

# Nordic Group Limited

Proposed Acquisition of Multiheight Group

Analyst Briefing

*31 May 2011*





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2. About Multiheight
3. Financial highlights
4. Indicative timetable

# Proposed acquisition

## Proposed acquisition of Multiheight Group



Nordic Flow Control to purchase:-

- ◆ **100%** equity interest in
  - Multiheight Scaffolding Pte Ltd (MHS)
  - Multiheight Marine Pte Ltd (MHM)
- ◆ **49.0%** equity interest in Multiheight International Co. LLC (MHI)

### Purchase Consideration

- 60% x audited consolidated PAT of Multiheight Group for FY2010 x 3.8
- 20% x audited consolidated PAT of Multiheight Group for FY2011 x 3.8
- 20% x audited consolidated PAT of Multiheight Group for FY2012 x 3.8

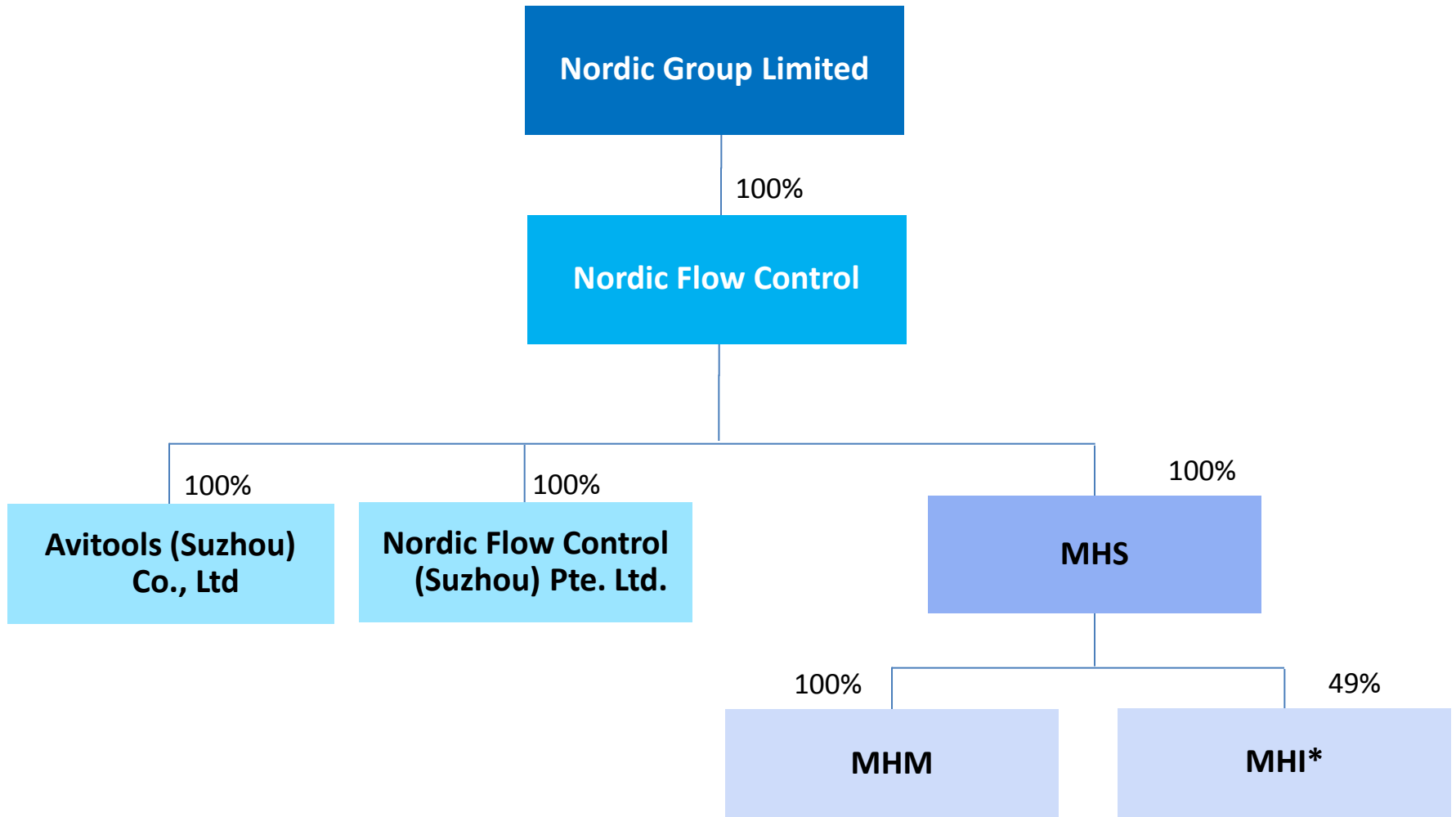
Provided that the aggregate Consideration shall be capped at S\$47.0 million

### Funding

To be fully settled in cash through:-

- Nordic's IPO proceeds
- Bank borrowings
- Internally generated funds

# Group structure after the acquisition



*\* The remaining 51% equity interest of MHI is held by Abdulla Bin Nasser Al Thani Group*

# Key benefits

## More products & services

Enables Nordic to **expand its range of products and services and customer base** by tapping into new customers in the onshore oil and gas sector and process industries

To introduce **existing Nordic products and services** to the customers of Multiheight Group in the onshore oil and gas sector

## Enhances revenue streams

Increases **scale of Nordic's revenue and profits** in the long run

Expected to provide a **more stable income stream** as approximately 35.0% of the revenue of Multiheight Group's revenue is derived from recurrent maintenance contracts

## Mitigates risks

Mitigates Nordic's **currency exchange risks** as the Multiheight Group's revenue is mainly derived from Singapore and denominated in S\$

