

<Results Analysis> 1Q26 boosted by vessel sale gain

What's New

- 1Q26 reported net profit surged 160% y/y to RM79mn on vessel disposal gain
- Stripping the gain out, core chartering net profit down c.23% y/y to RM23.2mn, slightly below, due to higher operating cost in Middle East and share-based staff awards
- Vessel utilisation at 58% in 1Q26 due to monsoon season, set to improve to >70% in 2Q and 3Q; plan to add 5 vessels to fleet in 2026; net gearing declined sharply to 0.17x Maintain
- BUY and TP SGD1.90; well-positioned to benefit from multi-year O&M upcycle

Results Review

Nam Cheong saw PATMI rising 160% y/y to RM78.9mn in 1Q26, driven by vessel disposal gains. Revenue grew 1% y/y to RM117.9mn despite a smaller fleet, as utilisation increased to 58% (vs 48% in 1Q25) following the commencement of more long-term charters. Stripping out vessel sale net gain of ~RM55mn, core chartering net profit came in slightly below expectations, declining ~23% y/y to RM23.2mn with gross margin moderating 6ppt to 42% due to higher operating costs for vessels deployed in the Middle East amid heightened geopolitical tensions, while higher share-based compensation lifted administrative expenses. Balance sheet strength improved further, with net gearing falling to 0.17x from 0.27x in the previous quarter following continued debt repayment and stronger cash collections.

Outlook

Vessel utilisation is expected to improve further in 2Q26 following the end of the monsoon season, supported by firm offshore demand and tight OSV supply conditions across the region. The addition of five vessels during the remainder of 2026, alongside maiden revenue contribution from the shipbuilding segment in 2Q26, should further enhance earnings visibility and diversify revenue streams. In addition, the group will also recognise another ~RM50mn vessels disposal gains in 2Q26. Against the backdrop of heightened energy security concerns, sustained offshore spending by PETRONAS and an ageing global OSV fleet, Nam Cheong remains well-positioned to benefit from a multi-year offshore and marine (O&M) upcycle while maintaining capital discipline and ongoing deleveraging momentum. Maintain BUY and TP SGD1.90 (12x FY26PE).

Nam Cheong									
Currency	RM								
FY Dec (m)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Sales	111.5	200.5	200.4	172.3	116.6	161.6	170.8	170.7	117.9
Cost of Goods Sold	(61.8)	(104.1)	(85.0)	(70.5)	(60.3)	(76.6)	(83.3)	(98.1)	(68.4)
Gross Profit	49.7	96.4	115.4	101.8	56.3	85.0	87.5	72.6	49.6
Other Operating Income	50.3	9.7	24.6	(48.7)	3.8	1.4	0.3	15.6	4.2
Administration Expenses	(11.0)	(12.4)	(13.4)	(23.0)	(11.7)	(15.1)	(15.4)	(37.6)	(17.7)
Other expenses	(12.7)	(1.5)	(21.9)	21.8	(1.8)	0.5	(0.2)	1.1	(0.1)
Other Operating Expenses	(23.7)	(13.9)	(35.3)	(1.1)	(13.5)	(14.7)	(15.6)	(36.6)	(17.7)
EBIT	76.2	92.2	104.8	52.0	46.6	71.8	72.2	51.6	36.0
Interest Income	0.3	0.2	0.4	0.4	0.5	0.5	0.4	4.1	0.6
Interest Expense	(2.0)	(7.3)	(5.4)	(3.7)	(5.2)	(4.6)	(5.9)	(3.6)	(4.1)
Share of Associates' or JV Income	28.1	1.6	(2.9)	(4.0)	1.5	3.1	0.7	(5.2)	(1.4)
Exceptional Gains/(Losses)	462.7	17.3	(22.0)	57.1	0.0	0.0	(10.7)	95.2	55.7
Pretax Profit	565.3	104.0	74.8	101.8	43.4	70.8	56.7	142.1	86.8
Tax	(10.7)	(22.8)	(24.0)	11.8	(8.3)	(16.1)	(12.8)	(0.4)	(5.4)
Minority Interests	(2.0)	(7.2)	(3.8)	(1.9)	(4.8)	(5.5)	2.0	2.1	(2.5)
Net Profit	552.5	74.1	47.1	111.6	30.4	49.2	45.8	143.7	78.9
Core Chartering Profit	89.8	56.7	69.0	54.5	30.4	49.2	56.6	58.5	23.2

Source: Company, DBS

Analyst

Pei Hwa Ho | peihwa@dbs.com

Key Financial Data (FY Dec)

Bloomberg Ticker	NCL SP
Sector	Energy
Share Price(SGD)	1.41
DBS Rating	BUY
12-mth Target Price (SGD)	1.90
Market Cap (USDbn)	0.3
3m Avg. Daily Val (USDmn)	3.2
Dividend yield (%)	nm
Fwd. P/E (x)	7.2
P/Book (x)	2.1
ROE (%)	39.1

Closing Price as of 15/05/2026

Source: Twelve Data, DBS, Visible Alpha

Nam Cheong Limited Share Price



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



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	17 Nov'25	0.830	1.25	BUY
2	29 Jan'26	1.20	1.60	BUY
3	21 Apr'26	1.54	1.90	BUY

Source: DBS
Analyst: Pei Hwa Ho

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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)
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*Share price appreciation + dividends

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