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Nordic Delivers Record Net Profit for FY2016 of S\$ 12.7 million, Up 21%

- The Group grew FY2016 revenue to S\$ 81.9 million (+2% year-on-year), despite a challenging operating environment
- Group's outstanding project-based order book stands at approximately S\$21.6 million and will drive sustained revenue streams into FY2018
- To reward shareholders, the Group proposes a final dividend of 0.731 Singapore cents for FY2016, which together with the interim dividend maintains a 40% dividend payout

Singapore, 23 February 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\$12.7 million for the twelve months ended 31 December 2016 (“FY2016”). Financial highlights are as follows:

Financial Highlights	4Q2016	4Q2015	Chg	FY2016	FY2015	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	18,909	21,108	(10)	81,921	80,491	2
Gross Profit	5,644	6,705	(16)	25,523	22,441	14
Gross Profit Margin	29.8%	31.8%	-2.0 pts	31.2	27.9	3.3 pts
Net Profit after Tax	3,816	3,318	15	12,683	10,505	21
Net Profit Margin	20.2%	15.7%	4.5 pts	15.5%	13.1%	2.4 pts
Basic Earnings Per Share (cents)*	1.0	0.8	25	3.2	2.6	23

* Based on weighted average number of 393,656,000 ordinary shares for 4Q2016 and 396,927,000 for 4Q2015 (FY2016: 393,969,000; FY2015: 399,205,000)

Ppts: Percentage Points

Financial Review

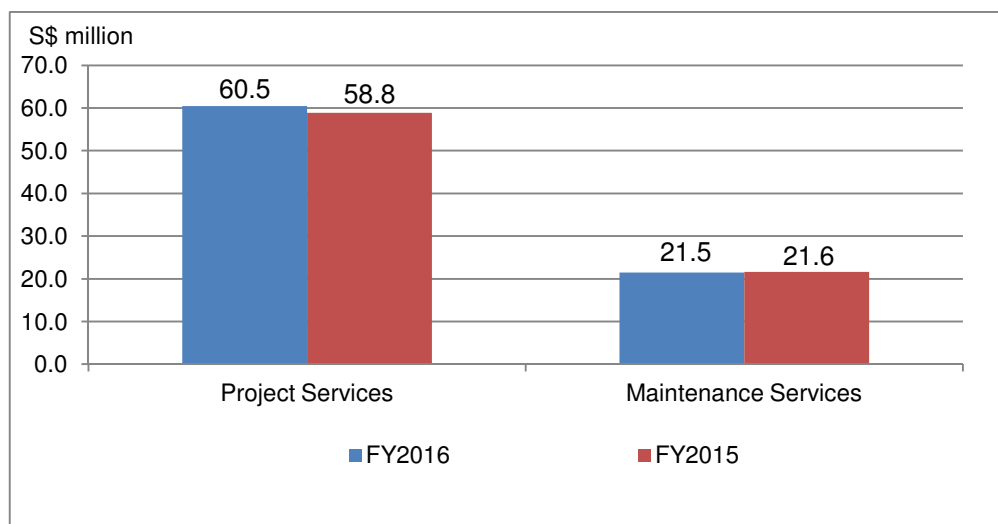
The Group's revenue increased 2% from S\$80.5 million in FY2015 to S\$81.9 million in FY2016.

The Project Services segment, a key revenue driver for the Group, contributed S\$ 60.5 million of revenue or 73.8% of the Group's total revenue in FY2016. This segment delivered revenue growth of 3% in FY2016, compared to S\$ 58.8 million of revenue recorded in FY2015.

Gross profit increased by 14% from S\$22.4 million in FY2015 to S\$25.5 million in FY2016. Gross profit margin also improved from 27.9% in FY2015 to 31.2% in FY2016. The margin expansion of 3.3 percentage points was driven by contributions from AE Group.

Due to continued pragmatic cost controls, the Group reduced administration expenses by 2%, from S\$10.7 million in FY2015 to S\$10.4 million in FY2016, on lower staff costs. The Group also substantially reduced marketing and distribution expenses by 47% from S\$0.9 million in FY2015 to S\$0.5 million in FY2016.

Revenue by Business Segment



Although the challenging operating environment for offshore marine and oil and gas industries persisted through the year, the Group grew basic earnings per share by 23% from 2.6 Singapore cents in FY2015 to 3.2 Singapore cents in FY2016.

The Group's balance sheet remained in a robust net cash position as at 31 December 2016, with cash and cash equivalents of S\$32.3 million. Due to the increase in FY2016 profits, the Group

grew its net asset value per share from 15.0 Singapore cents as at 31 December 2015 to 17.0 Singapore cents as at 31 December 2016¹.

¹ Based on the 393, 175,000 ordinary shares on issue excluding treasury shares as of 31 December 2016 (31 December 2015: 395,331,000)

Business Outlook

The Group's outstanding order book stood at approximately S\$21.6 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.

The Group continues to record solid order wins despite an uncertain operating environment as oil prices remain volatile. On 9 February 2017, the Group announced it had clinched several contracts with a total value of approximately S\$7.7 million from repeat and new customers. These contracts include scaffolding and painting work, insulation works, machining and mechanical assembly to be completed by 2017, and the renewal of maintenance contracts with several repeat customers for one to two years.

Despite ongoing softness in the market, the Group is cautiously optimistic about its ability to maintain profitability.

Commenting on the Group's FY2016 financial performance and business outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said,

“Despite continued challenging operating conditions, our Group has once again delivered profit and net asset value growth in FY2016, demonstrating our commitment to enhancing shareholder value. Since listing, we have delivered profits consistently for the past 7 years, and continue to reward our shareholders through our dividend and share buy-back policies.

Our project-based order book remains healthy, supplemented by recurring maintenance income and diversified income streams. The current order book provides earnings visibility through to FY2018, ensuring our Group remains resilient unlike many others in our industry.

Our strong balance sheet and positive operating cash flow is a direct result of management's pragmatism amid the challenging operating conditions and risks inherent

in our industry. We have been prudent in reducing our operating expenses given the continued downturn in the offshore marine and oil and gas industry. In the event of a recovery in the industry, our track record of solid execution will position us to seize new opportunities.

To reward our loyal shareholders who continue to stand by us, we proposed a FY2016 final dividend of 0.731 Singapore cents. Together with the interim dividend of 0.5372 Singapore cents, we have maintained our dividend payout of 40%.

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 completed the acquisition of 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.

Following the acquisition of AE Group, the Group has revised its business segments into three major units to align with the corporate strategy going forward. The three business segments are **Project Services**, **Maintenance Services** and **Others** (including investment holdings). **Project Services** segment comprises of capital projects which the Group provides engineering, design, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services. The **Maintenance Services** segment deals with maintenance and repair services provided by the Group which also includes trading, supply of materials, spare parts and components. The **Others** segment relates to other revenue streams, including dividends from investment holdings.

Issued for and on behalf of Nordic Group Limited

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