

The logo features a stylized blue sphere with a white crescent on the left, followed by the word "NORDECON" in white uppercase letters, and a large, blue, stylized "30" on the right. The background is a dark blue gradient with a faint, semi-transparent image of a modern building facade with balconies.

NORDECON 30

Investor Presentation

Q1 2019

Strategy Overview



Business model

Industrial buildings

Residential buildings

Public 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.

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.

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.

BUSINESS LINES AND MARKETS

ACTIVITIES

FINANCIAL TARGETS

Apartment buildings with commercial space at Kopli 4a and 6 in Tallinn

Location: Kopli 4a and 6, Tallinn

Customer: OÜ Novamaja

Architect: Martin Aunin FIE,
Aet Piel Disain OÜ, IB Püloon OÜ

Construction period: March 2016 – April 2017

Contractor: Nordecon AS

Project manager: Jürgen Klooren



Period in Brief

In the first quarter of 2019, Nordecon generated **revenue** of 34,524 thousand euros, roughly 20.9% less than in the same period last year when revenue amounted to 43,662 thousand euros.

The fall is attributable to longer than usual signing process in public procurements and longer than expected preparatory processes with some private sector customers.

However, based on the Group's strong order book and known developments in our chosen markets, we expect that in 2019 the Group's business volumes will grow somewhat compared to 2018.

The Group ended the first quarter of 2019 with an **operating loss** of 1,750 thousand euros (Q1 2018: -1,451 thousand euros).

EBITDA was negative at 1,018 thousand euros (Q1 2018: negative at 944 thousand euros).

The Group's **gross margin** for the first quarter was 0.1% (Q1 2018: 1%).

The Group's first-quarter gross profit was earned in the Buildings segment where the margin improved year on year, rising to 4.5% (Q1 2018: 3.3%).

The loss of the Infrastructure segment grew compared to the first quarter of 2018, mainly due to unfavourable weather at the beginning of the year, lowering the profitability of national road maintenance contracts.

At 31 March 2019, the Group's **order book** stood at 170,509 thousand euros, an increase of roughly 18% compared to a year ago.

Compared to the same period last year, **administrative expenses** decreased by around 11% (Q1 2018: 1,671 thousand euros) but the ratio of administrative expenses to revenue (12 months rolling) remained at the same level as a year ago: 3.1% (Q1 2018: 3.1%).

In the first quarter of 2019, **operating** activities produced a **net cash outflow** of 3,182 thousand euros (Q1 2018: an outflow of 3,439 thousand euros).

Negative operating cash flow is typical of the first quarter and stems from the cyclical nature of the construction business.

