

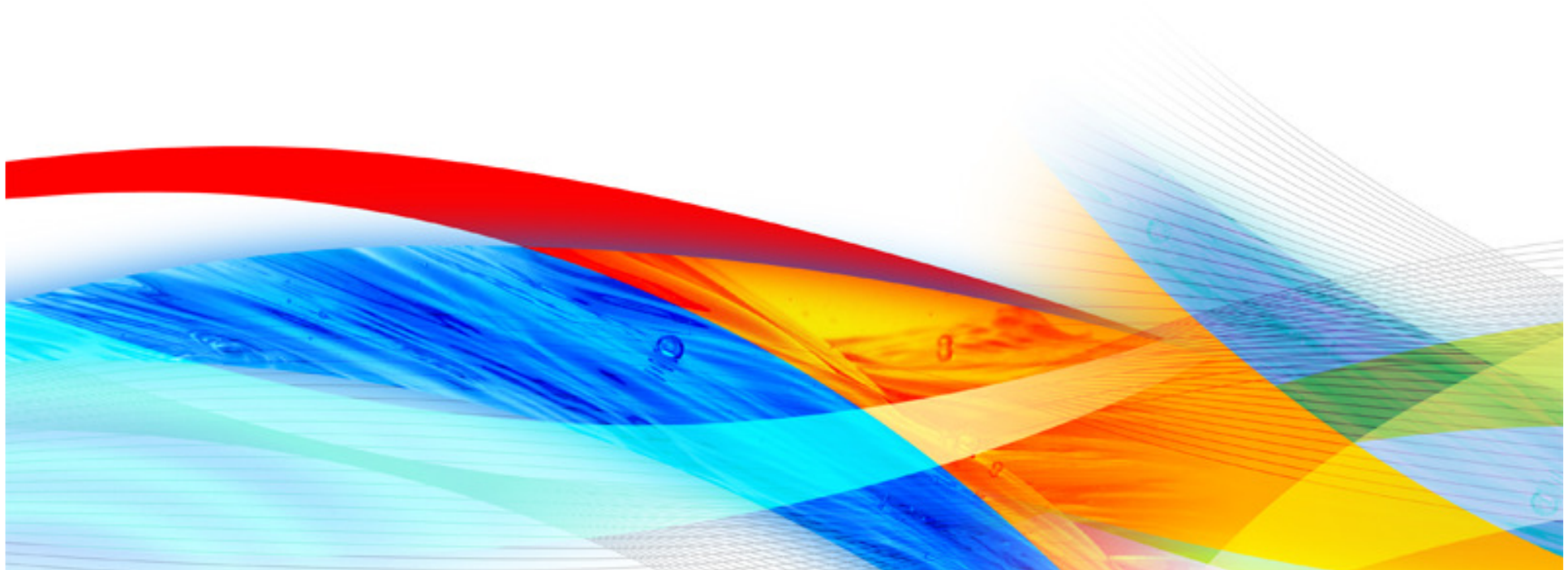


Building Momentum, Capturing Opportunities

Nordic Group Limited

3Q2016 Results Briefing

16 November 2016





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Outline



1. Financial Review

2. Business Outlook

3. Investment Merits

Financial Review

- **Earnings increase 23% to S\$8.9 million in 9M2016**
- **6% increase in revenue to S\$63.0 million in 9M2016 despite facing headwinds in the industry**
- **Contracts secured to date in 9M2016 amounted to S\$65.5 million, including maintenance works, providing the Group with multiple revenue streams**
- **Outstanding project based order book stood at S\$26.0 million.**

Financial Review

Financial Highlights

S\$'000	Unaudited 3Q2016	Unaudited 3Q2015	Change (%)	Unaudited 9M2016	Unaudited 9M2015	Change (%)
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 ppts	31.5%	26.5%	5.0 ppts
Net Profit after Tax	3,495	3,176	10	8,867	7,187	23
Net Profit Margin	16.3%	14.6%	1.7 ppts	14.1%	12.1%	2.0 ppts
EBITDA	4,953	4,814	2.8	13,397	11,028	21.5
EPS (cents)*	0.9	0.8	12.5	2.2	1.8	22.2

