

FY2021 Results Presentation

22 March 2022





NORDIC
Group Limited

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Financial Highlights for FY2021

Revenue

\$103.1 ↑28%

FY20: \$80.8m

Net profit

\$13.9m

↑153%

FY20: \$5.5m

EBITDA

\$19.0m ↑58%

FY20: \$12.0m

GPM

27% ↑5 ppts

FY20: 22%

NPM

13% ↑6 ppts

FY20: 7%

EBITDA margin

18% ↑3 ppts

FY20: 15%

Order book

\$262.4m

as at 21 Mar 2022

EPS

3.6 cents

↑157%

FY20: 1.4 cents

NAV per share

25.2 cents

↑11%

31 Dec 20: 22.8 cents

Financial Review

SS\$'000	Unaudited 2H2021	Unaudited 2H2020	Change (%)	Unaudited FY2021	Audited FY2020	Change (%)
Revenue	53,893	47,779	13	103,065	80,794	28
Gross Profit	13,809	10,736	29	27,798	17,963	55
Gross Profit Margin ⁽¹⁾	26%	22%	4 ppts	27%	22%	5 ppts
Net Profit after Tax	6,079	3,612	68	13,876	5,482	153
Net Profit Margin	11%	8%	3 ppts	13%	7%	6 ppts
EBITDA	8,534	7,569	13	18,971	12,016	58
EBITDA Margin	16%	16%	-	18%	15%	3 ppts
EPS (cents) ⁽²⁾	1.6	0.9	78	3.6	1.4	157

(1) Excluding the government grants such as wage credit scheme, jobs support scheme, foreign workers rebate, the gross profit margins were 22.7%, 17.3%, 24.5% and 15.8% for 2H2021, 2H2020, FY2021 and FY2020.

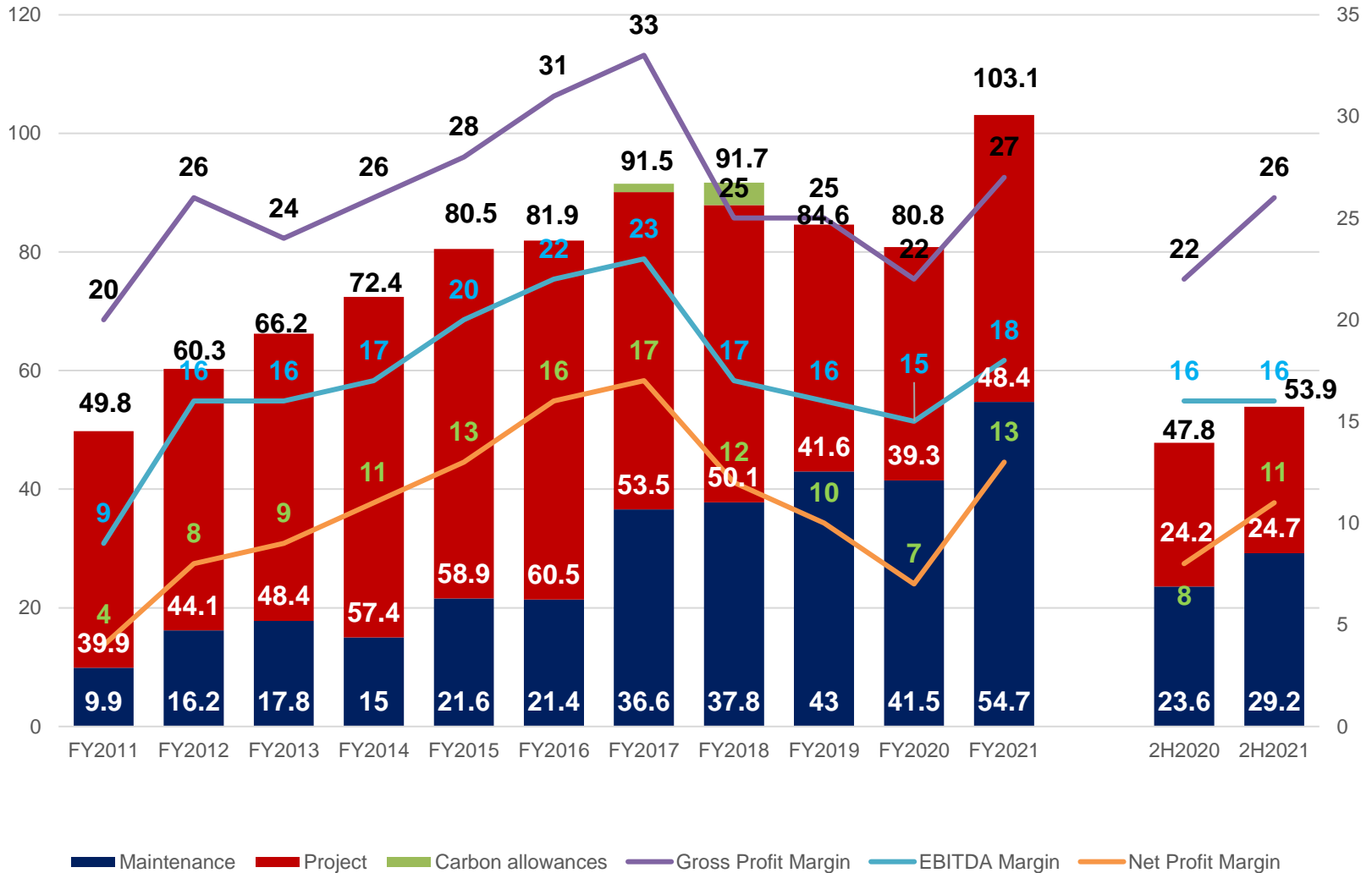
(2) Computed based on weighted average number of 388,000,000, 389,677,000, 388,179,000 and 390,301,000 ordinary shares for 2H2021, 2H2020, FY2021 and FY2020.



