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## NEWS RELEASE

### Nam Cheong continues its recovery and posts 22% yoy growth in revenue to RM200.5 million in 1H2023

- Gross profit surged 67% year-on-year (“yoy”) to RM78.3 million in 1H2023, mainly driven by improved charter rate and higher vessel utilisation. Accordingly, the gross margin stood at 39.0% for 1H2023, up 10.6 percentage points.
- The Group is currently on track to finalise the scheme documents for the New NCL Scheme.

Singapore, 14 August 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 six months ended 30 June 2023 (“1H2023”).

Financial Highlights	1H2023 (RM'000)	1H2022 (RM'000)	Change (%)
Revenue	200,520	165,036	22
Gross Profit	78,258	46,808	67
Gross Margin	39.0%	28.4%	10.6 pts
Other Income	1,092	20,182	(95)
Selling and Administrative Expenses	(17,695)	(16,166)	9
Other Operating Expenses	(7,816)	(4,175)	87
Operating Profit	53,839	46,649	15
Finance Costs	(13,647)	(12,520)	9
Profit for the financial period	31,699	31,573	<1
Profit attributable to owners of the parent (PATMI)	31,230	31,425	<(1)

Ppts = percentage points  
N.M = not meaningful

In 2023, the Group continued to deliver positive financial results, further bolstering its business recovery efforts. The Group's revenue, solely from the vessel chartering division, jumped by 22% yoy to RM200.5 million in 1H2023 from RM165.0 million in 1H2022. The revenue growth was mainly attributable to improved daily charter rate and vessel utilisation during the period under review.

In tandem with the increase in revenue, gross profit surged 67% yoy to RM78.3 million in 1H2023 from RM46.8 million in 1H2022 and gross profit margin grew by 10.6 percentage points to 39% in 1H2023.

Other income declined by RM19.1 million to RM1.1 million in 1H2023 from RM20.2 million in 1H2022, mainly attributable to the absence of both gain on waiver of debts by trade and financial creditors and gain on disposal of property, plant and equipment of RM15.5 million and RM3.1 million respectively

Selling and administrative expenses increased from RM16.2 million in 1H2022 to RM17.7 million in 1H2023, in tandem with the increase in revenue.

Other operating expenses increased by 87% to RM7.8 million in 1H2023 from RM4.2 million in 1H2022, mainly due to the increase in restructuring expenses and foreign exchange loss.

Consequently, the Group delivered a net profit of RM31.7 million in 1H2023, improved from RM31.6 million in 1H2022.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"We are pleased to see the continual improvement in the Group's performance backed by the improved daily charter rates and higher vessel utilisation. The positive set of results has built up our confidence in progressively navigating through the current business challenges and resuming our pursuit of long-term growth."*

*In the meantime, the Group is working towards finalising the scheme documents for the New NCL Scheme. Upon completion, the scheme documents will be dispatched to the scheme creditors and obtain their approvals in a scheme meeting, followed by a special general meeting to seek shareholders' approval. The Group is committed to expediting the restructuring process, not only to prioritize the interests of its creditors but also to enhance its financial flexibility for sustainable growth in the long-term."*

## Outlook

The macroeconomic conditions remain challenging in 2023 with the growth rate forecasted to decline significantly to 2.1% compared to 3.1% in 2022. The ongoing weakness in the global economy can be mainly attributable to the implementation of the tightening monetary policy and subdued industrial demand.<sup>1</sup>

However, the Malaysian economy has managed to maintain a modest growth momentum after achieving annual economic growth of 8.7% in 2022. The growth of 5.6% yoy in 1Q2023 has contributed to the annual growth rate forecast for 2023, which is expected to range between 4.0% to 5.0%.<sup>2</sup>

The Offshore and Marine sector is on the path of recovery despite the continued fluctuations in oil prices in 1H2023. According to a report released by UOB KayHian, offshore oil and gas capital expenditure is expected to continue growing in 2023 and 2024. In addition, the number of active offshore rigs recorded in July 2023 is 8% higher than in July 2022, indicating an improvement in oil exploration and production activities.

While the near-term outlook remains uncertain, the overall market situation is supportive of the Group's business recovery. The Group is actively working towards concluding the debt restructuring process with its creditors. Any material progress made will be updated to SGXNET.

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<sup>1</sup> World Bank Group: Global Economic Prospects, June 2023

<sup>2</sup> Official Portal of Ministry of Finance: Economy achieves growth of 5.6% in first quarter 2023



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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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