Reconstruction of the building of the Ugala

Location: Vaksali 7, Viljandi

Customer: UGALA TEATER SA

Architect: R-Konsult OÜ

Construction period: February 2016 – July 2017

Contractor: Nordecon AS

Project manager: Olev Jõerand

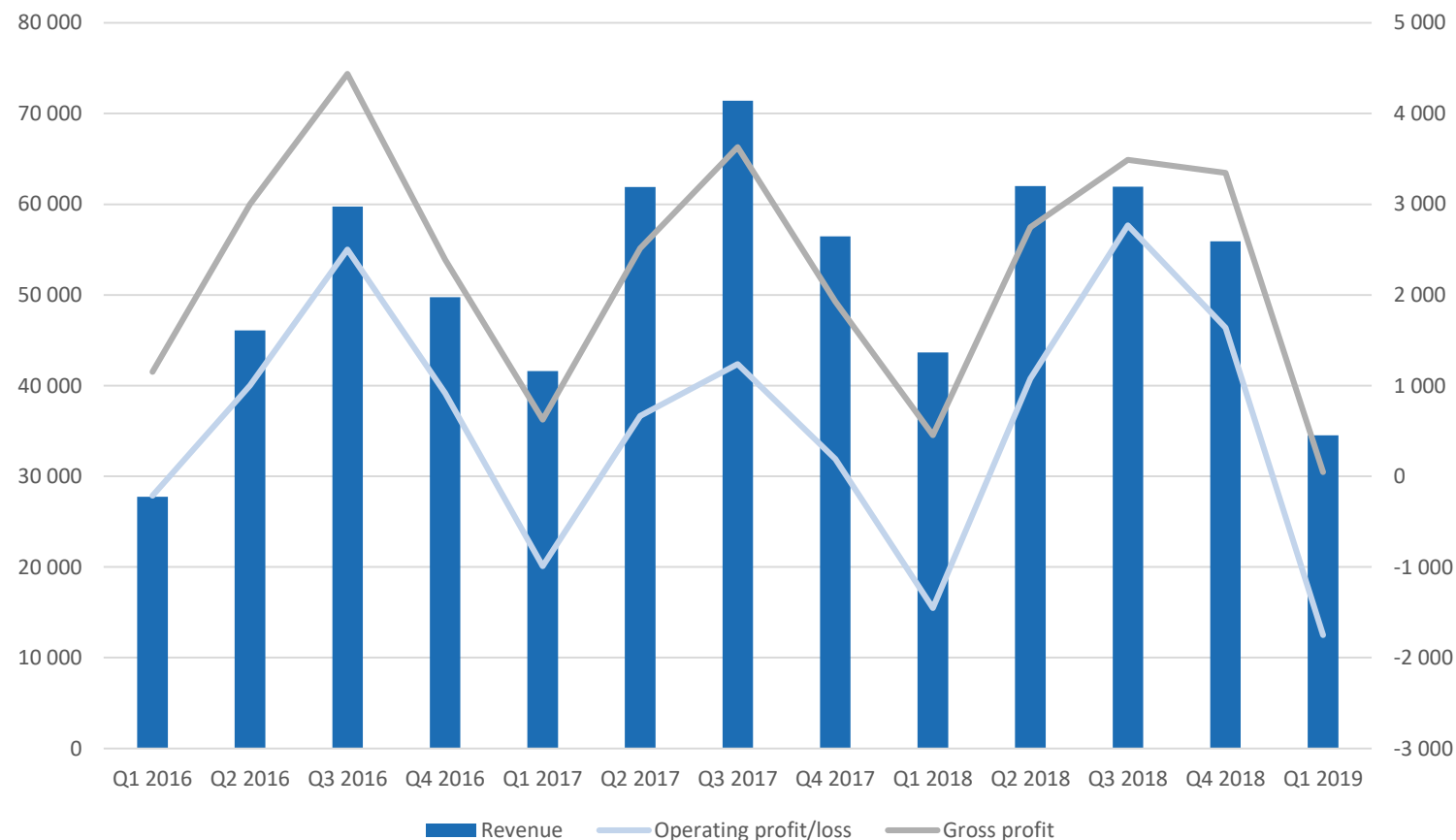


Revenue and operating profit

Revenues in the Buildings segment decreased by -23.9% and in the Infrastructure segment by -2.5%.

The **gross margin** of the Buildings segment increased to 4.5% for three months while the Infrastructure segment margin fell to -17.1%.

Figure / Ratio	Q1 2017	Q1 2019	Q1 2019
Revenue (tEUR)	41,604	43,662	34,524
Revenue change, %	50.0%	4.9%	-20.9%
Net profit (tEUR)	-1,086	-1,883	-1,893
Gross margin, %	1.5%	1.0%	0.1%
EBITDA margin, %	-1.2%	-2.2%	-2.9%
Net margin, %	-2.6%	-4.3%	-5.5%
Administrative expenses to revenue (12 month rolling)	3.2%	3.1%	3.1%



