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## Nordic's Earnings Up 23% to S\$8.9 million in 9M2016

- Despite facing headwinds in the industry, the Group continues to deliver positive results; generating a 6% increment in revenue to S\$63.0 million in 9M2016
- Group secured a total of approximately S\$65.5 million worth of contracts including maintenance works in 9M2016, that will provide the Group with multiple streams of revenue going forward
- Group's outstanding project-based order book stood at approximately S\$26.0 million, keeping the Group in good stead ahead of prolonged weakness in the operating environment

Singapore, 11 November 2016 – 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\$8.9 million for the nine months ended 30 September 2016 (“9M2016”). Financial highlights are as follows:

Financial Highlights	3Q2016	3Q2015	Chg	9M2016	9M2015	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	21,390	21,715	(1)	63,012	59,384	6
Gross Profit	6,726	6,169	9	19,880	15,737	26
Gross Profit Margin	31.4%	28.4%	3.0 pts	31.5	26.5	5.0 pts
Net Profit after Tax	3,495	3,176	10	8,867	7,187	23
Net Profit Margin	16.3%	14.6%	1.7 pts	14.1%	12.1%	2.0 pts
Basic Earnings Per Share (cents)*	0.9	0.8	12.5	2.2	1.8	22.2

\* Based on weighted average number of 393,633,000 ordinary shares for 3Q2016 and 394,195,000 ordinary shares for 9M2016 (3Q2015: 399,920,000; 9M2015: 399,973,000)

Ppts: Percentage Points

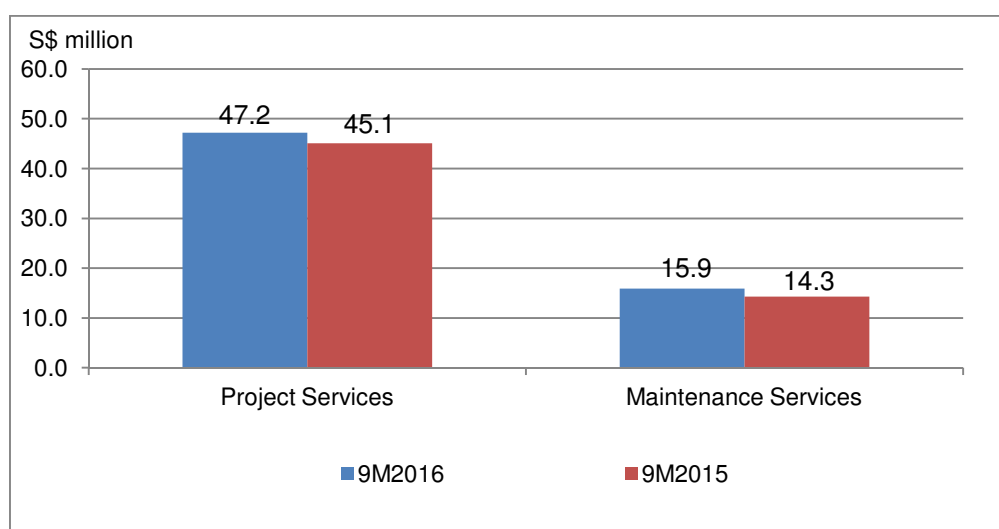
## Financial Review

The Group's revenue increased 6% from S\$59.4 million in 9M2015 to S\$63.0 million in 9M2016. The Project Services segment continues to be a key revenue driver for the Group, contributing S\$47.2 million in 9M2016; representing 74.8% of the Group's total revenue. The Project Services segment also recorded an increment of 4% from S\$45.1 million in 9M2015.

Gross profit increased significantly by 26% from S\$15.7 million in 9M2015 to S\$19.9 million in 9M2016. Gross profit margin also improved from 26.5% in 9M2015 to 31.5% in 9M2016 as the Group recognised higher margins from both the Project Services and Maintenance Services business segments.

Due to better cost control policy, the Group managed to substantially reduce marketing and distribution expenses by 47% from S\$725,000 in 9M2015 to S\$385,000 in 9M2016. However, administration expenses increased slightly by 1% from S\$8.0 million in 9M2015 to S\$8.1 million in 9M2016. Due to the weakening of the USD against the SGD, the Group incurred foreign exchange losses of \$767,000 in 9M2016.

### Revenue by Business Segment



Despite a much challenging operating environment weighing on the offshore marine, oil and gas industries, basic earnings per share rose 22% from 1.8 Singapore cents in 9M2015 to 2.2 Singapore cents in 9M2016.

The Group continued to maintain a robust balance sheet with a net cash position as at 30 September 2016, with cash and cash equivalents of S\$34.5 million. The Group managed to enhance its net asset value per share from 15.0 Singapore cents as at 31 December 2015 to 16.0 Singapore cents as at 30 September 2016<sup>1</sup>.

<sup>1</sup> Based on the 393,476,000 ordinary shares excluding treasury shares as of 30 September 2016 (31 December 2015: 395,331,000 ordinary shares excluding treasury shares)

## **Business Outlook**

The Group's outstanding order book stood at approximately S\$26.0 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.

Although crude oil prices continue to be uncertain, the Group's contract winning momentum has been relentless over 9M2016. On 6 July 2016, the Group announced approximately S\$4.2 million worth of contracts including the supply of valve remote control and tank gauging systems for a new customer, supply of labour for insulation works at an oil major's refinery and renewal of maintenance contracts with repeat customers. On 15 September 2016, the Group announced approximately S\$4.8 million worth of contracts. These contracts from repeat customers encompass supply of anti-heeling systems, valve remote control, tank gauging systems, alarm monitoring systems and ad-hoc scaffolding projects. On 10 November 2016, the Group announced approximately S\$2.6 million worth of contracts including the supply of valve remote control and tank gauging system, insulation, painting and fabrication works for repeat customers.

Barring any unforeseen circumstances, these contracts are expected to be delivered by 2017. The Group remains confident in its ability to maintain profitability despite softer market conditions.

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

***“Our Group has managed to consistently deliver profits for the last 5 years and remained committed in enhancing shareholder value. Our Group has always prioritized rewarding our shareholders via our dividend and share buy-back policies. Our project-based order book continues to be healthy supplemented by our diversified revenue streams and recurring maintenance income.*”**

*Our balance sheet strength and positive cash flow position is a testament to our management capabilities to mitigate the challenges and risks inherent in our industry. Moreover, our Group was able to complete our financial obligations following the acquisition of Austin Energy (Asia) Pte Ltd in less than 2 years, thereby freeing up much cash flow in the process.*

*In addition, our Group has adopted a more stringent approach to control our operational expenses. Given our track record, our Group should be well poised to capture more opportunities in the event of a recovery in the industry.*

*Barring any unforeseen circumstances, our Group remain cautiously optimistic in maintaining profitability going forward. ”*

~ The End ~

#### **About Nordic Group Limited (Bloomberg Code: NRD SP)**

Established in 1998, Nordic is an automation system integration solutions provider serving mainly the marine and offshore oil and gas 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 marketing network that covers Singapore and various locations in the PRC, 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.

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Issued for and on behalf of Nordic Group Limited

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