Mitigates the **market concentration risk in China** where Nordic derives the bulk of its revenue and profits, and also mitigates the **cyclical risk** in the marine and offshore industry

## Future opportunities

- ◆ Potential growth through **bundling of other add-on services**
- ◆ Further expansion expected in **Jurong Island**; to attract more oil & gas and process companies
- ◆ Provides opportunities for growth for **new plant construction and maintenance services**

# Multiheight's Strengths

1

- ◆ Strong performance
- ◆ Generates strong EBITDA year-on-year

2

- ◆ Strong customer base with long-standing relationship
- ◆ Resident authorised contractor for various customers

3

- ◆ Possess technical capabilities, expertise and infrastructure to execute complex projects

4

- ◆ Excellent safety track record

5

- ◆ Experienced and dedicated management team
- ◆ Experienced workforce

6

- ◆ Large stock holding



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## MULTIHEIGHT

MULTIHEIGHT SCAFFOLDING PTE LTD



One of the market leaders in **metal scaffolding works** with more than 20 years track record, servicing the Oil & Gas, Construction and Marine Industry

*Based in Singapore, with operations in Singapore and the Middle East (Qatar)*

### Business activities

- ◆ Scaffold & system
  - Design
  - Erection
  - Modification
  - Dismantling
- ◆ Rental of scaffold system, components & parts

### Quality standing

- ◆ MOM-approved scaffold contractor
- ◆ MOM Safety Performance Award for 8 years from 2001 to date
- ◆ One of 3 companies who received BizSafe Star Award
- ◆ The first scaffold contractor in Singapore to be awarded the ISO 9001 certificate
- ◆ Other quality awards include:-
  - OHSAS18001: 2007
  - SS506 Part1: 2009

# Corporate milestones

Established in 1990

Started Multiheight Marine Pte Ltd in 1994



Obtained the following certifications:-

-SS506 Part 1: 2009  
-OHSAS18001: 2007



Purchased a property in Commonwealth. TOP in May 2010, and occupied in July 2010

**Early Years: 1990s**

**Growth Years: 2000s**

**Current: 2010 to date**

Secured first large contract (S\$15M) in 1992 with Mobil Oil Singapore for the CCR/Aromatics Project



First scaffolding company to obtain ISO9001 certification in 1997

Purchased a 1-acre workshop at Senoko in 1996  
*(Sold in 2006)*



Expanded operations to the Middle East in 2006



1 of 3 companies to obtain the BizSafe Star Award in 2009

**MOM Safety Performance Award:  
2001 to 2010**

## Accreditations



Ministry of  
Manpower (MOM)  
Approved Scaffold  
Contractor (Metal  
Scaffolds)



OHSAS18001:200  
7 – Erection &  
Dismantling of  
Metal Scaffolding



ISO9001:2008 –  
Erection &  
Dismantling of  
Metal Scaffolding



SS506: Part1:2009-  
Erection &  
Dismantling of  
Metal Scaffolding



Building Construction  
Authority (BCA)  
Registered Contractor  
– CR01 – Minor  
Construction Work



Certified OJT Centre  
(COJTC) awarded by  
Institute of Technical  
Education (ITE)

## Awards by Ministry of Manpower (“MOM”)

### 2010

- ◆ WSH Performance Award (Silver)
- ◆ WSH Awards for Supervisor

### 2009

- ◆ WSH BizSafe Star Award (Special mention and write up by Mr Gan Kim Yong in MOM)
- ◆ WSH Performance Award (Silver)

### 2006 - 2008

#### 2006

- ◆ Annual, Safety & Health Performance Award (Silver)

#### 2007 & 2008

- ◆ WSH Performance Award (Silver) for 2 consecutive years

### 2001, 2002 & 2004

#### 2001

- ◆ Safety Performance Award (Merit)

#### 2002 & 2004

- ◆ Safety Performance Award (Silver) for 2 years

Since 1990

Since 1996

Since 2006

Since 2008

**ExxonMobil** **SMOE**  
**SEMBAWANG SHIPYARD** **Keppel Shipyard**  
**FOSTER WHEELER** **Sankyu**  
**McCONNELL DOWELL** **CHIYODA**  
**DUPONT**  
*The miracles of science™*

**Chevron** **Oronite**  
**Celanese**  
**Shell**  
**APECO**  
 Asia Projects Engineering Pte Ltd

**DM DYNA-MAC**  
**PEC LTD.**  
**Vopak**  
**ROTARY**  
 ROTARY ENGINEERING LIMITED  
**DIALOG**

**Lucite International**  
 Going further **semcorp**  
**Keppel Singmarine** **BASF**  
 The Chemical Company  
**SOXAL** **AIR LIQUIDE**  
**JEL** **Jurong Engineering Limited** **FWP**  
**SUMITOMO CHEMICAL** **LANXESS**  
 Energizing Chemistry  
**MSD** *Be well* **Schering-Plough**

Multiheight is the nominated resident contractor for the following:-



Our Alliance Partners:



# Significant projects



## Singapore: Oil & Gas Industry - Spherical Tank @ Banyan Vopak Terminal

- ◆ Due to the tank shape, this project is highly complex. The procedure for the single skin tanks had to progress with extreme care and the erection of the scaffolds had to be performed in several stages.



## Singapore: Marine Industry - JDA Block B-17 Field Development Project Muda Production Platform (MDPP) for CPOC Project in S.M.O.E. Yard

- ◆ Project lasted for 23 months from 1 Aug 2007 to 31 July 2009.
- ◆ The topsides measured 75.5m(B) x 110m(L) x 26.5mH (the biggest FPSO platform in SE Asia), catered for 2,000 workers and achieving an astonishing milestone of more than 4 million man-hours without LTI. Multiheight has about 120 scaffolds during peak-time, contributing to the safe man-hours too.