BRF Sicklaön 10

Location: Nacka, Stockholm

Customer: Innovation Properties AB

Architect: Hultman-Vogt AB

Construction period: October 2016 – June 2017

Contractor: SweNCN AB

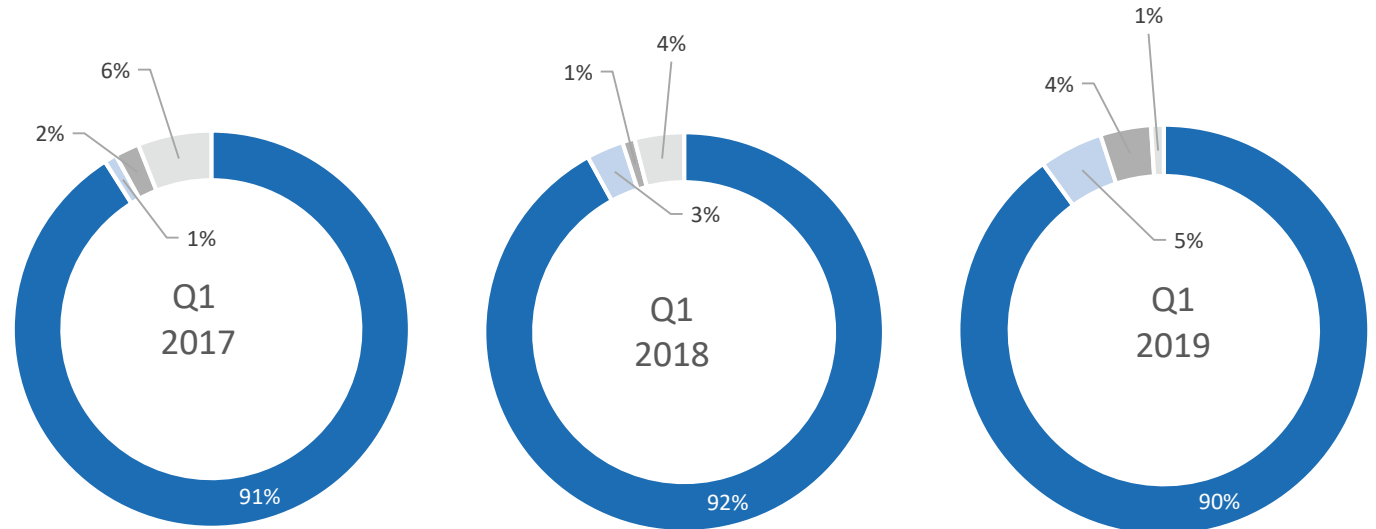
Project manager: Marek Soomlais



Revenue by Geographic Regions

	Q1 2017	Q1 2018	Q1 2019
Estonia	91%	92%	90%
Ukraine	1%	3%	5%
Finland	2%	1%	4%
Sweden	6%	4%	1%

■ Estonia ■ Ukraine ■ Finland ■ Sweden



In the first quarter of 2019, revenue earned **outside Estonia** accounted for 10% (Q1 2018: 8%) of our total revenue.

The share of **Swedish revenues** decreased year on year. During the period, we provided services under one construction contract secured as a general contractor.

The share of the Group's **Ukrainian revenues** grew compared to the same period last year. In Ukraine, we are providing general contractor's services under two building construction contracts.

Our **Finnish revenues** resulted from concrete works in the building construction segment.

