

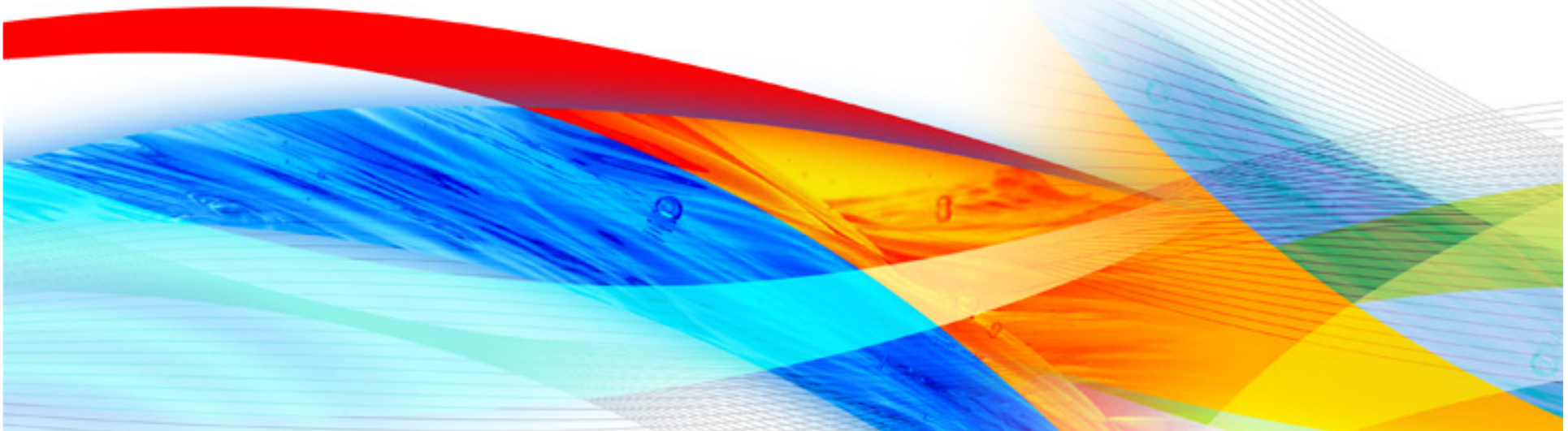


*Building Momentum, Capturing Opportunities*

# **Nordic Group Limited**

## **Results Briefing**

**Q2 FY 2015**





# Disclaimer

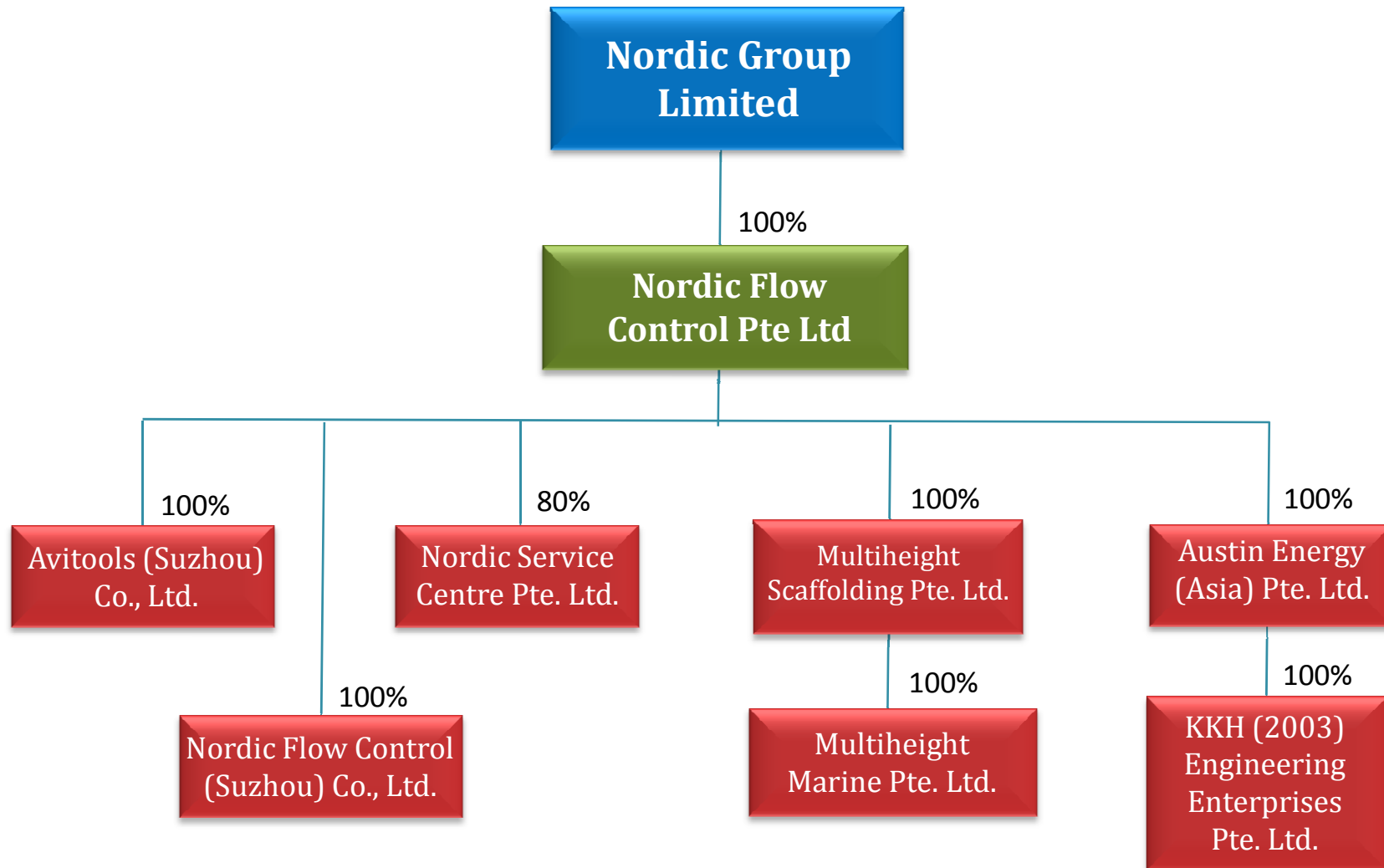
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# Outline



1. **Corporate Profile**
2. **Business Overview**
3. **Financial Review**
4. **Growth Strategies**
5. **Investment Merits**

# Group Structure





# Executive Directors



## **Mr. Chang Yeh Hong, Executive Chairman**

- Responsible for the formulation of our Group's strategic directions and expansion plans, and for the management of our Group's overall business development
- Over 18 years of experience in the banking industry



## **Ms. Dorcas Teo Ling Ling, Executive Director and CEO (Nordic Flow Control)**

- Oversees the Group's strategic marketing and business development as well as growing its business in the PRC
- More than 21 years of experience in the marine and offshore valve remote control industry



## **Mr. Eric Lin Choon Hin, Director, Special Projects and Product Development**

- One of the founding shareholders, responsible for the development of new products as well as quality assurance and control, oversees customer care management and is responsible for driving customer care initiatives
- More than 15 years of experience in the marine, offshore and automation industries

