

Voluntary Business Updates 9M2021

19 November 2021





NORDIC
Group Limited

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Financial Highlights for 9M2021

Revenue

\$75.4 ↑37%

9M20: \$55.0m

Net profit

\$11.0m

↑479%

9M20: \$1.9m

EBITDA

\$14.4m ↑210%

9M20: \$4.6m

GPM

28% ↑7 ppts

9M20: 21%

NPM

15% ↑12 ppts

9M20: 3%

EBITDA margin

19% ↑11 ppts

9M20: 8%

Order book

\$144.4m

as at 30 Sep 2021

EPS

2.8 cents

↑477%

9M20: 0.5 cents

NAV per share

24.4 cents

↑11%

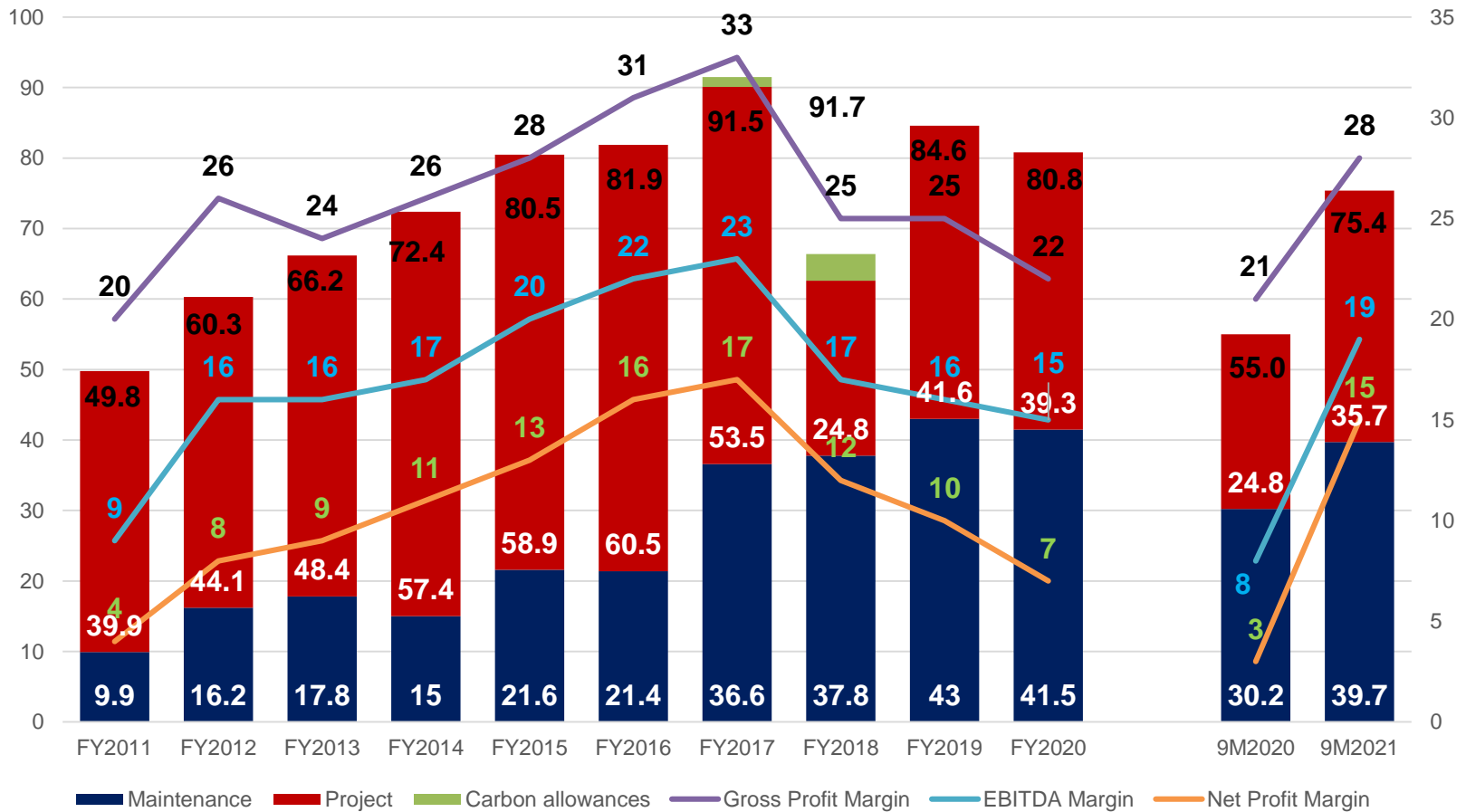
30 Sep 20: 21.9 cents



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Financial Review

Revenue, GP, NP, EBITDA Margins



Balance Sheet Highlights

S\$'000	Unaudited as at 30 Sep 2021	Unaudited as at 30 June 2021
Current Assets	98,587	102,804
Non-current Assets	65,828	66,524
Current Liabilities	60,155	64,524
Non-current Liabilities	9,537	9,618
Total Equity	94,723	95,186
Cash and Cash Equivalents	52,087	56,194
Net Asset Value per share (cents) ^[1]	24.4	24.5

^[1] Computed based on number of 388,000,000 (30 June 21: 388,000,000) ordinary shares, excluding treasury shares



