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Nordic’s earnings up 22% to S\$3.4 million in 1Q2018

- Group delivered another quarter of growth, with revenue increasing by 14% to S\$22.7 million and earnings increasing by 22% to S\$3.4 million in 1Q2018. Gross profit margin remained healthy at 30%
- Revenue from Maintenance Services business segment increased by 71% to S\$9.3 million, supported by the recurring income from Ensure
- Group continued its contract winning momentum that boosted its outstanding order book to approximately S\$99.3 million as at 31 March 2018, generating sustainable revenue streams till FY2021

Singapore, 9 May 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, delivered a net profit after tax attributable to shareholders of S\$3.4 million for the three months ended 31 March 2018 (“1Q2018”). Financial highlights are as follows:

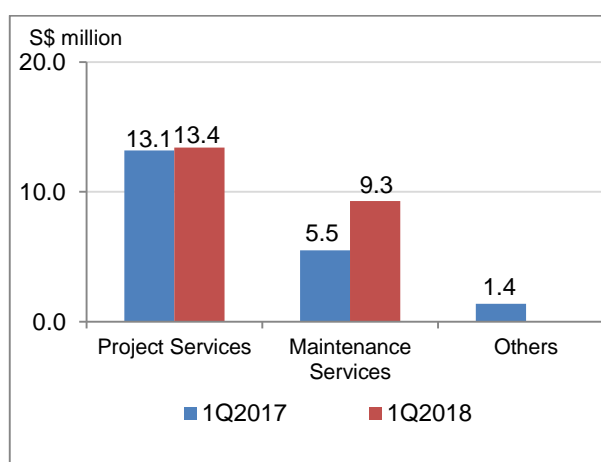
Financial Highlights	1Q2018	1Q2017	Chg
	S\$'000	S\$'000	%
Revenue	22,708	19,923	14
Gross Profit	6,845	6,104	12
Gross Profit Margin	30.1%	30.6%	(0.5) ppts
Net Profit after Tax Attributable to Equity Holders	3,441	2,810	22
Net Profit Margin	15.2%	14.1%	1.1 ppts
Basic Earnings Per Share (cents)*	0.9	0.7	28.6

* Based on weighted average number of 393,102,000 ordinary shares for 1Q2018 and 393,175,000 ordinary shares for 1Q2017
Ppts: Percentage Points

Financial Review

Nordic's revenue continued to grow, by 14% from S\$19.9 million in 1Q2017 to S\$22.7 million in 1Q2018, mainly attributed to higher revenue contribution from the Group's Maintenance Services business segment, following the acquisition of Ensure Engineering Pte Ltd ("**Ensure**") on 28 April 2017. Revenue from 'Others' segment in 1Q2018 was nil as there was no sale of carbon allowances in 1Q2018 as compared to 1Q2017. Gross profit increased by 12% from S\$6.1 million in 1Q2017 to S\$6.8 million in 1Q2018 while gross profit margin remained strong at around 30%.

Revenue by Business Segment



Revenue from Maintenance Services business segment rose 71% from S\$5.5 million in 1Q2017 to S\$9.3 million in 1Q2018. Revenue from Project Services remained stable, increasing by 2% from S\$13.1 million in 1Q2017 to S\$13.4 million in 1Q2018.

Administrative expenses increased from S\$2.0 million in 1Q2017 to S\$2.9 million in 1Q2018 as a result of additional operating costs incurred by Ensure. Overall, Nordic achieved another quarter of growth in its net profit attributable to equity holders, with 22% increase from S\$2.8 million in 1Q2017 to S\$3.4 million in 1Q2018. In addition, basic earnings per share grew by 28.6% from 0.7 Singapore cents in 1Q2017 to 0.9 Singapore cents in 1Q2018.

The balance sheet remained robust as at 31 March 2018 with cash and cash equivalents standing at S\$38.5 million, while net asset value per share strengthening from 19.5 Singapore cents as at 31 December 2017 to 20.4 Singapore cents as at 31 March 2018¹.

¹ Based on the 393,060,000 ordinary shares in issue excluding treasury shares as of 31 March 2018 (393,113,000 as of 31 December 2017:)

Business Outlook

The Group's outstanding order book stood at approximately S\$99.3 million including maintenance contracts as at 31 March 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.

Nordic has continued its contract winning momentum as the Group clinched a total value of approximately S\$33.6 million worth of contracts from 1 January 2018 to 3 May 2018. On 4 January 2018, the Group's Maintenance Services unit secured a maintenance service contract from a repeat customer of approximately S\$10.8 million for the servicing and maintenance of screening, sludge, grit and related equipment at various water reclamation plants in Singapore. On 28 February 2018, the Group's Project Services unit was awarded S\$6.9 million contract, of which approximately S\$4.1 million is for the supply of valve remote control, tank gauging systems and anti-heeling system under System Integration Services and S\$2.8 million is for machining services and mechanical assembly under Precision Engineering Services.

Commenting on the Group's operations and performance for the quarter, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***"We extended our track record in revenue and profit growth in the past quarter, setting a strong start for 2018. With the acquisition of Ensure, we also furthered our track record in adding synergetic and earnings accretive businesses to enhance Nordic's financials. The acquisitions also diversified our customer base to pharmaceutical, oil and gas, petrochemical and infrastructure industries and laid a strong foundation for the Group to cope with market volatilities."***

Our System Integration business has started to pick up gradually since January 2018, securing total orders of around S\$5.9 million. We remain cautiously optimistic that a sector recovery would help build up our order books from the offshore marine sector going forward. As oil prices continued to strengthen in 2018, the market conditions could become more favourable for our Scaffolding, Insulation and Petrochemical & Environmental Engineering businesses."

Once all our four existing facilities are sold and all operations are consolidated at our new facilities at Tuas Avenue 10, our Group should benefit from cost savings that would improve efficiency and productivity."

We will continue to prospect for other earnings accretive M&A opportunities to grow our income streams. We remain positive over our long-term prospects across all sectors and delivering value and returns to our shareholders."

~ The 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 a 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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