



# Investor presentation

Q2 2021

## 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

# ESTONIAN ACADEMY OF SECURITY SCIENCES LEARNING CENTRE IN NARVA

## LOCATION

Narva, Ida-Viru county

## CUSTOMER

Academy of Security Sciences

## ARCHITECT

3+1 architects

## CONSTRUCTION PERIOD

February 2019 – August 2020

## CONTRACTOR

Nordecon AS

## PROJECT MANAGER

Viljo Niit



## PERIOD IN BRIEF

The groups' **revenue** for the first half of 2021 was €117,966 thousand, around 14% less than a year earlier when revenue amounted to €136,798 thousand.

The decline is largely attributable to revenue from foreign operations that dropped by 68%. Revenue generated in Estonia decreased by 6% compared to the first half of 2020.

In segment terms, revenue from the Buildings segment decreased by 19% while revenue from the Infrastructure segment grew by 9% year on year.

The group's **operating loss** for the first half of 2021 was €1,643 thousand (H1 2020: an operating profit of €2,013 thousand).

**EBITDA** amounted to €92 thousand (H1 2020: €3,694 thousand).

Nordecon ended the first half of 2021 with a **gross profit** of €1,306 thousand (H1 2020: €6,007 thousand) and gross margins that were considerably lower than a year earlier: 1.1% for the first half-year (H1 2020: 4.4%) and 2.0% for the second quarter (Q2 2020: 5.9%).

Gross margin dropped in both main operating segments, due to the increase in input prices and uncovered Infrastructure segment's fixed costs, as well as one-off expenses in connection with completion of Nysäter wind farm project.

The group's **order book** stood at €269,448 thousand at 30 June 2021, a 44% increase year on year.

In the second quarter, we signed new contracts of €69,938 thousand (Q2 2020: €47,850 thousand).

The group's **administrative expenses** for the first half of 2021 were €2,833 thousand.

Compared to the first half of 2020, administrative expenses decreased by around 27% (H1 2020: €3,860 thousand), mainly through a decline in personnel expenses.

The ratio of administrative expenses to revenue (12 months rolling) decreased to 2.2% (H1 2020: 2.8%).

Operating activities produced a **net cash outflow** of €163 thousand in the first half of 2021 (H1 2020: an inflow of €1,787 thousand).

Operating cash flow is strongly influenced by the fact that the contracts signed with most public and private sector customers do not require them to make advance payments, while the group has to make prepayments to subcontractors and suppliers.