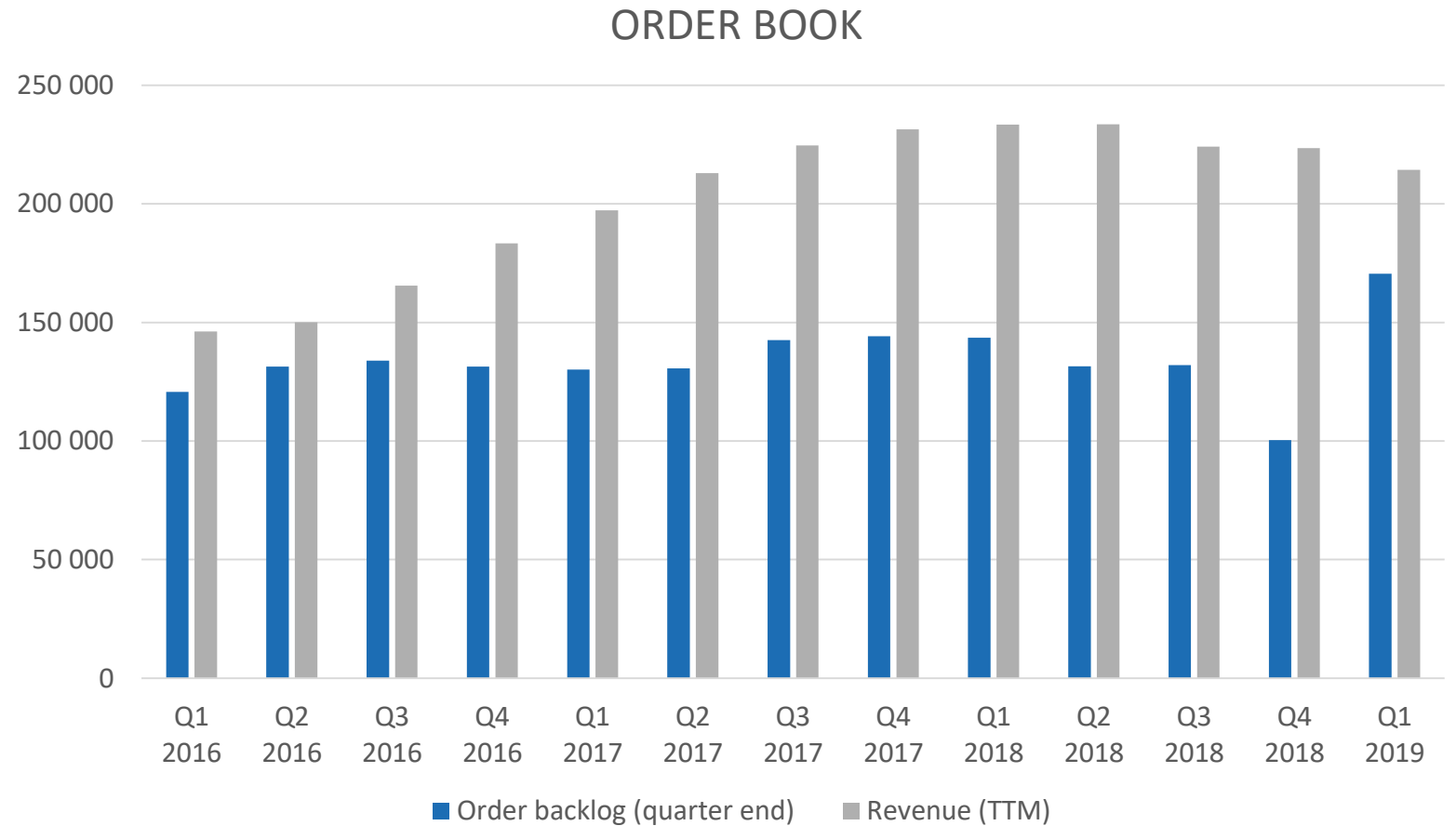
Order book and revenues

At 31 March 2019, the Group's order book stood at 170,509 thousand euros, an increase of roughly 18% compared to a year ago.

At the reporting date, contracts secured by the Buildings segment and the Infrastructure segment accounted for 86% and 14% of the Group's total order book respectively (31 March 2018: 68% and 32% respectively).

Compared to 31 March 2018, the order book of the Buildings segment has increased by 50% and the order book of the Infrastructure segment has decreased by 49%.

In the first quarter of 2019, we signed new contracts of 92,556 thousand euros (Q1 2018: 22,275 thousand euros).



Reconstruction of Tähetorni intersection on km 11.3 of national road no. 8 Tallinn-Paldiski

