

## NEWS RELEASE

### Nam Cheong Reverses Operating Loss in 1H2020 to Record Operating Profit of RM4.4 million in 1H2021

- Revenue for 1H2021 declined 24% yoy due to the absence of revenue contributed by the shipbuilding segment as no vessel was sold and delivered
- Revenue from vessel chartering increased by 4% yoy to RM143.3 million in 1H2021. Segmental gross profit increased by 7% to RM41.8 million due to slight improvement in gross margins to 29%
- The Group narrows 1H2021 net loss to RM17.1 million, a 94% yoy decline on absence of impairments and inventory write-downs

Singapore, 14 August 2021 – 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 ended 30 June 2021 (“1H2021”).

Financial Highlights	1H2021 (RM'000)	1H2020 (RM'000)	Change (%)
Shipbuilding Income	-	52,168	<i>n.m</i>
Chartering Income	143,284	137,398	4
Total Revenue	143,284	189,566	(24)
Gross Profit	41,773	40,692	3
Gross Margin	29.2%	21.5%	7.7ppt
Other Income	3,948	5,852	(33)
Selling and Administrative Expenses	(14,910)	(22,329)	(33)
Assets Impairments	(2,997)	(295,774)	(99)
Other Operating Expenses	(23,452)	(11,464)	>100
Operating Profit/(Loss)	4,362	(283,023)	<i>n.m.</i>
Finance Costs	(18,371)	(21,367)	(14)
Loss for the financial period	(17,118)	(307,577)	(94)
Net Loss attributable to owners of the parent (PATMI)	(17,769)	(308,127)	(94)

Ppt = percentage points  
N.M = not meaningful

During 1H2021, the Group's revenue was contributed entirely by vessel chartering and segment's revenue increased by 4% year-on-year ('yoy') to RM143.3 million, underpinned by higher vessel utilisation rate. The shipbuilding segment did not record any revenue as there was no vessel sale and delivery in 1H2021, compared to a revenue of RM52.2 million in 1H2020 following the completion of sale and delivery of an Emergency Response and Rescue Vessel.

Despite lower revenue, the Group's gross profit increased by 3% yoy to RM41.8 million for 1H2021 as gross profit margins improved by 7.7 percentage points to 29.2% in 1H2021.

Due to the absence of the waiver of land lease payments for the Miri shipyard which amounted to RM2.5 million, other income for 1H2021 was lower at RM3.9 million as compared to RM5.9 million for 1H2020.

Selling and administrative expenses decreased by 33% yoy to RM14.9 million for 1H2021 mainly due to the group wide cost rationalisation exercise.

Other operating expenses of RM26.4 million in 1H2021 was significantly lower than RM307.2 million recorded in 1H2020 due to the decrease in impairment made on property, plant and equipment, as well as the absence of impairment on investment in an associate and inventories written down in 1H2020.

Accordingly, the Group reversed its operating loss of RM283.0 million recorded in 1H2020 and reported an operating profit of RM4.4 million in 1H2021. The Group narrowed its after-tax net loss to RM17.1 million in 1H2021, as compared to an after-tax net loss of RM307.6 million in 1H2020.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"Due to the indefinite extension of Malaysia's MCO 3.0, we could see a prolonged impact from the Covid-19 pandemic but the Group remains committed to navigating the unprecedented market environment. We continue to make progress in our efforts to seek viable restructuring solutions with our creditors to tide through this challenging period."*

## Outlook

The indefinite extension of Malaysia's movement control order which came into effect from 1 June 2021, also known as MCO 3.0 has posed significant challenges to the recovery of Malaysia's economy. In face of the prolonged impact of the Covid-19 pandemic, the Group will remain agile in navigating the unprecedented and challenging market environment.

The Group continues to work with its creditors on business restructuring options and will provide relevant updates as and when there is further progress.

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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 over 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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