



Marco Polo Marine Limited

1HFY2021 Results Briefing

MAY 2021



DISCLAIMER

This presentation prepared by Marco Polo Marine Ltd (the "Company") does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law. Persons requiring advice should consult their stockbroker, bank manager, solicitor, accountant or other independent financial consultant.

This document is confidential and has been made available in confidence. It may not be reproduced, disclosed to third parties or made public in any way or used for any purpose other than in connection with the proposed investment opportunity without the express written permission of the Company.

This presentation should not be relied upon as a representation of any matter that an advisor or potential investor should consider in evaluating the Company. The Company and its related bodies corporate or any of its directors, agents, officers or employees do not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements or representations contained in this presentation, and they do not accept any liability whatsoever (including in negligence) for any information, representation or statement made in or omitted from this presentation.

This document contains certain forward looking statements which involve known and unknown risks, delays and uncertainties not under the Company's control which may cause actual results, performance or achievements of the Company to be materially different from the results, performance or expectations implied by these forward looking statements. The Company makes no representation or warranty, express or implied, as to or endorsement of the accuracy or completeness of any information, statements or representations contained in this presentation with respect to the Company

It is acknowledged that the Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.



Corporate Overview

Regional integrated marine logistics company which principally engages in ship chartering and shipyard businesses

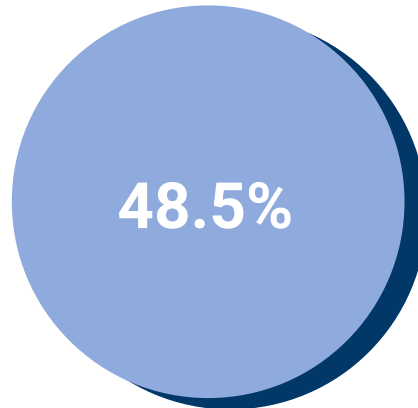
Stock Data



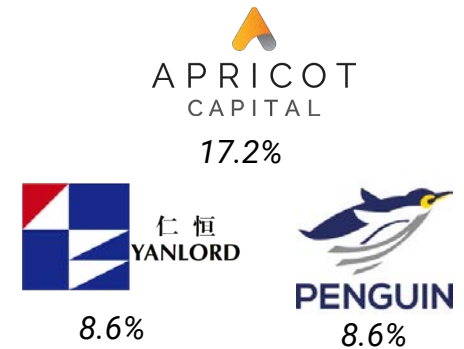
Stock Code



Market Cap



Free Float



Major Shareholders

Complementary Business Segments



Marco Polo Marine Ltd

Ship Chartering

MAINTENANCE WORK VESSELS

- 11 OSVs and 2 Maintenance Work vessels (MWV)s (average age: 4-13 years)
- 24 Tugs and Barges (average age: 5-12 years)
- Indonesian presence through PT BBR Tbk, listed on IDX

OSVs (AHTs & AHTSs)

TUGS & BARGES



Ship Building & Repair

SHIPBUILDING

CONVERSION & OUTFITTING

REPAIR & MAINTENANCE

- One of the larger shipyards in Indonesia
- Ship building, conversion and outfitting
- Offshore fabrication works
- Ship repair and maintenance (more than 1,000 repair projects completed in last 10 years)



