



Marco Polo Marine Limited Corporate Update

MARCH 2021



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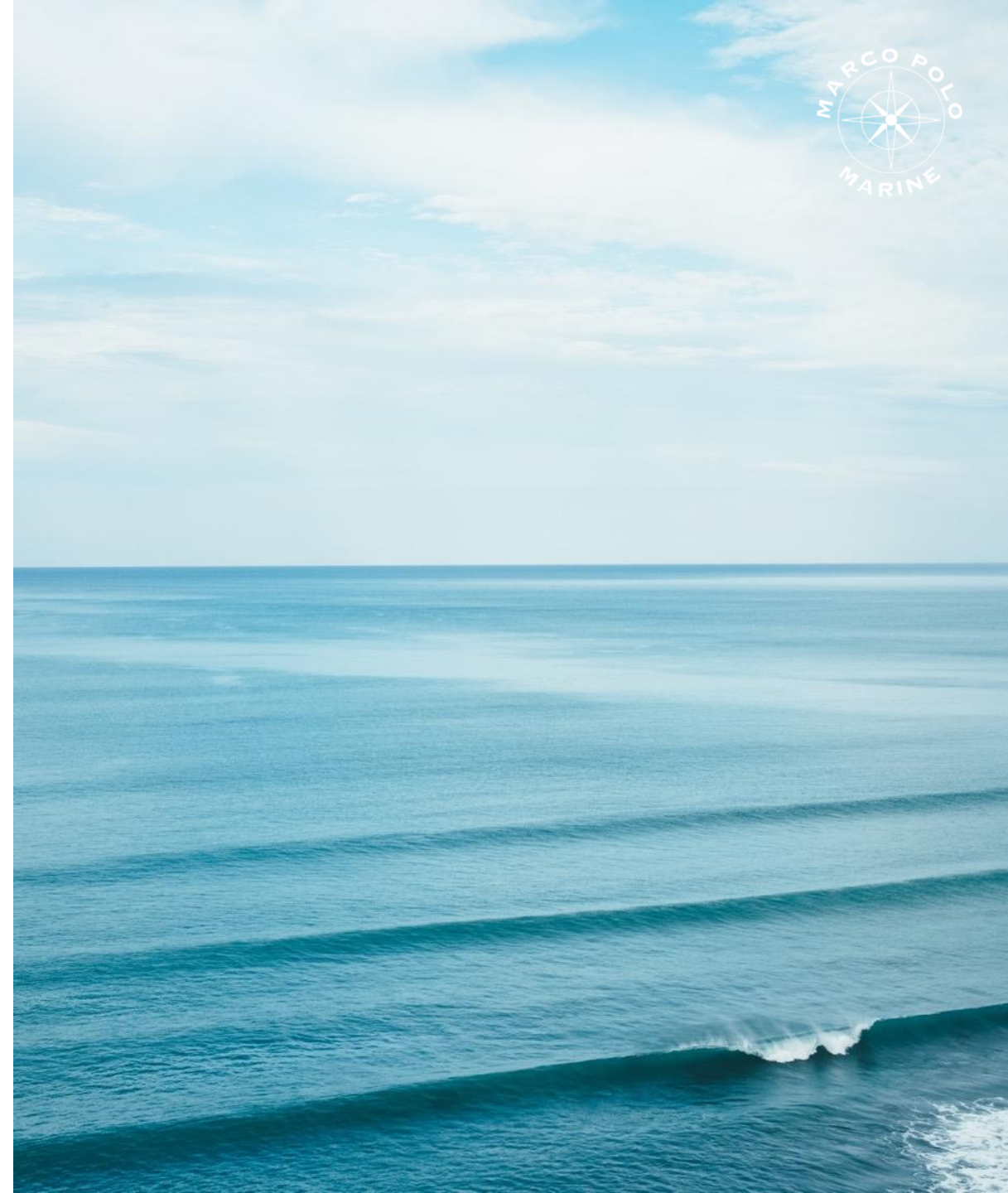
CORPORATE UPDATE MARCH 2021

The board of directors (the “Board”) of Marco Polo Marine Ltd (“Marco Polo”, the “Company” and together with its subsidiaries, the “Group”) wishes to provide an update on the Group’s business and operations.



