

NEWS RELEASE

Nam Cheong reports healthy 1Q2024 results on the back of improved vessel chartering rates and higher utilisation of larger vessels

- 1Q2024 revenue was up 73% year-on-year (“yoy”) to RM111.5 million and gross profit rose correspondingly by 91% yoy to RM49.6 million.
- The successful completion of its debt restructuring process has significantly improved the Group’s sustainability and lays the foundation for capturing the growing business opportunities.

Singapore, 15 May 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 three months (“1Q2024”) ended 31 March 2024.

Financial Highlights	1Q2024 (RM’000)	1Q2023 (RM’000)	Change (%)
Revenue	111,459	64,391	73
Gross Profit	49,652	26,009	91
Gross Margin	44.5%	40.4%	4 ppt
Other Income	516,020	405	>100
Selling and Administrative Expenses	(10,994)	(8,463)	30
Other Operating Expenses	(12,722)	(7,908)	61
Operating Profit	541,956	10,043	>100
Finance Costs	(1,951)	(6,595)	(70)
Profit for the Financial Period	557,333	3,125	>100
Profit Attributable to Owners of the Parent (PATMI)	555,304	2,394	>100

Ppts = percentage points
N.M = not meaningful

In 1Q2024, the Group’s vessel chartering division generated RM111.5 million in revenue, marking a 73% increase yoy, primarily driven by improved daily charter rates and higher utilisation of larger vessels. Similarly as in the previous quarters, the shipbuilding segment did not register any revenue as no vessel was scheduled for delivery during the period.

In line with the revenue increase, gross profit grew by 91% yoy to RM49.7 million. Accordingly, the gross margin improved to 45% during the period.

Selling and administration expenses increased by 30% yoy to RM11.0 million for 1Q2024, in tandem with the increase in revenue.



9 Raffles Place, #26-01 Republic Plaza, Singapore 048619. Tel: (65) 6438 2990 Website: www.namcheong.com.my

Other operating expenses increased by 61% yoy to RM12.7 million for 1Q2024, primarily due to legal and professional fees associated with the debt restructuring activities and the absence of net foreign exchange loss during the period.

Following the conclusion of the debt restructuring, the finance costs decreased by 70% to RM2.0 million for 1Q2024.

Consequently, the Group achieved a net profit of RM557.3 million for 1Q2024, compared to RM3.1 million for 1Q2023, mainly due to the gain arising from an improved debt profile.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"We are encouraged by the steadily improving performance over the past two years, attributed to our strategic focus on the vessel chartering business which generates stable and recurring income."*

The successful completion of the debt restructuring was yet another positive step for the Group. The significant reduction in debt has strengthened the Group's financial position, enhancing our ability to continue delivering value to our customers and shareholders.

We sincerely appreciate everyone's efforts in facilitating the debt restructuring process and resuming public trading on SGX-ST. With this behind us, we can focus more on capturing the growing business opportunities."

Outlook

Benchmark crude oil prices fluctuated between US\$75 to US\$91 per barrel since the beginning of the year, reflecting the volatile and uncertain economic environment as well as heightening geopolitical tensions.

Oil and gas capital expenditures ("**CAPEX**") are expected to remain elevated, with a projected growth rate reaching 17% in 2024, up from 16% in 2023 and 7% in 2022¹. The increasing offshore activities have driven up day rates for offshore support vessels ("**OSV**").

According to the Bank Negara Malaysia, the Malaysian economy is projected to grow between 4% and 5% in 2024, up from 3.7% achieved in 2023, underpinned by resilient domestic demand and improvements in external demand. However, the inflation outlook is still subject to risks from potential price adjustments in consumer goods and energy, along with external pressures from exchange rates and global commodity prices.²

The sustaining oil and gas CAPEX and improving daily charter rates support a favourable long-term prospect for the Group as a significant player in the offshore oil and gas supply chain. Following the completion of the debt restructuring and great improvement in its capital structure, the Group is well-positioned to advance its business recovery and fully participate in the industry growth cycles.

– End –

¹ Offshore Magazine: Oil and gas capex to remain elevated, even grow marginally, 13 February 2024

² Bank Negara Malaysia: Bank Negara Malaysia Publishes Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review for Second Half 2023, 20 March 2024



9 Raffles Place, #26-01 Republic Plaza, Singapore 048619. Tel: (65) 6438 2990 Website: www.namcheong.com.my

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**

For more information, please contact:

Kamal SAMUEL / Vicki ZHOU

kamal@financialpr.com.sg / zhouyan@financialpr.com.sg

Tel: (65) 6438 2990, Fax: (65) 6438 0064