

Marco Polo Marine (MPM SP)

Active Fleet Expansion Indicates Confidence; Maintain BUY

Highlights

- Fleet expansion of two AHTS, expected to complete in 2026, will increase MPM's offshore fleet size to 21 vessels.
- The second CSOV, expected to complete in 2028, could contribute more than US\$6m earnings per annum, based on a conservative assumption.
- Active fleet expansion indicates MPM's confidence in growing its future orderbook. Maintain BUY and target price of S\$0.088.

Analysis

- **Adding two new AHTS; expected to complete in 2026.** Marco Polo Marine (MPM) will be adding two new Anchor Handling Tug Supply (AHTS) vessels. With a combined value of approximately US\$34m, these vessels are expected to join the fleet in 2026, strengthening MPM's position in the offshore marine and renewable energy sectors. These new vessels are designed to primarily support oil & gas activities in the ASEAN region. In line with MPM's diversification strategy, they are also capable of being deployed to Northeast Asia to support offshore wind farm projects as new opportunities arise.
- **Second CSOV expected to complete in 2028.** Upon successfully chartering out its first commission service operation vessel (CSOV) in 2Q25, MPM is now planning to build a second CSOV, CSOV Plus. Unlike standard CSOVs with retrofitted walk-to-work systems, this vessel is the first purpose-built designed from the keel up for dual-sector operations in the offshore wind and oil & gas sectors. The CSOV Plus supports the complete lifecycle of offshore wind projects, from construction and cable installation to repairs, maintenance, and technician transfer for commissioning and ongoing operations. Its comprehensive capabilities enhance its versatility, enabling the CSOV Plus to be deployed not only in the offshore wind sector but also in the oil & gas sector. Upon completion in 2Q28, we expect earnings contribution of more than US\$6m based on a conservative assumption.
- **Chartering orderbook of S\$100m provides earnings visibility.** MPM's Ship Chartering orderbook remains robust, with secured contracts spanning the next three years and totalling approximately S\$100m as of 30 Jun 25. This strong backlog reflects MPM's diverse fleet deployment across high-growth sectors, including offshore oil & gas and renewable wind energy.

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\$ cent)	0.7	0.7	0.7	0.8	0.9
PE (x)	11.2	10.7	11.2	9.6	8.5
P/B (x)	1.7	1.5	1.4	1.2	1.1
EV/EBITDA (x)	5.9	7.0	6.2	5.2	4.8
Dividend yield (%)	1.3	1.3	2.7	2.7	2.7
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 (S\$m)	-	-	25	29	32
UOBKH/Consensus (x)	-	-	1.02	1.02	1.03

Source: MPM, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	S\$0.075
Target Price	S\$0.088
Upside	+17.3%

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Stock Data

GICS Sector	Industrials
Bloomberg ticker	MPM SP
Shares issued (m)	3,753.6
Market cap (S\$m)	281.5
Market cap (US\$m)	218.5
3-mth avg daily t'over (US\$m)	1.3

Price Performance (%)

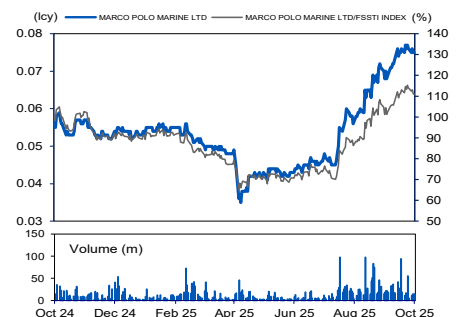
52-week high/low S\$0.080/S\$0.033

1mth	3mth	6mth	1yr	YTD
5.6	63.0	56.3	36.4	38.9

Major Shareholders

Major Shareholders	%
Apricot Capital	16.17
Natical Int'l	12.86
Penguin Int'l	8.09
FY25 NAV/Share (S\$)	0.05
FY25 Net Cash/ Share (S\$)	0.02

Price Chart



Source: Bloomberg

Company Description

Marco Polo Marine Limited is an integrated shipping company. The Company provides services that include ship chartering, ship building and repair, and brokering services.

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 master service agreement with Cyan Renewables adds multi-year recurring work and strengthens its positioning in the energy transition. The proposed PKR Offshore Taiwan listing is a potential value-unlocking catalyst, providing 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 to ramp up in 4QFY25, with full-year impact in FY26. Meanwhile, the completion of Dry Dock 4 expands capacity just as ship repair.

Valuation/Recommendation

- **Maintain BUY and target price of S\$0.088**, based on 11.3x FY26F PE or 2SD above its historical three-year PE range. 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 offers re-rating potential.

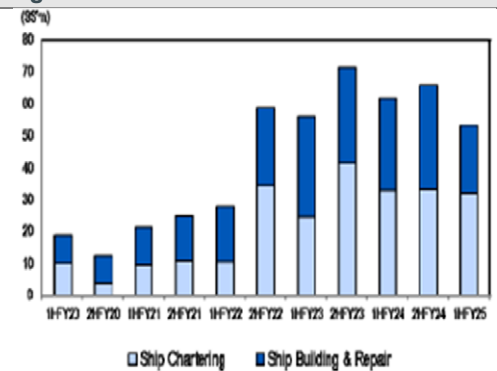
Earnings Revision/Risk

- We maintain our earnings forecasts.

Share Price Catalyst

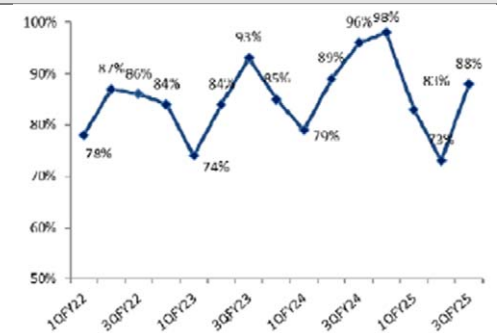
- Higher-than-expected ship charter rates and vessel utilisation.
- Award of new ship chartering contracts.
- Higher value of repair projects during the year.

Segmental Contribution



Source: MPM, UOB Kay Hian

Shipyard Utilisation Rate



Source: MPM, 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
Associates	0.0	0.0	0.0	0.0
Working capital changes	9.6	(5.6)	(1.9)	(0.7)
Non-cash items	(8.4)	0.0	0.0	0.0
Other operating cashflows	0.0	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)
Investment	0.0	0.0	0.0	0.0
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)
Proceeds from borrowings	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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