MARCO POLO MARINE

BUY

Share Price:	**S$0.103**
Target Price:	**S$0.112**
Upside:	**8.7%**

COMPANY DESCRIPTION

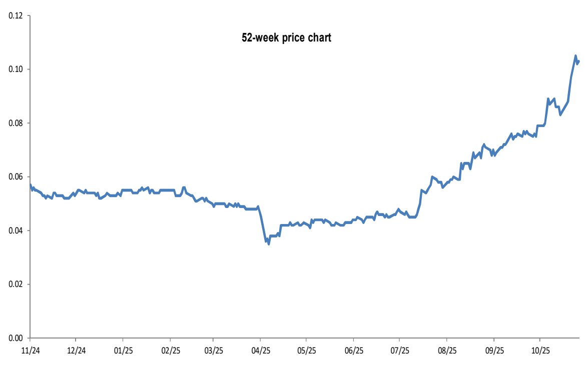
Marco Polo Marine has been listed on SGX-ST since 2007. Since then, Marco Polo Marine has expanded to become a reputable player in the marine industry in the region through their ship chartering and shipyard businesses.

Name	**MARCO POLO MARINE LTD**
Bloomberg Code	**MPM SP EQUITY**
3M Avg Daily Trading Vol (k)	**28,901.0**
3M Avg Daily Trading Val (S$'000)	**2,203.2**
Major Shareholder / Holdings	**Apricot Capital (16.2%) Sean & Family (12.9%) Penguin I'ntl (8.1%)**
Shares Outstanding (m)	**3,753.6**
Market Capitalisation (S$m)	**259.0**
52 week Share Price High/Low	**S$0.105 / S$0.035**

STOCK PRICE PERFORMANCE

	1M	**3M**	**12M**
Absolute Return (%)	31.6	85.7	85.8

PRICE CHART



Source : Bloomberg

Better Times Ahead

- ***After MPM's 3QFY25, we posited that the worst was over for MPM's ship chartering. Since then, there has been positive news flow to suggest continued improvement for MPM, such as releasing its chartering orderbook to signal confidence for investors, planned construction for CSOV 2 and even a spin-off in the near future. We remain positive on future contract wins and shipbuilding acitivity and thus continue to maintain a BUY recommendation on MPM with a revised target price 11.2 S cents, pegged to an upgraded FY26F PE target of 13x.***

More to come. MPM stepped up its fleet and regional expansion plans to capture rising offshore wind and O&G opportunities across Asia by acquiring 2 new AHTS vessels worth US$34mln, which will be delivered in 2026. The additions will expand the Group's fleet from to 21 vessels and strengthen its operational reach in SEA's O&G sector, while offering deployment flexibility to serve offshore wind projects in Northeast Asia. Alongside its fleet renewal, MPM reported a S$100mln order book as at June 2025, providing healthy revenue visibility for the next 3 years. Demand remains resilient across O&G and renewable markets, buoyed by strong offshore wind project activity. MPM's first CSOV, Wind Archer, began contributing to earnings from mid-2025, and new CTVs will further support its expansion in Taiwan. Its shipyard operations are also set to benefit from the completion of a fourth dry dock, which will enhance capacity and earnings contribution in FY26.

Shipbuilding gaining momentum. Following it's successful CSOV construction, MPM announced that it has partnered with Norway's Salt Ship Design to construct a next-generation "CSOV Plus", which is the first of its kind built for dual deployment across offshore wind and subsea O&G projects. The vessel will be built at MPM's Batam yard with delivery targeted for 2028 and can potentially generate US$15-20/mln a year once it comes online, giving more visibility into future earnings. While the previous CSOV cost about US60mln to build, we think the higher capabilities of CSOV 2 and inflation will lead to higher costs for the new CSOV2 (c.15% increase), but it would be able to generate higher earnings if market remains as it is when CSOV 2 comes online.

Spinoff as potential kicker. MPM also announced that it's 49% owned Taiwan-based subsidiary, PKR Offshore (PKRO), plans to seek a public listing in Taiwan by 3Q26, which will raise funds for expanding PKRO's fleet to serve growing demand in Asia's offshore wind sector. We view this as a natural progression given MPM's tilt towards Taiwan's renewable energy sector and that valuations of peers in that region commands much higher valuations (in the range of 20x). Subject to regulatory approvals and market conditions, the successful spin off will bring in more funds for MPM to further accelerate shipbuilding expansion. Without such funding exercises, MPM is only limited to building at most 1-2 boats within a 2 year period, thereby limiting MPM's growth potential.

KEY FINANCIALS

September YE	FY22	FY23	FY24	FY25F	FY26F
Revenue	86.1	127.1	123.5	126.0	151.8
Gross Profit	27.5	45.7	48.5	50.4	59.0
EBITDA	32.4	42.8	27.3	29.2	36.8
EBITDA Margin (%)	37.7	33.7	22.1	23.2	24.2
Net Income	21.3	22.6	21.7	25.0	32.3
Net Margin (%)	24.8	17.8	17.6	19.8	21.3
EPS (S cts)	0.6	0.6	0.6	0.7	0.9
Dividend Per Share	0.0	0.1	0.1	0.1	0.1
Dividend Yield	0.0	1.0	1.0	1.6	2.0
PE (x)	18.1	17.1	17.8	10.4	8.4
PB (x)	2.4	2.1	1.9	1.1	1.0

Source: MPM, Lim & Tan Research

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