



NORDECON

Investor
¹
Presentation
Q3 2020

STRATEGY OVERVIEW



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

LOCATION
Tallinn

CUSTOMER
Academy of Security Sciences

ARCHITECT
Arhitekt11 OÜ

CONSTRUCTION PERIOD
July 2017 – February 2019

CONTRACTOR
Nordecon AS

PROJECT MANAGER
Kaido Aunre



PERIOD IN BRIEF

The Group ended the first nine months of 2020 with **revenue** of 217,664 thousand euros, a roughly 26% improvement on the 172,237 thousand euros generated in the first nine months of 2019.

Revenue growth was driven by the strong performance of the Buildings segment, which increased its revenue by 38%.

Based on the size of its order book, revenue growth in the Buildings segment was expected.

The Group's **operating profit** for the first nine months of 2020 was 3,952 thousand euros (9M 2019: 2,498 thousand euros).

Operating margin improved year on year, rising to 1.8% for the nine months of 2020 (9M 2019: 1.5%).

EBITDA amounted to 6,512 thousand euros (9M 2019: 4,732 thousand euros)

Nordecon ended the first nine months of 2020 with a **gross profit** of 9,515 thousand euros (9M 2019: 7,721 thousand euros).

In the Buildings segment, gross margin decreased year on year, dropping to 4.7% for nine months and 4.0% for the third quarter (9M 2019: 5.4% and Q3 2019: 5.1%).

In the Infrastructure segment, gross margin improved year on year, rising to 4.6% for nine months and 5.9% for the third quarter (9M 2019: 4.0% and Q3 2019: 9.2%).

The Group's **order book** stood at 215,494 thousand euros at 30 September 2020, a 10% increase year on year.

In the third quarter, we signed new contracts of 87,751 thousand euros (Q3 2019: 69,894 thousand euros).

The Group's **administrative expenses** for the first nine months of 2020 totalled 5,312 thousand euros. Compared to the same period in 2019, administrative expenses increased by around 14% (9M 2019: 4,668 thousand euros).

The rise is attributable to growth in personnel expenses and depreciation as well as the fact that Embach Ehitus OÜ became a subsidiary.

The ratio of administrative expenses to revenue (12 months rolling) was 2.7, remaining virtually the same as a year earlier (9M 2019: 2.8%).

In the first nine months of 2020, operating activities produced a **net cash** outflow of 279 thousand euros (9M 2019: an inflow of 6,189 thousand euros).

The key factor that affects operating cash flow is the mismatch between the settlement terms agreed with customers and suppliers.