# Independent Directors



**Ms. Juliana Lee Kim Lian, Independent Director**

- More than 20 years of experience in legal practice and currently heads the corporate practice of Aptus Law Corporation
- Main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital
- Chairman of our Nominating Committee



**Ms. Ong Hua, Independent Director**

- Deputy Director, Group Internal Audit Division at MOH Holdings Pte Ltd. with more than 20 years experience in audit and business advisory services
- Chairman of our Remuneration Committee



**Mr. Hew Koon Chan, Independent Director**

- 27 years experience; currently the Managing Director of Integer Capital Pte Ltd, a company which provides business consultancy services
- Chairman of our Audit Committee

# Senior Management



**Rodney Koh Wei Ming**  
CEO, Avitools (Suzhou)



**Anbalagan Rajagopal**  
Managing Director,  
Austin Energy



**Robin Yip Kin Hoong**  
COO, Multiheight  
Scaffolding



**Lionel Chen Weiliang**  
Group Financial Controller



**Samantha Lim Bee Hong**  
Group Head, Business  
Excellence of China  
GM, Nordic Flow Control  
(Suzhou)  
DGM, Avitools (Suzhou)



**Tang Yew Quan**  
Director, Multiheight  
Scaffolding & Austin Energy

# Senior Management



**Chou Chee Fatt**  
General Manager,  
Technical Support



**Jeanette Lee Mei Hue**  
General Manager,  
Sales



**Foo Chee Tsuan**  
General Manager,  
Power & Automation

# Outline



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# Business Overview

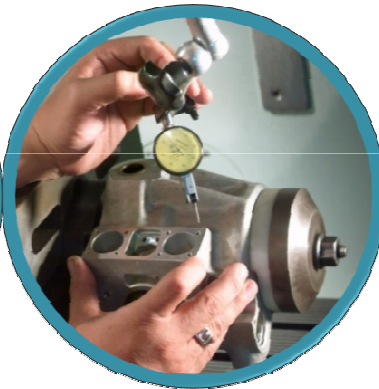
## OUR BUSINESS



**1. System  
Integration**



**2. Maintenance, Repair,  
Overhaul (MRO) & Trading**



**3. Precision  
Engineering**



**4. Scaffolding  
Services**

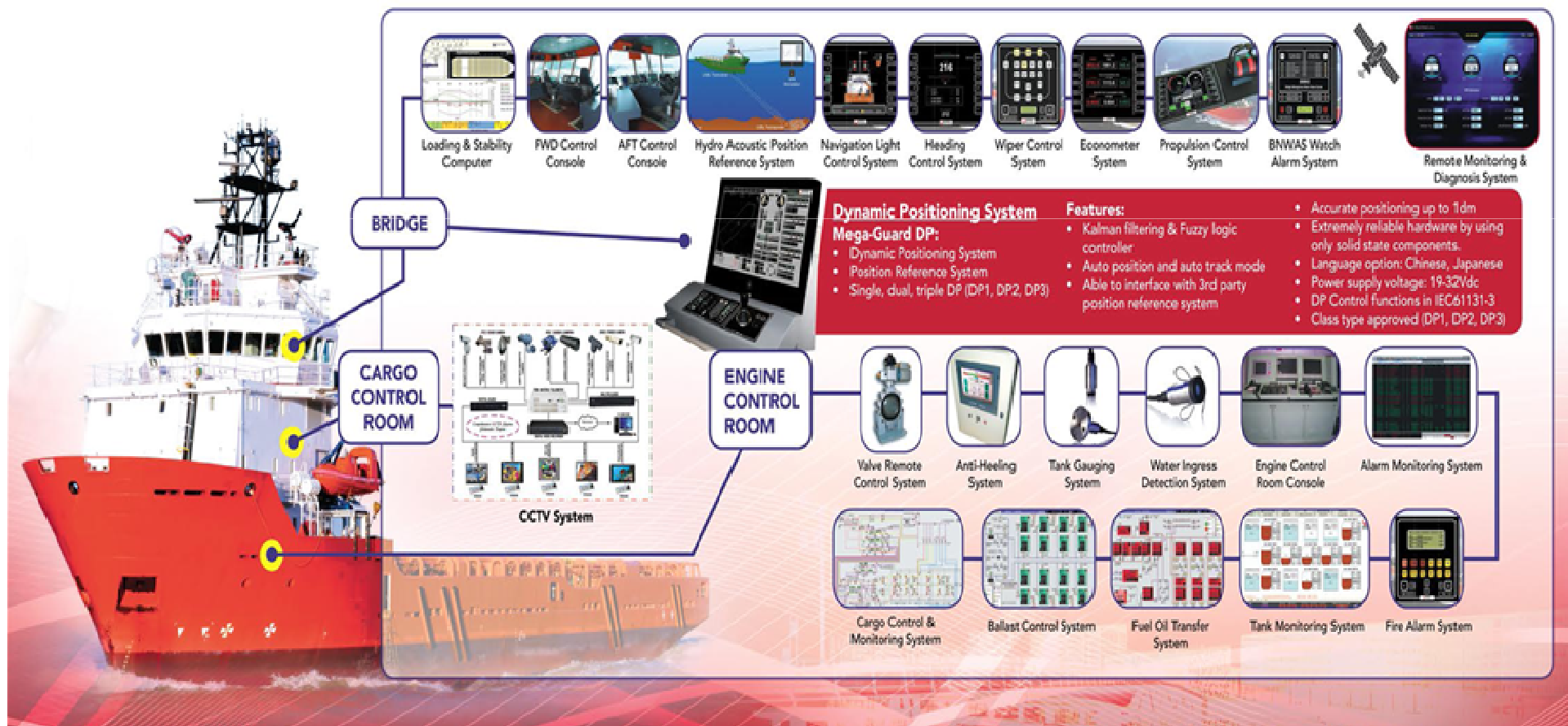


**5. Insulation  
Services**



# 1. System Integration – Overview

Our integrated control and management system provides a versatile and dependable ship automation solution with a standard, user-friendly interface to the subsystems of modern vessels.



# 1. System Integration – Vessels

## Types of Vessels using Nordic's Systems



Semi-Submersible



FPSO



Drillship



Jack-Up



Container Vessel



Submersible Barge



LNG



Pipelaying Vessel



Bulk Carrier



Chemical Tanker



Oil Tanker



AHTS



# 1. System Integration – Clients

**Keppel FELS** **Keppel Shipyard** **Keppel Singmarine**



**PPL Shipyard Pte Ltd**



## 2. MRO and Trading – Overview

**As part of our after-sales service, we provide our customers with a dedicated team of consultants who are responsible for any after-sales requests for maintenance, repairs and overhauls.**



- Captive business with an existing pool of over 1,000 vessels with our systems installed
- Numbers are steadily growing with every delivery of new vessels
- Provides a steady stream of income
- High barriers to entry as high-level of expertise is required