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Financial Review

Revenue, GP, NP, EBITDA Margins



Balance Sheet Highlights

S\$'000	Unaudited as at 31 Dec 2021	Audited as at 31 Dec 2020
Current Assets	127,057	100,055
Non-current Assets	65,209	67,994
Current Liabilities	85,932	67,026
Non-current Liabilities	8,699	12,187
Total Equity	97,635	88,836
Cash and Cash Equivalents	75,337	57,512
Net Asset Value per share (cents) ^[1]	25.2	22.8

^[1] Computed based on number of 388,000,000 (31 Dec 20: 388,900,000) ordinary shares, excluding treasury shares



Financial Review

	As at end of								
S\$'000	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Total Borrowings	21,539	25,320	32,155	28,085	46,612	48,807	44,069	45,873	60,262
Cash and Cash Equivalents	14,852	32,799	35,566	32,325	40,291	39,232	43,200	57,512	75,337
Net Debt/(Cash)	6,687	(7,479)	(3,411)	(4,240)	6,321	9,575	869	(11,639)	(15,075)
Net Gearing Ratio ⁽¹⁾	19%	-19% ⁽²⁾	-10% ⁽²⁾	-11% ⁽²⁾	13% ⁽³⁾	19% ⁽⁴⁾	2% ⁽⁵⁾	-20% ⁽²⁾	-22%⁽²⁾

(1) Computed based on (total borrowings less cash and cash equivalents/total equity less intangible assets) x 100%

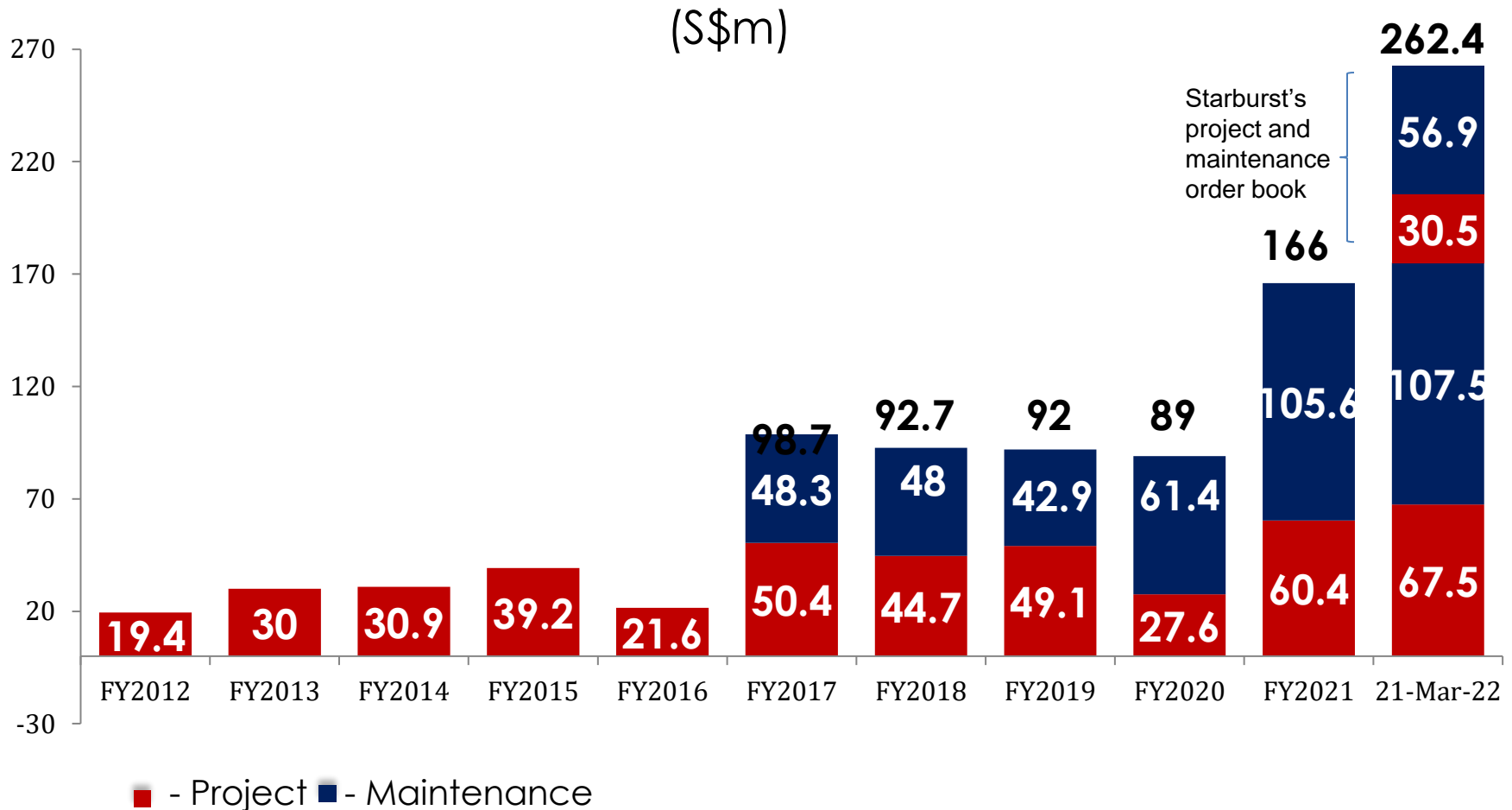
(2) Negative due to the Group being in a net cash position

