

Business Updates 2Q2022

19 August 2022





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Group Limited

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**Nordic Group placed
into Forbes Asia's
2022 "Best Under a
Billion" list**



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Financial Highlights for 1H2022

Revenue

\$79.8m ↑62%

1H21: \$49.2m

Net profit

\$11.6m ↑49%

1H21: \$7.8m

EBITDA

\$17.1m ↑64%

1H21: \$10.4m

GPM

29% ↑ 1 ppts

1H21: 28%

NPM

15% ↓ 1 ppt

1H21: 16%

EBITDA margin

22% ↑ 1 ppt

1H21: 21%

Order book

\$232.7m

as at 30 June 2022

EPS

3.0 cents ↑50%

1H21: 2.0 cents

NAV per share

26.3 cents ↑4%

31 Dec 21: 25.2 cents

Financial Review

SS\$'000	Unaudited 2Q2022	Unaudited 2Q2021	Change (%)	Unaudited 1H2022	Unaudited 1H2021	Change (%)
Revenue	39,695	24,716	61	79,763	49,172	62
Gross Profit	11,648	7,636	53	23,047	13,989	65
Gross Profit Margin ⁽¹⁾	29%	31%	(2) Ppts	29%	28%	1 ppt
Net Profit after Tax ⁽²⁾	6,361	4,343	46	11,616	7,797	49
Net Profit Margin	16%	18%	(2) Ppts	15%	16%	(1) Ppt
EBITDA	9,023	5,708	58	17,143	10,437	64
EBITDA Margin	23%	23%	-	22%	21%	1 ppt
EPS (cents) ⁽³⁾	1.67	1.12	49	3.0	2.0	49

(1) Excluding the government grants such as jobs support scheme, foreign workers levy rebate, the gross profit margins were 29%, 28%, 27% and 26% for 2Q2022, 2Q2021, 1H2022 and 1H2021.

(2) Amortisation of intangibles – order backlog of Starburst Group is \$0.622 and \$1.245 million for 2Q2022 and 1H2022

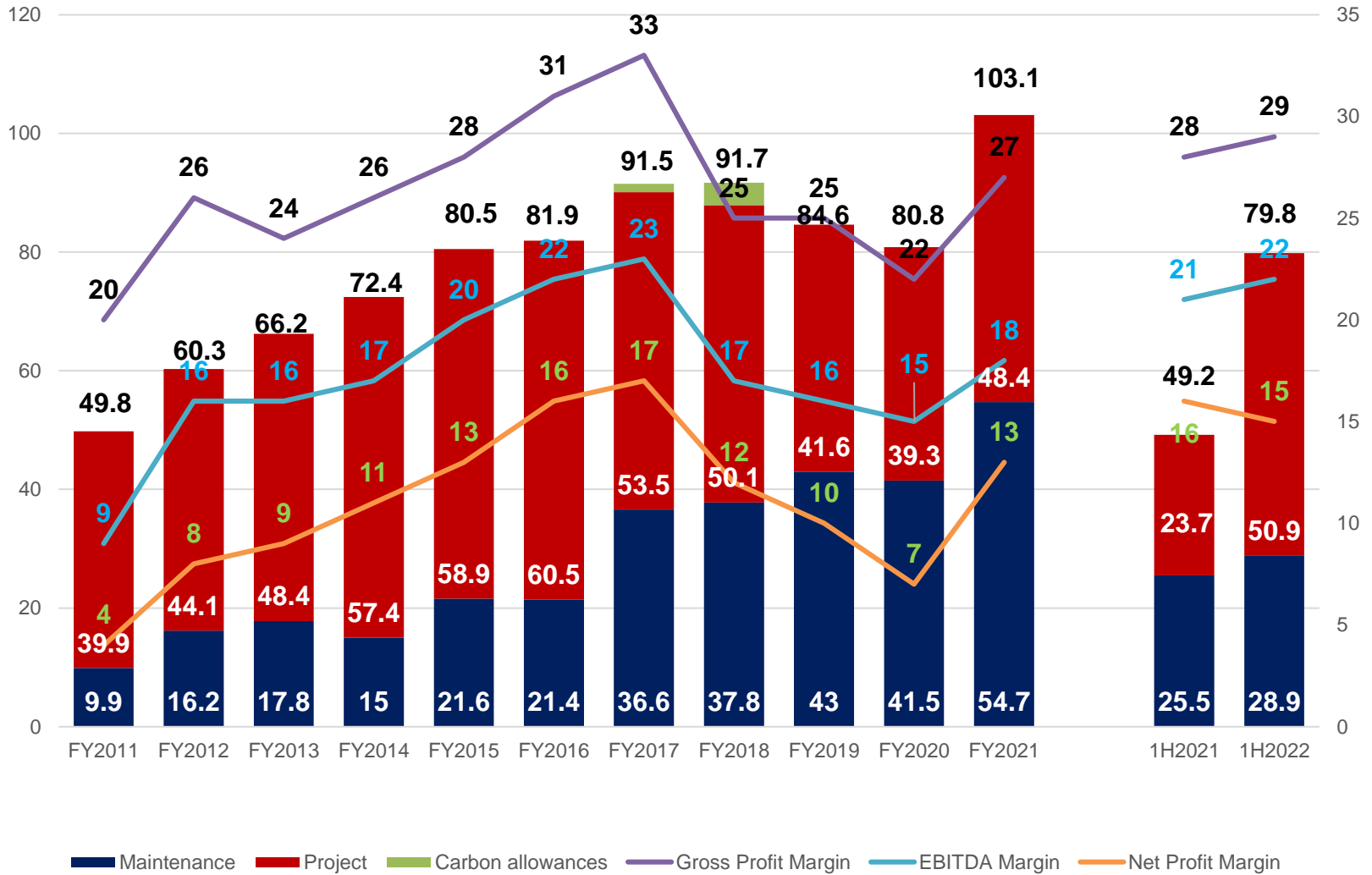
(3) Computed based on weighted average number of 382,000,000, 388,119,000, 387,954,000 and 388,360,000 ordinary shares for 2Q2022, 2Q2021, 1H2022 and 1H2021.