Financially Strong with a Net Cash Position

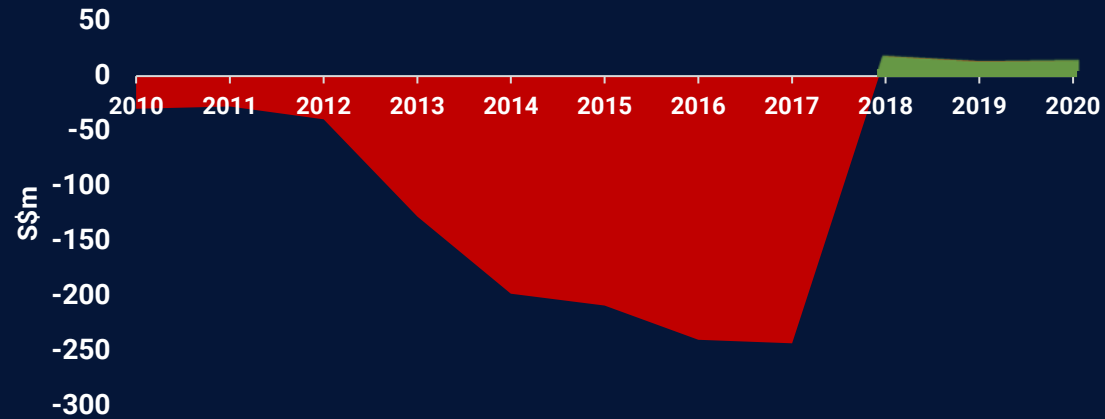
Since the completion of the Group's debt restructuring in early 2018, Marco Polo has kept close tabs on costs and management of its cashflow. The strong focus on resource management has helped the Group maintain a robust net cash position, allowing it to ride through the depths of COVID-19 and emerge stronger than before.





Financially Stronger Than Before

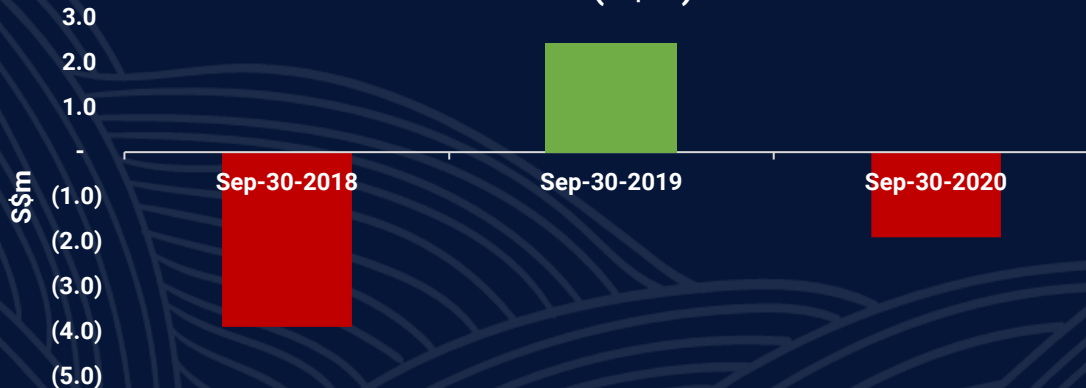
Net (debt)/cash (S\$m)



A Clean Slate

After raising S\$60 million from 9 strategic investors and a debt restructuring exercise, Marco Polo was given a clean slate in FY2018. The Group has a strong focus on cost and cashflow management, maintaining a robust net cash position since the restructuring.

EBITDA (S\$m)



Strong Focus on EBITDA and Cash Management

With a renewed focus on cost and cashflow management, Marco Polo was able to return to positive EBITDA in FY2019. While it was hit in FY2020 due to COVID-19, the Group was able to weather the depths of the pandemic to emerge stronger than before, even narrowing its EBITDA loss for FY2020 vs FY2018.

Excluding share of results from Joint Ventures, the Group has generated positive EBITDA over the last 3 years.

Business Operations Update

Ship Chartering and Shipyard operations steadily recovering.

