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Nordic Delivers Record Earnings of S\$15.3 million for FY2017

- Group achieved record revenue of S\$91.5 million in FY2017 since its listing in 2010, mainly contributed by substantial growth in its Maintenance Services business segment
- Group's outstanding order book stood at approximately S\$106.8 million as at 31 January 2018 providing sustainable revenue streams till FY2021
- Group maintained its dividend pay-out ratio of 40%, proposing a final dividend of 0.873 Singapore cents per share for FY2017 to reward shareholders

Singapore, 26 February 2018 – 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, delivered a net profit after tax attributable to shareholders of S\$15.3 million for the twelve months ended 31 December 2017 (“FY2017”). Financial highlights are as follows:

Financial Highlights	4Q2017	4Q2016	Chg	FY2017	FY2016	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	20,753	18,909	10	91,537	81,921	12
Gross Profit	7,207	5,644	28	30,440	25,523	19
Gross Profit Margin	34.7%	29.8%	4.9 ppts	33.3%	31.2%	2.1 ppts
Net Profit after tax attributable to Equity Holders	4,347	3,816	14	15,266	12,748	20
Net Profit Margin	20.9%	20.2%	0.7 ppts	16.7%	15.6%	1.1 ppts
Basic Earnings Per Share (cents)*	1.1	1.0	10.0	3.9	3.2	21.9

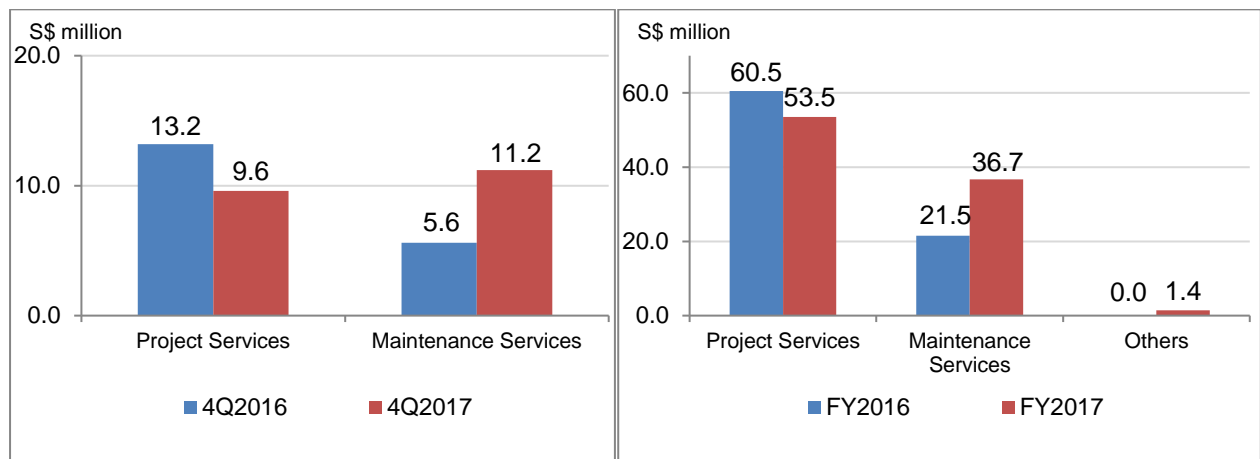
* Based on weighted average number of 393,113,000 ordinary shares for 4Q2017 and 393,140,000 ordinary shares for FY2017 (4Q2016: 393,656,000; FY2016: 393,969,000)

Ppts: Percentage Points

Financial Review

Nordic managed to grow its revenue base by 12% from S\$81.9 million in FY2016 to S\$91.5 million in FY2017, mainly attributed to incremental revenue contribution from the Group's Maintenance Services business segment. Maintenance Services business segment contributed revenue of S\$36.7 million in FY2017, up 71% as compared to S\$21.5 million in FY2016, as the business segment benefited significantly from additional income deriving from its acquisition of Ensure Engineering Pte Ltd ("**Ensure**") on 28 April 2017. However, revenue from the Group's Project Services business segment declined 12% from S\$60.5 million in FY2016 to S\$53.5 million in FY2017 due to lesser projects in FY2017 during a challenging operating environment.

Revenue by Business Segment



Gross profit rose 19% from S\$25.5 million in FY2016 to S\$30.4 million in FY2017 as gross profit margin improved from 31.2% in FY2016 to 33.3% in FY2017 because of higher margins from both Maintenance Services and Others business segments.

Administrative expenses came in higher by 8% from S\$10.4 million in FY2016 to S\$11.3 million in FY2017 due to additional costs from Ensure. The Group also incurred higher finance costs of S\$1.2 million in FY2017 versus S\$1.0 million in FY2016 because of higher interest rates and increased borrowings for the acquisition of Ensure.

As a result of the Group's positive financial performance, the Group delivered basic earnings per share growth of 21.9% from 3.2 Singapore cents in FY2016 to 3.9 Singapore cents in FY2017.

The Group continued to maintain a robust balance sheet as at 31 December 2017 as cash and cash equivalents stood at S\$40.3 million, while net asset value per share strengthened from 17.0 Singapore cents as at 31 December 2016 to 19.5 Singapore cents as at 31 December 2017¹.

¹ Based on the 393,113,000 ordinary shares in issue excluding treasury shares as of 31 December 2017 (31 December 2016: 395,175,000)

Business Outlook

The Group secured an outstanding order book of approximately S\$106.8 million including maintenance contracts as at 31 January 2018. 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.

Nordic has continued its contract winning momentum as the Group clinched a total value of approximately S\$88.8 million worth of contracts from 1 January 2017 to 26 February 2018. Notably on 11 May 2017, the Group's Project Services unit secured scaffolding, insulation and coating capital project of approximately S\$35.0 million from a multinational company in the petrochemical industry. The contract is for 3 years starting from 1 June 2017. In addition, on 4 January 2018, the Group's Maintenance Services unit secured a maintenance service contract from a repeat customer of approximately S\$10.8 million for the servicing and maintenance of screening, sludge, grit and related equipment at various water reclamation plants in Singapore. This contract is for a period of 3 years from 26 January 2018 to 25 January 2021.

Commenting on the Group's positive financial performance for FY2017, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, "***We are delighted that our Group has achieved record revenue of S\$91.5 million since our listing in 2010. Our market capitalization has grown by more than sevenfold from its lowest of S\$28 million on 4 July 2012 to S\$228 million on 26 February 2018. Our revenue has been on an upward trajectory and our net profit has grown at a CAGR of 43% from 2011 to 2017. We have also been able to diversify our revenue streams away from being heavily reliant on the offshore marine sector by adding credible clientele in healthcare, pharmaceutical, oil and gas, petrochemical and infrastructure industries. Over the years, our Group has also placed an emphasis on growing our recurring income base via Maintenance Services to smoothen our earnings profile. Moreover, our Group has established an excellent M&A track record in creating sustainable growth and synergies from our earnings accretive acquisitions.***

Our Group will continue to strive hard to build-up our order books and secure more contracts for all our business segments to enhance our shareholder value going forward. To reward our valued shareholders for their unwavering support over the years, our Group is proposing a final dividend of 0.873 Singapore cents per share for FY2017.

~ The 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 two 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 (primarily in Thermal Insulation) and Passive Fireproofing Services 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

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