

Marco Polo Marine (MPM SP)

1QFY26: Solid Start To FY26 As Offshore Wind Delivers

Highlights

- 1QFY26 revenue of S\$32.8m (+27% yoy) came in within expectations, while gross margin was better than expected, driven by higher-margin chartering revenue from CSOV and CTV contributions.
- The S\$198m research vessel contract and two new AHTS vessels are expected to provide earnings uplift from FY27 onwards.
- Maintain BUY with a higher target price of S\$0.19 after raising earnings.

1QFY26 Update

Year to 30 Sep (\$m)	1QFY26	1QFY25	yoy % chg
Revenue	32.8	25.8	27.1
Gross profit	14.0	10.6	32.1
Gross margin (%)	42.7	41.0	1.7ppt

Source: MPM

Analysis

- Strong start to FY26 with better margins.** Marco Polo Marine (MPM) posted a solid 1QFY26, with revenue rising to S\$32.8m (+27% yoy), forming 20% of our full-year forecast. Gross profit increased to S\$14m (+32% yoy) as gross margin expanded to 42.7% (+1.7ppt). This reflects a more favourable earnings mix driven by higher-margin chartering activities, and marks MPM's continued pivot toward offshore wind as fleet additions begin contributing meaningfully.
- Ship chartering: Offshore wind drives growth.** Ship chartering revenue surged to S\$23.2m (+53% yoy), underpinned by deployment of the commissioning service operation vessel (CSOV) MP Wind Archer and three crew transfer vessels (CTV) added in 2HFY25. Fleet utilisation improved from 71% to 76%, indicating healthy demand across offshore oil & gas and renewable segments. We expect continued high utilisation to support further operating leverage in FY26.
- Shipyards: Shipbuilding moderates; repairs resilient.** Shipyards revenue declined to S\$9.6m (-9% yoy), largely due to shipbuilding timing effects. However, the repair segment remained robust, partially offsetting softer newbuild activity. MPM also secured its largest-ever shipbuilding contract (S\$198m) to design and construct a 4,000-GT oceanographic research vessel for Taiwan's National Academy of Marine Research. The project spans roughly four years, with more meaningful earnings contribution expected from FY27.

Key Financials

Year to 30 Sep (\$m)	2024	2025	2026F	2027F	2028F
Net turnover	124	123	166	177	188
EBITDA	34	56	55	58	62
Operating profit	21	41	38	41	44
Net profit (rep./act.)	22	59	35	40	45
Net profit (adj.)	26	25	35	40	45
EPS (S\$ cent)	0.7	0.7	0.9	1.1	1.2
PE (x)	23.3	24.3	17.6	15.5	13.7
P/B (x)	3.3	2.6	2.3	2.0	1.8
EV/EBITDA (x)	16.4	9.9	10.1	9.5	8.9
Dividend yield (%)	0.6	0.9	1.2	1.2	1.2
Net margin (%)	17.6	47.6	21.0	22.4	23.7
Net debt/(cash) to equity (%)	(18.5)	(1.8)	(30.4)	(41.2)	(37.0)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	12.3	27.7	13.7	14.0	14.0
Consensus net profit (\$m)	-	-	34	36	42
UOBKH/Consensus (x)	-	-	1.01	1.09	1.06

Source: MPM, Bloomberg, UOB Kay Hian

BUY(Maintained)

Share Price	S\$0.163
Target Price	S\$0.190
Upside	+16.6%
Previous TP	S\$0.188

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Stock Data

GICS Sector	Industrials
Bloomberg ticker	MPM SP
Shares issued (m)	3,761.1
Market cap (\$m)	613.1
Market cap (US\$m)	484.7
3-mth avg daily t'over (US\$m)	5.3

Price Performance (%)

52-week high/low S\$0.176/S\$0.033

1mth	3mth	6mth	1yr	YTD
3.8	50.9	143.3	219.6	(3.0)

