

Marco Polo Marine Ltd

Presentation to Noteholders

Private and Confidential

13 September 2016



Group Profile

Company Overview

Highlights

GPM and EBITDA positive

Revenue decline

In FY2015/16, charter rates and demand for OSVs and tugboats have declined and there was only 1 new ship building contract secured in FY 2016

203 Employees

Shipyard: 170
Corporate: 33

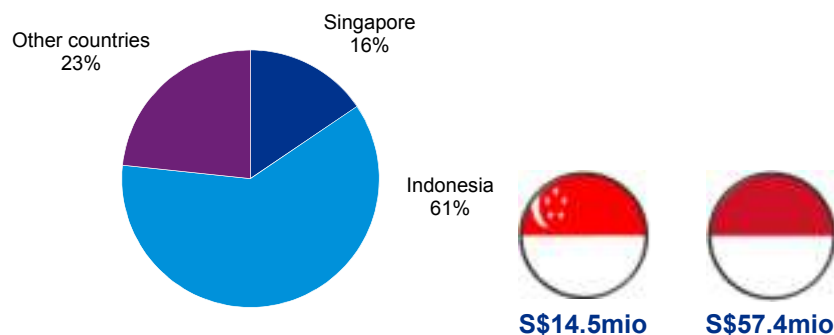
Indonesia

Contributes to 61% of total revenue as at FY 2015

Overview of the Company

- Established in 1991, the Company is a Singapore listed company with competencies in marine logistics services. Two key business segments include ship chartering services ("Shipping Division") and ship building and repair services ("Shipyard Division").
- Shipping Division comprises mainly of OSVs (which comprised mainly of AHTS) for deployment in regional waters, as well as chartering of tugboats and barges to customers. As at 30 June 2016, the Company has a total of 10 OSVs, 12 tugboats and 11 barges in its fleet.
- The Shipyard Division is located in Batam, Indonesia and occupies a land area of approximately 34 hectares. Further details can be seen in the next slide on Key Business Segments.
- The Company operates mainly in Indonesia, Singapore, Thailand, Malaysia, Vietnam and Australia.
- The Company has currently 203 employees under its payroll.

Revenue by geographical regions as at FY 2015



Financials

S\$ '000	FY 2013 Audited	FY 2014 Audited	FY 2015 Audited	9M FY 2016 Unaudited
Revenue	93,539	113,109	93,893	38,080
<i>Revenue growth</i>	4%	21%	-17%	n/a
Cost of sales	(58,749)	(78,834)	(68,166)	(28,731)
Gross profit	34,790	34,275	25,727	9,349
<i>Gross profit margin</i>	37%	30%	27%	25%
EBITDA	50,081	40,795	27,095	4,207
<i>EBITDA margin</i>	54%	36%	29%	11%
Net profit after tax	25,200	10,358	7,916	(7,510)
<i>Net profit margin</i>	27%	9%	8%	-20%

Key Business Segments

Ship Chartering



Ship Building and Repairs



OSVs

Company

- 28% of the revenue in 9M FY 2016
- 10 OSVs in its fleet as at 30 June 2016, of which 5 OSVs are AHTS vessels which greater than 8,000BHP.

Joint Ventures – BBR

- Holds another 6 OSVs, of which 4 are Indonesian flagged, as at 30 June 2016 through its investment in joint ventures
- 2 more OSVs are pending completion and/or delivery in FY 2017

Tugboats and barges

Company

- 8% of the revenue in 9M FY 2016
- 12 tugboats and 11 barges in its fleet as at 30 June 2016

Joint Ventures - BBR

- Holds another 30 tugboats and 26 barges as at 30 June 2016 through its investment in joint ventures

Ship Building

Company

- 41% of the revenue in 9M FY 2016
- One of the largest shipyards in Southeast Asia with the capability to construct up to 8 vessels concurrently at any point in time
- Accreditation (for the provision of engineering, procurement, construction and repair of vessels)
- Builds mid-sized AHTS primarily for the Company to charter out and built-to-order sophisticated vessels for third party customers
- 144 vessels have been built to date

