



*Building Momentum, Capturing Opportunities*

# **Nordic Group Limited**

## **FY2019 Results Briefing**

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- 1. Financial Review**
- 2. Business Outlook**
- 3. Investment Merits**



# Financial Highlights for 4Q2019 and 12M2019

4Q19 Revenue ↑8%

**\$23.2m**

4Q18: \$21.5m

12M19 Revenue ↓8%

**\$84.6m**

12M18: \$91.7m

4Q19 EPS ↑200%

**0.3 cents**

4Q2018: 0.1 cents

4Q19 Net profit  
↑480%

**\$1.3m**

4Q18: \$0.2m

12M19 Net profit  
↓25%

**\$8.5m**

12M18: \$11.3m

12M19 EPS ↓24%

**2.2 cents**

12M2018: 2.9 cents

4Q19 EBITDA ↑121%

**\$2.7m**

4Q18: \$1.2m

12M19 EBITDA ↓17%

**\$13.3m**

12M18: \$16.0m

NTA per share ↑6.3%

**21.9 cents**

31 Dec 18: 20.6 cents

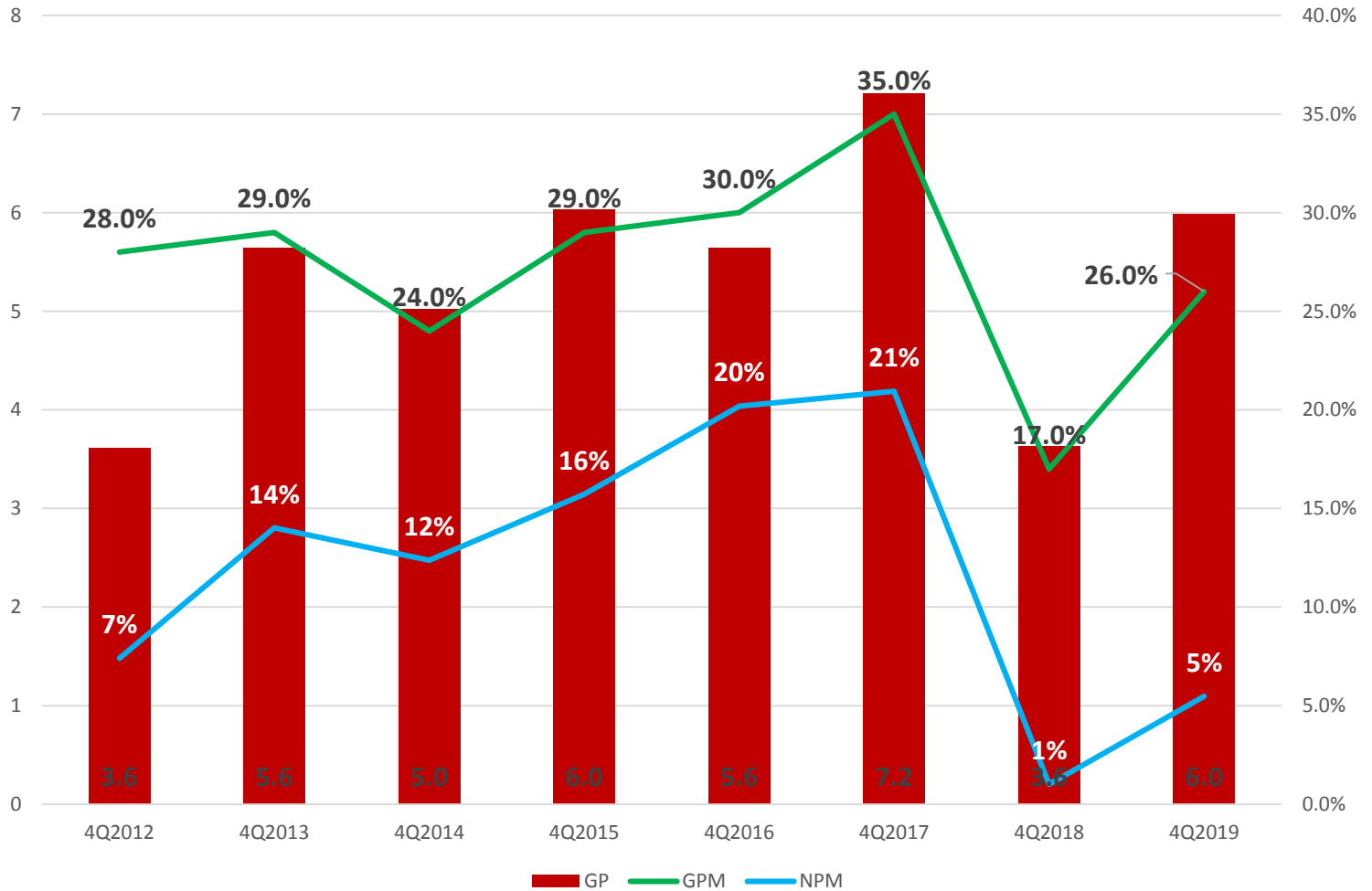
