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NEWS RELEASE

Nam Cheong's business recovery is gathering pace with revenue growing 56% yoy to RM312.0 million for 1H2024

- Gross profit increased by 87% year-on-year (“yoy”) to RM146.0 million, mainly driven by improved daily charter rates and higher utilisation of larger vessels
- Net profit closed at RM635.8 million for the reporting period, higher than RM31.7 million for 1H2023, primarily attributable to the waiver of debts
- The conclusion of debt restructuring paves the way for long-term growth, while a favourable O&G market outlook is expected to accelerate the Group's recovery path

Singapore, 13 Aug 2024 – Nam Cheong Limited (“Nam Cheong”, or the “Group”), one of Malaysia's leading Offshore Support Vessel (OSV) providers, today announced its financial results for the six months (“1H2024”) ended 30 June 2024.

Financial Highlights	1H2024 (RM'000)	1H2023 (RM'000)	Change (%)
Revenue	311,999	200,520	56
Gross Profit	146,047	78,258	87
Gross Margin	46.8%	39.0%	7.8 pts
Other Income	540,512	1,092	>100
Selling and Administrative Expenses	(23,440)	(17,695)	32
Other Operating Expenses	(14,201)	(7,816)	82
Operating Profit	648,918	53,839	>100
Finance Costs	(9,266)	(13,647)	(32)
Profit for the Financial Period	635,791	31,699	>100
Profit Attributable to Owners of the Parent (PATMI)	626,594	31,230	>100

Ppts = percentage points

In 1H2024, the Group registered revenue solely from the vessel chartering business of RM312.0 million, increased by 56% yoy. The growth was mainly driven by improved daily charter rates and higher vessel utilisation of larger vessels.

Correspondingly, gross profit expanded by 87% yoy to RM146.0 million, with a 7.8 ppt increase in gross margin to 46.8%.

Selling and administrative expenses were RM23.4 million, increased by 32% yoy, in tandem with the increase in revenue.



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Other operating expenses rose by 82% to RM14.2 million compared to last year. This was mainly due to the increase in restructuring expense, which was partially offset by the absence of net foreign exchange loss.

The finance costs decreased by 32% to RM9.3 million for 1H2024 after the conclusion of the debt restructuring.

Mainly as a result of the waiver of debts, the Group delivered a net profit after tax of RM635.8 million as compared to RM31.7 million in the preceding year.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"We are delighted to report the ongoing enhancement in the Group's performance, driven by improved daily charter rates and increased vessel utilization for larger vessels. With one of the youngest and largest fleets in the region, we are well-positioned to capitalize on the sustaining demand in the O&G market."*

Outlook

According to the US Energy Information Administration ("EIA"), Brent crude oil prices averaged US\$85 per barrel in July and are anticipated to edge upward, reaching US\$85-90 per barrel by year-end, fuelled by the falling global oil inventories¹.

In Malaysia, the national oil company Petronas is ramping up its upstream spending, with a focus on growing E&P activities to enhance domestic oil and gas output. Recently, Petronas has taken further steps by signing multiple agreements with various oil and gas companies for the development of 12 offshore fields². The ongoing strategic support from the Malaysian government continues to build confidence in the anticipated offshore market upcycle. The rise in offshore operations, coupled with the tight supply of offshore support vessels ("OSVs"), is expected to support the improvement in daily charter rates in 2025³.

In addition, Malaysian economic growth in the second quarter exceeded expectations, fuelled by widespread gains across various sectors, signalling that the recovery is gaining momentum⁴. However, inflationary pressures remain a concern. Bank Negara Malaysia projects headline inflation of 2% and 3.5% for the year⁵, up from last year's level of 2.5%.

Despite ongoing macroeconomic headwinds, the outlook in the O&G market continues to favour the Group. Leveraging our proven track record in the domestic OSV chartering sector, the Group is working on capitalising on the expanding offshore O&G market and positioning ourselves for long-term growth.

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¹ [EIA: Short Term Energy Outlook, August 2024](#)

² [Offshore Energy: Multiple oil & gas firms ink deals for 12 fields offshore Malaysia, 2 August 2024](#)

³ [Business Times: Malaysian OSV providers to see higher rates in financial year 2025, 2 May 2024](#)

⁴ [The Straits Times: Malaysia's Q2 GDP growth beats estimates as recovery holds, 19 July 2024](#)

⁵ [Central Bank of Malaysia: Monetary Policy Statement, 11 July 2024](#)



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ABOUT NAM CHEONG LIMITED (BLOOMBERG TICKER NCL: SP)

Headquartered in Kuala Lumpur, Malaysia, Nam Cheong Limited (“**Nam Cheong**” or the “**Group**”) is a global offshore marine group specialising in the building and chartering of OSVs. Since its humble beginnings in 1968 building only fishing vessels, the Group is now Malaysia’s largest OSV builder, owning and operating one of the largest shipbuilding yards for OSVs in Malaysia.

The Group focuses on OSV chartering, as well as the construction and engineering of sophisticated, environmentally friendly and quality OSVs that are equipped with the latest technology for use in the offshore oil and gas exploration and production (“**E&P**”) and oil services industries, with customers hailing from Malaysia, Southeast Asia, Middle East, West Africa, Latin America, Europe, and the United States. The Group has delivered over 140 vessels since 2007, which include anchor handling towing supply (“**AHTS**”) vessels, platform supply vessels (“**PSVs**”), accommodation work boats and accommodation work barges.

Beyond building some of the most sophisticated OSVs, Nam Cheong is expanding its vessel chartering operations, with the Group operating a chartering fleet of about 30 vessels. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

Issued for and on behalf of Nam Cheong Ltd. by **Financial PR**

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