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## Nordic’s Earnings Grew 22% to S\$3.7 million in 2Q2017

- Group’s 2Q2017 revenue increased by 10% to S\$24.0 million despite persistent weakness in the offshore marine and oil and gas industries
- Maiden revenue contribution from newly-acquired Ensure Engineering Pte Ltd helped to boost financial performance and diversify the Group’s exposure to its key industries
- Group’s outstanding order book stood at approximately S\$111.5 million as of 30 June 2017 and will provide sustainable revenue streams till FY2020
- To reward shareholders, the Group declared an interim dividend of 0.653 Singapore cents per share, maintaining its dividend payout ratio of approximately 40%

Singapore, 14 August 2017 – Nordic Group Limited (“Nordic” or the “Group”), a SGX-Mainboard listed company, and provides system integration solutions, repair and overhaul (MRO), precision engineering, scaffolding and insulation services and 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\$3.7 million for the three months ended 30 June 2017 (“2Q2017”). Financial highlights are as follows:

Financial Highlights	2Q2017	2Q2016	Chg	1H2017	1H2016	Chg
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Revenue	24,047	21,812	10	43,970	41,623	6
Gross Profit	8,064	6,864	17	14,168	13,154	8
Gross Profit Margin	33.5%	31.5%	2.0 ppts	32.2	31.6	0.6 ppts
Net Profit after tax attributable to Equity Holders	3,721	3,057	22	6,531	5,372	22
Net Profit Margin	15.5%	14.0%	1.5 ppts	14.9%	12.9%	2.0 ppts
Basic Earnings Per Share (cents)*	0.9	0.8	13	1.7	1.4	21

\* Based on weighted average number of 393,159,000 ordinary shares for 2Q2017 and 393,167,000 ordinary shares for 1H2017 (2Q2016: 394,097,000; 1H2016: 394,479,000)

Ppts: Percentage Points

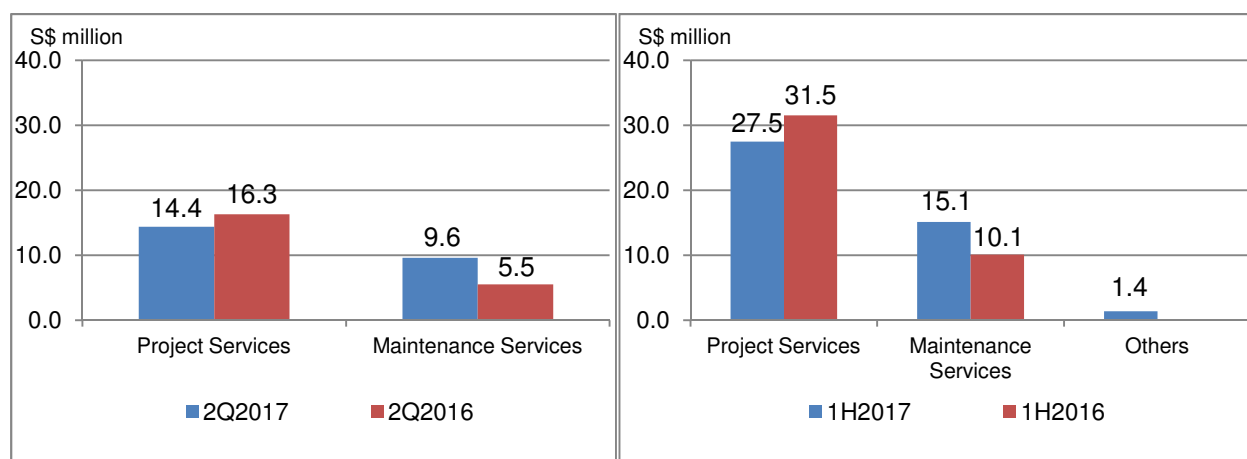
## Financial Review

The Group's revenue increased by 10% from S\$21.8 million in 2Q2016 to S\$24.0 million in 2Q2017, mainly attributed to additional revenue source from Ensure Engineering Pte Ltd ("**Ensure**") to the Group's Maintenance Services business unit. On 28 April 2017, the Group acquired 100% of Ensure for approximately S\$17.3 million.

Gross profit rose by 17% from S\$6.9 million in 2Q2016 to S\$8.1 million in 2Q2017 because of maiden revenue contribution from Ensure. Gross profit margin also improved slightly from 32% in 2Q2016 to 34% in 2Q2017 due to better margins registered by the Maintenance Services business segment.