# SAUE MUNICIPAL OFFICE BUILDING

## LOCATION

Saue, Harju county

## CUSTOMER

Saue Municipal Government

## ARCHITECT

molumba

## CONSTRUCTION PERIOD

June 2019 – June 2020

## CONTRACTOR

Embach Ehitus OÜ

## PROJECT MANAGER

Lauri Tomp

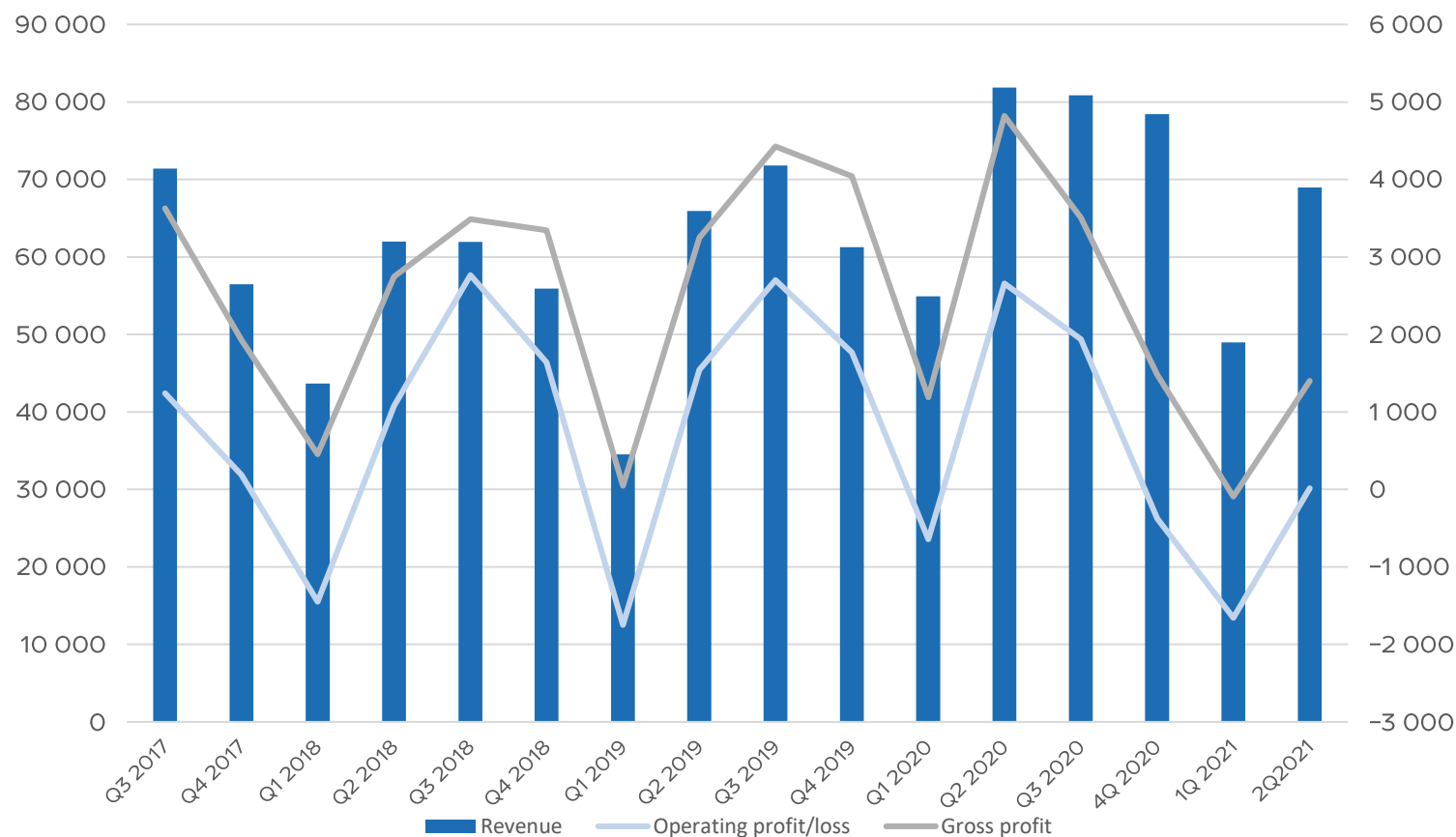


## REVENUE AND OPERATING PROFIT

The gross margins of the Buildings segment were 2.5% for the half-year and 2.8% for the second quarter compared with 5.0% and 5.5% in the same periods last year.

The Infrastructure segment ended the first half of 2021 with a negative gross margin of 0.5% (H1 2020: a positive gross margin of 3.4%). Its gross margin for the second quarter was 3.2% (Q2 2020: 8.7%).

Figure / Ratio	6M 2019	6M 2020	6M 2021
Revenue (EUR '000)	100 411	136 798	117 966
Revenue change	-5%	36%	-14%
Net profit/loss (EUR '000)	-574	-1 419	-2 390
Gross margin	3,3%	4,4%	1,1%
EBITDA margin	1,3%	2,7%	0,1%
Net margin	-0,6%	1,0%	-2,0%
Administrative expenses to revenue (12 month rolling)	2,9%	2,8%	2,2%



