NORDIC Group Limited

Sustainable Growth: Rooted in Excellence

FY2024 AGM

29 April 2025






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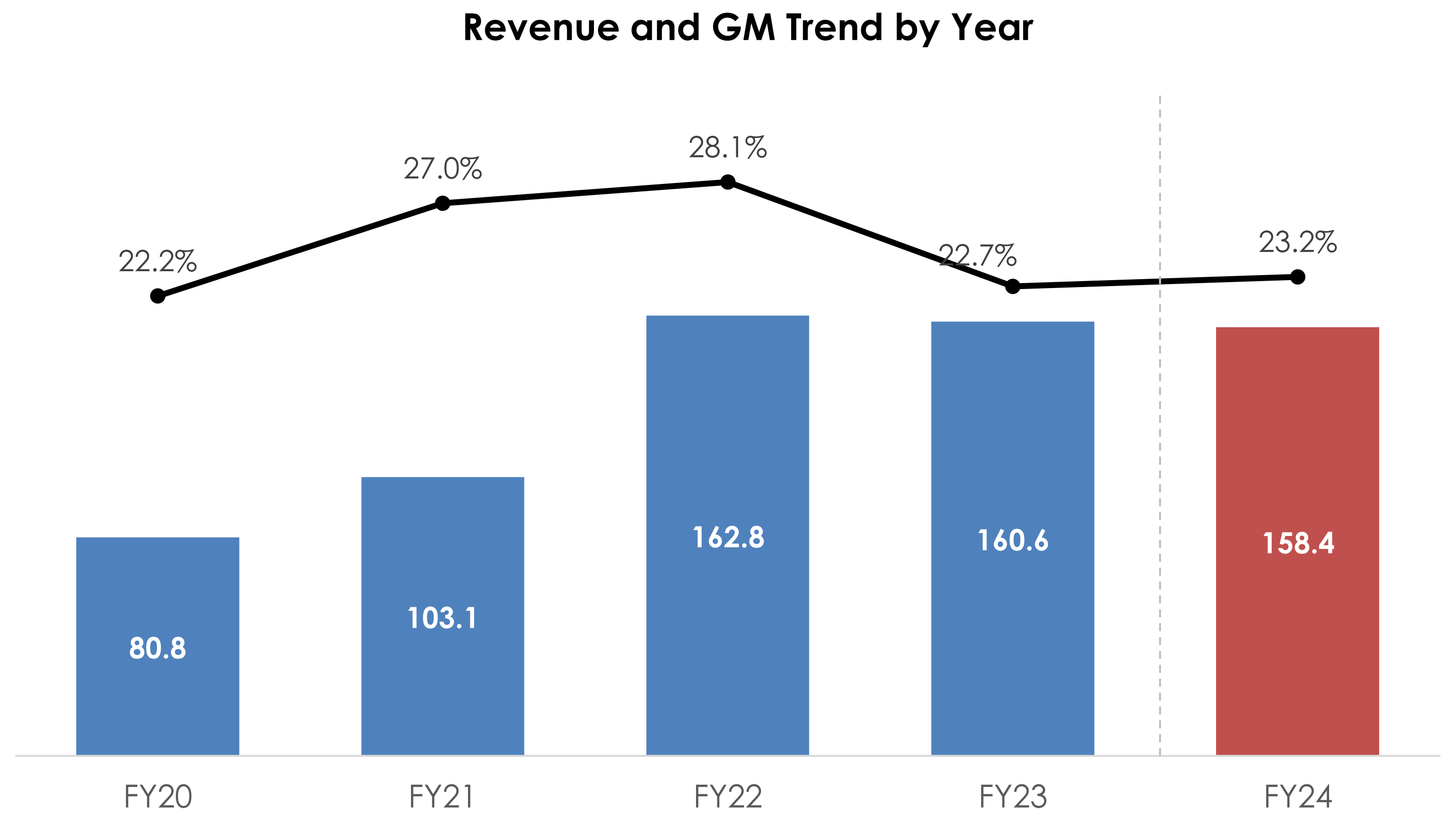
Financial Highlights for FY2024

Revenue	$158.4m	↓1%	FY23: $160.6m
Net profit	$17.5m	↑10%	FY23: $16.0m
EBITDA	$28.6m	↑4%	FY23: $27.5m
GPM	23%	0ppt	FY23: 23%
NPM	11%	↑1ppt	FY23: 10%
EBITDA margin	18%	↑1ppt	FY23: 17%
Order book	$201.6m		as at 31 Dec 2024
EPS	4.4 cents	↑10%	FY23: 4.0 cents
NAV per share	32.5 cents	↑11%	FY23: 29.4 cents

