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Nordic’s Earnings Surges 60% to S\$2.3 million in 1Q2016

- Strong overall financial performance in 1Q2016 as revenue increased 19% to S\$19.8 million while gross profit margins improved from 24.1% in 1Q2015 to 31.7% in 1Q2016, pushing gross profit up by 57% to S\$6.3 million in 1Q2016
- Group’s outstanding project-based order book stood at S\$34.0 million with contract deliveries up till FY2017 that will generate sustainable revenue streams for the Group
- Group’s contract winning momentum continues as approximately S\$46.2 million worth of largely maintenance contracts were secured during 1Q2016

Singapore, 13 May 2016 – Nordic Group Limited (“Nordic” or the “Group”), an 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, recorded growth of 60% in earnings to S\$2.3 million for the three months ended 31 March 2016 (“1Q2016”) despite recording foreign exchange losses of S\$0.7 million. Financial highlights are as follows:

Financial Highlights	1Q2016	1Q2015	Chg
	S\$’000	S\$’000	%
Revenue	19,810	16,613	19
Gross Profit	6,289	4,001	57
Gross Profit Margin	31.7%	24.1%	7.6 ppts
Net Profit after tax attributable to Equity Holders	2,315	1,451	60
Net Profit Margin	11.7%	8.7%	3.0 ppts
Basic Earnings Per Share (cents)*	0.6	0.4	50

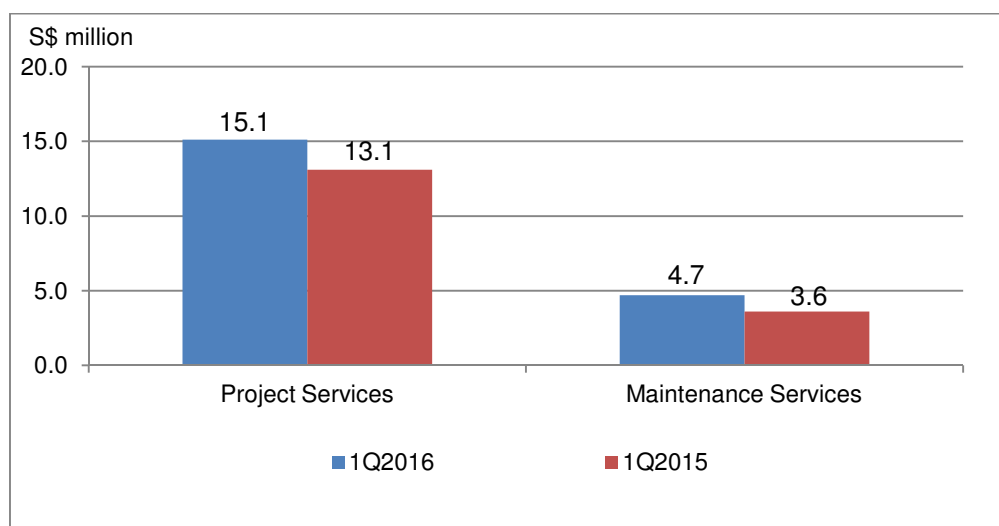
*Based on weighted average number of 394,862,000 ordinary shares for 1Q2016 and 400,000,000 for 1Q2015
Ppts: Percentage Points

Financial Review

The Group's revenue increased 19% quarter-on-quarter ("qoq") from S\$16.6 million in 1Q2015 to S\$19.8 million in 1Q2016 mainly contributed by the Group's insulation business. The Group added insulation services via the acquisition of Austin Energy (Asia) Pte Ltd and its subsidiary ("AE") in June 2015.

Gross profit spiked 57% qoq from S\$4.0 million in 1Q2015 to S\$6.3 million in 1Q2016 and gross profit margin improved from 24.1% in 1Q2015 to 31.7% in 1Q2016, recognising higher margins from both the Project Services and Maintenance Services business segments.

Revenue by Business Segment



Despite softer market conditions in the industry, the Group managed to achieve net profit attributable to shareholders of S\$2.3 million in 1Q2016, a substantial increase of 60% qoq. As a result of the Group's stronger performance this quarter, basic earnings per share leaped 50% from 0.4 Singapore cents in 1Q2015 to 0.6 Singapore cents in 1Q2016.

The Group continued to maintain a robust balance sheet with a net cash position as at 31 March 2016. The cash and cash equivalents maintained by the Group stood at S\$35.9 million as at 31 March 2016. Net asset value per share also increased from 15.0 Singapore cents as at 31 December 2015 to 15.6 Singapore cents as at 31 March 2016¹.

¹ Based on the 394,499,800 ordinary shares on issue excluding treasury shares as of March 31, 2016 (31 December 2015: 395,330,800)

Business Outlook

The Group's outstanding order book is approximately S\$34.0 million excluding maintenance contracts. These orders are expected to deliver within the next 24 months and will generate sustainable revenue streams for the Group. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by the Group's customers.

The Group has continued to garner contract winning momentum for 2016 year to date. On 19 February 2016, the Group announced approximately S\$2.5 million worth of scaffolding and insulation contracts. On 28 March 2016, the Group announced another S\$36.5 million worth of mainly maintenance contracts with repeat customers in the marine, petrochemical, oil and gas sectors. On 25 April 2016, the Group announced several contracts worth a total of S\$7.2 million including conversion works from a repeat customer, maintenance works with oil and gas majors and works on new-build vessels from one of the largest private shipyard in China.

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

“Our Group is delighted to realise significant synergistic benefits and earnings contribution from the acquisition of AE in 2015 and Multiheight Scaffolding Pte Ltd in 2011. Despite the slowdown experienced by both the offshore marine and oil and gas industries, our Group has managed to consistently produce robust financial results, diversified our revenue streams and thereby enhancing value for shareholders.”

During 1Q2016, our Group secured several contracts amounting to approximately S\$46.2 million consisting of mainly maintenance works. Moreover, our Group's order book stands at S\$34.0 million excluding maintenance contracts. Our Group's current order book combined with recurring income from maintenance contracts put us in good stead to mitigate the industry downturn and volatility in both the offshore marine and oil and gas industries.

Our Group will continue to explore the benefit of cross-selling, bundling and expanding our scope of services to our existing customer base. The acquisition of AE has also enabled us to serve customers in the pharmaceutical industry, thereby diversifying our revenue streams further. 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.

Issued for and on behalf of Nordic Group Limited

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