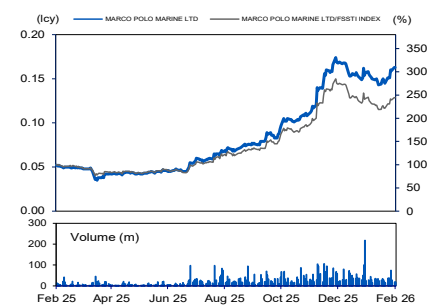
Major Shareholders

Shareholder	%
Lee Family	22.7
Apricot Capital	12.2
Penguin Int'l	6.5

Balance Sheet Metrics

Metric	%
FY26 NAV/Share (S\$)	0.07
FY26 Net Cash/ Share (S\$)	0.02

Price Chart



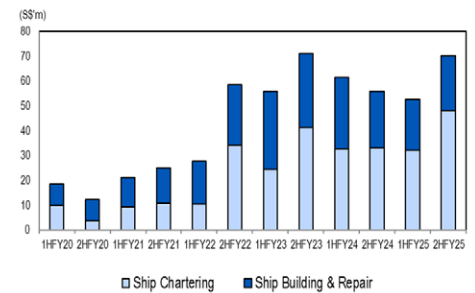
Source: Bloomberg

Company Description

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

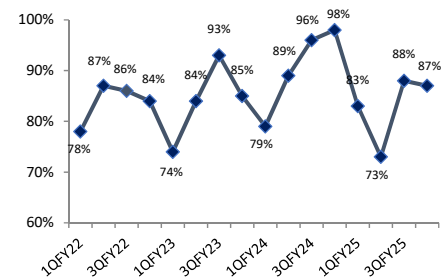
- Fleet expansion deepens offshore exposure.** MPM continues to expand strategically, with two DP2-class AHTS vessels (combined value of US\$34m) scheduled to join the fleet in 2026, increasing its fleet size from 19 to 21 vessels. These vessels are primarily positioned to support Southeast Asia oil & gas activities and are expected to contribute meaningfully from FY27 onwards. Looking ahead, construction of the next-gen CSOV+ is scheduled to commence in 2Q26, with delivery targeted for 2Q28. The vessel incorporates battery-hybrid propulsion and alternative fuel compatibility, aligning with sustainability trends and the long-term offshore wind buildout.
- Potential value unlock from PKRO listing.** A potential catalyst lies in the planned Taiwan listing of 49%-owned subsidiary PKR Offshore (PKRO), targeted for application submission by Sep 26. The listing aims to position PKRO at the centre of Asia's expanding offshore wind ecosystem, with proceeds earmarked for further wind vessel fleet development. As Taiwan-listed marine peers trade around 22x 2026F PE while MPM trades at 17x, this gives MPM a potential valuation uplift while improving capital efficiency.
- Endorsement by industry veteran.** Mr. Michael Kum has acquired a 4% stake (150m shares) in MPM for S\$19.5m via an on-market transaction. Mr Kum is a veteran OSV operator with over four decades of experience across the Middle East, India, Southeast Asia and Australia. He co-founded Offshore Equipment in 1976, which later evolved into Miclyn Offshore and subsequently Miclyn Express Offshore (ASX-listed). He currently serves as Non-Executive Chairman of Atlantic Navigation Holdings, further underscoring his continued involvement in the listed offshore marine space. While a 4% stake does not confer control, we view his entry as a meaningful endorsement of MPM's offshore wind and higher-specification vessel strategy. His operating pedigree and sector track record enhance shareholder quality and signal confidence in MPM's growth trajectory.
- Supportive offshore market backdrop.** Latest industry data show offshore newbuild contracting 56% yoy, with the AHTS and PSV orderbook constrained at around 4-5% of fleet. Brent crude at a six-month high of US\$72/bbl and firming Southeast Asia jack-up rig rates indicate improving offshore activity. Against this backdrop, MPM's growing exposure to offshore wind and higher-spec tonnage positions it favourably within a tightening offshore supply-demand environment.

Revenue By Segment



Source: MPM, UOB Kay Hian

Shipyard Utilisation Rate



Source: MPM, UOB Kay Hian

Valuation/Recommendation

- Maintain BUY with a slightly higher target price of S\$0.190 (S\$0.188 previously),** pegged to an unchanged 20.5x FY26F PE (+0.5SD above mean). 1QFY26 reinforces MPM's structural shift in earnings composition, as it benefits from full-year CSOV and CTV contributions in FY26, while FY27 should see uplift from the two new AHTS vessels and the S\$198m research vessel project.
- Backed by a net cash balance sheet of S\$9.3m as at end-Sep 25 and the prospective PKRO listing catalyst, MPM is poised to see improving earnings momentum.