Milestones



1991

Marco Polo Marine founded in 1991



Dec 2005

Acquisition of waterfront land in Batam



Sep 2007

MPM floated on the Singapore Stock Exchange

Jan 2009

Listed on SGX Main Board



May 2009

Drydock 1 in operation



Nov 2009

Drydock 2 in operation



Oct 2017

Marco Polo Shipyard accredited ISO 9000 by RINA



Dec 2013

Slipway in operation



Jan 2012

Drydock 3 in operation



Aug 2011

Acquired 49% stake in PT. BBR

Aug 2010

Offshore division set up

Oct 2019

Complete drydock 3 extension

Feb 2018

Debt restructuring exercise successfully completed, MPM relisted

Shipyard Operations



Well-organized covered workshops and warehouses



Drydock 1: 150m x 40m x 8.5m



Drydock 2: 175m x 40m x 8.5m



Drydock 3: 220m x 45m x 9.0m



Offshore Support/Marine Logistics



11 OSVs and 2 MWVs



AHT



5000+ BHP Series: MP Valour



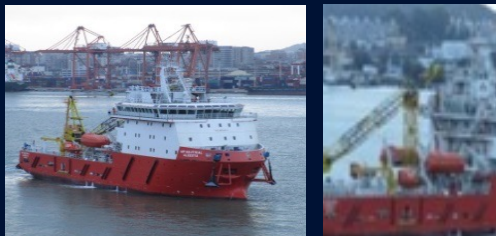
3300 dwt PSV MP Lagenda



MP Perkasa



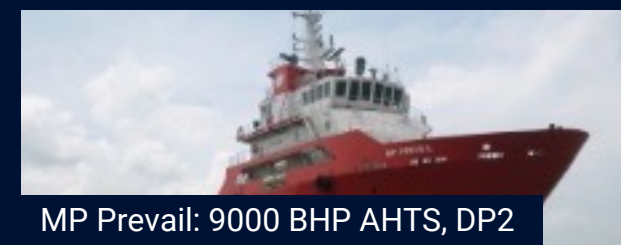
MP Kestria: 12000 BHP



MP Nautical Aleesya MP Dynamic



MP Prowess: 8000+ BHP DP2 Series



MP Prevail: 9000 BHP AHTS, DP2

Regional diversified customer base with established names



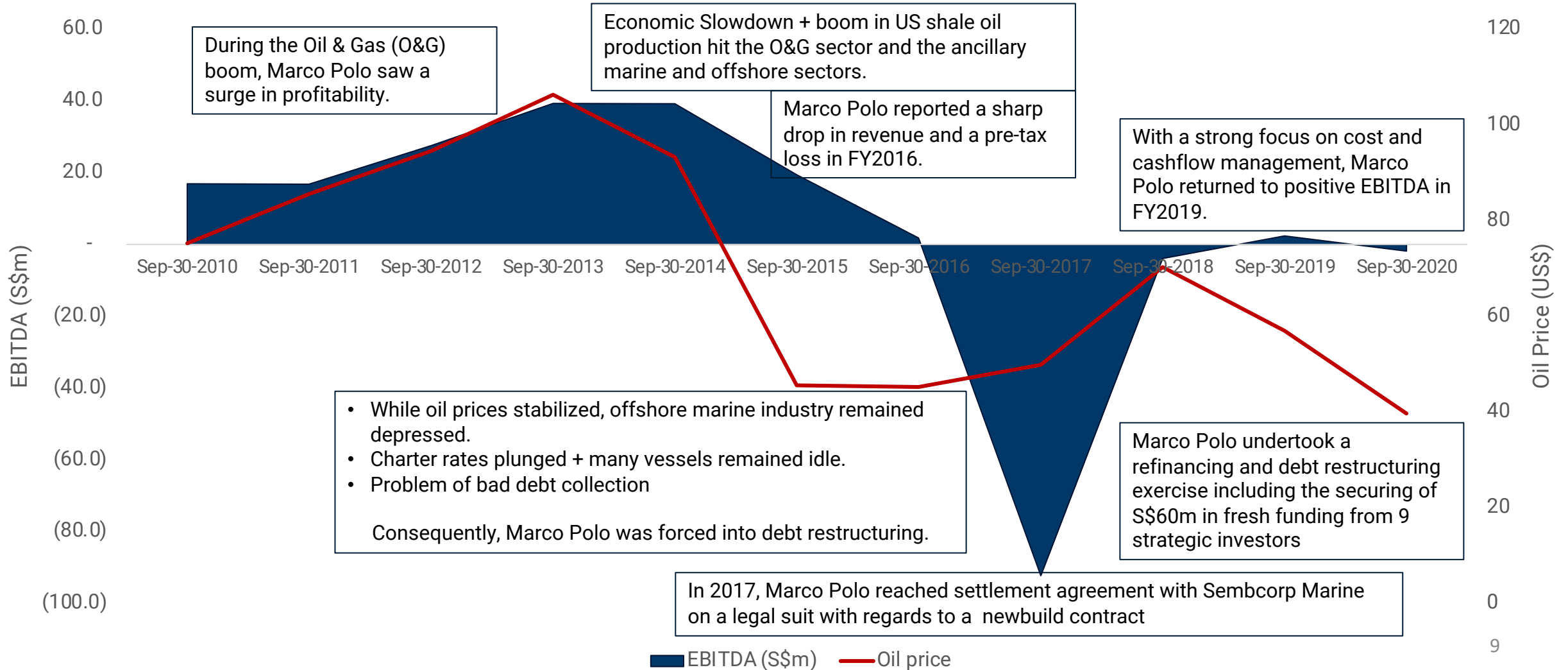
Shipyards Division (Selected Clients)



Ship Chartering (Selected Direct and End-Charterers)



Marco Polo Marine's Recovery Journey





Highlights

Strong Earnings Turnaround

- Since the debt restructuring in 2017, Group has generated positive operational EBITDA over last 3 years

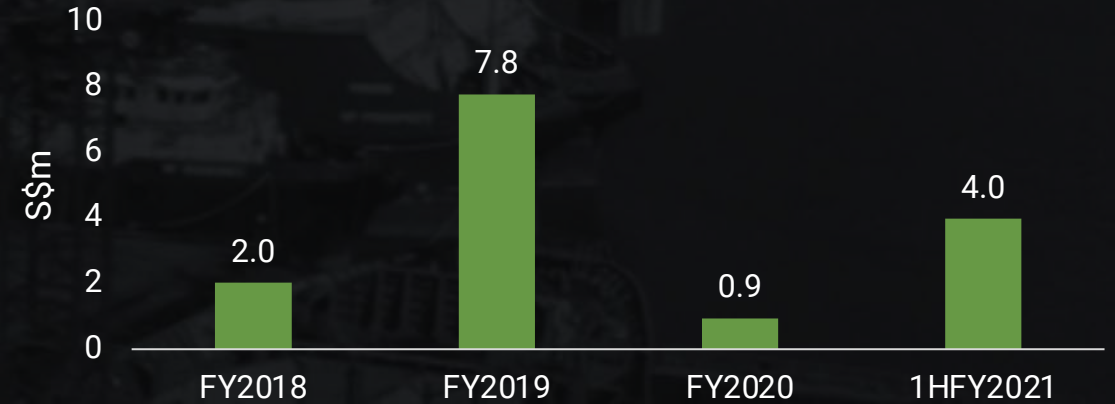
Positive Outlook

- Early signs of potential recovery in O&G sector
- Strong demand in ship repairs from the implementation of Ballast Water Management Systems Convention by MPEC
- Diversification into sustainable sector with strong demand from offshore windfarms