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

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

(5) Net debt is due to the acquisition of Envipure Group

Order Book



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.

Contracts Win

March 21, 2022 - Total value: S\$151.6m

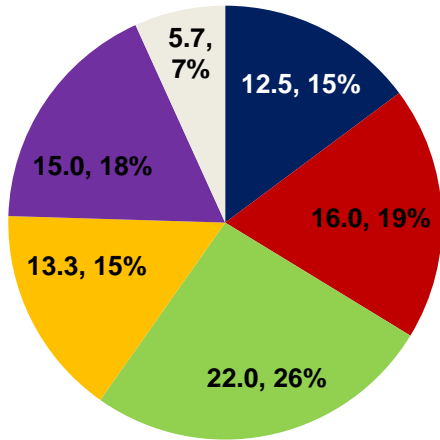
- System integration: manufacture of valves and actuators, control and tank gauging systems and upgrading of water ballast system
- Precision Engineering: capital contracts for machining and mechanical assembly
- Scaffolding, Insulation and Petrochemical & Environmental Engineering: renewed maintenance contracts for insulation, scaffolding work and maintenance of plant and equipment at certain infrastructures
- Cleanroom: capital and maintenance services contracts to supply, install scrubber system and tools hook-up services
- Newly acquired subsidiaries, Starburst Holdings Limited group (System Integration and Facility Management) has remaining capital projects and maintenance contracts for design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups for the security industry in Singapore and Middle East



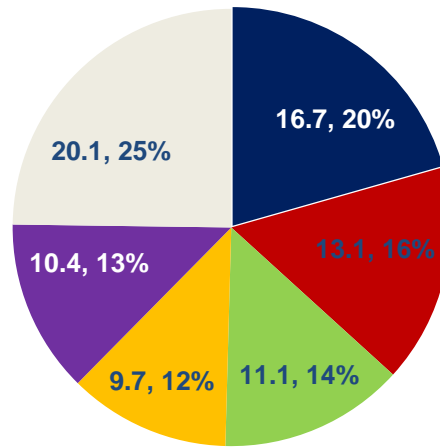
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Revenue Contribution by Services

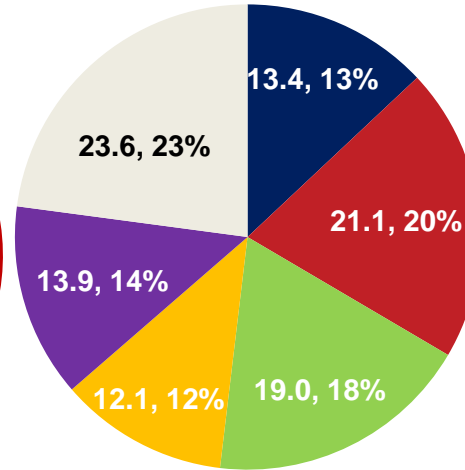
FY2019



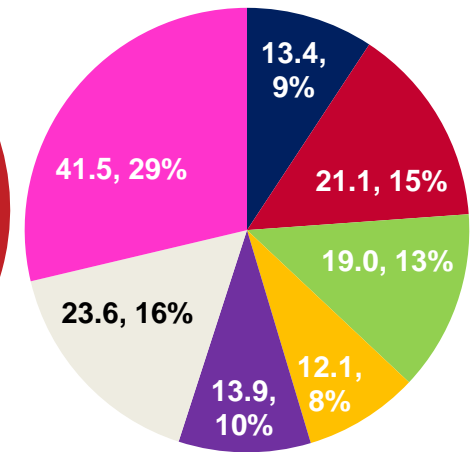
FY2020



FY2021



FY2021 Proforma



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

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, FY20:\$2.3m, FY21:\$5m

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, Ensure Engineering in 2017 and Envipure in 2019 have further diversified the Group's revenue stream and stimulated revenue growth. The proforma shows that Starburst will be the biggest contributor in terms of revenue