Location: Tallinna linn, Harku- and Saue vald, Harju maakond

Customer: Estonian Road Administration

Architect: OÜ Keskkonnaprojekt

Construction period: August 2016 – June 2017

Contractor: Nordecon AS

Project manager: Rait Kärner



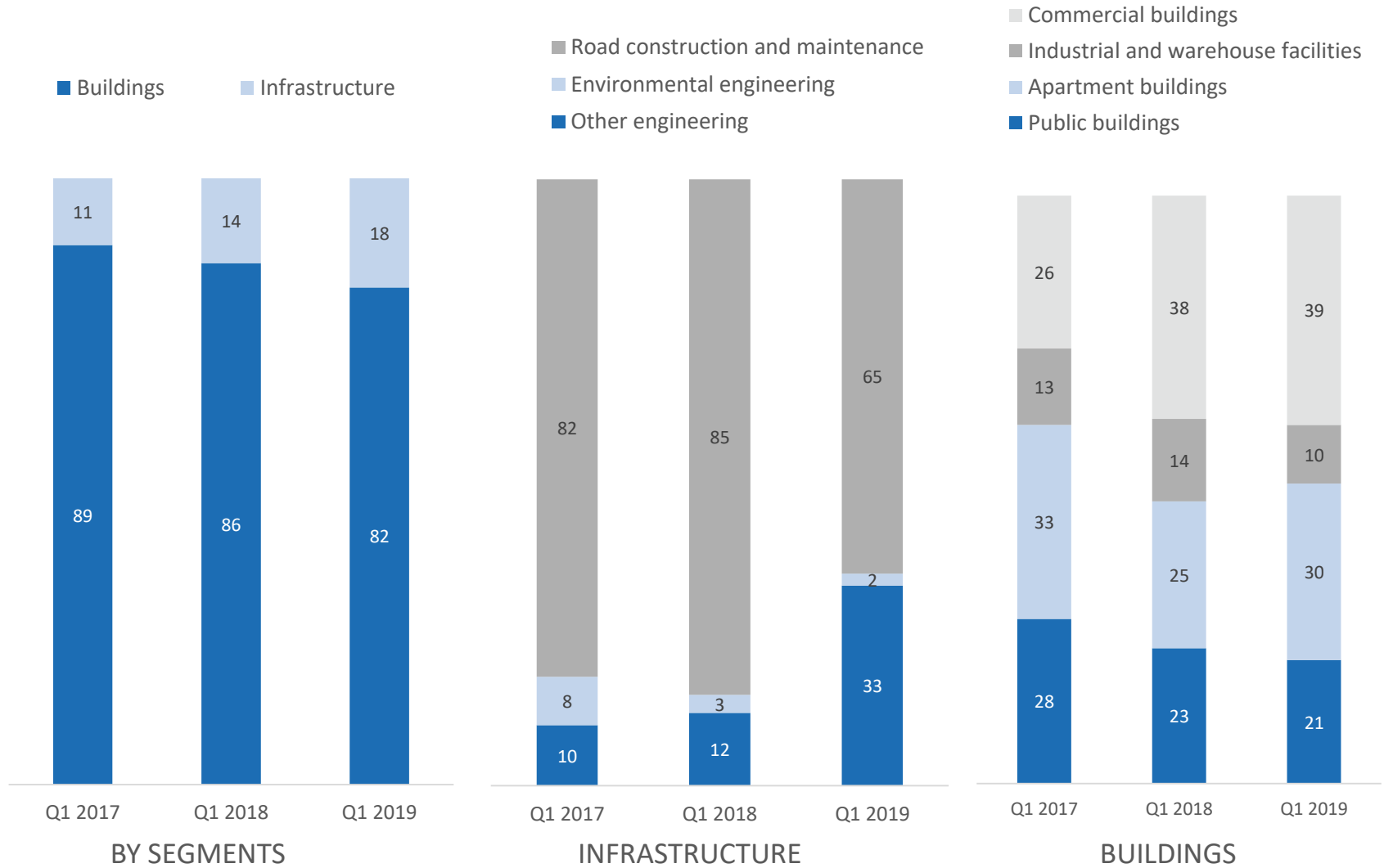
Revenue distribution

We strive to maintain the revenues of our operating segments – Buildings and Infrastructure – in balance as this helps disperse risks and provides better opportunities for continuing construction operations also in stressed circumstances where one segment experiences noticeable shrinkage.

However, the limited volume of infrastructure construction projects, which is affecting the entire Estonian construction market, is also reflected in our revenue structure.

Similarly to previous periods, the largest revenue source in the Buildings segment was the commercial buildings sub-segment.

The Infrastructure segment will continue to be dominated by road construction and maintenance despite the fact that in the first quarter the contribution of other engineering grew.