Robust Net Cash Position

- S\$8.9m as of 31 March 2021

Operational EBITDA * (S\$m)



*Excluding share of results from Joint Ventures

Net (debt)/cash (S\$m)



Charting 2021 and Beyond



Strengthening
Existing Business Segments



New Business Ventures
Sustainable Sector

Ship Chartering and Shipyard operations steadily recovering



A potential recovery in oil and gas activity.

Looking into 2021, Deloitte¹ forecasts oil demand to recover strongly to just 4% below pre-COVID levels in its base case analysis.



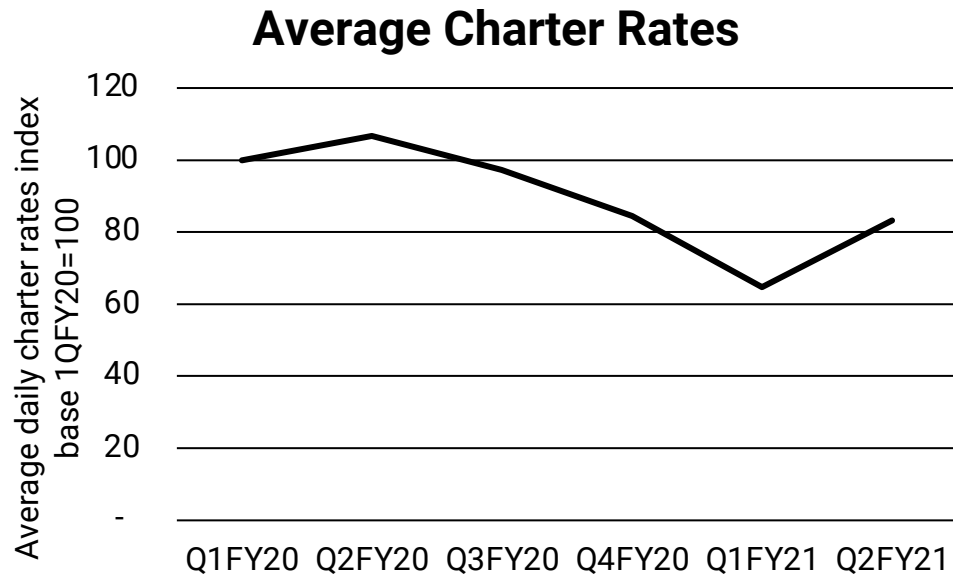
The Group's active efforts to diversify its customers beyond the oil and gas industry,

including supporting the offshore windfarm renewable energy segment.

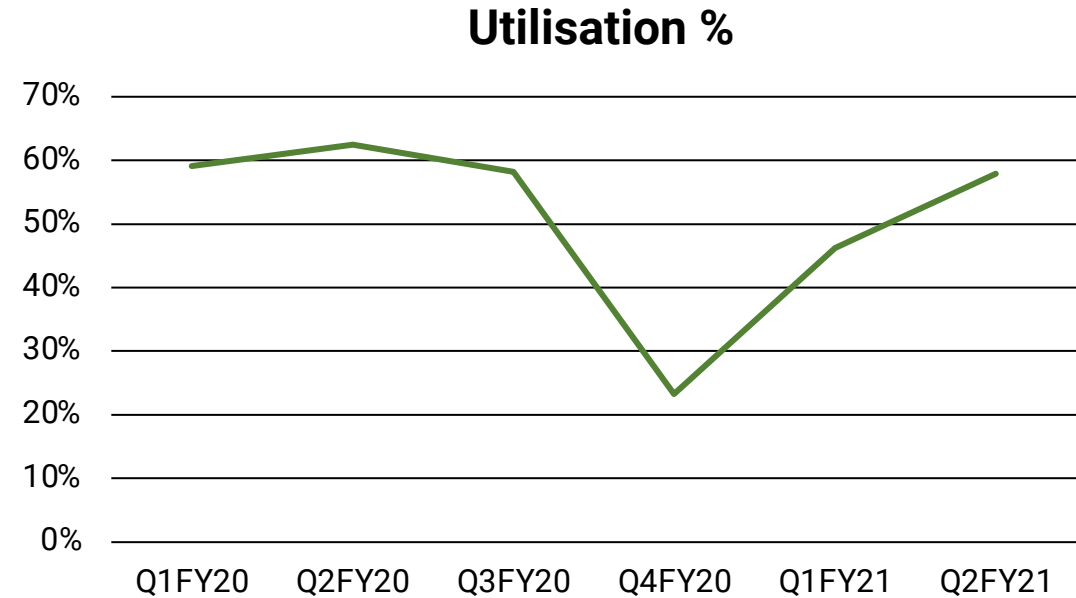
¹<https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/oil-and-gas-industry-outlook.html>