# Significant projects



## Singapore: Construction Industry - New AO Plant @ Banyan Ave, Jurong Island

- ◆ The contract value for the provision of scaffolding service for the entire new construction of the plant was S\$2.7M.
- ◆ The chemical production plant was sited on a land plot of 25,200 square metres at Banyan Avenue, Jurong Island.



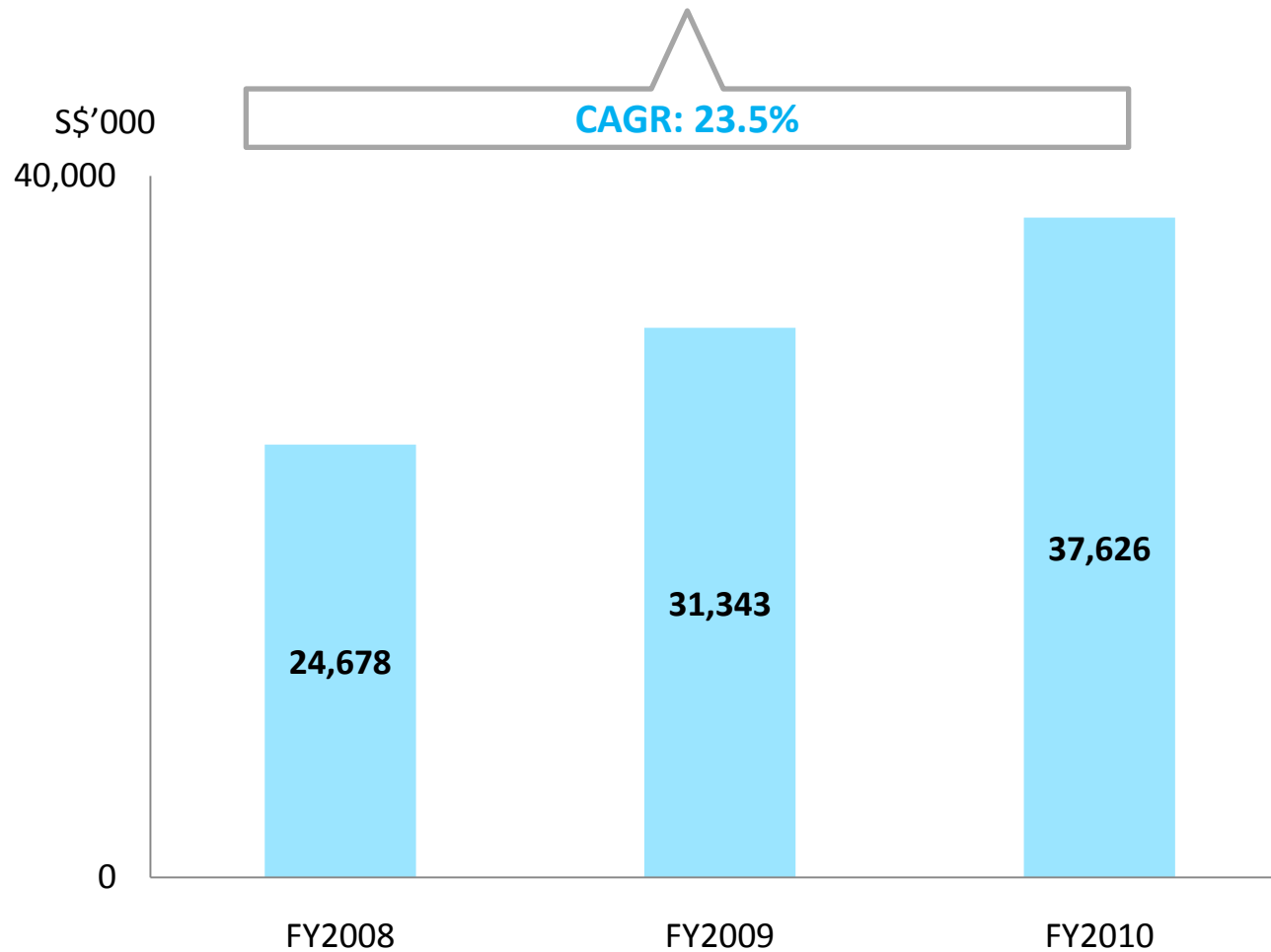
## Qatar: Construction Industry - Qasco Project

- ◆ First project awarded to Multiheight International LLC by Jurong Engineering Limited Qatar Branch (JEL).
- ◆ Work commenced from end 2005 to July 2007.
- ◆ Provided skilled scaffolders and materials in the construction of a new steel mill plant in Mesaieed.