The Group incurred higher administration expenses of S\$3.1 million in 2Q2017, as compared to S\$2.6 million in 2Q2016, as a result of additional operating costs associated with Ensure.

## Revenue by Business Segment



Revenue from the Group's Project Services business segment declined from S\$16.3 million in 2Q2016 to S\$14.4 million in 2Q2017 as the Group completed fewer projects in 2Q2017. However, revenue from Maintenance Services almost doubled from S\$5.5 million in 2Q2016 to S\$9.6 million in 2Q2017 attributable to the additional income stream from Ensure.

Despite continual weakness in the offshore marine and oil and gas industries, the Group managed to grow its basic earnings per share by 13% from 0.8 Singapore cents in 2Q2016 to 0.9 Singapore cents in 2Q2017\*. (star is not defined)

The Group continued to maintain a robust balance sheet as at 30 June 2017, with cash and cash equivalents of S\$39.0 million. The Group also saw its net asset value per share increased from 17.0 Singapore cents as at 31 December 2016 to 17.9 Singapore cents as at 30 June 2017<sup>1</sup>.

The Group is recommending an interim dividend per share of 0.653 Singapore cents to reward its valued shareholders while maintaining a dividend pay-out ratio of approximately 40%.

<sup>1</sup> Based on the 393, 113,000 ordinary shares on issue excluding treasury shares as of 30 June 2017 (31 December 2016: 395,175,000)

### **Business Outlook**

The Group's outstanding order book stood at approximately S\$111.5 million including maintenance contracts as of 30 June 2017. 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 FY2020. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by customers.

The acquisition of Ensure would enable the Group to diversify its exposure away from the offshore marine and oil and gas sectors, adding customers like Public Utility Board (PUB) and National Environment Agency (NEA) etc. amongst others and provide recurring income for the Group. Majority of Ensure's business involves maintenance services type of contracts.

The Group's contract winning momentum remained strong as the Group announced it had clinched several contracts with a total value of approximately S\$38.9 million on 11 May 2017. S\$35.0 million of these contracts include scaffolding, insulation and coating works for a multinational petrochemical company for a period of 3 years starting from 1 June 2017.

On 29 June 2017, the Group secured approximately S\$9.6 million worth of contracts comprising of multinational companies in the offshore marine, oil and gas, infrastructure and petrochemical industries. Notably, Ensure secured approximately S\$4.6 million worth of maintenance contracts from repeat customers. One of the contract is for the provision of logistics services for the management of aircraft spare parts, components and tools for a period of 2 years starting from September 2017 with an option to renew for another 2 years.

Commenting on the Group's positive financial performance for 2Q2017 and its improving business outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said, ***"Our Group is extremely delighted to be able to consistently deliver positive revenue and earnings growth while maintaining a cautious outlook in the key sectors which we operate in. Our Group has benefited immensely from our strong balance sheet, net operating cash flow position and prudent risk management culture in challenging times. As such, our Group was able to capitalize on opportunities like the recent acquisition of Ensure."***

***The acquisition of Ensure is in line with our Group's core strategy to grow the Group's business both organically and inorganically. Critically, Ensure would allow the Group to gain a foothold in serving public environment agencies, infrastructure projects and the aviation industry. Ensure would also boost our Maintenance Services business unit and generate additional recurring income streams for the Group moving forward. The acquisition of Ensure is another step in the right direction for the Group to mitigate its risks in the offshore marine and oil and gas sectors. Moreover, our Group has established an excellent track record of assimilating acquisitions into the Group and harnessing synergies among them."***

***Barring any unforeseen circumstances, our Group expects to maintain our profitability going forward as we focus on enhancing returns for our valued shareholders. Our Group has declared an interim dividend of 0.653 Singapore cents per share to reward shareholders for their loyalty."***

~ 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 serving mainly the marine, offshore oil and gas, petrochemical and pharmaceutical industries.

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.

Multiheight Scaffolding Pte Ltd and its subsidiary ("Multiheight Group") fronts the Group's **Scaffolding Services** division, and 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.

In June 2015, Nordic acquired Austin Energy (Asia) Pte Ltd and its subsidiary ("AE Group"), which specialises in comprehensive **Insulation Services** (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 engineering 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.

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Issued for and on behalf of Nordic Group Limited

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