



Investor presentation

Q1 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 quarter of 2021 was €48,987 thousand, 10.8% less than a year earlier when revenue amounted to €54,924 thousand.

The decline is largely attributable to foreign operations whose revenue contribution dropped by 73%.

Revenue from the Buildings segment decreased by 23%, while revenue from the Infrastructure segment grew by 86% year on year.

The group's **operating loss** for the first quarter of 2021 was €1,658 thousand (Q1 2020: €643 thousand).

EBITDA was negative at €811 thousand (Q1 2020: positive at €194 thousand).

Nordecon ended the first quarter of 2021 with a **gross loss** of €92 thousand (Q1 2020: a gross profit of €1,188 thousand) and a negative gross margin of 0.2% (Q1 2020: a positive gross margin of 2.2%).

Due to the seasonal nature of the construction business, first-quarter results are affected by a large share of uncovered fixed costs, particularly in the Infrastructure segment.

The Buildings segment earned a gross profit but its gross margin weakened to 2.1% (Q1 2020: 4.5%).

The group's **order book** stood at €281,431 thousand at 31 March 2021, a 23% increase year on year.

In the first quarter of 2021, we signed new contracts of €104,882 thousand (Q1 2020: €43,325 thousand).

Both figures are the largest in the group's history.

The group's **administrative expenses** for the first quarter of 2021 were €1,471 thousand.

Compared to the first quarter of 2020, administrative expenses decreased by around 18% (Q1 2020: €1,799 thousand), mainly through a decline in personnel expenses.

The ratio of administrative expenses to revenue (12 months rolling) decreased to 2.3% (Q1 2020: 2.8%).

Operating activities produced a **net cash outflow** of €613 thousand in the first quarter of 2021 (Q1 2020: an outflow of €2,318 thousand).

Negative operating cash flow is typical of the first quarter and stems from the cyclical nature of the construction business. The period's larger fixed and preparation costs cause outflows to exceed inflows.