Ship Repairs

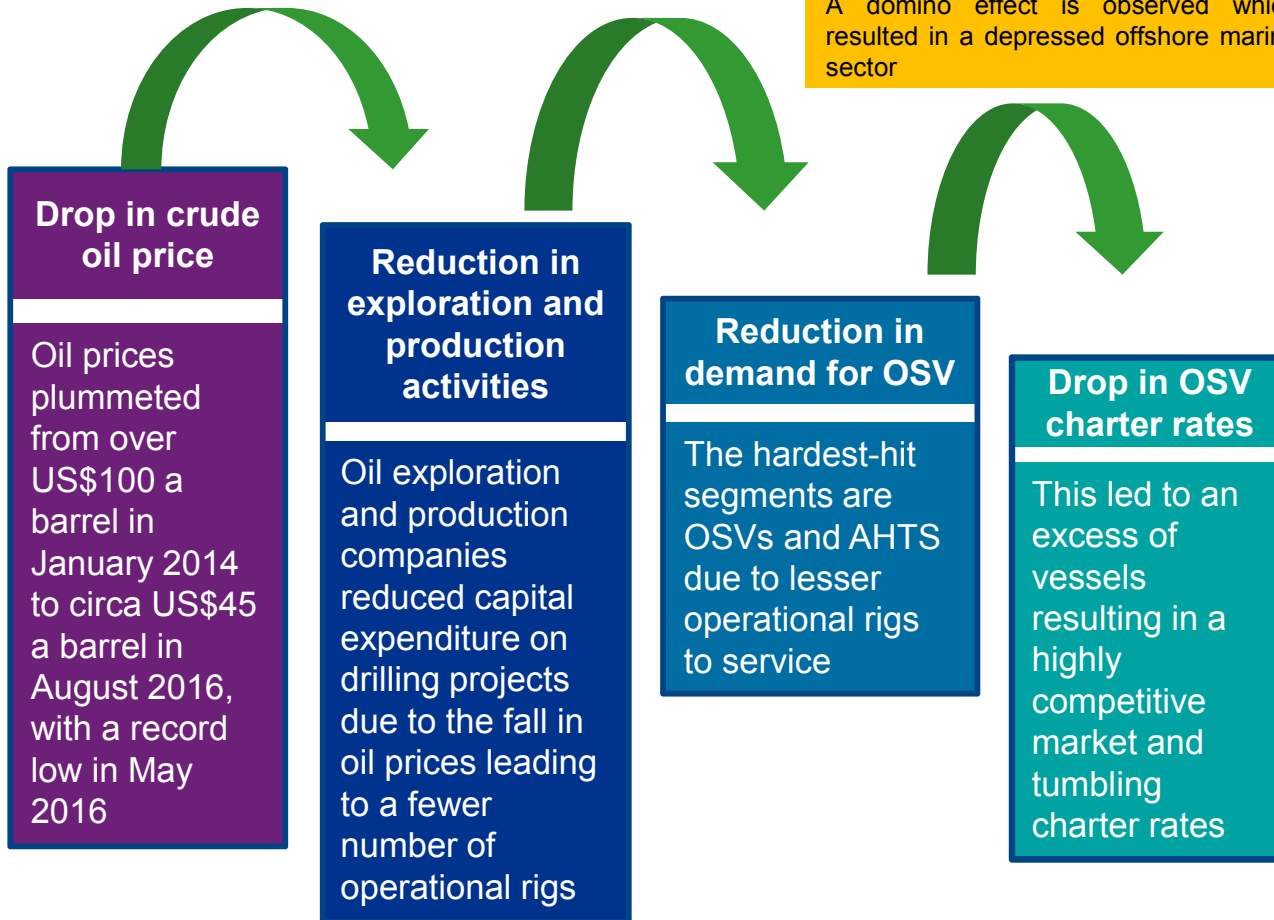
Company

- 23% of the revenue in 9M FY 2016
- Provision of dry docking services through its 3 dry docks and ship maintenance, repair, outfitting and conversion services through the shipyard
- Well positioned to cater to the vessels plying their trade around Singapore waters
- Able to provide high quality work at competitive prices

Market Snapshot

Market Snapshot

A domino effect is observed which resulted in a depressed offshore marine sector



Demand for OSVs will increase when the following scenarios materializes.

- a) Oil consumption level surpasses level of oil production; and
- b) Oil prices improves.



We have set out in the next few slides in the following:

- a) Operational rigs in South East Asia;
- b) Utilization of OSVs in South East Asia; and
- c) Crude oil price movement and forecast.