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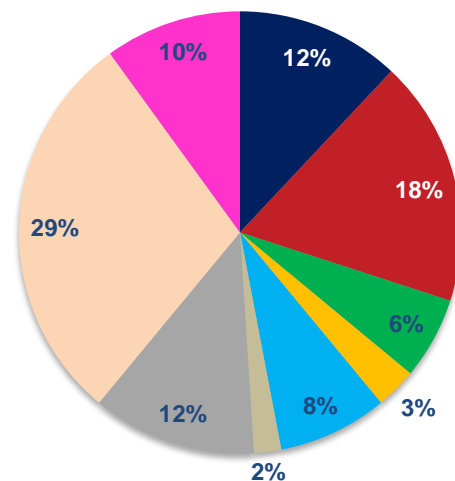
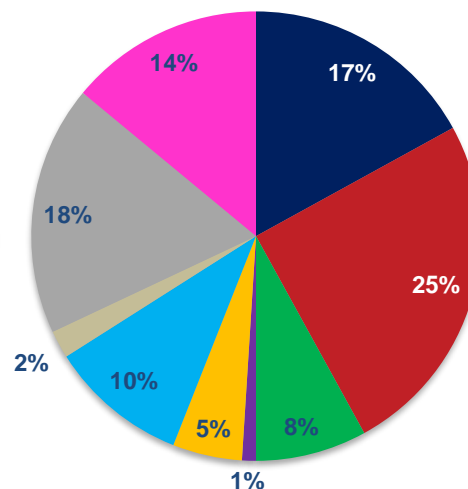
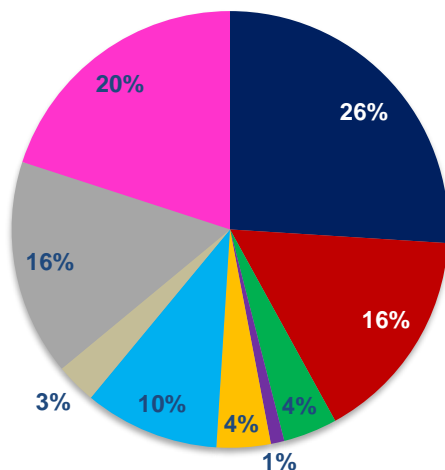
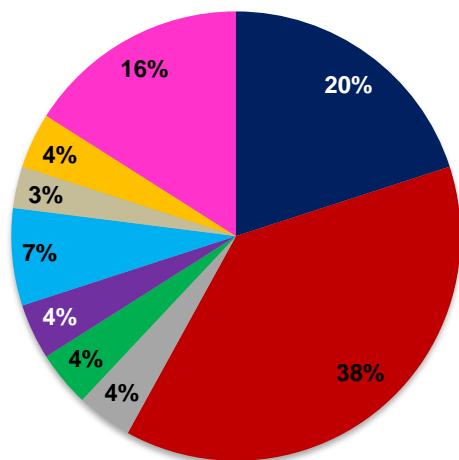
Revenue Contribution by Industry

FY2019

FY2020

FY2021

FY2021 proforma



- Onshore/Downstream
- Marine/Upstream
- Electronics Manufacturing System
- Onshore/Infrastructure
- Analytical Instrumentation
- Medical equipment/Industrial /manufacturing
- Pharmaceutical
- Aerospace
- Semiconductor
- Law enforcement, security agencies, civil authorities

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Dividends Paid/Payable

Payment date	Financial Year	Final / Interim / Special	Amount per share (cents)	Total annual dividend (cents)	Payout ratio
May 17, 2022	2021	Special (proposed)	0.152		10%
May 17, 2022	2021	Final (proposed)	0.608		40%
Sep 3, 2021	2021	Special	0.200		10%
Sep 3, 2021	2021	Interim	0.780	1.74 ⁽¹⁾	40%
May 14, 2021	2020	Final	0.362	0.549	40%
Sep 4, 2020		Interim	0.187		
May 14, 2020	2019	Final	0.419	0.848	
Sep 5, 2019		Interim	0.429		
May 14, 2019	2018	Final	0.353	1.132	
Sep 5, 2018		Interim	0.779		
May 14, 2018	2017	Final	0.873	1.526	
Sep 5, 2017		Interim	0.653		
May 12, 2017	2016	Final	0.731	1.2682	
Sep 2, 2016		Interim	0.5372		
May, 13 2016	2015	Final	0.65	1.05	
Sep 8, 2015		Interim	0.40		
May 21, 2015	2014	Special	0.25	0.50	25%
May 21, 2015		Final	0.25		
May 15, 2014	2013	Final	0.25	0.25	16%
May 15, 2013	2012	Final	0.25	0.25	22%
May 21, 2012	2011	Final	0.25	0.25	56%
May 16, 2011	2010	Final	0.53	0.53	30%
Total			9.8932	9.8932	