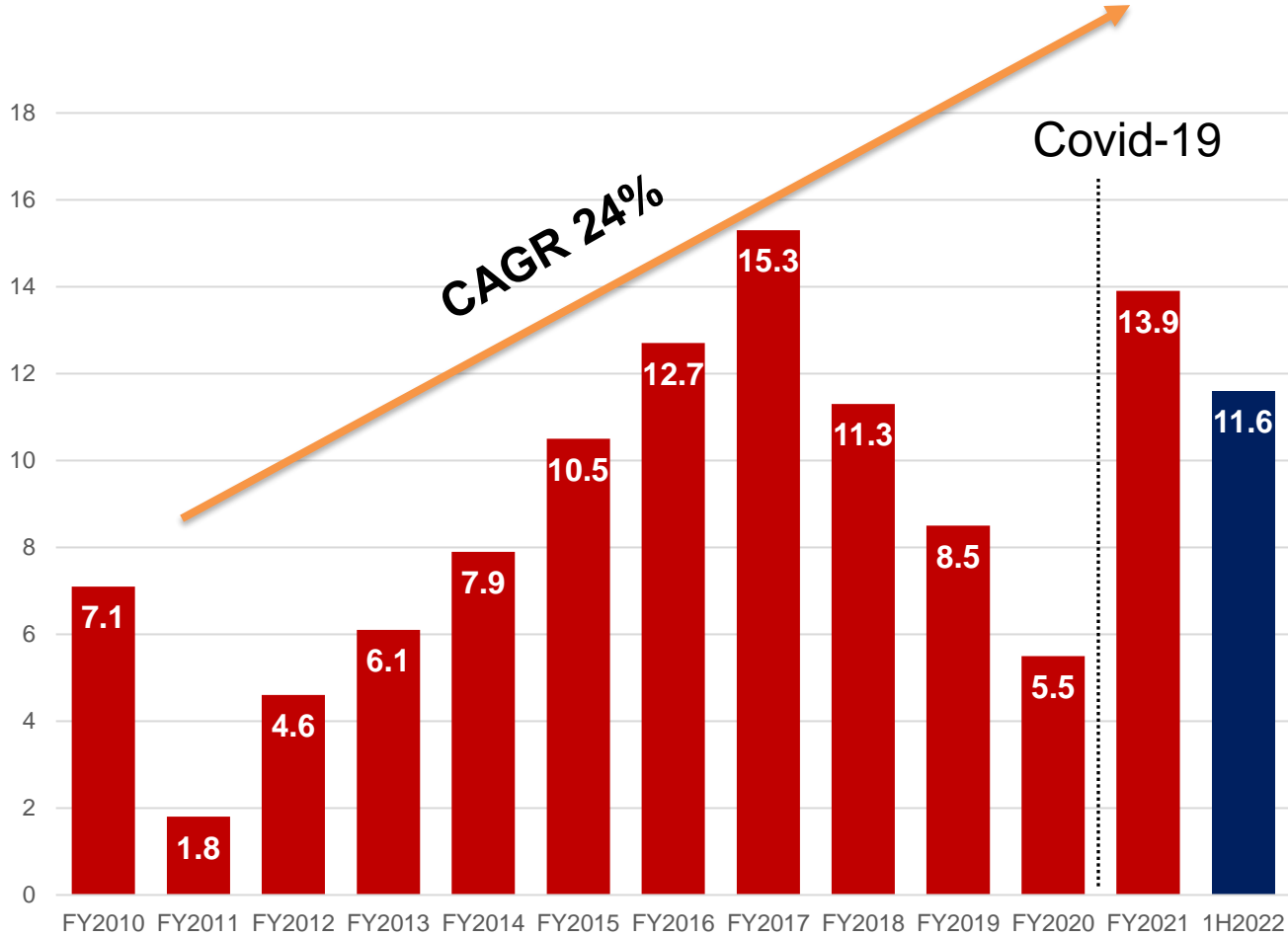
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Financial Review

Revenue, GP, NP, EBITDA Margins



Net profit



Balance Sheet Highlights

S\$'000	Unaudited as at 30 June 2022	Audited as at 31 December 2021
Current Assets	128,601	127,057
Non-current Assets	98,186	65,209
Current Liabilities	100,361	85,932
Non-current Liabilities	24,642	8,699
Total Equity	101,784	97,635
Cash and Cash Equivalents	42,925	75,337
Net Asset Value per share (cents) ^[1]	26.3	25.2

^[1] Computed based on number of 387,736,000 (31 Dec 21: 388,000,000) ordinary shares, excluding treasury shares



Financial Review

	As at end of									
S\$'000	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	1Q2022	1H2022
Total Borrowings	25,320	32,155	28,085	46,612	48,807	44,069	45,873	60,262	79,213	73,860
Cash and Cash Equivalents	32,799	35,566	32,325	40,291	39,232	43,200	57,512	75,337	40,870	42,925
Net Debt/(Cash)	(7,479)	(3,411)	(4,240)	6,321	9,575	869	(11,639)	(15,075)	38,343	30,935⁽⁶⁾
Net Gearing Ratio ⁽¹⁾	-19% ⁽²⁾	-10% ⁽²⁾	-11% ⁽²⁾	13% ⁽³⁾	19% ⁽⁴⁾	2% ⁽⁵⁾	-20% ⁽²⁾	-22% ⁽²⁾	66%	53%⁽⁷⁾

(1) Computed based on (total borrowings less cash and cash equivalents/total equity less intangible assets) x 100%

(2) Negative due to the Group being in a net cash position

(3) Increase due to \$21 million loan from the acquisition of Ensure in April 2017

(4) Increase due to \$10 million loan for the purchase of factory at 2 Tuas Ave 10