Operational Rigs in South East Asia

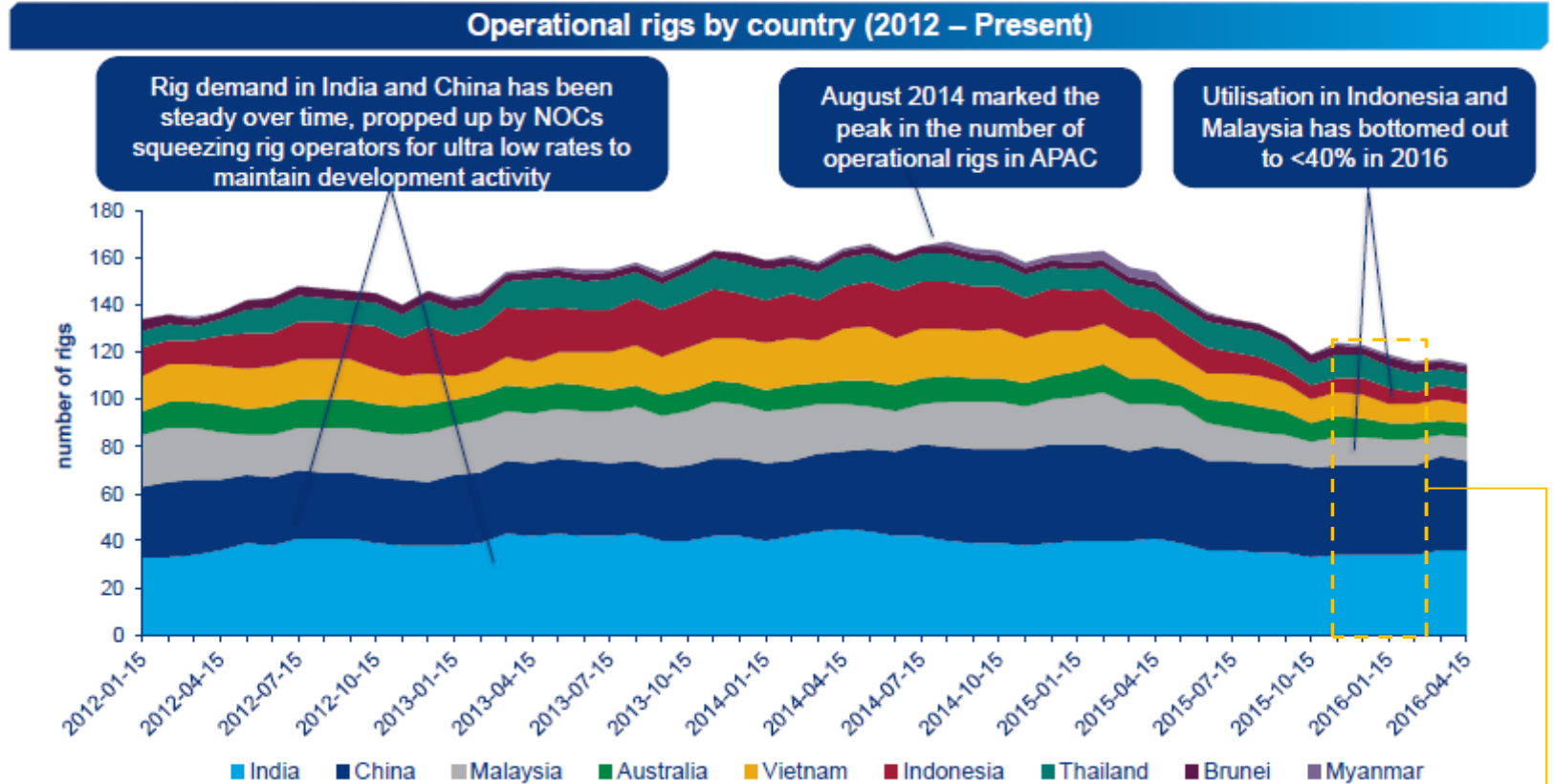
Key Messages

In Asia Pacific, there is an oversupply of rigs and utilisation has severely decreased since 2014

Deferrals of many newbuilds rigs and more stacking of current rigs in Indonesia and Malaysia

Rigs and OSV day rates will continue to decline till 2018

Due to the reduced drilling activities in Asia Pacific, the Company is focusing on more time charter projects in the interim in order to achieve maximum possible utilisation of fleet at competitive rates