Recovery in Average Daily Chartering Rates and Utilisation Rates Across Vessels

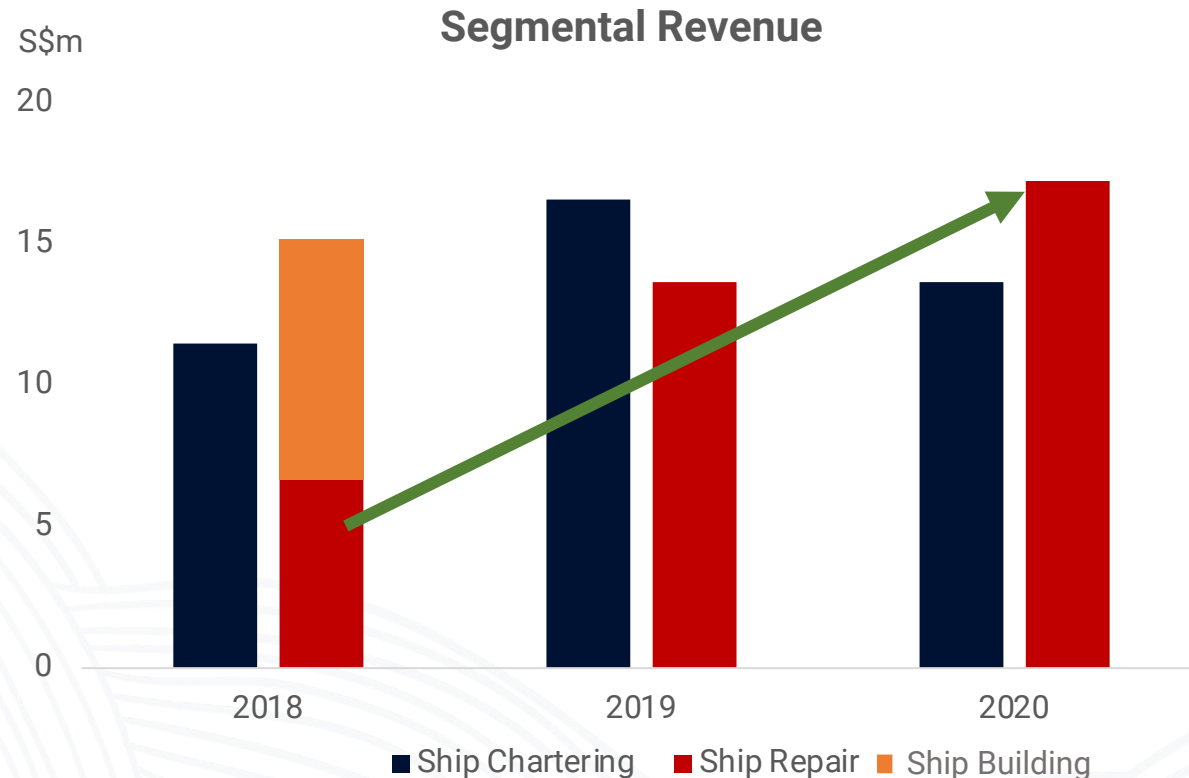


Outbreak of COVID-19 around the world



Outbreak of COVID-19 around the world

Stable recurring revenue from Ship Chartering and Ship Repairs



Growing recurring revenue from ship repairs

- 50-70% of business are from repeat customers



Ship repairs boosted by rise in demand from the implementation of the Ballast Water Management system convention.

- All ships must install a ballast water treatment system by 2024 as mandated by the IMO Marine Environmental Protection Committee (MEPC).²

*Ship repairs form nearly 100% of the Group's shipbuilding and repair business over the last 2 years.

²https://wwwcdn.imo.org/localresources/en/MediaCentre/HotTopics/Documents/BWM%20infographic_FINAL.pdf

Catching New Business Tailwinds

Entry into the sustainable sectors

build upon the Group's core strengths to boost higher asset utilisation and improve profitability for the Group



Smart Fish Farms

Secured shipbuilding contracts from Singapore Aquaculture Technologies (SAT) to construct 2 smart fish farms. Construction is set to be completed by the end of FY2021.

Tap on existing shipyard capabilities, adding another revenue stream to the Group.



Vessels for Windfarm Project

About 20% of the currently utilised vessels are working on windfarm projects.

Although the specifications are different from those used in oil and gas exploration projects, vessels can be deployed to support certain parts of the wind farm installation and construction, without additional capital expenditure.

Why is Marco Polo Marine pivoting to the sustainable sector?

