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NEWS RELEASE

Nam Cheong continues on path of gradual recovery, delivering a 9M2022 net profit of RM71.5 million

- 9M2022 revenue increased 21% year-on-year ("**yoy**") to RM269.8 million due to higher vessel utilisation from the vessel chartering business
- Gross profit margin for 9M2022 remains stable at 27%
- Other income for 9M2022 increased by RM33.3 million largely due to a forex gain of RM9.7 million and gain on asset disposal during the period
- The Group is working to finalise the definitive agreements with its financial institution creditors ("**FI creditors**") and thereafter intends to hold a series of townhall meetings with other creditors to update on the restructuring status.

Singapore, 11 November 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 third quarter ("**3Q2022**") and nine months ("**9M2022**") ended 30 September 2022.

Financial Highlights	3Q2022 (RM'000)	3Q2021 (RM'000)	Change (%)	9M2022 (RM'000)	9M2021 (RM'000)	Change (%)
Revenue	104,714	79,742	*31*	269,750	223,026	*21*
Gross Profit	26,085	18,168	*44*	72,893	59,941	*22*
Gross Margin	*24.9%*	*22.8%*	*2.1ppts*	*27.0%*	*26.9%*	*0.1ppt*
Other Income	30,369	13,309	*>100*	50,551	17,257	*>100*
Selling and Administrative Expenses	(9,792)	(9,013)	*9*	(25,958)	(23,923)	*9*
Asset impairment	-	(15)	*(100)*	-	(3,012)	*(100)*
Other Operating Expenses	3,708	(2,856)	*n.m.*	(467)	(26,308)	*(98)*
Operating Profit	50,370	19,593	*>100*	97,019	23,955	*>100*
Finance Costs	(6,687)	(8,154)	*(18)*	(19,207)	(26,525)	*(28)*
Profit/(Loss) for the financial period	39,916	7,914	*>100*	71,489	(9,204)	*n.m.*
Profit/(Loss) attributable to owners of the parent (PATMI)	38,270	(9,093)	*n.m.*	69,695	(9,855)	*n.m.*

Ppt = percentage points
N.M = not meaningful

During 9M2022, the Group's revenue was contributed solely by vessel chartering, which increased by 21% to RM269.8 million due to higher vessel utilisation.

In line with the increase in chartering income, gross profit increased by 22% to RM72.9 million in 9M2022. Gross profit margin remains stable at 27%.

Other income increased to RM50.6 million in 9M2022, as compared to RM17.3 million in 9M2021. This increase is mainly attributable to the increase of RM9.7 million in foreign exchange gain and additional gain of RM22.7 million from disposal of 7 units of vessels during the period.

Selling and administrative expenses increased by RM2.1 million to RM26.0 million in tandem with the increase in revenue.

Other operating expenses of RM0.5 million in 9M2022 was significantly lower than RM26.3 million in 9M2021, mainly attributable to the decrease in foreign exchange loss by RM12.3 million and the absence of accretion of non-current trade payables of RM12.5 million.

Finance costs decreased to RM19.2 million in 9M2022 from RM26.5 million in 9M2022 due to the decrease in vessel financing related cost.

Share of results of equity accounted joint ventures and associates reversed from loss of RM1.9 million and RMNil in 9M2021 to profit of RM1.2 million and RM3.0 million respectively in 9M2022.

As a result of the above, the Group reported net profit after tax of RM71.5 million in 9M2022, a complete turnaround from net loss after tax of RM9.2 million in 9M2021.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"The offshore and marine industry eyes a resilient recovery with the easing of COVID-19 restrictions. Despite the volatile oil market sentiments subject to geopolitical tensions, we have seen the improving vessel utilisation. From an operational perspective, we remain cautiously optimistic on the long-term outlook and will strive to navigate through the current business difficulties."*

Outlook

The offshore and marine industry is gradually recovering with the support of higher oil prices as well as the increase in offshore wind farms construction activities driven by the demand for renewable energy. The supply-demand dynamics continue to shift positively to the upstream players in the oil industry value chain, especially with an additional Russian oil embargo coming to effect on 5 Dec 2022[1]. Despite the improving industry outlook, heightened geopolitical tensions and weakened economic environment could bring more uncertainties in the near term. The Group will continue to work closely with its partners and stakeholders to navigate through this challenging business environment.

The Group is in progress to finalise the definitive agreements with the FI creditors and thereafter intends to hold a series of townhall meetings with its other creditors to update on the restructuring status.

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[1] UOB KayHian: Singapore Offshore & Marine Stocks – Outlook remains strong, supported by high oil price, 30 Aug 2022

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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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