Source: Wood Mackenzie, Infield Systems

As at April 2016, there are 117 operational rigs in Asia Pacific, lowest since 2012. Given the reduced drilling activity in this has affected the Rig and OSV utilisation day rates. The Company is tendering for limited charter opportunities with a focus on shallow water projects in the interim in order to achieve maximum possible utilisation of fleet at competitive rates

Utilization of OSVs in South East Asia

Key Messages

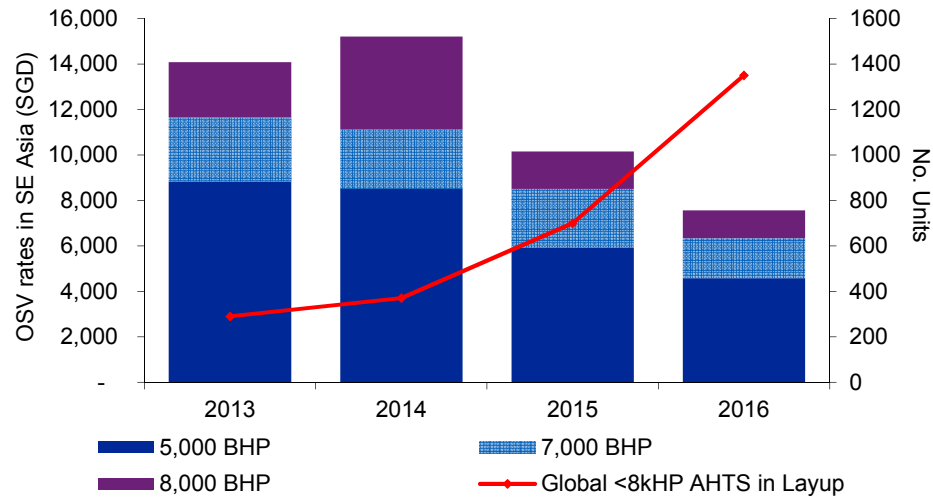
A sharp decline in utilization rates of OSVs is noted from 2014 to 2016 which indicates higher competition, low level of activities and over-supply in OSVs in Southeast Asia.

August 2016 – Jakarta news post

Indonesia (i.e. Pertamina) intends to explore 10 new oil and gas blocks and invited Petronas from Malaysia to collaborate. This will lead to a higher level of activities in exploration and production in Indonesia waters.

The Company intends to focus on servicing the Indonesia market as higher level of activities is anticipated.

AHTS Charter rates in South East Asia and Global Layups



Sources: Offshore support vessel monthly, Clarksons Research, May 2016;
Offshore drilling rig monthly, Clarksons Research, May 2016.

Charter rates

- Based on the graph, charter rates are on a decline from 2014 to 2016 depicting a downtrend on utilization rates
- The number of AHTS is reported to be in cold layup has risen by over 400% over the same period
- The Company has a total of 10 units of AHTS, of which only 3 are currently chartered out
- Please refer to the Appendix for a detailed breakdown of the fleet

