

## NEWS RELEASE

### Nam Cheong remains on path of gradual recovery amid industry headwinds and posts a FY2022 net profit of RM67.9 million

- FY2022 revenue of RM365.7 million, up 28% year-on-year (“yoy”) driven by higher vessel utilisation in the reporting period
- In line with the revenue growth, gross profit increased by 58% yoy to RM100.7 million in FY2022 and gross profit margin edged to 27.5%, from 22.3% for FY2021
- The Group continues to finalise the definitive agreements with the financial institution creditors. Concurrently, the Group will work towards the restructuring of the remaining liabilities and update via SGXNET as and when material progress is made

Singapore, 1 March 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 (“2H2022”) and full year (“FY2022”) ended 31 December 2022.

Financial Highlights	2H2022 (RM'000)	2H2021 (RM'000)	Change (%)	FY2022 (RM'000)	FY2021 (RM'000)	Change (%)
Revenue	200,685	142,875	40	365,721	286,159	28
Gross Profit	53,885	21,933	>100	100,693	63,706	58
Gross Margin	26.9%	15.4%	11.5ppts	27.5%	22.3%	5.2ppts
Other Income	59,966	124,654	(52)	80,148	128,602	(38)
Selling and Administrative Expenses	(22,153)	(18,011)	23	(38,319)	(32,921)	16
Assets Impairment Reversed/(Made)	889	(5,242)	n.m.	889	(8,239)	n.m.
Other Operating Expenses	(33,241)	(2,440)	>100	(37,416)	(25,892)	(45)
Operating Profit	59,346	120,894	(51)	105,995	125,256	(15)
Finance Costs	(13,430)	(15,387)	(13)	(25,950)	(33,758)	(23)
Profit/(Loss) for the financial period/year	36,367	101,107	(64)	67,940	83,989	(19)
Profit/(Loss) attributable to owners of the parent (PATMI)	34,305	87,023	(61)	65,730	86,261	(24)

Ppt = percentage points  
N.M = not meaningful

In FY2022, the Group's revenue from vessel chartering division increased by 28% yoy to RM365.7 million, underpinned by higher vessel utilisation during this period. The shipbuilding division did not record any revenue in the last two years as there was no scheduled delivery of vessel sale.

Gross profit of RM100.7 million increased 58% yoy in FY2022, driven by the increase in vessel chartering income. Gross profits margin for FY2022 was 27.5%, up from 22.3% for FY2021.

Other income declined 38% yoy to RM80.1 million in FY2022, mainly due to the decrease in gain on waiver of debts by trade and financial creditors amounting RM90.9 million. The decrease was partially offset by the gain on disposal of 8 units of vessels for RM44.4 million in FY2022.

In tandem with the revenue growth, selling and administrative expenses increased by RM3.9 million to RM38.3 million in FY2022.

Other operating expenses increased to RM37.4 million in FY2022 from RM25.9 million in FY2021, mainly due to the impairment on other investments of RM16.7 million and the increase in foreign exchange losses of RM18.9 million, which was partially offset by the absence of accretion of non-current trade payables of RM19.1 million in FY2022.

Finance costs decreased to RM26.0 million in FY2022 as compared to RM33.8 million in FY2021 due to the decrease in vessel financing related cost.

Share of results of equity accounted joint ventures and associates improved to profit of RM1.4 million and RM4.5 million in FY2022 from the loss of RM1.0 million and profit of RM0.7 million in FY2021 respectively. The enhanced performance was mainly driven by higher vessel utilisation.

Accordingly, the Group registered a net profit of RM67.9 million for FY2022 which was down 19% yoy from RM84.0 million for FY2021.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"Overall, the Group persisted on its path of gradual recovery in FY2022 despite the challenging macroeconomic environment continuing to dampen market sentiment. The outlook for the offshore and marine industry remains volatile and ambiguous but with decades of experience in the industry and the support from the stakeholders, the Group is confident that it will navigate through the current business difficulties and get back on track for the long-term growth."*

## Outlook

The offshore and marine sector has been through a volatile time over the past one year. Oil prices jumped significantly in the first half of 2022 driven by Russia-Ukraine war induced oil supply concerns but generally declined in the second half due to the weakening macroeconomic environment reducing demand. Despite the slowing global economic growth and concerns about a potential recession, global oil demand is projected to rise following China's reopening of its border restrictions, according to International Energy Agency<sup>1</sup>. Nevertheless, global oil supply side remains unclear with various factors that could materially affect its future trend, including sanctions on Russia oil export, OPEC+ production capacity, and the use and refilling of strategic oil inventories<sup>2</sup>.

In the face of uncertain economic and industry outlook, the Group will remain agile to navigate through this volatile business environment together with its partners and various stakeholders.

Pending the conclusion of the current financial restructuring, the ability of the Group to capture any market opportunities are severely hampered due to its inability in securing any form of new external financing. It is therefore vital that the financial restructuring be concluded at the soonest.

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<sup>1</sup> International Energy Agency: Oil Market Report, January 2023.

<sup>2</sup> World Bank: Oil prices remain volatile amid demand pessimism and constrained supply, 16 December 2022



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The Group continues to finalise the definitive agreements with the financial institution creditors. Meanwhile, the Group will work towards the restructuring of the remaining liabilities with the corresponding creditors and will update via SGXNET when material progress is made.

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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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