Note 1: Highest dividend



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Nordic's Share Buyback – renewed on 26 April 2021 AGM

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
<i>Share Buyback by way of Market Acquisition</i>			
2015	4,669,200	4,669,200	1.17
2016	2,155,400	6,824,600	1.71
2017	62,500	6,887,100	1.72
2018	593,800	7,480,900	1.87
2019	615,600	8,096,500	2.02
2020	3,003,500	11,100,000	2.78
January 2021	175,000	11,275,000	2.82
February 2021	268,000	11,543,000	2.89
March 2021	171,100	11,714,100	2.93
April 2021	90,000	11,804,100	2.95
May 2021	174,800	11,978,900	2.99
June 2021	21,100	12,000,000	3.00
VOLUME WEIGHTED AVERAGE PRICE		\$0.2179	

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%

21 May 2021 :

Director / Executive Officer	No. of shares held	% shareholdings*
Chang Yeh Hong	218,017,325	56.19%
Eric Lin Choon Hin	44,050,000	11.35%
Dorcas Teo Ling Ling	32,319,500	8.33%
Lee Kok Keng Andrew	1,061,800	0.27%
Chia Meng Ru	1,871,600	0.48%
	297,320,225	76.62%

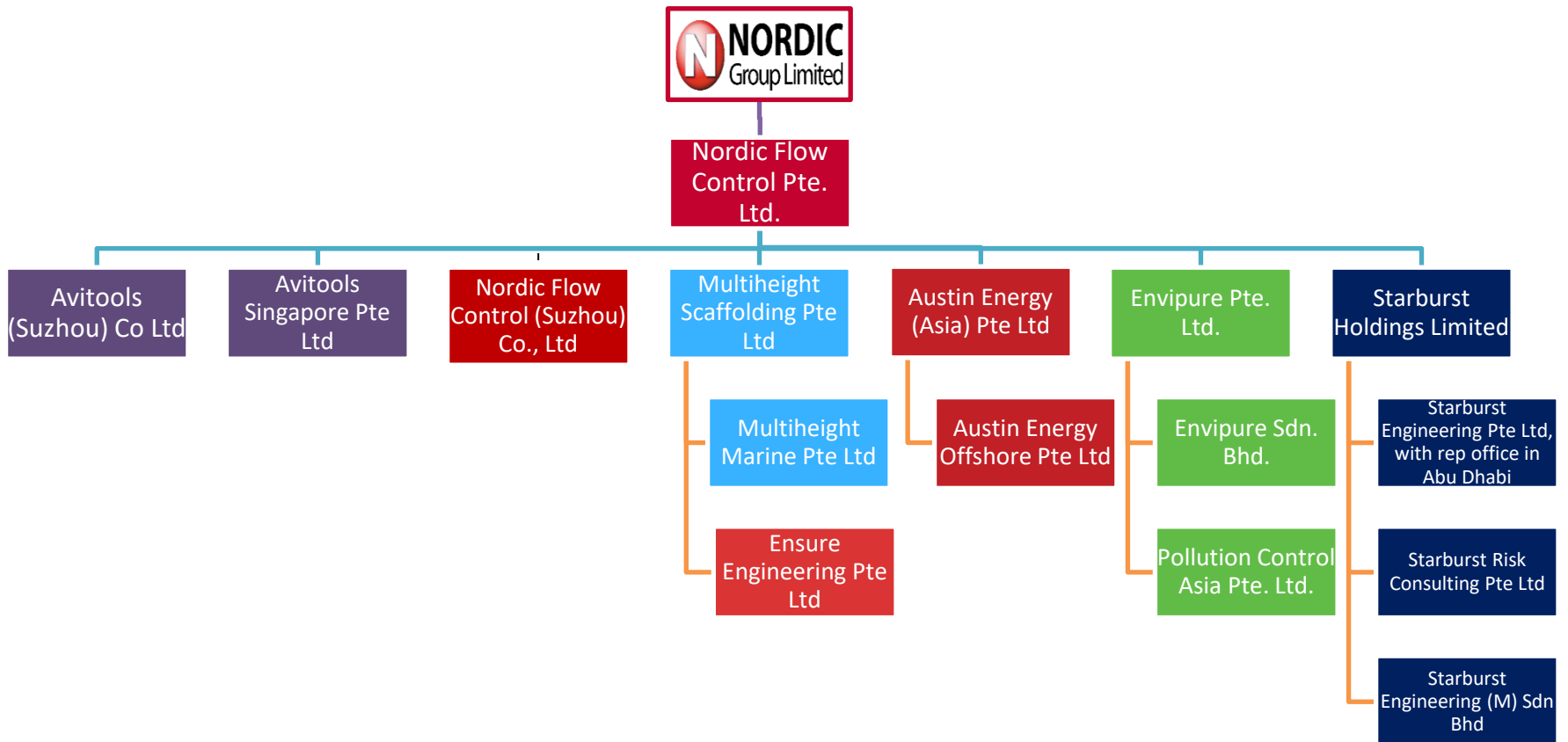
* Calculated based on 388,000,000 ordinary shares



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Starburst Holdings Limited

Group Structure



All subsidiaries are 100% owned by the group. Starburst Group will be delisted and 100% owned by end April 2022.

