

NEWS RELEASE

NAM CHEONG'S 3Q 2014 NET PROFIT MORE THAN DOUBLES TO RM125.6 MILLION¹

- ***Achieves strongest quarter since listing in 2011;***
- ***Robust top line growth to RM618.6 million² and strong gross profit margins at 24%;***
- ***Order book of approximately RM1.9 billion for deliveries stretching till 2016;***
- ***Good headroom for expansion with strong cash position of RM790.9 million and improved net gearing ratio to 0.45 times as at September 30, 2014.***

Singapore, November 11, 2014 – Nam Cheong Limited (“南昌有限公司”) (“Nam Cheong”, together with its subsidiaries, the “Group”), a leading global offshore marine player listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and Malaysia’s largest Offshore Support Vessel (“OSV”) builder, today reported an 81% rise in revenue to RM618.6 million for the three months ended September 30, 2014 (“3Q 2014”) from RM341.2 million in the corresponding period last year (“3Q 2013”). The robust top line performance boosted 3Q 2014’s net profit by 112% to a record RM125.6 million from RM59.2 million in 3Q 2013.

Datuk Tiong Su Kouk (“拿督张仕國”), Executive Chairman of Nam Cheong, said: “We achieved outstanding financial results during 3Q 2014 which signifies our strongest quarter since Nam Cheong’s listing on the SGX. The momentum of our order wins remains robust, with Nam Cheong securing a record order of 25 vessels worth approximately US\$505 million on a year-to-date basis.

¹ Approximately S\$48.6 million based on an exchange rate of S\$1.00 to RM2.5855

² Approximately S\$239.3 million based on an exchange rate of S\$1.00 to RM2.5855

“Further, we also secured letters of intent worth US\$186 million for our proprietary designed diesel-electric powered Anchor Handling Tug Supply vessels which we launched in October, despite volatile oil prices and challenging conditions in the wider market. This is a testament to our customers’ faith in the Group and represents the strength of Nam Cheong’s position in the industry’s value chain.

“Along with our record quarter, we also set several significant milestones along the way. We are in a position of strength and are excited by the recent corporate developments that have taken place such as our partnership with Marco Polo Marine Limited to form a joint venture and a proposed investment in their indirect subsidiary in Indonesia during the quarter which we believe will strengthen our position in the cabotage-protected Indonesian market. With these strategies established, we are well-placed in our pursuit in being a global player in the offshore and marine industry and our goal in being the largest OSV provider in the world by 2017.”

Financial Review

Nam Cheong’s core shipbuilding segment in 3Q 2014 recorded an 86% surge to RM595.1 million from RM319.7 million in 3Q 2013. This was largely contributed by the increase in order wins of 16 vessels in 3Q 2014 as compared to seven vessels in 3Q 2013. The net increase of one new vessel to Nam Cheong’s chartering fleet during the quarter as compared to 3Q 2013, resulted in the Group’s vessel chartering segment’s 9% rise in revenue to RM23.5 million. Overall, the Group’s shipbuilding segment contributed 96% of Nam Cheong’s 3Q 2014 revenue while the vessel chartering segment contributed 4%.

The Group’s gross profit rose 70% to RM148.7 million during the quarter from RM87.3 million in 3Q 2013, in line with Nam Cheong’s revenue growth. Gross profit margins for these two periods were maintained at healthy levels of 24% and 26% in 3Q 2014 and 3Q 2013 respectively.

Other income was higher at RM1.1 million in 3Q 2014 compared to RM0.2 million in 3Q 2013 largely as a result of rental income derived from the Group’s Suntec City office property in Singapore which was acquired in the fourth quarter of 2013.

The issuance of additional Medium Term Notes in 3Q 2014 contributed to the increase in finance costs to RM7.5 million in 3Q 2014 from 3Q 2013's RM1.5 million.

In tandem with the surge in overall revenue, the Group's net profit after taxation for 3Q 2014 consequently recorded a 112% increase to RM125.6 million compared to RM59.2 million in 3Q 2013.