# WATERFRONT PROMENADE IN SILLAMÄE

## LOCATION

Sillamäe, Ida-Viru county

## CUSTOMER

Sillamäe Town Government

## DESIGNER

Selektor Projekt OÜ

## CONSTRUCTION PERIOD

August 2019 – December 2020

## CONTRACTOR

Nordecon AS

## PROJECT MANAGER

Ivo Lõhmus

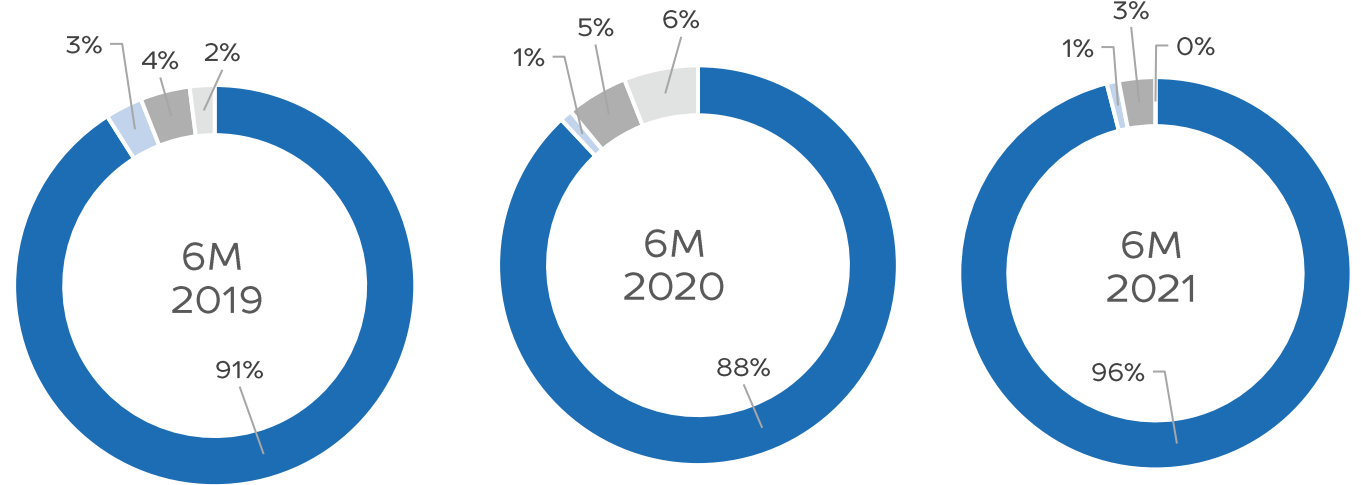




# Revenue by Geographic Regions

■ Estonia ■ Ukraine ■ Finland ■ Sweden

	6M 2019	6M 2020	6M 2021
Estonia	91%	88%	96%
Ukraine	3%	1%	1%
Finland	4%	5%	3%
Sweden	2%	6%	0%



Revenue generated **outside Estonia** accounted for around 4% of the group’s total revenue for the first half of 2021 compared with 12% a year earlier.

Revenue generated in the **Swedish** market decreased significantly year on year, dropping below 1% of the group’s total revenue, while the revenue contribution of the **Ukrainian** market remained comparable to a year earlier.

In **Finland**, we continue to focus on the provision of subcontracting services in the concrete works segment.

However, conditions in some of our chosen foreign markets are also volatile and strongly affect our current results.

## Order book and revenues

The group's order book stood at €269,448 thousand at 30 June 2021, a 44% increase year on year.

