# MARCO POLO MARINE

## BUY

**Share Price:** S$0.069
**Target Price:** S$0.082
**Upside:** 18.8%

### COMPANY DESCRIPTION

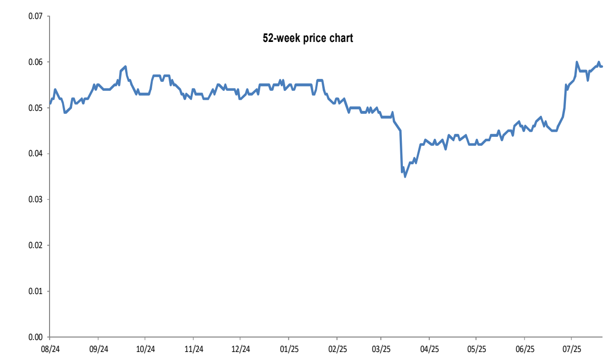
Marco Polo Marine has been listed on SGX-ST since 2007. Since then, Marco Polo Marine has expanded to become a reputable player in the marine industry in the region through their ship chartering and shipyard businesses.

| | |
|---|---|
| Name | MARCO POLO MARINE LTD |
| Bloomberg Code | MPM SP EQUITY |
| 3M Avg Daily Trading Vol (k) | 14,490.9 |
| 3M Avg Daily Trading Val (S$'000) | 799.1 |
| Major Shareholder / Holdings | Apricot Capital (16.2%)<br>Sean & Family (12.9%)<br>Penguin I'ntl (8.1%) |
| Shares Outstanding (m) | 3,753.6 |
| Market Capitalisation (S$m) | 259.0 |
| 52 week Share Price High/Low | S$0.07 / S$0.033 |

### STOCK PRICE PERFORMANCE

| | 1M | 3M | 12M |
|---|---|---|---|
| Absolute Return (%) | 27.8 | 64.3 | 32.7 |

### PRICE CHART




*Source : Bloomberg*

## Better Times Ahead

Marco Polo Marine (MPM) announced weaker 3QFY25 results with revenue and gross profit declining 9% and 4% YoY respectively. Despite weaker results, we think that the worst is over for MPM. Moving forward, we look forward to FY26 with full contribution from their maiden CSOV charters, improving charter rates and utilization across their fleet, increased ship repairs, more ship repair contract wins and even a potential 2nd CSOV construction in the pipeline. We thus maintain a BUY recommendation on MPM with a revised target price of S$0.082 pegged to 10x FY26x PE, in line with peers.

**Worst over for Ship Chartering**. 3Q25 charter rates fell 4% YoY to S$22mln due to weaker 3rd party chartering revenue from Taiwan amidst a lower utilization rate of 71% in 3Q25 vs 85% in 3Q24. However, we note that utilization did improve sequentially from 2Q's 65%, which is positive in our opinion. Moving forward, 4Q25's utilization is expected to be similar to 3Q25 and we expect utilization to improve come FY26 when projects in Taiwan resume.

We also note that FY26 will see MPM fully book it's chartering income from it's newly constructed CSOV (Wind Archer) and we note that from the latest result briefing that teething issues for Wind Archer were minimal, reflecting MPM's strength in shipbuilding.

**Shipyard: Potential 2nd CSOV in the pipeline**. Due to fewer shipbuilding projects, MPM's 3QFY25 shipyard revenue declined 19% YoY to S$9.5mln. The revenue decline was mitigated by higher ship repairs, with utilisation rising to 88% in 3QFY25 (3QFY2024: 96% and 2QFY2025: 73%), which we expect to improve through FY26.

With Wind Archer's success, we look forward to a second CSOV in FY26 that can potentially boast better revenues and margins, while keeping cognizant of potential cost increases. Lessons learn from the 1st CSOV construction would also prove valuable to enhance efficiency once MPM eventually embarks on the 2nd CSOV.

**1st ship repair contract for Dry Dock 4**. MPM announced it's 1st ship repair contract for Dry Dock 4 which is valued at c.S$5mln. This will see the designated vessel to arrive at the yard by end August and will undergo repairs over the next 2 months.

Separately, MPM has also secured a 3 year Master Service Agreement with Cyan Renewables to provide ship repair, maintenance, and conversion services for Cyan Renewables' fleet of offshore wind vessels. This announcement reinforces our view that demand for ship repair remains strong and Mgmt's foresight in constructing it's 4th dry dock.

### KEY FINANCIALS

| September YE | FY22 | FY23 | FY24 | FY25F | FY26F |
|---|---|---|---|---|---|
| Revenue | 86.1 | 127.1 | 123.5 | 126.0 | 147.4 |
| Gross Profit | 27.5 | 45.7 | 48.5 | 50.4 | 59.0 |
| EBITDA | 32.4 | 42.8 | 27.3 | 29.2 | 35.7 |
| EBITDA Margin (%) | 37.7 | 33.7 | 22.1 | 23.2 | 24.2 |
| Net Income | 21.3 | 22.6 | 21.7 | 25.0 | 30.7 |
| Net Margin (%) | 24.8 | 17.8 | 17.6 | 19.8 | 20.8 |
| EPS (S cts) | 0.6 | 0.6 | 0.6 | 0.7 | 0.8 |
| Dividend Per Share | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Dividend Yield | 0.0 | 1.4 | 1.4 | 1.6 | 2.0 |
| PE (x) | 12.1 | 11.5 | 11.9 | 10.4 | 8.4 |
| PB (x) | 1.6 | 1.4 | 1.3 | 1.1 | 1.0 |

*Source: MPM, Lim & Tan Research*

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