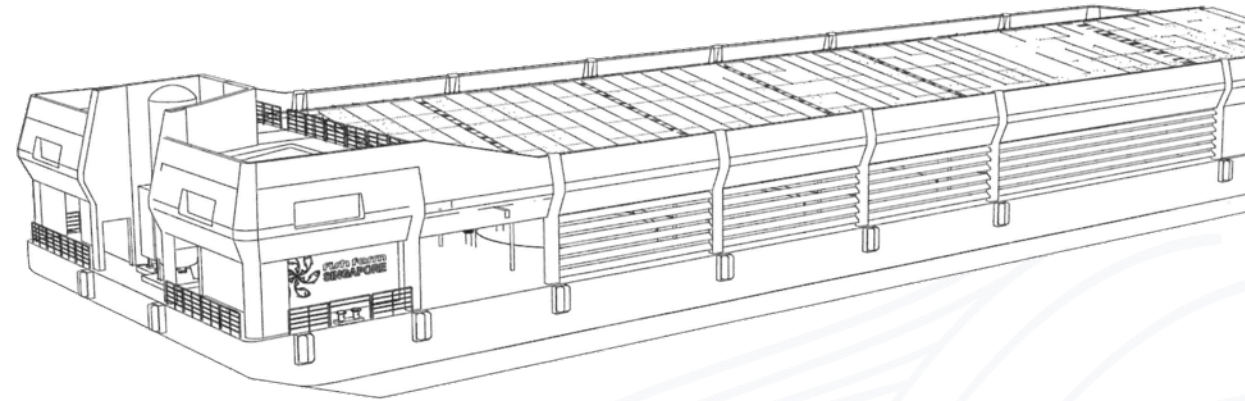
- Tap on the Group's existing capabilities and increase its asset utilization rate
- Diversify the Group's customer base from the traditional O&G sector
- Add another revenue stream to the Group

The Oil and Gas Sector will continue to remain as the Group's bread and butter, providing a stable base.



How does profitability of these contracts from the sustainable sector compare to the Group's traditional customers?

Relatively comparable profit margins. While the costs of operating the projects may be slightly higher (e.g. higher labour costs in the country of operation), it is offset by higher charter rates or selling prices.





1HFY2021 Results

1HFY2021 Financial Highlights

S\$ million	1HFY2021	1HFY2020	Y-o-Y % change
Revenue	21.1	18.6	13.8%
Gross Profit	5.0	3.4	46.9%
Gross Profit Margin	23.8%	18.4%	
EBITDA*	3.9	1.1	254.5%
Operational EBITDA**	4.0	2.1	88.1%
Net Profit	5.9	(0.7)	N/A



Net Cash of S\$8.9m



Net Asset Value of S\$105.5m
Net Asset Value/share of S\$0.03



On track for 4th consecutive year of positive operational EBITDA

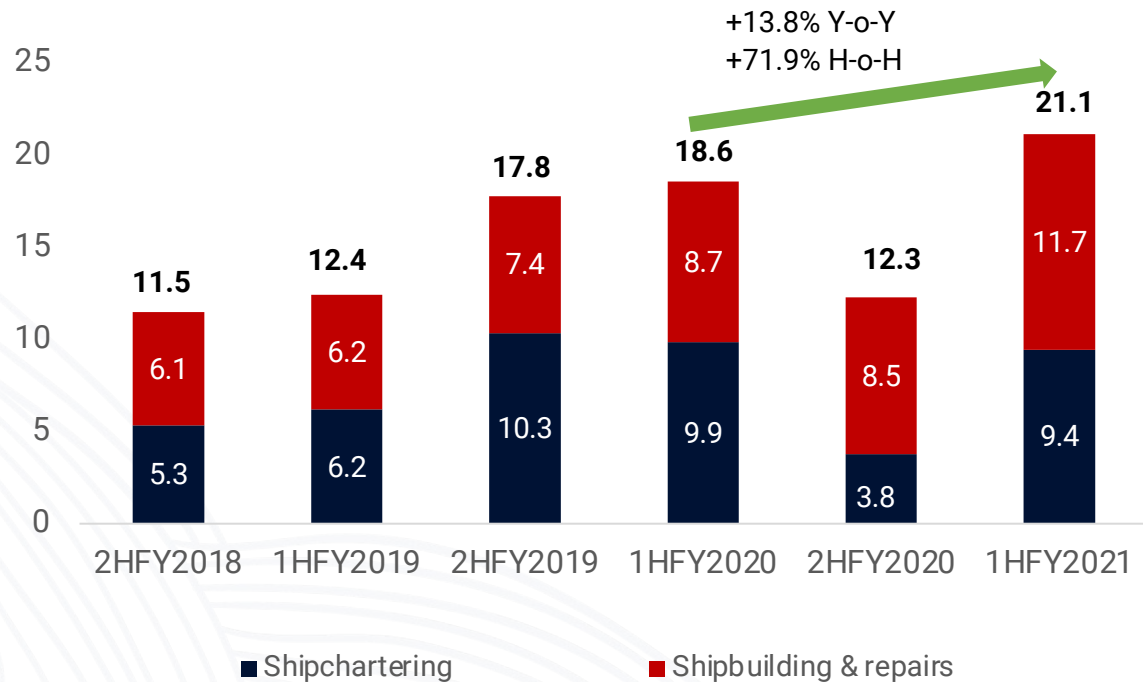
*Excluding foreign exchange losses (mainly unrealised in nature) and one-off gain arose from the acquisition of debt