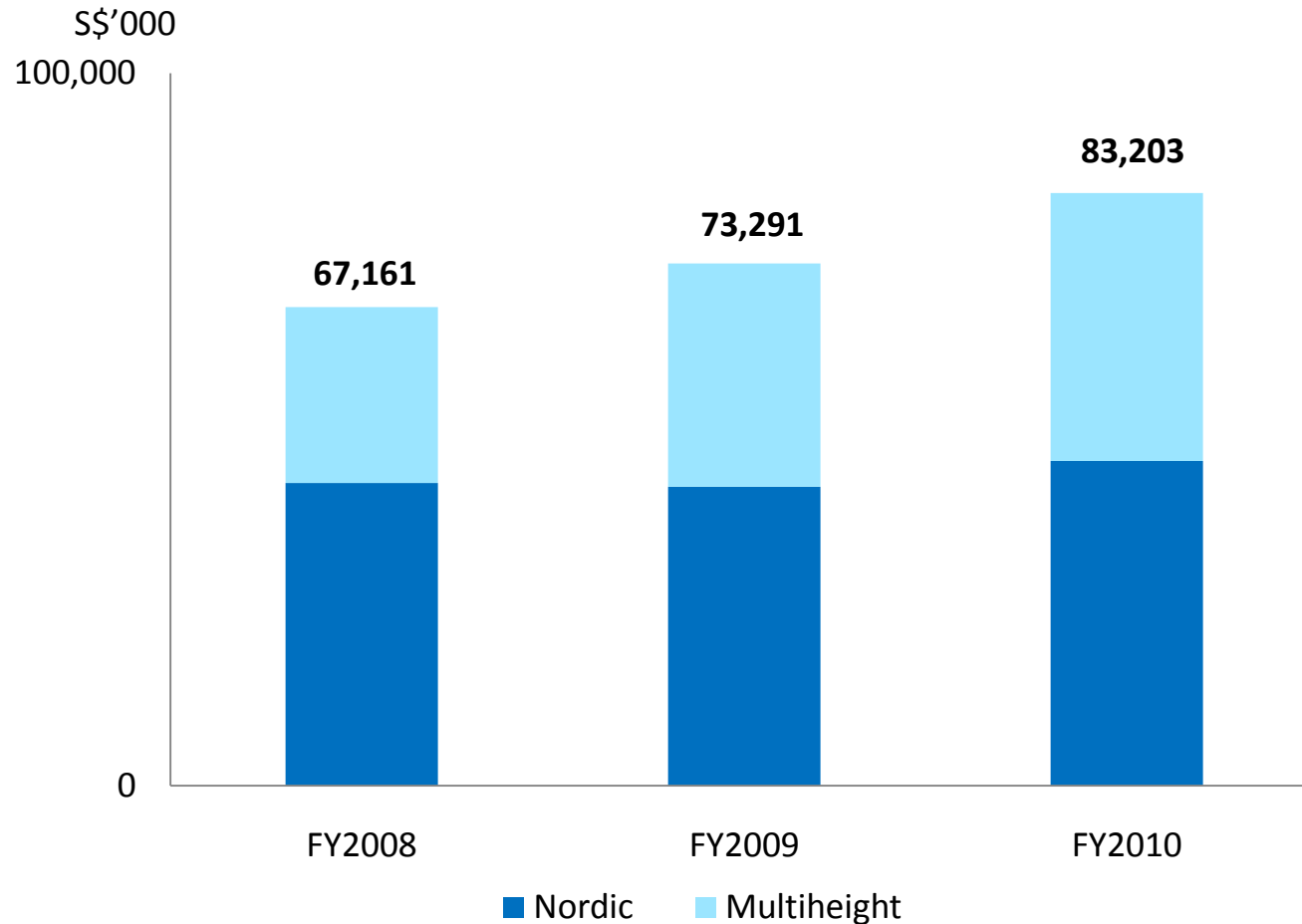


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# Revenue (Multiheight)



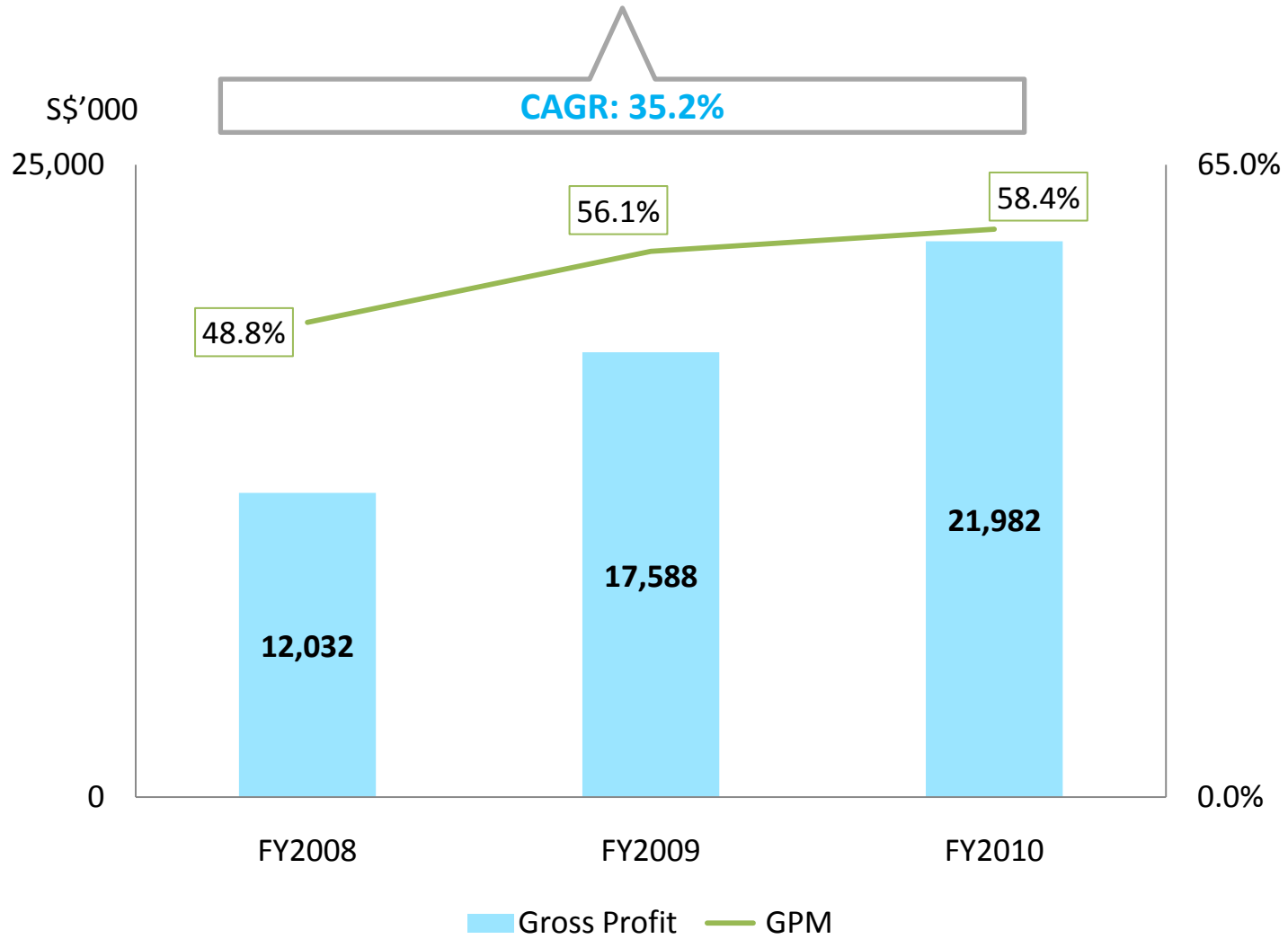
# Revenue (Combined)



