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Nordic reports net profit of S\$16.0 million for FY2023

- FY2023 revenue of S\$160.6 million declined marginally by 1% year-on-year (“yoy”) from a record high of S\$162.8 million in FY2022
- Growing revenue contributions from maintenance services partially offset the decline, a testament to the Group’s improved business resilience against cyclical risks.
- Gross margin fell by 20% yoy to S\$36.4 million for FY2023, largely due to increased labour costs from project delays and higher expenses related to foreign worker levy and dormitories, with the latter in line with the industry-wide cost pressures.
- Strong outstanding orderbook of S\$187.1 million, securing revenue visibility for up to the next 36 months, underpins the Group’s prospects for long-term growth.
- Proposed final dividend of 0.588 Singapore cents which will bring total dividend to 1.589 cents for FY2023, translating to a pay-out ratio of 40%.

Singapore, 29 February 2024 – Nordic Group Limited (“Nordic” or together with its subsidiaries, the “Group”), an SGX-Mainboard listed company reported its financial results for the second six months (“2H2023”) and twelve months (“FY2023”) ended 31 December 2023. Nordic Group is a global solutions provider that provides project and maintenance services for industries such as marine, offshore oil and gas, petrochemical, pharmaceutical, semiconductor, infrastructure, public environment and security agencies.

Financial Highlights	2H2023	2H2022	Change	FY2023	FY2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	71,231	82,995	(14)	160,644	162,758	(1)
Gross Profit	14,317	22,699	(37)	36,412	45,746	(20)
Gross Profit Margin	20.1%	27.3%	(7.2) <i>ppts</i>	22.7%	28.1%	(5.4) <i>ppts</i>
Net Profit after Tax Attributable to Equity Holders	5,877	9,237	(36)	15,977	20,853	(23)
Net Profit Margin	8.3%	11.1%	(2.8) <i>ppts</i>	9.9%	12.8%	(2.9) <i>ppts</i>
EBITDA	12,444	14,461	(14)	27,457	31,604	(13)
EBITDA Margin	17.5%	17.4%	0.1 <i>ppt</i>	17.1%	19.4%	(2.3) <i>ppts</i>
Basic Earnings Per Share (cents)*	1.5	2.4	(38)	4.0	5.3	(25)

* Based on weighted average number of 399,736,000 ordinary shares (excluding treasury shares) for 2H2023 and 12M2023 (2H2022: 387,736,000; 12M2022: 392,644,000)

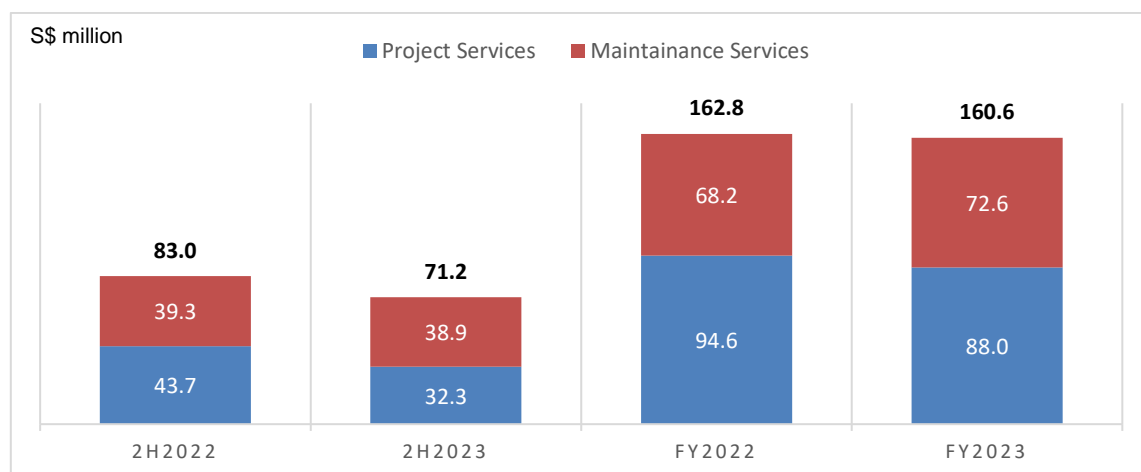
Ppts: Percentage Points

FY2023 v FY2022 Financial Review

The Group delivered an encouraging set of results in FY2023 on the back of its diversified business model and strategic emphasis on expanding maintenance services for stable recurring income, which strengthened its resilience against cyclical risks.

