



# Investor presentation

Q3 2022

## Business model

Industrial buildings

Public buildings

Residential buildings

Commercial buildings



BUILDINGS



INFRASTRUCTURE

Other infrastructure  
Environmental engineering  
Utility networks

Specialist engineering  
Bridges, viaducts  
Port construction  
Rail construction

Road construction  
and maintenance  
Road construction  
Road maintenance

# STRATEGIC AGENDA FOR 2019–2022

The Group will grow, mostly organically, with a focus on more efficient use of its existing resources.

In Estonia, we will operate, as market leader, in both the building and infrastructure construction segments.

In Sweden, we will focus on general contracting in Stockholm and the surrounding area.

In Finland, we will focus on general contracting and concrete works in Helsinki and the surrounding area.

In Ukraine, we will focus on general contracting and concrete works, primarily in Kiev and the surrounding area.

## BUSINESS LINES AND MARKETS

Improving profitability through more precise planning of our design and construction operations.

Increasing our design and digitalisation capabilities.

Simplifying and automating work and decision-making processes.

Monitoring the balance between the contract portfolios of different business segments.

Valuing balanced teamwork where youthful energy and drive complement long-term experience.

Noticing and recognising each employee's individual contribution and initiative.

## ACTIVITIES

Revenue will grow at least 10% per year.

The contribution of foreign markets will increase to 20% of revenue.

Real estate development revenue will grow to at least 10% of revenue earned in Estonia.

Operating margin per year will be consistently above 3%.

Operating profit per employee will increase to at least 10 thousand euros per year.

On average, at least 30% of profit for the year will be distributed as dividends.

## FINANCIAL TARGETS

# AJAMAJA OFFICE BUILDING AT ROTERMANNI 6

LOCATION  
Tallinn

CUSTOMER  
Rotermann City OÜ

ARCHITECT  
KOKO architects

CONSTRUCTION PERIOD  
April 2019 – April 2021

CONTRACTOR  
Nordecon AS

PROJECT MANAGER  
Oleg Kaas



## PERIOD IN BRIEF

The group's **revenue** for the first nine months of 2022 was €239,175 thousand, roughly 15% larger than in the same period last year when the group generated revenue of €208,894 thousand.

Revenue growth resulted from the Buildings segment whose revenue grew by 26%.

The revenue of the Infrastructure segment decreased by 19%. The decline is attributable to cutbacks in the investments of the largest customer, the Transport Administration.

The group ended the first nine months of 2022 with an **operating profit** of €1,340 thousand (9M 2021: €339 thousand).

**EBITDA** for the period amounted to €3,920 thousand (9M 2021: €2,961 thousand).

Nordecon ended the first nine months of 2022 with a **gross profit** of €5,264 thousand (9M 2021: €4,895 thousand) and a gross margin of 2.2% (9M 2020: 2.3%).

While the gross margin for nine months remained essentially stable, the gross margin for the third quarter, which was 2.7%, decreased compared with the same period last year (Q3 2021: 3.9%).

The group's gross margin was strongly affected by the Infrastructure segment whose performance was significantly weaker than a year earlier.

The group's **order book** stood at €188,847 thousand at 30 September 2022, reflecting a 36% decrease year on year.

In the third quarter of 2022, we signed new contracts of €48,408 thousand (Q3 2021: €102,326 thousand).

The group's **administrative expenses** for the first nine months of 2022 amounted to €5,139 thousand.

Compared with the same period last year, administrative expenses grew by around 20% (9M 2021: €4,267 thousand) due to a general uptrend in the cost of goods and services and growth in personnel expenses.

The ratio of administrative expenses to revenue (12 months rolling) remained essentially stable at 2.2% (9M 2021: 2.1%).

**Operating** activities produced a **net cash** outflow of €205 thousand in the first nine months of 2022 (9M 2021: an inflow of €2,438 thousand).

Operating cash flow is increasingly affected by the need to make prepayments to materials suppliers, as well as increased contractual retentions, which extend from 5 to 10% of the contract price.