Financial Review

	As at end of								
S\$'000	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	30 Sep 2021
Total Borrowings	21,539	25,320	32,155	28,085	46,612	48,807	44,069	45,873	37,502
Cash and Cash Equivalents	14,852	32,799	35,566	32,325	40,291	39,232	43,200	57,512	52,087
Net Debt/(Cash)	6,687	(7,479)	(3,411)	(4,240)	6,321	9,575	869	(11,639)	(14,585)
Net Gearing Ratio ⁽¹⁾	19%	-19% ⁽²⁾	-10% ⁽²⁾	-11% ⁽²⁾	13% ⁽³⁾	19% ⁽⁴⁾	2% ⁽⁵⁾	-20% ⁽²⁾	-22%⁽²⁾

(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

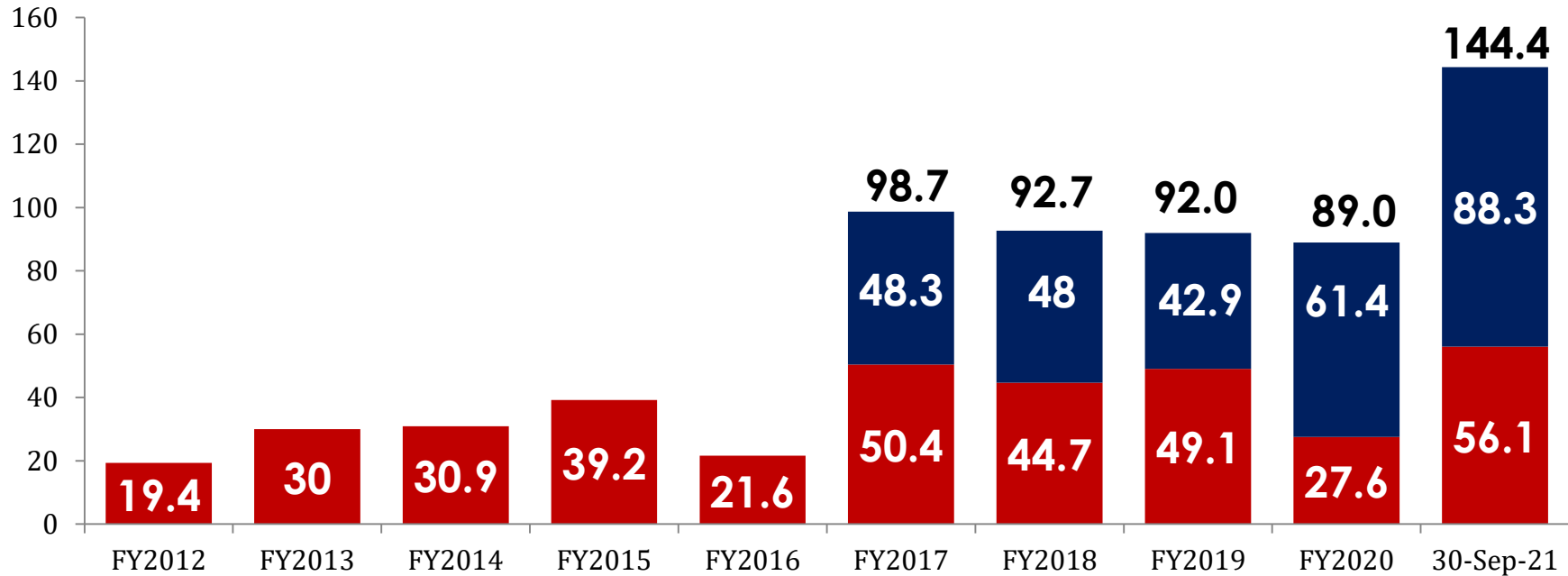
(3) Increase due to \$21 million loan from the acquisition of Ensure in April 2017

(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

Order Book

(S\$m)



■ - Project ■ - Maintenance

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

Oct 19, 2021 - Total value: S\$19.6m

- Petrochemical: refurbishment and maintenance of mechanical equipment at a waste to energy plant
- System integration: manufacture of valves and actuators, control and tank gauging systems for a series of 16 vessels. Total 56 outstanding vessel contracts
- Precision Engineering: capital contracts for machining and mechanical assembly
- Insulation and Scaffolding: insulation and scaffolding work
- Cleanroom: ad-hoc and maintenance services contracts to supply, install, tools hook-up services and supply and install water treatment system

Aug 4, 2021 - Total value: S\$35.6m

- Cleanroom: ad-hoc and maintenance services contracts to supply, install, tools hook-up services and supply of spares
- Precision Engineering: capital contracts for machining and mechanical assembly
- Insulation: capital project for insulation work
- Scaffolding: capital project and renewed maintenance contract for scaffolding work
- Scaffolding and Petrochemical: scaffolding work and inspection and load testing of lifting equipment and pressure vessels
- System integration: manufacture of valves and actuators, control and tank gauging systems.