# Financial Review

SS'000	Unaudited 4Q2019	Unaudited 4Q2018	Change (%)	Unaudited 12M2019	Unaudited 12M2018	Change (%)
<b>Revenue</b>	<b>23,190</b>	21,525	8	<b>84,627</b>	91,694	(8)
<b>Gross Profit</b>	<b>5,985</b>	3,633	65	<b>21,274</b>	23,326	(9)
<b>Gross Profit Margin</b> <sup>(1)</sup>	<b>26%</b>	17%	9 ppts	<b>25%</b>	25%	-
<b>Net Profit after Tax</b>	<b>1,265</b>	218	480	<b>8,480</b>	11,325	(25)
<b>Net Profit Margin</b>	<b>5%</b>	1%	4 ppts	<b>10%</b>	12%	(2)Ppts
<b>EBITDA</b>	<b>2,682</b>	1,215	121	<b>13,333</b>	16,045	(17)
<b>EBITDA Margin</b>	<b>12%</b>	6%	6ppts	<b>16%</b>	17%	(1)Ppts
<b>EPS (cents)</b> <sup>(2)</sup>	<b>0.3</b>	0.1	200	<b>2.2</b>	2.9	(24)

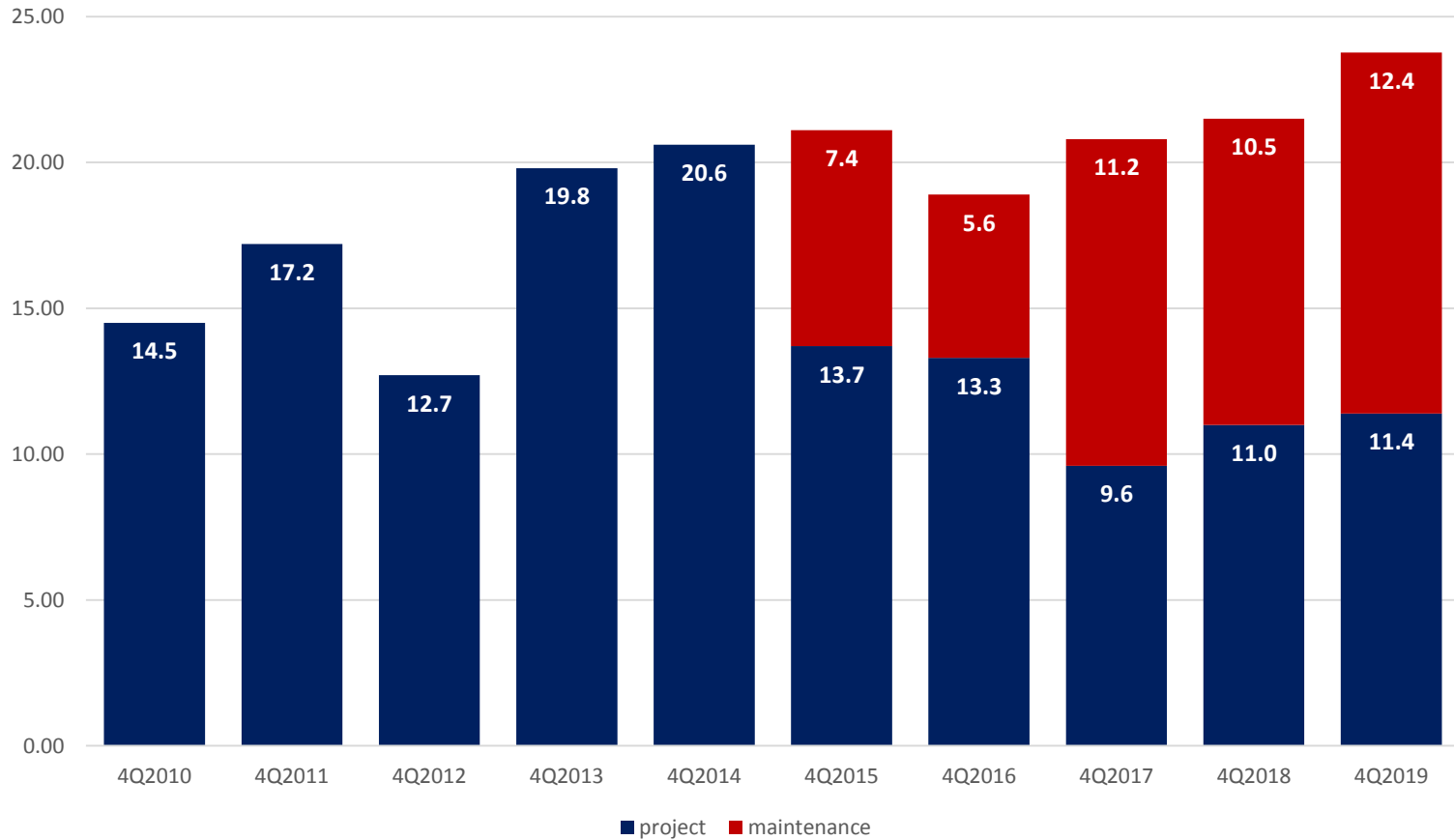
(1) Excluding the sale of carbon allowances, GPM for 122018 was 26%. There was no sales of carbon allowances in 4Q2019 and 4Q2018