# KOHTLA-JÄRVE SPORTS AND HEALTH CENTRE

## LOCATION

Kohtla-Järve, Ida-Viru County

## CUSTOMER

Kohtla-Järve City Government

## ARCHITECT

OÜ Zoroaster

## CONSTRUCTION PERIOD

April 2019 – March 2021

## CONTRACTOR

Nordecon AS

## PROJECT MANAGER

Oleg Kaas

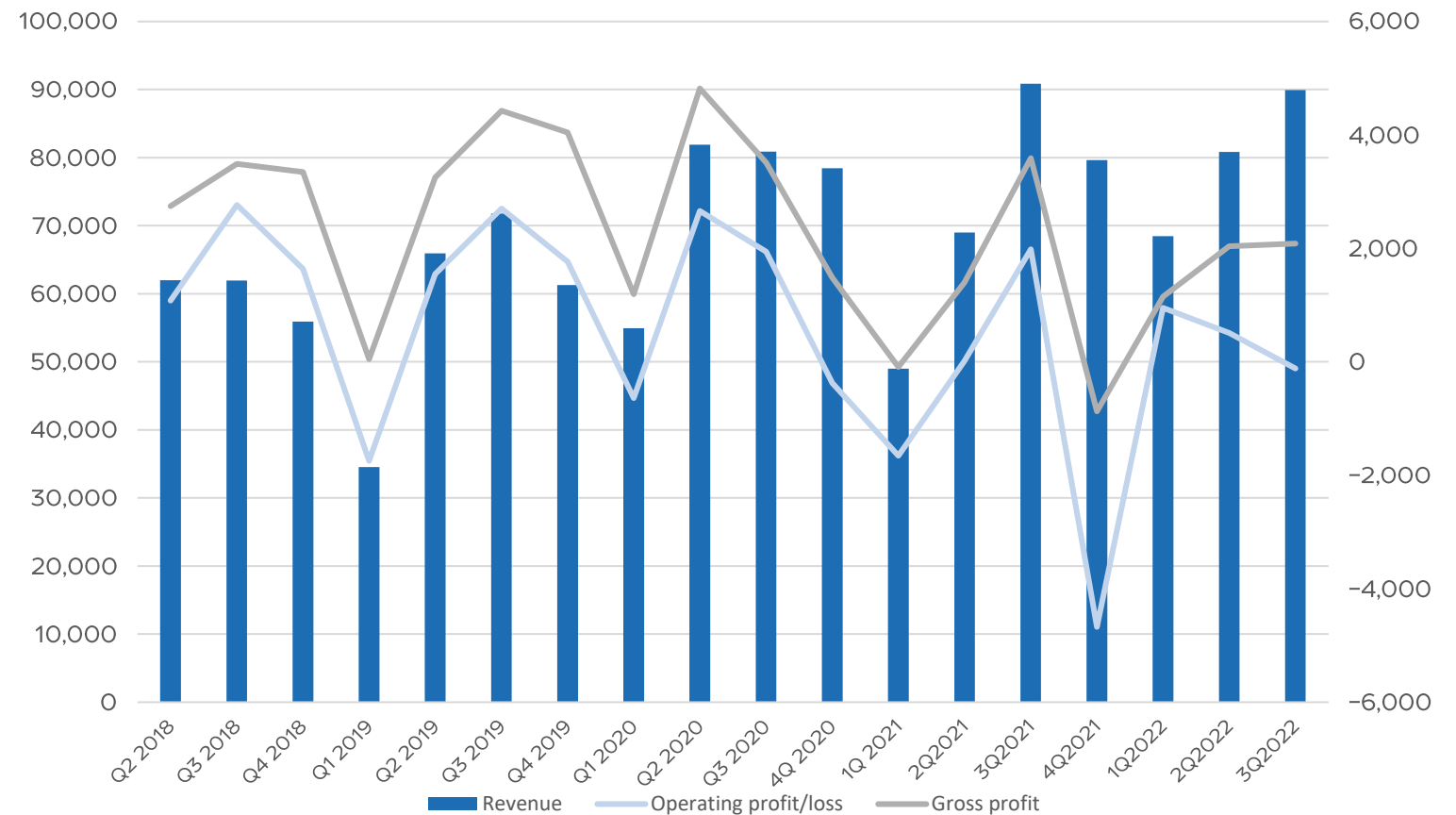


## REVENUE AND OPERATING PROFIT

The **Buildings** segment's gross margins for nine months and the third quarter of 2022 were 3.4% and 2.7%, respectively, compared with 3.0% and 3.8% in 2021.

The **Infrastructure** segment's gross margins for nine months and third quarter were (2.0)% and 2.0% in 2022 compared with 1.8% and 4.0% in 2021, respectively.

