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NEWS RELEASE

Nam Cheong is on track for its gradual recovery with FY2023 revenue surpassing RM400 million mark for the first time since 2015

- FY2023 revenue increased 30% year-on-year (“yoy”) to RM475.3 million, mainly driven by continued improvement in the daily chartering rates.
- In line with the revenue growth, gross profit increased by 67% yoy to RM168.6 million and net profit more than doubled to RM147.4 million for FY2023.
- The Group has obtained approval for the proposed corporate exercises related to the restructuring in the Special General Meeting (“SGM”) today, marking a pivotal step towards concluding the restructuring process and resumption of shares trading.

Singapore, 29 February 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 (“2H2023”) and full year (“FY2023”) ended 31 December 2023.

Financial Highlights	2H2023 (RM'000)	2H2022 (RM'000)	Change (%)	FY2023 (RM'000)	FY2022 (RM'000)	Change (%)
Revenue	274,753	200,685	37	475,273	365,721	30
Gross Profit	90,342	53,885	68	168,600	100,693	67
Gross Margin	32.9%	26.9%	6.0ppts	35.5%	27.5%	8.0ppts
Other Income	89,998	44,172	>100	85,273	64,354	33
Selling and Administrative Expenses	(25,520)	(22,153)	15	(43,215)	(38,319)	13
Other Operating Expenses	(1,111)	(16,558)	n.m.	(3,110)	(20,733)	(85)
Operating Profit	153,709	59,346	>100	207,548	105,995	96
Finance Costs	(14,272)	(13,430)	6	(27,919)	(25,950)	8
Profit for the financial period	115,661	36,367	>100	147,360	67,940	>100
Profit attributable to owners of the parent (PATMI)	110,481	34,305	>100	141,711	65,730	>100

Ppts = percentage points
N.M = not meaningful



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During the period under review, the Group generated a total revenue of RM475.3 million from its vessel chartering business, up 30% yoy. The increase was driven by improved daily charter rates. Correspondingly, gross profit grew by 67% yoy to RM168.6 million, with gross profit margin increasing by 8.0ppts to 35.5%.

Other income rose 33% yoy to RM85.3 million for FY2023, mainly attributable to the reversal of inventories written down and the increase in net foreign exchange gain of RM31.2 million and RM6.3 million respectively. This impact was partially offset by the absence of a gain on waiver of debts by trade and financial creditors.

Finance costs grew modestly by 8% yoy to RM27.9 million due to the increased vessel financing related expenses.

Share of profit of equity accounted joint ventures increased to RM5.7 million for FY2023, up from RM1.4 million recorded in FY2022. This was mainly driven by improved daily charter rates and higher vessel utilisation rates during the reporting period. Share of profit of associates totalled RM4.1 million in FY2023, slightly lower than the RM4.5 million recorded in FY2022.

Consequently, the Group's net profit for FY2023 more than doubled that of FY2022, reaching RM147.4 million.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"2023 marks another year of growth for the Group, reflecting not only our encouraging financial results but also in the notable milestones reached in our restructuring journey."*

We are delighted to see the revenue crossing the RM400 million mark for the first time since the prolonged business downturn since 2015. The consistent improvement in our business fundamentals underpins the Group's momentum towards its gradual recovery.

The Group has obtained the approval for the New NCL Scheme from the High Court of Malaya towards the end of 2023 and thereafter received shareholders' approval for the proposed corporate restructuring exercise at the SGM convened today.

The above two milestones are crucial for the conclusion of the restructuring process and the resumption of shares trading."

Outlook

The world oil market continues gaining growth momentum, with the Intercontinental Exchange ("ICE") benchmark Brent Crude price averaging U\$82.2 per barrel for FY2023¹. The oil price environment favours the upstream Marine and Offshore sectors, reinforcing the demand for offshore support vessels ("OSVs").

In Malaysia, Petronas, a key player in the oil and gas industry, recently announced to sustain and grow Malaysia's oil and gas production to two million barrels of oil equivalent per day by 2025 and beyond². This uptick in production activities is anticipated to enhance overall vessel utilisation for local OSV operators, including our Group. The positive outlook for OSV owners is further strengthened by the limited supply of OSVs due to minimal investments in new vessels in recent years³. As a result, the vessel charter rate is expected to improve, buoyed by the positive demand-supply dynamics.

The supportive industry outlook bodes well for the Group. Together with the significant progress achieved in the restructuring process, the Group is on track for its gradual recovery and the resumption of a multi-year growth trajectory.

¹ Bloomberg: ICE benchmark brent crude price

² Petronas: the Petronas Activity Outlook 2024 to 2026 (PAO 2024-2026)

³ Kenanga Research: Oil & Gas, Petronas Activity Outlook 2024-2026



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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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