Singapore Company Focus

Nam Cheong Ltd

Bloomberg: NCL SP | Reuters: NMCG.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

17 Nov 2025

BUY

(Initiating Coverage)

Last Traded Price (17 Nov 2025@13.15): SGD0.74 (STI : 4,540.74)

Price Target 12-mth: SGD1.25 (69% upside)

Potential Catalyst: Sarawak Gas Resolution / Workboat Redeployment, OSV Newbuild Orders

Analyst

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Price Relative

Forecasts and Valuation

FY Dec (MYRmn)	2024A	2025F	2026F	2027F
Revenue	685	608	678	736
EBITDA	335	304	334	361
Pre-tax Profit	846	231	273	303
Net Profit	785	168	198	220
Net Pft (Pre Ex.)	220	178	198	220
EPS (S cts)	62.6	13.3	15.8	17.5
EPS Pre Ex. (S cts)	17.5	14.2	15.8	17.5
EPS Gth (%)	(8)	(79)	18	11
EPS Gth Pre Ex (%)	(40)	(19)	11	11
Diluted EPS (S cts)	62.6	13.3	15.8	17.5
Net DPS (S cts)	0.0	0.0	0.0	0.0
BV Per Share (S cts)	44.7	58.0	73.8	91.3
PE (X)	1.2	5.5	4.7	4.2
PE Pre Ex. (X)	4.2	5.2	4.7	4.2
P/Cash Flow (X)	4.9	5.4	3.7	3.6
EV/EBITDA (X)	3.8	4.0	3.2	2.6
Net Div Yield (%)	0.0	0.0	0.0	0.0
P/Book Value (X)	1.7	1.3	1.0	0.8
Net Debt/Equity (X)	0.6	0.4	0.1	CASH
ROAE (%)	2,182.1	26.0	23.9	21.2

GIC Industry : Industrials

GIC Sector: Capital Goods

Principal Business: Nam Cheong operates a fleet of 38 mid-sized offshore support vessels (OSVs) with an average age of just over eight years.

Source of all data on this page: Company, DBS, Bloomberg

Undervalued Gem, Ready to Set Sail

- A leading OSV builder-turned-owner operating the youngest fleet in Malaysia
- Long-term charters offer strong earnings visibility, with sequential improvements in utilisation and fleet expansion expected to drive double-digit growth
- Prime beneficiary of potential revival of OSV newbuild orders, which saw minimal activity over the past decade
- Unwarranted 40%-60% discount to peers; TP of SGD1.25 (8x PE) yet to factor in potential accretion from idling workboats and OSV newbuilds (SGD0.13-1.15/share)

Investment Thesis:

A leading OSV player with the youngest fleet in Malaysia. Nam Cheong operates a fleet of 38 mid-sized offshore support vessels (OSVs) with an average age of just over eight years. This represents a strong competitive advantage, as peer fleets average 13-15 years of age. The company benefits from strong earnings visibility due to captive demand from Petronas and a strategic shift towards 60%-70% long-term charters. Nam Cheong is also diversifying its geographic presence and product offerings to tap into the buoyant Middle Eastern and Japanese markets, as well as growing demand for green offshore solutions.

Double-digit growth ahead; potential revival of OSV newbuild orders adds tailwind. Utilisation in 1H25 was weaker y/y due to vessel downtime for preparations related to long-term charters. However, utilisation should normalise in 2H25 and 2026, reaching ~70%, vs. ~60% in 1H25. This normalisation is expected to drive sequential revenue growth of 18% h/h in 2H25 and ~12% y/y in 2026, supported by relatively stable charter rates amid tight supply. Further earnings upside expected from successful redeployment of idling workboats and newbuild orders which are yet factored in. The OSV industry faces increasing pressure to rejuvenate its ageing fleet, ideally keeping vessels under 20 years old. This revived demand for newbuilds will benefit Nam Cheong's Miri shipyard, potentially generating RM20-180mn in profit.

Potential multi-bagger. Nam Cheong is trading at only ~5x FY26 PE, an unwarranted, steep discount of 50%-60% to closest peers such as Singapore-based Macro Polo (12x PE), Pacific Radiance (8x), and Malaysia-based Lianson (24x). We believe Nam Cheong's fair value should be SGD1.25, based on 8x FY26 PE. This does not reflect the potential valuation of its Miri Shipyard, which could add SGD0.13-1.15/share when OSV newbuilds make a comeback.

Key Risks

Oil price plunge, charter contract cancellation

At A Glance

Issued Capital (mn shrs)	392
Mkt. Cap (SGDmn/USDmn)	290 / 223
Major Shareholders (%)	
Tiong Su Kouk	19.3
Free Float (%)	80.7
3m Avg. Daily Val (USDmn)	1.5

Watchlist the stock on Insights Direct to receive prompt updates

YOUNGEST FLEET IN MALAYSIA

A leading OSV player with the youngest fleet in Malaysia, and seemingly globally. Nam Cheong operates a fleet of 38 mid-sized OSVs with an average age of just over eight years. This fleet age positions the company favourably against the global industry average of 13-15 years, providing a strong competitive advantage. Younger vessels are generally preferred due to enhanced safety and lower operating costs. Nam Cheong's fleet comprises 20 Anchor Handling Tug Supply (AHTS) vessels, 5 Platform Supply Vessels (PSVs), and a mix of Accommodation Work Barges (AWBs), Maintenance Work Vessels (MWVs), Safety Standby Vessels (SSVs), Landing Craft (LCs), and Fast Crew Boats (FCBs). AHTS, PSV, and other workboats each contribute approximately one-third of the company's revenue.