(2) Computed based on weighted average number of 391,904,000 ordinary shares for 4Q2019 (392,731,100 ordinary shares for 4Q2018) and 392,145,000 ordinary shares for 12M2019 (392,967,000 ordinary shares for 12M2018)

## 4Q Revenue and Gross Profit and Net Profit Margins



## 4Q Segment Revenue



## Balance Sheet Highlights

<b>S\$'000</b>	<b>Unaudited as at 31 December 2019</b>	<b>Audited as at 31 December 2018</b>
<b>Current Assets <sup>(1)</sup></b>	<b>97,277</b>	<b>92,042</b>
<b>Non-current Assets</b>	<b>64,560</b>	<b>59,818</b>
<b>Current Liabilities <sup>(2)</sup></b>	<b>63,044</b>	<b>58,045</b>
<b>Non-current Liabilities</b>	<b>12,895</b>	<b>12,822</b>
<b>Total Equity</b>	<b>85,898</b>	<b>80,992</b>
<b>Cash and Cash Equivalents</b>	<b>43,200</b>	<b>39,232</b>
<b>Net Asset Value per share (cents) <sup>[3]</sup></b>	<b>21.9</b>	<b>20.6</b>

<sup>[1]</sup> Included asset held for sale of \$8.1m (31 Dec 18: \$8.1m) for the properties for sale.

<sup>[2]</sup> Included liabilities held for sale of \$3.0m (31 Dec 18: \$8.4m)

<sup>[3]</sup> Computed based on number of 391,904,000 (31 Dec 18: 392,519,000) ordinary shares, excluding treasury shares



# Financial Review

	As at end of							
S\$'000	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total Borrowings</b>	26,834	21,539	25,320	32,155	28,085	46,612	48,807	44,069
<b>Cash and Cash Equivalents</b>	23,965	14,852	32,799	35,566	32,325	40,291	39,232	43,200
<b>Net Debt/(Cash)</b>	2,869	6,687	(7,479)	(3,411)	(4,240)	6,321	9,575	869
<b>Net Gearing Ratio<sup>(1)</sup></b>	10%	19%	-19% <sup>(2)</sup>	-10% <sup>(2)</sup>	-11% <sup>(2)</sup>	13% <sup>(3)</sup>	19% <sup>(4)</sup>	2% <sup>(5)</sup>

(1) Computed based on (Total Borrowings less Cash and Cash Equivalents / Total Equity less Goodwill) x 100%