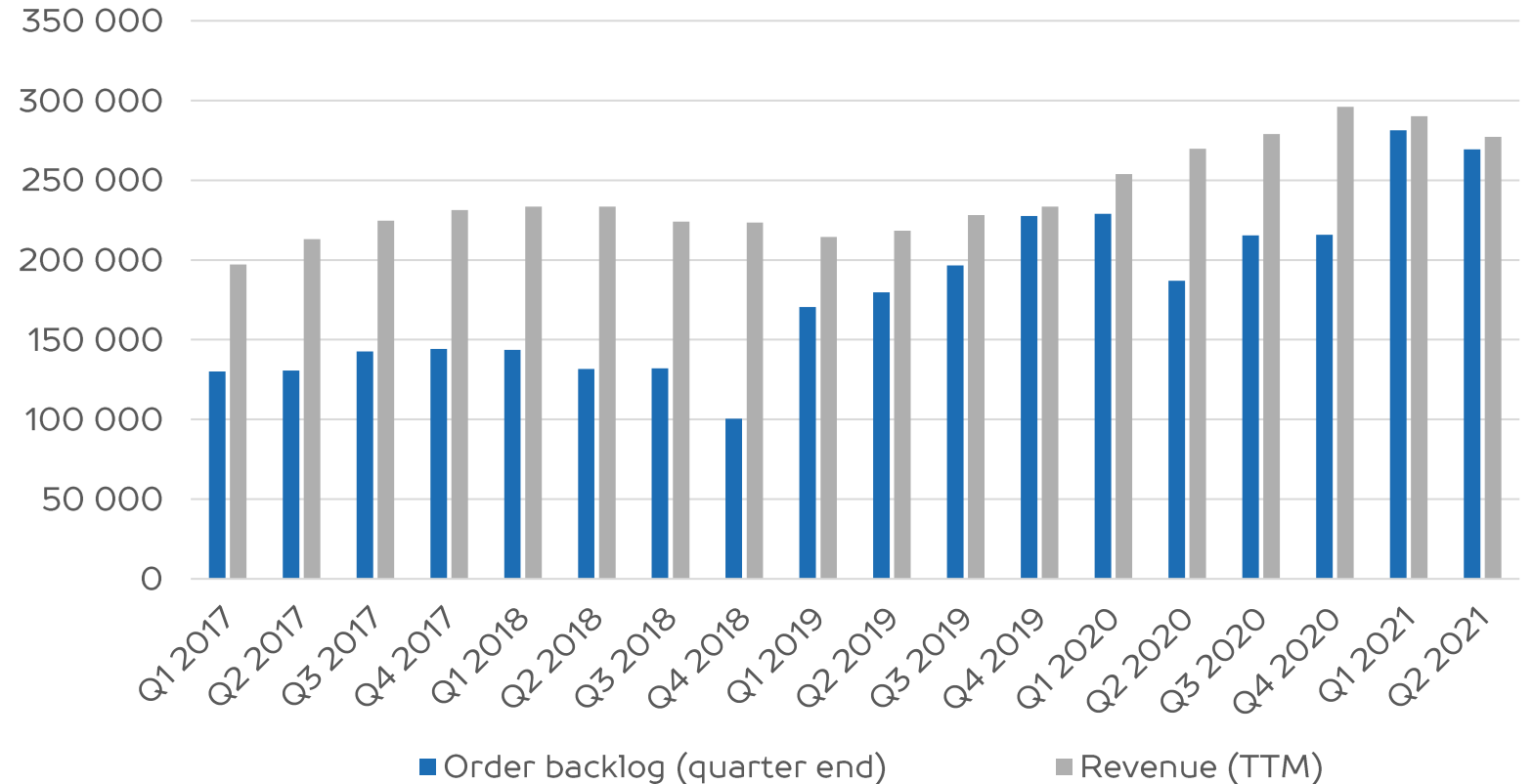
The Buildings segment still dominates, accounting for 79%, while the Infrastructure accounts for 21% of the total order book (30 June 2020: 76% and 24%, respectively).

Compared with 30 June 2020, the order book of the Buildings segment has grown by 50% and that of the Infrastructure segment by 27%.

In the second quarter, we signed new contracts of €69,938 thousand (Q2 2020: €47,850 thousand).

Between the reporting date (30 June 2021) and the date of release of this report, group companies have secured additional construction contracts in the region of €81,771 thousand.