Captive OSV demand from Petronas with steady capex plan. The bulk of Nam Cheong's vessels are chartered to Petronas, Malaysia's national oil company. With energy security as a core focus, Petronas is expected to spend RM50-60bn annually during 2025-2027 to maintain current production levels and implement decarbonisation strategies. However, 2025 appears to be a transitional year, with capital expenditure projected to decline 21% y/y (vs. RM54bn in 2024), as per the company's end-May 2025 guidance, partly due to the transfer of Sarawak's gas aggregation role to Petros and moderating oil prices. Capex is expected to normalise to RM50-60bn in 2026-2027. Correspondingly, demand for support vessels is anticipated to dip by ~9% before rising 4% in 2026. This trend underpins steadier demand and charter rates for Nam Cheong's vessels.

Capitalising on buoyant O&G activity in the Middle East. While some national oil companies (NOCs) – such as Petronas, Petrobras, Sinopec – and independent oil companies (IOCs) – such as BP, Chevron, and ConocoPhillips – have adopted a more prudent approach to capex this year amid macroeconomic uncertainty and moderating oil prices, the Middle East continues to invest heavily in the oil and gas (O&G) sector. Middle Eastern NOCs are expected to account for an all-time high of 20% of global upstream investment in 2025. This is led by Saudi Aramco, ADNOC, and Qatar (which focuses more on gas), with a strong emphasis on upstream projects, particularly gas production and oil output maintenance. The robust OSV demand in the Middle East offers Nam Cheong excellent diversification and growth opportunities.

Geography and product diversification into green offshore. Nam Cheong recently expanded into the Middle Eastern and Japanese markets with new charter contracts worth RM204mn (or USD47.5mn) signed in late June. These two-year contracts, for AHTS and FCBs, represent a strategic move to diversify geographically and reduce concentration risk. Two of the three vessels will be chartered to Marine Operations for Environmental Services (SAIL) in the Middle East to support environmental preservation efforts, while the third was initially intended to serve an offshore wind farm contractor in Japan, though the contract was subsequently cancelled in Sept.

Nam Cheong's fleet

Type	Number
AHTS <80T	18
AHTS >80T	2
PSV	5
Workboat/Barge	6
Bigger Assets	32
Smaller Assets	7
Total	38

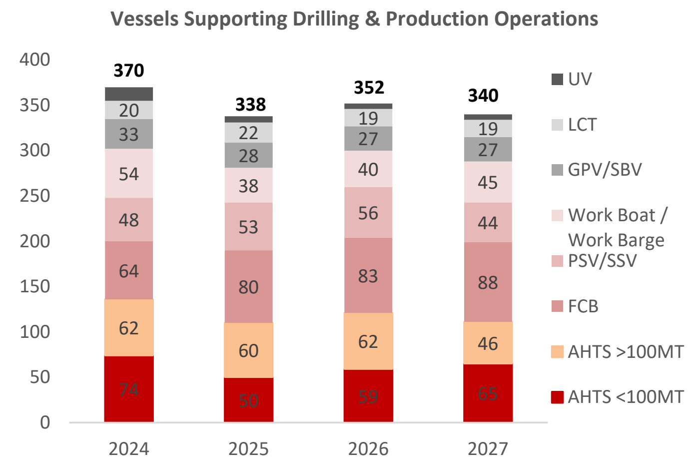
Source: Company

Average age of OSV fleets

Company	Average Fleet Age (Yrs)	Remark
Nam Cheong	8	One of the youngest fleet in Malaysia
Britoil Offshore Services	11	Among the youngest globally
Other Malaysian Operators	13-15	Icon Offshore (13), Perdana (14)
China OSV Operators	9-13	CNOOC (12)

Source: Various companies

Petronas' demand for support vessels



**UV = Utility Vessel, LCT = Landing Craft Tank, GPV = General Purpose Vessel, SBV = Standby Vessel, SSV = Straight Supply Vessel, FCB = Fast Crew Boat*
Source: Petronas, DBS

Live more, Bank less

MULTIPLE RERATING CATALYSTS

I. Stronger earnings visibility and growth

Prudent approach: Enhances earnings visibility, with 70% of the fleet on long-term charters. Nam Cheong's orderbook stood at RM1.7bn (approx. USD410mn) as of end-Jun 2025, representing 2.3 years of revenue coverage. Currently, 24 of its 38 vessels (c.63% of its fleet) are under long-term charters (two to three years with options), progressing well toward management's target of 70%. This provides strong earnings visibility for the next two to three years. Maintaining 30% of the fleet on spot charters offers balance, mitigating risks such as crew cost increases (which are generally stable and manageable except in an overheated market) and allowing the company to capitalise on upward trends in charter rates.

Sequential increase in utilisation from 2Q25. Owing to vessel downtime for preparations related to long-term charters, Nam Cheong's 1Q25 fleet utilisation was lower than expected, at only 50%, compared to norm of ~60%. A sequential rebound in utilisation has been observed in 2Q25 and 3Q25, towards 70%. Utilisation is expected to normalise in 2026, reaching ~70%, vs. ~60% in 1H25. With over 60% of the fleet now on long-term charters that commenced in 2H25, there is potential upside for utilisation to exceed 70% due to reduced downtime. This increased utilisation should drive sequential revenue growth of 18% h/h in 2H25 and ~12% y/y in 2026, supported by relatively stable charter rates.