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

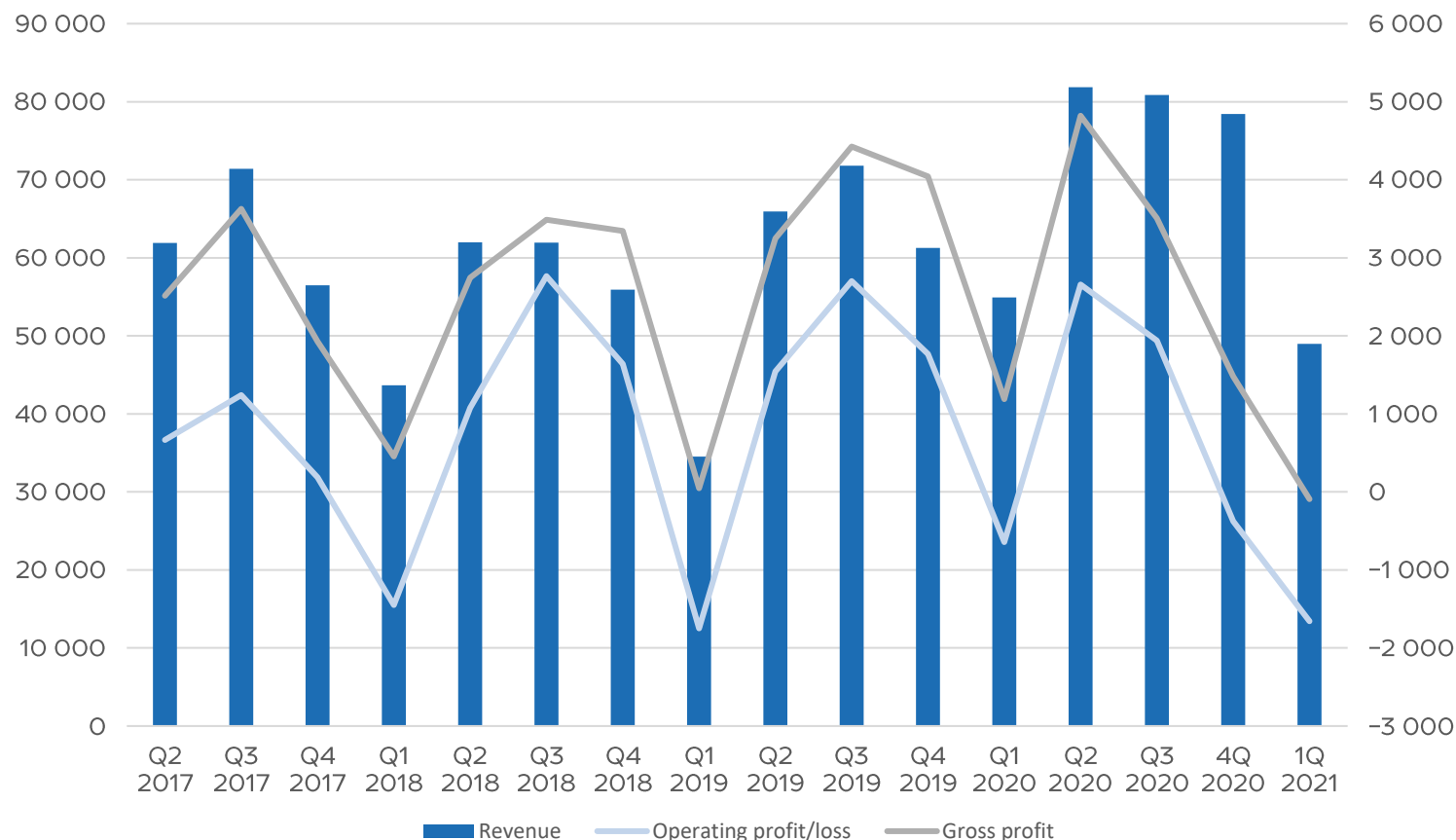


REVENUE AND OPERATING PROFIT

The decline in **revenue** is largely attributable to foreign operations whose revenue contribution dropped by 73%. Revenue generated in Estonia remained comparable to the first quarter of 2020.

The **gross margin** of the Buildings segment dropped sharply to 2.1% for Q1 2021 while the Infrastructure segment margin improved but was still negative at -5.7%.

Figure / Ratio	3M 2019	3M 2020	3M 2021
Revenue (EUR '000)	34 524	54 924	48 987
Revenue change	-20,9%	59,1%	-10,8%
Net profit/loss (EUR '000)	-1 893	-2 196	-1 911
Gross margin	0,1%	2,2%	-0,2%
EBITDA margin	-2,9%	0,4%	-1,7%
Net margin	-5,5%	-4,0%	-3,9%
Administrative expenses to revenue (12 month rolling)	4,3%	3,3%	3,0%



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

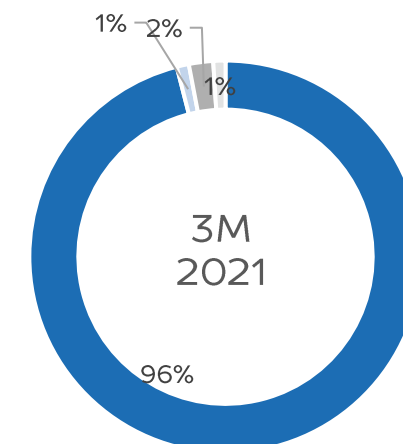
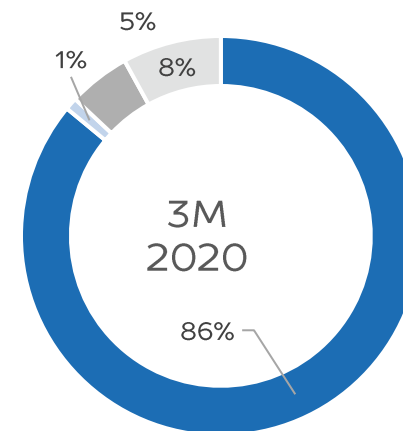
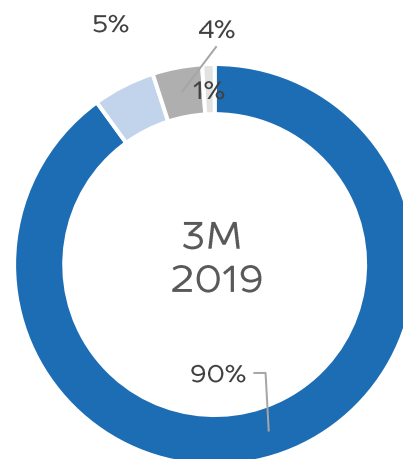
Ivo Lõhmus