## 2. MRO and Trading – Clients



PETRONAS



Petrofac



DIAMOND  
OFFSHORE



PETROVIETNAM



ONGC



MÆRSK



Eni

Saipem



Prosaf

BERNHARD SCHULTE  
SHIPMANAGEMENT



Teras Offshore

A subsidiary of Ezion Holdings Limited



V.Ships

## 2. MRO and Trading –Global Network



Nordic Factory



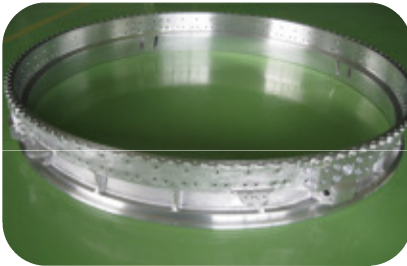
Sales & Service Office



## 3. Precision Engineering - Overview

**We specialise in the design and building of tooling systems, and provision of turnkey production solutions. Our customers are mainly from the marine, oil and gas, aerospace, medical and electronic manufacturing services industries.**

**Manufacturing of components for:**



Aerospace Industry



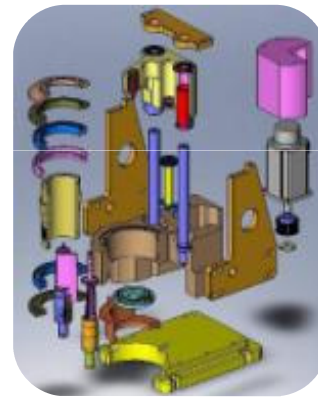
Medical Industry



Oil & Gas Industry



EMS Industry



Customized CNC Machine

## 3. Precision Engineering - Clients



GE Oil & Gas

ASM



Assembly Systems

**ThermoFisher**  
SCIENTIFIC



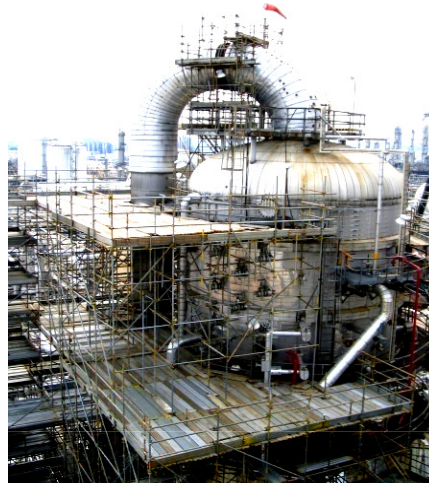
 **Speedline**  
technologies



PANalytical



## 4. Scaffolding Services – Overview



**MULTIHEIGHT**  
MULTIHEIGHT SCAFFOLDING PTE LTD

**One of the market leaders in metal scaffolding works with 25 years track record servicing the Oil & Gas, Construction and Marine Industry.**

Business Activities	Quality Standing
<ul style="list-style-type: none"> <li>• Design, Erection, Modification &amp; Dismantling of Scaffold &amp; System.</li> <li>• Rental of Scaffold System, Components &amp; Parts.</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry Of Manpower (MOM) approved scaffold contractor.</li> <li>• MOM Safety Performance Award for 11 years from 2002 to 2015.</li> <li>• One of the 3 Companies who received the BizSafe Star Award in 2009.</li> <li>• Obtained the BizSafe Partner Certification in 2010.</li> <li>• The first scaffold contractor in Singapore to be awarded the ISO 9001 (previously known as ISO 9002) certificate.</li> <li>• Other certification includes:- <ul style="list-style-type: none"> <li>✓ OHSAS18001 : 2007</li> <li>✓ SS506:Part1 : 2009</li> </ul> </li> </ul>

## 4. Scaffolding Services – Projects Summary

Daily Plant Maintenance	Project	Turnaround / Shutdown Maintenance *
<ul style="list-style-type: none"> <li>• BASF Southeast Asia Pte Ltd</li> <li>• Invista Fibres</li> <li>• Stolthaven Terminal</li> <li>• Kuraray Asia Pacific</li> <li>• Chemical Industry Far East Limited</li> <li>• FAPI Asia Pacific Pte Ltd</li> <li>• Keppel Shipyard Limited</li> <li>• Tuas Power</li> <li>• SLNG Terminal</li> </ul>	<ul style="list-style-type: none"> <li>• Aurora Project – ExxonMobil</li> <li>• Alpha Heat Phase 1 project – Lucite</li> <li>• Celanese Expansion Project – Celanese</li> <li>• Carboxylate Project - Chevron Oronite</li> <li>• Stolthaven Terminal Phase 2D Construction – Chiyoda</li> <li>• FPSO Catcher &amp; Zadco UZ 1M Enabler – Dyna Mac</li> </ul>	<ul style="list-style-type: none"> <li>• Chevron Oronite</li> <li>• Celanese</li> <li>• Lucite</li> <li>• SMAG-Nippon Express</li> <li>• Eastman Chemical - Woodgroup</li> <li>• SLNG Terminal - Hiap Seng</li> <li>• ExxonMobil</li> <li>• Kuraray Asia Pacific</li> </ul>

• Turnaround / Shutdown maintenance contracts occur every 2 years. Last turnaround / Shutdown maintenance was in 2013.

## 4. Scaffolding Services - Clients

**ExxonMobil**



Oronite



SMOE

**Oiltanking**



**Celanese**



PEC LTD.

*Sankyu*  
singapore



PEC LTD.



**CHIYODA**



**Lucite**  
International  
*Going further*



**Keppel Shipyard**

**Keppel Singmarine**



SEMBAWANG  
SHIPYARD



**MES**

MITSUI ENGINEERING &  
SHIPBUILDING CO.,LTD.



**McCONNELL**  
**DOWELL**



Asia Projects Engineering Pte Ltd



協成工程有限公司  
HIAP SENG ENGINEERING LTD



**BASF**  
The Chemical Company



**MUN SIONG**  
ENGINEERING LIMITED



SAMSUNG C&T

**JACOBS**



## 5. Insulation Services – Overview

**AUSTIN** ENERGY

Group completed the acquisition of Austin Energy (“AE”) on June 2, 2015.

Austin Energy specializes in comprehensive Insulation Services (primarily in Thermal Insulation) and Passive Fireproofing Services in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

KKH, its subsidiary, specializes in fabrication services.





## 5. Insulation Services - Clients



Oronite



GlaxoSmithKline

ExxonMobil





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4. Growth Strategies
5. Investment Merits

# Financial Review

## Financial Highlights

S\$'000	Unaudited 2Q2015	Unaudited 2Q2014	Change (%)	Unaudited 1H2015	Unaudited 1H2014	Change (%)
<b>Revenue</b>	21,055	17,816	18	37,668	32,237	17
<b>Gross Profit</b>	6,909	6,736	3	12,223	11,527	6
<b>Gross Profit Margin (%)</b>	32.8%	37.8%	(5.0 ppts)	32.5%	35.8%	(3.3 ppts)
<b>Profit Before Tax</b>	2,736	2,812	(3)	4,386	3,808	15
<b>Profit After Tax</b>	2,560	2,446	5	4,011	3,347	20
<b>Net Profit Margin (%)</b>	12.1%	13.7%	(1.6 ppts)	10.7%	10.4%	0.3 ppts
<b>EBITDA</b>	3,612	3,625	(0.4)	5,989	5,313	13
<b>EPS (cents)*</b>	0.6	0.6	-	1.0	0.8	25