FY2024 Revenue Trends

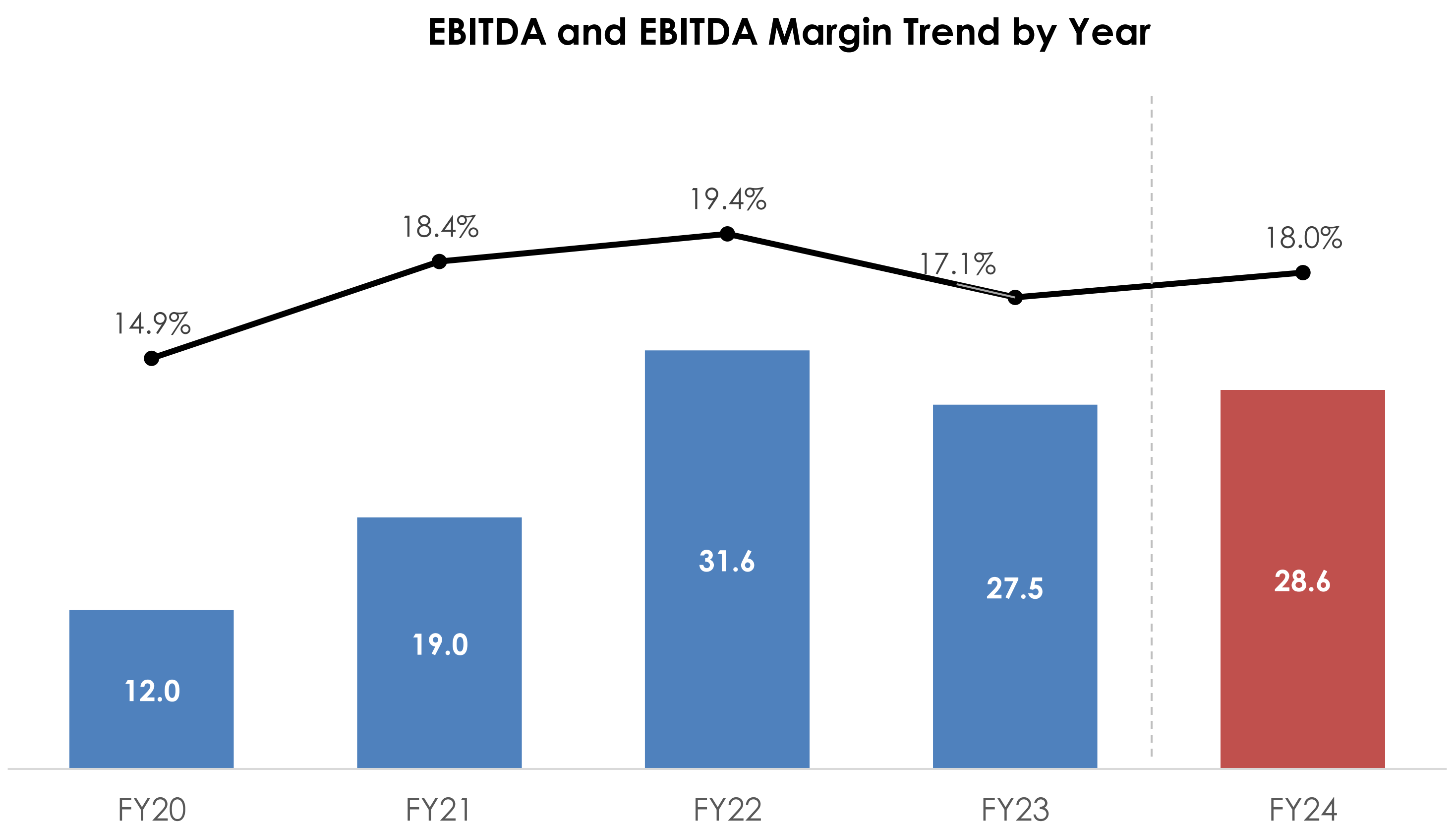
Stable revenue with improving gross margins, mainly driven by a strong recovery in project services following the successful orderbook replenishment in 1H2024



Unit: S$' million

FY2024 EBITDA Trends

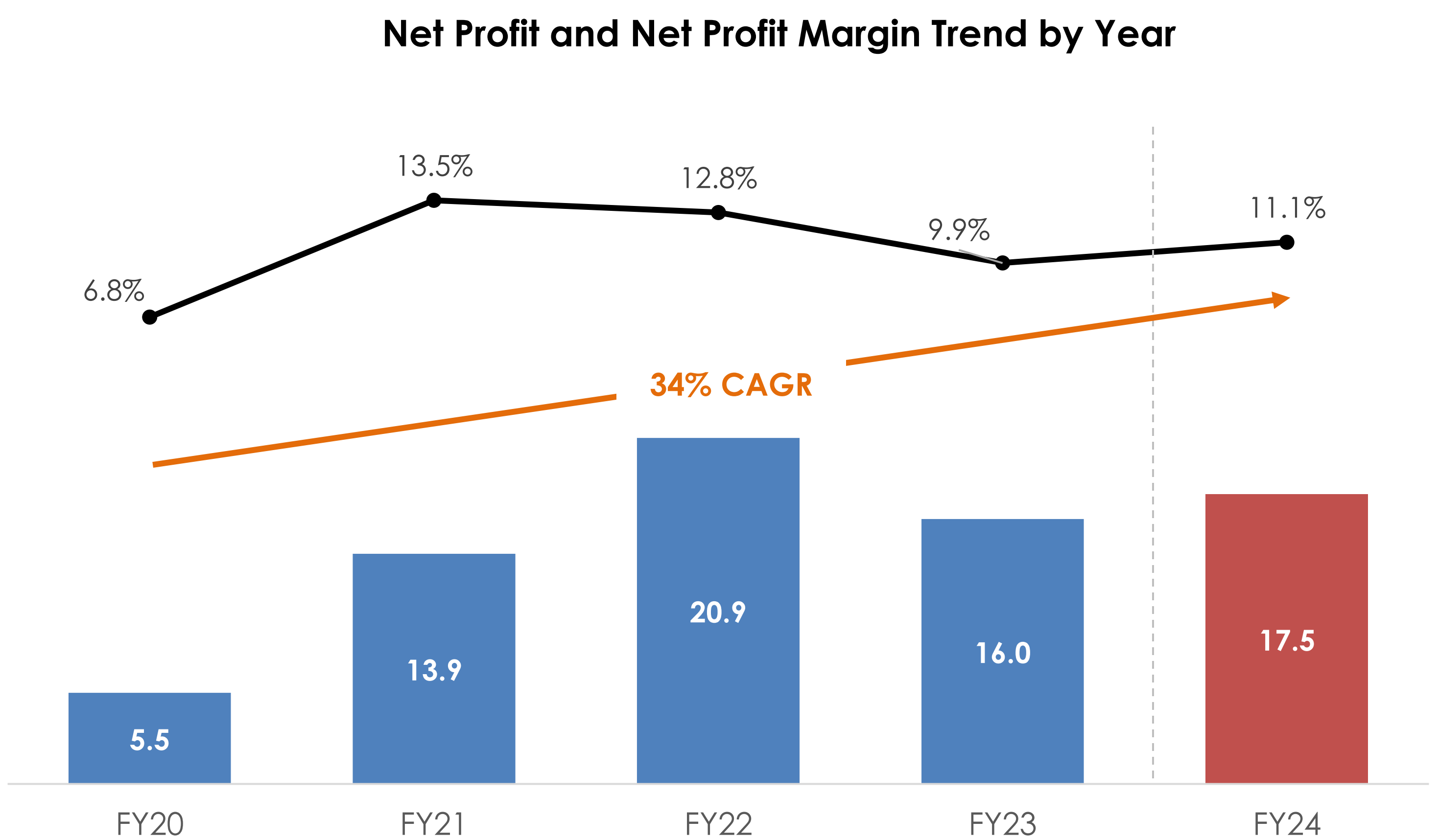
EBITDA improved sequentially, with margins higher than those of FY2023, indicating a strong operating performance in FY2024



