

Marco Polo Marine (MPM SP)

3QFY26: Broad-based Growth; Long-term Visibility Remains Solid

Highlights

- 9MFY26 revenue/gross profit of S\$109.7m/S\$46.4m (+30% yoy each) were in line, forming 66%/70% of our FY26 forecasts respectively.
- Ship chartering and shipyard revenues increased in 3QFY26 and 9MFY26, supported by higher fleet utilisation and stronger ship repair activity.
- Maintain BUY with a 25% lower target price of S\$0.173 due to sector derating in the oil and gas industry.

3QFY26 Results

Year to 30 Sep (\$m)	3Q26	3Q25	yoy % chg	9MFY26	9MFY25	yoy % chg
Revenue	35.7	31.7	13	109.7	84.4	30
Gross profit	15.0	14.0	7	46.4	35.6	30
Gross profit margin (%)	42	44	(2.0ppt)	42	42	0ppt

Source: MPM, UOB Kay Hian

Analysis

- 3QFY26 results broadly in line.** Marco Polo Marine (MPM) reported 3QFY26 revenue of S\$35.7m (+13% yoy), and gross profit of S\$15.0m (+7% yoy), bringing 9MFY26 revenue/gross profit to S\$109.7m/S\$46.4m (+30% yoy each), forming about 66%/70% of our FY26 forecasts respectively. Gross margin eased to 42% from 44% due to the mix of shipyard projects.
- Ship chartering: Higher utilisation supported growth.** Ship chartering revenue rose 8% yoy to S\$24.0m in 3QFY26 and 26% yoy to S\$68.3m in 9MFY26, supported by the expanded offshore fleet, including MP Wind Archer and three additional crew transfer vessels. Fleet utilisation improved to 72%, while charter rates are expected to remain broadly stable through 2027. Management expects the offshore support vessel market to remain firm, supported by a seasonality stronger 2H and steady demand from offshore oil & gas.
- Shipyard: Expanded capacity continued to drive growth.** Shipyard revenue increased 23% yoy to S\$11.7m in 3QFY26 and 37% yoy to S\$41.4m in 9MFY26, mainly on higher ship repair volumes following the commissioning of Drydock 4, allowing the yard to take on more repair work as well as accommodate larger vessels (up to 240m in length). Management continues to see healthy demand for drydocks and ship repair, while the oceanographic research vessel (ORV) contract of around S\$198m and ongoing CSOV+ construction should support a stronger medium-term shipbuilding pipeline.

Key Financials

Year to 30 Sep (\$m)	2024	2025	2026F	2027F	2028F
Net turnover	124	123	160	179	199
EBITDA	34	56	52	59	67
Operating profit	21	41	36	42	49
Net profit (rep./act.)	22	59	32	41	49
Net profit (adj.)	26	25	32	41	49
EPS (\$ cent)	0.7	0.7	0.9	1.1	1.3
PE (x)	18.2	18.9	14.7	11.8	9.8
P/B (x)	2.6	2.0	1.8	1.6	1.4
EV/EBITDA (x)	13.0	7.8	8.4	7.4	6.6
Dividend yield (%)	0.8	1.2	1.6	1.6	1.6
Net margin (%)	17.6	47.6	20.2	22.6	24.6
Net debt/(cash) to equity (%)	(18.5)	(1.8)	(30.7)	(41.4)	(36.7)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	12.3	27.7	12.8	14.4	15.3
Consensus net profit (\$m)	-	-	39	44	45
UOBKH/Consensus (x)	-	-	0.83	0.93	1.10

Source: MPM, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	S\$0.127
Target Price	S\$0.173
Upside	+33.9%
Previous TP	S\$0.230

Stock Data

GICS sector	Industrials
Bloomberg ticker:	MPM SP
Shares issued (m):	3,914.1
Market Cap (\$m):	497.1
Market cap (US\$m):	391.1
3-mth avg t'over (US\$m):	3.3

Price Performance (%)

52-week high/low			S\$0.197/S\$0.068	
1mth	3mth	6mth	1yr	YTD
(7.3)	(29.4)	(18.1)	78.9	(24.4)

Major Shareholders (%)

Apricot Capital	16.17
Natical Int'l	12.86
Penguin Int'l	8.09

Balance Sheet Metrics

FY26 NAV/Share (\$)	0.07
FY26 Net Cash/ Share (\$)	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.

- **Framework agreement with Siemens Gamesa.** MPM's offshore wind arm, PKR Offshore (PKRO), recently signed a framework agreement with Siemens Gamesa for the charter of two CSOVs, including its new CSOV Plus, to support wind projects in Taiwan, with potential extension to South Korea and Japan. Running from as early as 2028 with multi-year extension options, the deal gives MPM a locked in, multi-year demand pipeline ahead of the vessel's 2Q28 delivery, deepens its ties with a top global wind turbine maker, and strengthens its footprint in Asia's offshore wind market.
- **Strong contract wins drive long-term visibility.** MPM's oceanographic research vessel contract of around S\$198m provides a sizeable multi-year shipbuilding pipeline, while its recent framework agreement with Siemens Gamesa for two CSOVs strengthens longer-term chartering visibility in offshore wind. With CSOV Plus also already under construction for delivery in 2Q28 and a third unit in the planning phase, MPM is building a clearer pipeline of future vessel deployments and recurring offshore wind revenue.
- **Management highlighted that both the RTO and PKRO listings remain in progress.** The reverse takeover (RTO), via a binding term sheet with Fuji Offset Plates Manufacturing to acquire MPM's shipyard assets at up to S\$139m, is progressing with MPM remaining the controlling shareholder after the completion, while PKRO's Taiwan listing application has been submitted and is under review, with proceeds earmarked to expand its offshore wind vessel fleet. Management will continue to provide updates on the progress going forward.