Contracts Win

May 24, 2021 - Total value: S\$24.2m

- Insulation: newly acquired maintenance contract for thermal spray aluminium work
- Petrochemical: newly acquired tank cleaning work. Mechanical repairs and renewal of operation and maintenance of waste to energy plant.
- Cleanroom: supply and install air pollution control scrubbers and water treatment plant and renewal of mechanical and tools hook-up services
- Precision Engineering: capital contracts for machining and mechanical assembly
- System Integration: capital contracts for manufacture of valves remote control and tank gauging systems and retrofitting valves remote control system

Feb 28, 2021 - Total value: S\$62.3m

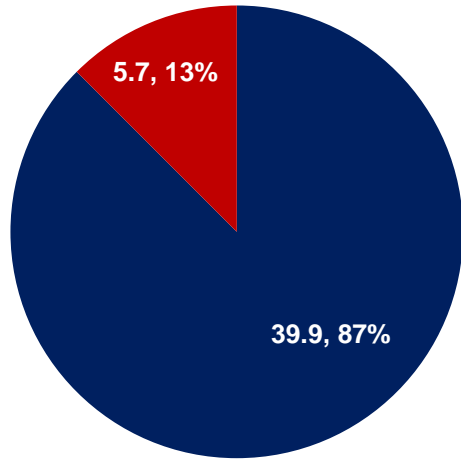
- Insulation: capital project and newly acquired maintenance contract for scaffolding, insulation and painting work
- Scaffolding: capital project and renewed maintenance contract for scaffolding work
- Petrochemical and Cleanroom: renewed and new maintenance contracts for servicing and maintenance of sludge, grit and related equipment at various water reclamation plants and mechanical and tools hook-up services.
- Precision Engineering and System Integration: capital contracts for machining and mechanical assembly and manufacture of valves remote control and tank gauging systems.



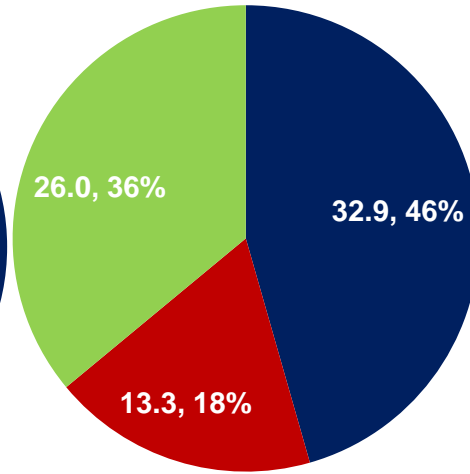
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Revenue Contribution by Services

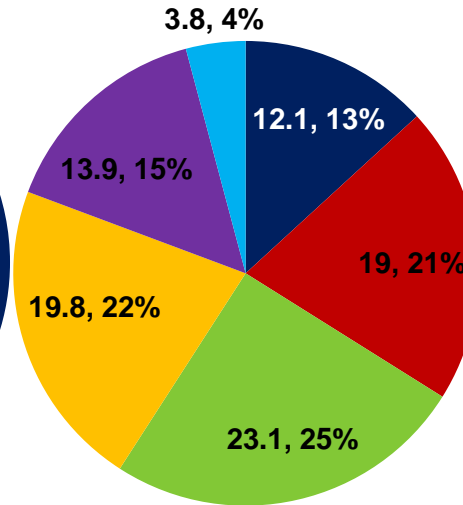
FY2010



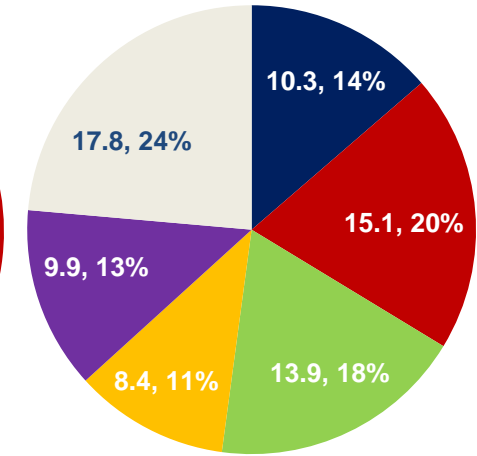
FY2014



FY2018



9M2021



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

Note: Combined contracts between the entities such as SIP contracts are reflected in the entity who won the contracts. Value is approximately FY17:\$1.3m, FY18:\$3.6m, FY19:\$2.1m, FY20:\$2.3m, 1Q21:\$1.2m

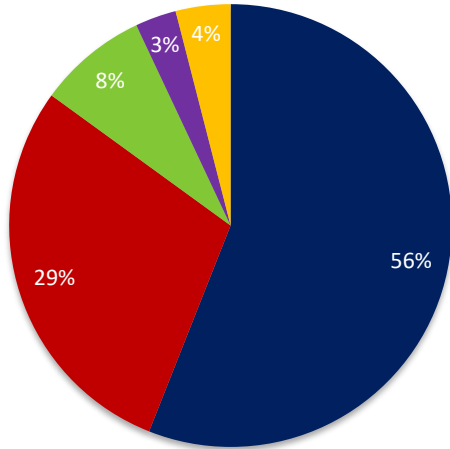
The acquisition of Multiheight in 2011 has effectively reduced industry-specific risk and supported the Group's consistent revenue growth. The acquisitions of Austin Energy in 2015 and Ensure Engineering in 2017 and Envipure in 2019 have further diversified the Group's revenue stream and stimulated revenue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