Crude Oil Price Movement and Forecast

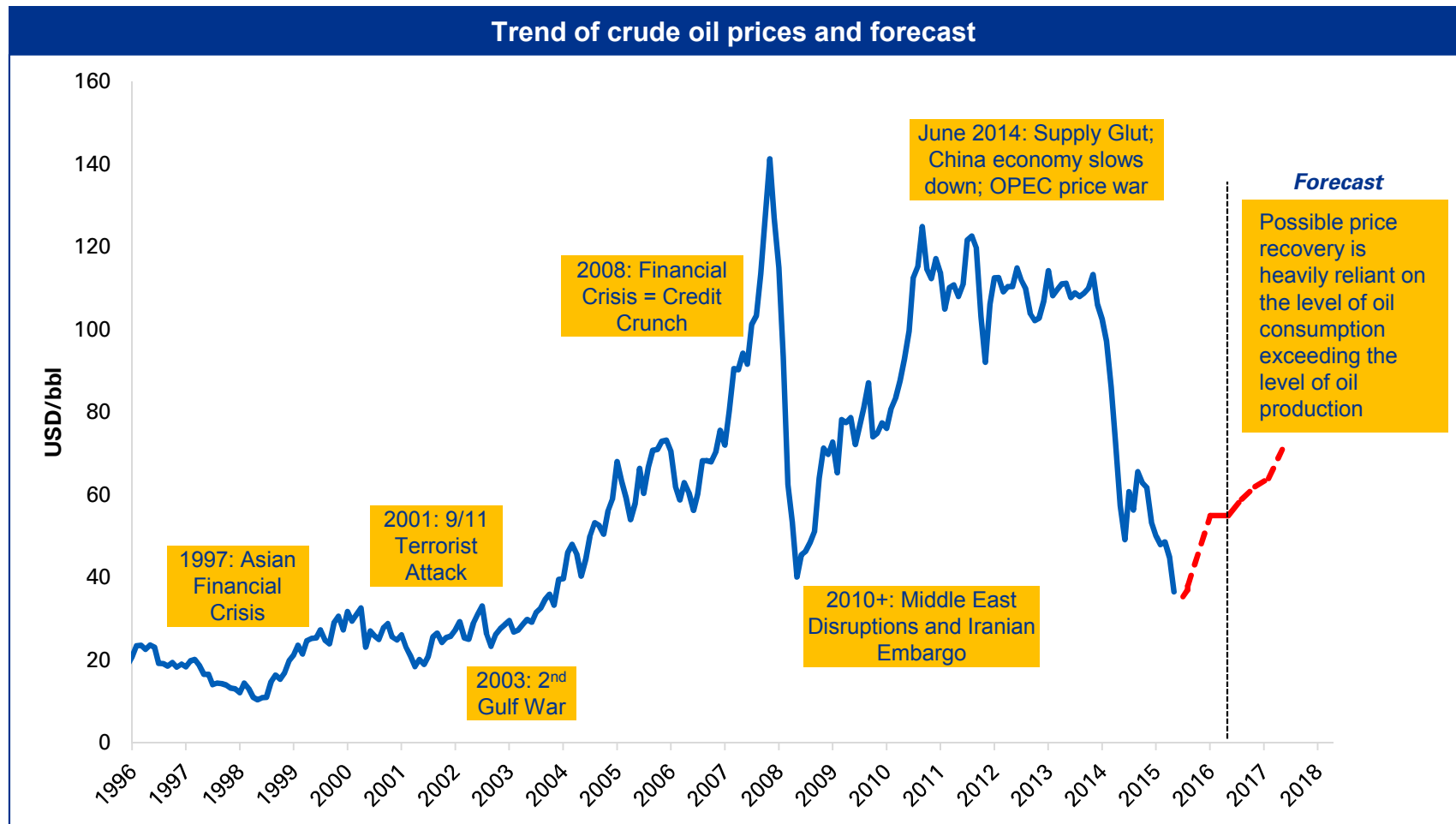
Key Messages

Since global financial crisis, oil prices remained stable due to continued supply disruptions and demand growth

Oil prices have encountered a drastic slump from 2014, primarily due to the oversupply of Gulf oil and US shale oil, coupled with the slowdown of China's economic growth

Prices are forecasted to recover in late 2017 onwards as output declines due to investment cutback

When the prices recover, the Company aspires to secure better utilization rates and demand from the 10 OSVs as the exploration and production (drilling activities) picks up.



Source: US EIA, The Economist Intelligence Unit

Financials - Viability of the Business

Consolidated Profit and Loss Analysis

Key Messages

In FY 2015 and FY 2016 as the charter rates and demand for OSVs and tugboats have declined, while there has been only one new ship building contract secured in 9M FY 2016

Despite the volatile economic climate, the Company has reported positive EBITDA between FY 2013 to 9MFY 2016

Consolidated Profit and Loss				
SGD'000	FY 2013 Audited	FY 2014 Audited	FY 2015 Audited	9M FY2016 Unaudited
Revenue	93,539	113,109	93,893	38,080
Cost of sales	(58,749)	(78,834)	(68,166)	(28,731)
Gross profit	34,790	34,275	25,727	9,349
Other operating income	2,331	1,325	8,217	503
Administrative and operating expenses	(13,186)	(17,033)	(18,755)	(12,607)
Profit from operations	23,935	18,567	15,189	(2,755)
Finance costs	(5,006)	(6,095)	(4,193)	(4,140)
Share of profits in JVs/ associate	3,483	1,213	(282)	(1,508)
Gain on equity interest	5,890	-	-	-
Profit/(loss) before tax	28,302	13,685	10,714	(8,403)
Income tax expenses	(3,102)	(3,327)	(2,798)	893
Profit/(loss) after tax	25,200	10,358	7,916	(7,510)
<i>Add:</i>				
Finance costs	5,006	6,095	4,193	4,140
Income tax expenses	3,102	3,327	2,798	(893)
Depreciation and amortisation	16,773	21,015	12,188	8,470
EBITDA	50,081	40,795	27,095	4,207
Key Financial Ratios				
Revenue Growth	4%	21%	-17%	n/a
GP margin	37%	30%	27%	25%
EBITDA margin	54%	36%	29%	11%

