

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Nordic Reports Earnings of S\$1.3 million for 4Q2019

- Revenue was up 8% to S\$23.2 million in 4Q2019 as Maintenance and Project Services both contributed higher revenue
- Maintenance Services segment rose by 12% to S\$11.8 million in 4Q2019 mainly from contribution from our newly acquired subsidiaries Envipure Group
- Group recorded 65% higher gross profit of S\$6.0 million as gross profit margin appreciated 9 ppts to 26% in 4Q2019 mainly due to absence of specific projects of lower margins
- Revenue stream is expected to sustain up to FY2022, on the back of an outstanding order book of S\$92.0 million as at 31 December 2019
- Group to declare a final dividend of 0.419 Singapore cents per share to reward shareholders, maintaining its dividend pay-out of 40%

Singapore, 24 February 2020 – 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, environmental engineering services and cleanroom, air and water engineering serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, public environment agencies and semiconductor sectors, reported its financial results for the three months and twelve months ended 31 December 2019 (“4Q2019” and “FY2019” respectively). Financial highlights are as follows:

Financial Highlights	4Q2019	4Q2018	Chg	FY2019	FY2018	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	23,190	21,525	8	84,627	91,694	(8)
Gross Profit	5,985	3,633	65	21,274	23,326	(9)
Gross Profit Margin	26%	17%	9 ppts	25%	25%	-
Net Profit after Tax Attributable to Equity Holders	1,265	218	480	8,480	11,325	(25)
Net Profit Margin	5%	1%	4 ppts	10%	12%	(2) ppts
EBITDA	2,682	1,215	121	13,333	16,045	(17)
EBITDA Margin	12%	6%	6 ppts	16%	17%	(1) ppts
Basic Earnings Per Share (cents)*	0.3	0.1	200	2.2	2.9	(24)

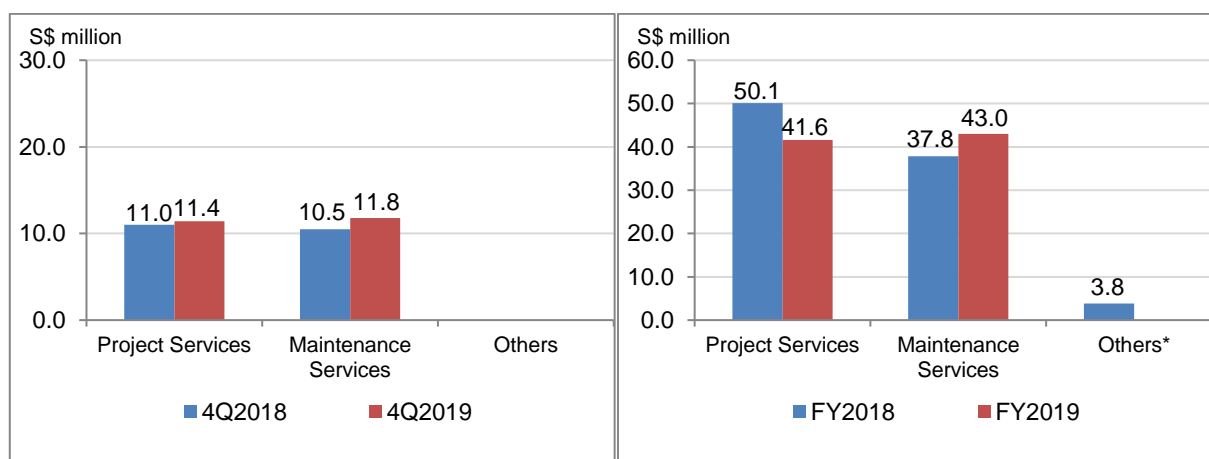
* Based on weighted average number of 391,904,000 ordinary shares for 4Q2019 and 392,145,000 ordinary shares for FY2019 (4Q2018: 392,731,000 ordinary shares and FY2018: 392,967,000 ordinary shares)

Ppts: Percentage Points

Financial Review

Group reported 8% increment in revenue from S\$21.5 million in 4Q2018 to S\$23.2 million in 4Q2019. This was mainly attributed to higher revenue from our Project and Maintenance Services segments. Revenue from the Project Services segments increased from S\$11.0 million in 4Q2018 to S\$11.4 million and Maintenance Services segment increased from S\$10.5 million in 4Q2018 to S\$11.8 million in 4Q2019.