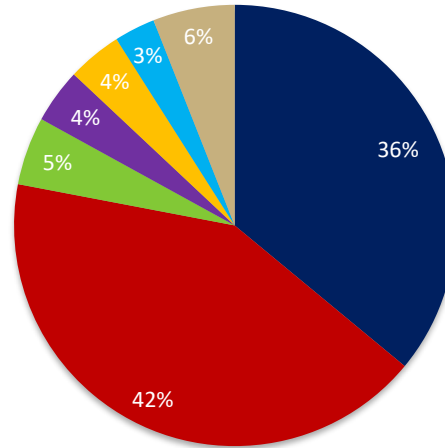
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Revenue Contribution by Industry

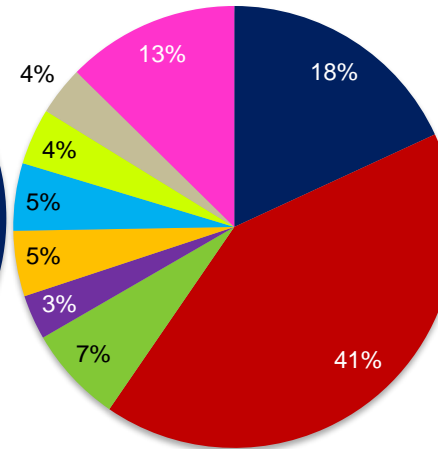
FY2014



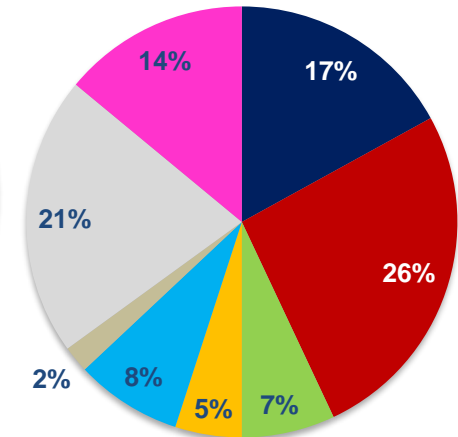
FY2016



FY2018



9M2021



- Onshore/Downstream
- Marine/Upstream
- Electronics Manufacturing System
- Onshore/Infrastructure
- Analytical Instrumentation
- Medical equipment/Industrial /manufacturing
- Pharmaceutical
- Aerospace
- Semiconductor
- Carbon allowances

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Dividends Paid/Payable

Payment date	Financial Year	Final / Interim / Special	Amount per share (cents)	Payout ratio	
Sep 3, 2021	2021	Special	0.200	10%	
Sep 3, 2021	2021	Interim	0.780 ⁽¹⁾	40%	
May 14, 2021	2020	Final	0.362	40%	
Sep 4, 2020		Interim	0.187		
May 14, 2020	2019	Final	0.419		
Sep 5, 2019		Interim	0.429		
May 14, 2019	2018	Final	0.353		
Sep 5, 2018		Interim	0.779		
May 14, 2018	2017	Final	0.873		
Sep 5, 2017		Interim	0.653		
May 12, 2017	2016	Final	0.731		
Sep 2, 2016		Interim	0.5372		
May, 13 2016	2015	Final	0.65		
Sep 8, 2015		Interim	0.40		
May 21, 2015	2014	Special	0.25		25%
May 21, 2015		Final	0.25		
May 15, 2014	2013	Final	0.25		16%
May 15, 2013	2012	Final	0.25		22%
May 21, 2012	2011	Final	0.25	56%	
May 16, 2011	2010	Final	0.53	30%	
Total			9.1332		

Note 1: Highest interim dividend paid



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Nordic's Share Buyback – renewed on 26 April 2021 AGM

MONTH OF ACQUISITION	QUANTITY	CUMULATIVE VOLUME	CUMULATIVE % OF TOTAL NO OF ISSUED SHARES **
<i>Share Buyback by way of Market Acquisition</i>			
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
January 2021	175,000	11,275,000	2.82
February 2021	268,000	11,543,000	2.89
March 2021	171,100	11,714,100	2.93
April 2021	90,000	11,804,100	2.95
May 2021	174,800	11,978,900	2.99
June 2021	21,100	12,000,000	3.00
VOLUME WEIGHTED AVERAGE PRICE		\$0.2179	

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%

12 November 2021 :

Director / Executive Officer	No. of shares held	% shareholdings*
Chang Yeh Hong	218,017,325	56.19%
Eric Lin Choon Hin	44,050,000	11.35%
Dorcas Teo Ling Ling	32,319,500	8.33%
Lee Kok Keng Andrew	1,061,800	0.27%
Chia Meng Ru	1,871,600	0.48%
	297,320,225	76.62%

* Calculated based on 388,000,000 ordinary shares



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Corporate Development



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Corporate Development

Avitools Group is in the business of designing, building of tooling systems, and provision of turnkey production solutions in high mix, low volume niche industries, serving customers mainly from the marine, oil & gas, aerospace, medical, electronic manufacturing services and semiconductor industries.

Due to the US and China tension and disruptions in the supply chain, opportunity arose for Avitools to set up operation in Singapore.

Avitools Singapore was incorporated on 14 October 2021.