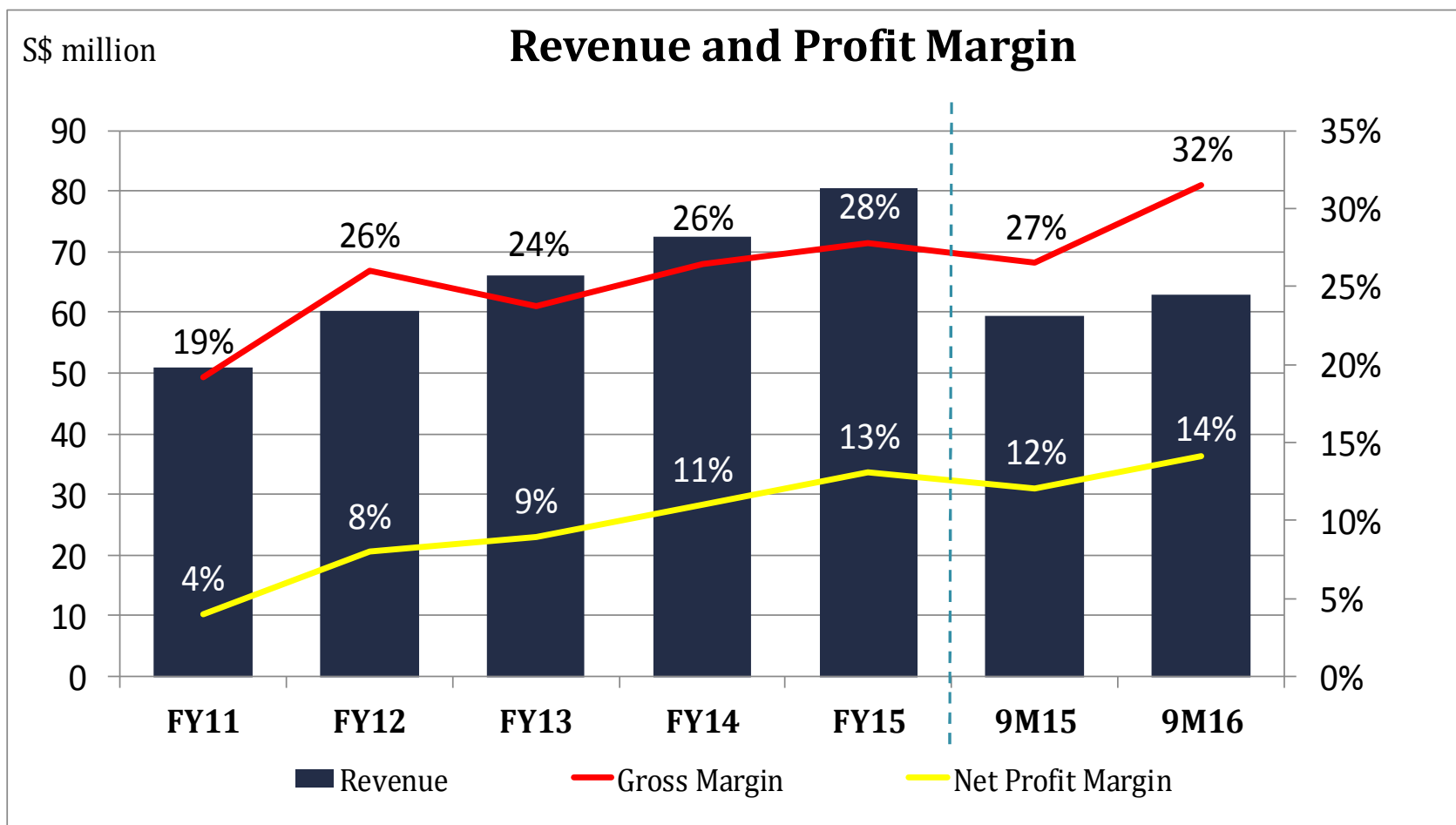
*Computed based on weighted average number of 393,633,000 ordinary shares for 3Q2016 and 394,195,000 ordinary shares for 9M2016 (3Q2015: 399,920,000; 9M2015: 399,973,000)