M&A Track Records

2011

Multiheight

- Acquired for around S\$29m
- Design, erection, modification dismantling and rental of scaffolding system
- **Diversify from shipyards to serve oil majors like ExxonMobil and Chevron etc.**
- **Gain recurring income and reduce lumpy earnings trend via maintenance services**
- Goodwill S\$12.3m
- Cumulative EBIDTA FY2011 to FY2013 S\$15.8m already exceeded goodwill of S\$12.3m

2015

Austin Energy

- Acquired for around S\$26m
- Specialize in thermal and cryogenic insulation, fireproofing and industrial coating
- **Complementary business to scaffolding, able to cross-sell and bundle both sides to same or new set of customers**
- **Enable entry into pharmaceutical industry, further diversifying offshore marine risks**
- Goodwill S\$10.2m
- Cumulative EBIDTA FY2015 to FY2017 S\$12.4m already exceeded goodwill of S\$10.2m

2017

Ensure Engineering

- Acquired for around S\$17m
- Specialize in engineering repairs, maintenance, plant turnaround services as well as decontamination and recovery services
- **In line with Group's strategy to acquire earnings accretive, familiar customer base and complementary businesses with recurring income**
- **Move Nordic from serving private sector into government agencies like PUB and NEA etc.**
- Goodwill S\$7.1m
- Cumulative EBIDTA FY2017 to FY2019 S\$8.3m already exceeded goodwill of S\$7.1m

2019

Envipure

- Acquired for S\$14.8m
- Specialize in cleanroom, air and water engineering solutions which includes hook up services, air pollution control scrubbers and water treatment plants for the semiconductor, oil and gas, power plant and municipality sectors.
- **In line with Group's strategy to acquire earnings accretive business**
- **Move Nordic to semiconductor sector and geography, Malaysia**
- Goodwill Nil

2022

Starburst

- 69.7% acceptance of general offer on 24 Jan 2022 at S\$41.2m. 100% tentatively acquired by end Apr 2022
- Specialize in design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups
- **In line with Group's strategy to acquire earnings accretive business**
- **Move Nordic to new security industry and geographies such as the Middle East and the region**
- Goodwill and intangible asset is approximately \$12.7m pending completion of Purchase Price Allocation



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About Starburst Holdings Limited

1. Engineering group specialising in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups
2. Developed a proprietary line of anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, under our “Searls” trademark
3. Customers are law enforcement, security agencies and civil authorities
4. More than 20 years experience in this niche industry
5. Operating in Singapore and the Middle East



Assumptions – for Illustration Purposes

1. Starburst and NGL numbers are extracted from the 31 Dec 2021 announcements on SGXNet
2. Proforma Profit and Loss is adding 100% of Starburst and NGL numbers
3. Proforma Balance Sheet is assuming acquisition of 69.7% followed by 30.3% using 31 December 2021 Starburst numbers.
4. Proforma NAV per share is calculated based on 388 million shares
5. Proforma gearing ratio assumes new debt of \$41.2 million and increase of Starburst cash from collection of \$19.7m
6. **Estimated goodwill and intangibles on acquisition date of 24 Jan 2022 of \$12.7m pending completion of Purchase Price Allocation. Accordingly, goodwill on acquisition and amortization expense of intangible asset is not accounted for yet.** Proforma EPS is calculated based on proforma NP over 388 million shares
7. PE ratio is calculated using share price as of 18 Mar 2022: Starburst at 24 cents and NGL at 40.5 cents. Proforma PE ratio is using NGL share price at 40.5 cents
8. Key Investment proforma numbers are using 12 months numbers
9. NAV per share is calculated based on 248 million shares for Starburst and 388 million shares for NGL and proforma NAV is based on NGL shares of 388 million shares and this is before intangibles amortization in point 6 above
10. NGL and Proforma NGL's ROIC, ROA and ROE exclude goodwill and intangible asset and intangibles amortization is not accounted for yet

	Starburst	NGL	Proforma
Revenue	41,487	103,065	144,552
GP	22,770	27,798	50,568
PBT	15,401	14,476	29,877
NP	12,700	13,876	26,576 ⁽¹⁾
EBITDA	16,556	18,971	35,527
GPM	55%	27%	35%
NPM	31%	13%	18%
EBITDA Margin	40%	18%	25%

(1) Estimated goodwill and intangibles on acquisition date of 24 Jan 2022 of \$12.7m pending completion of Purchase Price Allocation. Accordingly, goodwill on acquisition and amortization expense of intangible asset is not accounted for yet.