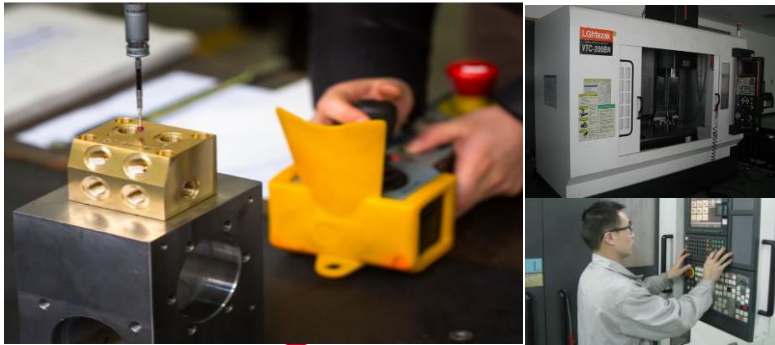


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Avitools Group Corporate Milestone

2004

Nordic Flow Control acquired Avitools business



2021

Incorporation of Avitools Singapore Pte Ltd



2005

Incorporated Avitools Suzhou.



Factory size and staff strength increased from 1400sqm and 7 in 1998 to 6000sqm and 100 in Suzhou. Avitools Singapore has 5 staff and will expand its factory to 2000sqm



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Avitools Key Customers

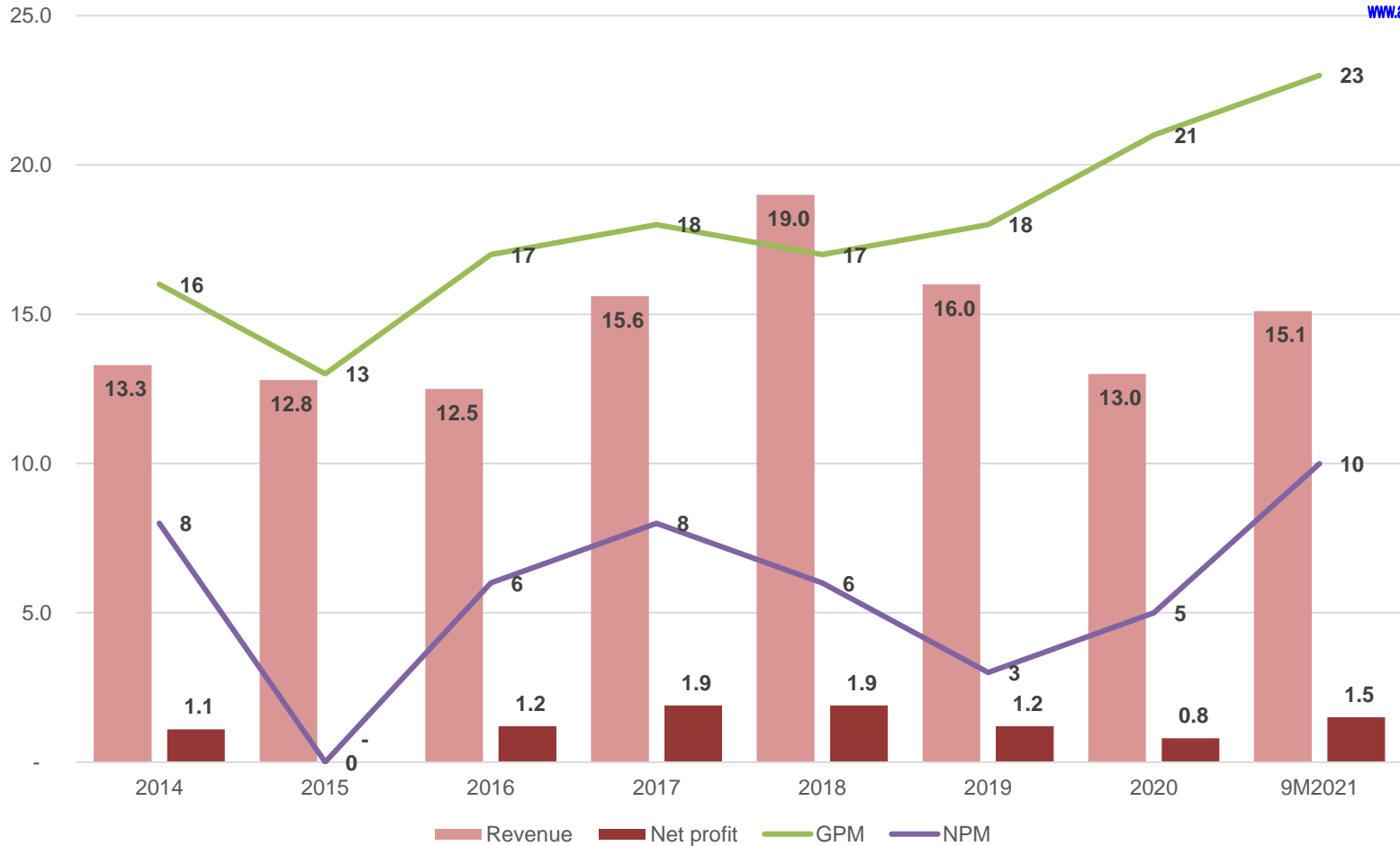
Customer Lists	Industries
Kulicke and Soffa	Semiconductor
GE Oil & Gas	Oil & Gas
Ingersoll Rand	Centrifuge
SAM (Singapore Aerospace Manufacturing)	Aviation
Primus International	Aviation
Malvern Panalytical	Analytical Instrumentation
ThermoFisher	Analytical Instrumentation
HBM	Test & Measurement
ASM	Semiconductor
Zollner	EMS
Siemens	Medical
CBE	Filling & Packaging