Revenue by Business Segment



* In FY2019, there was an absence of revenue contribution from Others business segment as compared to FY2018 where there was a sale of carbon allowances

Gross profit leaped 65% from S\$3.6 million in 4Q2018 to S\$6.0 million in 4Q2019 as cost of sales went down by 4% to S\$17.2 million in 4Q2019 on the back of higher revenue. Gross profit margin climbed from 17% in 4Q2018 to 26% due to absence of specific projects of lower margins in 4Q2019.

As a result of the Group's positive financial performance, the Group's net profit attributable to shareholders surged 480% from S\$0.2 million in 4Q2018 to S\$1.3 million in 4Q2019. In addition, earnings per share rose 200% to 0.3 Singapore cents per share in 4Q2019. Maintaining a dividend pay-out of 40%, Group proposed a final dividend of 0.419 Singapore cents per share subject to shareholders approval at the upcoming Annual General Meeting. Together with an interim dividend of 0.429 Singapore cents per share paid out on 5th September 2019, this would have represented a dividend yield of 2.9%.¹

The Group continued to uphold a robust balance sheet as at 31 December 2019 with cash and cash equivalents of S\$43.2 million and a very low net gearing² of approximately 0.02 times. The net asset value per share strengthened from 20.6 Singapore cents as at 31 December 2018 to 21.9 Singapore cents as at 31 December 2019³.

¹ Based on the closing price of 29.5 cents on 21 February 2020

² (Total Borrowings – Cash and Cash Equivalents) / Total Shareholder's Equity as of 31 December 2019

³ Based on the 391,904,000 ordinary shares in issue excluding treasury shares as of 31 December 2019 (392,519,000 shares as of 31 December 2018)

Business Outlook

The Group's outstanding order book stood at approximately S\$92.0 million as at 31 December 2019. Group's Project Services segment secured S\$49.1 million in orders while its growing Maintenance Services segment contributed S\$42.9 million to its order book.⁴

On 21 November 2019, the Group completed a 100% acquisition of Envipure Pte Ltd and subsidiaries ("**Envipure**") for S\$14.8 million. Envipure provides cleanroom, air and water engineering services to the semiconductor sector and government agencies. The earnings accretive acquisition is in-line with the Group's overall corporate strategy to increase its suite of services to its existing clientele base and to acquire new clientele by diversifying into servicing other industries.

Commenting on the Group's financial performance for 4Q2019 and the completed acquisition of Envipure, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***"Our M&A strategy has enabled us to transform Nordic's business and diversify away from the offshore marine industry. Given the ongoing global macro risks and Covid-19, business conditions will continue to be challenging. However, our Group is heartened by our ability to maintain our profitability over the years and to grow our Maintenance Services segment to generate sustainable recurring income while our Project Services segment would contribute revenue when opportunities arise."***

Our Group is delighted to welcome Envipure as our fourth earnings accretive acquisition since our listing in 2010. The acquisition was completed in November 2019. Once Envipure is fully integrated into our Group's operations, we would expect it to deliver synergistic benefits in cross selling and new client acquisitions thus boosting our revenue going forward."

The acquisition has strengthened our balance sheet and enhanced our shareholder value."

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, cleanroom, water and air engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, public environment agencies and semiconductor sectors.

Headquartered in Singapore, Nordic currently has one 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.

⁴ 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 FY2022. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by 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 thermal and cryogenic insulation, thermal spray aluminium and Passive Fireproofing Services in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

The Group's **Petrochemical & Environment Engineering Services** 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.

In November 2019, Nordic completed the acquisition of Envipure Pte Ltd and its subsidiaries ("Envipure). Envipure is principally engaged in providing **Cleanroom, Air and Water Engineering Services** which includes tools hook up services, air pollution control scrubbers and water treatment plants for the semiconductor, oil and gas, power plant and municipality sectors.

Issued for and on behalf of Nordic Group Limited

By Financial PR Pte Ltd

For more information, please contact:

Romil SINGH / Reyna MEI / Colin LUM

nordic@financialpr.com.sg

Tel: (65) 6438 2990, Fax: (65) 6438 0064