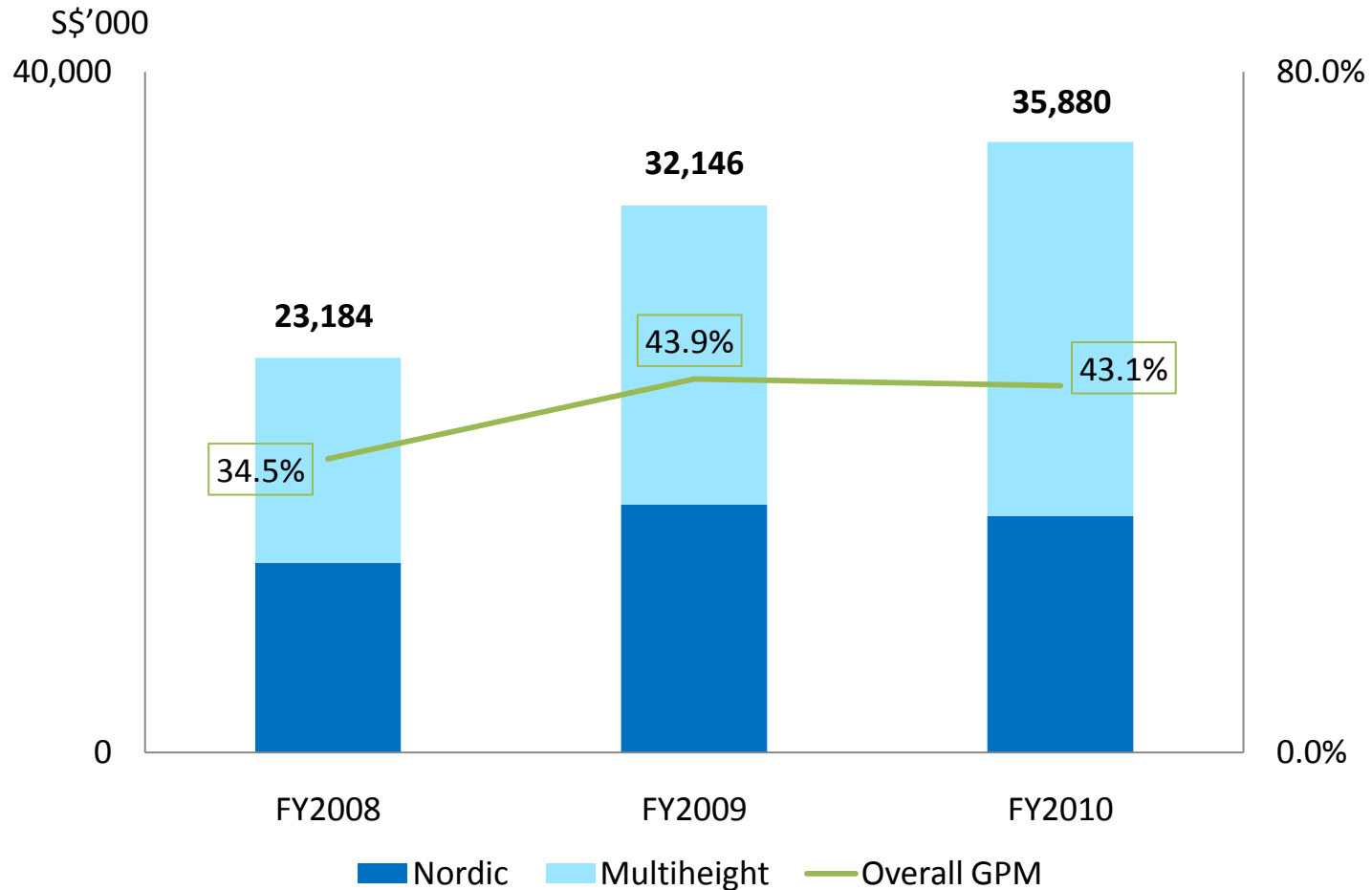
*Subject to adjustments for the following which can only be finalised at point of acquisition completion:-*

- *Recognition of intangible assets and their corresponding amortisation effect for the relevant years*
- *Effect of goodwill on consolidation*

