



*Building Momentum, Capturing Opportunities*

# Nordic Group Limited

## 1Q2019 Results Briefing

10 May 2019

# Disclaimer

- This presentation (this “**Presentation**”) has been prepared by Nordic Group Limited (“**Nordic**” or the “**Company**”) for information purposes only and has not been independently verified. It is not the intention to provide, and you may not rely on this Presentation as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects. This Presentation does not constitute, or form any part of any opinion on any advice to sell, or any offer for the sale or subscription of, or invitation or agreement to subscribe for, or solicitation of any offer to buy or subscribe for, any securities, nor shall it or any part of it form the basis or be relied on in connection with, any contract or commitment or investment decision whatsoever.
- This Presentation may contain projections and forward-looking statements that reflect the Company’s current views with respect to future events and financial performance, which are based on current assumptions subject to various risks and may therefore change over time. No assurance can be given that future events may occur, that projections will be achieved, or that the Company’s assumptions are correct. Actual results may differ materially from those which may be projected.
- Opinions expressed herein reflect the judgement of the Company as of the date of this Presentation and may be subject to change without notice if the Company becomes aware of any information or developments, whether specific to the Company, its business or in general, which may have a material impact on any such opinions. Additionally, the information contained herein is current only as of the date of this Presentation and shall not, under any circumstances, create any implication that such information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the financial condition or affairs of the Company since the date herein. This Presentation may be updated from time to time and the Company does not undertake to post any such amendments or supplements on this Presentation.
- None of the Company or any of its subsidiaries, affiliates, advisers or representatives shall be responsible for any consequences resulting whatsoever from the use of this Presentation as well as the reliance upon any opinion or statement contained herein, or for any omission herein.
- Neither this Presentation nor any of its contents may be used, quoted, reproduced or disclosed in any manner by any other person without the prior written consent of the Company.