Unit: S$' million

FY2024 Net Profit Trends

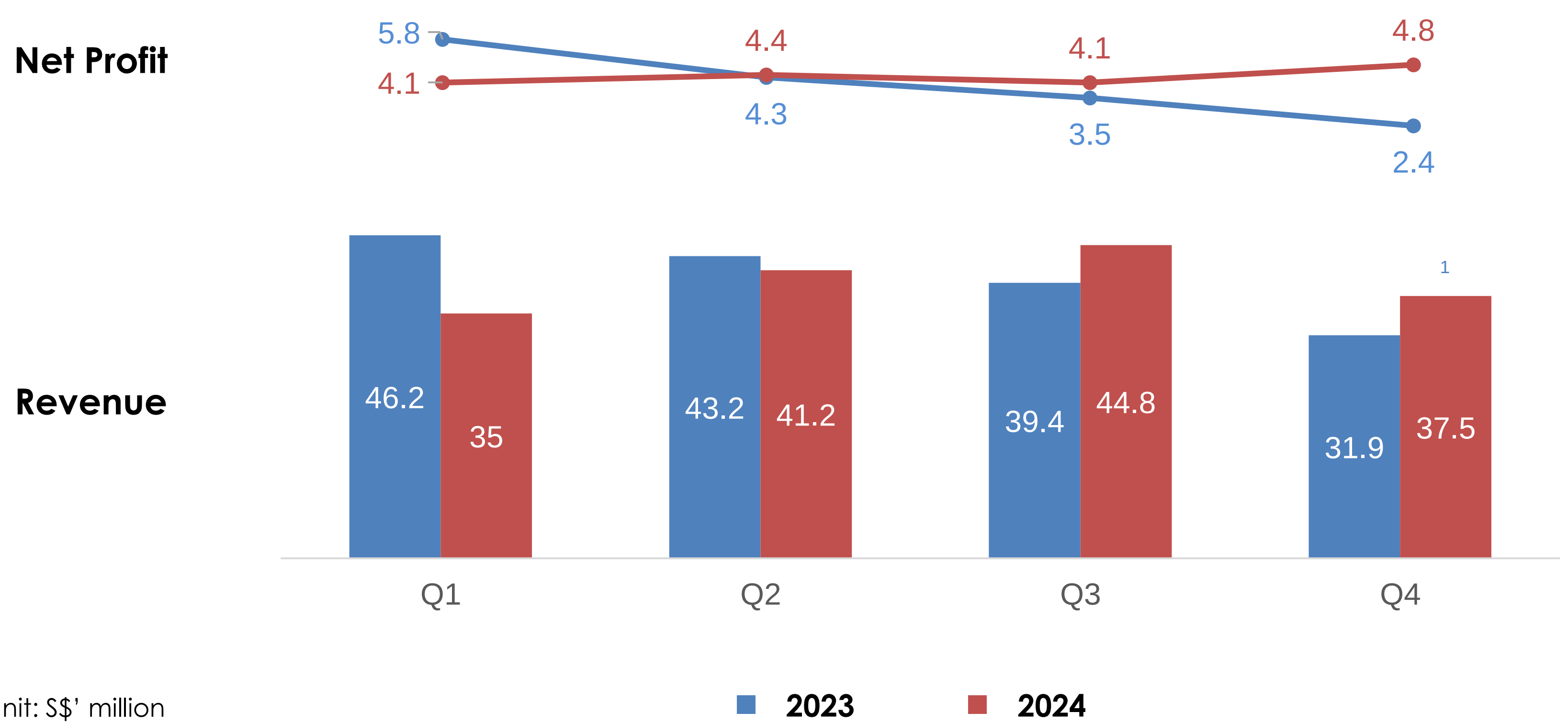
Underpinned by a stronger second half, net profit and net profit margin improved yoy in FY2024