Fleet expansion – two Geotech vessels to come online. In addition to improving utilisation, incremental growth is also expected from fleet expansion. Nam Cheong added a FCB in 1Q25 and a Geotech subsea vessel in 3Q25. It is expected to take delivery of another Geotech vessel and FCB by 4Q25, bringing total fleet to 41 vessels. These vessels, which can be deployed to support pipe-laying for the offshore market as well as subsea cable installation for telco companies as well as subsea survey activities, are expected to command day rates of ~RM60-80k (~USD15-20k), contributing 6%-8% to revenue growth in 2026. While management has not yet committed to a fleet expansion plan for next year due to macroeconomic uncertainties, we assume one more vessel will be added towards the end of 2026.

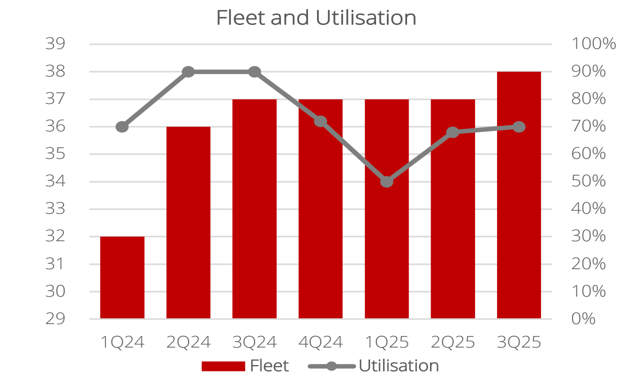
Double-digit growth projected for 2026. OSV day rates should remain firm due to relatively tight supply, which stems from ageing fleets and a scarcity of newbuild supply, particularly in Malaysia, where cabotage rules and a shortage of modern vessels underpin strong demand for younger fleets with good safety records. Consequently, Nam Cheong will likely be able to sustain current gross margin of above 50%. Overall, 2025 core earnings are expected to be ~19% lower. However, 11-13% growth in revenue and net profit is expected in 2026, driven by utilisation improvements and fleet expansion.

Orderbook for long-term charter contracts

Announced	Vessels (Duration)	Contract Value (RM mn)	Region / Customers
Nov-24	12 vessels (3 years)	1,220	Regional and International oil majors (mainly Petronas and other SEA)
Apr-25	9 vessels (Up to 2 years)	317	Malaysia, Thailand
Jun-25	3 vessels (Up to 2 years)	204	Middle East, Japan (~RM50mn cancelled in Sep)
Total	28 vessels	1,741	

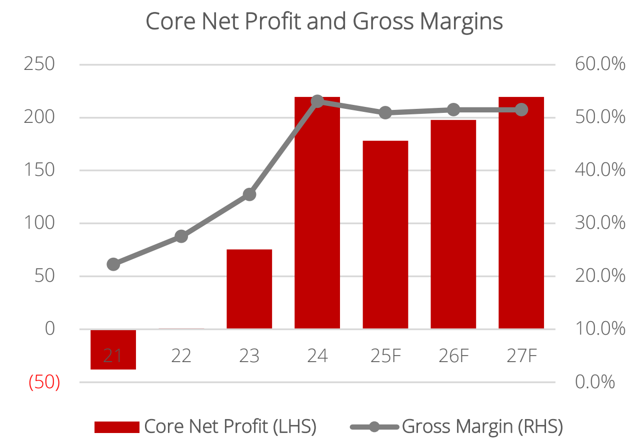
Source: Company

Fleet and utilisation; 1Q and 4Q typically seasonally weaker



Source: Company, DBS

Core net profit and gross margin



Source: Company, DBS

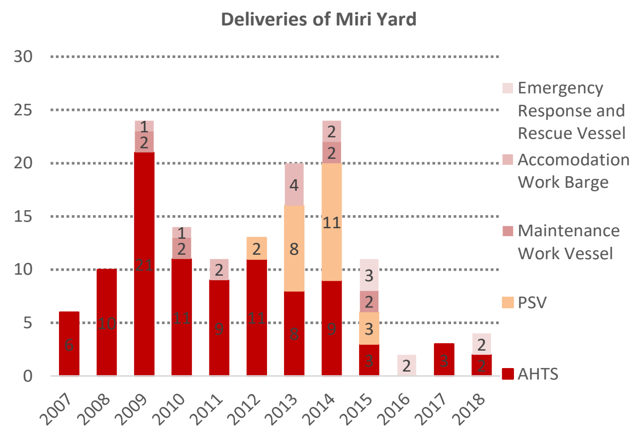
II. Revival of OSV newbuild orders

Petronas cautions regarding ageing OSV fleet. In its 2025-2027 Activity Outlook report, Petronas anticipates steady demand for OSVs but cautions that the current high number of ageing vessels servicing production operations poses a concern if insufficient newbuilds enter the market within the next three years. According to data from the Malaysia OSV Owners' Association, 80% of Malaysian vessels will be older than 12 years this year. A significant percentage will soon reach 20 years of age – the age ceiling for Petronas' OSV tender requirements (extended from 15 years in 2022) – at which point they are deemed obsolete. Petronas also encourages OSV owners undertaking fleet renewal to consider fuel-efficient technologies, including diesel-electric vessels, to reduce total operating costs for petroleum arrangement contractors (PACs).