- 1. Financial Review**
- 2. Business Outlook**
- 3. Investment Merits**

# Financial Highlights

Revenue

**\$19.5m**

1Q18: \$22.7m, 14%↓

Net profit

**\$2.06m**

1Q18: \$3.4m, 40%↓

EBITDA

**\$3.3m**

1Q18: \$4.7, 30%↓

Order book

**\$95.5m**

as at 31 March 2019

EPS

**0.5 cents**

1Q2018: 0.9 cents,  
44%↓

NTA per share

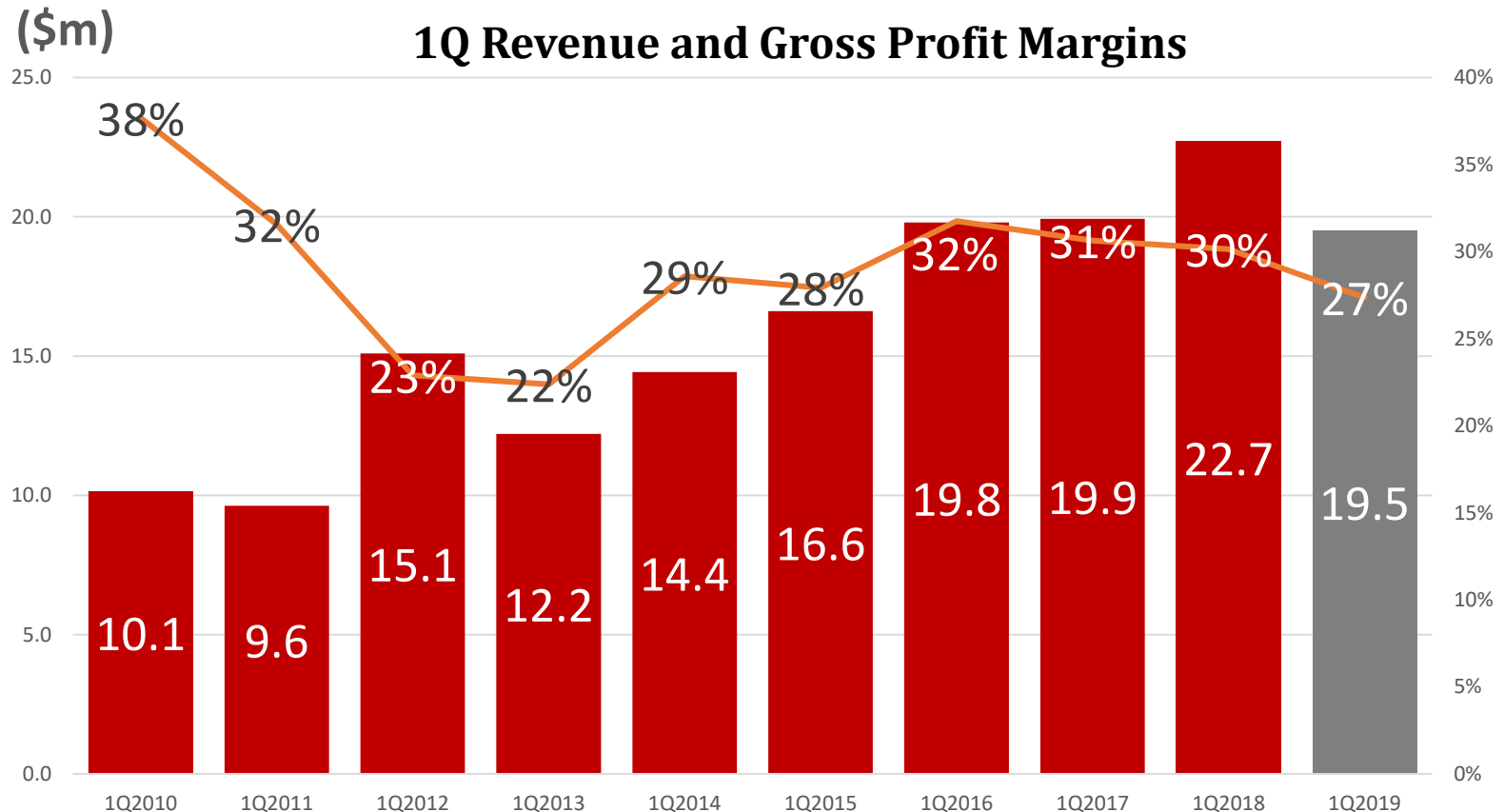
**21.2 cents**

1Q2018: 20.6 cents,  
2.9%↑

# Financial Review

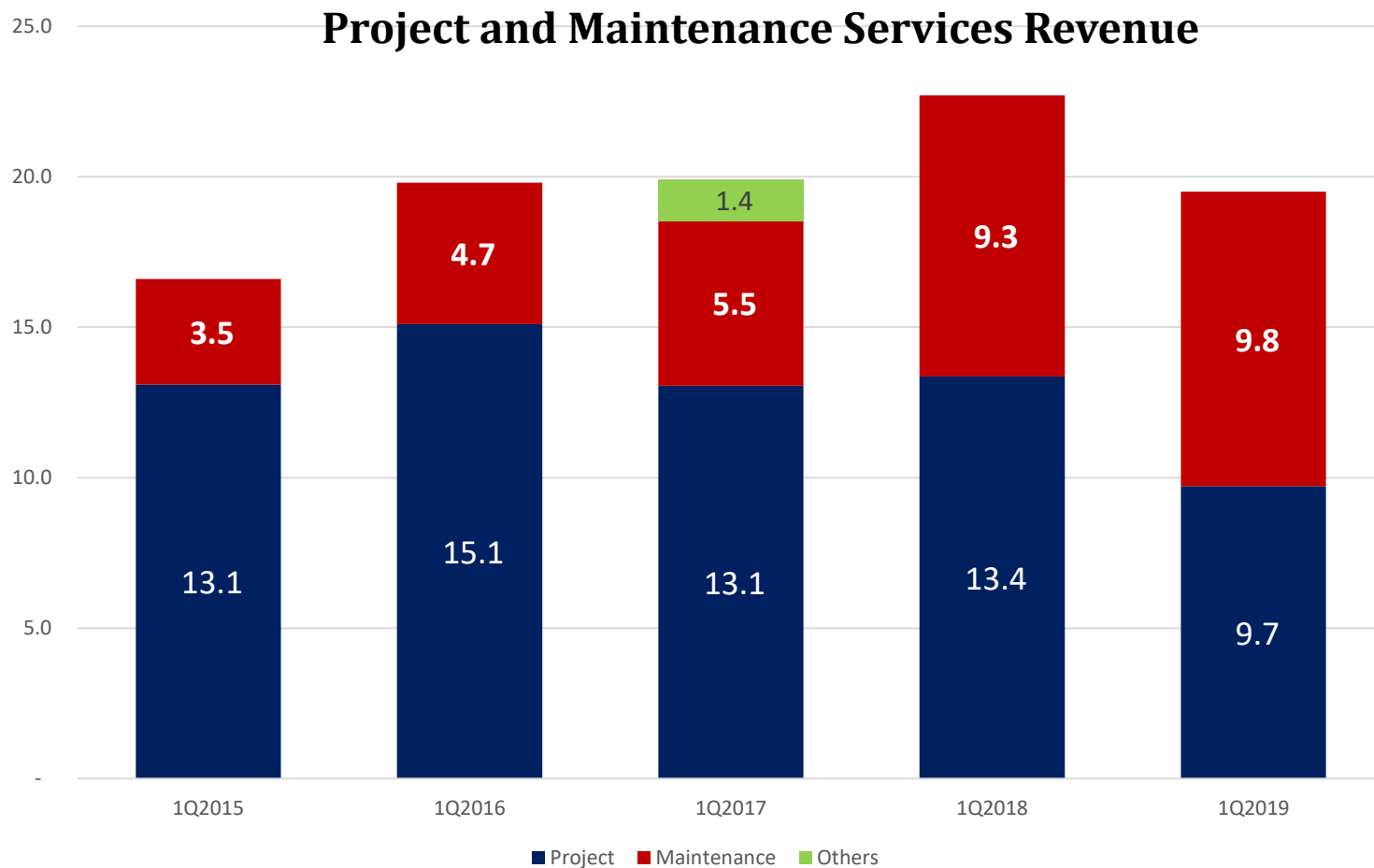
S\$'000	Unaudited 1Q2019	Unaudited 1Q2018	Change (%)
<b>Revenue</b>	<b>19,506</b>	22,708	(14)
<b>Gross Profit</b>	<b>5,337</b>	6,845	(12)
<b><i>Gross Profit Margin</i></b>	<b>27.4%</b>	30.1%	(2.7) <i>ppts</i>
<b>Net Profit after Tax</b>	<b>2,060</b>	3,441	(22)
<b><i>Net Profit Margin</i></b>	<b>10.6%</b>	15.2%	(4.6) <i>ppts</i>
<b>EBITDA</b>	<b>3,272</b>	4,671	(30)
<b><i>EBITDA Margin</i></b>	<b>16.8%</b>	20.6%	(3.8) <i>ppts</i>
<b>EPS (cents) <sup>(1)</sup></b>	<b>0.5</b>	0.9	(44)

