MARCO POLO MARINE

Immediate Release

Marco Polo Marine Generates Higher Gross Profit in 3QFY2024

Voluntary Business Updates

- **3QFY2024 gross profit increased 2.6% y-o-y to S$14.6 million**
- **Ship Chartering saw steady growth, driven by higher average charter rates**

SINGAPORE, August 22, 2024 – Marco Polo Marine Ltd. (SGX:5LY) ("**Marco Polo Marine**" or the "**Company**", and together with its subsidiaries, "**the Group**"), a reputable regional integrated marine logistics company, would like to provide a voluntary update to shareholders on its recent operational performance for the financial quarter ended 30 June 2024 ("**3QFY2024**").

Financial Highlights

S$ million	3Q FY2024	3Q FY2023	% change	9M FY2024	9M FY2023	% change
Revenue	34.9	36.8	(4.6%)	96.5	92.7	4.0%
Gross Profit	14.6	14.2	2.6%	36.8	31.9	15.4%
Gross Profit Margin	*41.8%*	*38.7%*	*+3.1 ppt*	*38.2%*	*34.4%*	*+3.8 ppt*

The Group's revenue for 3QFY2024 decreased by 4.6% y-o-y to S$34.9 million, compared to S$36.8 million in 3QFY2023. The decline was due to lower revenue from its Shipyard segment, where one of its three dry docks was fully utilised for the construction of its commissioning service operation vessel ("**CSOV**") and was unavailable to take on third-party jobs. Nonetheless, the Group was still able to grow its gross profit from S$14.2 million in 3QFY2023 to S$14.6 million in 3QFY2024, a 2.6% y-o-y improvement, with a 3.1 ppt expansion in gross profit margin.

MARCO POLO MARINE

Segmental Performance

Ship Chartering

The Ship Chartering segment performed well despite a 6.0 ppt y-o-y decline in average fleet utilisation rates to 86% in 3QFY2024, as compared to an unusually high 92% achieved last year. The current 86% reflects a more typical operating level for the 3Q financial period. This segment's strong operating performance was driven by higher charter rates secured by its fleet of Offshore Support Vessels ("**OSVs**") amid a favourable supply-demand environment. Additionally, the Group's asset-light strategy of rechartering third-party vessels also enhanced this segment's overall operating performance.

Shipyard

The Shipyard segment saw strong utilisation rates, with a 3.0 ppt y-o-y increase to 96% in 3QFY2024 as compared to 93% in 3QFY2023. However, this segment generated lower revenue after one of the three dry docks was used for the construction of the Group's CSOV which revenue was not recognised. The CSOV will be moved out of the dry dock later this month to complete the remaining work, freeing up this dock for other projects.

Meanwhile, the delivery of the CSOV will be delayed by approximately 4 months. As a result of this delay, we anticipate that there will be a potential activation of the Liquidated Damages ("**LD**") clause from the Charter contract signed between Vestas Taiwan Co., Ltd and the Group's Taiwan-based subsidiary, PKR Offshore Co., Ltd. However, after considering the potential financial impact of the LD, the Group does not anticipate a material impact on its net profit attributable to owners for the financial year ending 30 September 2024.

Outlook

Geopolitical challenges, including tensions in the Taiwan Straits, the South China Sea, and ongoing conflicts in Ukraine and the Middle East, remain elevated. Additionally, the high-interest rate environment remains as the Federal Reserve grapples with persistent inflation. Despite these challenges, the Group remains positive of its near-term outlook within the OSV market.

Global spending on clean energy technologies and infrastructure is on track to hit US$2 trillion in 2024, nearly double the amount allocated to fossil fuels, bolstered by improving supply chains and reduced costs for clean technologies. Total global energy investment is expected to exceed US$3 trillion in 2024, with clean energy receiving the lion's share of these investments.[1] The growing investments in clean energy projects could have a positive flow-through impact on the Group's fleet of offshore vessels.

Additionally, the offshore oil and gas market is also anticipated to remain tight in the foreseeable future due to rising demand that is not sufficiently met by vessel availability.[2] This tight supply-demand balance is expected to help sustain high charter rates for the Group's fleet of OSVs.

"We are encouraged by the strong performance in our ship chartering segment, driven by higher charter rates and favourable market conditions. Increasing global investments in clean energy, particularly in offshore wind, will provide strong revenue visibility for our newly constructed CSOV in the coming years. With these in mind, we remain confident of our strategic direction and growth outlook," said Sean Lee, CEO of Marco Polo Marine.

The Group has commenced the construction of its fourth dry dock ("**Dry Dock 4**") in May 2024. The project will be funded through a combination of operational cash flows and external financing from banks. The anticipated completion date for the project is in February 2025 and the addition of Dry Dock 4 is expected to contribute to the Group's revenue and profits by the second quarter of FY2025.

#End#

[1] Investment in clean energy this year is set to be twice the amount going to fossil fuels
[2] Market dynamics, shipyard perspectives, and future outlook in the OSV industry

About Marco Polo Marine

Listed on the Mainboard of the SGX-ST since 2007, Marco Polo Marine Ltd is a reputable regional integrated marine logistics company that principally engages in shipping and shipyard operations.

The Group's shipping business relates to the chartering of OSVs for deployment in regional waters, including the Gulf of Thailand, Malaysia, Indonesia, and Taiwan, as well as the chartering of tugboats and barges to customers, especially those which are engaged in the mining, commodities, construction, infrastructure, and land reclamation industries.

Under its chartering operations, the Group has diversified its activities beyond the oil and gas industry to include the support of offshore wind farm projects. The burgeoning offshore wind energy industry in Asia is at a nascent stage where structures are being installed, which presents tremendous opportunities for the Group whose fleet can support the development of these projects.

The Group's shipyard business relates to shipbuilding and providing ship maintenance, repair, outfitting, and conversion services through its shipyard in Batam, Indonesia. Occupying a total land area of approximately 34 hectares with a seafront of approximately 650 meters, the modern shipyard also houses three dry docks, boosting the Group's technical capabilities and service offerings to undertake projects involving mid-sized and sophisticated vessels.

For more information, please refer to our corporate website: www.marcopolomarine.com.sg

Investor Relations and Media Contact:

Emily Choo
E: emily@gem-comm.com
M: +65 9734 6565

Raymond Chan
E: raymond@gem-comm.com
M: +65 8499 3193