Financial Review

Revenue breakdown by segment

S\$ million	Unaudited 3Q2016	Unaudited 3Q2015	Change (%)	Unaudited 9M2016	Unaudited 9M2015	Change (%)
Project Services	15,687	17,901	(12)	47.2	45.1	4
Maintenance Services	5,703	3,814	50	15.8	14.3	11
Total	21,390	21,715	(1)	63.0	59.4	6

Financial Review



Financial Review

Balance Sheet Highlights

S\$'000	Unaudited as at 30 September 2016	Audited as at 31 December 2015
Current Assets	70,490	71,455
Non-current Assets	39,855	40,995
Current Liabilities	38,558	40,941
Non-current Liabilities	8,823	12,129
Total Equity ^[1]	62,964	59,380
Cash and Cash Equivalents	34,549	35,566
Net Asset Value per share (cents) ^[2]	16.0	15.0

^[1] Total Equity includes minority interest

^[2] Computed based on 393,476,000 ordinary shares (31 Dec 2015: 395,330,800 ordinary shares)

Financial Review

Balance Sheet Highlights

	As at end of				
S\$'000	FY2012	FY2013	FY2014	FY2015	9M2016
Total Borrowings	26,834	21,539	25,320	32,155	33,387
Cash and Cash Equivalents	23,965	14,852	32,799	35,566	34,549
Total Equity	40,703	46,190	53,291	59,380	62,964
Net Gearing Ratio*	0.07	0.14	(0.14)**	(0.06)**	(0.03)**

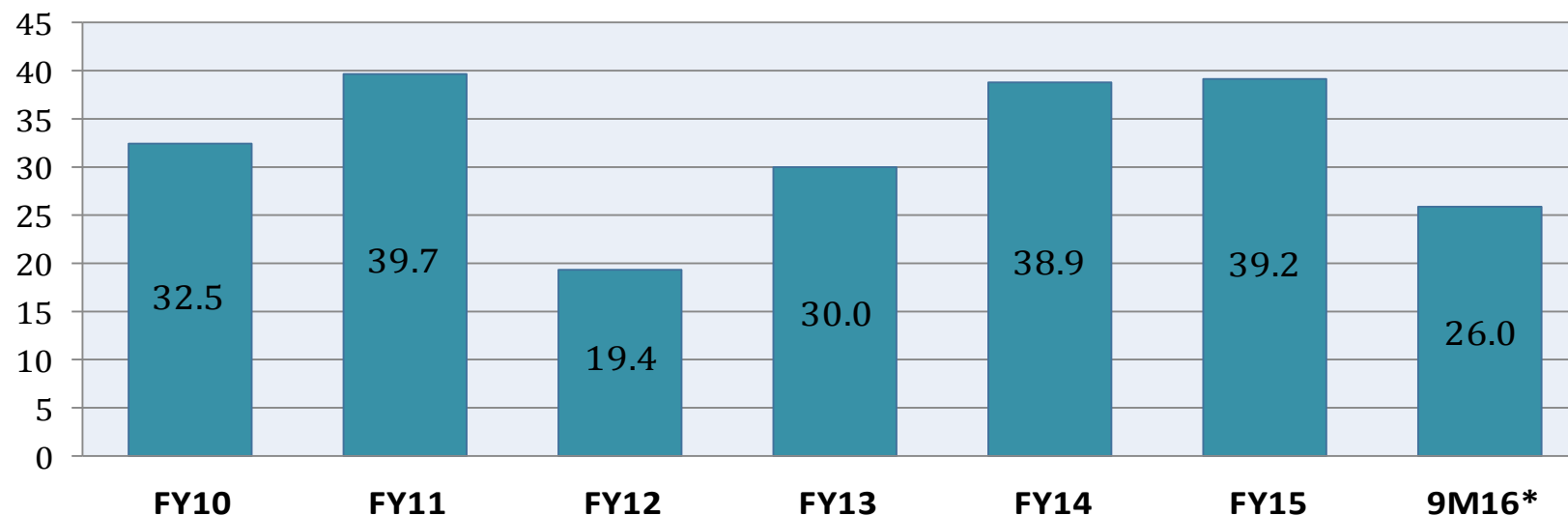
* Computed based on Total Borrowings (excluding finance leases) less Cash and Cash Equivalents / Total Equity