FY2023 revenue of S\$160.6 million remained above the S\$160 million mark, slightly declining by 1% yoy from the record high of S\$162.8 million in FY2022. The decrease was mainly due to the completion of certain projects as well as the delay in other projects in Singapore and Malaysia but partially offset by a 6% yoy growth in revenue from maintenance services.

Revenue by Business Segment



Gross profit decreased by 20% yoy to S\$36.4 million in FY2023 from S\$45.7 million in FY2022, mainly attributable to higher labour costs from project delays as well as increased expenses related to foreign worker levy and dormitories. The rising costs for levies and dormitories were in line with the industry-wide cost pressures in the domestic market.

Other income and gains grew by 71% yoy to S\$5.2 million in FY2023, primarily attributable to higher gain on disposal of property of S\$0.8 million, write back of contingent consideration liability arising from the acquisition of Starburst Group in 2022 of S\$1.5 million, higher interest income of S\$0.7 million and higher other income of S\$0.2 million. The increase was partially offset by the absence of negative goodwill of S\$1.1 million.

Regarding operational costs, distribution costs remained relatively steady at S\$1.7 million, whereas administrative expenses decreased by 27% yoy to S\$15.6 million in FY2023. The reduction was mainly due to lower amortisation expenses from intangibles and lower staff costs.

Finance costs increased by 77% yoy to S\$3.6 million in FY2023, mainly driven by higher borrowings and rising interest rates during the reporting period.

Consequently, the Group registered a net profit of S\$16.0 million for FY2023, representing a year-on-year decline of 23% from S\$20.9 million for FY2022. Net profit margin dipped by 2.9 ppts to 9.9% in FY2023 from 12.8% in the preceding year.

The Group continued to maintain a strong balance sheet position with net asset value per share growing by 6.9% yoy to 29.4 Singapore cents and cash and cash equivalents surging 31.9% to S\$73.7 million as of 31 December 2023.

The Board has recommended a final dividend of 0.588 Singapore cents per ordinary share. Together with the interim dividend of 1.001 cents already paid, the Group's total dividend for FY2023 will sum up to 1.589 cents, equivalent to a dividend payout ratio of 40%, aligning with the Group's dividend policy.

Business Outlook

The Group has outstanding orders amounting to approximately \$187.1 million, comprising \$61.6 million from Projects Services segment and \$125.5 million from Maintenance Services segment, as at 31 December 2023. The deliveries for these orders will spread mainly within the next 36 months. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The high interest rates, geopolitical tensions and inflationary pressures globally posed some near-term headwinds to the Group's operations. The completion of certain large projects and the longer tenure of new projects may also pose some pressures on the results of the Group in the next 12 months. However, the Group remains positive over the long-term prospects in the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, semiconductor and security agencies sectors.

The Group is optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken, the acquisition of Avon Industries Pte Ltd and the opportunities for further M&A. The Group will continue to strive to deliver greater value to shareholders in the long run.

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About Nordic Group Limited (Bloomberg Code: NRD SP)

Established in 1998, Nordic is a global solutions provider in areas of system integration solutions, vessel maintenance, repair and overhaul (MRO), precision engineering, scaffolding and insulation services, petrochemical, environmental engineering services, cleanroom, air and water engineering services and security services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, public environment/security agencies and semiconductor industries.

Headquartered in Singapore, Nordic currently has one production facilities located in Suzhou, the People's Republic of China ("PRC") and also have operations in Malaysia. 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, electronic, and optical 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 primarily thermal and cryogenic insulation) and passive fireproofing Services in the petrochemical, pharmaceutical, marine and oil and gas Industries.

The Group's **Petrochemical & Environment Engineering Services** provides repairs, maintenance, operations and plant turnaround services for public environment engineering installations, energy installations, marine and offshore industries, manufacturing industries, and oil & gas and petrochemical industries.

The Group's **Cleanroom, Air and Water Engineering Services** provides tools hook up services, air pollution control scrubbers and water treatment plants for the semiconductor, oil and gas, power plant and municipality sectors.

The Group's **Structural Engineering and Construction Services** division offers a range of services. These include the design, fabrication, installation, and maintenance of anti-ricochet ballistic protection systems. These systems are used in tactical training facilities by security agencies. Additionally, we provide fuel refuelling hydrants and systems for refuelling and dispensing. These services cater to both military and commercial clients.

Issued for and on behalf of Nordic Group Limited

By Financial PR Pte Ltd

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