

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Nordic reports revenue of S\$20.9 million and earnings of S\$2.9 million for 3Q2019

- **Group revenue marginally declined by 2% in 3Q2019 due to lower revenue contribution from its Project Services business segment as less projects were secured due to challenging operating environment in the offshore marine, oil and gas sectors**
- **However, revenue contribution from its Maintenance Services business segment delivered a 4% growth to S\$9.9 million in 3Q2019 as the Group won more maintenance contracts mainly from existing customers**
- **Despite competition and less projects in the market, order book of S\$74.1 million as of 30 September 2019 provides sustainable revenue streams for the Group up to FY2021**

Singapore, 08 November 2019 – 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 a positive set of financial results for the three months ended 30 September 2019 (“**3Q2019**”). Financial highlights are as follows:

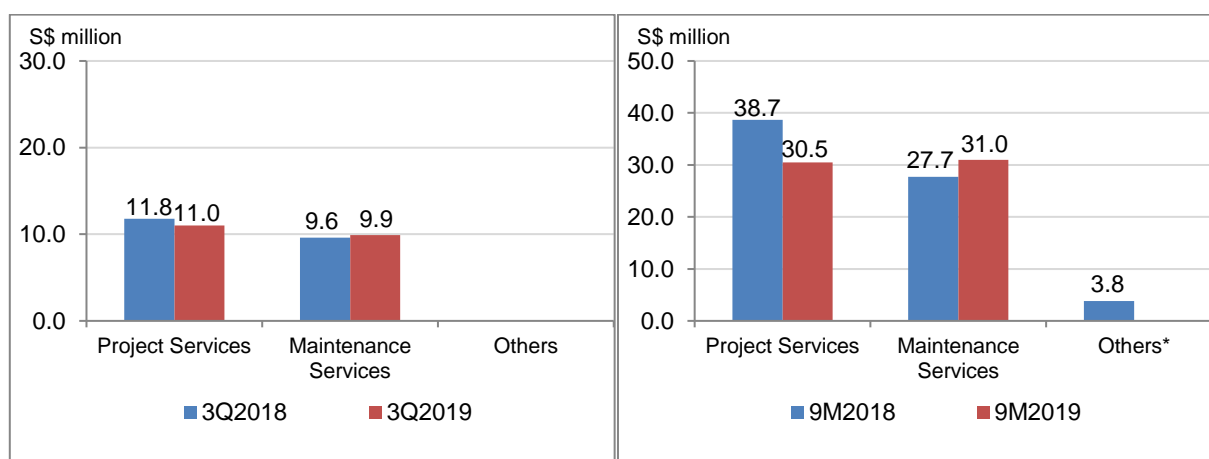
Financial Highlights	3Q2019	3Q2018	Chg	9M2019	9M2018	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	20,892	21,385	(2)	61,436	70,169	(12)
Gross Profit	4,608	5,688	(19)	15,289	19,693	(22)
Gross Profit Margin	22%	27%	(5) <i>ppts</i>	25%	28%	(3) <i>ppts</i>
Net Profit after Tax Attributable to Equity Holders	2,927	3,317	(12)	7,215	11,107	(35)
Net Profit Margin	14%	16%	(2) <i>ppts</i>	12%	16%	(4) <i>ppts</i>
EBITDA	3,951	4,530	(13)	10,652	14,831	(28)
EBITDA Margin	19%	21%	(2) <i>ppts</i>	17%	21%	(4) <i>ppts</i>
Basic Earnings Per Share (cents)*	0.7	0.8	(13)	1.8	2.8	(36)

* Based on weighted average number of 391,904,000 ordinary shares for 3Q2019 and 392,226,000 ordinary shares for 9M2019 (3Q2018: 392,992,000 ordinary shares and 9M2018: 393,047,000 ordinary shares). Ppts: Percentage Points

Financial Review

Group reported 2% lower revenue of S\$20.9 million for 3Q2019 mainly due to a decline in revenue contribution from its Project Services business (“PS”) segment. PS business saw a 7% drop in revenue from S\$11.8 million in 3Q2018 to S\$11.0 million in 3Q2019 as less projects were secured under the segment as a result of challenging operating environment in the offshore marine, oil and gas industries. However, revenue contribution from its Maintenance Services (“MS”) business segment grew by 4% to S\$9.9 million for 3Q2019 as the Group won more maintenance contracts mainly from existing customers.

Revenue by Business Segment



* In 9M2019, there was an absence of revenue contribution from Others business segment as compared to 9M2018 where there was a sale of carbon allowances

Gross profit decreased by 19% to S\$4.6 million in 3Q2019 while gross profit margin declined from 27% in 3Q2018 to 22% in 3Q2019 as the Group faced competition and less projects in the market. Despite facing persistent challenges and slower growth in the offshore marine, oil and gas industries, the Group posted positive net earnings of S\$2.9 million and EBITDA of S\$4.0 million for 3Q2019.

The Group continued to uphold a robust balance sheet as at 30 September 2019 with cash and cash equivalents of S\$39.7 million and a very low net gearing¹ of approximately 0.10 times. As a result, net asset value per share strengthened from 20.6 Singapore cents as at 31 December 2018 to 21.6 Singapore cents as at 30 September 2019².

¹ (Total Borrowings – Cash and Cash Equivalents) / Total Shareholder's Equity as of 30 September 2019

² Based on the 391,904,000 ordinary shares in issue excluding treasury shares as of 30 September 2019 (392,519,000 shares as of 31 December 2018)

Business Outlook

The Group's outstanding order book stood at approximately S\$74.1 million as at 30 September 2019. Group's PS business and its MS business segments secured a total order book of S\$40.2 million and S\$33.9 million respectively.³

On 4 September 2019, the Group proposed a 100% acquisition of Envipure Pte Ltd ("**Envipure**") for between S\$14.0 million to S\$15.5 million subject to certain conditions such as satisfactory due diligence. The proposed 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 to other industries.

Commenting on the Group's financial performance for 3Q2019 and the proposed acquisition of Envipure, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, *"Our diversification strategy, driven by our earnings accretive acquisitions made over the years, has transformed Nordic's business to maintain its resilience to operate in tough market conditions by posting yet another quarter of profits. The business climate will continue to be challenging going forward but we take pride in growing our MS business to provide recurring income while we hunt for more orders to shore up our PS business."*

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 one production facility located at 2 Tuas Ave 10, Singapore. Nordic has a sales and services network that covers Singapore and various locations in the People's Republic of China 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.

³ 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.

The Group's **Scaffolding Services** division is an established leader in metal scaffold works servicing the Petrochemical, 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 (Thermal, Cryogenic, Accoustic Insulation) and Passive Fireproofing Services in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

The Group's **Petrochemical & Environmental Engineering Services** includes 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

By Financial PR Pte Ltd

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