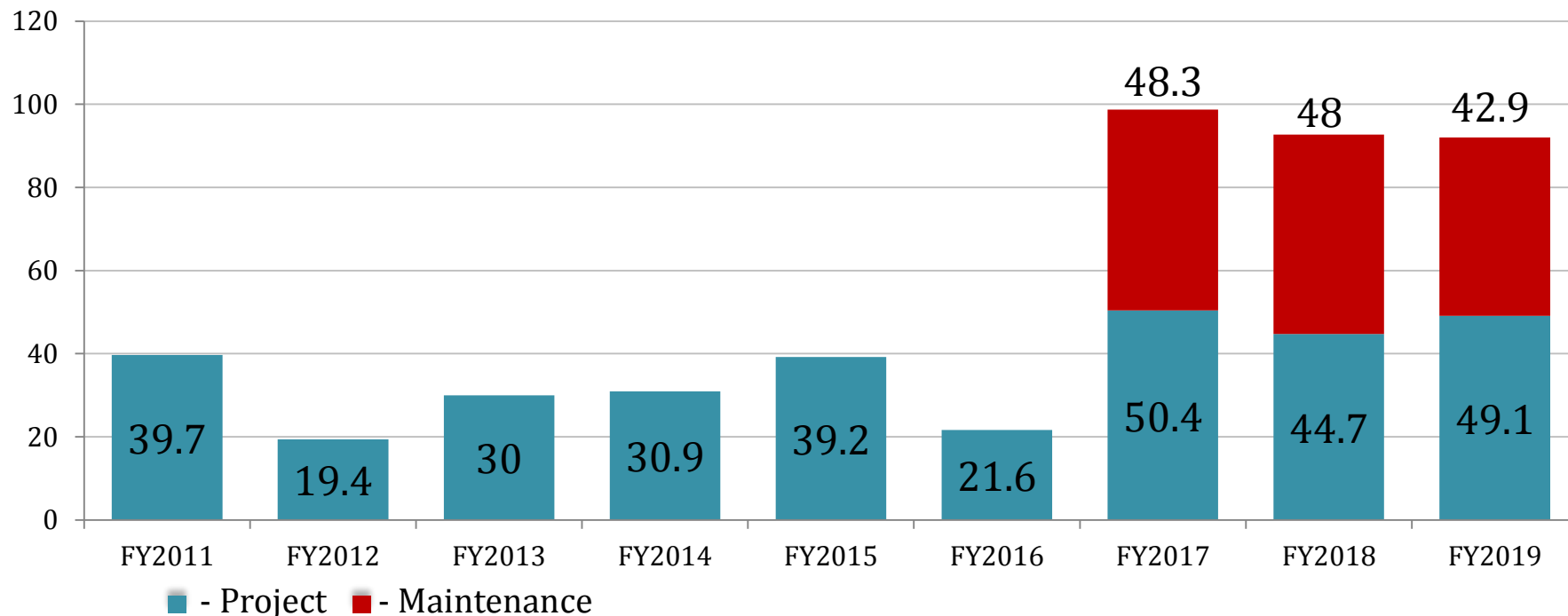
(2) Negative due to the Group being in a Net Cash position

(3) Increase due to \$21million loan from the acquisition of Ensure in April 2017

(4) Increase due to \$10million loan for the acquisition of factory at 2 Tuas Ave 10

(5) Excluded lease liabilities- current and non current of \$4.0 million as these related mainly to the land rent of our properties which have to be capitalized due to the new accounting standard on leases as compared to being a operating lease commitment in the past.

## Order Book Summary (S\$m)



Note:

The order book from FY2011 to FY2016 does not include maintenance contracts as they do not have a contract value upfront. From FY2017, maintenance contracts are included and the values are estimated based on historical revenue trends.

SIP contract of \$20.7 million (FY2018: \$25.2 million) is included in project order book.