** Negative due to the Group being in a Net Cash position

Financial Review

Order Book Summary

S\$ million



Note:

The order book summary does not include maintenance contracts from Scaffolding Services and Insulation services which are typically contracted over a 2-year period at unit rates and therefore do not have a contract value upfront.

*As of 11 November 2016



Financial Review

Recent Contract Winning Momentum

Nov 10, 2016 - Total value: S\$2.6m

- NFC : supply of valve remote control and tank gauging systems for a repeat customer
- AEA : insulation, painting and fabrication facilities for repeat customers
- AEO : fabrication, supply and installation of insulation works for a repeat customer

Sep 15, 2016 - Total value: S\$4.8m

- NFC : supply of anti-heeling systems, valve remote control and tank gauging systems and alarm & monitoring systems with 2 repeat customers
- MHS : ad-hoc projects with various repeat customers

Jul 06, 2016 - Total value: S\$4.2m

- NFC : supply of valve remote control and tank gauging systems for a new customer
- AEA: supply of labour to carry out insulation works at an oil major's refinery
- MHS & AEA: maintenance contracts with a repeat customer from the process industry

NFC : Nordic Flow Control Pte Ltd

AEA : Austin Energy (Asia) Pte Ltd

AEO: Austin Energy Offshore Pte Ltd [Previously known as KKH (2003) Engineering Enterprises Pte Ltd]

MHS: Multiheight Scaffolding Pte Ltd



Financial Review

Recent Contract Winning Momentum

Apr 25, 2016 - Total value: S\$7.2m

- NFC : conversion contracts from a repeat customer for the supply, installation flushing and commissioning of tubing for remote control valves, water ballast tank level tubing, gas sampling and oxygen analyzer
- NFC: several contracts from one of the largest China shipyard listed on the Singapore Stock Exchange for new-build vessels
- MHS, AEA & AEO: capital and maintenance contracts with repeat customers from the oil and gas, pharmaceutical and process industries

Mar 28, 2016 - Total value: S\$36.5m

- AEA: supply of labour and materials for piping and equipment insulation
- NFC & AEA: renewal of maintenance contracts with repeat customers
- MHS: renewal of maintenance contract for an initial period of 3 years with an option for 2-year extension

Feb 19, 2016 - Total value: S\$2.5m

- MHS : maintenance contract from repeat customer to cover new gas facility
- AEA: supply of materials to new customer
- AEO: provide labour and materials to perform acoustic piping insulation works for a repeat customer

Jan 12, 2016 - Total value: S\$7.7m

- MHS & AEA: renewed maintenance contracts with several repeat customers - comprising of oil majors in the petrochemical industry and a global healthcare company in the pharmaceutical industry