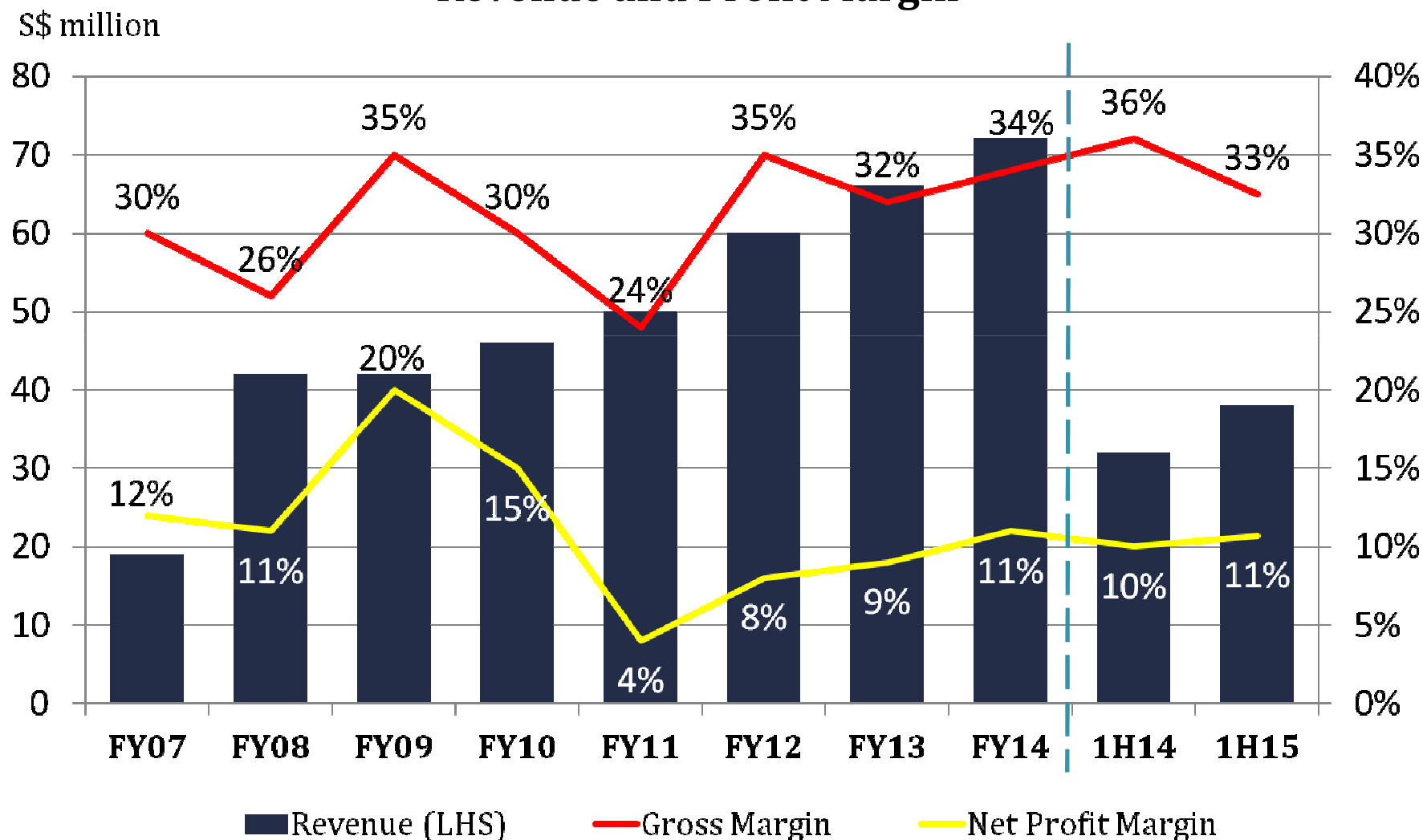
\* Computed based on 400,000,000 shares

\*\* Ppts: percentage points

➢ Both 2Q 2014 & 1H2014 have higher GP margin and net profit margin due to MHS VO recognized in Q1: S\$400k & Q2: S\$800k.  
Excluding effects of VO, GP margin of 2Q2014: 34.9% and 1H2014: 33.3%.

# Financial Review

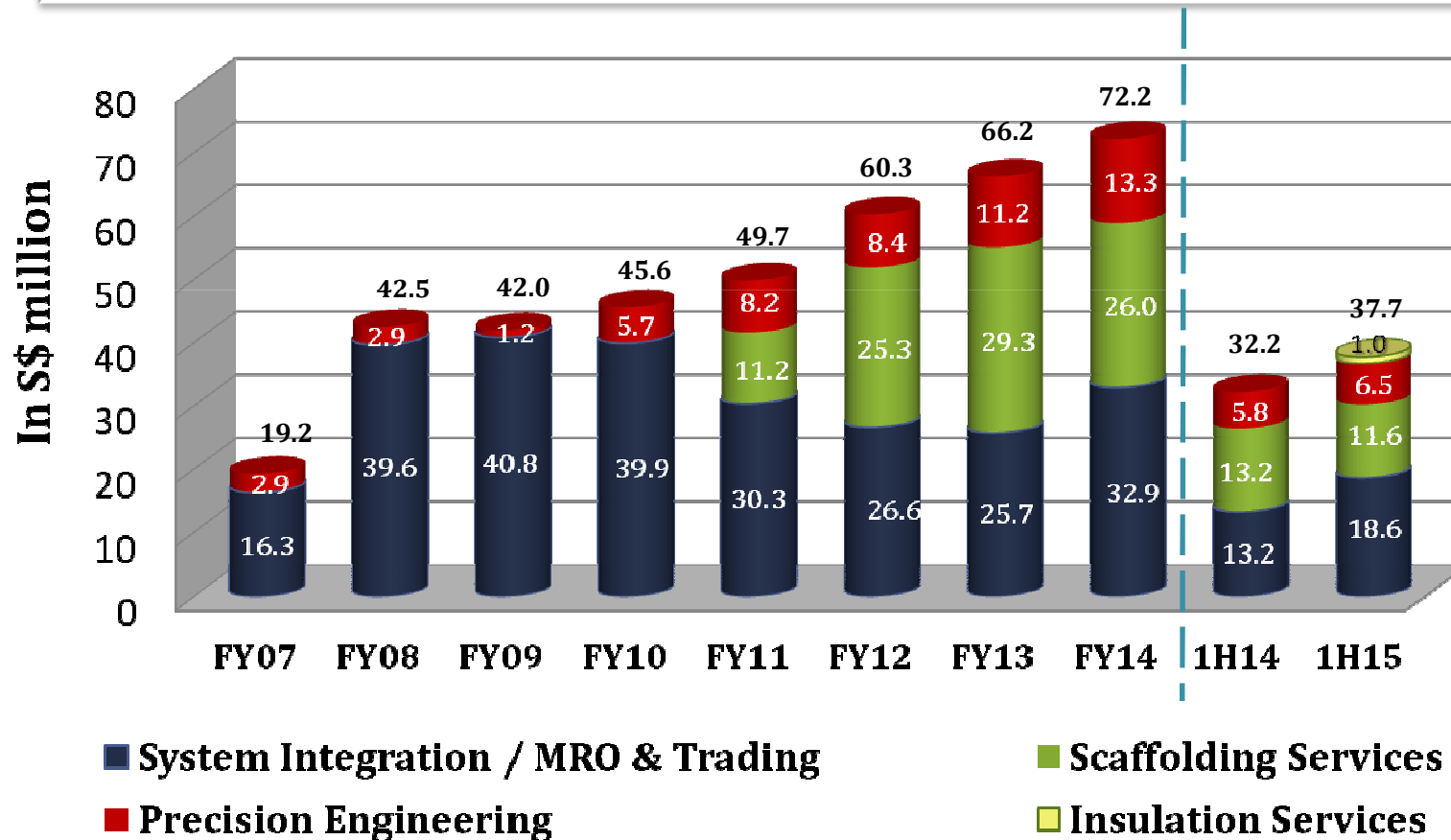
## Revenue and Profit Margin



# Financial Review

## Historical Revenue by Segment

Insulation Services revenue was recorded after the acquisition of Austin Energy on June 2, 2015