**Excluding share of results from Joint Ventures

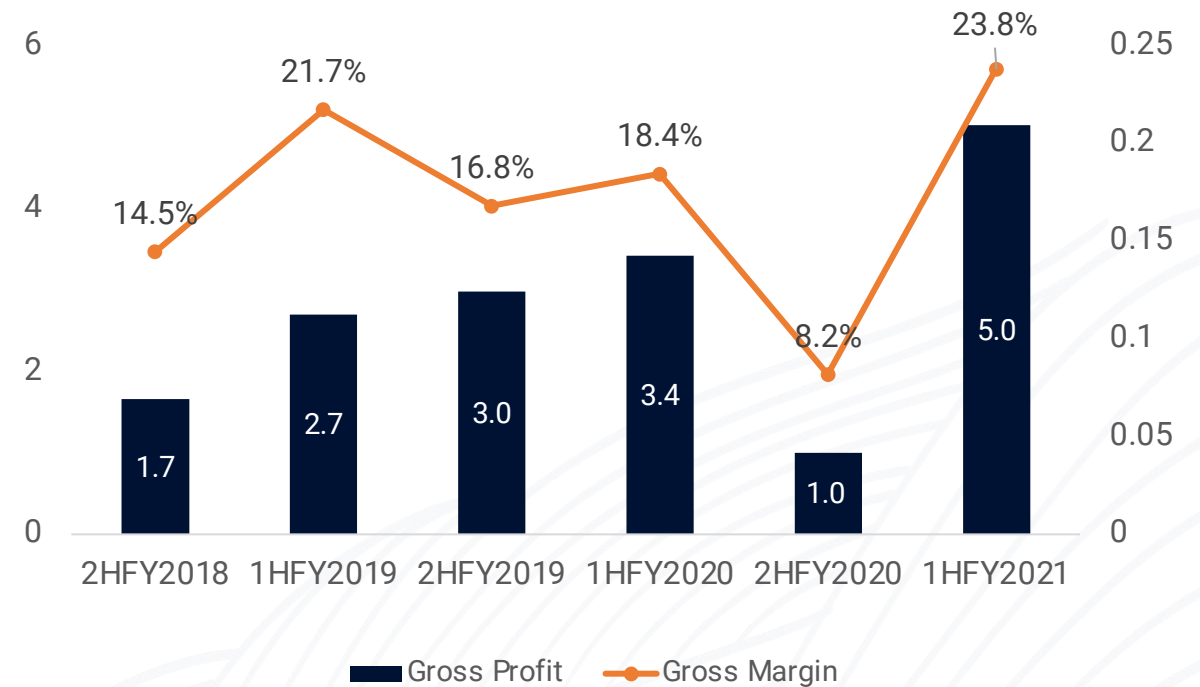
Financial Performance Since Debt Restructuring



Revenue S\$m



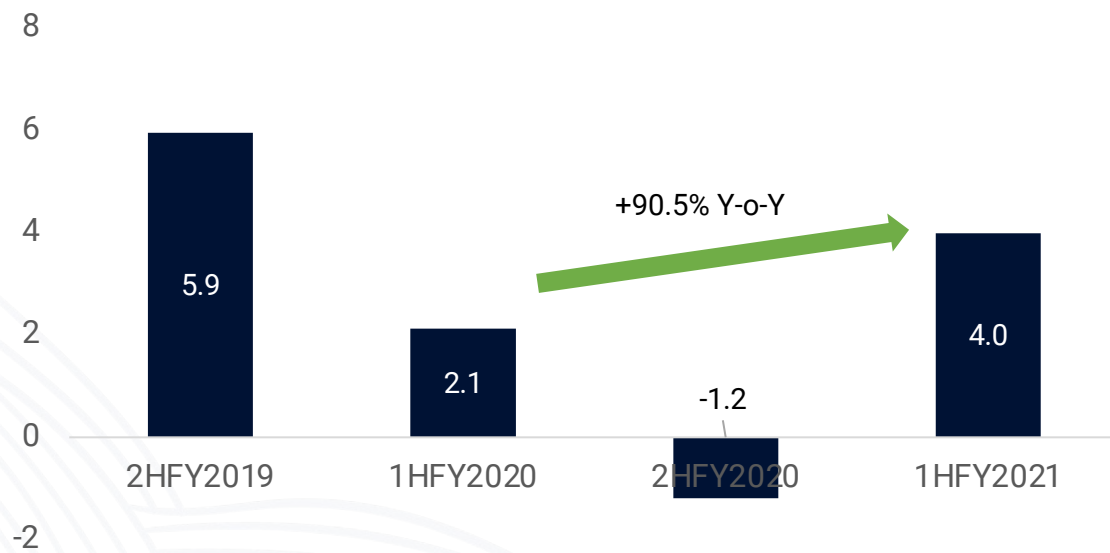
Gross Profit (S\$m)