Petronas launches Safina newbuild programme to rejuvenate OSV fleet. To address ageing fleet concerns, Petronas launched the Safina newbuild programme in 2023. This multi-phase initiative aims to rejuvenate Malaysia's OSV fleet by replacing older tonnage approaching the 15-year operational age limit. The programme targets up to 100 domestically built OSVs, to be delivered over four to five years. Phase 1 resulted in the tender and commissioning of 16 modern OSVs, 11 of which were completed and delivered by early 2024. Petronas continues to pursue further fleet renewal, though Phase 2 contract awards have been delayed from 3Q2024 due to challenges such as higher newbuild prices, uncertain alternative fuel options, financing difficulties, etc.

Nam Cheong's shipyard poised to benefit from revival of OSV newbuild interest. Before its restructuring during the OSV downturn, Nam Cheong was a leading OSV builder in the region. Its 12.6-hectare Miri shipyard, located in Kuala Baram, Sarawak, Malaysia, which has a production capacity of up to 12 vessels annually, depending on size and complexity. During the peak OSV cycle in 2012-2014, the company delivered 24 vessels, including those built by partner yards.

Deliveries at Nam Cheong's Miri yard during 2007-2018



Source: Company, DBS

Nam Cheong's former key customers for OSV newbuilds

Source: Company, DBS

Potential earnings accretion of RM20-180mn from Miri yard. In recent years, the Miri yard has primarily handled ship repairs and newbuild OSVs for Nam Cheong's chartering business, consequently generating no direct earnings contribution. Assuming a gradual return of newbuild demand, four deliveries of mid-sized OSVs at USD15mn each, with 8% net margin, could generate net profit of RM20mn, equivalent to 10% of FY25E earnings. This potential could increase to over RM180mn at peak delivery of 24 vessels with a 12% margin. At 8x PE ratio, this translates to an incremental fair value of SGD0.13-1.15/share.

Potential earnings accretion (RM mn) from Miri Shipyard

Net margin \ Deliveries	2	4	8	12	16	20	24
4%	5.0	10.1	20.2	30.2	40.3	50.4	60.5
6%	7.6	15.1	30.2	45.4	60.5	75.6	90.7
8%	10.1	20.2	40.3	60.5	80.6	100.8	121.0
10%	12.6	25.2	50.4	75.6	100.8	126.0	151.2
12%	15.1	30.2	60.5	90.7	121.0	151.2	181.4

Source: Company, DBS

III. Potential dividend payout?

Augmented balance sheet and strong cash flow generation indicate sufficient cash flow to pay dividends. Following the debt restructuring completed in mid-Jun 2024, Nam Cheong's total debt has been reduced to c.RM450mn, at competitive interest rates of 3%-6%. This debt is to be repaid over the next seven years, requiring annual payments of RM60-70mn. Net debt/EBITDA is fairly low at 1-1.5x. Net gearing decreased significantly to 0.58x as of end-2024 and is projected to potentially reach 0.25x this year, possibly even turning net cash positive in 2026 due to operating cash flow exceeding RM300mn annually. After debt repayments of RM100mn and estimated capex of RM100mn a year, the company likely has sufficient cash flow to pay dividends of at least 15% of net profit (half of the 30% payout ratio prior to 2015). This equates to RM28-33mn in dividends, or 2.2-2.6Scts/share, representing a ~3% yield.

Limitations on dividend payments under scheme clauses. However, we understand that one of the Restructuring Scheme clauses requires Nam Cheong to prioritise debt repayment over dividend payouts. While this is often a soft rule that may be relaxed upon reaching certain milestones, another potential hurdle is management's preference for cash conservation to fund future expansion. The company should also consider options such as refinancing or equity fundraising to further strengthen its position as a leading OSV builder and capitalise on the next newbuild wave after 10 years of downturn.

POTENTIAL MULTI-BAGGER OSV GEM

Trading at unwarranted 40%-60% discount to peers. Nam Cheong is trading at only ~5x FY26 PE, at an unwarranted, steep discount of 40%-60% to its closest peers, such as Singapore-based Macro Polo (12x PE), Pacific Radiance (8x), and Malaysia-based Lianson (24x). We believe Nam Cheong's fair value should be SGD1.25, based on 8x FY26 PE. Moreover, this valuation does not reflect the potential value of its Mira Shipyard, which could add SGD0.13-1.15/share when OSV newbuilds make a comeback.

What is holding back the re-rating? What are the risks? We believe the share price underperformance is due to a generally cautious stance on the O&G sector amid an uncertain macroeconomic outlook, moderating oil prices, and capex this year, and a potential peak in the charter rate uptrend. In addition, Nam Cheong recently emerged from restructuring in mid-2024, and 1H25 utilisation was affected by downtime as half the fleet transitioned to long-term charters, and Sarawak Gas dispute between Petronas and Petros is yet to be resolved.

We believe the tide is turning, from 3Q25 as utilisation normalises. The continuous improvement in utilisation from long-term charters and redeployment of cancelled Japan unit, should lead to a double-digit sequential increase in earnings in 2026. The prudent approach of securing 60%-70% of the fleet on long-term charters should be increasingly welcomed by the market. Furthermore, successful re-deployment of the workboat in other markets such as Middle East could provide further upside to current estimate, which assumes flat 50% workboat utilisation with no Sarawak Gas resolution.