Key considerations

- Decrease in revenue and profits from FY 2014 due to drop in charter rates and vessel utilization
- Existing shipbuilding contracts are close to completion with no new contracts secured to date.
- Efficient cost base – GPM margin 25% in 9M FY2016 despite significant revenue decline.
- Admin and operating expenses remain fairly constant since FY 14.
- EBITDA remained positive over period
- Finance costs becoming more challenging to service – interest cover 1.02x for 9M FY 2016.

Revenue and GPM by Business segments

Key Messages

Revenue derived from OSVs and shipbuilding contributes to 69% of the Total Revenue in 9M FY 2016.

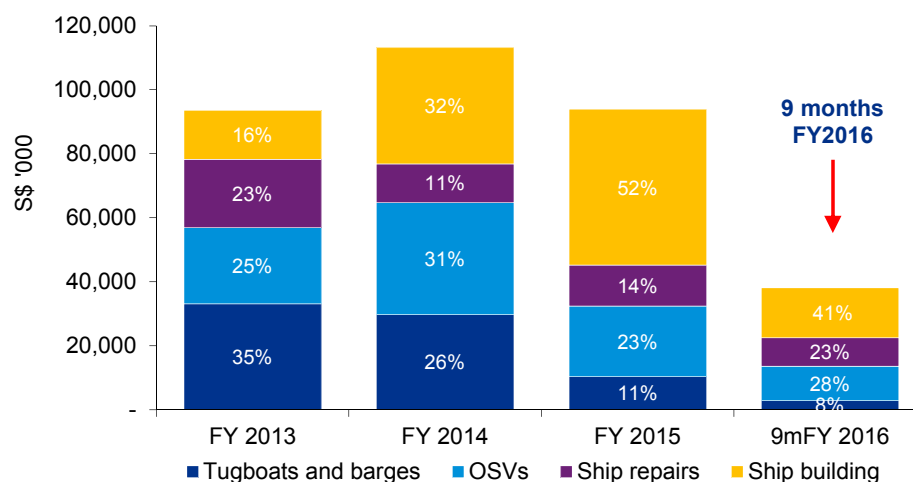
As at 30 June 2016, we noted the following:

- Tugboats and barges – 4 out of 12 sets are currently on time charters; and
- OSVs – 2 out of 10 OSVs are on bareboat charters.

Revenue contribution from the ship repairs business segment has remained stable from FY 2013 to 9M FY 2016.

Revenue and GPM by Business Segment								
	FY 2013 Audited		FY 2014 Audited		FY 2015 Audited		9M FY 2016 Unaudited	
S\$ '000	Revenue	GPM	Revenue	GPM	Revenue	GPM	Revenue	GPM
Ship chartering								
Tugboats and barges	33,105	29.4%	29,780	0.8%	10,410	-15.4%	2,922	-17.8%
OSVs	23,844	55.1%	34,938	56.8%	21,955	44.7%	10,657	27.5%
Subtotal	56,949		64,718		32,365		13,579	
Shipyard								
Ship repairs	21,301	53.2%	12,150	47.7%	12,799	47.9%	8,904	57.7%
Ship building	15,289	3.8%	36,241	23.2%	48,729	23.4%	15,597	8.5%
Subtotal	36,590		48,391		61,528		24,501	
Total Revenue	93,539		113,109		93,893		38,080	

Business segments - contribution to revenue



Ship Chartering

Tugboats and barges, and OSVs

- As at 30 June 2016, we noted the following:
 - Tugboats and barges – 4 out of 12 sets are currently on time charters; and
 - OSVs – 2 out of 10 OSVs are on bareboat charters.

Shipyard

Ship building and repairs

- As at 30 June 2016, there are 3 existing ship building projects which are due to be completed by the end of FY 2017.

Ship repairs

- Ship repairs are generally ad hoc in nature and the revenue has remained stable from 2014 to 2016.