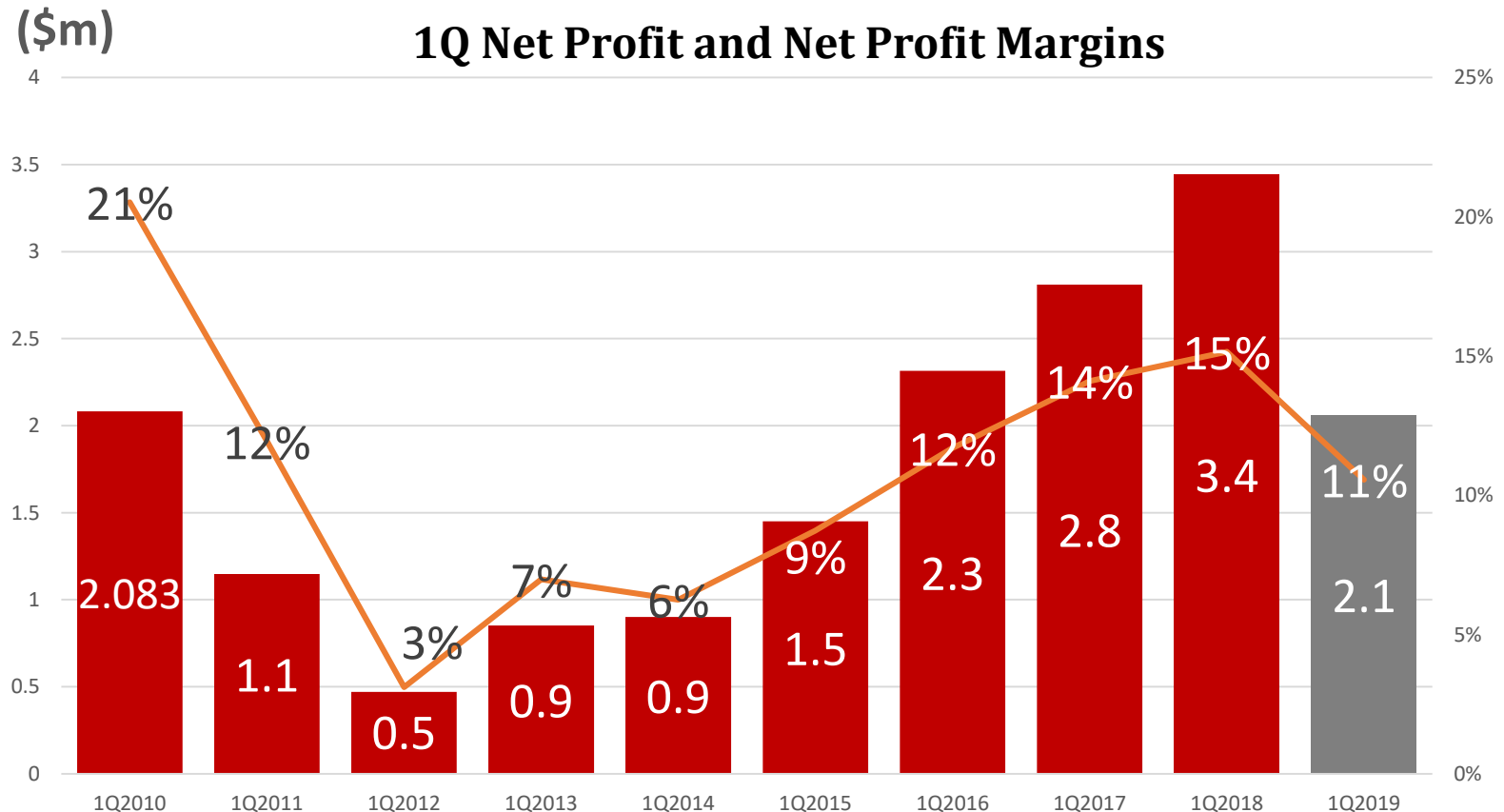
(1) Computed based on weighted average number of 392,519,000 ordinary shares for 1Q2019 and 393,102,000 ordinary shares for 1Q2018



1Q2010 and 2011 was only the GPM of system integration division. The drop in GPM in 2012 was mainly due to the downturn of the marine industry and weakening of USD against SGD. Increase in GPM in 1Q2016 was due to the contribution from Austin Energy post acquisition.

(\$'m)





1Q2010 and 2011 was only the NPM of system integration division. The drop in NPM in 2012 was mainly due to the downturn of the marine industry and weakening of USD against SGD. Increase in NPM in 1Q2016 was due to the contribution from Austin Energy post acquisition.



# Financial Review

## Balance Sheet Highlights

<b>S\$'000</b>	<b>Unaudited as at 31 March 2019</b>	<b>Audited as at 31 December 2018</b>
<b>Current Assets <sup>(1)</sup></b>	<b>89,986</b>	<b>92,042</b>
<b>Non-current Assets</b>	<b>63,697</b>	<b>59,818</b>
<b>Current Liabilities <sup>(2)</sup></b>	<b>54,056</b>	<b>58,045</b>
<b>Non-current Liabilities</b>	<b>16,489</b>	<b>12,823</b>
<b>Total Equity</b>	<b>83,138</b>	<b>80,992</b>
<b>Cash and Cash Equivalents</b>	<b>39,986</b>	<b>39,232</b>
<b>Net Asset Value per share (cents) <sup>[3]</sup></b>	<b>21.2</b>	<b>20.6</b>

<sup>[1]</sup> Included asset held for sale of \$8.1m (31 Dec 18: \$8.1m) for the properties for sale.