After lessing out the estimated 2020 YTD revenue, the order book is \$115.7 million

## Recent Contract Wins

**Mar 13, 2020 - Total value: S\$30.4m**

- Precision Engineering and System Integration: capital contracts from new and repeat customers for machining and mechanical assembly and overhaul of valves remote control and tank gauging systems.
- Scaffolding, Insulation, Petrochemical and Cleanroom: maintenance contracts from repeat customers from the petrochemical, infrastructure and semiconductor industries for insulation and scaffolding works and mechanical and tools hook-up services

**Scaffolding:** Multiheight Scaffolding Pte Ltd

**Precision Engineering:** Avitools (Suzhou) Co. Ltd

**Petrochemical:** Ensure Engineering Pte Ltd

**System Integration:** Nordic Flow Control Pte Ltd

**Insulation:** Austin Energy (Asia) Pte Ltd

**Cleanroom, Air and Water:** Envipure Pte Ltd

# Sale of Properties

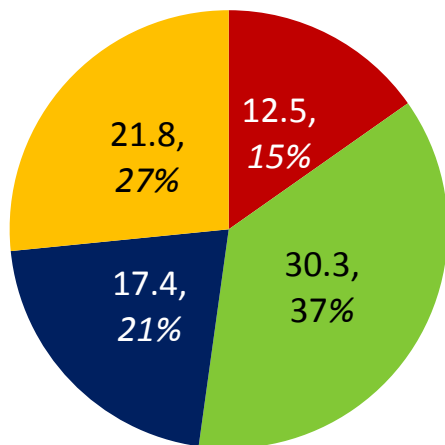
- 24 Benoi Place (land area: 39,052 sq ft; gross floor area: 45,090 sq ft; current market value: \$5.8 million; Tenure: 10 years ending year 2030)
- 133 Tuas View Square (land area: 7,231 sq ft; gross floor area: 10,200 sq ft; 5 years commercial dormitory license from April 2019; current market value \$3.5 million; Tenure: 36 years ending year 2056)



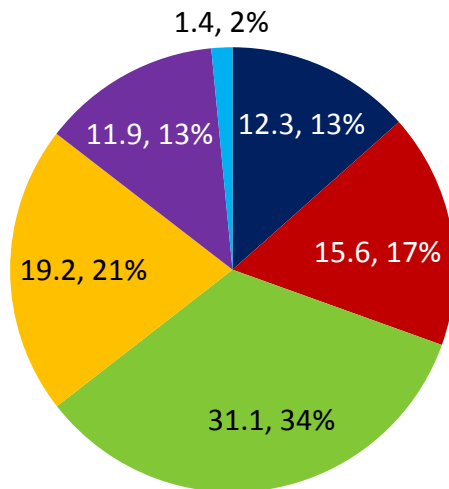
## Covid-19 Responses

- Singapore DORSCON Orange since 7 February 2020, Friday
- Extended closure of our China operations and started 14 February 2020
- Extensive precautionary measures that we and our clients are taking in managing Covid-19
  - Certain clients have triggered Business Continuity Planning (BCP) processes;
  - Temperature taking and monitoring of employees in the morning at the dormitories and at all work sites twice a day
  - Providing employees with adequate personal protection equipment such as thermometers, masks, hand sanitizers
- If situation worse, our productivity and over business performance for FY2020 will be affected