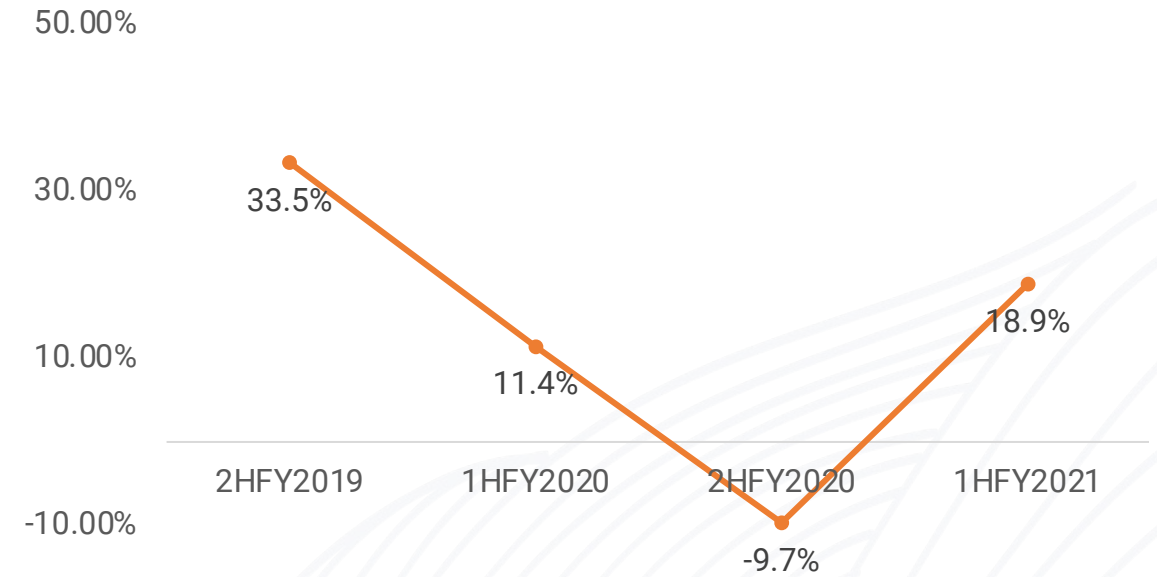


1HFY2021 EBITDA Performance

Operational EBITDA** S\$m



Operational EBITDA Margin**

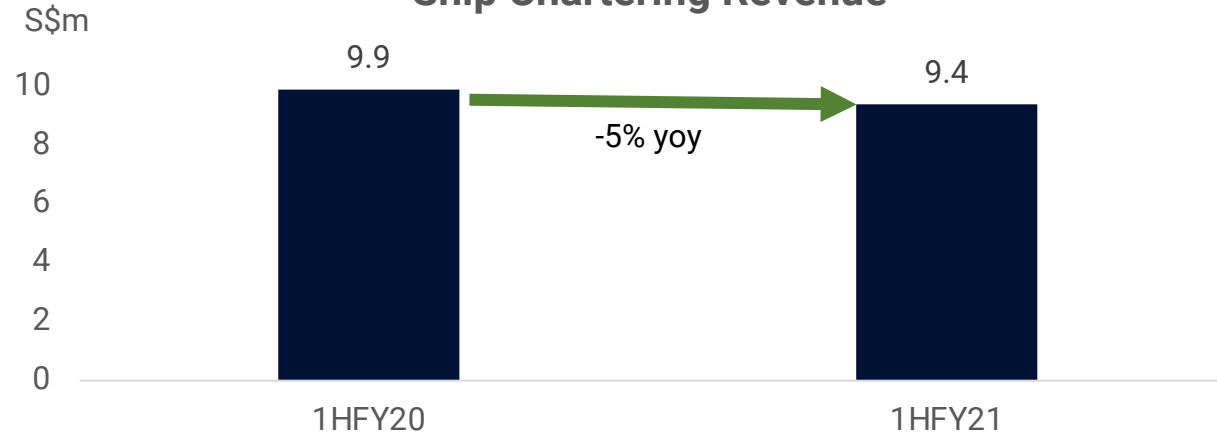


**Excluding share of results from Joint Ventures

1HFY2021 Segmental Performance



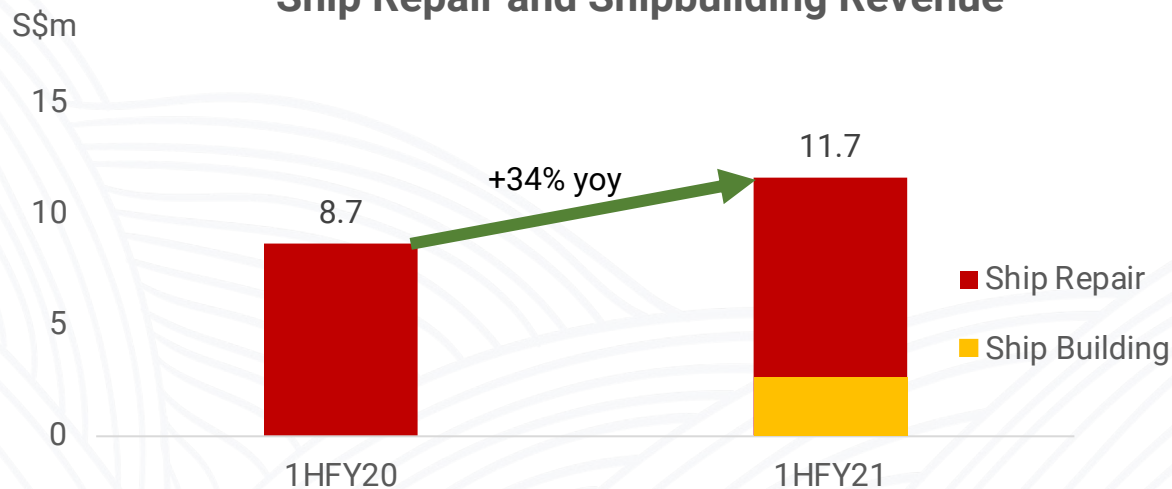
Ship Chartering Revenue



Ship Chartering Revenue remained Stable

- Average utilization rates remained stable from a year ago, helped by diversification into chartering services serving offshore windfarms and gradual recovery of O&G sector
- Despite a drop in charter rates, margins expanded due to absence of one-off reactivation costs incurred for the Group's fleet of offshore vessels during the current period.
- Utilisation of fleet of tugboats and barges is expected to improve as construction activities in Singapore progressively resumes

Ship Repair and Shipbuilding Revenue



Strong Growth in Shipyard business

- Strong demand from ship repairs and
- New customer diversification with commencement of construction of 2 smart fish farms

Robust Balance Sheet



	As at 31 Mar 21 S\$'000	As at 30 Sep 20 S\$'000
Selected items		
Property, plant and equipment	71,735	74,898
Amount due from joint ventures	22,041	12,328
Inventories	1,498	903
Trade receivables	14,638	7,946
Trade payables	5,961	3,443
Other payables and accruals	5,063	4,427
Deferred income	3,144	3,124
Total equity	105,608	99,681
Net Asset Value Per Share	S\$0.03	S\$0.028
Cash & Cash Equivalents	13,617	13,593
Less Borrowings	(4,687)	-
Net Cash	8,930	13,593

- Increase in trade receivables in line with increase in overall group revenue for the period
- Borrowings incurred during period due to drawdown of the Temporary Bridging Loans from financial institutions under Enterprise Singapore's Temporary Bridging Loan Programme with a repayment tenor of 5 years. The proceeds are to be used to fund the working capital requirements of the Group.

Investment Merits



Attractive Valuation

- 0.6x P/B, backed primarily by hard assets including cash (11% assets) and PPE (56%).