Figure / Ratio	9M 2020	9M 2021	9M 2022
Revenue (EUR '000)	217 664	208 894	239 175
Revenue change	26,4%	-4%	14,5%
Net profit/loss (EUR '000)	3 004	-368	-1 388
Gross margin	4,4%	2,3%	2,2%
EBITDA margin	3,0%	1,4%	1,6%
Net margin	1,4%	-0,2%	-0,6%
Administrative expenses to revenue (12 month rolling)	2,7%	2,1%	2,2%





# RAATUSE HEALTH CENTRE

## LOCATION

Tartu city

## CUSTOMER

Tartu Kesklinna Perearstikeskus  
OÜ

## DESIGNER

U-Disain OÜ

## CONSTRUCTION PERIOD

February 2020– August 2021

## CONTRACTOR

Nordecon Betoon OÜ/ Embach  
Ehitus OÜ

## PROJECT MANAGER

Ahti Kala

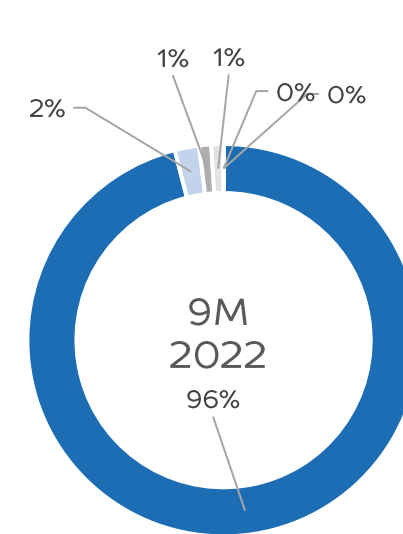
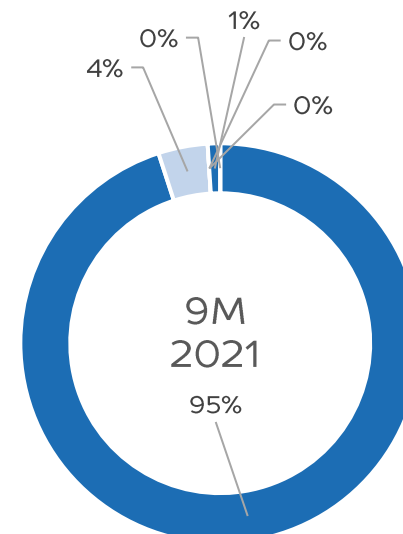
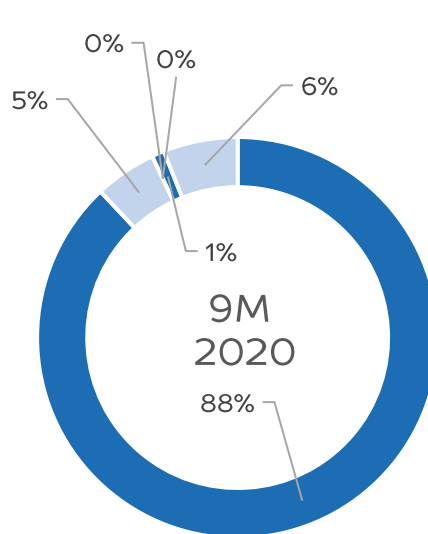




## Revenue by Geographic Regions

■ Estonia ■ Finland ■ Latvia  
 ■ Lithuania ■ Ukraine ■ Sweden

	9 M 2020	9 M 2021	9 M 2022
Estonia	88%	95%	96%
Finland	5%	4%	2%
Latvia	0%	0%	1%
Lithuania	0%	0%	1%
Ukraine	1%	1%	0%



**Foreign markets** accounted for around 4% of the group's total revenue for the first nine months of 2022, which is similar to the same period last year.

Due to Russia's military invasion of **Ukraine**, full-scale operations of the group's Ukrainian subsidiary Eurocon Ukraine TOV have been temporarily suspended: in the third quarter the subsidiary continued work on one building project in Kiev.

The group operates on a project basis in **Latvia** and **Lithuania** where it was building two wind farms in the reporting period.

The group did not generate any revenue and had no ongoing construction contracts in the **Swedish** market.