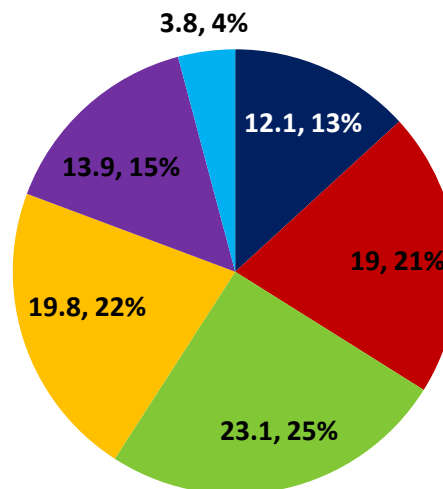
FY2016



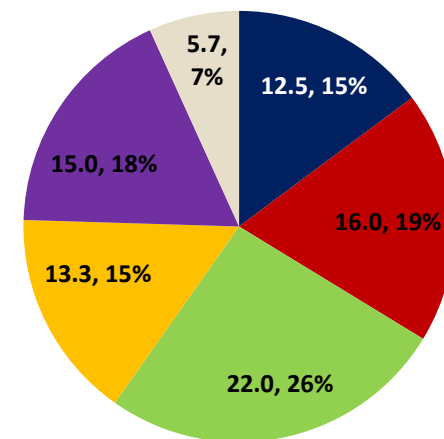
FY2017



FY2018



FY2019



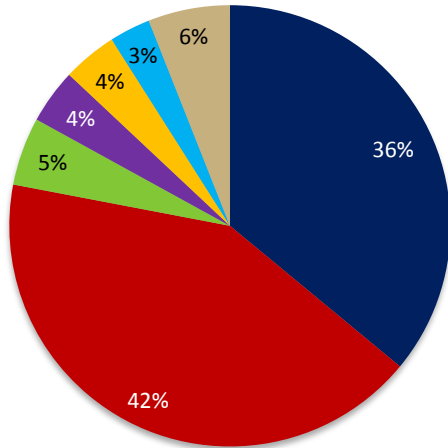
- System Integration / MRO & Trading
- Scaffolding Services
- Insulation Services
- Precision Engineering
- Petrochemical and Environmental Services
- Carbon allowances
- Cleanroom, Air & Water

## Revenue Contribution by Businesses

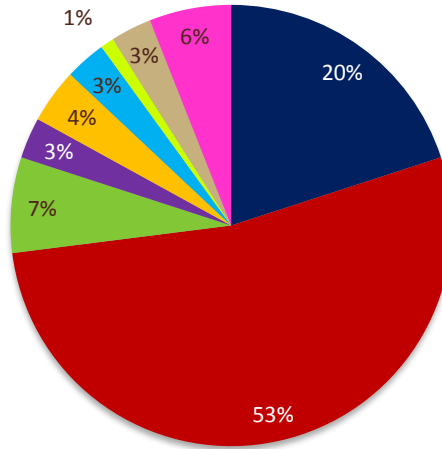
Note: Combined contracts between the entities such as SIP contracts are reflected in the entity who won the contracts. Value is approximately FY17:\$1.3m, FY18:\$3.6m, FY19:\$2.1m

**The acquisition of Multiheight in 2011 has effectively reduced industry-specific risk and supported the Group's consistent revenue growth. The acquisitions of Austin Energy in 2015 and Ensure Engineering in 2017 and Envipure in 2019 have further diversified the Group's revenue stream and stimulated revenue growth.**

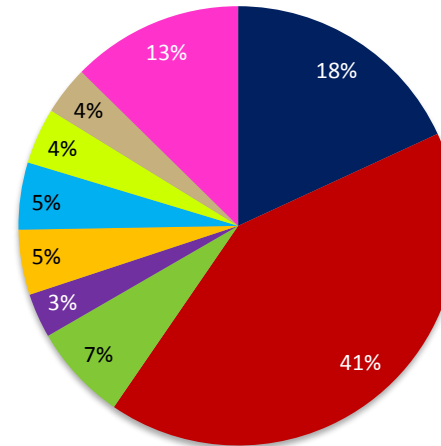
FY2016



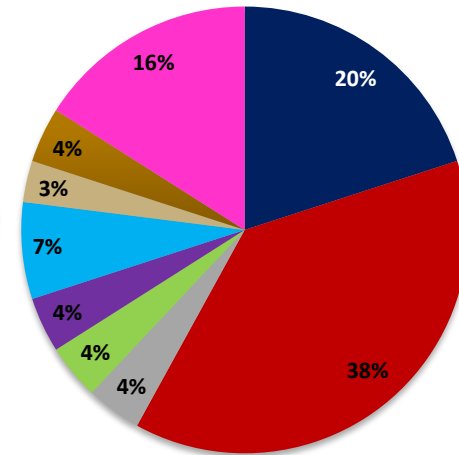
FY2017



FY2018



FY2019



- Onshore/Downstream
- Marine/Upstream
- Electronics Manufacturing System
- Onshore/Infrastructure
- Analytical Instrumentation
- Medical equipment/Industrial /manufacturing
- Pharmaceutical
- Aerospace
- Semiconductor
- Carbon allowances

## Revenue Contribution by Industry

**The acquisition of Multiheight in 2011 has effectively reduced industry-specific risk and supported the Group's consistent revenue growth. The acquisitions of Austin Energy in 2015 and Ensure Engineering in 2017 and Envipure in 2019 have further diversified the Group's revenue stream and stimulated revenue growth.**

# Investment Merits

## Established Market Player

Strong track record, performing above industry average

## Established Management with Proven Track Record

Management with keen foresight and proven track record of:

- Leading the Group to achieve consistent performance despite market volatilities
- Successful acquisition and smooth integration of entities acquired
- Successful acquisitions that have enhanced Group earnings

## Healthy Order Book

Order book of approximately **S\$92 million** on hand, including maintenance contracts.

