

NEWS RELEASE

Nam Cheong Records Net Profit of RM7.9 million in 3Q2021, Swinging from Net Loss of RM60.9 million in 3Q2020

- Revenue came from vessel chartering and increased by 2% yoy to RM79.7 million in 3Q2021
- Gross profit decreased by 23% yoy to RM18.2 million for 3Q2021 mainly due to higher vessel operating cost during the quarter
- Other operating expenses of RM2.9 million in 3Q2021 was significantly lower than RM64.3 million recorded in 3Q2020, underpinned by the decrease in asset impairment and absence of inventories write-down during the quarter

Singapore, 11 November 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 three months ended 30 September 2021 (“3Q2021”).

Financial Highlights	3Q2021 (RM'000)	3Q2020 (RM'000)	Change (%)
Total Revenue	79,742	78,558	2
Gross Profit	18,168	23,556	(23)
Gross Margin	22.8%	30.0%	-7.2ppts
Other Income	13,309	2,186	>100
Selling and Administrative Expenses	(9,013)	(8,194)	10
Assets Impairments	(15)	(29,878)	n.m.
Other Operating Expenses	(2,856)	(15,645)	(82)
Operating Profit/(Loss)	19,593	(46,769)	n.m.
Finance Costs	(8,154)	(8,027)	2
Profit/(Loss) for the financial period	7,914	(60,931)	n.m.
Profit/(Loss) attributable to owners of the parent (PATMI)	7,779	(60,827)	n.m.

Ppt = percentage points
N.M = not meaningful

The Group’s revenue for 3Q2021 increased marginally by 2% year-on-year (‘yoy’) to RM79.7 million in 3Q2021, contributed entirely by vessel chartering division. The shipbuilding segment did not record any revenue for both 3Q2021 and 3Q2020 as there was no vessel sale and delivery during the quarters.

The Group's gross profit declined by 23% yoy to RM18.2 million in 3Q2021, mainly due to higher vessel operating cost during the quarter. Gross profit margin fell by 7.2 percentage points yoy to 22.8% for 3Q2021.

Other income was higher at RM13.3 million in 3Q2021 as compared to RM2.2 million recorded in 3Q2020 mainly due to the waiver of debts by a trade creditor amounting to RM12.7 million in 3Q2021 as result of successful negotiation and settlement.

Selling and administrative expenses remained relatively stable between RM8 to RM9 million in both 3Q2020 and 3Q2021.

Other operating expenses of RM2.9 million in 3Q2021 was significantly lower as compared to RM64.3 million in 3Q2020 mainly due to the decrease in impairment made on property, plant and equipment by RM29.9 million, and also because of absence of inventories written down amounting to RM19.6 million recorded in 3Q2020.

Accordingly, the Group reported a net profit of RM7.9 million in 3Q2021, swinging from a net loss of RM60.9 million a year ago.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"Even as Malaysia pivots towards an endemic Covid-19 phase, the outlook of the offshore & marine industry remains challenging. The Group remains committed to navigating the unprecedented market environment and will continue to explore various strategies to improve our financial position."*

Outlook

The vaccination rate for the adult population in Malaysia has exceeded 90% and Malaysia has pivoted to an endemic Covid-19 phase since October 2021, lifting restrictions and reopening its economy. Notwithstanding that, the outlook of the offshore & marine industry remains challenging and the Group will continue to remain vigilant to navigate the 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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