### ORDER BOOK



# TERMINAL D IN OLD CITY HARBOUR

LOCATION  
Tallinn

CUSTOMER  
AS Tallinna Sadam

DESIGNER  
R-Konsult OÜ

CONSTRUCTION PERIOD  
June 2018 – July 2020

CONTRACTOR  
Nordecon AS

PROJECT MANAGER  
Marek Sööt



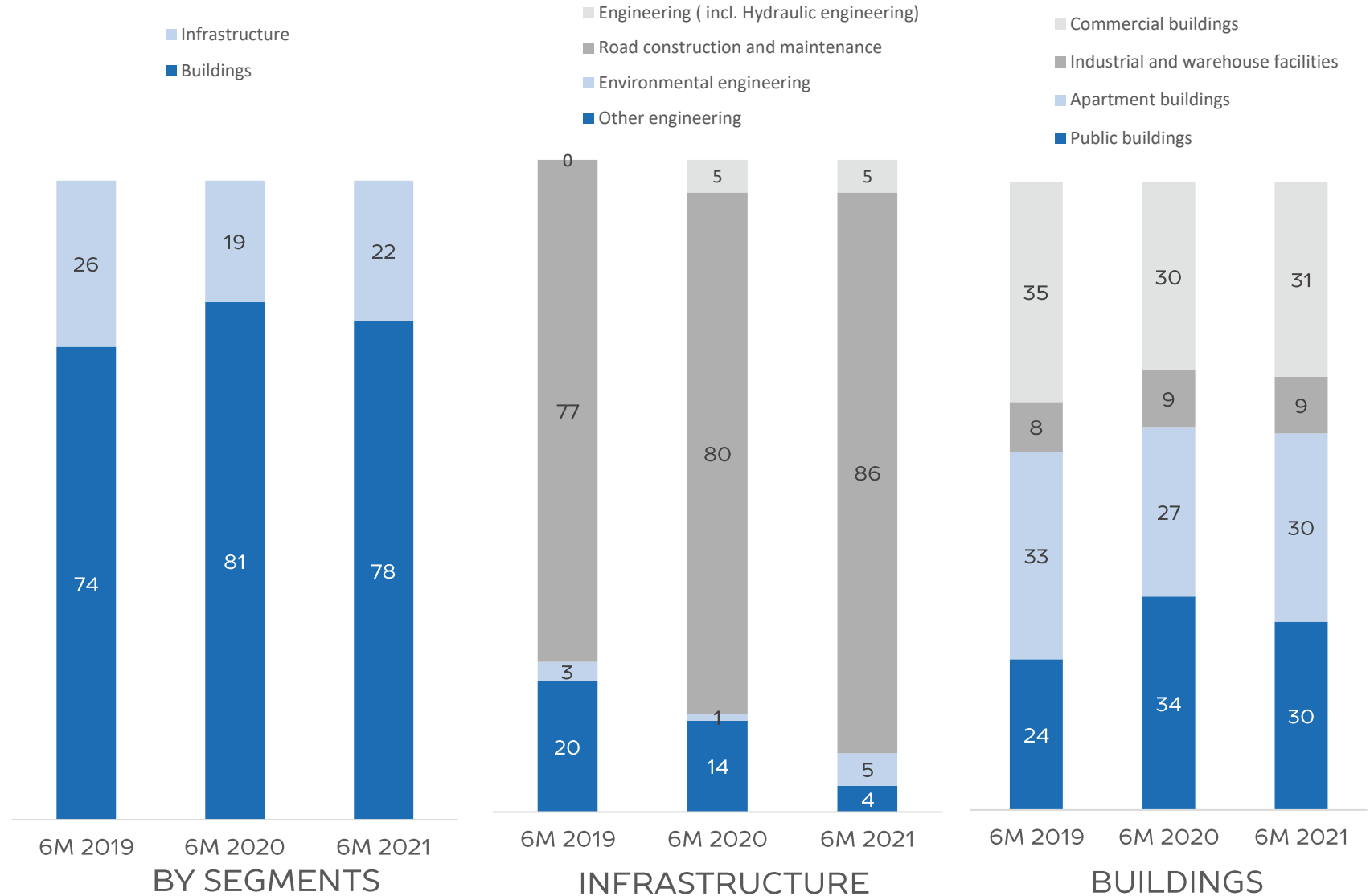
# Revenue distribution

In the Buildings segment, the revenues of all subsegments decreased year on year.