Unit: S$' million

Quarterly Revenue and Profitability Trends

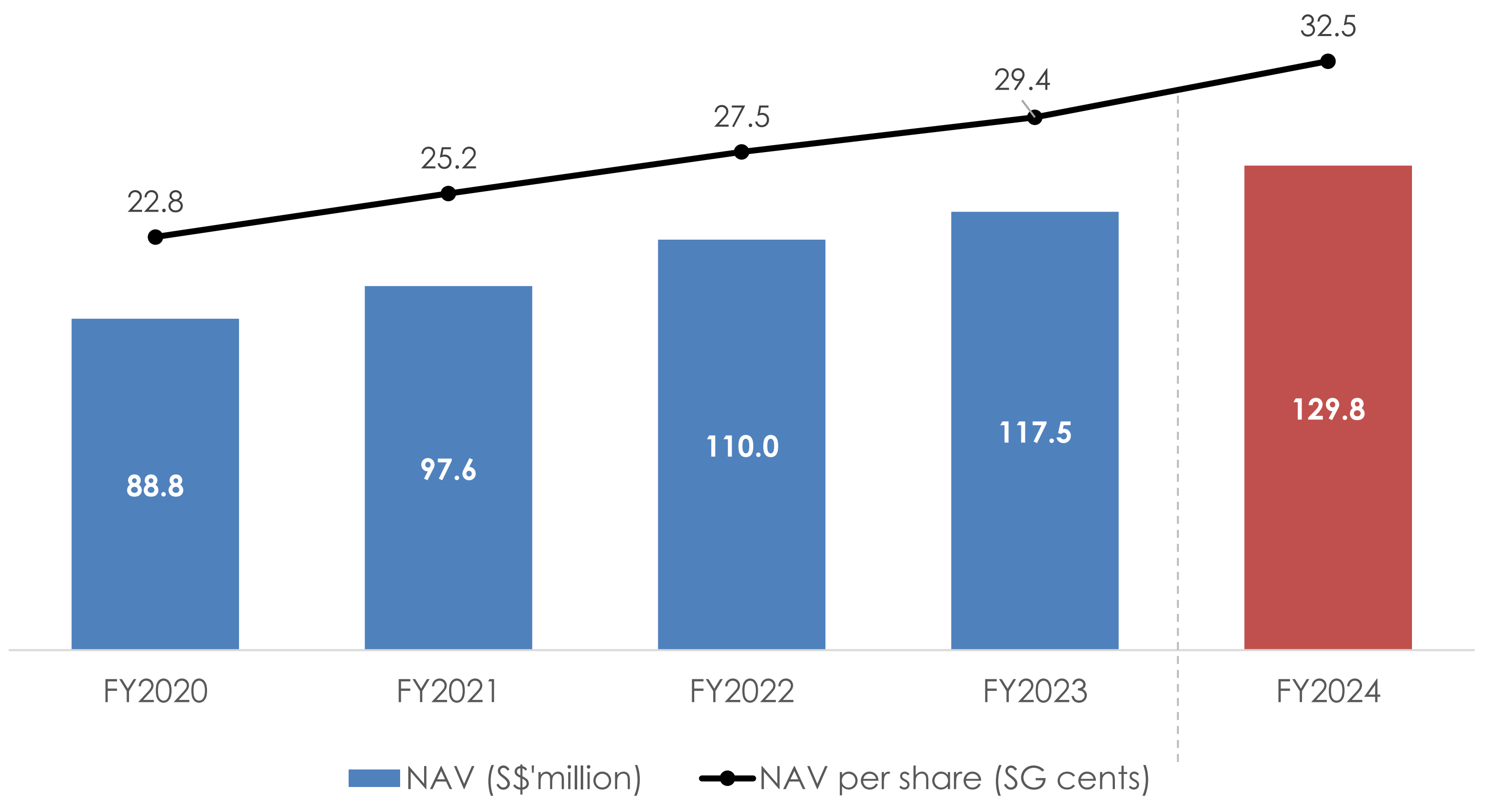
Stable revenue and improving profitability in FY2024, mainly driven by a replenishment of longer tenure new projects



Unit: S$' million

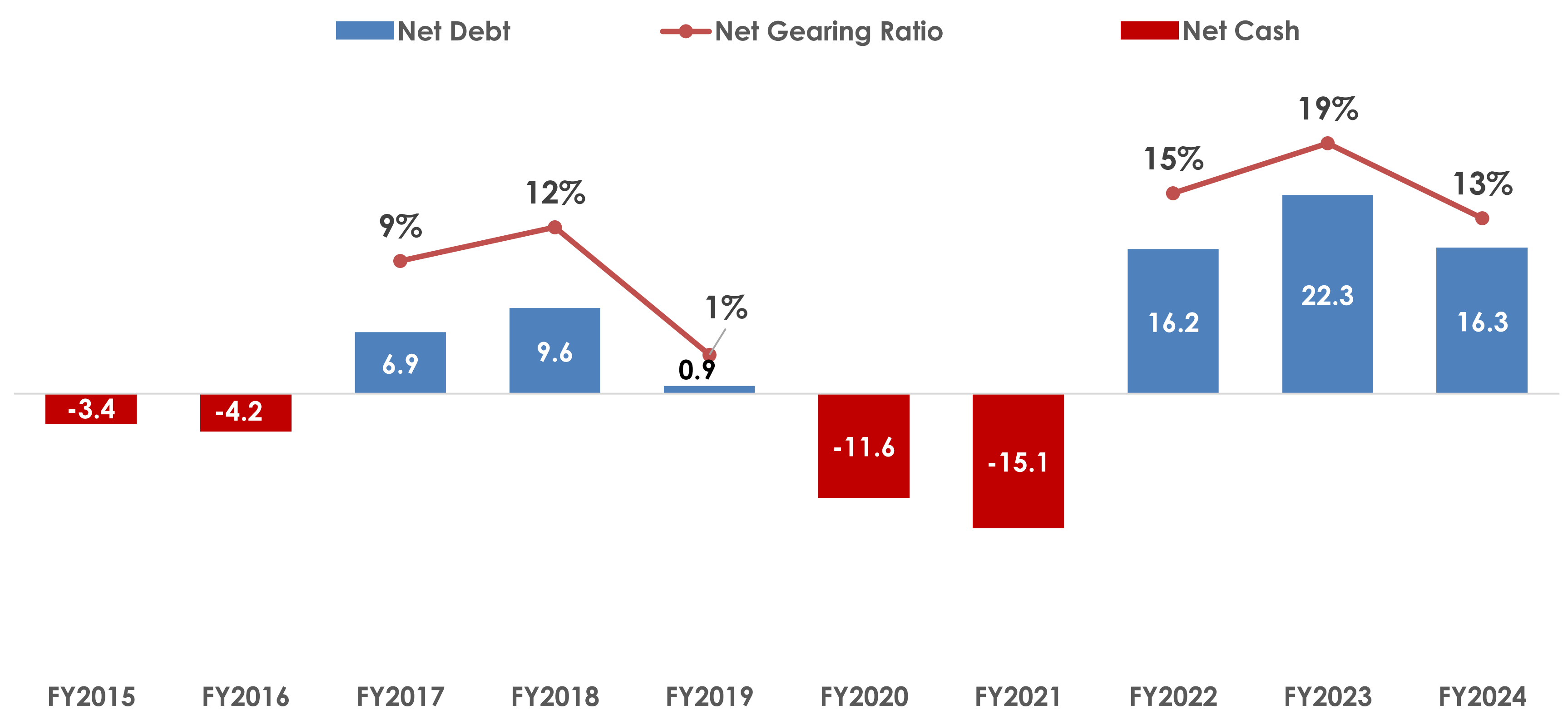
FY2024 NAV Trends

Continuous NAV improvement from value-accretive acquisitions.