(2) Numbers are in thousands



	Starburst	NGL	Proforma
Current assets	32,951	127,057	142,281
Non current assets	26,919	35,602	62,521
Goodwill and intangible assets	-	29,607	42,305
Current liabilities	6,008	85,932	134,151
Non current liabilities	12,993	8,699	21,692
Net assets value	40,869	97,635	91,265 ⁽¹⁾
Total borrowings	11,060	60,262	112,503
Cash & cash equivalents	8,166	75,337	85,513
NAV (cents)	16.5	25.2	23.5
Gearing ratio (times) (2)	0.07	(0.22) ⁽³⁾	0.29⁽⁴⁾
EBITDA to interest coverage ratio (times)	50	33	39 ⁽⁴⁾ ⁽⁵⁾

(1) Decrease is due to goodwill and intangible asset on acquisition

(2) Gearing = total borrowings less cash divide by net asset value.

(3) Net cash

(4) Assume new debt of \$41.2million and increase of Starburst cash from collection of \$19.7m and payment to remaining minority of \$18m

(5) If include interest expense of \$1m from new loan of \$41.2 million, EBITDA to interest coverage ratio will be 19 times

(6) Numbers are in thousands

	Starburst	NGL	Proforma
EPS (cents)	5.1	3.6	6.8
PE ratio	4.7	11.3	6.0
ROIC ⁽¹⁾	33.9%	25.3%	35.8%
ROA	21.2%	8.5%	13.0%
ROE	31.1%	20.4%	54.3%
NAV per share	0.2	0.3	0.2
Dividend yield	2.5%	4.3%	6.8% ⁽³⁾
Dividend payout ratio	11.7%	40.00% ⁽²⁾	40.00%

(1) Means that for every \$1 of capital invested in the business, the company earned about \$33.9 (Starburst) \$25.3 (NGL) and \$35.8 (Proforma) in profit. Calculated based on profit before interest and tax/tangible capital employed which is tangible non-current asset + current asset – current liabilities excludes borrowings – excess cash