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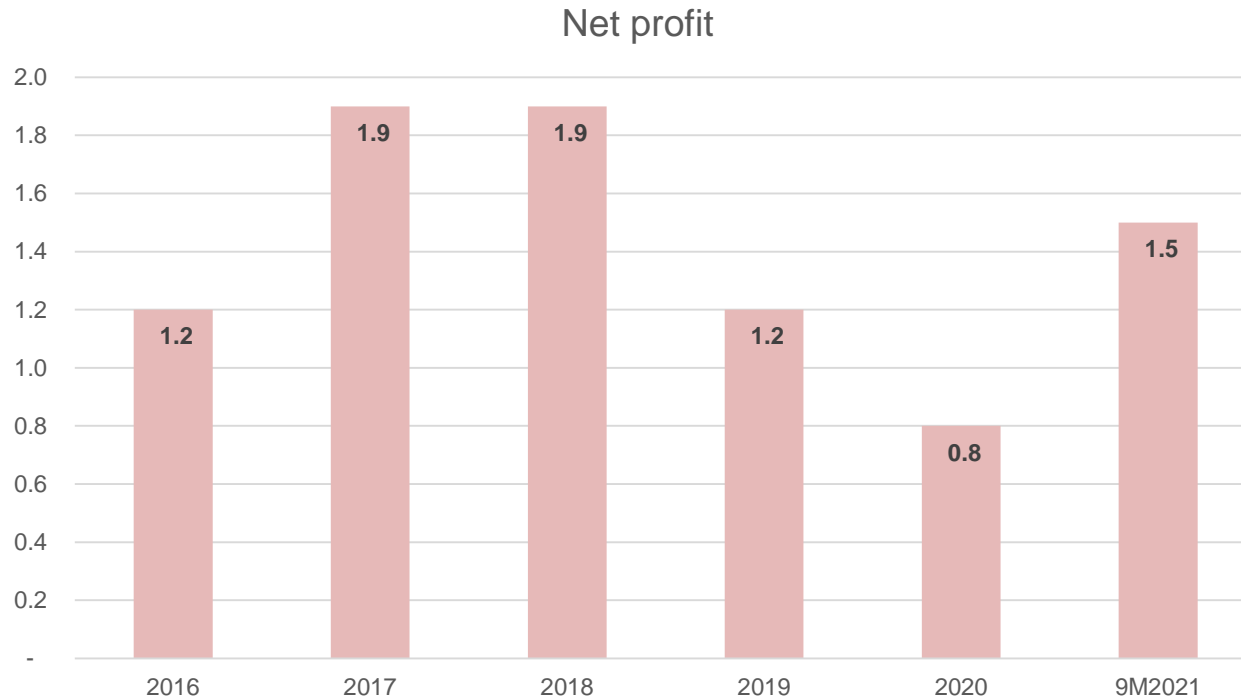
Avitools Group Revenue, Net Profit, GPM & NPM





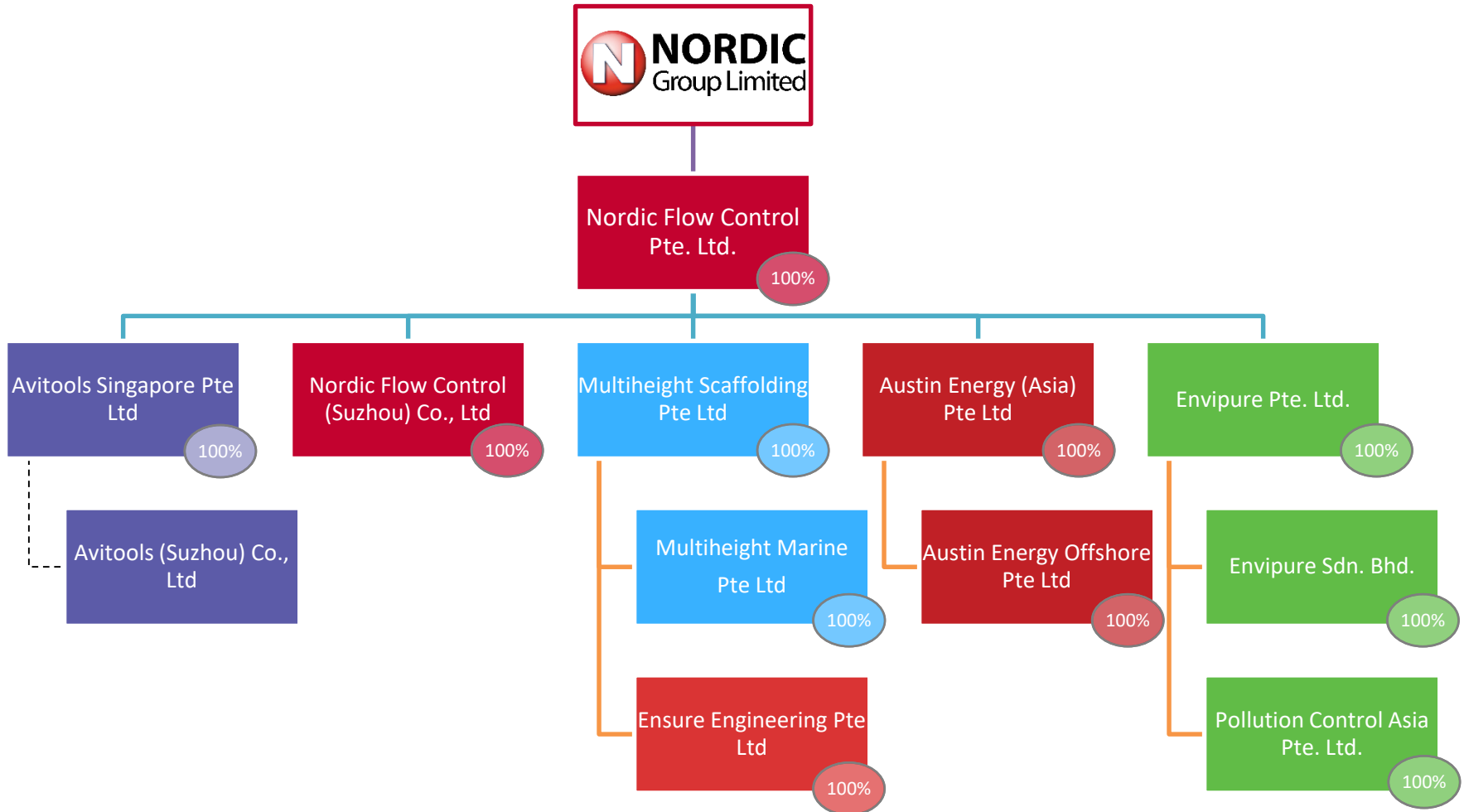
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Avitools Group Net Profit