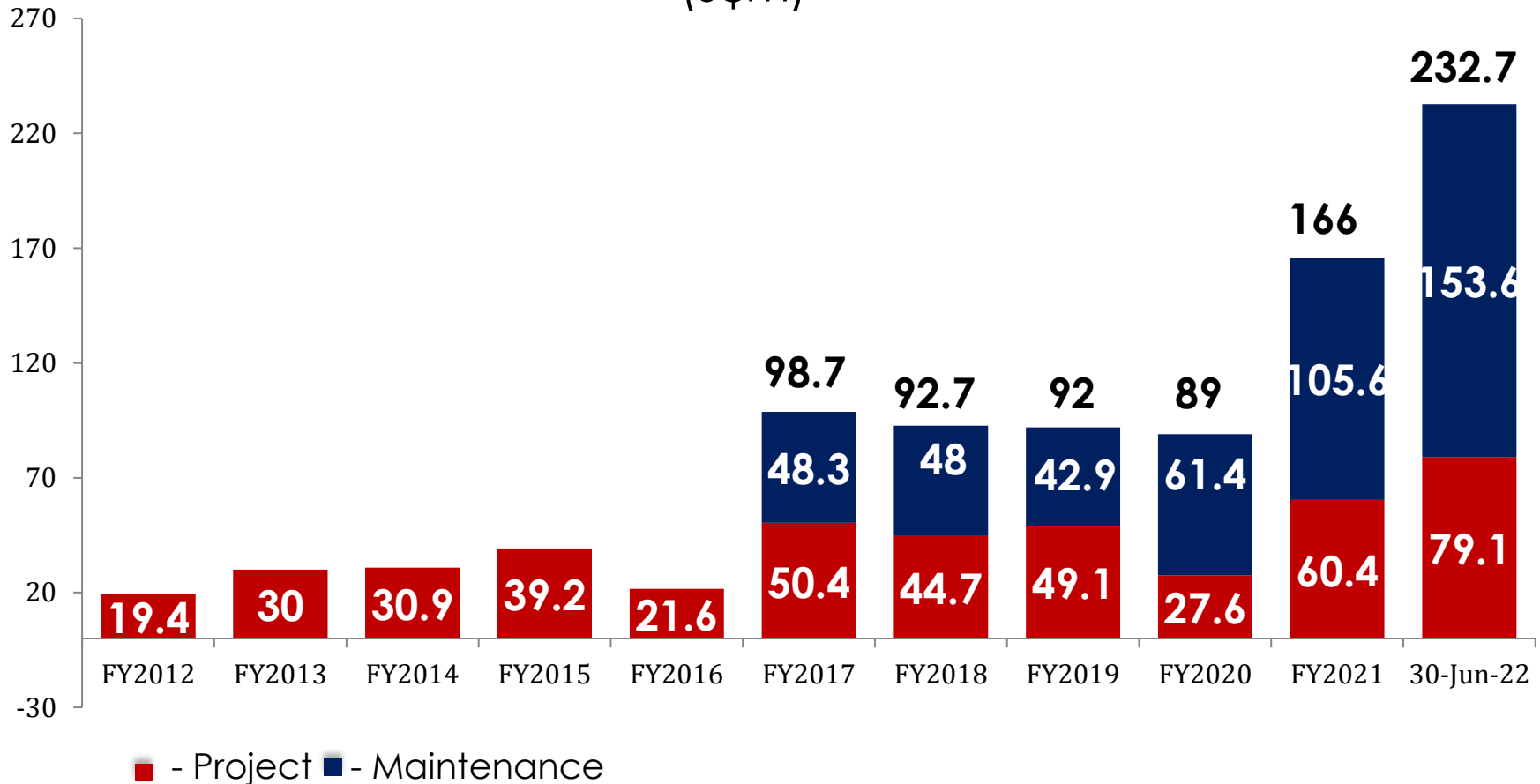
(5) Net debt is due to the acquisition of Envipure Group

(6) If adjusted for sale of property at 133 Tuas View Square, net debt is \$27.736 million

(7) If adjusted for (6) and sale of treasury shares completed in July 2022, net gearing is 43.9%

Order Book

(S\$m)



Note:

The order book from FY2011 to FY2016 does not include maintenance contracts as they do not have a contract value upfront. From FY2017, maintenance contracts are included and the values are estimated based on historical revenue trends.

Contracts Win

May 24, 2022 - Total value: S\$19.0 m

- System integration: manufacture of valves and actuators, control and tank gauging systems and upgrading of water ballast system and Electrical and Instrumentation work
- Precision Engineering: capital contracts for machining and mechanical assembly
- Scaffolding, Insulation and Petrochemical & Environmental Engineering: insulation, scaffolding work and maintenance of plant and equipment at certain infrastructures
- Cleanroom: capital and adhoc contracts to supply, install scrubber system and tools hook-up services and process exhaust ductwork

March 21, 2022 - Total value: S\$151.6m

- System integration: manufacture of valves and actuators, control and tank gauging systems and upgrading of water ballast system
- Precision Engineering: capital contracts for machining and mechanical assembly
- Scaffolding, Insulation and Petrochemical & Environmental Engineering: renewed maintenance contracts for insulation, scaffolding work and maintenance of plant and equipment at certain infrastructures
- Cleanroom: capital and maintenance services contracts to supply, install scrubber system and tools hook-up services
- Newly acquired subsidiaries, Starburst Holdings Limited group (System Integration and Facility Management) has remaining capital projects and maintenance contracts for design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups for the security industry in Singapore and Middle East



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Business Outlook

The group remains positive over the long-term prospects in the marine, offshore oil and gas industries, petrochemical, pharmaceutical, infrastructure, semiconductor and security services sectors. The group is also optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken and the opportunities for further M&A, the group will continue to deliver value to shareholders.

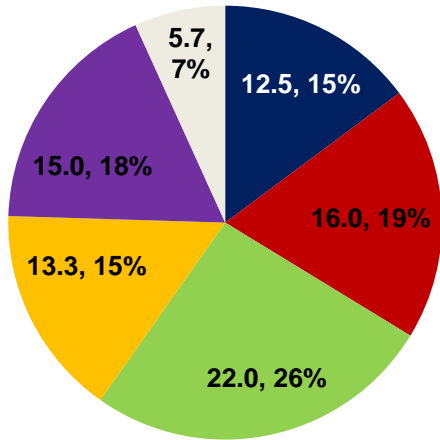
A survey from Singapore Economic Development Board, highlights the optimism in marine and offshore engineering with an increase in oil and gas activities driven by higher oil prices while precision engineering foresees higher production contrarian to the general negative manufacturing outlook. The group is however mindful of the possibility of new COVID-19 variants pushing the global supply chain and travel back on restrictions. The global inflationary pressures are also monitored to adjust for the impact on the necessary materials.