Residential and commercial buildings at Rotermanni 18 in Tallinn

Location: Rotermanni 18, Tallinn

Customer: Dollimar Invest OÜ

Architect: HG Arhitektuur OÜ,
Novarc Group AS

Construction period: August 2016 – November 2017

Contractor: Nordecon AS

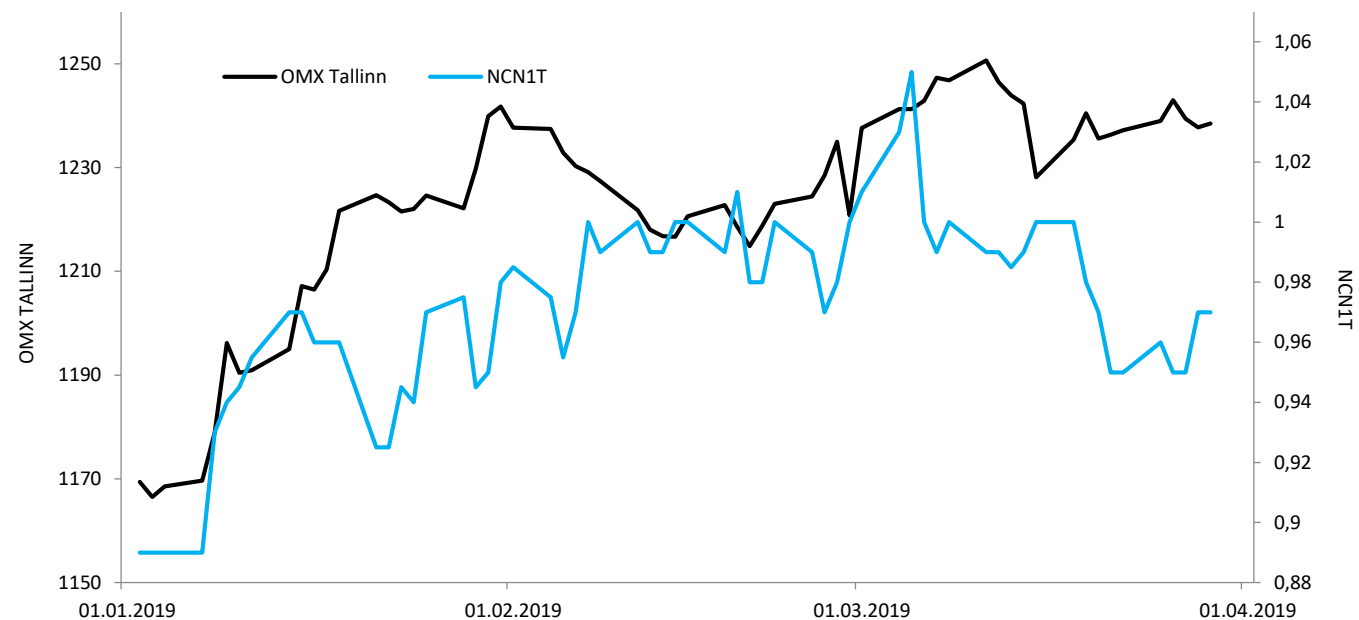
Project manager: Oleg Kaas



Share and shareholders

Largest shareholders of Nordecon AS at 31 March 2019

	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	50.99
Luksusjaht AS	4,220,022	13.03
ING Luxembourg S.A.	1,245,757	3.85
Rondam AS	1,000,000	3.09
SEB Pank AS clients	710,000	2.19
ASM Investments OÜ	519,600	1.60
Mati Kalme	500,000	1.54
State Street Bank and Trust Omnibus Account A Fund	368,656	1.14
Lembit Talpsepp	325,693	1.01
Ain Tromp	303,960	0.94



Index/Share	2019-01-01	2019-03-31	+/-
OMX Tallinn	1,162.86	1,238.48	6.50%
NCN1T	EUR 0.89	EUR 0.97	8.99%

SHARE AND SHAREHOLDERS

Nordecon AS

Tel: +372 615 4400

www.nordecon.com

Pärnu mnt 158/1 Tallinn 11317

Estonia

Head of Investor Relations

Andri Hõbemägi

Tel: +372 615 4400

andri.hobemagi@nordecon.com

