



MARCO POLO MARINE LTD

Incorporated in the Republic of Singapore
(Company Registration Number: 200610073Z)

UPDATES ON BUSINESS AND OPERATIONS IN VIEW OF COVID-19 AND CRUDE OIL PRICE MOVEMENTS

The board of directors (the “Board”) of Marco Polo Marine Ltd (the “Company” and together with its subsidiaries, the “Group”) wishes to provide an update on the Group’s business and operations in light of the recent collapse of oil price amidst the current coronavirus diseases 2019 (“COVID-19) pandemic.

Ship Chartering Operations

Despite signs in 2019 that the global oil and gas industry was undergoing a gradual recovery as evident from the Group’s improvement in its overall vessel utilisation rate, it is anticipated that global oil demand will decrease in 2020 because of the deep contraction in the global economy. The Covid-19 pandemic has adversely affected oil demand and is posing a significant risk for those involved in oil exploration and production considering that drilling projects have been deferred or even decommissioned. Accordingly, the Group’s earnings capacity and ability to secure new charter contracts in the next few months are likely to be weighed down by the negative impact of both the virus outbreak and the drastic fall in oil prices.

Ever since the completion of the Group’s debt restructuring in early 2018, the Group has been diversifying and expanding its activities outside that of the Oil and Gas industry to include the support of submarine cable installations and offshore windfarm projects. Furthermore, the Group has and will continue to step up its marketing efforts to improve its performance and explore additional revenue sources by going beyond South East Asia although the success of such efforts depends heavily on the progress in containing the virus pandemic.

Shipyards Operations

For the Group’s shipyard operations, following on the completion of our drydock extension program in relation to one of our graving docks, the Group is now able to provide additional capacity in terms of servicing larger size vessels of up to 218 meters in length. However, in view of the COVID-19 outbreak, ship repair activities will be reduced as volume from international clients declined due to the lockdown measures imposed by the various governments in the world.

Review of Business Strategy

The management has taken steps to review various options to realign its business and operations to preserve value for the stakeholders of the Company. Action plans have been put in place to improve operational efficiency and reduce operating costs in view of the current challenging conditions and limited visibility of how the global crisis will unfold. Nevertheless, as compared to the last oil and gas crisis in 2016, the Group is now better positioned to ride through the current crisis with a stronger balance sheet coupled with prudence in debt and cash flow management.

The Company will release further announcements should there any material developments in its business and operations.

BY ORDER OF THE BOARD

Sean Lee Yun Feng
Chief Executive Officer
15 May 2020