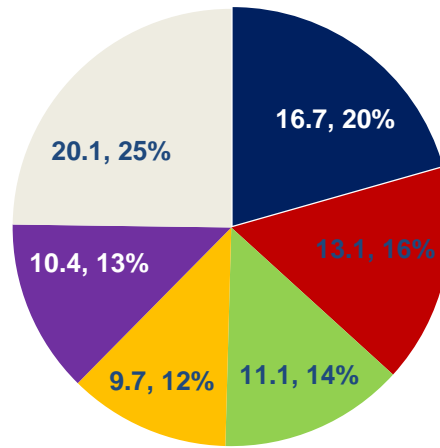
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Revenue Contribution by Services

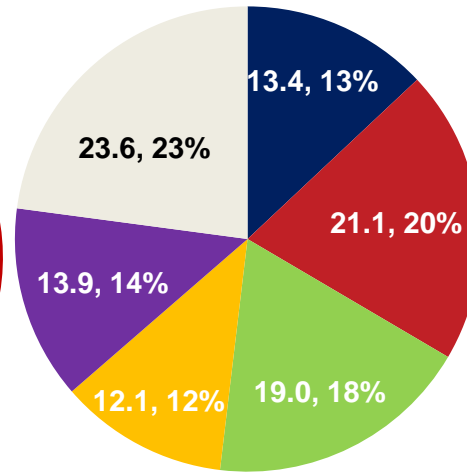
FY2019



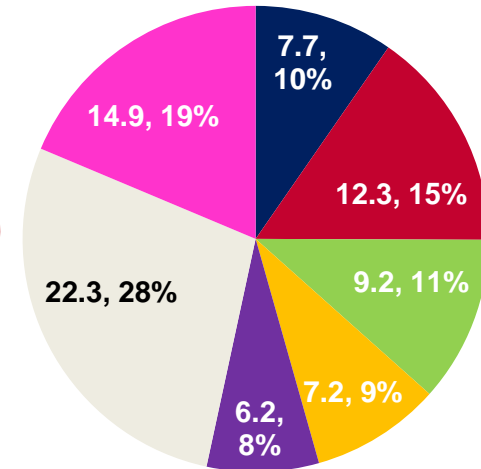
FY2020



FY2021



1H2022



- System Integration / MRO & Trading
- Scaffolding Services
- Insulation Services
- Precision Engineering
- Petrochemical and Environmental Services
- Cleanroom, Air & Water Services
- Specialist Structural Engineering Services

Note: Combined contracts between the entities such as SIP contracts are reflected in the entity who won the contracts. Value is approximately FY19:\$2.1m, FY20:\$2.3m, FY21:\$5m, 1H22:\$1.4m

The acquisitions of Multiheight in 2011, Austin Energy in 2015, Ensure Engineering in 2017, Envipure in 2019 and Starburst in 2022 have effectively reduced industry-specific risk, further diversified the Group's revenue stream and supported the Group's consistent revenue growth.



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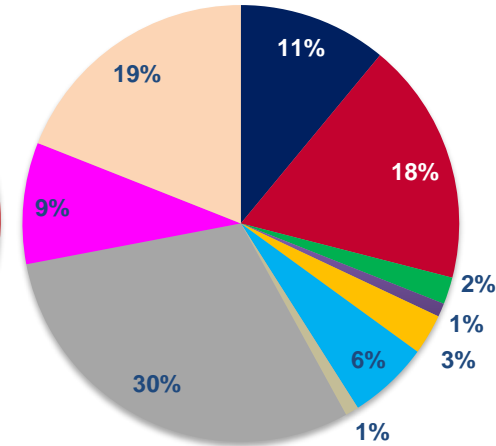
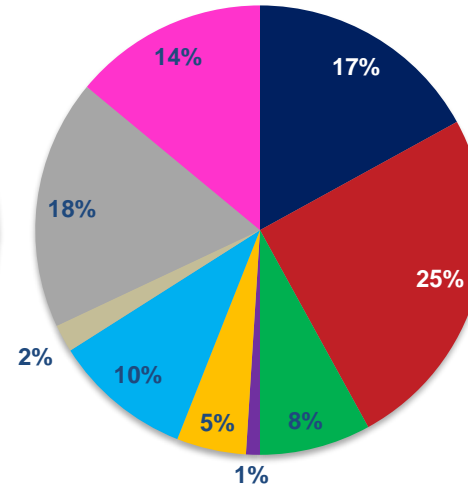
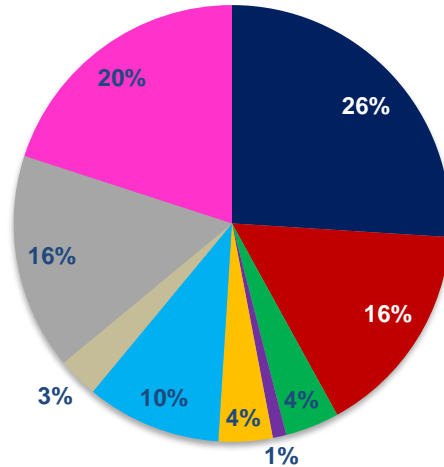
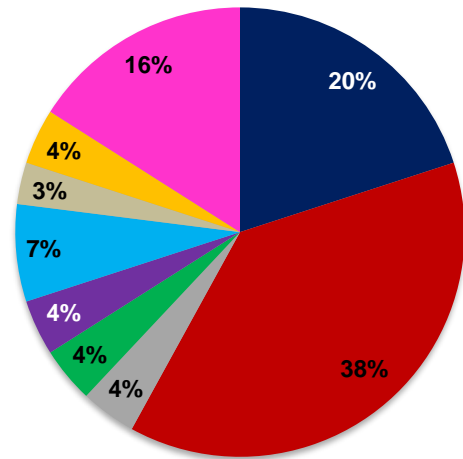
Revenue Contribution by Industry