FY2024 Net Gearing Ratio Trend

Repaid a significant amount of debt recently, maintaining a healthy gearing ratio of 13%.



- ***Net debt as at 31 March 25 is approximately $7.8m. Net gearing ratio as at 31 March 25 is approximately 5.6%***
- ***Net Gearing Ratio = (total borrowings - cash and cash equivalents)/total equity x 100%.***
- *Unit: S$'million*

Contracts Win

June 4, 2024 - Total value: S$90.8 m

- System Integration: manufacture of valves and actuators, control and tank gauging systems
- Precision Engineering: capital contracts for machining and mechanical assembly
- Scaffolding and Insulation: Maintenance work at petrochemical industries
- Petrochemical & Environmental Engineering: maintenance and operation of plant and equipment at certain public infrastructures
- Structural Engineering and Construction Services: constructing a training facility and a fuel dispensing system for the aerospace industry

Contracts Win

August 20, 2024 - Total value: S$32.6 m

- System Integration: manufacture of valves and actuators, control and tank gauging systems for FPSO and series vessels
- Precision Engineering: capital contracts for machining and mechanical assembly
- Scaffolding and Insulation: Maintenance work at petrochemical industries
- Petrochemical & Environmental Engineering: maintenance and operation of plant and equipment at certain public infrastructures
- Cleanroom Air and Water Solutions: maintenance and hook up services
- Structural Engineering and Construction Services: adhoc servicing of valves

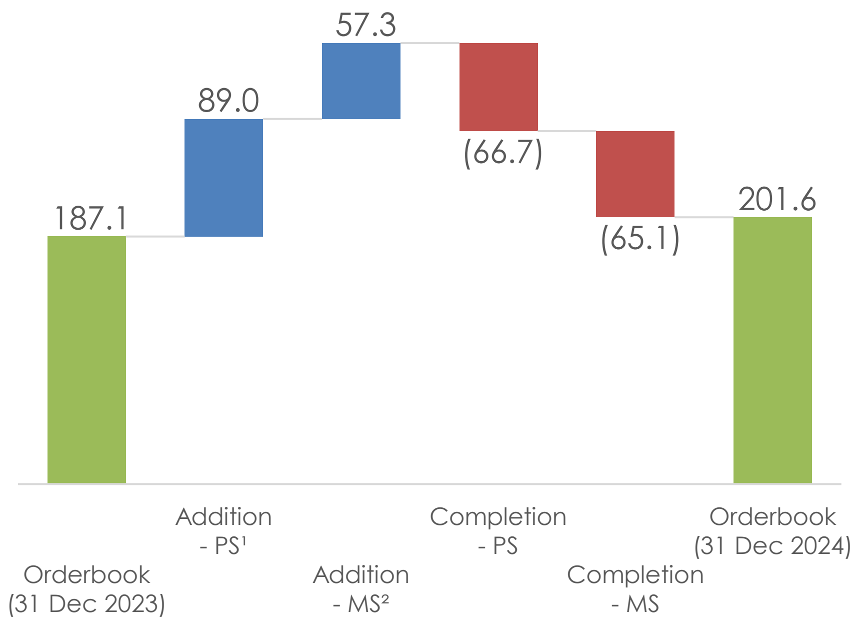
Contracts Win

December 12, 2024 - Total value: S$22.9 m

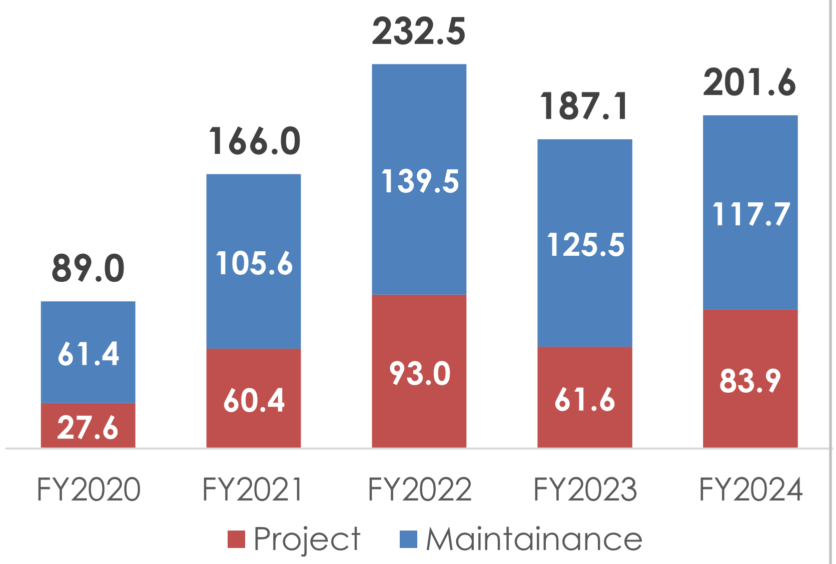
- System Integration: manufacture of valves and actuators, control and tank gauging systems for series vessels and electrical and instrumentation work
- Precision Engineering: capital contracts for machining and mechanical assembly
- Scaffolding and Insulation: maintenance work at petrochemical industries
- Petrochemical & Environmental Engineering: maintenance of plant and equipment at certain environmental infrastructure
- Cleanroom Air and Water Solutions: maintenance, ad-hoc project and hook up services
- Structural Engineering and Construction Services: engineering work related to the maintenance and installation of fuel storage systems

Order Book Replenishment

Orderbook replenishment driven primarily by the PS segment (S$'million)



