25.1	33.4	38.7	1.8%	33.4%	15.6%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Strong cash generation to continue

We expect MPM's operating cash flow over FY25-27F to benefit from strong net profit flow-through as seen since FY22. The company's cash balance stood at S$68.8m as of end-Sep 24. In our view, this cash can be used primarily for capital expenditure on fleet expansion or new CSOV construction following a successful track record of its first CSOV delivery. We bake in capex estimates of S$10m/30m/50m for FY25F/26F/27F to account for new CTV purchases and potential construction of another CSOV which could contribute to revenues from FY28F.

Figure 12: Net cash flow from operations



SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

SWOT

Figure 13: SWOT analysis for MPM

STRENGTHS	WEAKNESSES
• Diversified exposure to offshore oil & gas and offshore wind projects. • Fleet of 30+ vessels, including AHT/S, PSV, CTV, which have seen rising charter rates. • Owned shipyard provides more control over fleet dry-docks. • Partnerships with local players in Japan and South Korea.	• Ageing fleet of owned vessels could lead to higher repair and maintenance expenses and longer downtime during dry-docks. • Inherent operational risks.

OPPORTUNITIES	THREATS
• Existing client relationships in offshore wind could support geographical expansion into new markets. • Increased offshore vessel demand from higher capex spend and production activity by oil majors could boost fleet utilisation and dayrates. • Growing exposure to renewables could help alleviate ESG concerns when raising financing for fleet expansion. • Given the global tight yard capacity, MPM's 4 drydocks at its shipyard would allow it to command higher prices for repair and maintenance work.	• Reduced oil & gas capex due to subdued oil prices could negatively impact fleet utilisation and offshore vessel contract renewals. • Slowdown in offshore wind expansion may affect CSOV and CTV demand and charter rates. • Entry of new players could intensify competition and normalise dayrates.

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Appendix

Key events

Figure 14: Key operational highlights

Year	Event
2000	Since 1995, Lee family has gradually acquired shares of Marco Polo (MP) Shipping and reached 100% stake in 2000
2005	Set up its shipyard in Batam, Indonesia
2007	Conducted a restructuring exercise prior to being listed on SGX-SESDAQ. Marco Polo Marine became the holding company of the Group
	Operated a fleet of 12 tugboats and 13 barges mainly covering Singapore, Indonesia and Malaysia
2009	Listed on the main board of SGX
	Drydock 1 and drydock 2 came fully online and started operations
2010	Set up offshore division
2011	Acquired a 49% stake in PT BBR to comply with Indonesia's cabotage principle. MPM's vessels underwent a reflagging exercise through PT BBR to service activities in Indonesia
	Began construction of a third drydock
2012	Completed drydock 3 and started operations. It was then its largest drydock, capable of docking merchant vessels of up to 45,000DWT
2013	Subsidiary PT BBR was listed on Indonesia Stock Exchange with MPM being the single largest shareholder
2017	MPM underwent a debt restructuring exercise for its secured and unsecured debt, and secured S$60m in fresh funding. Trading of shares on SGX was suspended
2018	Successfully completed debt restructuring exercise and lifted trading suspension of shares
2019	Completed extension of drydock 3. The expansion provided additional capacity to service larger size vessels of up to 218 meters in length.
2022	Completed extension of drydock 1 from 150 metres to 240 metres in length
	Acquired the entire share capital of PKR Offshore to service the offshore wind market in Taiwan
	Partnered with ship design company, Seatech Solutions International Pte Ltd to co-develop two new specialised offshore wind service, operation and maintenance vessels (SOV)
	Announced plans to build, own and operate its own commissioning service operations vessel (CSOV)
	Acquired a majority stake in BBR, transitioning it from an associated company into a subsidiary of the group
	Signed an MOU with 'K' Line Wind Service to explore opportunities in the Japanese offshore wind market
2023	Signed an MOU with Namsung Shipping Co. and HA Energy Co. to jointly pursue offshore wind vessel operations in South Korea
	Signed an MOU with Amogy Inc. to install their ammonia-to-power system on MPM's existing or newly built wind vessels to reduce emissions
	Announced plans to construct its 4th drydock (240 metres in length)
	Signed a 3-year framework agreement with Vestas for MPM's newbuild CSOV to be deployed across various offshore wind farms in Taiwan, Japan and South Korea based on a minimum utilisation commitment per annum