FY2019

FY2020

FY2021

1H2022



- Onshore/Downstream
- Marine/Upstream
- Electronics Manufacturing System
- Onshore/Infrastructure
- Analytical Instrumentation
- Medical equipment/Industrial/manufacturing
- Pharmaceutical
- Aerospace
- Semiconductor
- Law enforcement, security agencies, civil authorities

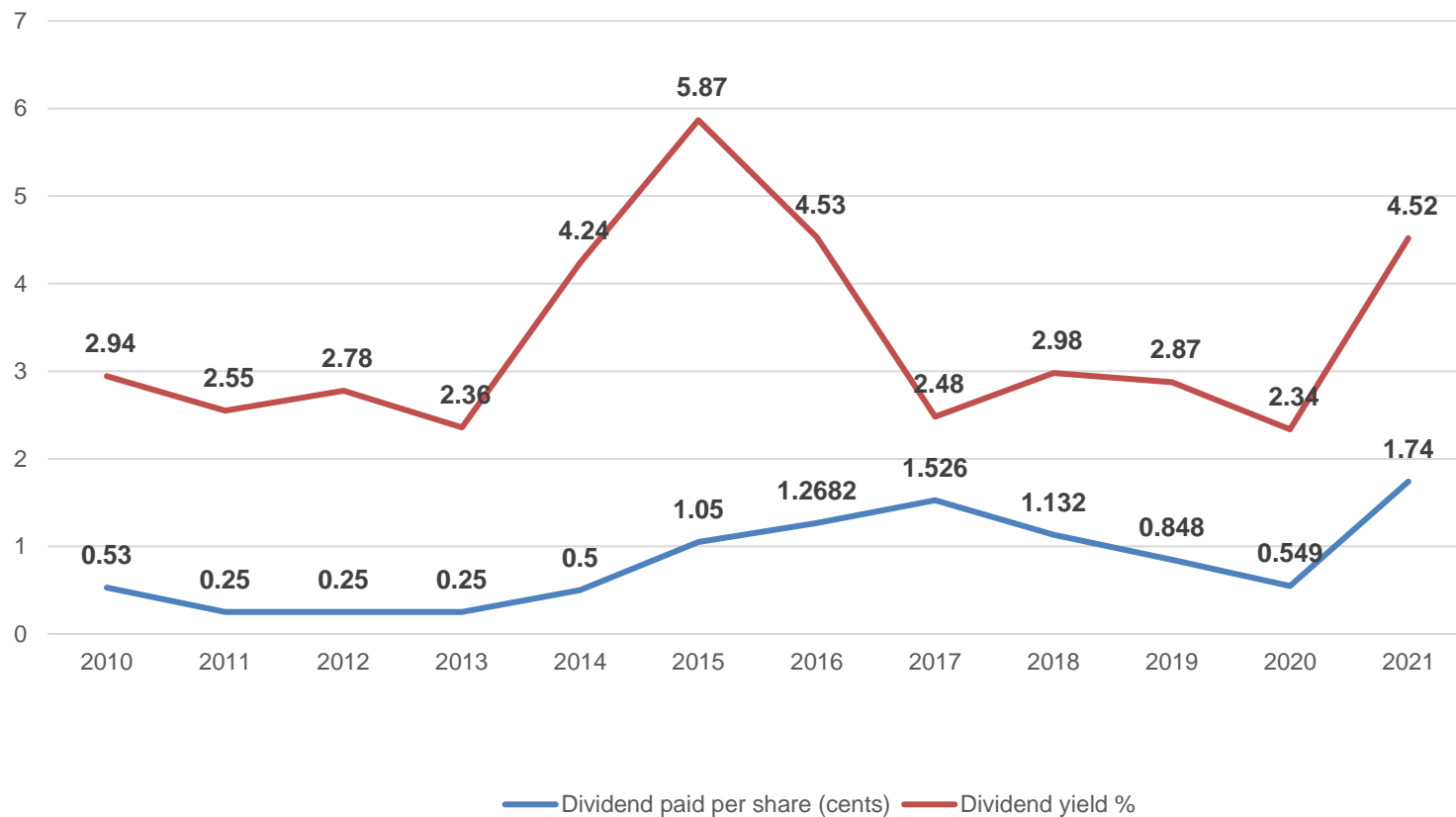
Reclassification of 4% was done from EMS to Semiconductor in 1H2022 for Precision Engineering division

The acquisitions of Multiheight in 2011, Austin Energy in 2015, Ensure Engineering in 2017, Envipure in 2019 and Starburst in 2022 have effectively reduced industry-specific risk, further diversified the Group's revenue stream and supported the Group's consistent revenue growth.

Dividends Paid/Payable

Payment date	Financial Year	Final / Interim / Special	Amount per share (cents)	Total annual dividend (cents)	Payout ratio
Sep 2, 2022	2022	Interim	1.162	1.162	40%
May 17, 2022	2021	Special	0.152		10%
May 17, 2022	2021	Final	0.608		40%
Sep 3, 2021	2021	Special	0.200		10%
Sep 3, 2021	2021	Interim	0.780	1.74	40%
May 14, 2021	2020	Final	0.362		40%
Sep 4, 2020		Interim	0.187	0.549	
May 14, 2020	2019	Final	0.419		
Sep 5, 2019		Interim	0.429	0.848	
May 14, 2019	2018	Final	0.353		
Sep 5, 2018		Interim	0.779	1.132	
May 14, 2018	2017	Final	0.873		
Sep 5, 2017		Interim	0.653	1.526	
May 12, 2017	2016	Final	0.731		
Sep 2, 2016		Interim	0.5372	1.2682	
May, 13 2016	2015	Final	0.65		
Sep 8, 2015		Interim	0.40	1.05	
May 21, 2015	2014	Special	0.25		25%
May 21, 2015		Final	0.25	0.50	
May 15, 2014	2013	Final	0.25	0.25	16%
May 15, 2013	2012	Final	0.25	0.25	22%
May 21, 2012	2011	Final	0.25	0.25	56%
May 16, 2011	2010	Final	0.53	0.53	30%
Total			11.0552	11.0552	

Dividends Paid Per Share and Dividend Yield



Dividend yield is calculated using closing price on 1 Jan of each year (source: yahoo finance)