For the nine months ended September 30, 2014 ("9M 2014"), Nam Cheong's overall revenue saw a 65% rise to RM1.4 billion, up from RM851.3 million in the corresponding period last year ("9M 2013"). Over the same period, net profit rose 91% to RM260.0 million from RM136.0 million in 9M 2013.

The Group maintains a strong balance sheet with a cash position of RM790.9 million. The robust cash level provides Nam Cheong with a bulwark to weather against unexpected and volatile circumstances while serving as a platform to leverage on attractive opportunities globally and regionally. The Group improved its net gearing ratio to 0.45 times as at September 30, 2014 from 0.52 times as at December 31, 2013.

Outlook

Global oil prices have recently seen volatility mainly due to a glut in oil supplies and weak economic growth while global oil demand is still expected to rise by 700,000 barrels per day (bpd) to 92.4 million bpd in 2014 according to the International Energy Agency³.

³ *The Business Times – IEA cuts demand forecast for oil, sees more price fall, October 15, 2014*

Mr Leong Seng Keat (“梁成杰”), Nam Cheong’s Group Chief Executive Officer said: “Nam Cheong is seasoned in weathering both downturns and buoyant periods in the offshore and marine industry evidenced by our long operating history. Moreover, we operate in the highly resilient shallow water segment which we deem as recession-proof due to the lower cost of oil production compared to the deepwater segment. Backed by our order book for OSVs worth approximately RM1.9 billion as at September 30, 2014 which are due for deliveries up till calendar year 2016, we continue to be optimistic on Nam Cheong’s long-term growth prospects.

“Further we see growing demand for modern OSVs, especially those which are equipped with fuel efficient features. By optimising our vessels for fuel efficiency, we help put our customers in a better position to win jobs, particularly in periods of low oil prices when the oil majors are likely to face margin squeeze. During these periods, the oil majors are more incentivised to utilise vessels with higher fuel efficiencies in order to reduce expenses. The importance of these factors is clearly signified by the 100% take up rate of our proprietary designed diesel-electric powered Anchor Handling Tug Supply vessels launched recently.”

Mr Leong concluded: “Moving ahead, we remain confident in benefiting from our strong reputation within the highly resilient shallow water segment as we continue to see strong demand for Anchor Handling Tug Supply vessels and other OSVs especially from this segment.”

ABOUT NAM CHEONG HOLDINGS LIMITED

Headquartered in Kuala Lumpur, Malaysia, Nam Cheong is a global leading offshore marine group specialising in the building of OSVs. Nam Cheong is the largest shipbuilder of OSVs in Malaysia and with about 7% of the regional market share and the second largest player east of the Suez Canal.

Since its humble beginnings in 1968 building only fishing vessels, the Group today owns and operates one of the largest shipbuilding yards for OSVs in Malaysia. The Group focuses on the construction and engineering of complex, 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. These vessels include anchor handling towing supply (“AHTS”) vessels, platform supply vessels (“PSVs”), accommodation work boats and accommodation work barges.

Nam Cheong has attained strong reputation in Malaysia, the South-East Asian region, the Middle East, West Africa and United States for its expertise and track record in constructing OSVs for customers who consist primarily of ship owners and marine services operators. In 2013, the Group expanded its geographical reach to Latin America.

Nam Cheong is able to deliver up to 12 vessels (depending on the size and complexity of the OSVs) from its 12.6-hectare Miri shipyard located in Kuala Baram, Sarawak, Malaysia. In line with the increase in demand for Nam Cheong’s vessels in recent years, the Group has outsourced the construction of vessels to selected shipyards in China. This has given the Group access to additional production capacities and Nam Cheong has successfully delivered over 110 vessels since 2007.

Nam Cheong’s shipbuilding business, which makes up over 90% of its revenue for 2008 to 2013, is complemented by its vessel chartering operations. Nam Cheong currently has a fleet of over 10 vessels, which are chartered out by way of bareboat or time charters. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

ISSUED ON BEHALF OF : Nam Cheong Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Dolores Phua / Mr Han Zhongchou
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9154-3765 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
zhongchou.han@citigatedrimage.com

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