# Financial Review

## Balance Sheet Highlights

<b>S\$'000</b>	<b>Unaudited as at 30 June 2015</b>	<b>Audited as at 31 December 2014</b>
<b>Current Assets</b>	<b>69,662</b>	<b>64,607</b>
<b>Non-current Assets</b>	<b>43,573</b>	<b>25,903</b>
<b>Current Liabilities <sup>[1]</sup></b>	<b>43,551</b>	<b>33,909</b>
<b>Non-current Liabilities <sup>[1]</sup></b>	<b>14,367</b>	<b>3,310</b>
<b>Total Equity <sup>[2]</sup></b>	<b>55,317</b>	<b>53,291</b>
<b>Cash and Cash Equivalents</b>	<b>30,025</b>	<b>32,799</b>
<b>Net Asset Value per share (cents) <sup>[3]</sup></b>	<b>13.8</b>	<b>13.3</b>

<sup>[1]</sup> The increase in Current and Non-current Liabilities as at 30 June 2015, is mainly due to the deferred consideration and bank loan drawn down for the acquisition of Austin Energy, respectively.

<sup>[2]</sup> Total Equity includes minority interest

<sup>[3]</sup> Computed based on 400,000,000 shares



# Financial Review

## Balance Sheet Highlights

	As at end of				
S\$'000	FY2011	FY2012	FY2013	FY2014	1H2015
<b>Total Borrowings</b>	<b>34,449</b>	<b>26,834</b>	<b>21,539</b>	<b>25,320</b>	<b>34,913</b>
<b>Cash and Cash Equivalents</b>	<b>31,099</b>	<b>23,965</b>	<b>14,852</b>	<b>32,799</b>	<b>30,025</b>
<b>Total Equity</b>	<b>37,198</b>	<b>40,703</b>	<b>46,190</b>	<b>53,291</b>	<b>55,317</b>
<b>Net Gearing Ratio*</b>	<b>0.09</b>	<b>0.07</b>	<b>0.14</b>	<b>(0.14)**</b>	<b>0.09</b>

\* Computed based on ratio of Total Borrowings less Cash and Cash Equivalents & Total Equity

\*\* The Group has a net cash position of approximately **S\$7.5m** after deducting all borrowings as at 31 December 2014.

# Financial Review

## Key Financial Data and Ratio

	<i>Growth</i>			
	FY2013	FY2014	1H 2014	1H 2015
Revenue (S\$m)	66.2	72.4	32.2	37.7
<i>Growth (% , yoy)</i>	9.9	9.4	16.1	16.8
Net Income (S\$m)	6.1	7.9	3.3	4.0
<i>Growth (% , yoy)</i>	33.9	28.9	65.8	19.8

	<i>Returns</i>			
	FY2013	FY2014	1H 2014	1H 2015
Return on Common Equity (%)	14.0	15.8	17.0	16.9
<i>FTSE ST ALL-Share Index (%)</i>	10.2	9.8	10.1	8.8
Return on Capital (%)	10.0	11.4	12.0	11.3
<i>FTSE ST ALL-Share Index (%)</i>	5.9	5.6	6.1	5.6

Source : Bloomberg, August 25, 2015  
Company data

# Financial Review

## Key Financial Data and Ratio

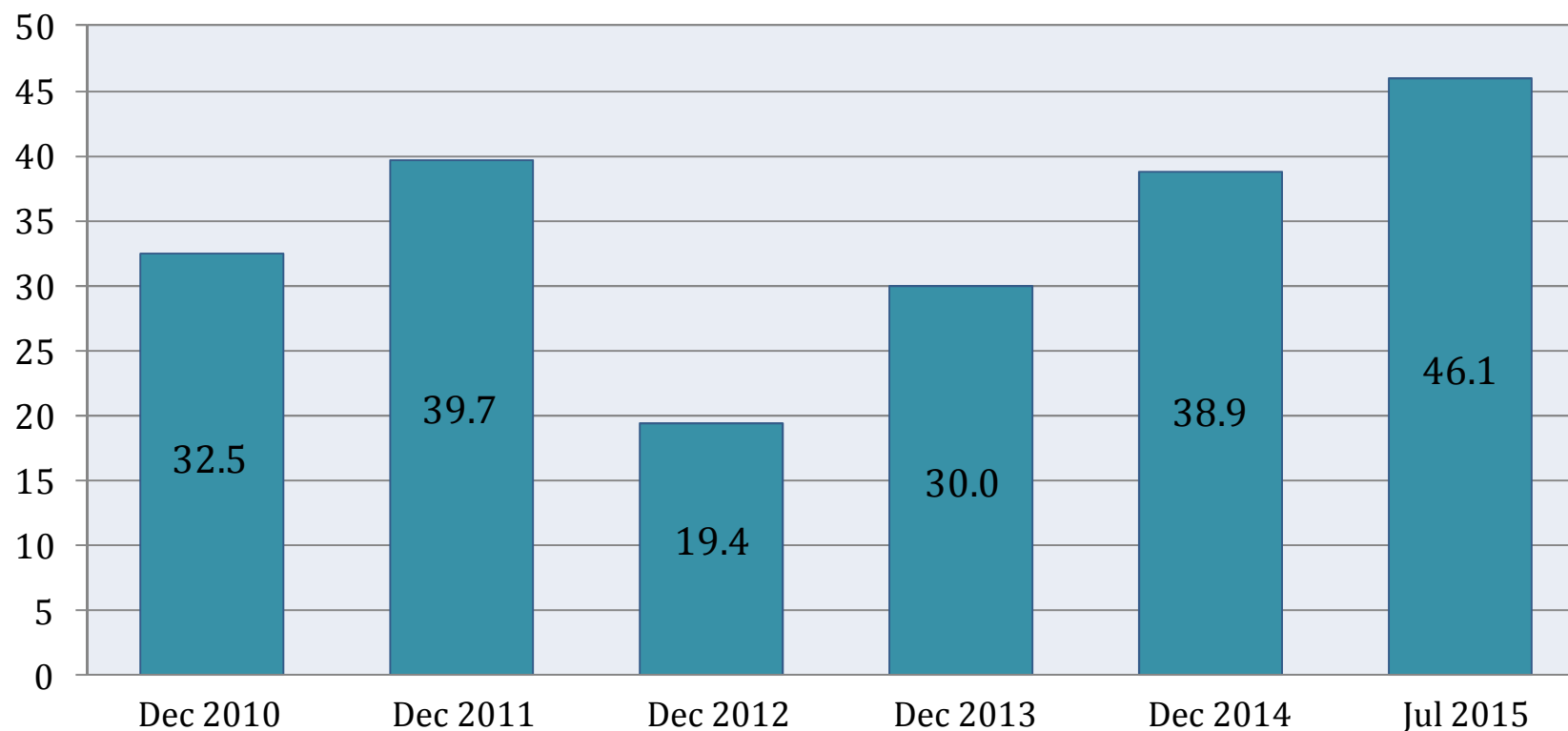
	FY2013	FY2014	1H 2014	1H 2015
<i>Credit</i>				
EBITDA to Interest Expense (times)	14.2	22.0	18.0	18.3
EBIT to Interest Expense (times)	10.1	16.8	13.2	13.6
<i>Liquidity</i>				
Current Ratio (x)	1.7	1.9	1.9	1.6
<i>Other</i>				
Enterprise Value (S\$m)	49.1	35.8	47.2	77.0
EBITDA (S\$m)	10.4	12.6	5.8	6.1
EV/EBITDA (times)	4.7	2.8	8.1	12.6
	FY2013	FY2014	1H 2014	1H 2015
Dividend Payout Ratio (%)	16	25	-	40