Compound annual growth rate from 2016 to 2021 (extrapolated) is
Revenue: 8%; Net profit: 11%

Group Structure



In process of restructuring Avitools Suzhou to be wholly owned by Avitools Singapore for future corporate actions



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M&A



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Starburst Holdings Limited

1. Listed on Catalist Board of the SGX-ST on 10 July 2014
2. Pre conditional voluntary offer
3. \$0.238 cents per share totaling \$59.1m
4. Undertaking from 2 shareholders Edward Lim and Yap Tin Foo to accept offer totalling 69.7% at \$41.2m
5. 90% acceptance of offer required to delist Starburst



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About Starburst Holdings Limited

1. Engineering group specialising in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups
2. Developed a proprietary line of anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, under our “Searls” trademark
3. Customers are law enforcement, military, security agencies and civil authorities
4. More than 20 years experience in this niche industry
5. Operating in Southeast Asia and the Middle East
6. Order book is approximately \$90m from Annual Report 2020



Synergies

1. Engineering competencies, know-how and resources of both Groups are complementary, and maybe transferred and assimilated to build economies of scale and cost efficiencies and enhance overall productivity
2. Add civil and mechanical form structure products and services to Nordic Group
3. Increase market and client base by adding new clients and new sectors to both Groups
4. Strong potential for cross-selling of Nordic Group's mechanical, electrical and instrumentation, insulation and scaffolding services to the clients of Starburst Group



Assumptions – for Illustration Purposes

1. Starburst and NGL numbers are extracted from the 30 June 2021 announcements on SGXNet
2. Profit and Loss Metrics proforma are adding 6 months results in 1 above
3. Balance Sheet Metrics are assuming completion of 100% on 30 June 2021
4. Proforma NAV per share is calculated based on 388 million shares
5. Proforma gearing ratio assumes new debt of \$41.2 million
6. Estimated goodwill and intangibles \$17.2m if completion is on 30 June 2021
7. Proforma EPS is calculated based on proforma NP x 2 over 388 million shares
8. PE ratio is calculated using share price as of 17 Nov 2021: Starburst at 23 cents and NGL at 36 cents. Proforma PE ratio is using NGL share price at 36 cents
9. Key Investment Metrics proforma numbers are using 6 months x 2
10. Book value per share is calculated based on 248 million shares for Starburst and 388 million shares for NGL



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Profit and Loss Metrics

HY2021	Starburst	NGL	Proforma
Revenue	20,492	49,172	69,664
GP	12,353	13,989	26,342
PBT	9,013	8,169	17,182
NP	7,435	7,797	15,232
EBITDA	9,606	10,437	20,043
GPM	60%	28%	38%
NPM	36%	16%	22%
EBITDA Margin	47%	21%	29%

In thousands



Balance Sheet Metrics

	HY2021	Starburst	NGL	Proforma
Current assets		27,011	102,804	129,815
Non current assets		29,397	36,778	66,175
Goodwill and intangible assets		-	29,746	46,946
Current liabilities		5,940	64,524	70,464
Non current liabilities		13,374	9,618	22,992
Net assets value		37,094	95,186	89,076 ⁽¹⁾
Total borrowings		13,923	43,647	98,770
Cash & cash equivalents		12,943	56,194	69,137
NAV (cents)		14.94	24.53	22.34
Gearing ratio (times) ⁽²⁾		0.03	(0.13) ⁽³⁾	0.34 ⁽⁴⁾
Interest coverage ratio (times)		52.50	39.17	45.17 ⁽⁴⁾ ⁽⁵⁾

(1) Decrease is due to goodwill and intangible asset

(2) Gearing = total borrowings less cash divide by net asset value.