COVID-19 has adversely affected oil demand and oil and gas activities, resulting in a slowdown in our ship chartering and shipyard operations. The Group has since seen a recovery in the utilisation and charter rates for the Group's shipping divisions, driven mainly by:

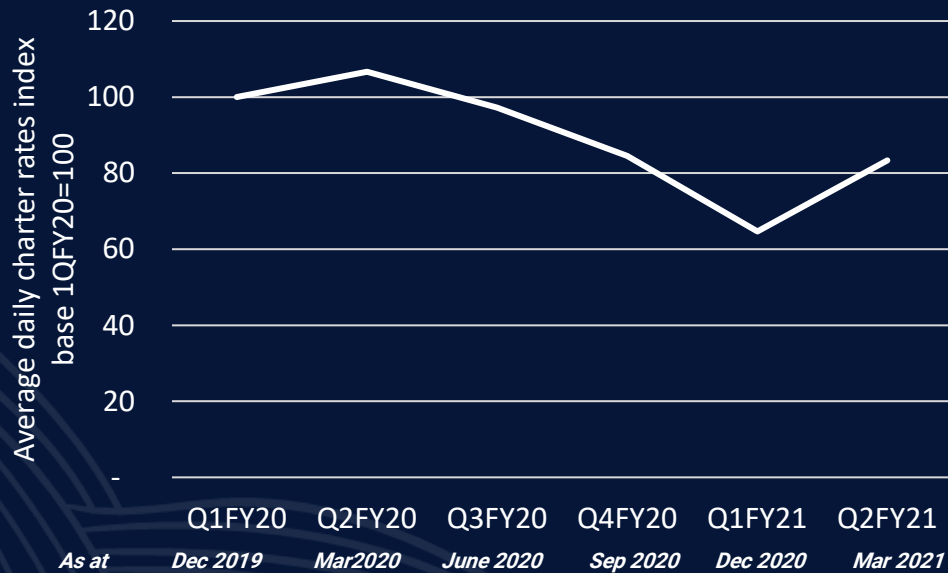
- A potential recovery in oil and gas activity, as global oil demand has rebounded sharply since April 2020. Looking into 2021, Deloitte¹ forecasts oil demand to recover strongly to just 4% below pre-COVID levels in its base case analysis.
- The Group's active efforts to diversify and expand its activities beyond the oil and gas industry, including supporting the installation of submarine cable and offshore windfarm projects.
- About 20% of the currently utilised vessels are working on windfarm projects