Outline

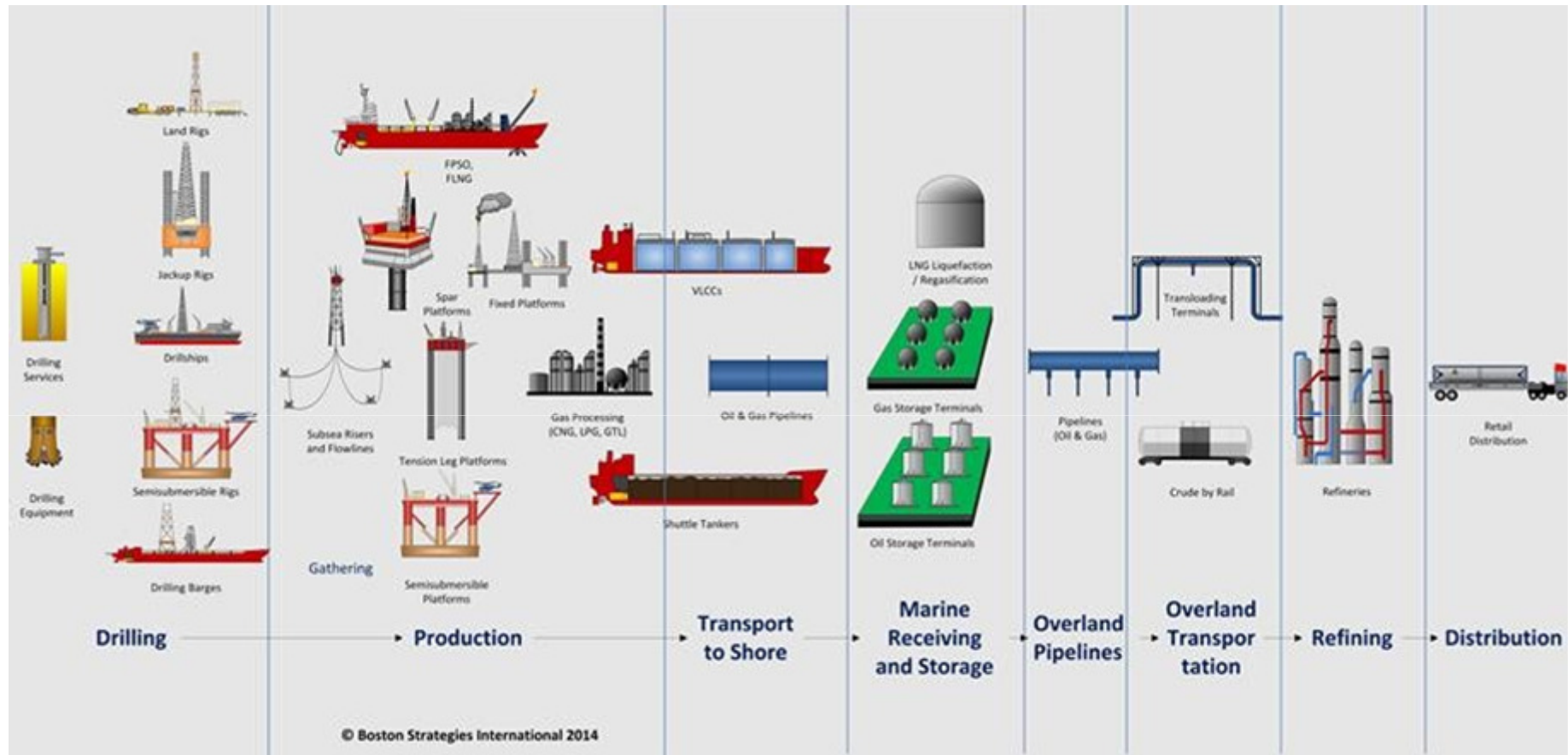


1. Financial Review

2. Business Outlook

3. Investment Merits

Business Outlook – Upstream Oil & Gas Remains Challenging



Upstream

- Nordic Flow Control
- Multiheight
- Austin Energy
- Avitools

Downstream

- Nordic Flow Control
- Multiheight
- Austin Energy

Business Outlook



Source: Brent Crude 5-Year Chart ,
Bloomberg, 5 October 2016

Oil & Gas Outlook

- Brent crude oil prices has started to recover from a 5-year low of US\$27.88 on 20 January 2016 to US\$51.58 on 5 October 2016
- As the supply glut situation alleviates, oil prices are expected to resume its climb towards more sustainable levels for upstream producers
- **There is a necessity for oil majors to upkeep their initial heavy capital investments; demand for downstream maintenance services continue to be stable going forward**



