

Sale of PSV; Rise of newbuild activities on the horizon

What's New

- Divestment of a 4,000 DWT mid-sized PSV for USD20.5mn (c.RM83.2mn), crystallising an estimated c.RM50mn gain in FY25
- Transaction underscores disciplined capital recycling and highlights that vessel book values are at least 50% below current resale values
- Proceeds will be redeployed into shipbuilding and fleet expansion, positioning Nam Cheong to capture the next OSV newbuild and charter upcycle.
- Re-rating catalysts in sight – OSV newbuild contracts, re-deployment of two workboats and one AHTS; Reiterate BUY and TP SGD1.25

Divesting a PSV, in line with capital recycling and fleet reprofiling initiatives. Nam Cheong has entered into a sale agreement to divest a 4,000 DWT mid-sized platform supply vessel (PSV) to an established Vietnam-based offshore and marine group for USD20.5mn (c.RM83.2mn), with delivery scheduled in Dec – 2025. The transaction forms part of its broader fleet reprofiling strategy, aimed at aligning its asset base with evolving offshore marine demand and safety requirements, as well as maintaining capital recycling discipline. Based on our back-of-the-envelope calculation, the sale could bring about c.RM50mn gains for FY25, at the higher end of recent years' divestment gains of RM30 – 45mn per annum. While we do not include divestment gains in our core profit estimate (~RM178mn for FY25), the sale has two significant financial implications: 1) it unlocks the value of the vessel, which contributes c.RM7mn per annum based on our estimate, effectively bringing forward the income for the next seven years; and 2) its vessels are deeply undervalued on book, at least 50% below market resale value.

Rise of newbuilding activities on the horizon. Net proceeds from the disposal will be primarily redeployed into Nam Cheong's shipbuilding activities, either to construct vessels for external sale or to support expansion of its own OSV fleet to grow recurring charter income. By monetising older tonnage at an opportune time and recycling capital into newer builds, Nam Cheong is well positioned, with its comparatively younger fleet, to benefit from tightening global OSV supply, ageing regional fleets and stricter safety and efficiency standards, while leveraging its in-house shipyard capabilities to ride the upcoming newbuild wave. Management emphasises that the OSV newbuild market is approaching a turning point, with a highly aged fleet of around 15 years requiring renewal. We expect potential OSV newbuild contracts and the deployment of the two workboats and an idling AHTS (due to cancellation of a Japanese offshore wind project) in early 2026 to drive a re-rating of the stock. Nam Cheong remains one of our top picks for 2026. Reiterate BUY and TP SGD1.25 (8x FY26 PE).

Analyst

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Key Financial Data (FY Dec)

Bloomberg Ticker	NCL SP
Sector	Energy
Share Price(SGD)	0.85
DBS Rating	BUY
12-mth Target Price (SGD)	1.25
Market Cap (USDbn)	0.3
3m Avg. Daily Val (USDmn)	1.4
Dividend yield (%)	na
Fwd. P/E (x)	5.4
P/Book (x)	1.9
ROE (%)	2,182.1

Closing Price as of 19/11/2025

Source: Twelve Data, DBS, Visible Alpha

Nam Cheong Limited Share Price



Source: Twelve Data

Target Price & Ratings History - Nam Cheong Limited (NCL_SP_Equity)



Source: DBS
Analyst: Pei Hwa Ho

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*Share price appreciation + dividends

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