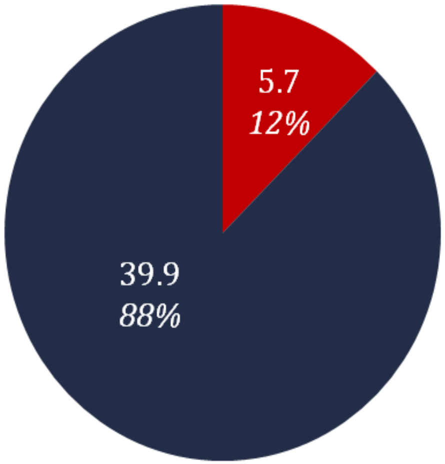
Improved Product Mix Drove Higher Profitability (S$'million)



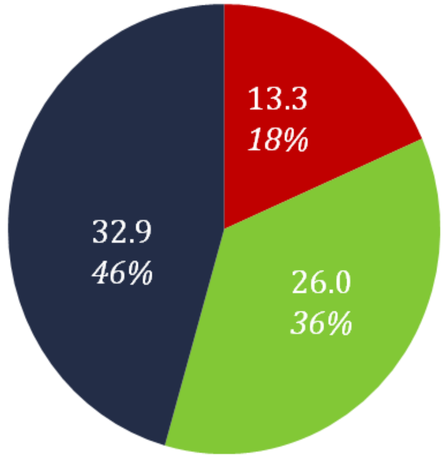
1. PS: Project Service
2. MS: Maintenance Service

Revenue Contribution by Services

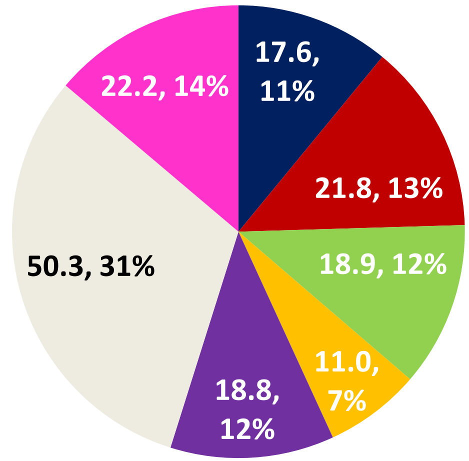
FY2010 (S$'M)



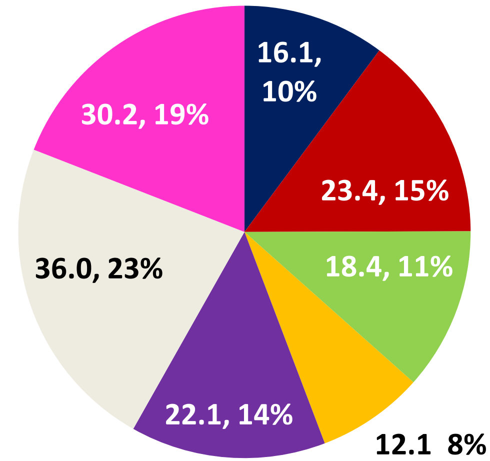
FY2014 (S$'M)



FY2023 (S$'M)



FY2024 (S$'M)

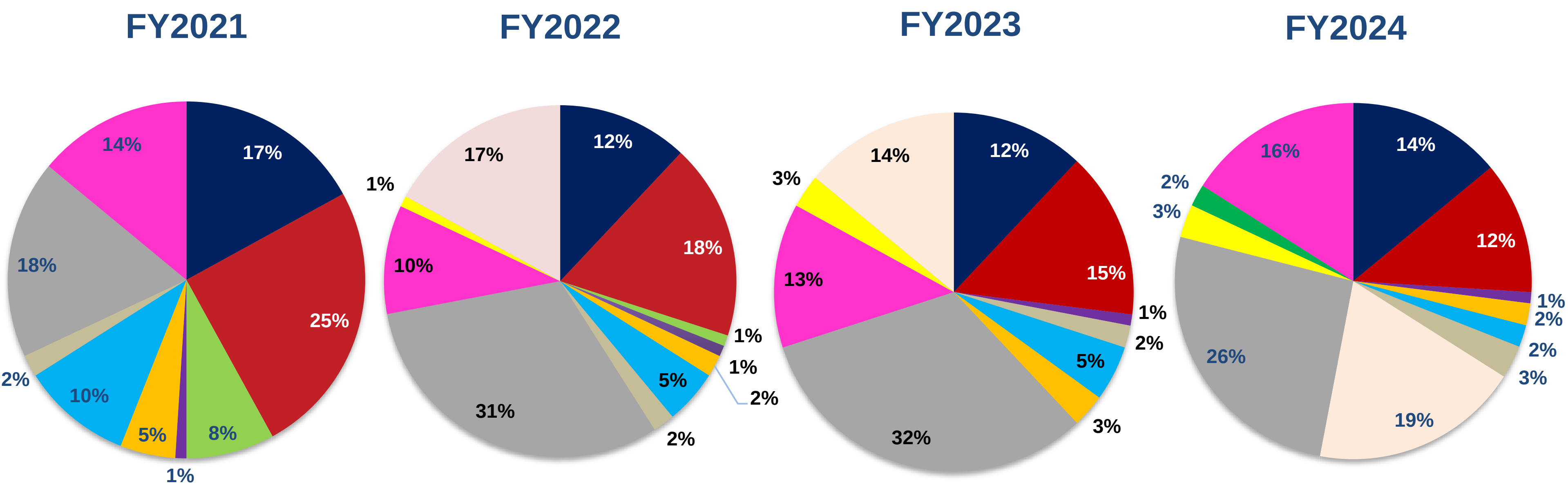


- System Integration / MRO & Trading
- Scaffolding Services
- Insulation Services
- Precision Engineering
- Petrochemical and Environmental Services
- Cleanroom, Air & Water Services
- Structural Engineering and Construction Services

Note: Above includes inter-segment eliminations

The acquisitions of Multiheight in 2011, Austin Energy in 2015, Ensure Engineering in 2017, Envipure in 2019, Starburst and Eratech in 2022, and Avon in 2023 have effectively reduced industry-specific risk, further diversified the Group's revenue stream and supported the Group's consistent revenue growth.