## Dividend Payout

- Half-yearly dividend payout from FY15
- ~ **40%** dividend payout policy
- FY19 dividend: **0.848 cents**

## Earnings Quality

Volatile project earnings supplemented by more stable recurring maintenance income from Scaffolding Services, Insulation Services, Petrochemical and Environmental Engineering Services and Cleanroom, Air and Water engineering services



# Dividend Payout

Payment date	Financial Year	Final / Interim / Special	Amount per share (cents)	Payout ratio
To be determined	2019	Final	0.419	40%
Sep 5, 2019		Interim	0.429	
May 14, 2019	2018	Final	0.353	
Sep 5, 2018		Interim	0.779	
May 14, 2018	2017	Final	0.873	
Sep 5, 2017		Interim	0.653	
May 12, 2017	2016	Final	0.731	
Sep 2, 2016		Interim	0.5372	
May, 13 2016	2015	Final	0.65	
Sep 8, 2015		Interim	0.40	
May 21, 2015	2014	Special	0.25	25%
May 21,2015		Final	0.25	
May 15, 2014	2013	Final	0.25	16%
May 15, 2013	2012	Final	0.25	22%
May 21, 2012	2011	Final	0.25	56%
May 16, 2011	2010	Final	0.53	30%
<b>Total</b>			<b>7.6042</b>	



# Nordic's Share Buyback –

renewed on 26 April 2019 AGM

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
<i>Share Buyback by way of Market Acquisition</i>			
September 2015	1,086,500	1,086,500	0.27
October 2015	1,800,100	2,886,600	0.72
November 2015	346,400	3,233,000	1.47
December 2015	1,436,200	4,669,200	1.54
January 2016	479,000	5,148,200	1.29
March 2016	352,000	5,500,200	1.37
April 2016	397,500	5,897,700	1.47
May 2016	275,100	6,172,800	1.54
June 2016	95,000	6,267,800	1.57
July 2016	117,000	6,384,800	1.60
August 2016	20,000	6,404,800	1.60
September 2016	119,500	6,524,300	1.63
October 2016	211,300	6,735,600	1.68
November 2016	8,000	6,743,600	1.69
December 2016	81,000	6,824,600	1.71
May 2017	30,500	6,855,100	1.71

Source : SGX Announcement

\*\* Up to a maximum of 40 million shares being 10% of total issued shares of 400 million shares (including treasury shares).



# Nordic's Share Buyback – renewed on 26 April 2019 AGM

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
<i>Share Buyback by way of Market Acquisition</i>			
June 2017	32,000	6,887,100	1.72
March 2018	53,000	6,940,100	1.74
April 2018	15,000	6,955,100	1.74
September 2018	208,300	7,163,400	1.79
November 2018	186,300	7,349,700	1.84
December 2018	131,200	7,480,900	1.87
May 2019	477,100	7,958,000	1.99
June 2019	138,500	8,096,500	2.02
March 2020	573,900	8,670,400	2.17
<b>VOLUME WEIGHTED AVERAGE PRICE</b>		<b>S\$0.2160</b>	

Source : SGX Announcement

\*\* Up to a maximum of 40 million shares being 10% of total issued shares of 400 million shares (including treasury shares).

## Directors' and Executive Officer's Share Purchases

### 9 November 2010 – IPO :

Director	No. of shares held	% shareholdings
Chang Yeh Hong	200,480,625	50.12%
Eric Lin Choon Hin	43,500,000	10.88%
Dorcas Teo Ling Ling	29,000,000	7.25%
	272,980,625	68.25%

### 10 March 2020 :

Director / Executive Officer	No. of shares held	% shareholdings*
Chang Yeh Hong	218,017,325	55.71%
Eric Lin Choon Hin	44,050,000	11.26%
Dorcas Teo Ling Ling	32,319,500	8.26%
Lee Kok Keng Andrew	1,061,800	0.27%
Chia Meng Ru	1,871,600	0.48%
	297,320,225	75.98%

\* Calculated based on 391,329,600 ordinary shares

# Thank You

For more information, please contact

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