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Company management

Figure 15: Key management

Name	Title	Description
Sean Lee Yun Feng	Chief Executive Officer	Mr. Sean Lee, CEO and co-founder of Marco Polo Marine, oversees the overall management, day-to-day operations and formulation of business strategies and policies of the Group. He spearheads MPM's shipyard operations and also plays an instrumental role in penetrating new markets for MPM's shipping and shipyard operations. He also pioneered MPM's Offshore Ship Chartering Operation in 2011. Mr. Lee graduated with a Bachelor of Commerce degree from Murdoch University (Australia), and Masters degree from INSEAD and Tsinghua University (Beijing).
Lie Ly	Chief Financial Officer	Ms Lie Ly joined MPM as Finance Director and Group CFO in 2006. She supervises finance, accounting, treasury and strategic development for MPM. Previously, she was a co-owner of a food & beverage chain in Singapore and grew it to 13 outlets. Ms. Lie graduated with a Bachelor of Commerce degree from Murdoch University (Australia) and a Masters of Accounting degree from Curtin University (Australia). She is also a qualified Chartered Public Accountant (CPA) Australia.
Chandra Mohan	Senior General Manager, Shipyard	Mr. Mohan joined MPM in Aug 2008. He covers the Shipyard division's activities, such as shipbuilding, ship-repair, production, facility management, operational and regulatory compliance. Prior to this, he was a Production Manager in Pan United Shipyard from 1987 to 2008. Mr. Mohan holds a Diploma in Facilities Management from Singapore Institute of Materials Management.
Roy Yap	Senior General Manager, Offshore	Mr. Yap joined the group in Jan 2019. He is responsible for overseeing MPM's Offshore Marine division, and facilitated the development and expansion of the group's marine business. Mr. Yap had previously been the Chief Operating Officer of a listed offshore marine company in Singapore, and also held management positions in various offshore companies. He graduated with a Masters of Business Administration degree from University of Wolverhampton and holds a diploma in Nautical Studies.
Kelvin Teo	Managing Director, PKR Offshore (Taiwan)	Mr. Kelvin Teo is Managing Director of PKR Offshore, the group's subsidiary supporting the offshore wind market following their acquisition in May 2022. He oversees the growth of PKRO's business in Taiwan and is involved in developing new markets, such as Japan and Korea. Mr. Teo previously held various senior positions at POSH and grew its offshore fleet globally. He graduated with a Bachelor of Science degree in Economics from the London School of Economics and a Masters of Arts degree in International and Developmental Economics from Yale University.
Reddy Teo	Group Financial Controller	Mr. Reddy Teo joined MPM in Jul 2018, and is in charge of accounting, secretarial and tax-related matters. Mr Teo was previously the group finance manager of a listed company on SGX-ST for 5 years. He graduated with a Bachelor of Accountancy degree from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

SOURCES: CGSI RESEARCH, COMPANY REPORTS

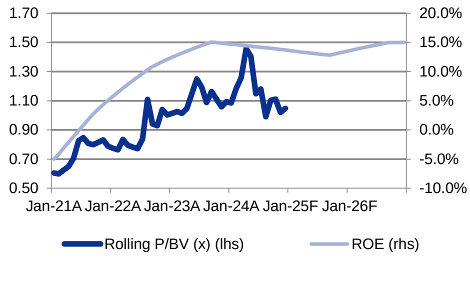
ESG in a nutshell

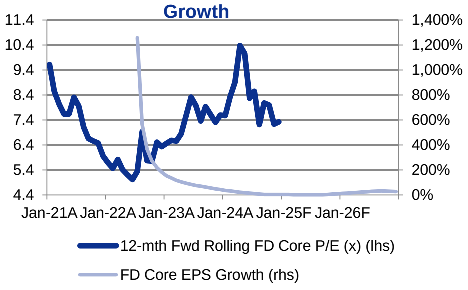
Marco Polo Marine (MPM) demonstrated progress in aligning its operations with environmental sustainability and social responsibility. The adoption of hybrid energy systems, green ship recycling, and reduced emissions reflect improvements in environmental performance. However, a rise in workplace safety 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.

Keep your eye on	Implications
The rising workplace safety incidents, with a fourfold increase from FY21 to FY23, expose potential deficiencies in safety protocols amid growing business activity.	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.
ESG highlights	**Implications**
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. 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.	MPM's environmental initiatives position it well in terms of emissions management and resource efficiency.
Trends	**Implications**
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. The total number of workplace accidents increased from 8 in FY21 to 32 in FY23, underscoring the need for stricter safety management.	The downward trend in emissions and energy intensity is encouraging but requires continued investment in operational efficiencies to sustain progress. Addressing safety issues will be critical to ensuring that the company's social practices keep pace with its growth.

SOURCES: CGSI RESEARCH, LSEG

BY THE NUMBERS





Profit & Loss

(S$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

(S$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 ESTIMATES, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(S$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 (S$)	0.017	0.010	0.017	0.021	0.022
BVPS (S$)	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 ESTIMATES, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2024 588 companies under coverage for quarter ended on 30 September 2024		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.0%	0.5%
Hold	23.5%	0.9%
Reduce	9.5%	0.2%

Recommendation Framework

Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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