Revenue Contribution by Industry

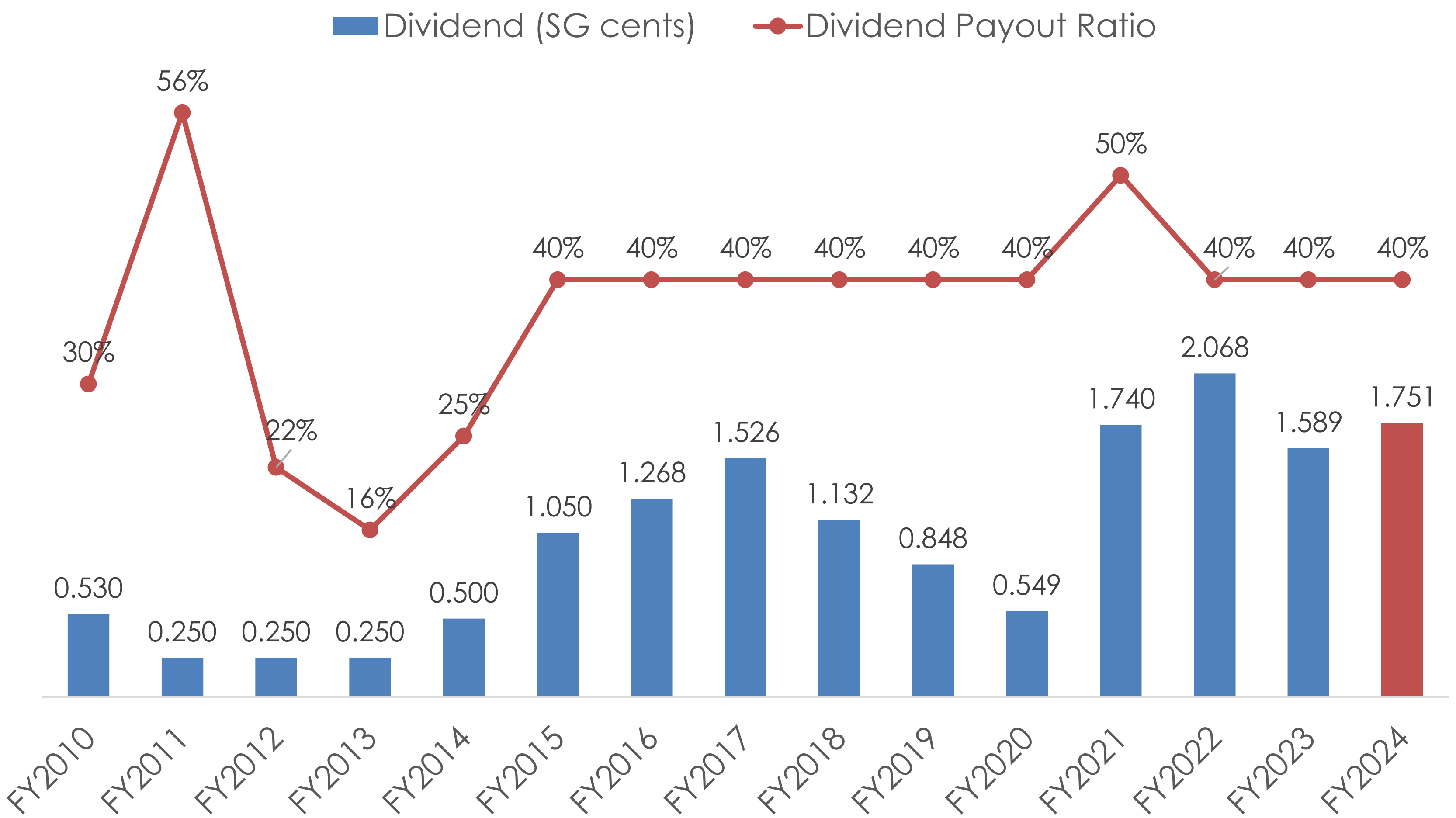


- Onshore/Downstream
- Marine/Upstream
- Electronics Manufacturing System
- Onshore/Infrastructure
- Analytical Instrumentation
- Medical equipment/Industrial /manufacturing
- Pharmaceutical
- Aerospace
- Semiconductor
- Law enforcement, security agencies, civil authorities
- Optical Imaging
- Green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

Reclassification of 4% was done from EMS to Semiconductor in 12M2022 for Precision Engineering division

The acquisitions of Multiheight in 2011, Austin Energy in 2015, Ensure Engineering in 2017, Envipure in 2019, Starburst and Eratech in 2022, and Avon in 2023 have effectively reduced industry-specific risk, further diversified the Group's revenue stream and supported the Group's consistent revenue growth.

Consistent Dividend Payments



Insider 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%

8 March 2024:

Director / Executive Officer	No. of shares held	% shareholdings*
Chang Yeh Hong	218,190,325	54.67%
Eric Lin Choon Hin	44,050,000	11.04%
Dorcas Teo Ling Ling	32,419,500	8.12%
Astro Chang Yeh Fung	3,524,800	0.88%
Chia Meng Ru	1,871,600	0.47%
Lee Kok Keng Andrew	1,061,800	0.27%
Total	301,082,525	75.45%

* *Calculated based on 399,106,400 ordinary shares*

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Share Buyback

renewed in AGM on 29 April 2024

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
Share Buyback by way of Market Acquisition			
2022	263,900	263,900	0.07
2024	707,700	971,600	0.24
VOLUME WEIGHTED AVERAGE PRICE		**$0.3409**	

**** - 400 million shares**

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Q&A

Q&A

1. Overseas Presence. The expansion of Nordic's overseas footprint with offices across Asia, the Middle East, Europe, and South America is encouraging. Could you please elaborate on the criteria used to determine the locations of these sales offices and the modes of operation employed in each region? Specifically, are these operations primarily managed through distributors, sales agents or direct employees? Furthermore, could you provide an overview of the associated operating costs for these international sales offices?

Nordic sets up overseas offices where there are sales opportunities that commensurate with our growth strategies and technical expertise.