<sup>[2]</sup> Included liabilities held for sale of \$8.4m (31 Dec 18: \$8.4m)

<sup>[3]</sup> Computed based on number of 392,519,000 (31 Dec 18: 392,519,000) ordinary shares, excluding treasury shares

# Financial Review

	As at end of							
S\$'000	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	1Q2019
<b>Total Borrowings</b>	26,834	21,539	25,320	32,155	28,085	46,612	48,807	46,944
<b>Cash and Cash Equivalents</b>	23,965	14,852	32,799	35,566	32,325	40,291	39,232	39,986
<b>Net Debt/(Cash)</b>	2,869	6,687	(7,479)	(3,411)	(4,240)	6,321	9,575	6,958 <sup>(6)</sup>
<b>Net Gearing Ratio<sup>(1)</sup></b>	10%	19%	-19% <sup>(2)</sup>	-10% <sup>(2)</sup>	-11% <sup>(2)</sup>	13% <sup>(3)</sup>	19% <sup>(4)</sup>	13% <sup>(5)</sup>

(1) Computed based on Total Borrowings less Cash and Cash Equivalents / Total Equity less Goodwill x 100%

(2) Negative due to the Group being in a Net Cash position

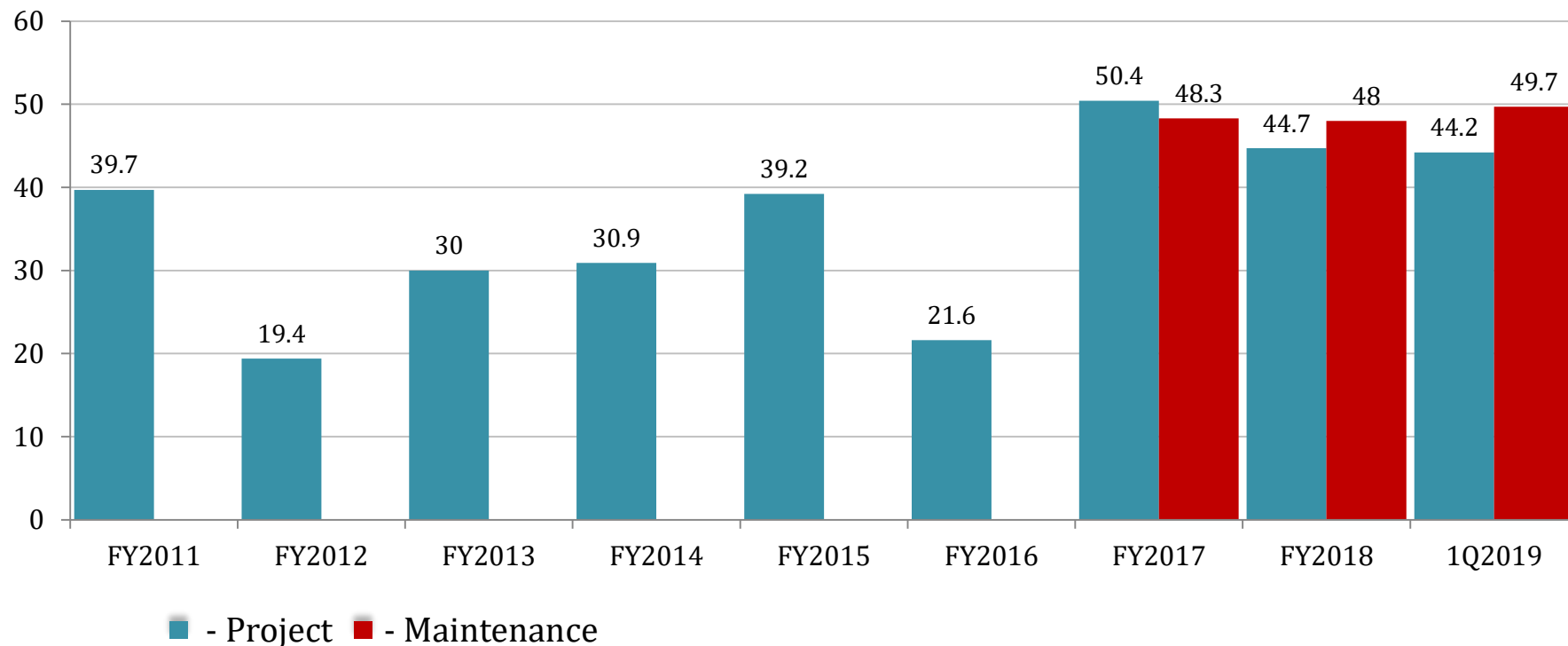
(3) Increase due to \$21million loan from the acquisition of Ensure in April 2017

(4) Increase due to \$10million loan for the acquisition of factory at 2 Tuas Ave 10. Net debt as of 24 Feb is \$6million

(5) Excluded lease liabilities- current and non current of \$4.023m as these related mainly to the land rent of our properties and certain dormitory leases which have to be capitalized due to the new accounting standard on leases as compared to being a operating lease commitment in the past.