Earnings Revision/Risk

- We raise our gross margin assumptions by 1-2ppt** on stronger-than-expected margin performance and an improved chartering mix. This lifts our FY26-28 earnings forecasts by 1-9% as we capture higher contribution from offshore wind assets and sustained utilisation levels.

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.

Profit & Loss

Year to 30 Sep (\$m)	2025	2026F	2027F	2028F
Net turnover	122.8	165.6	176.9	187.9
EBITDA	56.2	54.7	58.2	62.1
Deprec. & amort.	15.4	16.6	17.2	17.9
EBIT	40.8	38.1	41.0	44.2
Total other non-operating income	29.4	0.0	0.0	0.0
Associate contributions	0.7	1.0	1.0	1.0
Net interest income/(expense)	0.5	1.1	3.8	4.8
Pre-tax profit	71.4	40.2	45.7	50.0
Tax	(3.9)	(2.8)	(3.2)	(3.5)
Minorities	(9.0)	(2.6)	(2.9)	(1.9)
Net profit	58.5	34.8	39.6	44.6
Net profit (adj.)	25.2	34.8	39.6	44.6

Balance Sheet

Year to 30 Sep (\$m)	2025	2026F	2027F	2028F
Fixed assets	226.6	226.5	225.8	225.4
Other LT assets	13.0	13.0	13.0	13.0
Cash/ST investment	52.2	129.5	171.8	172.8
Other current assets	57.4	65.0	66.7	79.6
Total assets	349.3	434.1	477.3	490.8
ST debt	10.2	10.2	10.2	10.2
Other current liabilities	34.2	33.5	41.1	41.0
LT debt	37.8	37.8	37.8	37.8
Other LT liabilities	2.7	61.6	63.5	199.2
Shareholders' equity	238.9	268.0	300.1	337.2
Minority interest	25.4	23.0	24.5	26.0
Total liabilities & equity	349.3	434.1	477.3	651.5

Cash Flow

Year to 30 Sep (\$m)	2025	2026F	2027F	2028F
Operating	40.8	52.8	66.4	240.1
Pre-tax profit	71.4	40.2	45.7	50.0
Tax	(4.7)	(4.4)	(2.7)	(3.1)
Deprec. & amort.	15.4	16.6	17.2	17.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	(15.7)	0.4	6.1	175.3
Non-cash items	(25.6)	0.0	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	(56.5)	(14.2)	(12.7)	(13.2)
Capex (growth)	(69.0)	(16.5)	(16.5)	(17.5)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	12.5	2.3	3.8	4.3
Financing	(0.9)	(6.8)	(7.5)	(7.0)
Dividend payments	(3.8)	(5.6)	(7.5)	(7.5)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	13.3	0.0	0.0	0.0
Others/interest paid	(10.5)	(1.2)	0.0	0.5
Net cash inflow (outflow)	(16.7)	31.7	46.1	219.8
Beginning cash & cash equivalent	65.9	49.2	80.9	127.1
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	49.2	80.9	127.1	346.9

Key Metrics

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	45.8	33.0	32.9	33.1
Pre-tax margin	58.2	24.3	25.9	26.6
Net margin	47.6	21.0	22.4	23.7
ROA	18.7	8.9	8.7	9.2
ROE	27.7	13.7	14.0	14.0
Growth				
Turnover	(0.6)	34.8	6.9	6.2
EBITDA	66.5	(2.7)	6.4	6.7
Pre-tax profit	177.9	(43.7)	13.8	9.3
Net profit	169.7	(40.6)	14.0	12.5
Net profit (adj.)	(4.0)	38.0	14.0	12.5
EPS	(4.0)	38.0	14.0	12.5
Leverage				
Debt to total capital	15.4	14.2	12.9	11.7
Debt to equity	20.1	17.9	16.0	14.3
Net debt/(cash) to equity	(1.8)	(30.4)	(41.2)	(37.0)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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