Source : Bloomberg, August 25, 2015  
Company data

# Financial Review

## Order Book Summary

S\$ million



Note:

The order book summary does not include maintenance contracts from Scaffolding Services and AE Insulation business segments which are typically contracted over a 2-year period at unit rates and therefore do not have a contract value upfront.

# Financial Review

## Recent Contract Wins

### System integration / MRO & Trading

- Contract to supply a Hydraulic & Pneumatic Valve Control System (Value: US\$1m – about S\$1.3m)
- Letter of intent to design, supply and install a Hydraulic Valve Control System (Value: S\$2m)

### Scaffolding Services

- Clinches various Scaffolding contracts for major oil players such as Chevron, ExxonMobil
- Projects include SEA VAE Project, Chevron Carboxylate Project and ExxonMobil Aurora Project (Total value: S\$12m)

### Insulation Services

- Since acquisition, Austin Energy clinches several insulation contracts.
- Projects include Pfizer Milling Facility Project, Ichthys Field Development Project Ivar Aasen Project, Chevron Carboxylate Project (Total value: S\$9m)



# Outline



- 1. Corporate Profile**
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- 4. Growth Strategies**
- 5. Investment Merits**

# Growth Strategies – Organic

## ***System Integration and MRO & Trading***

- Continue to develop new products and systems to meet market demand for innovative products
- Mitigate the slowdown in key markets like O&M.
- Further enhance its market leadership position

## ***Precision Engineering***

- Expand into contract manufacturing, assembly and other value added services
- Form strategic alliances and partnerships to expand capabilities and further grow the assembly business

## ***Scaffolding Services***

- Cope with market uncertainties and ensure stable revenue stream from recurring maintenance jobs and new projects
- Deal with capacity limitations brought by manpower constraints, enhance productivity

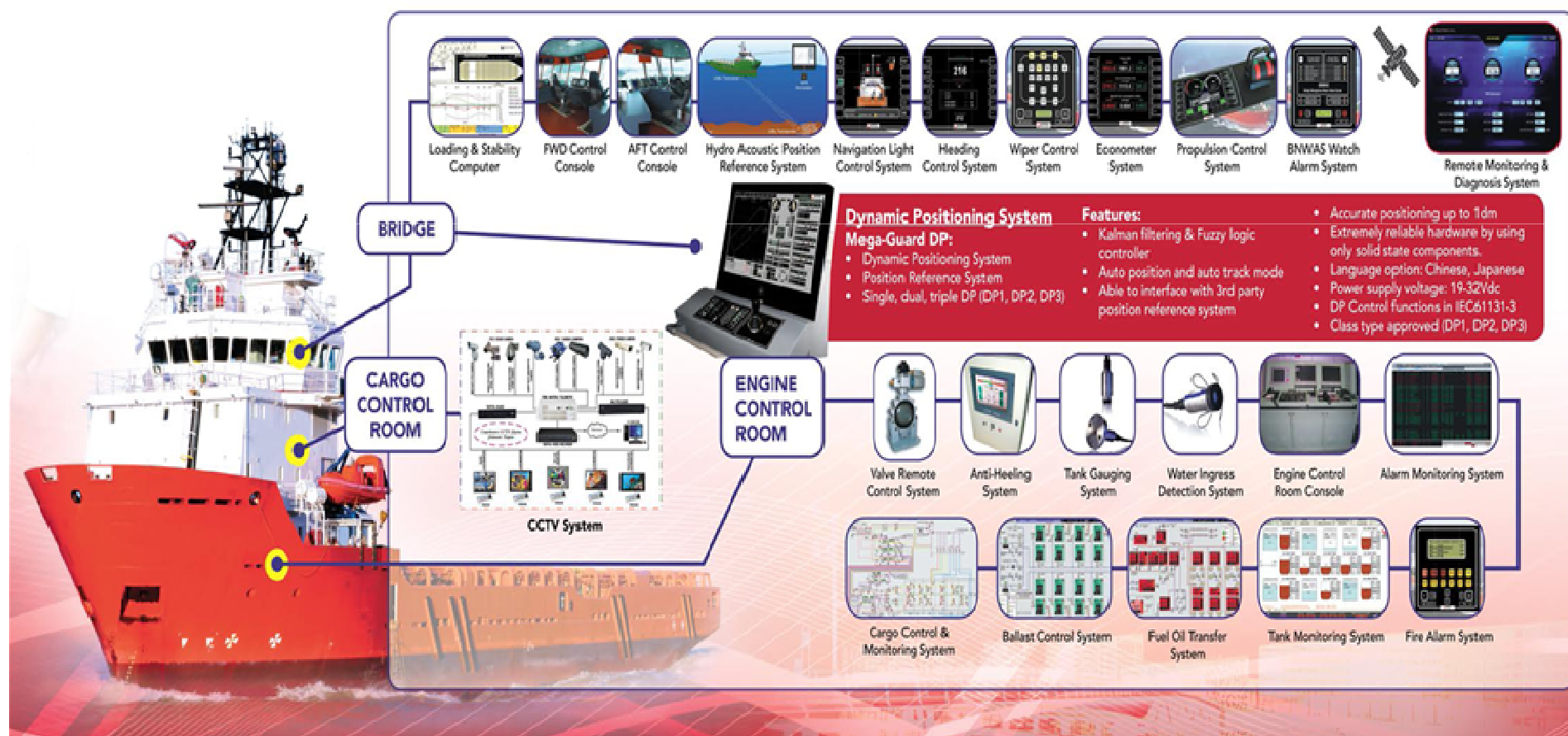
## ***Insulation Services***

- Bundle and Cross-Sell Scaffolding with Insulation services
- Tap into new markets like pharmaceuticals etc. to diversify revenue streams