Business Outlook

	31/8/2016	31/8/2015
Global	1547	2226
OPEC	404	424
Asia	194	220

Source: Baker Hughes Oil Rig Count, Bloomberg, 5 October 2016

Monthly	31/8/2016	31/8/2015
Total No. of New Build Orders	43	105

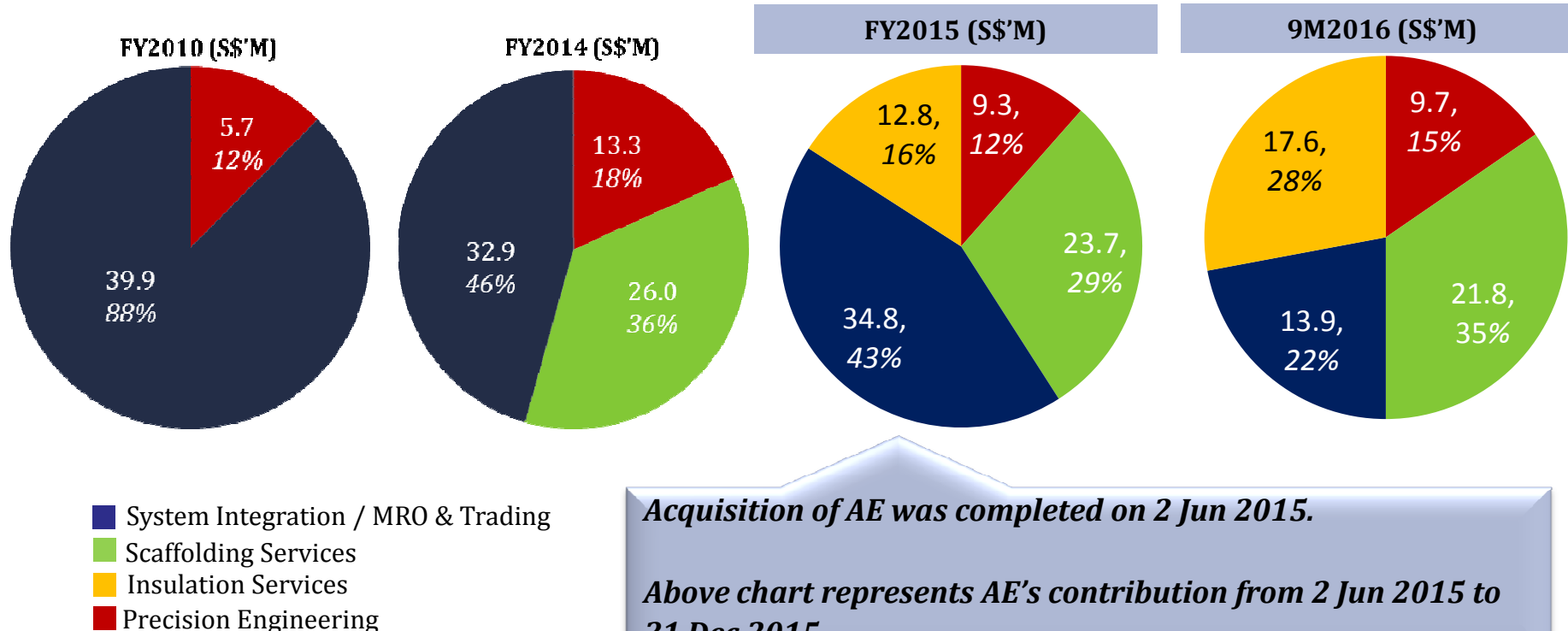
Source: Global New Build Orders, E World Ship, 24 September 2016

Oil & Gas Outlook

- Global total number of rigs has declined substantially on an annual basis
- Total number of new build orders have declined substantially from early 2014 levels of approximately 500 vessels per month to 43 vessels per month
- Nordic's diversification strategy has seen their reliance on System Integration/ MRO & Trading business segment reduced from 46% in FY2014 to 22% in 9M2016

Diversified Model – Improved Earnings Quality

Revenue Contribution by Segment



Acquisition of AE was completed on 2 Jun 2015.

