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Nordic's Net Earnings Strengthens by 19% to S\$7.8 million in 1H2018

- Group's revenue grew by 11% to S\$48.8 million in 1H2018, mainly driven by an increase of 20% in revenue from Maintenance Services business segment to S\$18.1 million
- Group's outstanding order book stood at approximately S\$96.3 million as at 30 June 2018, to ensure sustainable revenue streams till FY2021
- Group to reward shareholders with a 19% increase in interim cash dividend of 0.779 Singapore cents per ordinary share for 1H2018, maintaining its dividend payout ratio of 40% of net earnings

Singapore, 10 August 2018 – Nordic Group Limited ("**Nordic**" or the "**Group**"), a SGX-Mainboard listed company that provides system integration solutions, repair and overhaul (MRO), precision engineering, scaffolding and insulation services, petrochemical and environmental engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure and public environment agencies, reported another positive set of financial results for the six months ended 30 June 2018 ("**1H2018**"). Financial highlights are as follows:

Financial Highlights	2Q2018	2Q2017	Chg	1H2018	1H2017	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	26,075	24,047	8	48,783	43,970	11
Gross Profit	7,159	8,064	(11)	14,004	14,168	(1)
Gross Profit Margin	27.5%	33.5%	(6) <i>ppts</i>	28.7%	32.2%	(3.5) <i>ppts</i>
Net Profit after Tax Attributable to Equity Holders	4,351	3,721	17	7,790	6,531	19
Net Profit Margin	16.7%	15.5%	1.2 <i>ppts</i>	16.0%	14.9%	1.1 <i>ppts</i>
Basic Earnings Per Share (cents)*	1.1	0.9	22.2	2.0	1.7	17.6

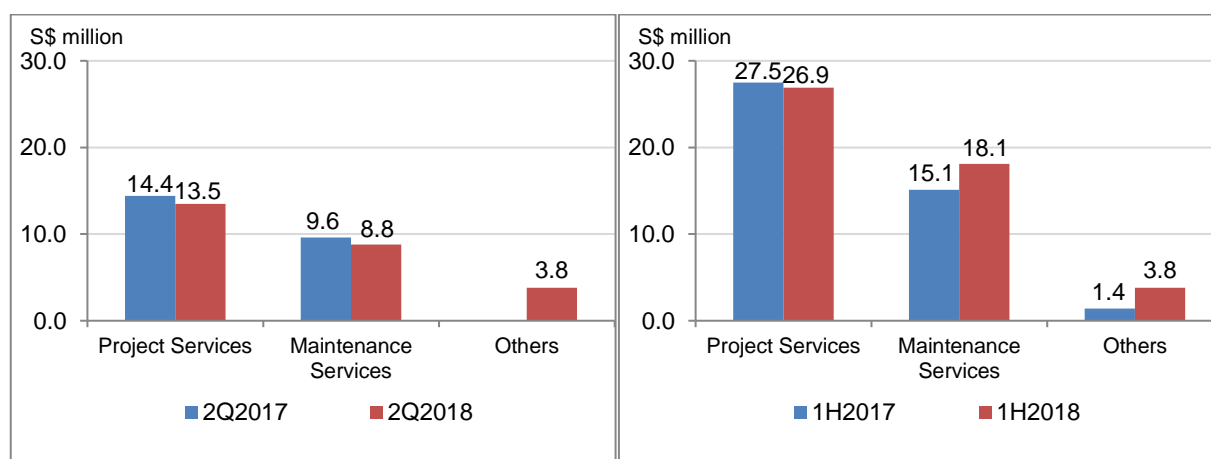
* Based on weighted average number of 393,048,000 ordinary shares for 2Q2018 (2Q2017: 393,159,000 ordinary shares) and 393,075,000 ordinary shares for 1H2018 (1H2017: 393,167,000 ordinary shares)

Ppts: Percentage Points

Financial Review

Nordic recorded double digits earnings growth as revenue climbed and net profit margin improved in 1H2018. This is mainly attributed to additional revenue contribution from the Group's Maintenance Services business segment following the acquisition of Ensure Engineering Pte Ltd ("**Ensure**") on 28 April 2017. However, Project Services business segment saw its revenue contribution declined marginally by 2% to S\$26.9 million in 1H2018 from S\$27.5 million in 1H2017. The Project Services business segment continued to be a key revenue driver for the Group, representing 55% of the Group's total revenue while Maintenance Services contributed 37% to the Group's revenue in 1H2018.