The revival of newbuild orders, currently not reflected in the share price due to zero contribution, could be another strong rerating catalyst. This, coupled with higher deployment of workboats to Sarawak gas from 2026

Key risks: As an OSV player, Nam Cheong's performance is highly correlated with O&G sector sentiment and oil price movements. While the shift toward long-term charters provides stability, an unexpected spike in operating costs, particularly crew costs, could adversely affect profitability. However, this risk is mitigated by maintaining 30% spot charter exposure, which allows the company to benefit from higher day rates in such a scenario. Unexpected contract cancellation could also affect performance as there bound to be loss of income while redeploying the vessel.

Peer comparison

Company		P/E ratio (x)			P/B (x)			Core ROE (%)			Net Debt-to-Equity	Net Debt-to-EBITDA	Dividend Yield	
	(US$m)	CY24	CY25F	CY26F	CY24	CY25F	CY26F	CY24	CY25F	CY26F	(x)	(x)	CY25F	CY26F
Rigs														
NOBLE CORP PLC	4,713	11.7x	27.5x	28.5x	1.1x	1.1x	1.1x	10.5%	4.1%	4.6%	0.4x	1.3x	6.7%	6.9%
WEATHERFORD INTE	5,182	10.1x	12.9x	13.5x	4.0x	3.2x	2.7x	45.8%	25.7%	21.3%	0.5x	0.7x	1.4%	1.2%
VALARIS LTD	3,935	8.4x	14.2x	16.3x	1.4x	1.6x	1.5x	17.7%	10.1%	8.5%	0.4x	0.7x	0.0%	0.3%
TRANSOCEAN LTD	4,417	na	91.1x	26.7x	0.3x	0.4x	0.4x	-4.9%	-0.6%	2.3%	0.7x	na	0.0%	0.0%
SEADRILL LIMITED	1,848	5.9x	na	33.3x	0.8x	0.6x	0.6x	15.1%	-1.2%	2.0%	0.0x	0.8x	0.0%	0.3%
BORR DRILLING LT	921	11.8x	21.5x	201.3x	1.0x	0.8x	0.8x	8.3%	4.1%	-0.8%	2.1x	4.0x	0.5%	0.0%
ADES HOLDING CO	5,269	23.7x	25.0x	18.9x	2.9x	2.9x	2.7x	13.1%	12.2%	14.7%	1.8x	3.7x	2.4%	3.1%
ADNOC DRILLING C	23,611	17.9x	16.4x	15.7x	6.1x	5.7x	5.0x	36.9%	35.5%	32.9%	0.5x	0.8x	4.1%	4.5%
SHELF DRILLING	469	2.3x	6.8x	2.6x	0.5x	1.0x	1.0x	21.4%	-2.5%	-8.6%	2.8x	2.5x	na	0.0%
CHINA OILFIELD-H	7,999	10.1x	8.4x	7.6x	0.7x	0.7x	0.7x	7.3%	8.8%	9.2%	0.1x	na	3.9%	4.3%
OSV														
TIDEWATER INC	2,848	17.3x	17.7x	15.2x	2.5x	2.5x	2.2x	16.8%	10.5%	13.5%	0.3x	0.4x	4.1%	4.8%
SOLSTAD OFFSHORE	357	2.6x	3.6x	2.6x	1.0x	0.9x	0.7x	50.5%	31.4%	31.6%	1.4x	1.1x	1.7%	7.1%
NAM CHEONG LTD	254	0.6x	na	na	1.0x	na	na	na	na	na	0.6x	na	na	na
VALLIANZ HOLDING	85	1.7x	na	na	0.3x	na	na	na	na	na	1.5x	4.0x	na	na
KIM HENG LTD	47	215.0x	na	na	1.2x	na	na	0.5%	na	na	1.2x	3.6x	na	na
MARCO POLO MARIN	300	na	13.0x	11.6x	na	2.0x	1.7x	na	12%	14%	-0.1x	-0.3x	1.0%	1.0%
PACIFIC RADIANCE	110	1.8x	8.5x	7.6x	0.2x	1.2x	1.0x	0.4x	15%	13%	-0.1x	na	0.0%	1.3%
LIANSON FLEET GR	534	13.7x	33.4x	23.7x	1.4x	1.8x	1.7x	11.2%	12%	13%	0.2x	0.2x	2.0%	2.4%
Average		22.2x	21.4x	28.3x	1.6x	1.8x	1.6x	19.6%	11.8%	11.4%	0.8x	1.7x	2.0%	2.5%
RIG		11.3x	24.9x	36.5x	1.9x	1.8x	1.7x	17.1%	9.6%	8.6%	0.9x	1.8x	2.1%	2.1%
OSV		36.1x	15.2x	12.1x	1.1x	1.7x	1.5x	24.6%	16.2%	17.0%	0.6x	1.5x	1.8%	3.3%

Source: Bloomberg consensus, DBS

Company Background

Nam Cheong Limited was established in 1968 as Nam Cheong Dockyard Sdn Bhd, initially focusing on building fishing vessels. Over the decades, it has transformed into Malaysia's largest OSV builder, specialising in the construction and chartering of OSVs used in the offshore oil and gas exploration and production industry. The company owns and operates one of the largest shipyards for OSVs in Malaysia and has delivered over 140 vessels globally since 2007. Its markets extend beyond Malaysia to Southeast Asia, the Middle East, West Africa, Latin America, Europe, and the United States. The company substantially expanded its operations and reach in the 2000s, including launching vessel chartering services in 2007 and developing proprietary vessel designs incorporating environmentally friendly technologies.