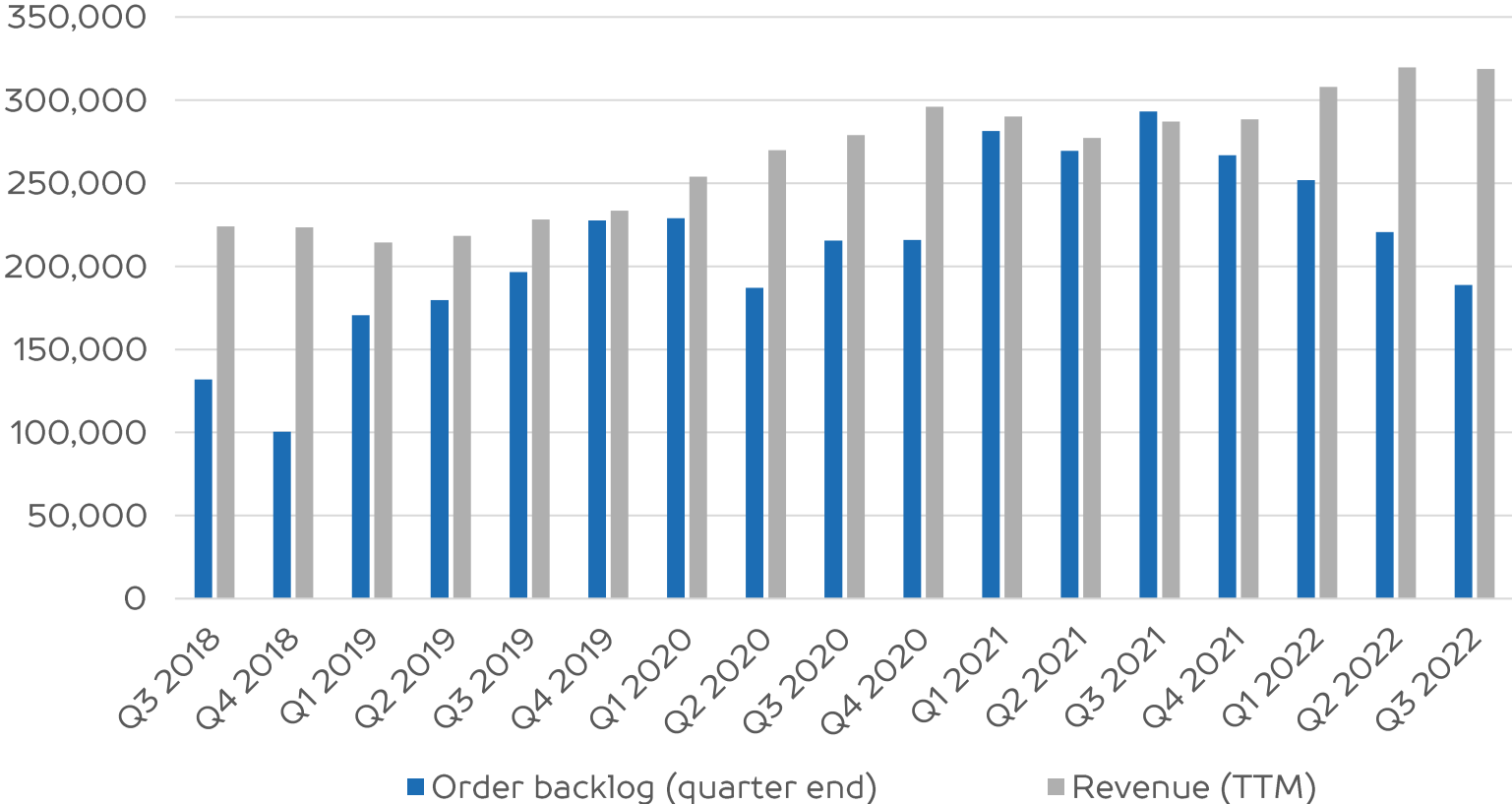
# Order book and revenues

The group's order book stood at €188,847 thousand at 30 September 2022, reflecting a 36% decrease year on year.

The proportion of the Buildings segment in the group's total order book has increased to 91% (30 September 2021: 87%).

The order books of both operating segments have decreased compared with 30 September 2021: the order book of the Buildings segment by 33% and the order book of the Infrastructure segment by 55%.