# Gross profit and GPM (Multiheight)



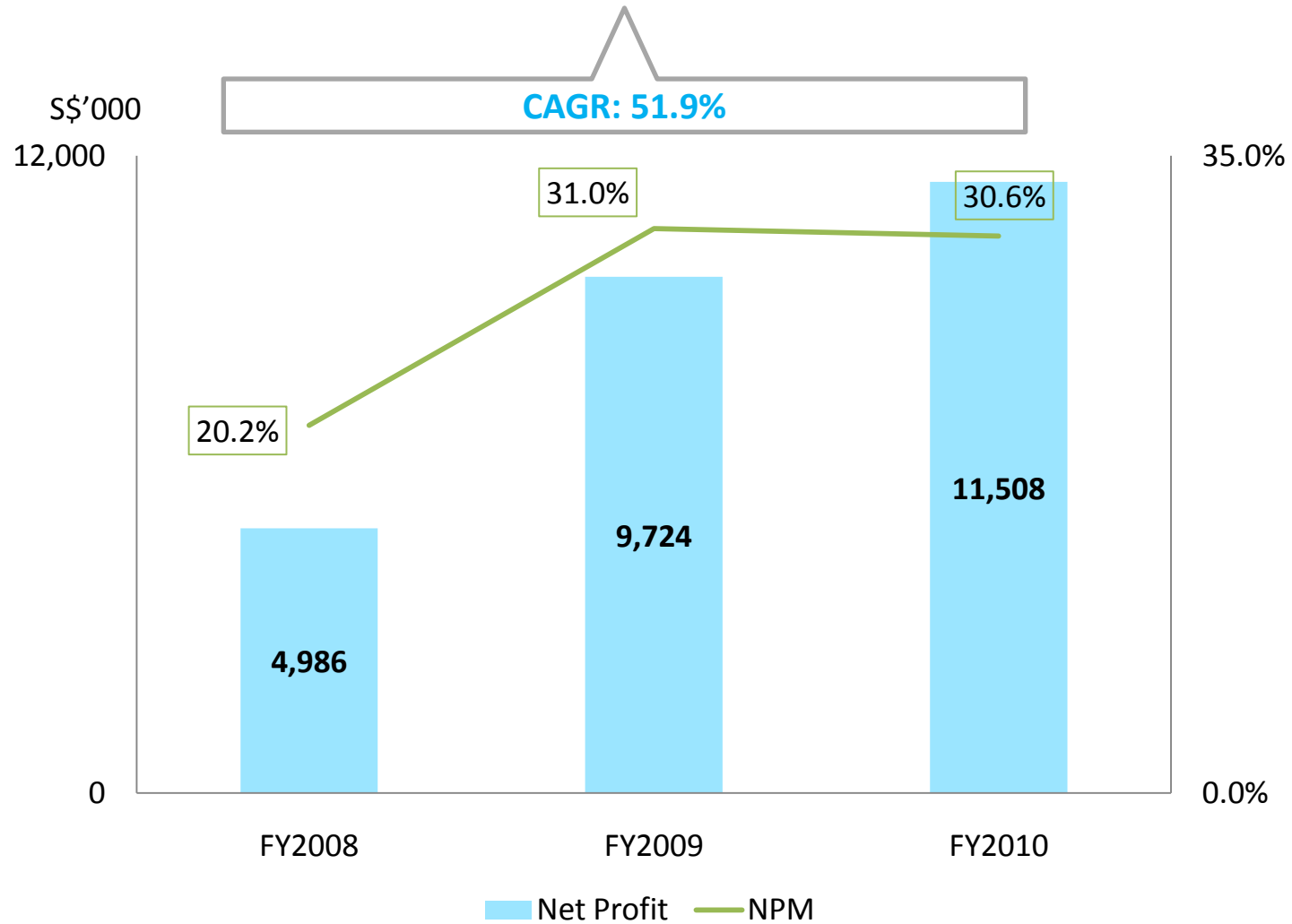
# Gross profit and GPM (Combined)



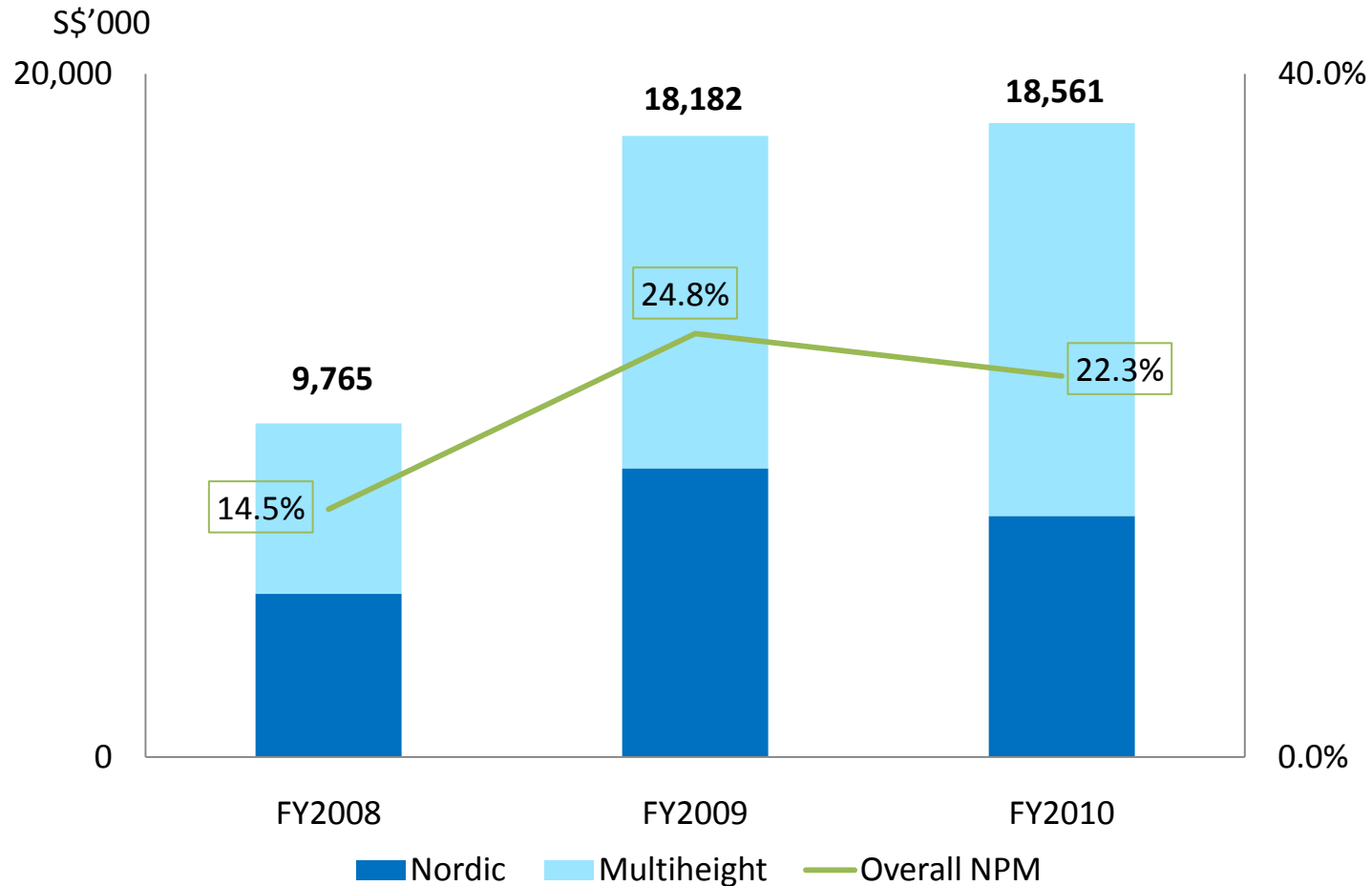
*Subject to adjustments for the following which can only be finalised at point of acquisition completion:-*