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Nordic's Share Buyback – renewed on 25 April 2022 AGM

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
Share Buyback by way of Market Acquisition			
2015	4,669,200	4,669,200	1.17
2016	2,155,400	6,824,600	1.71
2017	62,500	6,887,100	1.72
2018	593,800	7,480,900	1.87
2019	615,600	8,096,500	2.02
2020	3,003,500	11,100,000	2.78
2021	900,000	12,000,000	3.00
May 2022	263,900	12,263,900	3.07
8 July 2022 sale of treasury shares *	(12,000,000)	263,900	0.07
VOLUME WEIGHTED AVERAGE PRICE		\$0.4245	

*

Proceeds, net of expenses from sale of treasury shares at \$0.42 per share

\$5.035 million

Cost of treasury shares \$0.2131 per share

\$2.614 million

Gains from sales of treasury shares \$0.1977

\$2.421 million

Source : SGX Announcement

** Up to a maximum of 40 million shares being 10% of total issued shares of 400 million shares (including treasury shares).

Directors' and Executive Officer's Share Purchases

9 November 2010 – IPO :

Director	No. of shares held	% shareholdings
Chang Yeh Hong	200,480,625	50.12%
Eric Lin Choon Hin	43,500,000	10.88%
Dorcas Teo Ling Ling	29,000,000	7.25%
	272,980,625	68.25%

July 2022:

Director / Executive Officer	No. of shares held	% shareholdings*
Chang Yeh Hong	218,017,325	55.54%
Eric Lin Choon Hin	44,050,000	11.02%
Dorcas Teo Ling Ling	32,319,500	8.09%
Lee Kok Keng Andrew	1,061,800	0.27%
Chia Meng Ru	1,871,600	0.47%
	297,320,225	75.39%

* Calculated based on 399,736,100 ordinary shares



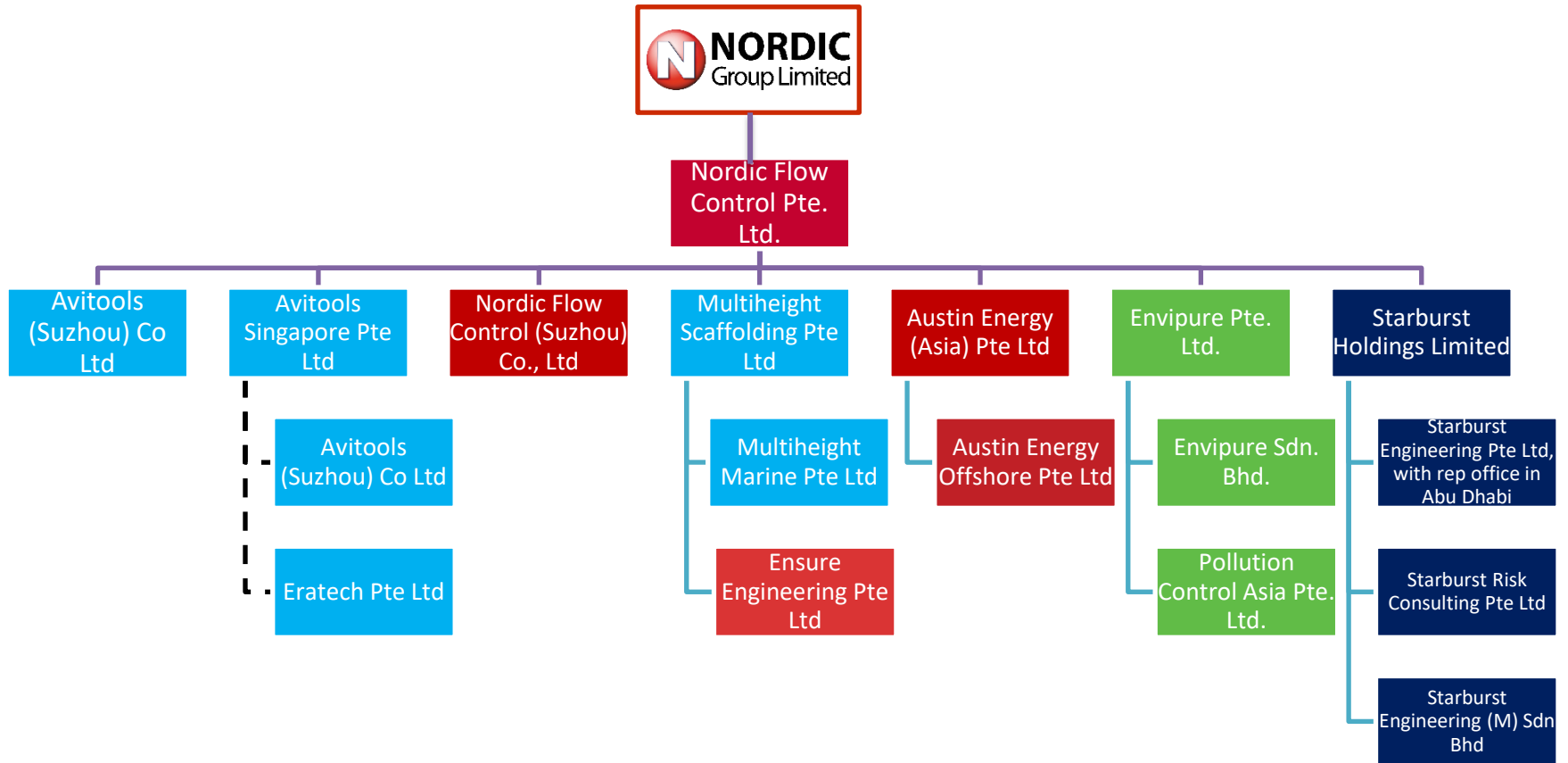
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M&A



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Group Structure



Notes:

- All subsidiaries are 100% owned by Nordic Group Limited.