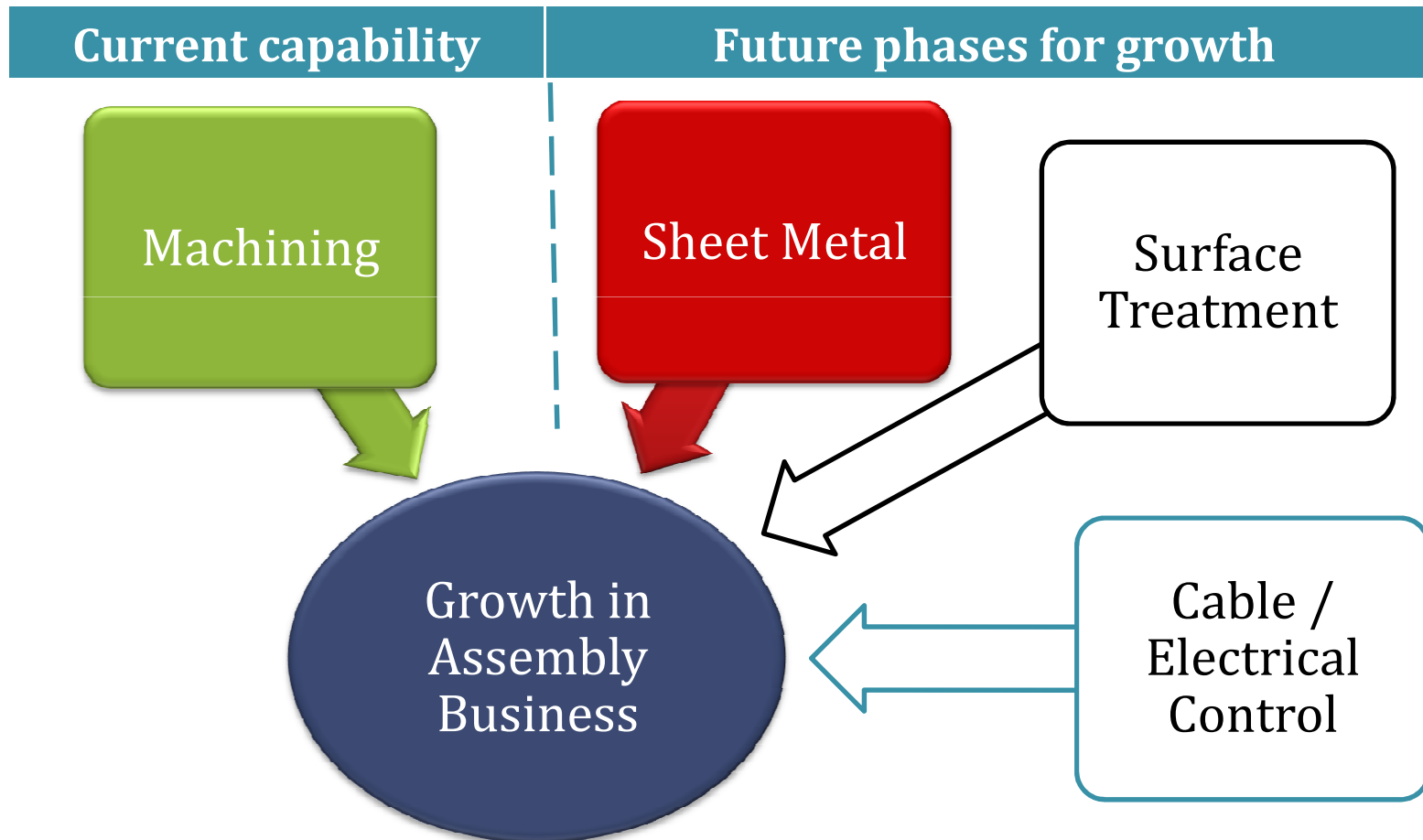
# 1. System Integration – Overview

Our integrated control and management system provides a versatile and dependable ship automation solution with a standard, user-friendly interface to the subsystems of modern vessels.



# Growth Strategies – Precision Engineering

Formation of strategic alliances and partnerships to expand capabilities for further growth of the assembly business.



## Growth Strategies – Acquisition of Austin Energy

- At Purchase Consideration of S\$26.0million

*4.1x of AE Group's 2014 earnings*

- Provisional goodwill and intangible asset of approximately S\$10.2 million
- As at 31 July 2015, AE Group has an order book of S\$11.4 million.



Cash balances of AE Group @ acquisition: S\$7.5 million



## Growth Strategies – Acquisition of Austin Energy

- In line with Group's strategy to acquire new synergistic businesses
- Enhances the Group's range of products and services, and in turn strengthens customer base



*Post acquisition, we expect -*

Improved revenue contribution from **Marine** and **Petrochemical** related businesses

Further diversified revenue stream including **Pharmaceutical** related business

## Growth Strategies – Acquisition of Austin Energy

- **Multiheight Group, another subsidiary of Nordic Group, provides scaffolding service that AE requires**
- **Typically, Insulation packages are coupled with Scaffolding packages**