(6) Net debt as of 9 May 2019 is S\$5.3m.

## Order Book Summary (S\$m)



### 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.

SIP contract of \$23.4 million (FY2018: \$25.2 million) is included in project order book.

## Recent Contract Winning Momentum

### Feb 21, 2019 - Total value: **S\$12.9m**

- Scaffolding, Precision Engineering and System Integration: capital contracts from repeat customers for scaffolding works, machining and mechanical assembly and supply of electric actuators, valves, sensors and tank gauging systems.
- Scaffolding, Insulation and Petrochemical: maintenance contracts from repeat and new customers from the petrochemical and infrastructure industries for insulation and scaffolding works and rental of boiler.

### May 9, 2019 - Total value: **S\$5.7m**

- Precision Engineering and System Integration: capital contracts from repeat customers for machining and mechanical assembly and supply of valves remote control system and tank gauging systems.
- Scaffolding, Insulation and Petrochemical: ad-hoc and maintenance contracts from repeat and new customers from the petrochemical and infrastructure industries for insulation and scaffolding works and rental of boiler.

**Scaffolding:** Multiheight Scaffolding Pte Ltd

**Precision Engineering:** Avitools (Suzhou) Co. Ltd

**Petrochemical:** Ensure Engineering Pte Ltd

**System Integration:** Nordic Flow Control Pte Ltd

**Insulation:** Austin Energy (Asia) Pte Ltd

# Sale of Properties

- 24 Benoi Place (land area: 39,052 sq ft; gross floor area: 45,090 sq ft; current market value: \$5.8 million; Tenure: 12.5 years)
- 133 Tuas View Square (land area: 7,231 sq ft; gross floor area: 10,200 sq ft; 5 years commercial dormitory license from April 2019; current market value \$3.5 million)

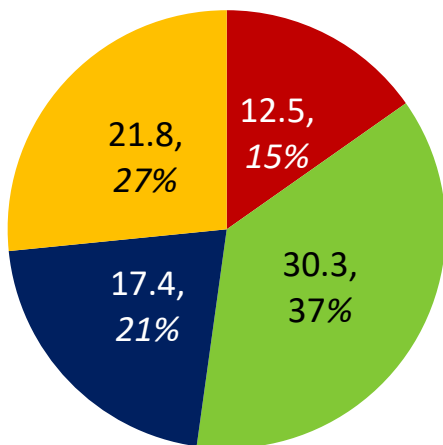


## General Business Outlook

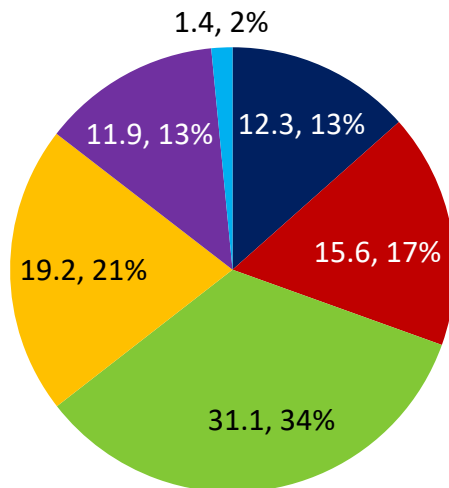
- Nordic Group serves the marine, oil and gas industries whose operating environment and business conditions remain challenging.
- Sustainability of oil price recovery
- Fluctuations in the exchange rate of the US dollar against the Singapore dollar and trade war between US and China
- Our Group expects growth to be muted and full recovery to be slowed.
- However, we are optimistic with
  - 1) secured contract wins till date largely from the onshore and downstream oil and gas sectors;
  - 2) our prudent cost and risk management initiatives undertaken;
  - 3) the credit worthiness of our growing clientele base (e.g. oil majors, government agencies etc.);
  - 4) and further opportunities for earnings accretive M&A.

