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Nordic delivers revenue of S$40.5 million for 1H2019

- **Group recognised lower revenue in 1H2019 due to a decline in revenue contribution from its Project Services business segment and an absence of Other income from the sale of carbon allowances as compared to 1H2018**
- **However, revenue contribution from its Maintenance Services business segment delivered a 16% growth to S$21.1 million for 1H2019 versus S$18.1 million for 1H2018**
- **Group registered gross profit of S$10.7 million, a net profit after tax of S$4.3 million and EBITDA of S$6.7 million in 1H2019**
- **Nordic to distribute an interim dividend of 0.429 Singapore cents per share, representing a dividend pay-out ratio of 40%, to reward its valued shareholders**

Singapore, 8 August 2019 – Nordic Group Limited **("Nordic"** or the **"Group"),** a SGX-Mainboard listed company that provides system integration solutions, repair and overhaul (MRO), precision engineering, scaffolding and insulation services, petrochemical and environmental engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure and public environment agencies, reported a positive set of financial results for the six months ended 30 June 2019 ("**1H2019**"). Financial highlights are as follows:

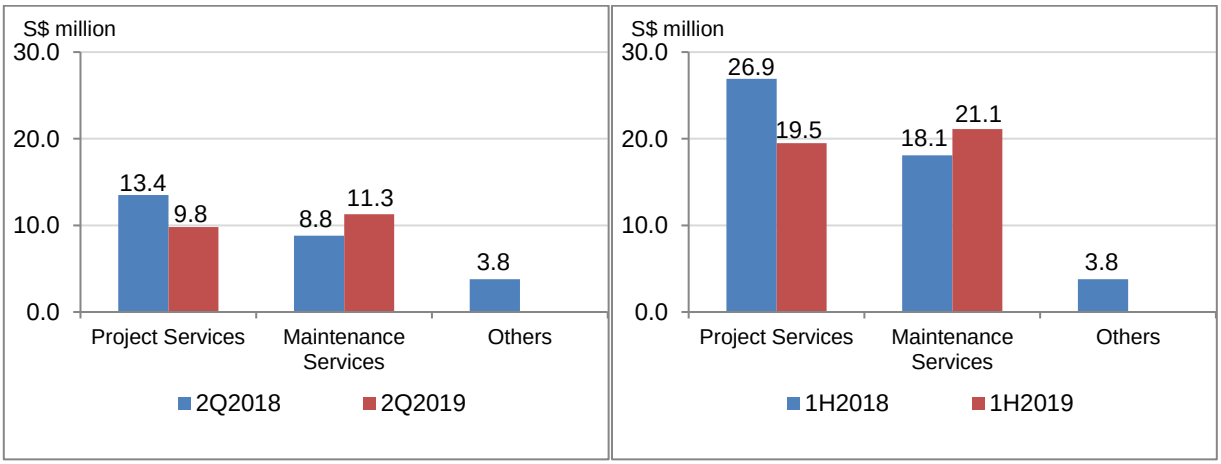
Financial Highlights	**2Q2019**	**2Q2018**	**Chg**	**1H2019**	**1H2018**	**Chg**
	S$'000	**S$'000**	**%**	**S$'000**	**S$'000**	**%**
Revenue	21,038	26,075	(19)	40,544	48,783	(17)
Gross Profit	5,344	7,159	(25)	10,681	14,004	(24)
Gross Profit Margin	*25.4%*	*27.5%*	*(2) ppts*	*26.3%*	*28.7%*	*(2) ppts*
Net Profit after Tax Attributable to Equity Holders	2,228	4,351	(49)	4,288	7,790	(45)
Net Profit Margin	*10.6%*	*16.7%*	*(6) ppts*	*10.6%*	*16.0%*	*(5) ppts*
EBITDA	3,429	5,634	*(39)*	*6,701*	*10,304*	*(35)*
EBITDA Margin	*16.3%*	*21.6%*	*(5) ppts*	*16.5%*	*21.1%*	*(5) ppts*
Basic Earnings Per Share (cents)*	0.6	1.1	(45)	1.1	2.0	(45)

* Based on weighted average number of 392,263,000 ordinary shares for 2Q2019 and 392,390,000 ordinary shares for 1H2019 (2Q2018: 393,048,000 ordinary shares and 1H2018: 393,075,000 ordinary shares)
Ppts: Percentage Points

Financial Review

Despite the decline in revenue from S$48.7 million in 1H2018 to S$40.5 million in 1H2019, revenue contribution from the Group's Maintenance Services business segment rose by approximately 16% to S$21.1 million in 1H2019. However, the Group saw lower revenue contribution from the Project Services business segment because of lesser projects in 1H2019. In 1H2019, there was an absence of revenue contribution from Others business segment as compared to 1H2018 where there was a sale of carbon allowances.

Revenue by Business Segment



Registering a net profit after tax attributable to shareholders of S$4.3 million and EBITDA of S$6.7 million in 1H2019, Nordic continued to maintain its profitability and resilience despite operating in tough market conditions.

Balance sheet as at 30 June 2019 remained healthy, with cash and cash equivalents of approximately S$38.4 million and a very low net gearing[1] of approximately 0.08 times. As a result, net asset value per share strengthened from 20.6 Singapore cents as at 31 December 2018 to 21.3 Singapore cents as at 30 June 2019[2].

