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Nordic 1Q2017 Net Profit Climbs 21% to S\$2.8 million

- Group's outstanding project-based order book stands at approximately S\$20.9 million and will drive sustained revenue streams for the next 24 months
- Acquisition of Ensure Engineering, completed in April 2017, to contribute in future quarters

Singapore, 11 May 2017 – Nordic Group Limited (“Nordic” or the “Group”), a SGX-Mainboard listed company, and a leading supplier of automation system integration solutions, vessel maintenance, repair and overhaul (MRO), precision engineering, scaffolding and insulation services serving mainly the marine, offshore oil and gas, petrochemical and pharmaceutical industries, delivered a net profit after tax attributable to shareholders of S\$2.8 million for the three months ended 31 March 2017 (“1Q2017”). Financial highlights are as follows:

Financial Highlights	1Q2017	1Q2016	Chg
	S\$'000	S\$'000	%
Revenue	19,923	19,810	1
Gross Profit	6,104	6,289	(3)
Gross Profit Margin	30.6%	31.7%	-1.1 pts
Net Profit after tax attributable to Equity Holders	2,810	2,315	21
Net Profit Margin	14.1%	11.6%	2.5 pts
Basic Earnings Per Share (cents)*	0.7	0.6	17

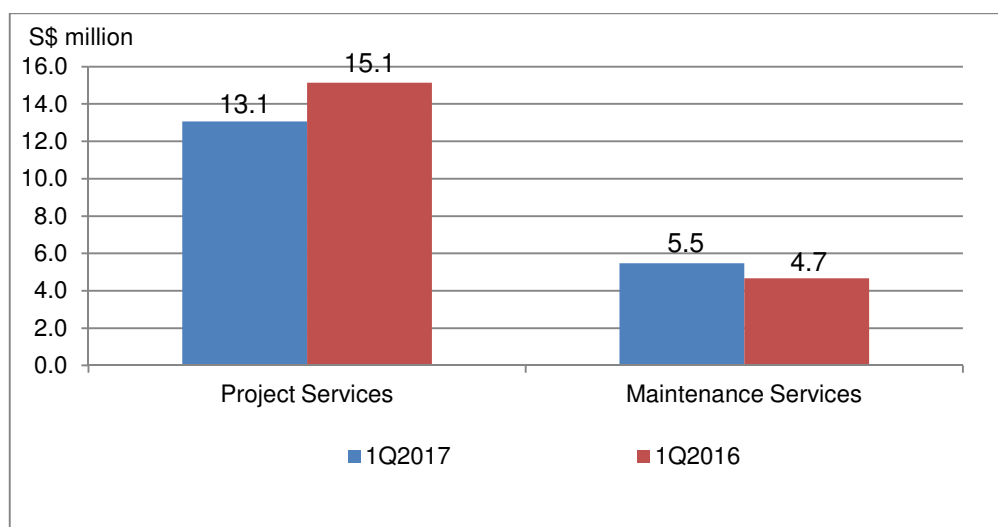
* Based on weighted average number of 393,175,000 ordinary shares for 1Q2017 (394,862,000 ordinary shares for 1Q2016)
Ppts: Percentage Points

Financial Review

The Group's revenue increased 1% from S\$19.8 million in 1Q2016 to S\$19.9 million in 1Q2017. The Project Services segment contributed S\$13.0 million of revenue or 65.3% of the Group's total revenue in 1Q2017. Maintenance Services revenue increased 17.4% period-on-period to S\$5.5 million. Other revenue of S\$1.4 million came mainly from the sale of carbon emission allowances. 1Q2017 gross profit remained at a steady S\$ 6.1 million, and gross profit margin was 30.6%.

The Group again demonstrated its pragmatism in controlling costs, reducing administration expenses by 29% year-on-year to S\$1.9 million in 1Q2017 mainly on lower staff costs. Interest expense and marketing and distribution expenses also fell 30% and 29% respectively in the quarter.

Revenue by Business Segment



Despite persistently weak oil prices and contagion effects from corporate developments at local oil and gas players, the Group grew basic earnings per share by 17% from 0.6 Singapore cents in 1Q2016 to 0.7 Singapore cents in 1Q2017. Net assets per share increased to 17.7 Singapore cents in 1Q2017, from 17.0 Singapore cents as of 31 December 2016¹.

The Group's balance sheet remained in a robust net cash position as at 31 March 2017, with cash and cash equivalents of S\$32.7 million.

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

Business Outlook

The Group's outstanding order book stands at approximately S\$20.9 million excluding maintenance contracts. These orders are expected to be delivered within the next 24 months and will generate sustainable revenue streams for the Group up to FY2018. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by customers.

On 28 April 2017, the Group completed the acquisition of Ensure Engineering Pte Ltd for a consideration of S\$17.3 million, and it has become a wholly-owned subsidiary of the Group. It is expected to contribute to the Group's results from 2Q2017 onwards.

The Group is cautiously optimistic about its ability to maintain profitability despite the ongoing softness in the market. Commenting on the Group's 1Q2017 financial performance and business outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said,

“Although the industry downturn continued in 1Q2017, most visibly in the business restructuring of certain industry peers leading to a contagion effect, we have once again been able to deliver profit and net asset growth in 1Q2017. We are pleased to once again demonstrate our commitment to enhancing shareholder value, having delivered profit growth since our listing in 2010.

Despite challenging conditions, our project-based order book remains healthy, and we continue to see recurring maintenance income and diversified income streams. The current order book provides earnings visibility through to FY2018. We also saw revenue contributions from our participation in China's nascent national emissions trading scheme this quarter.

Given the continued downturn in the industry, we remain prudent and have exercised good cost controls, reducing operating expenses year on year and maintaining a strong balance sheet. We believe we will be able to seize new opportunities should the industry recover, given our track record of solid execution.

Barring any unforeseen circumstances, we remain cautiously optimistic in maintaining profitability going forward. ”

~ 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 serving mainly the marine, offshore oil and gas, petrochemical and pharmaceutical industries.

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.

Multiheight Scaffolding Pte Ltd and its subsidiary ("Multiheight Group") fronts the Group's **Scaffolding Services** division, and 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.

In June 2015, Nordic acquired Austin Energy (Asia) Pte Ltd and its subsidiary ("AE Group"), which specialises in comprehensive **Insulation Services** (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 engineering 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.

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