Valuation/Recommendation

- **Maintain BUY with a 25% lower target price of S\$0.173 (S\$0.23 previously),** pegged to 20x FY26F PE (+0.5SD above mean), compared with 25x FY26F PE previously (+1.0SD above mean), due to weaker sentiments across the industry and as peers de-rated. We continue to expect MPM to deliver a stronger 4QFY26 due to seasonality impact.

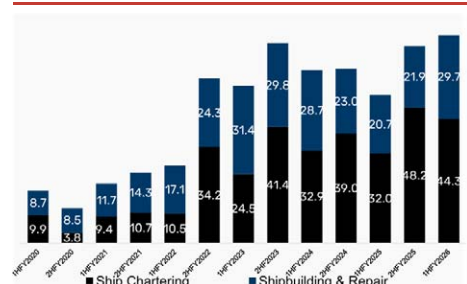
Earnings Revision/Risk

- We lower our FY26 earnings and revenue forecasts by 8%/3% respectively to reflect a more conservative FY26. However, we raise our FY27/28 earnings and revenue forecasts by 3%/10% and 2%/6% respectively, as we expect business momentum to ramp up in the coming years.

Share Price Catalyst

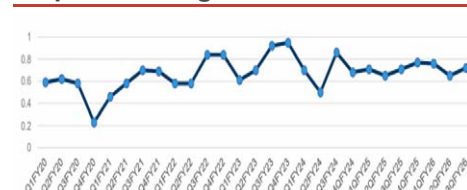
- Higher-than-expected ship charter rates and vessel utilisation.
- Award of new ship chartering contracts.
- Higher value of repair projects during the year.

Revenue By Segment



Source: MPM, UOB Kay Hian

Ship Chartering Utilisation Rate



Source: MPM, UOB Kay Hian

Shipyard Revenue



Source: MPM, UOB Kay Hian

Profit & loss

Year to 30 Sep (S\$m)	2025	2026F	2027F	2028F
Net turnover	122.8	160.3	179.3	199.0
EBITDA	56.2	52.1	59.2	66.8
Deprec. & amort.	15.4	16.6	17.2	17.9
EBIT	40.8	35.5	42.0	48.9
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	37.6	46.7	54.6
Tax	(3.9)	(2.6)	(3.3)	(3.8)
Minorities	(9.0)	(2.6)	(2.9)	(1.9)
Net profit	58.5	32.4	40.6	48.9
Net profit (adj.)	25.2	32.4	40.6	48.9

Cash flow

Year to 30 Sep (S\$m)	2025	2026F	2027F	2028F
Operating	40.8	50.9	66.6	55.3
Pre-tax profit	71.4	37.6	46.7	54.6
Tax	(4.7)	(4.4)	(2.5)	(3.2)
Deprec. & amort.	15.4	16.6	17.2	17.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	(15.7)	1.1	5.2	(14.1)
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)	29.8	46.4	35.1
Beginning cash & cash equivalent	65.9	49.2	79.0	125.4
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	49.2	79.0	125.4	160.5

Balance Sheet

Year to 30 Sep (S\$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	63.0	67.6	84.1
Total assets	349.3	432.0	478.2	495.3
ST debt	10.2	10.2	10.2	10.2
Other current liabilities	34.2	32.3	41.7	43.6
LT debt	37.8	37.8	37.8	37.8
Other LT liabilities	2.7	63.9	65.0	36.0
Shareholders' equity	238.9	265.6	298.6	340.1
Minority interest	25.4	22.2	24.9	27.6
Total liabilities & equity	349.3	432.0	478.2	495.3

Key Metric

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	45.8	32.5	33.0	33.6
Pre-tax margin	58.2	23.5	26.1	27.5
Net margin	47.6	20.2	22.6	24.6
ROA	18.7	8.3	8.9	10.1
ROE	27.7	12.8	14.4	15.3
Growth				
Turnover	(0.6)	30.5	11.9	11.0
EBITDA	66.5	(7.3)	13.6	12.8
Pre-tax profit	177.9	(47.4)	24.3	16.9
Net profit	169.7	(44.7)	25.4	20.6
Net profit (adj.)	(4.0)	28.4	25.4	20.6
EPS	(4.0)	28.4	25.4	20.6
Leverage				
Debt to total capital	15.4	14.3	12.9	11.6
Debt to equity	20.1	18.1	16.1	14.1
Net debt/(cash) to equity	(1.8)	(30.7)	(41.4)	(36.7)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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