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

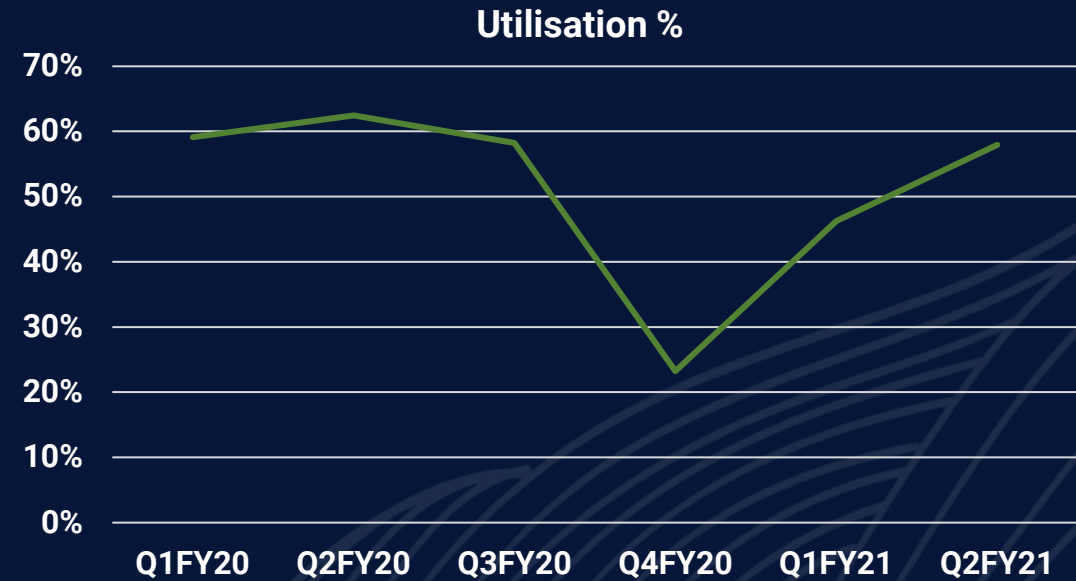




Recovery in Average Daily Chartering Rates and Utilisation Rates Across Vessels



Outbreak of COVID-19 around the world



Outbreak of COVID-19 around the world



Charting 2021 and Beyond



**Strengthening
Marco Polo Marine's Existing
Business Segments**



**New Business Ventures:
Sustainable Sector**

Catching New Business Tailwinds

Moving forward, Marco Polo Marine is focused on diversifying its revenue streams by entering the renewables, sustainables, Green recycling sector. This is a fledgling industry with huge opportunities, as countries and organisations increasingly turn to green energy sources.

These new business ventures will build upon the Group's core strengths to enjoy higher utilisation on existing assets and improved profitability



Smart Fish Farms

In 2020, the Group 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.

The smart floating fish farms will tap on Marco Polo's existing shipyard capabilities, adding another revenue stream to the Group.

Vessels for Windfarm Project

Tapping on this core expertise, Marco Polo is pivoting to the renewables sector, providing customised solutions in the chartering, development, fabrication, and construction of bespoke renewable energy assets for its customers. The Group has been actively pursuing contracts in the region. 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.



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.

Why is Marco Polo Marine pivoting to the sustainable sector?

The Oil and Gas Sector will remain as the Group's bread and butter, providing a stable base. However, the renewable sector presents huge opportunities as countries and organisations increasingly turn to green energy sources.

The Group believes it is able to tap the sustainable sector to diversify and add another revenue stream, in particular from offshore wind farms. The International Energy Agency (IEA) has estimated that 40% of the full lifetime costs of an offshore wind project, including construction has significant synergies with the offshore oil and gas sectors.

Offshore wind farms are very popular in the region, with several opportunities for the construction and installation of such infrastructure in countries such as Taiwan, South Korea, Japan and Vietnam.

In 2020, the Group has successfully secured OSV charter contracts for windfarm projects in Taiwan and will continue to actively pursue charter contracts in relation to windfarm projects for its OSVs and as well as projects related to windfarm fabrications.



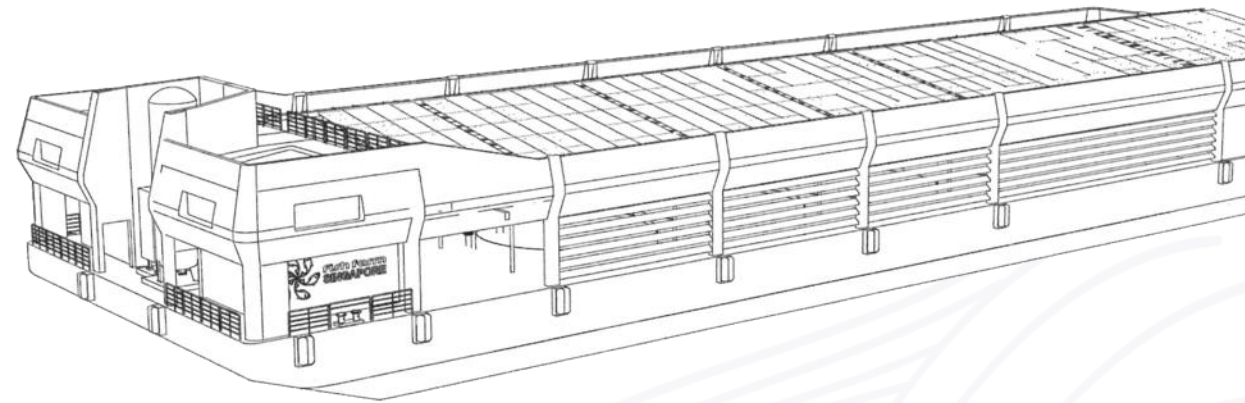


How does profitability of these contracts from the sustainable sector (e.g. wind farm, fish farm) compare to the Group's traditional customers?

As a recap, in 2020, the Group has secured shipbuilding contracts for the construction of 2 smart floating fish farms (the "Smart Fish Farms") from Singapore Aquaculture Technologies (SAT) Pte Ltd, as well as OSV charter contracts for windfarm projects in Taiwan.

