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Nordic reports earnings of S\$11.3 million for FY2018

- FY2018 revenue of S\$91.7 million was slightly higher than in FY2017, Project Services segment and Maintenance Services segment contributed 54.6% and 41.2% respectively to Group's revenue
- Group secured S\$75.7 million worth of contracts in FY2018, order book stood at S\$92.7 million as at 31 December 2018
- Group maintains profitability and its dividend pay-out ratio of 40%, rewarding shareholders with a final dividend of 0.353 Singapore cents per share

Singapore, 22 February 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 another positive set of financial results for the twelve months ended 31 December 2018 (“FY2018”). Financial highlights are as follows:

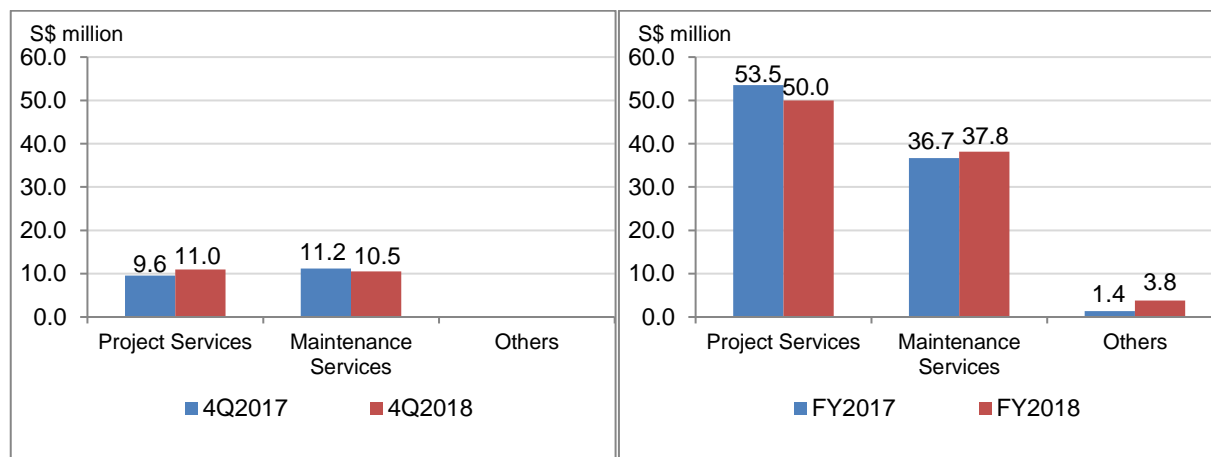
Financial Highlights	4Q2018	4Q2017	Chg	FY2018	FY2017	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	21,525	20,753	4	91,694	91,537	1
Gross Profit	3,633	7,207	(50)	23,326	30,440	(23)
Gross Profit Margin	16.9%	34.7%	(18) ppts	25.4%	33.3%	(8) ppts
Net Profit after Tax Attributable to Equity Holders	218	4,347	(95)	11,325	15,266	(26)
Net Profit Margin	1.0%	20.9%	(20) ppts	12.4%	16.7%	0.4 ppts
EBITDA	1,214	4,637	(74)	16,045	20,715	(23)
EBITDA Margin	5.6%	22.3%	(17) ppts	17.5%	22.6%	(5) ppts
Basic Earnings Per Share (cents)*	0.1	1.1	(91)	2.9	3.9	(26)

* Based on weighted average number of 392,731,000 ordinary shares for 4Q2018 (4Q2017: 393,113,000 ordinary shares) and 392,967,000 ordinary shares for FY2018 (FY2017: 393,140,000 ordinary shares)
Ppts: Percentage Points

Financial Review

Despite a challenging operating environment, the Group managed to maintain its revenue at S\$91.7 million in FY2018 as compared to S\$91.5 million in FY2017. The revenue growth in FY2018 was mainly contributed by a 3% increase in revenue from Maintenance Services business segment and 173% higher sales of carbon allowances under Others business segment. However, revenue contribution from Project Services declined 7% from S\$53.5 million in FY2017 to S\$49.7 million in FY2018.

Revenue by Business Segment



Group recognised other gains of S\$3.0 million in FY2018 contributed by the reversal of other payables to Vendors of Ensure of \$1.6 million, gain from disposal of properties, plant and equipment of \$0.5 million, foreign exchange gain of \$0.3 million, other income of \$0.5 million and government grants of \$0.2 million.

Notwithstanding the prolonged weakness in the offshore marine, oil and gas industries, Nordic delivered net profit after tax attributable to shareholders of S\$11.3 million in FY2018. The Group proposed a final dividend of 0.353 Singapore cents per share to reward shareholders.

The Group continued to upkeep a robust balance sheet as at 31 December 2018, with cash and cash equivalents of S\$39.2 million. Net asset value per share strengthened from 19.5 Singapore cents as at 31 December 2017 to 20.6 Singapore cents as at 31 December 2018¹.

Business Outlook

Group possessed an order book of approximately S\$92.7 million as at 31 December 2018, comprising of S\$44.7 million from Project Services and S\$48.0 million from Maintenance Services. 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.

¹ Based on the 392,519,000 ordinary shares in issue excluding treasury shares as of 31 December 2018 (393,113,000 as of 31 December 2017:)

The Group continued to build on its contract winning momentum, securing new contracts of approximately S\$75.7 million in total for FY2018. Moreover, the Group was able to display synergies among its business divisions, winning approximately S\$19.9 million worth of contracts for its Scaffolding, Insulation and Petrochemical & Environmental Engineering divisions on 9 November 2018. Despite facing less favourable business conditions, the Group's System Integration division was able to secure a combined total of S\$14.0 million worth of new contracts in FY2018.

The Group embarked on consolidating all its business units under one roof at 2 Tuas Avenue 10 to harness more synergy and enhance productivity and efficiency. On 24 August 2018, the Group completed the sale of property at 5 Kwong Min Road for approximately S\$2.4 million. The Group has previously disposed 42 Tech Park Crescent for S\$3.4 million on 12 January 2018. As of 31 December 2018, the Group's asset held-for-sale stood at around S\$8.1 million.

Commenting on the Group's positive financial performance for FY2018 and market outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, *"Since our first acquisition in 2011, our Group has set the building blocks for sustainable growth and diversified our risks away from the offshore marine sectors. Our M&A track record has also enabled us to smoothen our earnings trend and acquire quality clients across various industries serving oil majors, pharmaceuticals and government agencies etc. As a result of our corporate strategy and hard work, we defied the industry trend and maintained profitability.*

Our order book strength and contract winning momentum should steady the ship for us and provide recurring income streams to maintain our profitability moving forward. To express our appreciation to our valued shareholders for their unwavering support, we have declared a final dividend of 0.353 Singapore cents per share, representing a dividend yield of 3.5%²."

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.

² Based on the closing price of S\$0.35 on 20 February 2019

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

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