***Nordic Group will continue to deliver value to shareholders.***

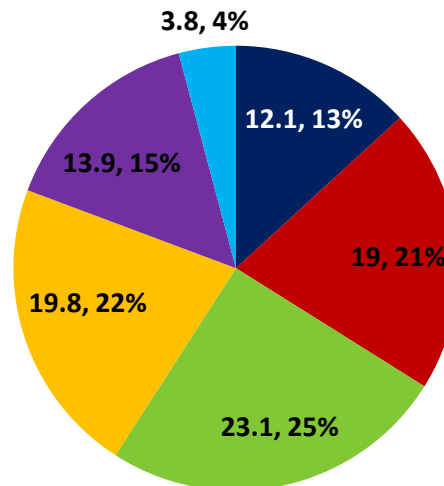
FY2016



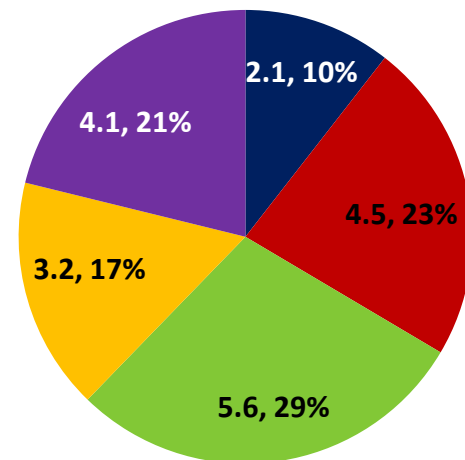
FY2017



FY2018



1Q2019



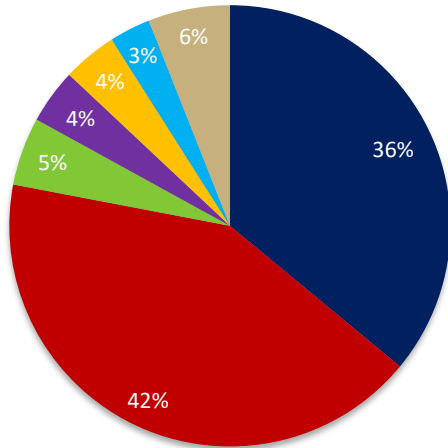
- System Integration / MRO & Trading
- Scaffolding Services
- Insulation Services
- Precision Engineering
- Petrochemical and Environmental Services
- Carbon allowances

## Revenue Contribution by Businesses

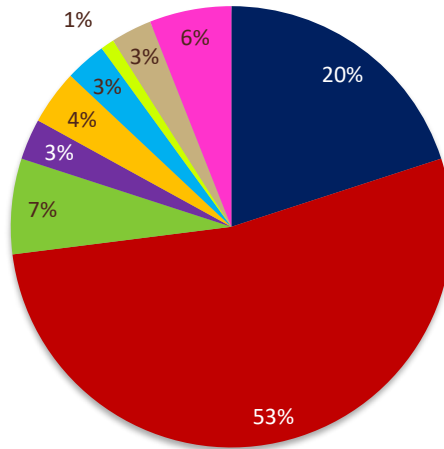
Note: Combined contracts between the entities such as SIP contracts are reflected in the entity who won the contracts. Value is approximately FY17:\$1.3m, FY18:\$3.6m, 1Q19:\$0.8m

**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 and Ensure Engineering in 2017 have further diversified the Group's revenue stream and stimulated revenue growth.**

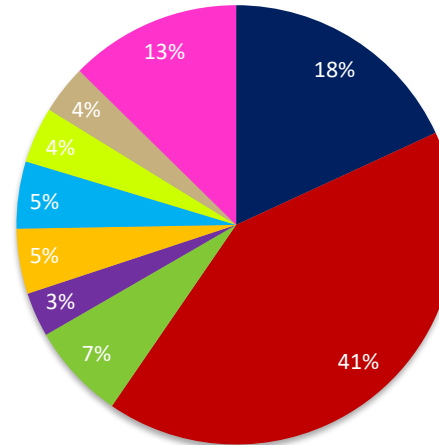
FY2016



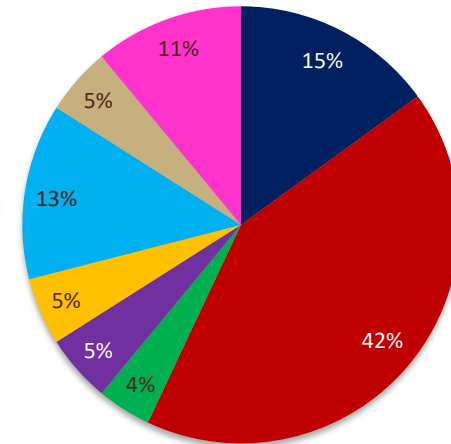
FY2017



FY2018



1Q2019



- Onshore/Downstream
- Marine/Upstream
- Electronics Manufacturing System
- Onshore/Infrastructure
- Analytical Instrumentation
- Medical equipment/Industrial /manufacturing
- Pharmaceutical
- Aerospace
- Carbon allowances