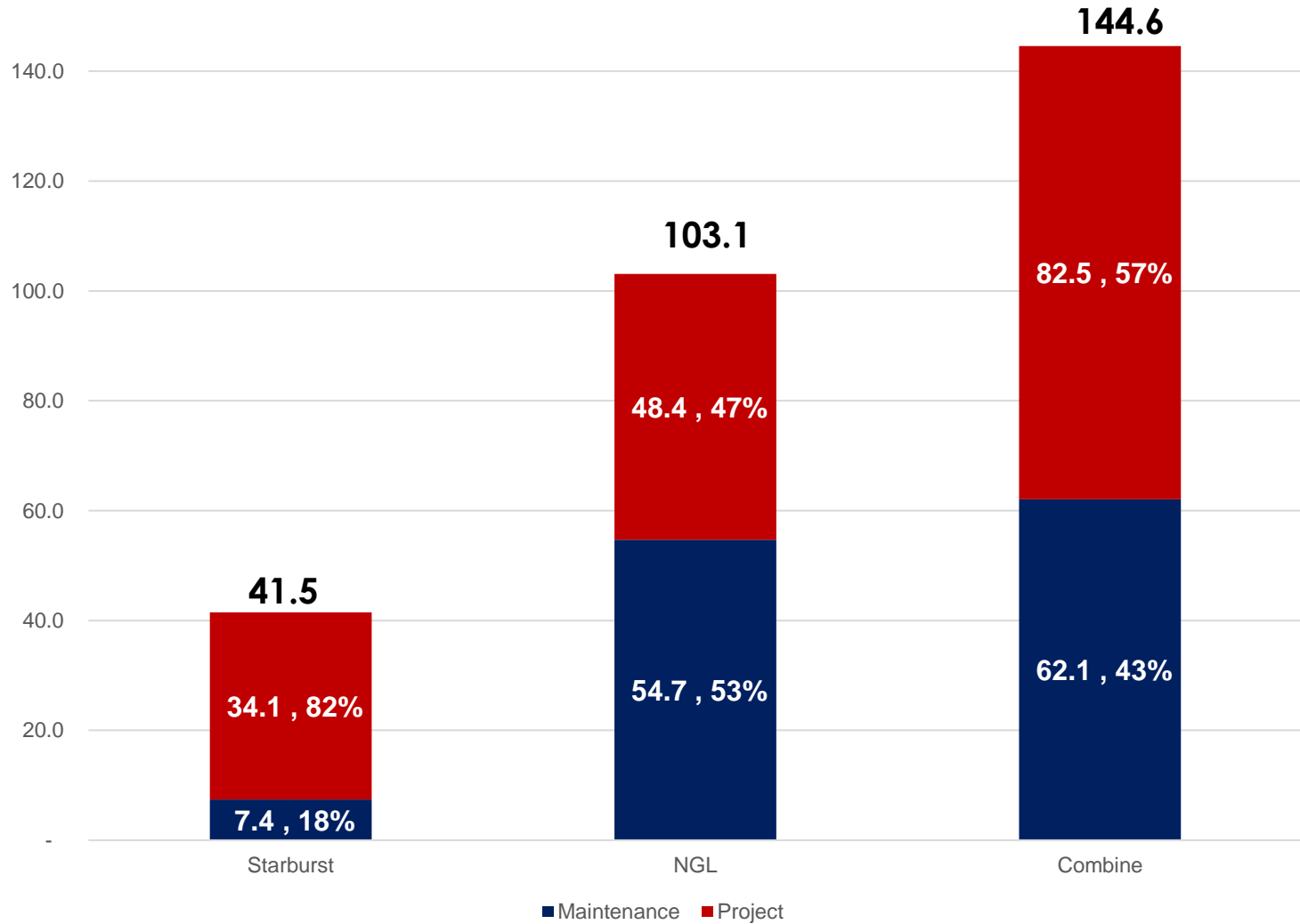
(2) Excluding special dividend of 10%

(3) Net profit \$26,576,000 x 40% = \$10.6 million divided by 388 million ordinary shares. Share price is 40.5 cents



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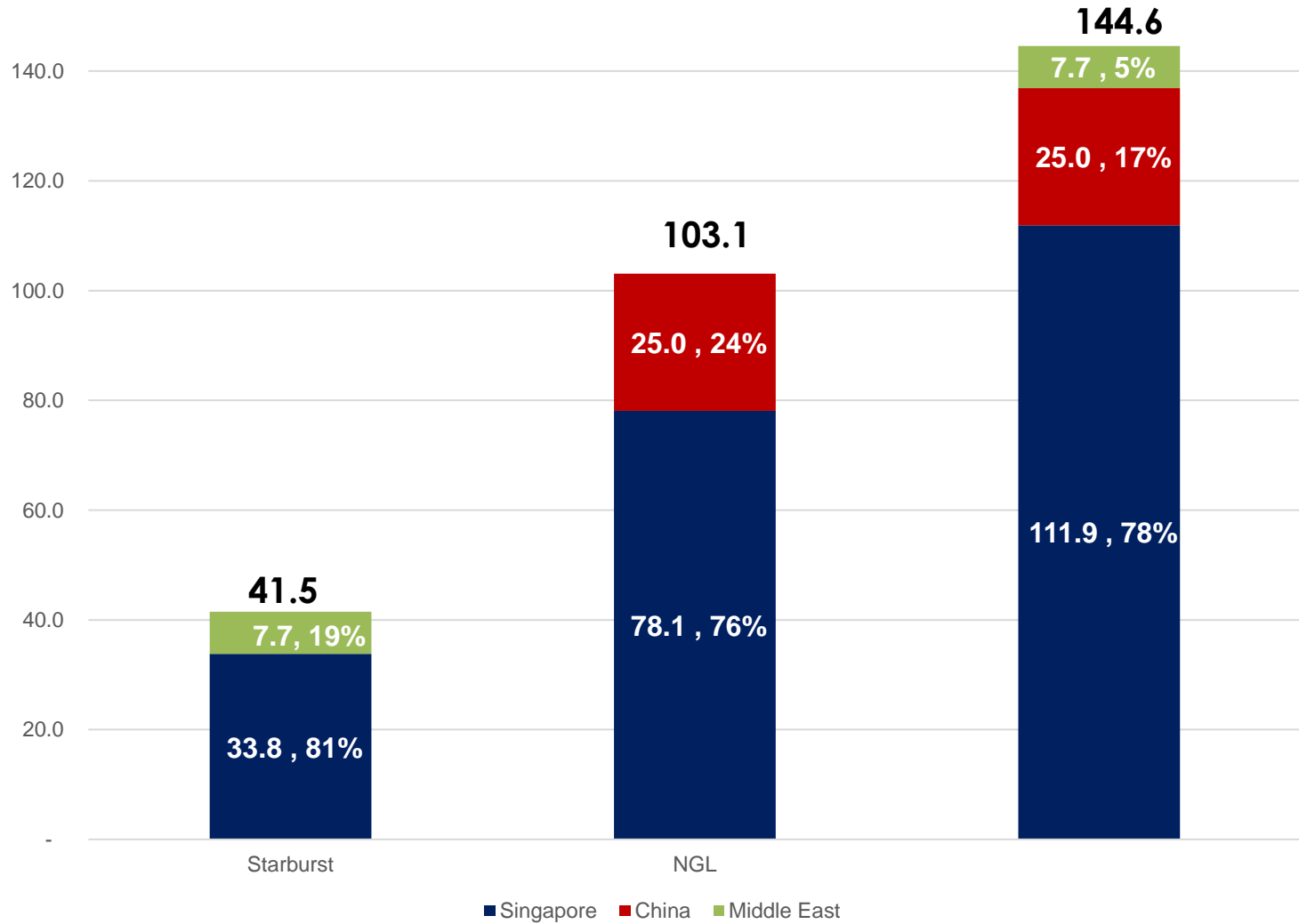
Segment Revenue – Project and Maintenance FY2021





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Segment Revenue – Geographical FY2021





Building Momentum, Capturing Opportunities

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