M&A Track Records

2011

Multiheight

- Acquired for around S\$29m
- Design, erection, modification dismantling and rental of scaffolding system
- **Diversify from shipyards to serve oil majors like ExxonMobil and Chevron etc.**
- **Gain recurring income and reduce lumpy earnings trend via maintenance services**
- Goodwill S\$12.3m
- Cumulative EBIDTA FY2011 to FY2013 S\$15.8m already exceeded goodwill of S\$12.3m

2015

Austin Energy

- Acquired for around S\$26m
- Specialize in thermal and cryogenic insulation, fireproofing and industrial coating
- **Complementary business to scaffolding, able to cross-sell and bundle both sides to same or new set of customers**
- **Enable entry into pharmaceutical industry, further diversifying offshore marine risks**
- Goodwill S\$10.2m
- Cumulative EBIDTA FY2015 to FY2017 S\$12.4m already exceeded goodwill of S\$10.2m

2017

Ensure Engineering

- Acquired for around S\$17m
- Specialize in engineering repairs, maintenance, plant turnaround services as well as decontamination and recovery services
- **In line with Group's strategy to acquire earnings accretive, familiar customer base and complementary businesses with recurring income**
- **Move Nordic from serving private sector into government agencies like PUB and NEA etc.**
- Goodwill S\$7.1m
- Cumulative EBIDTA FY2017 to FY2019 S\$8.3m already exceeded goodwill of S\$7.1m

M&A Track Records

2019

Envipure

- Acquired for S\$14.8m
- Specialize in cleanroom, air and water engineering solutions which includes hook up services, air pollution control scrubbers and water treatment plants for the semiconductor, oil and gas, power plant and municipality sectors.
- **In line with Group's strategy to acquire earnings accretive business**
- **Move Nordic to semiconductor sector and geography, Malaysia**
- Goodwill Nil

2022

Starburst

- 69.7% acceptance of general offer on 24 Jan 2022 at S\$41.2m. 100% acquired and delisted end Apr 2022
- Specialize in design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups
- **In line with Group's strategy to acquire earnings accretive business**
- **Move Nordic to Specialist Structures Engineering works and geography such as the Middle East and the region**
- Goodwill and intangible asset net of deferred tax is approximately \$15.6m pending completion of Purchase Price Allocation in Dec 2022

2022

Eratech

- Consideration is about S\$10.0 million
- Engaged in the provision of precision machining and turnkey manufacturing services.
- **In line with Group's strategy to acquire earnings accretive business**
- **Move Nordic to new optimal imaging industry and geographies such as the USA.**
- Goodwill and intangible asset is pending Purchase Price Allocation to be completed in

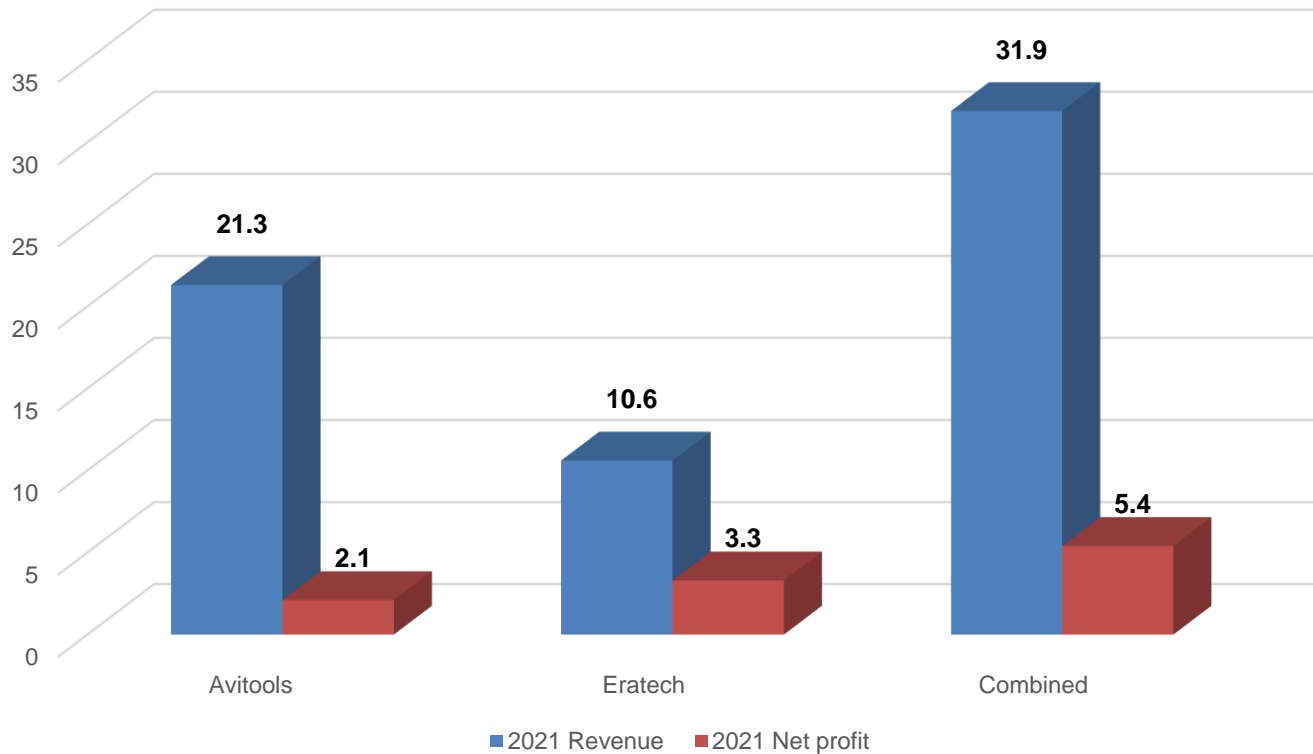


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Avitools Proforma Group Revenue, Net Profit FY2021