## ORDER BOOK



# KINDLUSE SCHOOL

## LOCATION

Rae, Harju County

## CUSTOMER

Rae Rural Municipality  
Government

## DESIGNER

Sweco Projekt AS

## CONSTRUCTION PERIOD

November 2019 – May 2021

## CONTRACTOR

Nordecon AS

## PROJECT MANAGER

Silver Sein





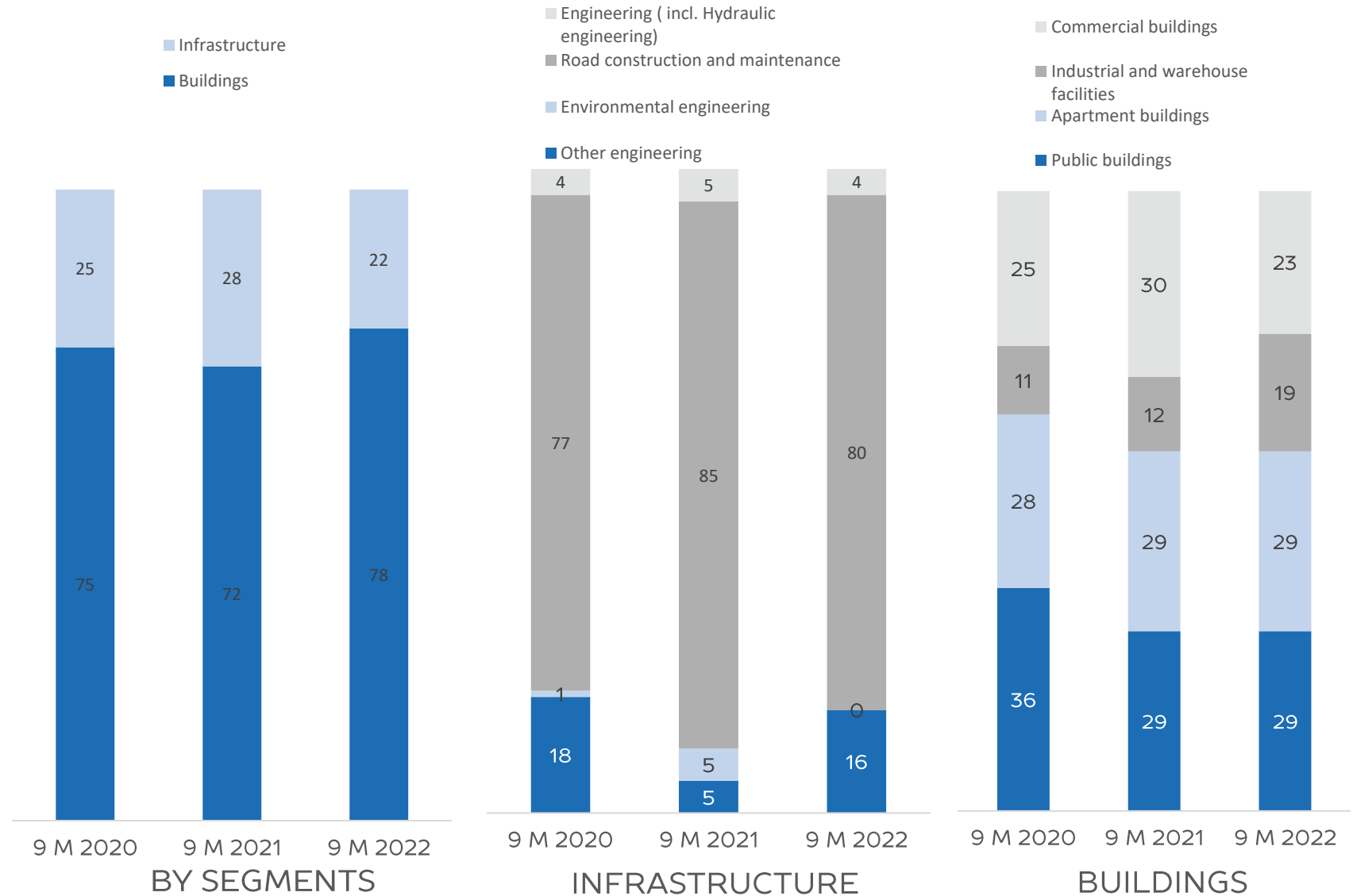
# Revenue distribution

In the first nine months of 2022, the Buildings and the Infrastructure segment generated revenue of €195,157 thousand and €43,845 thousand, respectively. The corresponding figures for the first nine months of 2021 were €154,599 thousand and €54,029 thousand.

The nine-month revenue of the commercial buildings subsegment remained essentially stable while the revenues of other subsegments grew compared with the same period last year.

The largest subsegments in terms of revenue are apartment buildings and public buildings which showed nearly 25% revenue growth.