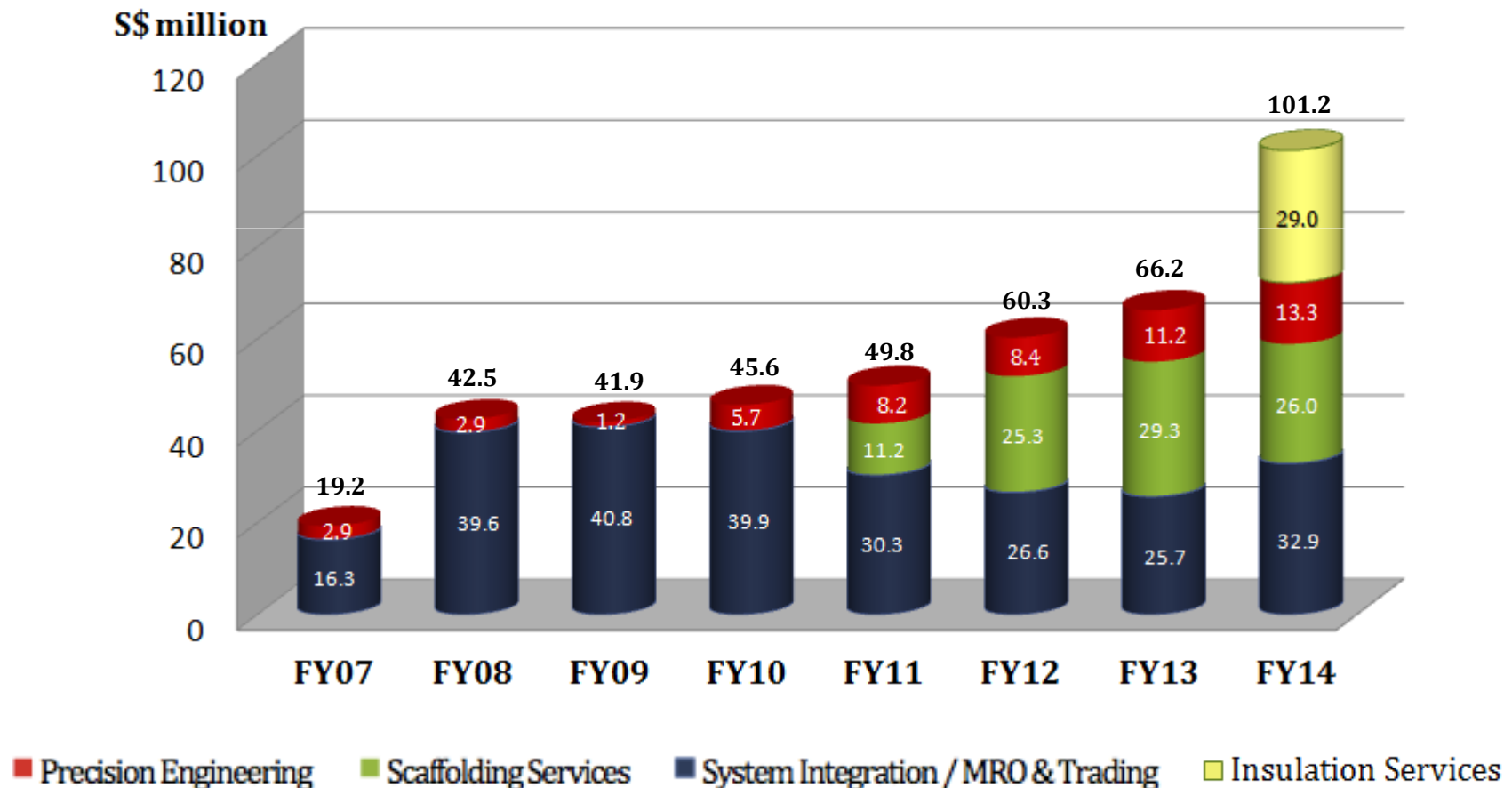


**Companies providing both these services have competitive edge over others**

# Growth Strategies – Acquisition of Austin Energy

## Historical Revenue by Segment – Pro Forma Analysis

*For illustrative purpose, assuming the acquisition of AE had been completed on Jan 1, 2014  
Revenue for FY07 – FY13 are factual*





# Growth Strategies – M&A

*Continue to acquire successful businesses when opportunities arise, with a focus on the business that is*

- Relevant to us and within our footprint
- Offers the potential to broaden our product and service range in Marine, Oil & Gas, Petrochemical and Pharmaceutical sectors
- Offers the potential to create synergy with our existing businesses and stimulate future revenue and profit growth



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# Highlight of Investment Merits

## Established Market Player

Strong track record, performing above industry average

## Healthy Order Book

Order book of **S\$46.1** million on hand, excluding MHS and AE unit rate maintenance contracts



## Established Management &

## Good Growth Potential

Management with keen foresight and proven track record of:

- Leading the Group to achieve consistent performance despite market volatilities
- Ensuring successful acquisition of MHS and smooth integration
- Successful acquisition of AE that will enhance Group earnings

## Improved Dividend Payout

- 0.4 cents ordinary dividend per share declared for 1HFY15
- Half-yearly dividend payout for FY15 onwards
- **40%** dividend payout policy



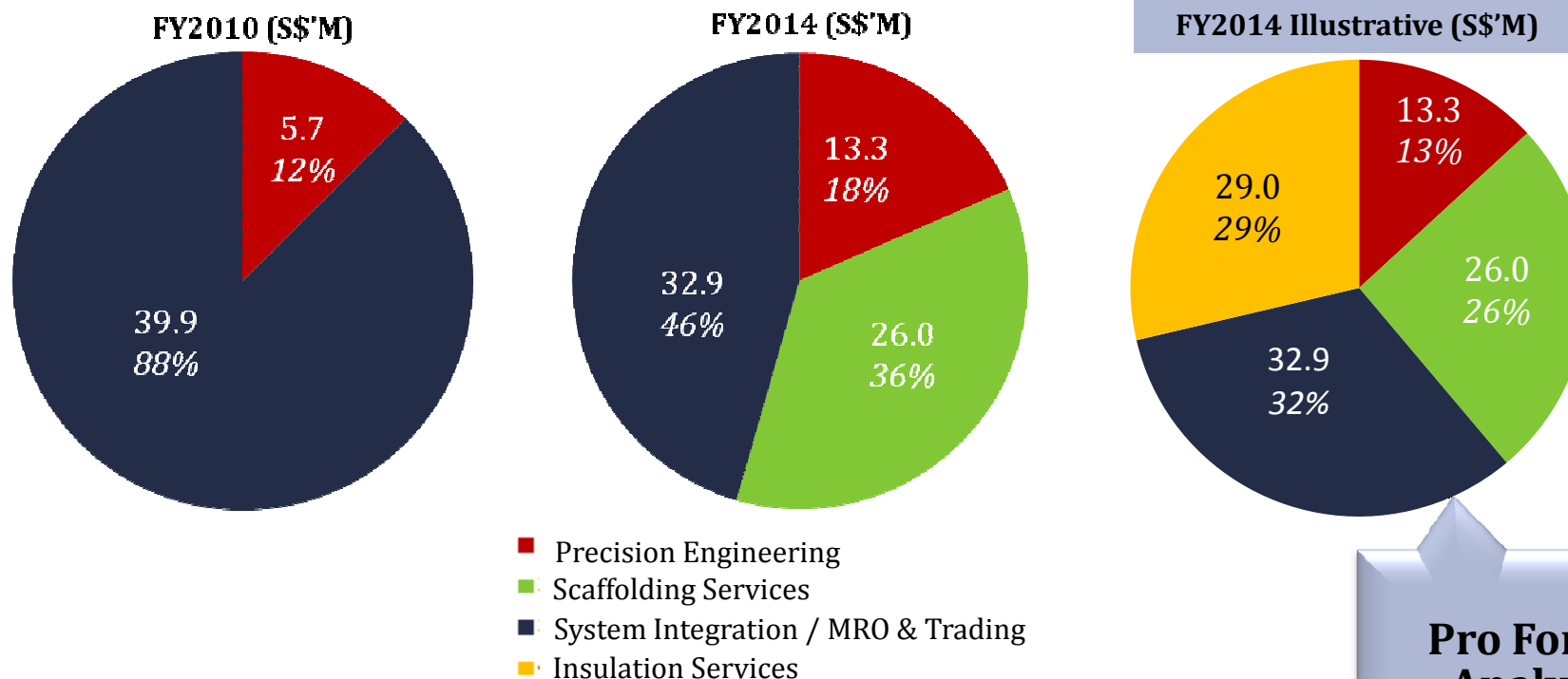
## Improved Earnings Quality

Volatile project earnings now supplemented by more stable recurring maintenance income from Scaffolding Services and newly acquired Insulation Services



# Investment Merits- Improved Earnings Quality

## Revenue Contribution by Segment



The acquisition of Multiheight Group in 2011 has effectively reduced industry-specific risk and supported the Group's consistent revenue growth.

The acquisition of Austin Energy is expected to further diversify the Group's revenue stream and stimulate revenue growth.

### Pro Forma Analysis

*Assuming the acquisition of AE had been completed on Jan 1, 2014*



*Building Momentum, Capturing Opportunities*

# Thank You

For more information, please contact:

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