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# Net profit and NP margin (Multiheight)



# Net profit and NP margin (Combined)

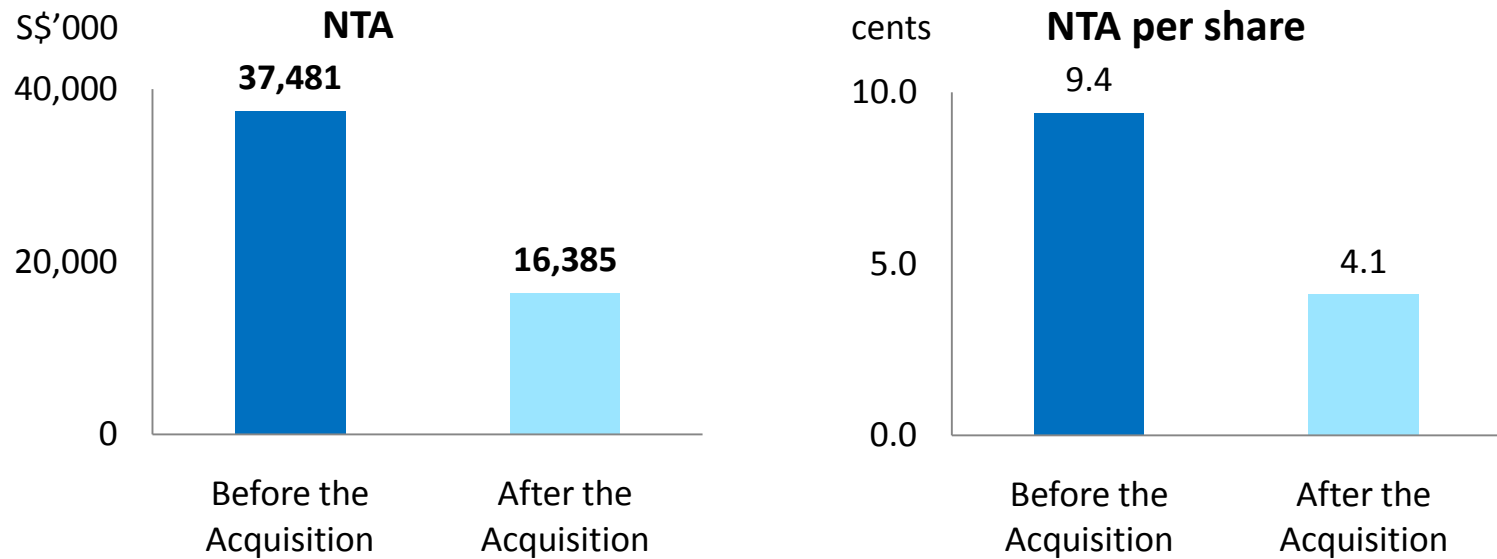


*Subject to adjustments for the following which can only be finalised at point of acquisition completion:-*

- *Recognition of intangible assets and their corresponding amortisation effect for the relevant years*
- *Effect of goodwill on consolidation*

