

NEWS RELEASE

Nam Cheong Records Net Profit of RM84.0 million in FY2021

- Revenue contributed solely by vessel chartering and revenue from this segment declined by 5% yoy to RM285.5 million
- In line with the decrease in overall revenue, gross profit declined by 39% yoy to RM63.7 million and recorded gross margin of 22.3%
- Successfully restructured substantial amount of trade debts, the Group continues to work with its financial creditors on restructuring options and will update as and when more progress is made in this aspect

Singapore, 1 March 2022 – 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 (“2H2021”) and full year (“FY2021”) ended 31 December 2021.

Financial Highlights	2H2021 (RM'000)	2H2020 (RM'000)	Change (%)	FY2021 (RM'000)	FY2020 (RM'000)	Change (%)
Total Revenue	142,228	182,730	(22)	285,512	372,296	(23)
Gross Profit	21,933	62,516	(65)	63,706	103,208	(38)
Gross Margin	15.0%	34.2%	-19.2ppts	22.3%	27.7%	-5.4ppts
Other Income	124,654	5,944	>100	128,602	11,796	>100
Selling and Administrative Expenses	(18,011)	(20,026)	(10)	(32,921)	(42,355)	(22)
Assets impairments	(5,242)	(56,070)	(91)	(8,239)	(351,844)	(98)
Other Operating Expenses	(2,440)	(63,920)	(96)	(25,892)	(75,384)	(66)
Operating Profit/(Loss)	120,894	(71,556)	<i>n.m.</i>	125,256	(354,579)	<i>n.m.</i>
Finance Costs	(15,387)	(16,834)	(9)	(33,758)	(38,201)	(12)
Profit/(Loss) for the financial period	101,107	(96,747)	<i>n.m.</i>	83,989	(404,324)	<i>n.m.</i>
Profit/(Loss) attributable to owners of the parent (PATMI)	104,458	(96,029)	<i>n.m.</i>	86,689	(404,156)	<i>n.m.</i>

Ppt = percentage points
N.M = not meaningful

The Group's revenue from vessel chartering division decreased by 5% year-on-year ('yoy') to RM285.5 million in FY2021, mainly due to project delays as a result of the impact from the emergence of the Delta variant and the highly transmissible Omicron variant in FY2021. The shipbuilding segment did not record any revenue as there were no vessel sale and delivery in FY2021 and this segment contributed RM72.2 million in FY2020. Overall, the Group's revenue declined by 23% yoy to RM285.5 million.

In line with the decrease in charter revenue and absence of shipbuilding revenue, the Group's gross profit declined by 39% yoy to RM63.1 million in FY2021.

Other income was significantly higher at RM128.6 million in FY2021 than the RM11.8 million recorded in FY2020, mainly due to the waiver of debts by trade and financial creditors amounting to RM123.3 million in FY2021 following successful negotiation and settlement with the trade creditors as well as the repayment of certain loan and borrowings via the issuance of non-sustainable debt shares to the financial creditors during the year.

Selling and administrative expenses decreased from RM42.4 million to RM32.9 million in FY2021, primarily attributed to the group wide cost rationalisation exercise.

Other operating expenses of RM34.1 million in FY2021 was significantly lower than RM427.2 million recorded in FY2020 mainly due to the decrease in impairment made on property, plant and equipment by RM276.5 million, as well as the absence of impairment on investment in an associate of RM17.3 million and inventories written down amounting to RM33.5 million recorded in FY2020.

Accordingly, the Group reported a net profit of RM82.4 million in FY2021, reversing from a net loss of RM404.3 million a year ago.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"The offshore & marine sector continues to face challenging times, but the Group is committed to successfully navigate through this unprecedented time and emerge stronger. We have also made advances to improve our financial position through ongoing negotiations with our creditors as reflected in our FY2021 results."*

Outlook

Driven by the highly transmissible omicron variant, the total number of COVID-19 cases have led to a record number of cases reported within Malaysia. The outlook for the offshore & marine industry continues to remain uncertain but the Group will work closely with its partners and various stakeholders to navigate through this unprecedented and challenging business environment.

The Group has seen success in its negotiations with its trade creditors in FY2021 and will continue to work on the restructuring options with its financial creditors. The Group 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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