

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

## Nordic Posts Earnings of S\$1.9 million for 1H2020 Despite Covid-19 Disrupting Business Operations, Declares Interim Dividend

- Revenue declined by 19% to S\$33.0 million in 1H2020 due to business disruptions as many of the Group’s foreign workers were under “stay-home-notices” or quarantine orders
- A limited workforce caused revenue contribution from Maintenance Services to decrease by 15% to S\$17.9 million and Project Services by 22% to S\$15.1 million in 1H2020
- Revenue stream is expected to sustain up to FY2023, on the back of an outstanding order book size of S\$84.6 million, plus a robust cash and cash equivalents position of S\$57.3 million as at 30 June 2020
- Group declares an interim dividend of 0.187 Singapore cents per share to reward shareholders

**Singapore, 7 August 2020** – 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 and cleanroom, air and water engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure and public environment agencies, reported its financial results for the six months ended 30 June 2020 (“**1H2020**”).

Financial Highlights	1H2020	1H2019	Change
	S\$'000	S\$'000	%
Revenue	33,015	40,544	(19)
Gross Profit	7,227	10,835	(33)
Gross Profit Margin	22%	27%	(5) <i>ppts</i>
Net Profit after Tax Attributable to Equity Holders	1,870	4,288	(56)
Net Profit Margin	6%	11%	(5) <i>ppts</i>
EBITDA	4,447	6,701	(34)
EBITDA Margin	14%	17%	(3) <i>ppts</i>
Basic Earnings Per Share (cents)*	0.5	1.1	(55)

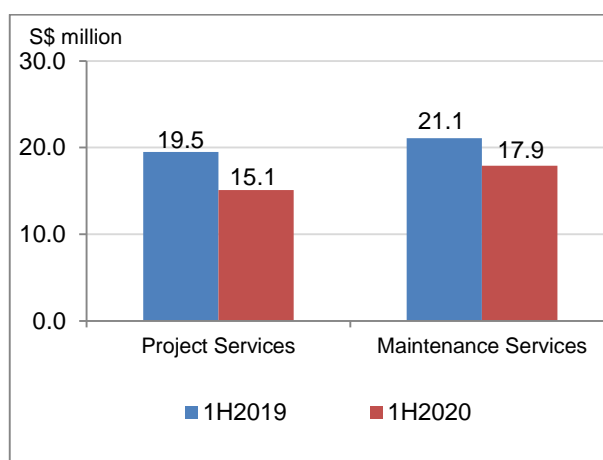
\* Based on weighted average number of 390,932,000 ordinary shares for 1H2020 and 392,390,000 ordinary shares for 1H2019

Ppts: Percentage Points

### Financial Review

Group's revenue declined by 19% year-on-year (“yoy”) to S\$33.0 million in 1H2020 due to the Covid-19 pandemic disrupting normal business operations as majority of the foreign workers were under “stay-home-notices” or quarantine orders since 9 April 2020 due to precautionary measures. Revenue contribution from Maintenance Services business segment decreased by 15% yoy to S\$17.9 million while Project Services business segment contributed 22% yoy lower revenue at S\$15.1 million in 1H2020. Both business segments suffered a slow down during 1H2020 mainly due to a limited workforce.

### Revenue by Business Segment



Despite gross profit declining by 33% to S\$7.2 million, gross profit margin remained healthy at 22% in 1H2020. This was aided by government rebates and grants like wage credit scheme, jobs support scheme, foreign workers levy rebate and waiver.

The Group registered higher other income and gains of S\$1.9 million in 1H2020 versus S\$0.6 million in 1H2019 because of higher foreign exchange gains from higher USD/SGD exchange rate plus a payable of S\$0.2 million written back from vendors of Ensure Engineering Pte Ltd (“Ensure”).

The Group incurred S\$0.5 million in distribution costs in 1H2020 (1H2019: S\$0.3 million), related to distribution costs from the acquisition of Envipure Pte Ltd (“Envipure”) on 21 November 2019. Administrative expenses increased slightly by 5% to S\$5.9 million in 1H2020 mainly due to additional administrative expenses from Envipure. Finance costs declined by 12% to \$0.7 million as the Group benefited from lower interest rates in 1H2020.

Even though the Group's business operations were being impacted by the Covid-19 pandemic which affected its financial performance, the Group managed to maintain its profitability and posted a positive net profit attributable to shareholders of S\$1.9 million in 1H2020 as compared to S\$4.3 million in 1H2019. The Group declared an interim dividend of 0.187 Singapore cents per share for 1H2020 to reward shareholders' loyalty.

The Group continued to uphold a robust balance sheet as at 30 June 2020 with cash and cash equivalents of S\$57.3 million (31 December 2019: S\$43.2 million) and a net cash position of S\$4.4 million as at 30 June 2020 (31 December 2019: net debt of S\$1.0 million). As a result, net asset value per share strengthened by 0.1 Singapore cents from 21.9 Singapore cents as at 31 December 2019 to 22.0 Singapore cents as at 30 June 2020<sup>1</sup>.

### **Business Outlook**

The Group's outstanding order book stood at approximately S\$84.6 million as at 30 June 2020. The Group's Project Service business segment secured S\$38.9 million in orders while its Maintenance Service business segment contributed S\$45.7 million to its order book.<sup>2</sup>

Despite the Covid-19 situation impacting business operations, the Group continued to build on its order winning momentum. On 13 March 2020 and 7 August 2020, the Group's Scaffolding, Insulation, Precision Engineering, System Integration, Petrochemical & Environmental Engineering and Cleanroom, Air and Water Engineering Solutions divisions have successfully clinched several contracts with a total value of approximately S\$30.4 million and S\$24.5 million.

Commenting on the Group's financial performance for 1H2020 and its business outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***“Our Group's businesses and performance have been impacted and disrupted by a slowdown in economic activities due to the global Covid-19 pandemic. However, we are encouraged that we are able to continue to secure more orders and maintain our profitability for 1H2020. The Group remains cautiously optimistic with our contracts secured till date which provides streams of income to tide the Group over challenging times. Our M&A strategy to diversify our business segments and divisions have proven resolute during the Covid-19 pandemic. We will continue to execute our cost saving and risk management initiatives and seek value for further M&A opportunities to deliver value to our shareholders going forward.”***

***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, cleanroom, water and air engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, public environment agencies and semiconductor sectors.

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.

<sup>1</sup> Based on the 390,932,000 ordinary shares in issue excluding treasury shares as of 30 June 2020 (30 December 2019: 392,390,000 shares)

<sup>2</sup> 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 FY2023. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by 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 thermal and cryogenic insulation, thermal spray aluminium and Passive Fireproofing Services in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

The Group's **Petrochemical & Environment Engineering Services** provides 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.

In November 2019, Nordic completed the acquisition of Envipure Pte Ltd and its subsidiaries ("Envipure"). Envipure is principally engaged in providing **Cleanroom, Air and Water Engineering Services** which includes tools hook up services, air pollution control scrubbers and water treatment plants for the semiconductor, oil and gas, power plant and municipality sectors.

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Issued for and on behalf of Nordic Group Limited

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