

## NEWS RELEASE

### Nam Cheong growth momentum continues with 9M2023 revenue jumping by 30% yoy to RM350.2 million and gross margin remaining above 30% for a 3<sup>rd</sup> consecutive quarter

- 9M2023 gross profit grew by 71% year-on-year (“yoy”) to RM124.8 million, mainly driven by improved charter rates. The 9M2023 gross margin stood at 35.6%, up 8.6ppts.
- Net profit increased by 32% yoy to RM94.4 million in 9M2023.
- The Group has obtained approval of its New NCL Scheme from its Scheme Creditors on 3 November 2023. Subsequently, the Group submitted an application to the High Court of Malaya for further sanction. Given the encouraging progress made thus far, the Group is looking forward to concluding the restructuring process at the soonest.

Singapore, 14 November 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 third quarter (“3Q2023”) and nine months (“9M2023”) ended 30 September 2023.

Financial Highlights	3Q2023 (RM'000)	3Q2022 (RM'000)	Change (%)	9M2023 (RM'000)	9M2022 (RM'000)	Change (%)
Revenue	149,691	104,714	43	350,211	269,750	30
Gross Profit	46,565	26,085	79	124,823	72,893	71
Gross Margin	31.1%	24.9%	6.2ppts	35.6%	27.0%	8.6ppts
Other Income	46,909	30,369	54	48,001	50,551	(5)
Selling and Administrative Expenses	(10,622)	(9,792)	8	(28,317)	(25,958)	9
Other Operating Expenses	(5,951)	3,708	n.m.	(13,767)	(467)	>100
Operating Profit	76,901	50,370	53	130,740	97,019	35
Finance Costs	(7,044)	(6,687)	5	(20,691)	(19,207)	8
Profit for the financial period	62,732	39,916	57	94,431	71,489	32
Profit attributable to owners of the parent (PATMI)	59,788	38,270	56	91,018	69,695	31

Ppts = percentage points  
N.M = not meaningful

In 9M2023, the Group registered revenue solely from the vessel chartering business of RM350.2 million, up 30% yoy. The increase was mainly driven by the improved daily charter rates and higher vessel utilisation rates during the reporting period.

In tandem with revenue growth, gross profit surged by 71% yoy in 9M2023 to RM124.8 million from RM72.9 million in 9M2022. Gross profit margin stood at 35.6% for 9M2023, up 8.6 pts.

Other income declined by RM2.6 million to RM48.0 million in 9M2023 from RM50.6 million in 9M2022, mainly attributable to the absence of gain on waiver of debts by trade and financial creditors and absence of foreign exchange gain. The impact was partially offset by the increase in gain on disposal of property, plant and equipment by RM21.6 million and the increase in impairment of trade and other receivables written back by RM2.1 million.

Other operating expenses increased from RM0.5 million in 9M2022 to RM13.8 million in 9M2023, mainly due to the increase in foreign exchange loss.

Finance costs increased by 8% yoy to RM20.7 million in 9M2023, mainly attributable to vessel financing related costs during the period.

Share of profit of equity accounted joint ventures of RM2.1 million in 9M2023 is higher than RM1.2 million recorded in 9M2022 mainly due to improved daily charter rates and higher vessel utilisation during the period. Whereas, share of profit of associates of RM3.1 million in 9M2023 is consistent with RM3.0 million recorded in 9M2022.

Consequently, the Group achieved a net profit of RM94.4 million in 9M2023, grew by 32% yoy.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"We continue to see a gradual improvement in the offshore & marine sector as reflected by the improved vessel charter rates. Notably, we have sustained a gross margin above 30% for a third consecutive quarter, reinforcing our confidence in the strengthening fundamentals of the industry.*

*The team is proactively advancing the restructuring process with the corresponding creditors. We are pleased to share that the Group has already obtained the approval of the New NCL Scheme from its Scheme Creditors in the meeting held on 3 November 2023. Subsequently, the Group submitted an application to the High Court of Malaya for further sanction. The Group will provide updates in due course through SGXNET when material progress is made.*

*The recent progress on both the business recovery and the restructuring process is a testament to the Group's resilience and agility when facing the challenges. Given the encouraging milestones attained, we are cautiously confident to tackle all of them in an expedited manner."*

## Outlook

The offshore and marine sector continues to trend upwards despite the ongoing global economic weakness. The Clarksons Offshore Index, covering rig, offshore service vessel ("**OSV**"), and subsea day rates, grew by 18% in 1H2023. Moreover, the Clarksons OSV Rate Index rose 17% in 1H2023 to 161 points on the back of growing demand for oil and gas<sup>1</sup>.

OPEC recently projected global oil demand to reach 110.2 million barrels per day ("**bpd**") by 2028 and 116 million bpd by 2045 from the level of 99.6 million bpd in 2022. The organisation also highlighted the concerns over new energy security issues as well as the inadequacy of investments into new energy development.

The favourable oil demand outlook is expected to continue to support the OSV demand momentum and the Group's ongoing business recovery path in the long run. We are committed to concluding the restructuring soonest possible, paving the way to enhance our financial flexibility and position ourselves to seize opportunities in the growing sector, striving for sustainable growth in the future.

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<sup>1</sup> Clarksons: Offshore Oil & Gas: Half Year Review



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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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