Business Outlook

The Group's outstanding order book stood at approximately S$83.9 million as at 30 June 2019, with the Project Services business segment securing a total of S$43.2 million in contracts while the Maintenance Services business segment contributed S$40.7 million to the Group's order book.[3]

On 21 February 2019, Nordic clinched several contracts with a total value of approximately S$12.9 million for its Scaffolding, Insulation, Precision Engineering, System Integration and Petrochemical & Environmental Engineering projects.

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[1] (Total Borrowings – Cash and Cash Equivalents) / Total Shareholder's Equity as of 30 June 2019

[2] Based on the 391,904,000 ordinary shares in issue excluding treasury shares as of 30 June 2019 (392,519,000 shares as of 31 December 2018)

[3] Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included above. These orders are expected to be delivered within the next 36 months and will generate sustainable revenue streams for the Group up to FY2021. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by customers.

On 9 May 2019, Nordic's Precision Engineering business division won an approximate S$2.3 million contract for machining services and mechanical assembly to be delivered in 3Q2019 and 4Q2019 respectively. In addition, the SI business division secured around S$2.2 million worth of contracts for the supply of valve remote control which has been completed in 2Q2019 and tank gauging systems which will be completed in 3Q2019. These contracts once delivered will provide healthy income streams to the Group's Project Services business segment.

Furthermore, Nordic's Scaffolding, Insulation and Precision Engineering business divisions generated a total of about S$1.2 million orders under the Maintenance Services business segment also on the 9 May 2019. These orders for insulation, scaffolding works and rental of a boiler have been completed in 2Q2019.

As of 30 June 2019, the Group's asset held-for-sale stood at approximately S$8.1 million on its balance sheet. To boost productivity and synergy, the Group consolidated all its business units under one roof at 2 Tuas Avenue. Also, the Group paid its fourth tranche payment of approximately S$0.6 million on 23 July 2019 related to the acquisition of Ensure Engineering Pte Ltd.

Commenting on the Group's financial performance for 1H2019 and the market outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***"We have proven our resilience amidst the current dire macroeconomic situation and outlook by maintaining our profitability. Our Maintenance Services business segment has continued to register revenue growth, providing further justification to our business strategy to diversify our income stream and to expand recurring income base to smoothen our earnings. Our Project Services business segment has continued to garner momentum in winning more contracts, especially on the SI business division's front which is mainly related to the offshore marine sector.***

With an orderbook of approximately S$83.9 million till FY2021, our Group remains in a good stead to navigate market volatility and weak business sentiments in our operating environment. As a result of our positive financial performance, we have declared an interim dividend of 0.429 Singapore cents per share to reward our valued shareholders in accordance with our dividend policy."

End

About Nordic Group Limited (Bloomberg Code: NRD SP)

Established in 1998, Nordic is a leading supplier of automation system integration solutions, vessel maintenance, repair and overhaul (MRO), precision engineering, scaffolding and insulation services, petrochemical and environmental engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure and public environment agencies.

Headquartered in Singapore, Nordic currently has one production facilities located in Suzhou, the People's Republic of China ("PRC"). Nordic has a sales and services network that covers Singapore and various locations in the PRC as well as an international network of appointed sales and service agents, which allows the Group to be in close proximity to its customers.

Designed to meet the demands of vessel automation, the Group's **System Integration** division offers integrated control and management systems for newly built ships as well as ships which are already in operation but are in need of upgrades and conversions. These systems are versatile and dependable ship automation solutions that provide a standard user-friendly interface to the subsystems of modern vessels.

Nordic also designs, procures, develops and manufactures actuators, valves and other components for assembly and integration into valve remote control systems, tank gauging systems, anti-heeling systems, alarm monitoring and power management systems used by customers in their vessels.

Under its **Maintenance, Repair and Overhaul ("MRO")** and Trading division, Nordic provides customers with a dedicated team of consultants who are responsible for any after-sales requests for maintenance, repairs and overhauls as part of its after-sales service. The MRO and Trading division provides the Group with a steady stream of income as there is a constant need for vessels to be maintained or repaired.

The Group's **Precision Engineering** division designs and builds tooling systems, and provides turnkey production solutions to customers in the marine, oil and gas, aerospace, medical and electronic manufacturing services industries for a stable customer base.

The Group's **Scaffolding Services** division is an established leader in metal scaffold works servicing the Process, Construction and Marine industries. Multiheight Group offers a full suite of scaffolding services including design, erection, modification and dismantling, sales and rental. Multiheight Group has two decades of scaffolding experience and is an MOM-approved scaffold contractor committed to high standards of Quality, Safety and Health (QSH) practices and standards throughout the organisation, warehouse, workshop, on site and all activities carried out by the organisation.

The Group's **Insulation Services** division specialises in Insulation (Thermal and Cryogenic Insulation), Passive Fireproofing Services and Coating in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

In April 2017, Nordic completed the acquisition of Ensure Engineering Pte Ltd ("Ensure). Ensure is principally engaged in providing **Petrochemical & Environment Engineering Services** which includes repairs, maintenance, operations and plant turnaround services for public environment engineering installations, energy installations, marine and offshore industries, manufacturing industries, and oil and petrochemical industries.

Issued for and on behalf of Nordic Group Limited

By Financial PR Pte Ltd
For more information, please contact:

Romil SINGH / Reyna MEI / Colin LUM
nordic@financialpr.com.sg
Tel: (65) 6438 2990, Fax: (65) 6438 0064