COMPANY UPDATE

Marco Polo Marine (MPM SP)

Docked And Loaded: Dual-Growth Engines To Drive Upside; Raise Target Price By 16%

MPM announced a series of major strategic developments that reinforce its growth momentum: a) its maiden contract win for the newly-launched fourth dry dock, b) a three-year MSA with Cyan Renewables, and c) plans for its subsidiary PKRO to pursue a Taiwan listing. These reflect MPM's ability to capture rising demand in both the traditional O&G sector and fast-growing renewable energy space. Maintain BUY with a 16% higher target price of S$0.088 on the back of more growth catalysts.

WHAT'S NEW

- **Dry Dock 4 off to a strong start.** Marco Polo Marine (MPM) has secured its first ship repair contract for Dry Dock 4, valued at approximately S$5m. The vessel will arrive at the Batam yard by end-Aug 25, with repairs expected to take two months. The swift win post-launch highlights healthy underlying demand for MPM's repair and maintenance services. With muted ship recycling activity and an ageing global fleet requiring greater upkeep, long-term demand for ship repair remains favourable. Dry Dock 4 is set to meaningfully boost shipyard revenue and cash flows from 4QFY25 onwards.

- **Three-year MSA with Cyan Renewables deepens renewables exposure.** MPM's wholly owned shipyard subsidiary has signed a three-year Master Service Agreement (MSA) with Cyan Renewables to provide repair, maintenance, and conversion services for its offshore wind vessel fleet. This cements MPM's role as a key partner in Asia's energy transition, providing recurring income visibility while expanding shipyard capabilities. Stable OSV market conditions in the region (Southeast Asia AHTS term charter rates stand at around US$8,498/day) further support the sector backdrop.

- **Unlocking value through PKRO Taiwan listing.** MPM's 49%-owned subsidiary PKRO, a leading offshore wind support operator in Taiwan, intends to seek a Taiwan listing by 3Q26. Listing proceeds will fund fleet expansion, including commissioning service operation vessels (CSOV), to tap fast-growing offshore wind markets in Taiwan, South Korea, and Japan. The timing is favourable, with shipping capital market activity picking up in 2025 (US$5.2b raised ytd, excluding cruise/passenger). SGX-ST has preliminarily concurred that the proposed listing does not constitute a chain listing, subject to regulatory compliance. With global offshore wind capacity at 83GW, 48GW under construction, and another 100GW expected within two years per the Global Wind Energy Council, demand for specialised vessels is set to accelerate. Taiwan is at the epicentre of Asia's offshore wind buildout, making PKRO's expansion both timely and strategic.

KEY FINANCIALS

Year to 30 Sep (S$m)	2023	2024	2025F	2026F	2027F
Net turnover	127	124	124	151	166
EBITDA	40	34	38	46	49
Operating profit	28	21	24	31	35
Net profit (rep./act.)	23	22	25	29	33
Net profit (adj.)	25	26	25	29	33
EPS (S$ cents)	0.7	0.7	0.7	0.8	0.9
PE (x)	10.0	9.6	10.0	8.6	7.6
P/B (x)	1.5	1.4	1.2	1.1	1.0
EV/EBITDA (x)	5.2	6.1	5.4	4.5	4.2
Dividend yield (%)	1.5	1.5	3.0	3.0	3.0
Net margin (%)	17.8	17.6	20.2	19.4	20.0
Net debt/(cash) to equity (%)	(35.3)	(18.5)	(30.8)	(44.1)	(56.5)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	14.7	12.3	12.9	13.6	13.9
Consensus net profit	-	-	25	29	33
UOBKH/Consensus (x)	-	-	1.01	1.01	1.02

Source: Marco Polo Marine, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S$0.067
Target Price	S$0.088
Upside	+31.3%
(Previous TP	*S$0.076)*

COMPANY DESCRIPTION

Marco Polo Marine is an integrated marine logistics group that provides ship chartering of OSVs in regional waters, as well as ship building and maintenance at its shipyard in Batam, Indonesia.

STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	MPM SP
Shares issued (m):	3,753.6
Market cap (S$m):	251.6
Market cap (US$m):	195.5
3-mth avg daily t'over (US$m):	0.8

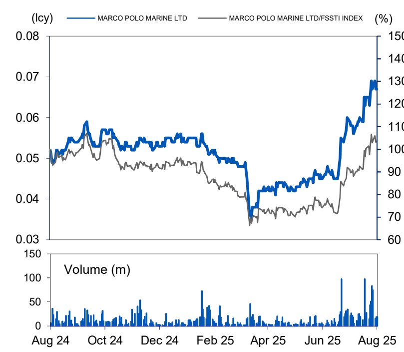
Price Performance (%)

52-week high/low S$0.071/S$0.033

1mth	3mth	6mth	1yr	YTD
11.7	59.5	31.4	28.8	24.1

Major Shareholders	%
Lee Family	22.6
Apricot Capital	16.17
Penguin International	8.09
FY25 NAV/Share (S$)	0.05
FY25 Net Cash/Share (S$)	0.02

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **Dual growth engines drive upside.** MPM's dual-engine growth model is underpinned by: a) recurring ship repair cash flows from its expanded Batam yard capacity; and b) structural upside from offshore wind logistics. The maiden Dry Dock 4 contract provides near-term earnings visibility, while the MSA with Cyan Renewables adds multi-year recurring work and strengthens its positioning in the energy transition. The proposed PKRO Taiwan listing is a potential value-unlocking catalyst, providing both capital for fleet expansion and a platform to deepen its presence in high-growth offshore wind markets. Looking ahead, we expect contributions from the CSOV MP Wind Archer and three new crew transfer vessels (CTVs) to ramp up in 4QFY25, with full-year impact in FY26. Meanwhile, the completion of Dry Dock 4 expands capacity just as ship repair demand recovers, supported by an ageing global fleet and muted recycling activity.

EARNINGS REVISION/RISK

- **We maintain our earnings forecasts.**

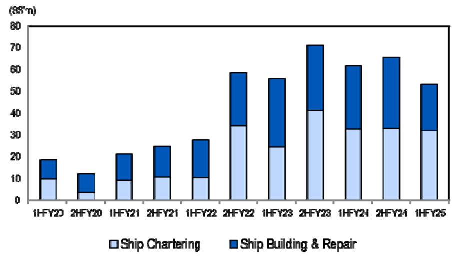
VALUATION/RECOMMENDATION

- **Maintain BUY with a 16% higher target price of S$0.088 (S$0.076 previously),** after raising our valuation multiple to 11.3x FY26F PE or 2SD above its historical three-year PE range (9.5x FY26F PE or 1SD above previously). With robust sector tailwinds, a healthy balance sheet (NAV of S$210m or S$0.056/share), and clear growth catalysts, we believe MPM is well-positioned to deliver sustained earnings growth and re-rating potential.

SHARE PRICE CATALYST

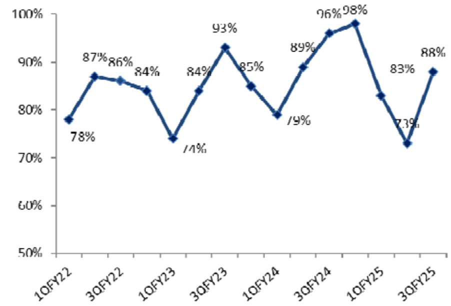
- Higher-than-expected ship charter rates and vessel utilisation.
- Award of new ship chartering contracts.
- Higher value of repair projects during the year.

