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Nordic registers earnings of S$2.1 million for 1Q2019

- **1Q2019 revenue declined by 14% to S$19.5 million due to less revenue contribution from its Project Services business segment**
- **Group secured S$18.6 million worth of contracts as of 9 May 2019, bringing its order book to approximately S$95.5 million as at 31 March 2019**
- **Group maintains its profitability despite tough operating conditions in the oil and gas and offshore marine industries**
- **Group is actively hunting for earnings-accretive acquisitions that is in-line with its core competencies and corporate strategy**

Singapore, 9 May 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 31 March 2019 ("**1Q2019**"). Financial highlights are as follows:

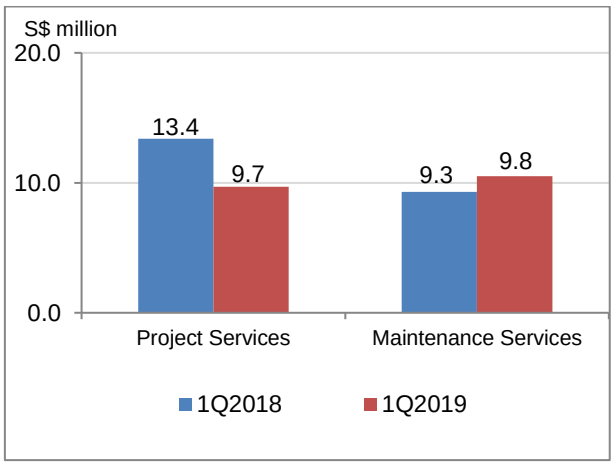
Financial Highlights	**1Q2019**	**1Q2018**	**Chg**
	S$'000	**S$'000**	**%**
Revenue	19,506	22,708	(14)
Gross Profit	5,337	6,845	(22)
Gross Profit Margin	*27.4%*	*30.1%*	*(3) ppts*
Net Profit after Tax Attributable to Equity Holders	2,060	3,441	(40)
Net Profit Margin	*10.6%*	*15.2%*	*(5) ppts*
EBITDA	3,272	4,671	*(30)*
EBITDA Margin	*16.8%*	*20.6%*	*(4) ppts*
Basic Earnings Per Share (cents)*	0.5	0.9	(44)

* Based on weighted average number of 392,519,000 ordinary shares for 1Q2019 (1Q2018: 393,102,000 ordinary shares)
Ppts: Percentage Points

Financial Review

Revenue declined by 14% from S$22.7 million in 1Q2018 to S$19.5 million in 1Q2019, mainly attributed to lower revenue contribution from the Group's Project Services ("**PS**") business segment. Revenue contribution from the PS business segment decreased by 27% to S$9.7 million in 1Q2019 due to less projects being delivered in 1Q2019 versus 1Q2018. However, revenue from the Maintenance Services ("**MS**") business segment increased to S$9.8 million in 1Q2019 from S$9.3 million in 1Q2018 due to new contracts and increased work from existing customers.

Revenue by Business Segment



Due to the Group's cost rationalisation strategy, lower marketing costs and the consolidation of 2 properties into one location – 2 Tuas Avenue 10, total operation expenses[1] dropped by 3% to S$3.0 million in 1Q2019 from S$3.1 million in 1Q2018.

Despite persistent weakness in the offshore marine, oil and gas industries, Nordic maintained its profitability and posted a net profit after tax attributable to shareholders of S$2.1 million for 1Q2019.

Balance sheet as at 31 March 2019 remained healthy, with cash and cash equivalents of approximately S$40.0 million and a low net gearing[2] of 0.1 times. Net asset value per share strengthened from 20.6 Singapore cents as at 31 December 2018 to 21.2 Singapore cents as at 31 March 2019[3].

Business Outlook

The Group's outstanding order book stood at approximately S$95.5 million as at 31 March 2019, with the PS business segment securing a total of S$45.8 million in contracts while the MS business segment contributed S$49.7 million to the Group's order book. Certain maintenance contracts are based on unit rates and do not

[1] Total Operating Expenses = Distribution Costs + Administrative Expenses
[2] (Total Borrowings – Cash and Cash Equivalents) / Total Shareholder's Equity as of 31 March 2019
[3] Based on the 392,519,000 ordinary shares in issue excluding treasury shares as of 31 March 2019 (392,519,000 shares as of 31 December 2018)

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 contract winning momentum forged ahead clinching several contracts with a total value of approximately S$18.6 million on 9 May 2019 for Scaffolding, Insulation, Precision Engineering, System Integration and Petrochemical & Environmental Engineering projects. These contracts are secured with new and repeat customers from the marine, oil and gas, petrochemical and infrastructure industries.

The Group has consolidated all its business units under one roof at 2 Tuas Avenue 10 to harness more synergies and to enhance productivity and efficiency among its workers. As of 31 March 2019, the Group's asset held-for-sale stood at approximately S$8.1 million on its balance sheet.

Commenting on the Group's financial performance for 1Q2019 and market outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***"Our Group is heartened to once again deliver a positive set of earnings to our shareholders amidst the challenging operating conditions in the offshore marine and oil and gas markets. It proved again that our M&A strategy since 2011 has successfully diversified and stabilized Nordic's income stream.***

With a healthy orderbook and a relentless drive to win more contracts, we remain optimistic of our ability to unlock greater shareholder value moving forward. We will also explore other earnings-accretive acquisition opportunities to build up our fundamentals for the next phase of growth."

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 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.

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 Insulation (primarily in Thermal Insulation) and Passive Fireproofing Services in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

In April 2017, Nordic completed the acquisition of Ensure Engineering Pte Ltd ("Ensure). Ensure is principally engaged in providing **Petrochemical & Environment Engineering Services** which 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

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