Noteworthy milestones include the doubling and tripling of production capacity at its Miri yard in 2005 and 2006, respectively, and the extension of its international market footprint to countries such as India, Dubai, China, Vietnam, and the US. The company has also diversified its fleet to include anchor handling towing supply vessels (AHTS), platform supply vessels (PSV), accommodation workboats, and accommodation work barges. The chartering business flourished with significant fleet expansion and increasing charter rates, contributing to the company's profitability and growth.

In early 2024, Nam Cheong completed a major corporate restructuring exercise aimed at strengthening its financial position. This restructuring involved a court-sanctioned debt restructuring scheme, which included debt-to-equity conversions, waiver and settlement agreements, and repayments that reduced the group's total borrowings from RM1.04bn at the end of 2023 to RM458.4mn by the end of 2024. This effectively lowered the net gearing ratio and improved the capital structure, enabling the company to execute a manageable seven-year repayment plan. The restructuring also reduced finance costs by around 33%, alleviated trade payables, and supported business continuity. Following this, Nam Cheong has focused on capturing growth opportunities, maintaining a balanced mix of long-term and spot vessel charters, and accelerating debt repayment while rebuilding its balance sheet.

These efforts have positioned Nam Cheong well for long-term growth in the OSV sector, benefitting from favourable supply-demand dynamics and rising charter rates. The company's strategic focus on both shipbuilding innovation and fleet chartering, combined with its strengthened financial health post-restructuring, underscores its resilience and potential in a competitive maritime industry.

Nam Cheong demonstrates a committed approach to environmental, social, and governance (ESG) by integrating environmental considerations into its shipbuilding and fleet operations. The company actively invests in fuel-efficient technologies, diesel-electric propulsion, and hybrid engines to reduce carbon emissions and air pollution. This aligns with the International Maritime Organisation's goals to lower greenhouse gas emissions in shipping. In terms of social governance, Nam Cheong prioritises workplace safety, community engagement, and compliance with labour and anti-corruption regulations. The company also practices board diversity and comprehensive climate risk assessments, aiming to enhance business resilience and stakeholder value amid growing climate change challenges. These steps highlight Nam Cheong's progressive ESG strategy in maritime industries.

Management team

Name	Position	Description
Mr. Leong Seng Keat	Chief Executive Officer (CEO)	Leads strategy and operations; expanded global market reach and developed ship management arm SKOM Sdn Bhd; engineering background
Mr. Joseph Tiong	Executive Director (Operations)	Oversees operations for vessel delivery and performance
Mr. Leong Juin Zer Jonathan	Executive Director (Commercial)	Drives expansion of chartering business
Mr. Chiong Hiiung Tiong	Executive Vice Chairman cum Finance Director	Strong financial management, strategic planning expertise
Mr. Chiong Soon Tiong	Chief Operating Officer (COO)	Responsible for operational efficiency
Mr. Chung Fen Chong	Chief Financial Officer (CFO)	Oversees finance, planning, risk management; CPA with experience in audit and corporate finance

Source: Company, DBS

SWOT Analysis

Strengths	Weaknesses
• Operates **Malaysia's youngest OSV fleet**, averaging just over eight years, which is significantly younger than the global average of 13-15 years, providing superior safety, efficiency, and lower operating costs • Strong **captive demand from Petronas, coupled** with stable multi-year capex plans, offers revenue stability and earnings visibility • **A high proportion (over 60%) of the fleet is on long-term charters (two to three years)**, enhancing earnings visibility and cash flow predictability • Recent **geographic diversification** with charter contracts in the Middle East and Japan, tapping into lucrative and growing offshore markets • **Balanced fleet mix** (AHTS, PSV, workboats) generating roughly equal revenue contribution, supporting operational resilience	• **Fleet size of 39 vessels is modest compared to larger global OSV operators**, which limits scale and market reach • **Exposure to Petronas and Malaysian market presents a concentration risk**, despite some geographic diversification • **Experienced a short-term dip in vessel utilisation and charter rates in 2025** due to a transitional capex phase and the transfer of Sarawak's gas aggregation • **Restructured debt** with specific clauses limits the flexibility of cash deployment, primarily by prioritising debt repayment • **Vulnerability to upstream oil and gas sector cyclicality** and commodity price fluctuations impacts OSV demand and day rates
Opportunities	**Threats**
• **Strong regional O&G activity, especially in the Middle East**, creates growth through geographic diversification • **Rising demand for green offshore and environmental services** expands service offerings and the customer base • **OSV newbuild programme by Petronas (Safina)**, targeting ~100 new vessels over four to five years, is expected to benefit Nam Cheong's Miri shipyard and potential profit pools • **An increasing portion of the fleet under long-term contracts** reduces earnings volatility and mitigates crew cost inflation • **Industry supply constraints**, due to cabotage laws and limited modern vessels, enable pricing power for newer fleets	• **Geopolitical risks** and regulatory changes in key markets could affect operations and chartering • **Prolonged weak oil prices or global recessions** could sharply reduce upstream capex and vessel utilisation • **Financing environment remains cautious**, restricting aggressive fleet expansion or recapitalisation • **Rising operational costs** (crew, maintenance) and potential delays in vessel delivery could pressure margins