The revenue contributions of the commercial, public and apartment buildings subsegments were practically equal and the revenue generated by the industrial and warehouse facilities subsegment continued to be modest.

The order book of the public buildings subsegment has grown considerably, supporting the subsegment's annual revenue growth.

In the Infrastructure segment, road construction and maintenance continued to dominate with revenues almost twice larger than in the same period last year. A major share of its revenue resulted from contracts secured in 2020.



# TISKREOJA RESIDENTIAL AREA

## LOCATION

Tiskre, Harju County

## CUSTOMER

Tiskreoja OÜ

## ARCHITECT

PIN Arhitektid OÜ

## CONSTRUCTION PERIOD

October 2019 – October 2020

## CONTRACTOR

Nordecon Betoon OÜ

## PROJECT MANAGER

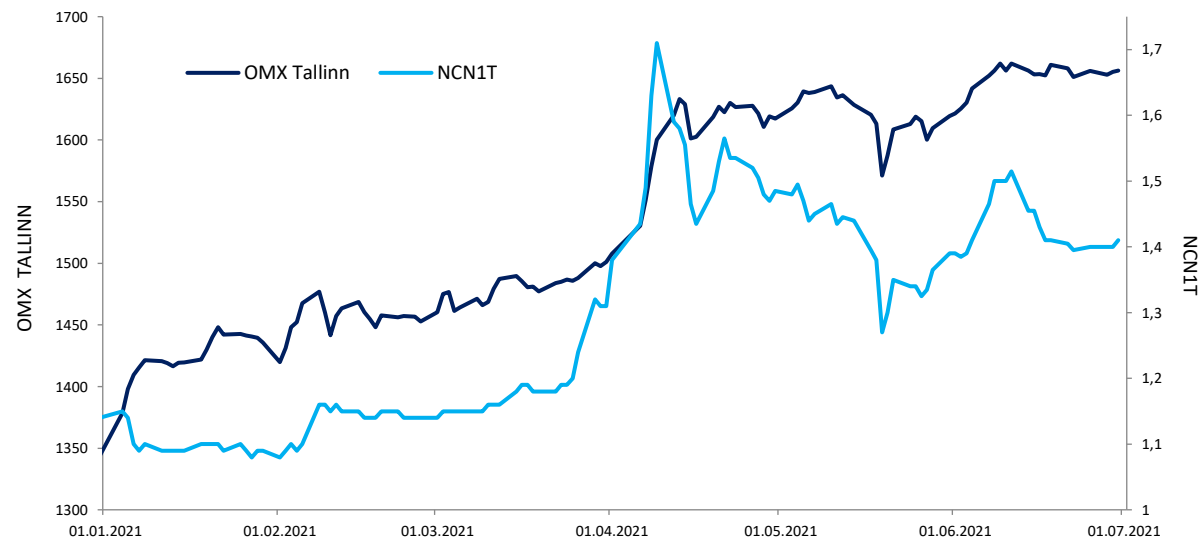
Harry Rööpson



## Share and shareholders

### Largest shareholders in Nordecon AS at 30 June 2021

	Number of shares	Ownership interest (%)
AS NORDIC CONTRACTORS	17 607 464	54.39
LUKSUSJAHT AS	4 288 403	13.25
Olegs Radcenko	525 962	1.62
SEB PANK AS_CLIENTS	425 000	1.31
Mati Kalme	360 000	1.11
Lembit Talpsepp	354 239	1.09
SEB LIFE AND PENSION		
BALTIC SE EESTI FILIAAL	255 000	0.79
GENADI BULATOV	250 600	0.77
SVENSKA		
HANDELSBANKEN CLIENTS		
ACCOUNT	210 556	0.65
AIN TROMP	203 960	0.63



Indeks/aktsia	01.01.2021	30.06.2021	+/-
OMX Tallinn	1 343,72	1 656,33	23,26%
NCN1T	1,14 EUR	1,41EUR	23,68%

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