

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Nordic Reports Earnings of S\$11.1 million in 9M2018

- Nordic posted revenue of S\$70.2 million in 9M2018, supported by a 9% increase in segment revenue from Maintenance Services to S\$27.7 million
- Nordic managed to build-up its order book from S\$99.4 million in 9M2017 to S\$104.3 million in 9M2018, thereby providing a healthy base of sustainable revenue streams till FY2021
- Nordic completed the sale of property at 5 Kwong Min Road for S\$2.5 million in 9M2018 to consolidate our businesses

Singapore, 9 November 2018 – 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 another positive set of financial results for the nine months ended 30 September 2018 (“**9M2018**”). Financial highlights are as follows:

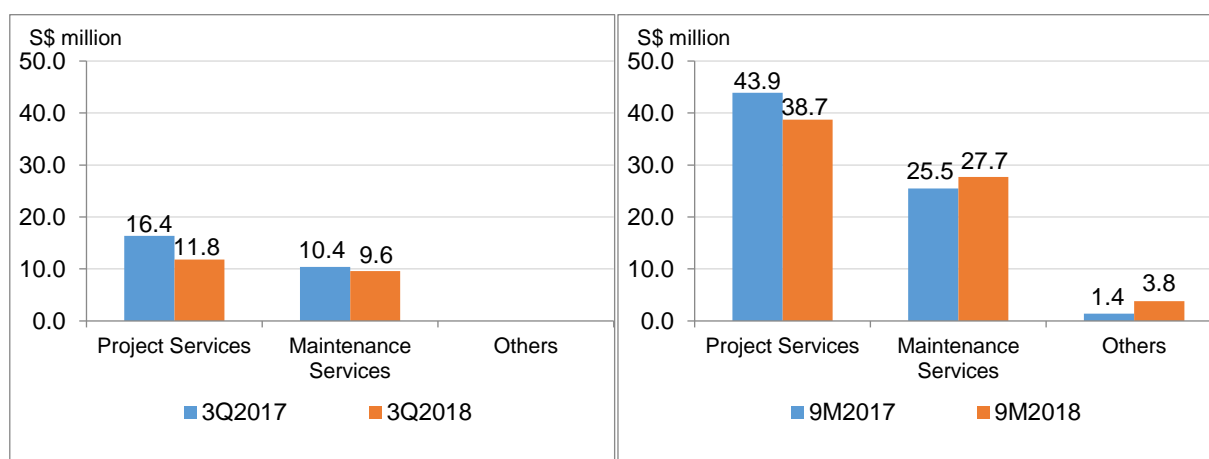
Financial Highlights	3Q2018	3Q2017	Chg	9M2018	9M2017	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	21,385	26,814	(20)	70,169	70,784	(1)
Gross Profit	5,688	9,065	(37)	19,693	23,233	(15)
Gross Profit Margin	26.6%	33.8%	(7) pts	28.1%	32.8%	(5) pts
Net Profit after Tax Attributable to Equity Holders	3,317	4,388	(24)	11,107	10,919	2
Net Profit Margin	15.5%	16.4%	0.9 pts	15.8%	15.4%	0.4 pts
Basic Earnings Per Share (cents)*	0.8	1.1	(27)	2.8	2.8	0
EBITDA	4,530	6,332	(28)	14,831	16,078	(8)

* Based on weighted average number of 392,992,000 ordinary shares for 3Q2018 (3Q2017: 393,256,000 ordinary shares) and 393,047,000 ordinary shares for 9M2018 (9M2017: 393,149,000 ordinary shares)
Ppts: Percentage Points

Financial Review

Group's revenue was affected by lower revenue contribution from Project Services business segment, registering a 12% decrease to S\$38.7 million in 9M2018. However, Group saw an increase in revenue of 9% to S\$27.7 million for its Maintenance Services business segment in 9M2018. In addition, Others business segment's revenue rose 173% to S\$3.8 million mainly due to the sale of carbon allowances in 9M2018. Nordic's gross profit declined 15% to S\$19.7 million in 9M2018 while gross profit margin was slightly lower at 28.1%.

Revenue by Business Segment



Distribution costs increased by 51% to S\$514,000 in 9M2018 as the Group incurred higher marketing costs. Administrative expenses increased by 2% to S\$8.5 million in 9M2018 mainly attributed to administrative expenses related to Ensure Engineering Pte Ltd ("Ensure"), which was acquired on 28 April 2017. The Group incurred higher interest expenses by 2% to S\$1.1 million in 9M2018 due to higher interest rates and more borrowings from the acquisition of Ensure and the purchase of property at 2 Tuas Avenue 10.

In addition, the Group recognised other gains of S\$2.2 million in 9M2018 contributed by foreign exchange gain of \$0.4 million, gain from disposal of properties, plant and equipment of \$0.5 million, writeback of other payables owing to Ensure vendors of \$0.6 million and government grants of \$0.2 million.

Overall, Nordic achieved a net profit after tax attributable to equity holders of S\$11.1 million in 9M2018, a marginal improvement of 2% from S\$10.9 million in 9M2017. Net profit margins also improved slightly.

The Group maintained a healthy balance sheet as at 30 September 2018 with cash and cash equivalents of S\$35.8 million. Net asset value per share strengthened from 19.5 Singapore cents as at 31 December 2017 to 20.6 Singapore cents as at 30 September 2018¹.

¹ Based on the 392,837,000 ordinary shares in issue excluding treasury shares as of 30 September 2018 (393,113,000 as of 31 December 2017)

Business Outlook

Group possessed an outstanding order book of approximately S\$104.3 million comprising S\$48.6 million from Projects Services segment and S\$55.7 million from Maintenance Services segment as at 30 September 2018. 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.

On 24 August 2018, the Group completed the sale of property of 5 Kwong Min Road to Geonamics (S) Pte. Ltd. for approximately S\$2.5 million. The Group has previously disposed 42 Tech Park Crescent for S\$3.4 million on 12 January 2018. As of 30 September 2018, the Group's asset held-for-sale stood at approximately S\$8.1 million.

Commenting on the Group's positive financial performance for 9M2018 and market outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***"Despite the macroeconomic headwinds from the ongoing Sino-US trade wars, our Group is heartened to maintain our profitability while growing our order books at the same time."***

The recent recovery in Brent crude prices has improved business sentiments among our offshore marine, oil and gas clients. We are also constantly monitoring the fluctuations in the exchange rate between the US dollar and Singapore dollar as some of our contracts are based in US dollar while our costs are in Singapore dollar."

We are delighted to complete the sale of 5 Kwong Min Road and are actively marketing to dispose the remaining properties. We have the eventual aim to consolidate all our business units at 2 Tuas Avenue 10 to generate cost savings, lower headquarters' expenses and create more synergies between the business units."

Our Group remains positive over our long-term prospects in the offshore marine, oil and gas, petrochemical, pharmaceutical and infrastructure industries. We will continue to hunt for earnings accretive M&A opportunities to deliver greater shareholder value going forward."

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 two 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 cold and hot Insulation, passive fireproofing services and thermal spray aluminium 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 & Environmental 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

By Financial PR Pte Ltd

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