SEGMENTAL CONTRIBUTION (1HFY20 – 1HFY25)



Source: Marco Polo Marine, UOB Kay Hian

SHIPYARD UTILISATION RATES (1QFY22 – 3QFY25)



Source: Marco Polo Marine, UOB Kay Hian

PROFIT & LOSS

Year to 30 Sep (S$m)	2024	2025F	2026F	2027F
Net turnover	123.5	124.4	151.0	166.0
EBITDA	33.8	38.3	45.5	49.4
Deprec. & amort.	12.4	14.0	14.3	14.6
EBIT	21.4	24.3	31.2	34.8
Total other non-operating income	3.3	3.3	0.0	0.0
Associate contributions	0.2	0.2	0.2	0.2
Net interest income/(expense)	0.9	1.6	2.9	3.9
Pre-tax profit	25.7	29.4	34.3	38.9
Tax	(1.8)	(2.1)	(2.4)	(2.7)
Minorities	(2.2)	(2.2)	(2.6)	(2.9)
Net profit	21.7	25.1	29.3	33.2
Net profit (adj.)	26.3	25.1	29.3	33.2

BALANCE SHEET

Year to 30 Sep (S$m)	2024	2025F	2026F	2027F
Fixed assets	148.1	142.1	135.8	129.1
Other LT assets	17.1	14.7	14.7	14.7
Cash/ST investment	68.8	97.9	134.8	177.4
Other current assets	42.9	47.5	57.0	61.6
Total assets	276.9	302.3	342.2	382.9
ST debt	20.4	20.4	20.4	20.4
Other current liabilities	32.6	33.0	40.0	44.0
LT debt	14.4	14.4	14.4	14.4
Other LT liabilities	8.5	12.2	19.7	28.5
Shareholders' equity	183.6	205.0	226.8	252.6
Minority interest	17.4	17.3	20.9	23.0
Total liabilities & equity	276.9	302.3	342.2	382.9

CASH FLOW

Year to 30 Sep (S$m)	2024	2025F	2026F	2027F
Operating	37.6	36.1	45.4	51.1
Pre-tax profit	25.7	29.4	34.3	38.9
Tax	(1.8)	(1.7)	(1.4)	(1.8)
Deprec. & amort.	12.4	14.0	14.3	14.6
Working capital changes	9.6	(5.6)	(1.9)	(0.7)
Non-cash items	(8.4)	0.0	0.0	0.0
Investing	(56.0)	(5.5)	(5.1)	(4.1)
Capex (growth)	(69.8)	(8.0)	(8.0)	(8.0)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	13.9	2.5	2.9	3.9
Financing	25.2	(4.6)	(7.5)	(7.5)
Dividend payments	(3.8)	(3.8)	(7.5)	(7.5)
Issue of shares	0.0	0.0	0.0	0.0
Loan repayment	31.0	0.0	0.0	0.0
Others/interest paid	(2.0)	(0.9)	0.0	0.0
Net cash inflow (outflow)	6.9	26.0	32.8	39.5
Beginning cash & cash equivalent	63.1	68.8	94.8	127.6
Changes due to forex impact	(1.2)	0.0	0.0	0.0
Ending cash & cash equivalent	68.8	94.8	127.6	167.0

KEY METRICS

Year to 30 Sep (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	27.3	30.8	30.2	29.8
Pre-tax margin	20.8	23.6	22.7	23.4
Net margin	17.6	20.2	19.4	20.0
ROA	8.6	8.7	9.1	9.2
ROE	12.3	12.9	13.6	13.9
Growth				
Turnover	(2.8)	0.7	21.3	9.9
EBITDA	(15.1)	13.4	18.9	8.5
Pre-tax profit	(15.6)	14.4	16.8	13.2
Net profit	(3.9)	15.9	16.6	13.3
Net profit (adj.)	4.3	(4.2)	16.6	13.3
EPS	4.3	(4.2)	16.6	13.3
Leverage				
Debt to total capital	14.8	13.5	12.3	11.2
Debt to equity	18.9	17.0	15.3	13.8
Net debt/(cash) to equity	(18.5)	(30.8)	(44.1)	(56.5)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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