In the Infrastructure segment, the largest revenue contributor is still road construction and maintenance although its revenue and proportionate contribution have decreased year on year.



# COOP/KONSUM SUPERMARKET

## LOCATION

Käina, Hiiu County

## CUSTOMER

Hiiumaa Consumers Cooperative  
Association

## ARCHITECT

DAGOpen Arhitektuuribüroo

## CONSTRUCTION PERIOD

December 2020– June 2021

## CONTRACTOR

Nordecon Betoon OÜ

## PROJECT MANAGER

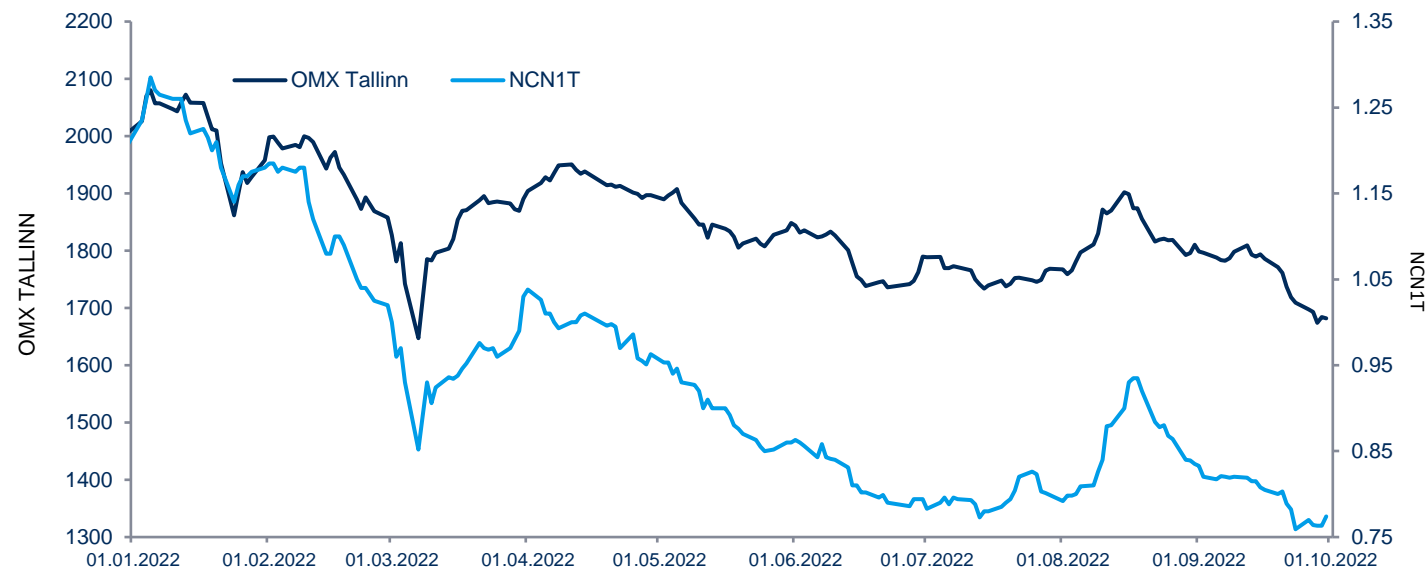
Reino Mälk



## Share and shareholders

### Largest shareholders in Nordecon AS at 30 September 2022

	Number of shares	Ownership interest (%)
AS Nordic Contractors	16 563 145	51.16
Luksusjaht AS	4 314 642	13.33
Toomas Luman	687 000	2.12
Olegs Radcenko	580 000	1.79
Lembit Talpsepp	376 239	1.16
Nõmme Erahariiduse SA	370 370	1.14
SEB Pank AS clients	300 000	0.93
SEB Life and Pension Baltic SE Estonian Branch	255 000	0.79
Genadi Bulatov	250 600	0.77
Svenska Handelsbanken clients	210 556	0.65



Index/share	31.12.2021	30.09.2022	+/-
OMX Tallinn	2,001.03	1,682,08	-15,9%
NCN1T	1.20 EUR	0.77 EUR	-35,5%



Nordecon AS  
Tel: +372 615 4400  
[www.nordecon.com](http://www.nordecon.com)  
Toompuiestee 35, Tallinn 10149  
Estonia

Head of Investor Relations  
Andri Hõbemägi  
Tel: +372 615 4400  
[andri.hobemagi@nordecon.com](mailto:andri.hobemagi@nordecon.com)