FY2021 Revenue and Net Profit

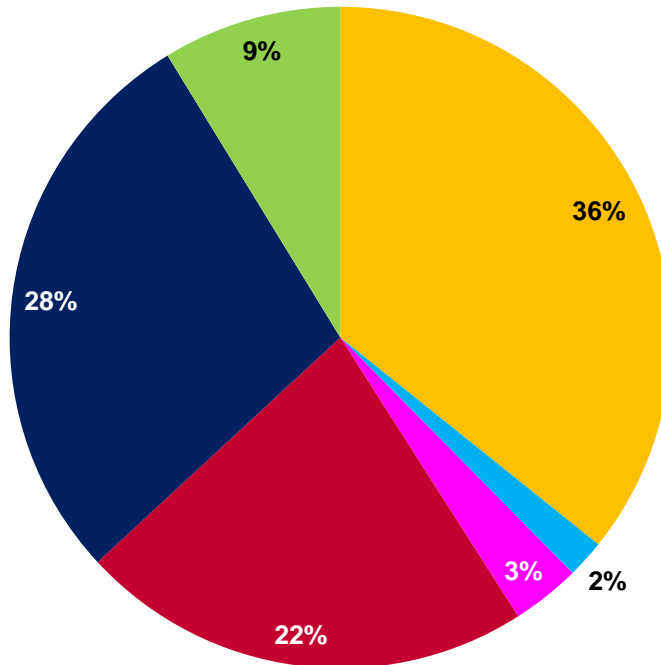




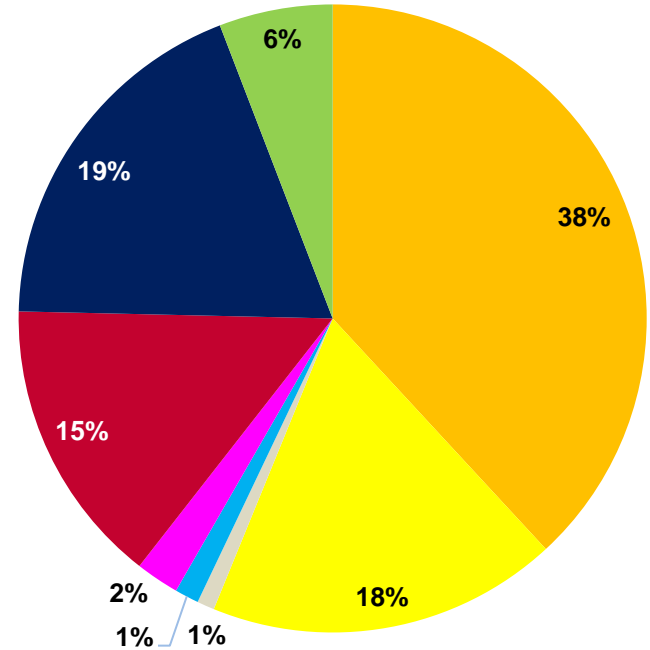
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Revenue – by Industries FY2021

Avitools



Combined



- Semiconductor
- Oil & Gas
- Aerospace
- Industrial

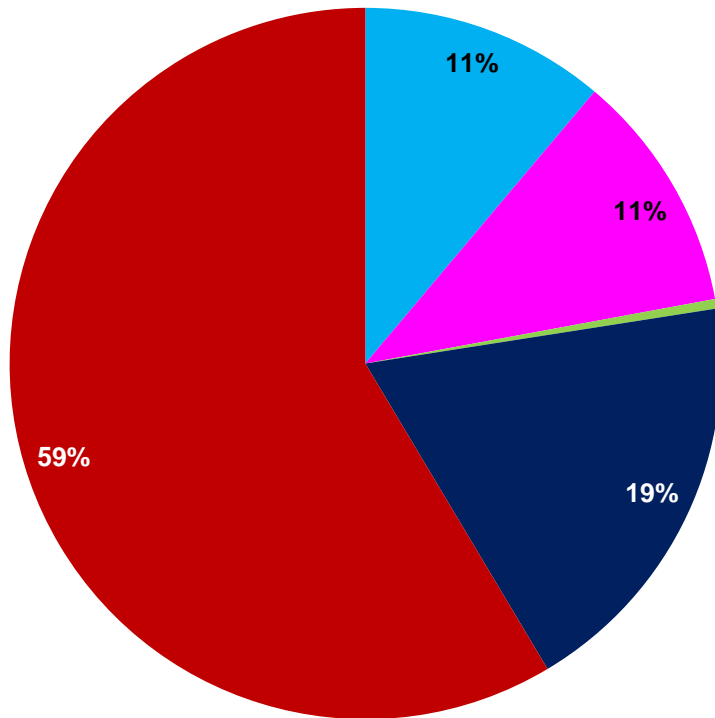
- Optical Imaging
- Electronics Manufacturing System
- Analytical Instrumentation
- Medical equipment, Automobile



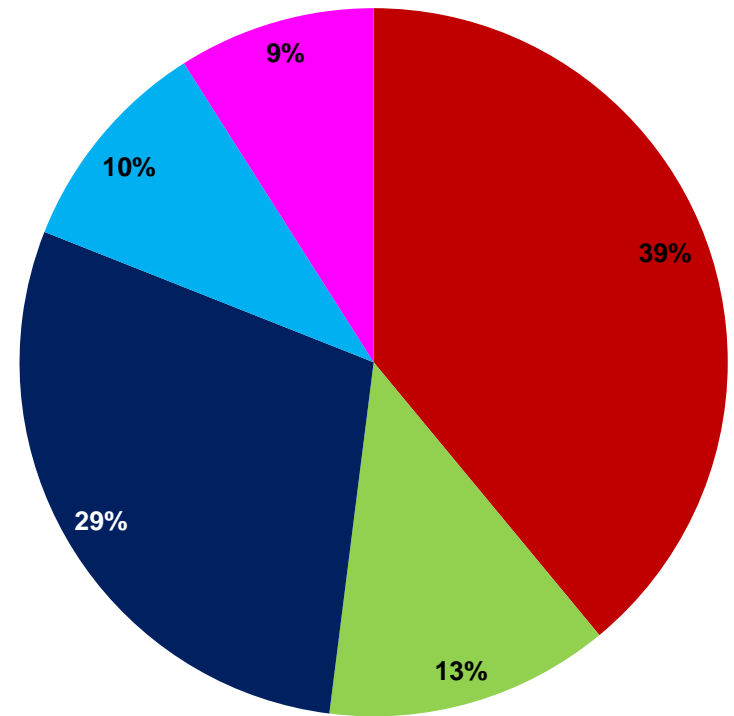
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Revenue – by Geographies FY2021

Avitools



Combined



■ China ■ USA ■ Singapore ■ Malaysia ■ Europe



Building Momentum, Capturing Opportunities

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