Revenue by Geographic Regions

	3M 2019	3M 2020	3M 2021
Estonia	90%	86%	96%
Ukraine	5%	1%	1%
Finland	4%	5%	2%
Sweden	1%	8%	1%

■ Estonia ■ Ukraine ■ Finland ■ Sweden



Revenue generated **outside Estonia** accounted for around 4% of the group's total revenue for the first quarter of 2021 compared with 14% a year earlier.

Revenue generated in **Sweden** and **Finland** decreased year on year due the completion of large-scale contracts at the end of 2020 and the start of 2021. The amount and proportion of revenue generated in **Ukraine** remained stable.

We continue to bid for new contracts and to prepare for new projects in foreign markets.

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 €281,431 thousand at 31 March 2021, a 23% increase year on year.

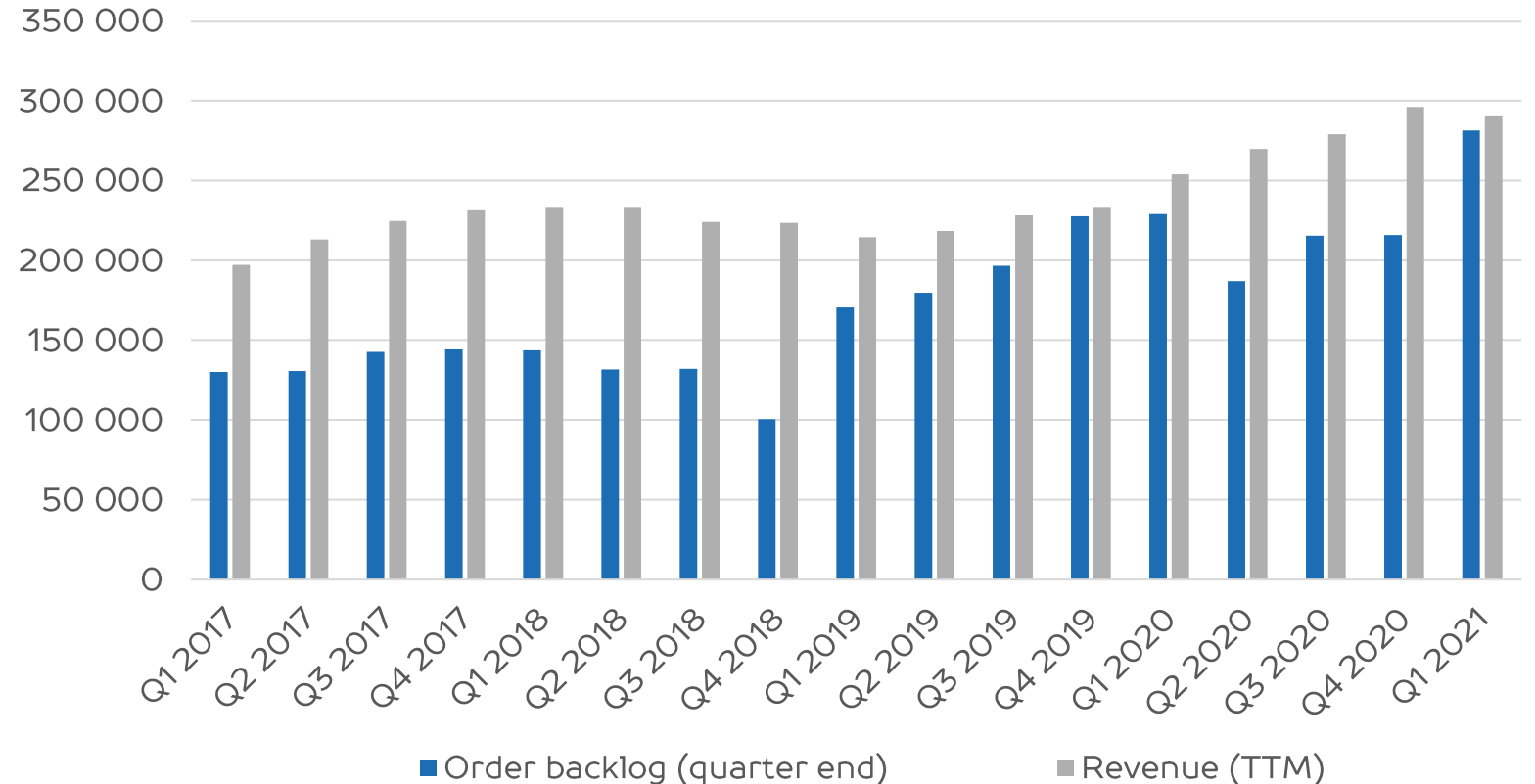
The Buildings segment still dominates, accounting for 80% while the Infrastructure accounts for 20% of the total order book (31 March 2020: 81% and 19%, respectively).

