# 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 (S$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 (S$m) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 124 | 123 | 160 | 179 | 199 |
| EBITDA | 34 | 56 | 52 | 59 | 67 |
| Operating profit | 21 | 41 | 36 | 42 | 49 |
| Net profit (rep./act.) | 22 | 59 | 32 | 41 | 49 |
| Net profit (adj.) | 26 | 25 | 32 | 41 | 49 |
| EPS (S$ 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 (S$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 (S$m): | 497.1 |
| Market cap (US$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 (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.

- **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, 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.

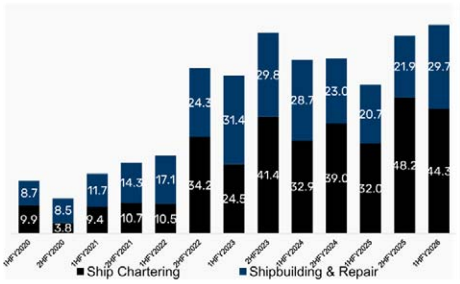
## Earnings Revision/Risk

- 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

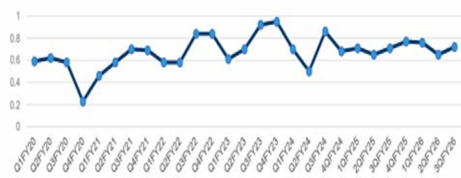
- Higher-than-expected ship charter rates and vessel utilisation.
- Award of new ship chartering contracts.
- Higher value of repair projects during the year.

### 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 |

## 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 |

## 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 |

## 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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