## Revenue Contribution by Industry

**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 and Ensure Engineering in 2017 have further diversified the Group's revenue stream and stimulated revenue growth.**



# Investment Merits

## Established Market Player

Strong track record, performing above industry average

## Established Management with Proven Track Record

Management with keen foresight and proven track record of:

- Leading the Group to achieve consistent performance despite market volatilities
- Successful acquisition and smooth integration of Multiheight
- Successful acquisitions of Austin Energy and Ensure that have enhanced Group earnings

## Healthy Order Book

Order book of approximately **S\$95.5 million** on hand, including maintenance contracts. Contract winning momentum of **S\$18.6 million** secured up to 9 May 19.

## Dividend Payout

- Half-yearly dividend payout from FY15
- ~ **40%** dividend payout policy
- FY18 dividend: **1.132 cents**

## Earnings Quality

Volatile project earnings supplemented by more stable recurring maintenance income from Scaffolding Services, Insulation Services Petrochemical and Environmental Engineering Services from the acquisition of Ensure Engineering.

# Dividend Payout

Payment date	Financial Year	Final / Interim / Special	Amount per share (cents)	Payout ratio
May 14, 2019	2018	Final	0.353	40%
Sep 5, 2018		Interim	0.779	
May 14, 2018	2017	Final	0.873	
Sep 5, 2017		Interim	0.653	
May 12, 2017	2016	Final	0.731	
Sep 2, 2016		Interim	0.5372	
May, 13 2016	2015	Final	0.65	
Sep 8, 2015		Interim	0.40	
May 21, 2015	2014	Special	0.25	25%
May 21, 2015		Final	0.25	
May 15, 2014	2013	Final	0.25	16%
May 15, 2013	2012	Final	0.25	22%
May 21, 2012	2011	Final	0.25	56%
May 16, 2011	2010	Final	0.53	30%
<b>Total</b>			<b>6.7562</b>	



# Nordic's Share Buyback – renewed on 26 April 2018 AGM

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
<i>Share Buyback by way of Market Acquisition</i>			
January 2016	479,000	5,148,200	1.29
March 2016	352,000	5,500,200	1.37
April 2016	397,500	5,897,700	1.47
May 2016	275,100	6,172,800	1.54
June 2016	95,000	6,267,800	1.57
July 2016	117,000	6,384,800	1.60
August 2016	20,000	6,404,800	1.60
September 2016	119,500	6,524,300	1.63
October 2016	211,300	6,735,600	1.68
November 2016	8,000	6,743,600	1.69
December 2016	81,000	6,824,600	1.71
May - June 2017	62,500	6,887,100	1.72
March - April 2018	68,000	6,955,100	1.74
September 2018	208,300	7,163,400	1.791
November 2018	186,300	7,349,700	1.837
December 2018	131,200	7,480,900	1.870
<b>VOLUME WEIGHTED AVERAGE PRICE</b>		<b>S\$0.2094</b>	

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%
	<b>272,980,625</b>	<b>68.25%</b>

**5 May 2019 :**

Director / Executive Officer	No. of shares held	% shareholdings*
Chang Yeh Hong	217,780,225	55.48%
Eric Lin Choon Hin	44,050,000	11.22%
Dorcas Teo Ling Ling	32,139,500	8.19%
Lee Kok Keng Andrew	991,800	0.25%
Chia Meng Ru	1,871,600	0.48%
	<b>296,833,125</b>	<b>75.62%</b>

\* Calculated based on 392,519,100 ordinary shares

# Thank You

For more information, please contact

***Financial PR Pte Ltd***

**Investor Relations Consultants**

Romil Singh / Colin Lum

[romil@financialpr.com.sg](mailto:romil@financialpr.com.sg)

Tel: (65) 6438 2990

Fax: (65) 6438 0064