Source: DBS Bank

Key Assumptions

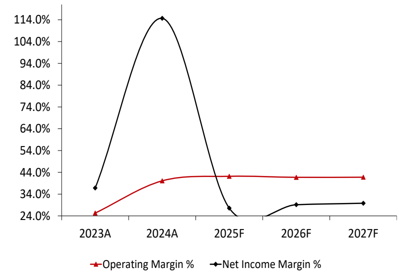
FY Dec	2024A	2025F	2026F	2027F
Fleet Size	37.0	38.0	40.0	42.0
Utilisation (%)	0.81	0.63	0.68	0.71
Dayrates (RM k/day)	62,982	69,281	68,588	67,902

Income Statement (MYRmn)

FY Dec	2022A	2023A	2024A	2025F	2026F	2027F
Revenue	366	475	685	608	678	736
Cost of Goods Sold	(265)	(307)	(321)	(298)	(329)	(357)
Gross Profit	101	169	363	309	349	379
Other Opng (Exp)/Inc	(56.7)	(48.3)	(88.7)	(53.1)	(66.5)	(71.8)
Operating Profit	44.0	120	275	256	283	308
Other Non Opg	0.0	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	5.89	9.83	22.7	4.50	5.00	5.50
Net Interest (Exp)/Inc	(28.9)	(25.6)	(17.1)	(19.3)	(15.3)	(10.2)
Exceptional Gain/(Loss)	58.6	99.5	566	(10.6)	0.0	0.0
Pre-tax Profit	79.5	204	846	231	273	303
Tax	(18.0)	(23.4)	(45.7)	(50.8)	(60.0)	(66.6)
Minority Interest	(2.2)	(5.6)	(15.0)	(12.6)	(14.9)	(16.5)
Preference Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	59.3	175	785	168	198	220
Net Profit before	0.74	75.5	220	178	198	220
EBITDA	78.9	157	335	304	334	361
Growth						
Revenue Gth (%)	27.8	30.0	44.1	(11.2)	11.6	8.6
EBITDA Gth (%)	207.9	98.5	113.9	(9.4)	10.1	7.9
Opg Profit Gth (%)	(2,384.2)	173.5	128.2	(6.7)	10.4	8.7
Net Profit Gth (Pre-ex)	nm	10,132.1	190.8	(18.9)	11.0	11.1
Margins & Ratio						
Gross Margins (%)	27.5	35.5	53.1	50.9	51.5	51.5
Opg Profit Margin (%)	12.0	25.3	40.1	42.2	41.7	41.8
Net Profit Margin (%)	16.2	36.8	114.7	27.6	29.2	29.8
ROAE (%)	(9.2)	(31.4)	2,182.1	26.0	23.9	21.2
ROA (%)	9.1	21.6	71.4	12.6	13.6	13.8
ROCE (%)	(8.4)	10.3	24.2	14.3	15.1	15.7
Div Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0
Net Interest Cover (x)	1.5	4.7	16.1	13.3	18.5	30.2

Source: Company, DBS Bank

Margins Trend

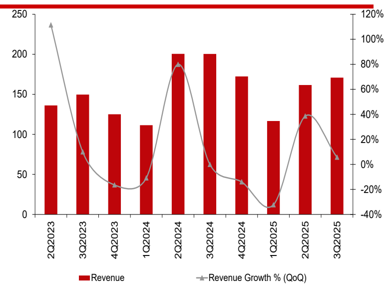


Quarterly Income Statement (MYRmn)

FY Dec	2Q2024	3Q2024	4Q2024	1Q2025	2Q2025	3Q2025
Revenue	201	200	172	117	162	171
Cost of Goods Sold	(104)	(85.0)	(70.5)	(60.3)	(76.6)	(83.3)
Gross Profit	96.4	115	102	56.3	85.0	87.5
Other Oper. (Exp)/Inc	(5.4)	(32.5)	(29.8)	(9.7)	(13.2)	(15.3)
Operating Profit	91.0	83.0	72.0	46.6	71.8	72.2
Other Non Opg	0.0	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	1.61	(2.9)	(4.0)	1.51	3.09	0.73
Net Interest (Exp)/Inc	(7.1)	(5.0)	(3.3)	(4.7)	(4.1)	(5.5)
Exceptional Gain/(Loss)	18.5	(0.1)	37.0	0.0	0.0	(10.7)
Pre-tax Profit	104	74.8	102	43.4	70.8	56.7
Tax	(22.8)	(24.0)	11.8	(8.3)	(16.1)	(12.8)
Minority Interest	(7.2)	(3.8)	(1.9)	(4.8)	(5.5)	2.00
Net Profit	74.1	47.1	112	30.4	49.2	45.8
Net profit bef Except.	55.5	47.2	74.6	30.4	49.2	56.6
EBITDA	102	90.4	79.0	58.7	88.9	87.4
Growth						
Revenue Gth (%)	79.9	(0.1)	(14.0)	(32.3)	38.5	5.7
EBITDA Gth (%)	59.2	(11.0)	(12.7)	(25.6)	51.3	(1.7)
Opg Profit Gth (%)	217.3	(8.8)	(13.2)	(35.3)	53.9	0.6
Net Profit Gth (Pre-ex)	31.4	(15.0)	58.0	(59.3)	62.0	15.0
Margins						
Gross Margins (%)	48.1	57.6	59.1	48.3	52.6	51.2
Opg Profit Margins (%)	45.4	41.4	41.8	40.0	44.4	42.3
Net Profit Margins (%)	36.9	23.5	64.8	26.0	30.5	26.8