These contracts are executed based on the existing capabilities of the Group and do not need additional capex.

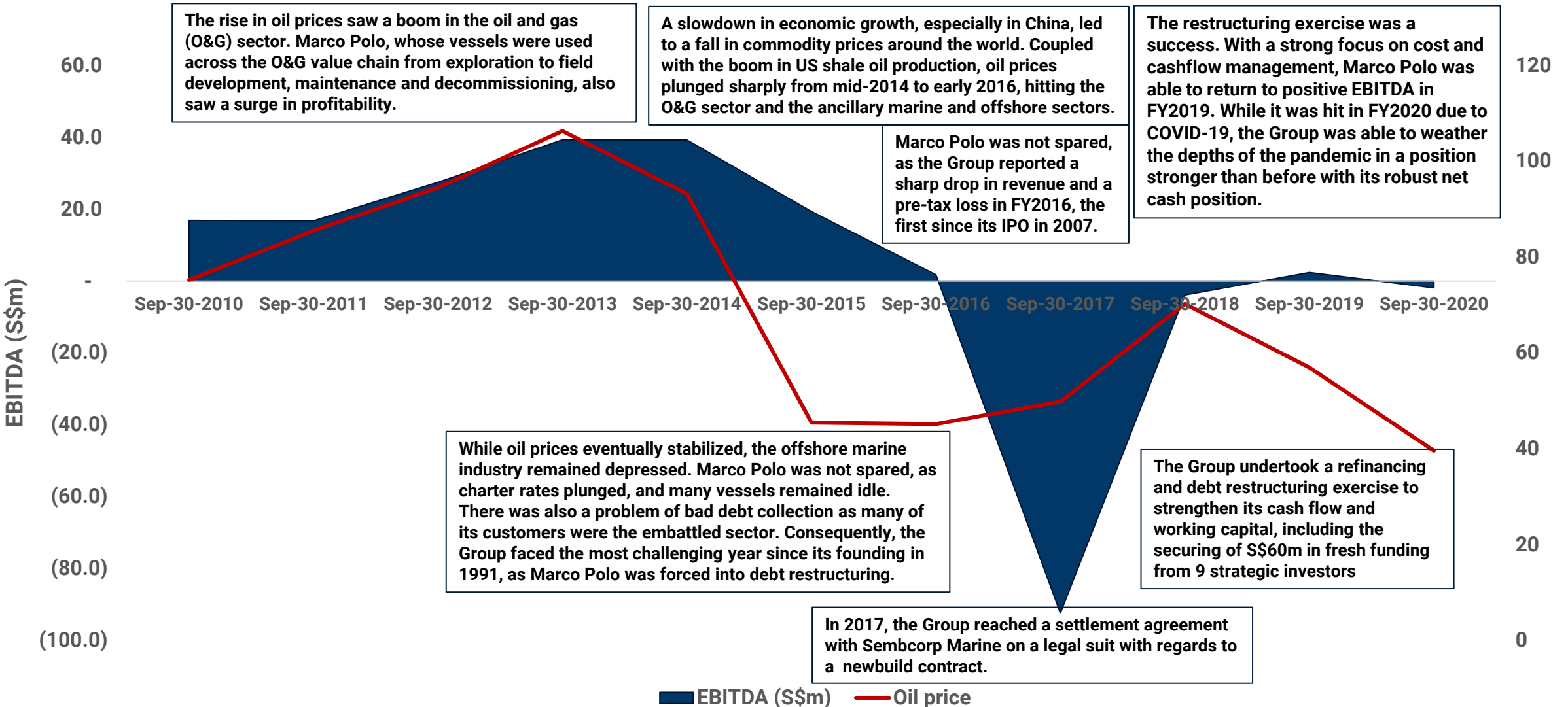
While the costs of operating the projects may be slightly higher (e.g. higher labour costs in the country of operation), it is offset by higher charter rates or selling prices. Hence the profit margins for these new contracts are relatively comparable to our traditional clientele.





MARCO POLO MARINE'S RECOVERY JOURNEY

Marco Polo Marine's Recovery Journey



The rise in oil prices saw a boom in the oil and gas (O&G) sector. Marco Polo, whose vessels were used across the O&G value chain from exploration to field development, maintenance and decommissioning, also saw a surge in profitability.