Compared with 31 March 2020, the order book of the Buildings segment has grown by 22% and that of the Infrastructure segment by 27%.

In the first quarter of 2021, we signed new contracts of €104,882 thousand (Q1 2020: €43,325 thousand).

Both order book and new bookings of reporting quarter are the largest in the group's history.

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



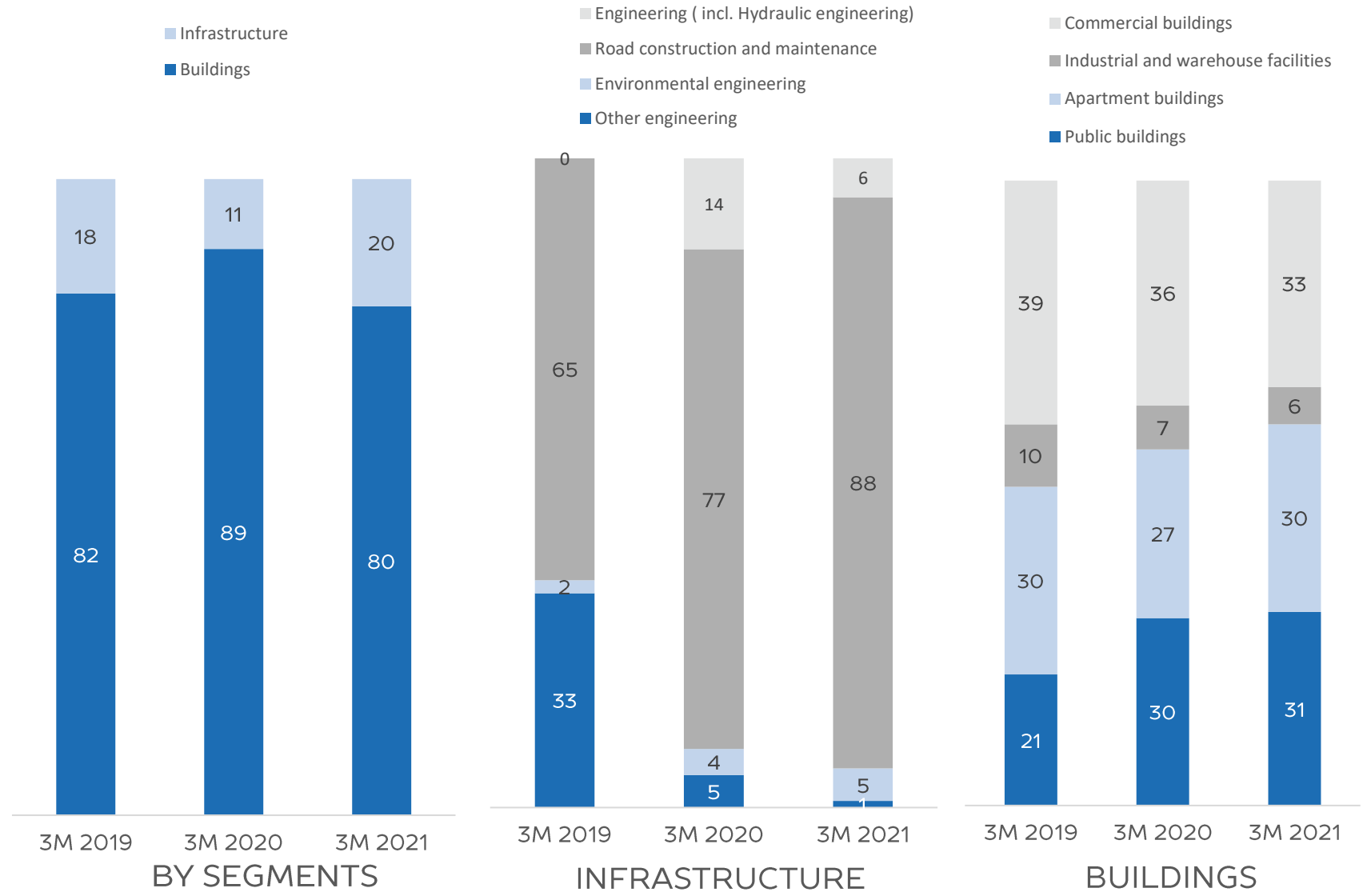
Revenue distribution

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

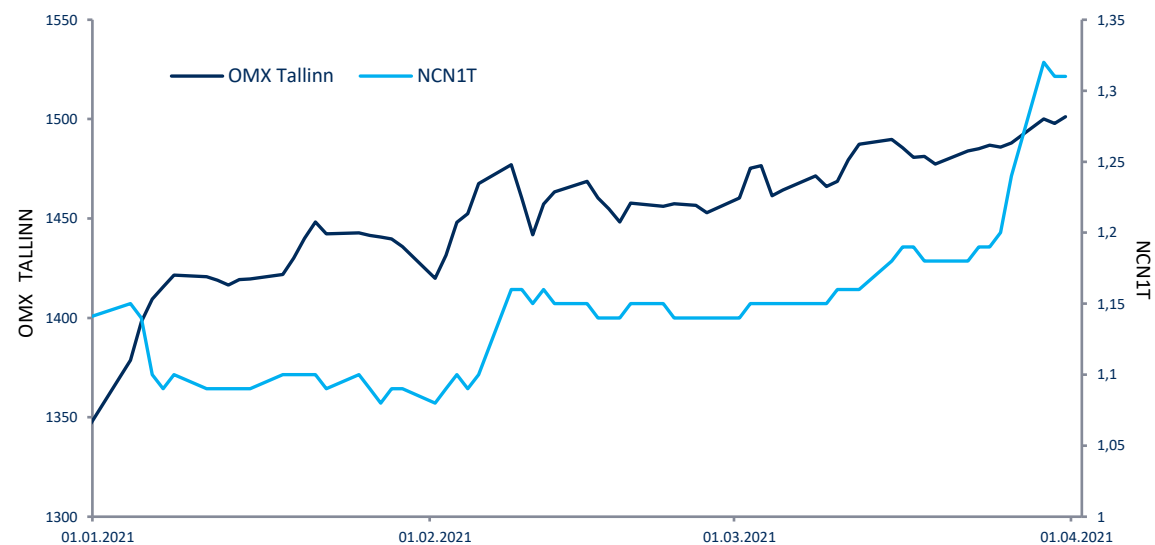
Harry Rööpson



Share and shareholders

Largest shareholders in Nordecon AS at 31 March 2021

	Number of shares	Ownership interest (%)
AS Nordic Contractors	17 607 464	54,39
Luksusjaht AS	4 288 403	13,25
Olegs Radcenko	602 648	1,86
SEB Pank AS kliendid	483 188	1,49
Lembit Talpsepp	350 786	1,08
Mati Kalme	314 500	0,97
SEB Life and Pension Baltic SE Eesti filiaal	255 000	0,79
Genadi Bulatov	250 600	0,77
Svenska Handelsbanken kliendid	211 112	0,65
Ain Tromp	203 960	0,63



Indeks/aktsia	01.01.2021*	31.03.2021	+/-
OMX Tallinn	1 343,72	1 501,15	11,72%
NCN1T	1,14 EUR	1,31 EUR	14,91%

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