- The Group owns a shipyard in Batam (occupying more than 34 ha of land area) as well as 11 OSVs, 2 MWVs and 24 tug and barges. In 2017, Vesselsvalue estimated that the 12 OSVs owned by Marco Polo was worth over US\$50 million (S\$66 million). Vesselsvalue highlighted that while the resale market may be slow, vessels sold piecemeal have obtained higher prices than in a transaction for the entire fleet. In FY2019, the Group successfully sold an OSV and recorded a gain of S\$4.5 million, suggesting deep value in Marco Polo's books.



Deep value affirmed by savvy investors and industry veterans

- Marco Polo Marine secured a rescue financing package from 9 white knight investors in 2017 who collectively invested S\$60m in the Group at S\$0.028.
- At Marco Polo's current price, investors will be coming in at a significant discount to the group of white knights.



Strong net cash position

- As at 31 Mar 21, the Group has a net cash position of S\$8.9m forming about 14% of its current market cap



Turnaround efforts bear fruit as the Group turns EBITDA positive.

- Following the debt restructuring in FY2017, the Group has emerged from the crisis stronger than before, with a focus on cost and cashflow management.
- Excluding the share of results from JVs, Marco Polo has generated positive EBITDA of S\$0.9m to S\$7.8m over the last 3 years.



Pivoting to renewables to increase utilization and boost profitability

- The entry into new target markets will diversify the Group's customer base from the cyclical O&G sector, increase the utilization of its existing assets, and boost profitability
- About 20% of the current utilized vessels are working on windfarm projects.
- The Group is also constructing the 2 smart fish farms which is expected to be completed by end of FY2021.



THANK YOU

Investor enquiries: emily@gem-comm.com



FREQUENTLY ASKED QUESTIONS

What is the Group's cash burn each year?

The Group has always kept close tabs on cost and cashflow management, with a strong focus on remaining EBITDA positive.

Excluding share of results from Joint Ventures, the Group has successfully maintained its EBITDA positive position over the last 3 years.

S\$'000	FY2020	FY2019	FY2018
EBITDA	(1,878)	2,409	(3,387)
Adjust for share of results from JVs	2,816	5,370	5,410
Adjusted EBITDA (Excluding share of JV)	938	7,779	2,023

The Group also generated positive operating cashflow of S\$4m in FY2020.