Source: Company, DBS Bank

Revenue Trend

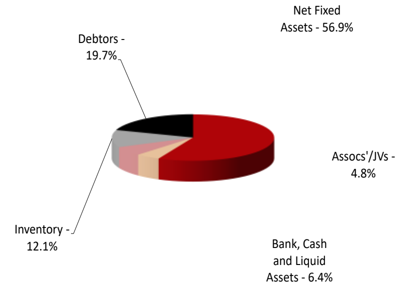


Balance Sheet (MYRmn)

FY Dec	2022A	2023A	2024A	2025F	2026F	2027F
Net Fixed Assets	427	544	712	770	793	816
Invts in Associates & JVs	8.53	18.4	40.7	65.2	90.2	116
Other LT Assets	2.50	2.59	0.61	0.61	0.61	0.61
Cash & ST Invts	62.9	64.2	137	88.6	148	217
Inventory	13.6	29.6	93.3	164	180	196
Debtors	180	254	267	266	279	303
Other Current Assets	2.60	6.70	28.0	28.0	28.0	28.0
Total Assets	697	920	1,279	1,382	1,519	1,676
ST Debt	990	1,043	35.2	35.2	35.2	35.2
Creditor	269	267	171	147	162	176
Other Current Liab	53.2	54.5	34.1	81.1	90.3	96.9
LT Debt	1.10	0.26	423	323	223	123
Other LT Liabilities	6.37	36.2	40.6	40.6	40.6	40.6
Shareholder's Equity	(625)	(489)	561	728	926	1,146
Minority Interests	3.13	6.99	13.8	26.4	41.3	57.8
Total Cap. & Liab.	697	920	1,279	1,382	1,519	1,676
Non-Cash Wkg. Capital	(126)	(31.1)	183	230	234	253
Net Cash/(Debt)	(928)	(979)	(321)	(270)	(111)	58.7
Debtors Turn (avg days)	168.1	166.8	138.9	160.2	146.7	144.1
Creditors Turn (avg	408.9	349.1	281.9	227.3	199.6	199.5
Inventory Turn (avg	29.1	28.1	79.0	183.3	221.8	221.7
Asset Turnover (x)	0.6	0.6	0.6	0.5	0.5	0.5
Current Ratio (x)	0.2	0.3	2.2	2.1	2.2	2.4
Quick Ratio (x)	0.2	0.2	1.7	1.3	1.5	1.7
Net Debt/Equity (X)	CASH	CASH	0.6	0.4	0.1	CASH
Net Debt/Equity ex MI	CASH	CASH	0.6	0.4	0.1	CASH
Capex to Debt (%)	1.6	1.6	12.9	27.9	27.1	44.2

Source: Company, DBS Bank

Asset Breakdown

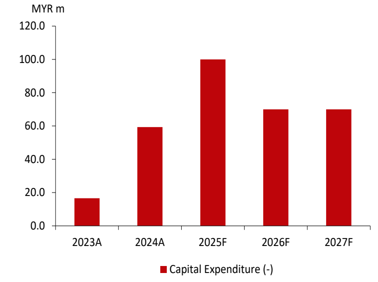


Cash Flow Statement (MYRmn)

FY Dec	2022A	2023A	2024A	2025F	2026F	2027F
Pre-Tax Profit	79.5	204	846	231	273	303
Dep. & Amort.	29.0	26.4	37.6	42.7	46.2	47.6
Tax Paid	(12.8)	(21.9)	(34.6)	(3.7)	(50.8)	(60.0)
Assoc. & JV Inc/(loss)	(5.9)	(9.8)	(22.7)	(4.5)	(5.0)	(5.5)
Chg in Wkg.Cap.	9.64	(96.3)	(124)	(93.8)	(14.1)	(25.4)
Other Operating CF	(35.3)	(77.6)	(511)	0.0	0.0	0.0
Net Operating CF	64.2	24.8	191	172	249	260
Capital Exp.(net)	(15.7)	(16.6)	(59.3)	(100.0)	(70.0)	(70.0)
Other Invts.(net)	0.0	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	(0.5)	(4.9)	(45.9)	(20.0)	(20.0)	(20.0)
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0	0.0
Other Investing CF	1.10	1.76	1.32	0.0	0.0	0.0
Net Investing CF	(15.1)	(19.8)	(104)	(120)	(90.0)	(90.0)
Div Paid	0.0	0.0	0.0	0.0	0.0	0.0
Chg in Gross Debt	(12.5)	(1.7)	(38.5)	(100.0)	(100.0)	(100.0)
Capital Issues	0.0	0.0	30.0	0.0	0.0	0.0
Other Financing CF	0.0	(1.4)	(8.2)	0.0	0.0	0.0
Net Financing CF	(12.5)	(3.2)	(16.6)	(100.0)	(100.0)	(100.0)
Currency Adjustments	(0.5)	(0.5)	0.38	0.0	0.0	0.0
Chg in Cash	36.2	1.36	70.9	(48.4)	59.0	69.6
Opg CFPS (S cts)	21.5	47.0	25.1	21.1	21.0	22.7
Free CFPS (S cts)	19.1	3.17	10.5	5.71	14.3	15.1

Source: Company, DBS Bank

Capital Expenditure



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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
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**Share price appreciation + dividends*

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