# Proforma NTA

Assuming that the proposed acquisition had been effected at the end of FY2010:-

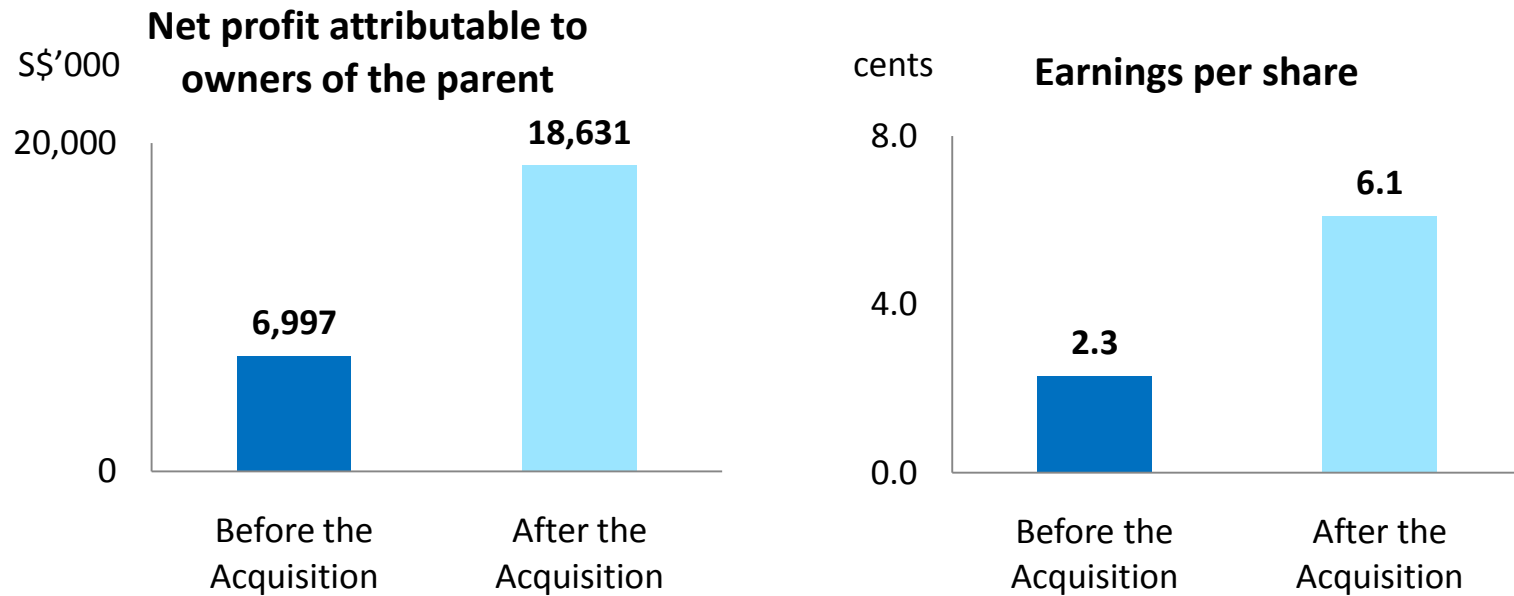


*Based on 400,000,000 shares in issue*

- ◆ The NTA of the Group had decreased substantially due to the effects of recognising certain intangible assets and goodwill on acquisition

# Proforma EPS

Assuming that the proposed acquisition had been effected at the end of FY2010:-

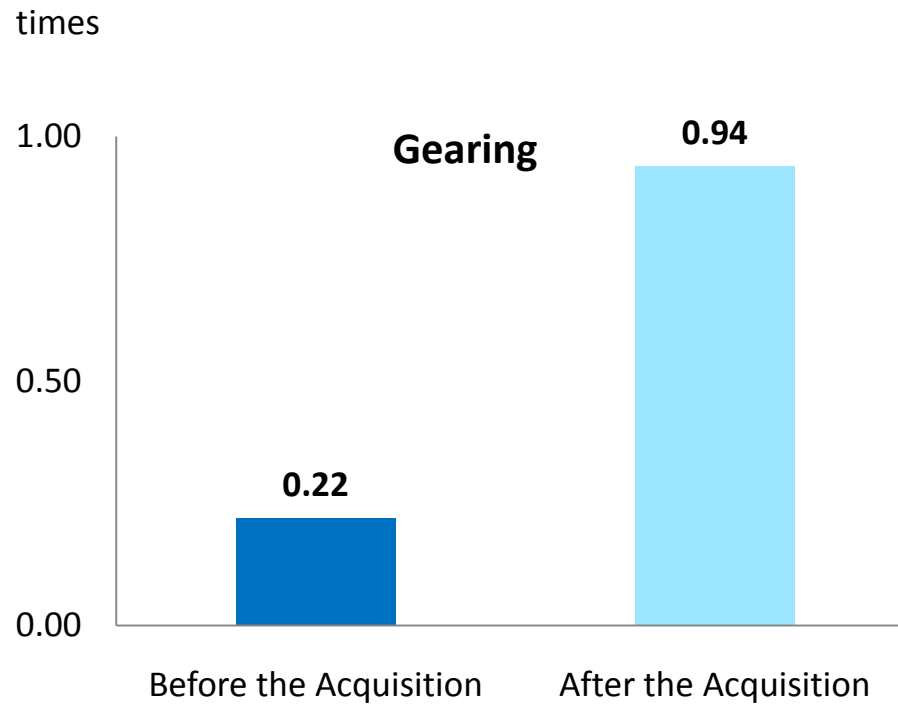


*Based on 305,671,000 weighted average number of Shares*

- ◆ The NTA of the Group had decreased substantially due to the effects of recognising certain intangible assets and goodwill on acquisition

# Proforma gearing

Assuming that the proposed acquisition had been effected at the end of FY2010:-





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# Indicative timetable

Milestone	Timing
SGX approval of Circular	◆ 9 May 2011
Circular despatched to Shareholders	◆ 20 May 2011
Extraordinary General Meeting	◆ 7 June 2011
Completion of acquisition	◆ 1 July 2011

# Oil and Gas growth strategy

- ◆ Develop VAC (valve automation centre ) and system integration capability
- ◆ Expand into larger office and factory in Suzhou
- ◆ Develop strategic partners with actuator and control components
- ◆ Work closely with Multiheight to penetrate into MRO business in Jurong Island



Our Factory : 5400 sqm



Our Office : 1500 sqm

# What we do in VAC



Bare shaft valve



Control panel



Coupling



Hydraulic actuator



Assembly area



Pneumatic actuator

Thank You

Q&As