Above chart represents AE's contribution from 2 Jun 2015 to 31 Dec 2015.

The acquisition of Multiheight in 2011 has effectively reduced industry-specific risk and supported the Group's consistent revenue growth.

The acquisition of Austin Energy in 2015 has further diversified the Group's revenue stream and stimulated revenue growth.

SI Expansion into General Industries

Provision of PLC-based automation solutions for general industries, utilising existing expertise in industrial automation software.

Completed projects include:



**Changi Airport
Cargo Terminals**



**Ng Teng Fong General Hospital,
Jurong Community Hospital**



**GCP Applied Technologies
(formerly known as W.R. Grace)**



Business Outlook

- Our businesses serving largely the marine, oil and gas industries remain challenging. Amidst persistent weak oil prices, fluctuations in the exchange rate of the US dollar against the Singapore dollar and more recently the contagion effect from the fallout of some of the local oil and gas players, growth is envisaged to be highly uncertain.
- However, we are optimistic with the **contract wins secured to date, the prudent cost and risk management initiatives** undertaken and the **opportunities for further M&A**, we will continue to deliver value to shareholders.

Outline



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- 2. Business Outlook**
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Highlight of 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
- Ensuring successful acquisition and smooth integration of Multiheight
- Successful acquisition of Austin Energy that has proven to enhance Group earnings

Healthy Order Book

Order book of approximately S\$26.0 million on hand, excluding scaffolding and insulation unit rate maintenance contracts

Improved Dividend Payout

- Half-yearly dividend payout from FY15 onwards
- **40%** dividend payout policy
- Total dividend for FY15: 1.05 cents
- 1H2016 Interim dividend of 0.5372 cents

Improved Earnings Quality

Volatile project earnings now supplemented by more stable recurring maintenance income from Scaffolding Services and newly acquired Insulation Services





Nordic's Share Buyback

Share Buyback Mandate* approved on 29 April 15 – EGM
(renewed on 27 April 2016 – AGM):

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
<i>Share Buyback by way of Market Acquisition</i>			
September 2015	1,086,500	1,086,500	0.27
October 2015	1,800,100	2,886,600	0.72
November 2015	346,400	3,233,000	0.81
December 2015	1,436,200	4,669,200	1.17
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
VOLUME WEIGHTED AVERAGE PRICE		S\$0.187	

Source : SGX Announcement

* Up to a maximum of 40 million shares being 10% of total issued shares

** Total no of issued shares of 400,000,000 (including treasury shares).

Directors' Share Purchases

09 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%
	272,980,625	68.25%

31 October 2016 :

Director	No. of shares held	% shareholdings *
Chang Yeh Hong	210,417,625	53.51%
Eric Lin Choon Hin	44,050,000	11.20%
Dorcas Teo Ling Ling	31,640,000	8.05%
	286,107,625	72.75%

** Based on total no. of issued shares (400m) excluding Treasury Shares held (6.7m) as of 31 October 2016.*

Dividend Payout

Payment date	Financial Year	Final / Interim / Special	Amount (\$) per share	Payout ratio
Sep 2, 2016	2016	Interim	0.005372	40%
May, 13 2016	2015	Final	0.0065	
Sep 8, 2015	2015	Interim	0.004	
May 21, 2015	2014	Special	0.0025	25%
May 21, 2015	2014	Final	0.0025	
May 15, 2014	2013	Final	0.0025	16%
May 15, 2013	2012	Final	0.0025	22%
May 21, 2012	2011	Final	0.0025	56%
May 16, 2011	2010	Final	0.0053	30%
Total			0.0337	



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Thank You

For more information, please contact

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