As stated on page 4 of our Annual Report 2024 ("AR2024"), Nordic is headquartered in Singapore, with operational facilities in China, Malaysia and Abu Dhabi. The Group has legal entities set up as wholly-owned subsidiaries and representative office in these countries. In addition, the Group has a presence in other locations through strategic partnerships and these are mainly managed through agency agreements. Overseas subsidiaries and representative office are profitable and agency costs is not significant to the Group's cost of sales.

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Q&A

2. Project and Maintenance Margins. The growth of maintenance revenue to a level comparable with Project Services is noteworthy. However, there appears to be a discrepancy regarding profitability. On page 8, the Chairman's Statement mentions "higher-margin project services," while Note 4B indicates that the EBITDA margin for Maintenance Services is higher than that of Project Services. Could you please clarify which of these segments yields better margins for the Group?

Refer to slides 7 and 13 above "Orderbook Replenishment Driven Primarily by the PS Segment" and "Stable Revenue and Improving Profitability in FY2024", the 3Q2024 and 4Q2024 net profits increased to $4.1 million and $4.8 million from $3.5 million and $2.4 million respectively due mainly to higher margins from projects. Our maintenance services segment gross margins were in the range of 24% to 34% and project services segment gross margins were in the range of 14% to 26% for the past 5 years.

Q&A

3. Credit Terms. Note 20, Trade and Other Receivables, indicates that the gross amount over 90 days due totals $11.4 million, representing approximately 25% of the total. Do the Group's credit terms extend to 90 days or more for certain customers? If so, what measures are being taken to negotiate potentially shorter credit terms with these customers to improve cash flow?

As disclosed in Note 20 on page 104 of our AR2024, the average credit period generally granted to customers is about 30 to 90 days. 28% of the trade receivables above 90 days past due were collected after year end and 38% comprises sales retention from projects. These retention will be collected based on the milestones for claims for each contract.

Q&A

4. List of Properties. For the benefit of shareholders, could you please provide a comprehensive list of the properties the Group currently operates from? This list should include the description of each property and the respective lease tenure.

The list of properties which the Group owns are listed below:

Property address	Property description	Tenure	Area
1 Tuas Ave 10 Singapore 639125	2 storey detached factory with ancillary office	30+14 years leasehold from November 1990	Land area 8,863.5 sqm
2 Tuas Ave 10 Singapore 639126	Part 2/Part 3 storey detached factory	30+30 years leasehold from December 1989	Land area 5,677.9 sqm
6 Tuas View Circuit Singapore 637599	Part single storey with mezzanine and part 3 storey detached factory	30+30 years leasehold from December 1998	Land area 8,805.6 sqm
2 Woodlands Sector 1, #01-01 Woodlands Spectrum 1 Singapore 738068	Stack up factory with mezzanine level office located on the 1st storey of a 6-storey ramped-up industrial building	30 years leasehold from July 2002	Floor area 1,838.0 sqm

Q&A

5. Macroeconomic Risks. The Annual Report highlights macroeconomic risks such as trade tariffs and economic downturns. Could you please elaborate on the specific strategies the company is implementing to mitigate these potential negative impacts? Furthermore, could you provide an assessment of the robustness of these mitigation strategies in the current global economic climate?

As stated in Note 4E on page 84 of our AR2024, 73.6% (2023: 63.5%) of the total revenue is derived from Singapore. The remaining revenue from other countries primarily comes from various projects and significant projects were substantially completed in 4Q2024. The management is closely monitoring the impact of the macroeconomic risks mentioned above on our businesses and some mitigation strategies are as follows:

a) Diversification of supply chain by sourcing from different countries to mitigate cost increase and ensuring we receive the same or better quality supplies.

b) Hedging financial risks by converting foreign currencies to SGD as soon as possible as SGD is our functional currency.

c) Cost optimization initiatives such as investment or research and development on technology to derive longer term benefits and looking at relocating operations to lower cost countries.

d) Market expansion to emerging markets which can provide significant growth opportunities.

e) Strategic partnerships and alliances to enhance the Group's capabilities and market reach.

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Q&A

6. Dormitory Expenses. The cost of workers' accommodation/dormitory expenses is a significant concern. Could you please provide a comparative figure for this expense between FY2024 and FY2019? It has been mentioned that the cost of workers accommodation has skyrocketed over the years. Accommodation costs represent an economic friction with no real value creation, as they do not directly increase productivity like investments in training or technology. The substantial increase in accommodation costs presents economic challenges, such as:

- Resource diversion from more productive uses (e.g., R&D, wage increases)
- Increased business costs, leading to reduced profitability and potentially higher consumer prices
- Negative impacts on national competitiveness

Has the company engaged with government authorities to provide feedback or seek potential solutions to address this rising cost?

Q&A

Dormitory expense in FY2024 and FY2019 were $6.2 million and $3.2 million respectively, representing a 94% increase. Excluding the dormitory expenses of entities we acquired after 2019 (Envipure Group, Eratech Pte Ltd, Starburst Group and Avon Industries) dormitory expense in FY2024 and FY2019 were $4.8 million and $2.8 million respectively, representing a 71% increase.

The Group has engaged with the authorities through trade agencies such as Aspri and Asmi on concerns regarding dormitory-related issues since the COVID pandemic in 2020.

Q&A

7. Dividends. Is there a possibility of dividends being increased and by how much more?

Whether the dividend levels can be potentially increased will depend on, amongst other things, the Group's results of operations, future prospects, financial conditions, projected capital expenditure, other investment plans, general economic and business conditions in Singapore, Malaysia, China and the Middle East as well as other factors deemed relevant by the Directors. For FY2024, the Company paid an interim dividend of 0.8526 Singapore cent per ordinary share. The Board has also proposed a final one-tier tax exempt dividend of 0.8987 Singapore cent per ordinary share, which will be subject to shareholders' approval at the forthcoming AGM. This is in line with the Company's dividend policy of paying out 40% of the Group's annual net profit every half yearly.

Thank you for your time.

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Building Momentum, Capturing Opportunities

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