(3) Net cash

(4) Assume new debt of \$41.2million

(5) If include interest expense of \$1m from new loan of \$41.2 million, interest coverage ratio will be 19.46

(6) Numbers are in thousands

Key Investment Metrics

	HY2021	Starburst	NGL	Proforma
EPS (cents)		2.99	2.00	7.85
PE ratio		7.69	18.00	4.59
ROIC ⁽¹⁾		45.10%	28.45%	35.26%
ROA		13.18%	4.60%	12.53%
ROE		20.04%	8.19%	34.20%
Book value per share		0.15	0.25	0.27
Dividend yield		2.61%	2.72%	8.72% ⁽³⁾
Dividend payout ratio		20.04%	40.00% ⁽²⁾	40.00%

(1) Means that for every \$1 of capital invested in the business, the company earned about \$45.10 (Starburst) \$28.45 (NGL) and \$35.26 (Proforma) in profit. Calculated based on extrapolated profit before interest and tax/tangible capital employed which is tangible non-current asset + current asset – current liabilities excludes borrowings – excess cash

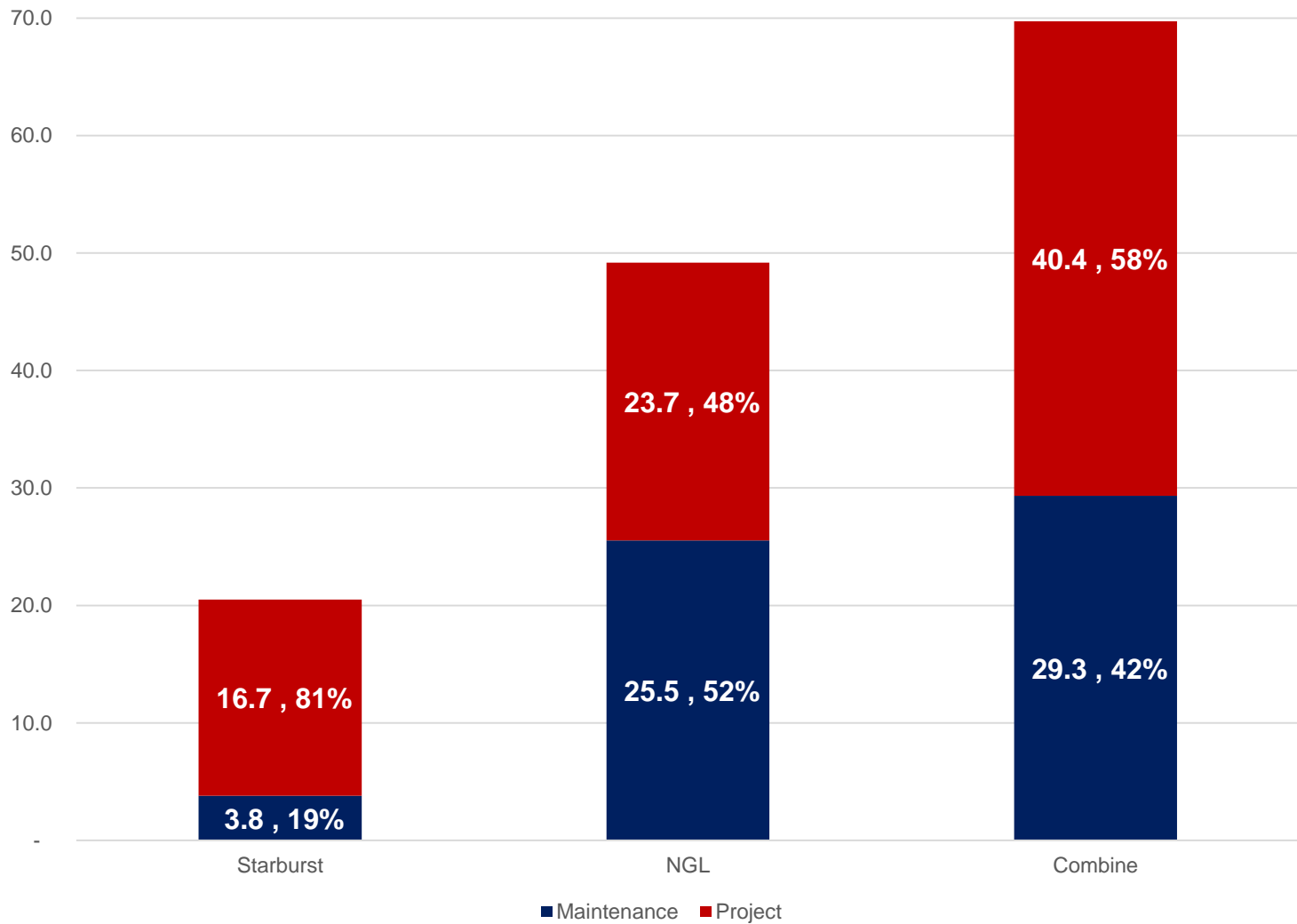
(2) Excluding special dividend of 0.2 cents

(3) Net profit \$15,232,000 x 2 x 40% = \$12.2 million divided by 388 million ordinary shares. Share price is 36 cents



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Project and Maintenance HY2021 Revenue





Building Momentum, Capturing Opportunities

Thank you for your time.

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