Revenue by Business Segment



Administrative expenses increased from S\$5.1 million in 1H2017 to S\$5.7 million in 1H2018 as the Group incurred additional operating costs by Ensure. The Group also registered other gains of S\$1.1 million comprising of other income of S\$0.3 million, gain on disposal of property at 42 Tech Park Crescent Singapore 638096 of S\$0.2 million, government grant income of S\$0.2 million and foreign exchange gains of S\$0.5 million due to the strengthening of the United States dollar ("USD") versus the Singapore dollar in 1H2018.

Overall, Nordic achieved a net profit after tax of S\$7.8 million in 1H2018, up 19% from S\$6.5 million in 1H2017 as net profit margins also improved.

The Group continued to maintain a healthy balance sheet as at 30 June 2018, containing cash and cash equivalents of S\$40.5 million. As a result, net asset value per share also strengthened from 19.5 Singapore cents as at 31 December 2017 to 20.6 Singapore cents as at 30 June 2018¹.

¹ Based on the 393,045,000 ordinary shares in issue excluding treasury shares as of 30 June 2018 (393,113,000 as of 31 December 2017)

Business Outlook

Group possessed an outstanding order book of approximately S\$96.3 million including maintenance contracts as at 30 June 2018. Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included above. These orders are expected to be delivered within the next 36 months and will generate sustainable revenue streams for the Group up to FY2021. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by customers.

Nordic continued to garner momentum in its contract wins as the Group clinched a total value of approximately S\$46.6 million worth of contracts from 1 January 2018 to 17 July 2018. On 17 July 2018, the Group won S\$13.0 million worth of contracts for scaffolding, insulation, precision engineering, system integration and petrochemical & environmental engineering works and services. Of these, the Group's Maintenance Services business segment secured S\$5.5 million worth of contracts for scaffolding, insulation and petrochemical & environmental engineering works and services. On top of this, a contract worth S\$1.2 million is a maiden contract win from a new customer in the infrastructure industry for provision of manpower and equipment for operation, servicing and preventive maintenance of wastewater treatment plant and rental and erection of scaffolds.

Commenting on the Group's positive financial performance for 1H2018 and market outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***"Our Group has continued to deliver positive earnings growth for 1H2018, mainly supported by a stronger performance from our Maintenance Services business segment due to the acquisition of Ensure. Our Group is delighted to be able to declare an interim dividend of 0.779 Singapore cents per share for 1H2018, which is higher than our interim dividend of 0.653 Singapore cents per share in 1H2017, based on our growth in earnings as we maintained our dividend policy of 40% of net earnings."***

Our System Integration business secured increasing orders of around S\$8.2 million from January 2018 to July 2018. However, we remain cautiously optimistic that a sector recovery would be slow as competition would intensify further with leaner cost structure amongst the industry players.

Our Group is also in the process of streamlining our costs by consolidating our operations at 1 and 2 Tuas Avenue 10 by disposing 4 of our existing properties. This consolidation would generate cost savings, lower headquarters' expenses and boost our efficiency and productivity going forward. Hopefully, our strategies would place us in an excellent stead to seize on more opportunities to secure more orders for our business divisions."

~ 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, petrochemical and environmental engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure and public environment agencies.

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.

The Group's **Scaffolding Services** division 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.

The Group's **Insulation Services** division specialises in Insulation (primarily in Thermal Insulation), Passive Fireproofing Services and Thermal Spray Aluminium in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

The Group's **Petrochemical & Environment Engineering Services** division provides repairs, maintenance, operations and plant turnaround services for public environment engineering installations, energy installations, marine and offshore industries, manufacturing industries, and oil and petrochemical industries.

Issued for and on behalf of Nordic Group Limited

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