A slowdown in economic growth, especially in China, led to a fall in commodity prices around the world. Coupled with the boom in US shale oil production, oil prices plunged sharply from mid-2014 to early 2016, hitting the O&G sector and the ancillary marine and offshore sectors.

Marco Polo was not spared, as the Group reported a sharp drop in revenue and a pre-tax loss in FY2016, the first since its IPO in 2007.

The restructuring exercise was a success. With a strong focus on cost and cashflow management, Marco Polo was able to return to positive EBITDA in FY2019. While it was hit in FY2020 due to COVID-19, the Group was able to weather the depths of the pandemic in a position stronger than before with its robust net cash position.

While oil prices eventually stabilized, the offshore marine industry remained depressed. Marco Polo was not spared, as charter rates plunged, and many vessels remained idle. There was also a problem of bad debt collection as many of its customers were the embattled sector. Consequently, the Group faced the most challenging year since its founding in 1991, as Marco Polo was forced into debt restructuring.

The Group undertook a refinancing and debt restructuring exercise to strengthen its cash flow and working capital, including the securing of S\$60m in fresh funding from 9 strategic investors

In 2017, the Group reached a settlement agreement with Sembcorp Marine on a legal suit with regards to a newbuild contract.



Financial Highlights

Key highlights	2016	2017	2018	2019	2020
Revenue	46.9	38.6	26.6	30.2	30.8
EBITDA	1.8	(92.4)	(3.9)	2.4	(1.9)
Net profit	(16.9)	(312.7)*	169.0**	(3.9)	(9.2)
P/E	N/A	N/A	0.4	N/A	N/A
P/B	0.4	N/A	0.5	0.6	0.6
Net D/E	151.2%	N/A	-15.7%	-12.5%	-13.6%

Source: CapitalIQ

*Impairment of assets and jointly controlled entities of over S\$280m

**Pursuant to the debt restructuring exercise, outstanding debts aggregating to S\$179.9m were waived and recognized as part of other operating income during the year

Existing Business Segments



Ship Chartering Operations

- Tugs & Barge Division
- Offshore Division



Shipyard Operations

- Dry docking
- Conversion
- Ship Building
- Offshore fabrications



Ship Chartering Operations

Ship owning and chartering are some of Marco Polo's key pillars. They work with customers of many various industries and are continually expanding their geographical coverage.

Tug and Barge Operations

Offshore Division

Description

Managing a sizeable and well-equipped fleet of tugs and barges, this division offers customised solutions for bulk handling and transportation (coal, iron ores, sand, aggregates and other commodities), chartering and transshipment services.

The offshore division was established in end-2010 with the objective of venturing into the Offshore Oil and Gas sector. The offshore division currently operates a fleet of 17 OSVs, including 2 Maintenance Work Vessels (MWV) co-owned on a joint-venture basis, and is poised to grow further within the next 3-5 years.

Fleet

Owns 24 vessels

Owns 11 OSVs and 2 MWVs

Average vessel age: Range from 2 – 12 years

Vessel age range: 4 – 13 years

Typical Contract Type

Short term charters

Mix of spot, short & long term charters



Ship Chartering Operations

OFFSHORE DIVISION

Offshore Supply Vessels (OSV)

Maintenance Workboat Vessels (MWV)

Description	AHT, AHTS, PSV: Shallow to mid water oilfield operations in exploration, development, construction and production phases.	Maintenance Workboats (Under Joint Venture): Offshore accommodation, construction and maintenance.
Fleet	Owns 11 vessels Average vessel age: Range from 4 to 8 years	Owns 2 vessels: Average vessel age: 4 years
Typical Contract Type	Mix of short & long term charters and spot charters	Mid to longer term contracts



Shipyard Operations

Strategically located in Batam, Indonesia (45 minutes from Singapore by ferry), our shipyard occupies a total land area of more than 34 hectares, as well as a waterfront of approximately 650m, which is situated south of Batam Island, Batu Aji.



Dry Docking

- More than 1000 repair projects completed in the last 10 years



Ship Conversion

- Ship conversion works
- Also carries out offshore fabrication & installation works



Ship Building

- Strong track record for reliable and versatile newbuild solutions



THANK YOU

Investor enquiries: emily@gem-comm.com