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NEWS RELEASE

Nam Cheong's 1Q2023 revenue grows 19% on the back of improved vessel utilization rate amid macroeconomic headwinds

- Net profit of RM3.1 million, down 74% year-on-year (“yoy”) mainly due to the absence of gain on waiver of debts by trade and financial creditors and gain on asset disposal
- The Group has made significant progress in restructuring by entering into the Debt Restructuring Master Agreement with the financial institutional creditors and has submitted the Resumption of Trading Proposal to SGX-ST in April 2023.

Singapore, 12 May 2023 – 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 three months ended 31 March 2023 (“1Q2023”).

| Financial Highlights | 1Q2023 (RM'000) | 1Q2022 (RM'000) | Change (%) |
|---|--------------------|--------------------|---------------|
| Revenue | 64,391 | 53,902 | 19 |
| Gross Profit | 26,009 | 11,774 | >100 |
| Gross Margin | 40.4% | 21.8% | 18.6 ppts |
| Other Income | 405 | 19,139 | (98) |
| Selling and Administrative Expenses | (8,463) | (7,159) | 18 |
| Asset impairment | (45) | - | n.m. |
| Other Operating Expenses | (7,863) | (5,804) | 35 |
| Operating Profit | 10,043 | 17,950 | (44) |
| Finance Costs | (6,595) | (6,062) | 9 |
| Profit for the financial period | 3,125 | 12,115 | (74) |
| Profit attributable to owners of the parent (PATMI) | 2,394 | 11,647 | (79) |

Ppts = percentage points
N.M = not meaningful



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The Group recorded revenue solely from the vessel chartering division of RM64.4 million in 1Q2023, up 19% yoy from RM53.9 million driven by higher vessel utilisation during the period.

In tandem with the higher revenue performance, gross profit of RM26.0 million more than doubled yoy and gross profit margin stood at 40.4%, up by 18.6 ppts.

Other income declined by RM18.7 million to RM0.4 million in 1Q2023, mainly attributable to the absence of both gain on waiver of debts by trade and financial creditors and gain on disposal of property, plant and equipment of RM15.5 million and RM3.1 million respectively.

In line with the revenue growth, selling and administrative expenses increased by 18% yoy to RM8.5 million in 1Q2023.

Other operating expenses and finance costs increased by 35% to RM7.9 million and 9% to RM6.6 million respectively, resulting from the fluctuation of foreign exchange rates.

As such, the Group reports a net profit of RM3.1 million for 1Q2023, down from RM12.1 million for 1Q2022.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"Amid the challenging macroeconomic environment, the Group has persisted on its path of gradual recovery on the back of a well-diversified fleet and higher vessel utilisation rate."*

Outlook

The Intercontinental Exchange ("ICE") benchmark Brent crude price averaged at US\$82.16 per barrel with a medium of US\$83.00 per barrel in 1Q2023¹. OPEC+ production cuts announced in early April have somewhat supported the oil price with ICE benchmark Brent crude price increasing in April, averaged at US\$83.37 per barrel with a medium of US\$84.76 per barrel¹. At present, crude prices are facing slight volatility and weakness.

According to International Energy Agency ("IEA"), oil demand is expected to increase by 2 million barrels per day ("mb/d") to a record of 101.9 mb/d in 2023 supported by a resurgent China. In addition, oil and gas investments are expected to climb by 13% respectively in 2023 (2022: 20% growth in total)².

Despite the challenging macroeconomic environment, the overall market condition bodes well for the recovery of the Group's business. After making significant progress recently, the Group is striving to finalise the debt restructuring with the corresponding creditors in an expedited manner. Any material progress made will be updated to SGXNET.

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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.

¹ Bloomberg: Brent Crude Price

² Rystad Energy: Energy services sector set to grow to \$1 trillion in 2025



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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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