KOHTLA-JÄRVE STATE GYMNASIUM

LOCATION

Kohtla-Järve, Ida-Viru county

CUSTOMER

The State Real Estate

ARCHITECT

BOA OÜ

CONSTRUCTION PERIOD

September 2018 – August 2019

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Kristo Leede, Marko Mägi

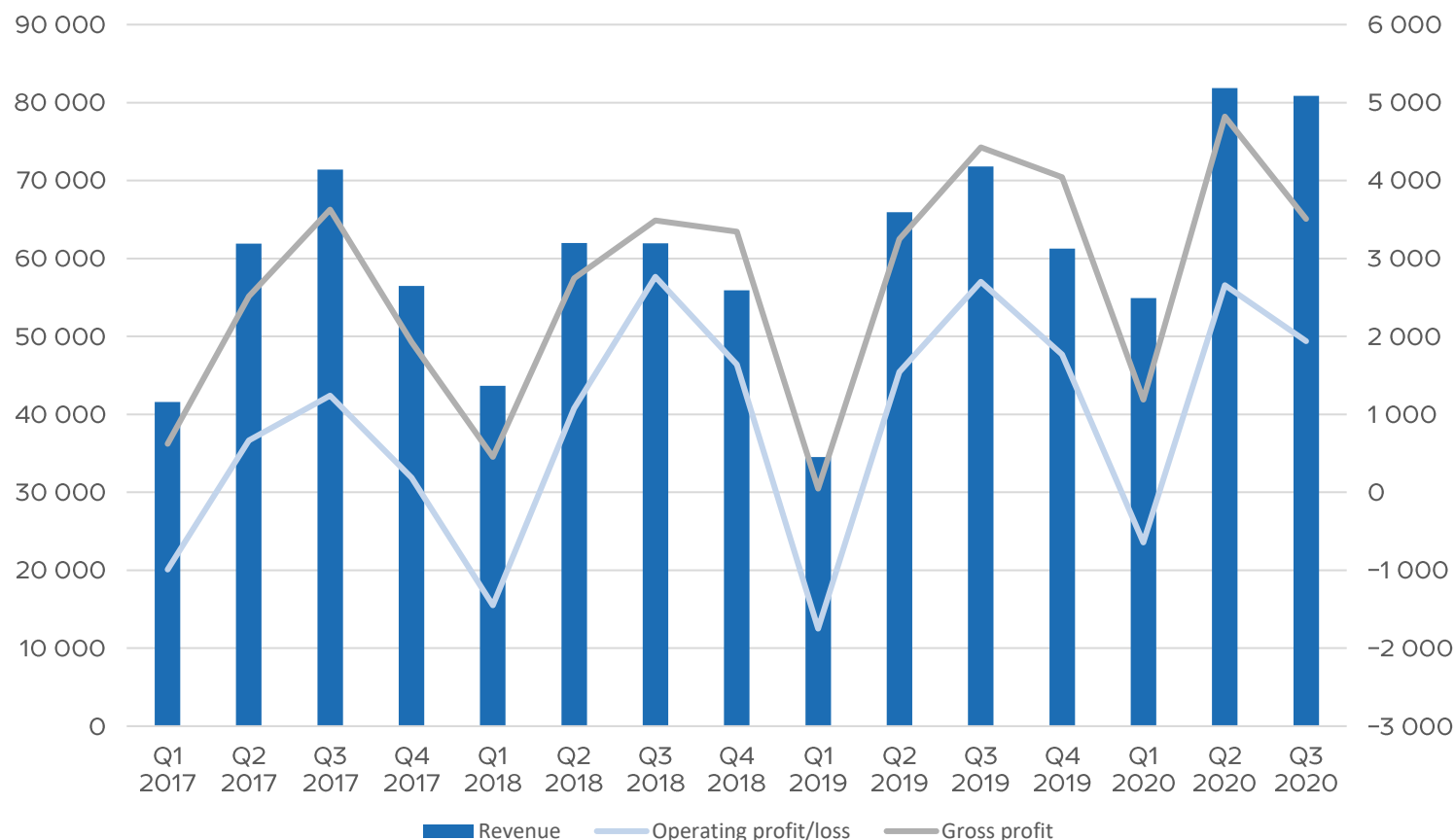


REVENUE AND OPERATING PROFIT

Revenue growth was driven by the Buildings segment which increased revenue by 38%. The Infrastructure segment's revenue, on the other hand, decreased by 2% compared to the same period last year

The **gross margin** of the Buildings segment dropped somewhat to 4.7% for nine months while the Infrastructure segment margin improved to 4.6%.

Figure / Ratio	9M 2018	9M 2019	9M 2020
Revenue (EUR '000)	167,588	172,237	217,644
Revenue change	-4,2%	-2,8%	26,4%
Net profit/loss (EUR '000)	2,154	2876	3004
Gross margin	4,0%	4,5%	4,4%
EBITDA margin	2,3%	2,7%	3,0%
Net margin	1,3%	1,7%	1,4%
Administrative expenses to revenue (12 month rolling)	2,9%	2,8%	2,7%



VESKITAMMI JUNCTION

LOCATION

National road no 4, 13.0–13.7 kilometers of the Tallinn–Pärnu–Ikla road

CUSTOMER

Road Administration

DESIGNER

Reaalprojekt OÜ

CONSTRUCTION PERIOD

March 2018 – November 2019

CONTRACTOR

Nordecon AS

PROJECT MANAGER

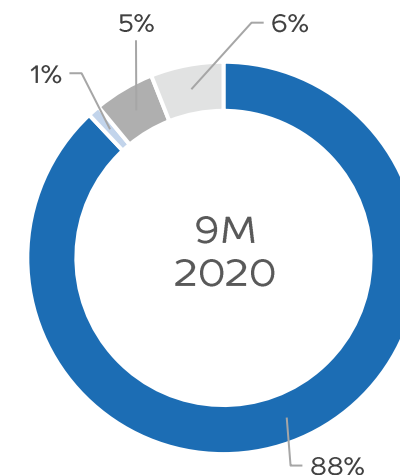
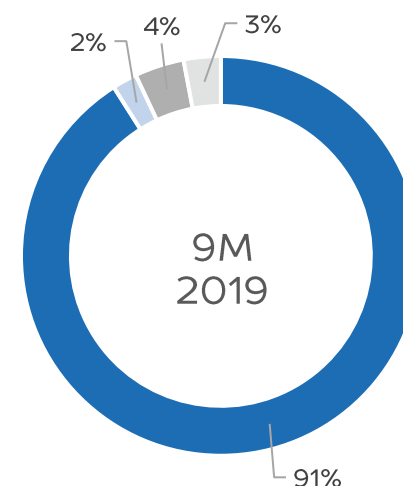
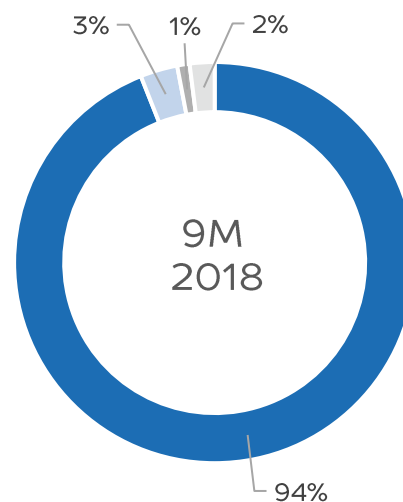
Madis Padu



Revenue by Geographic Regions

	9M 2018	9M 2019	9M 2020
Estonia	94%	91%	88%
Ukraine	3%	2%	1%
Finland	1%	4%	5%
Sweden	2%	3%	6%

■ Estonia ■ Ukraine ■ Finland ■ Sweden



The revenue contribution of the Groups **foreign markets** increased year on year, rising to approximately 12% of the Group's total revenue for the first nine months of 2020.

The revenue contribution of the **Swedish market** grew significantly year on year. During the period, we worked in Sweden on three building construction contracts secured as a general contractor and one concrete work subcontract.

Finnish revenues grew somewhat, underpinned by concrete works subcontracts signed in the building construction segment and two general contractor's contracts signed in the agriculture sector.

Revenue generated in the **Ukrainian market** and its proportionate share in our total revenue decreased.

Order book and revenues

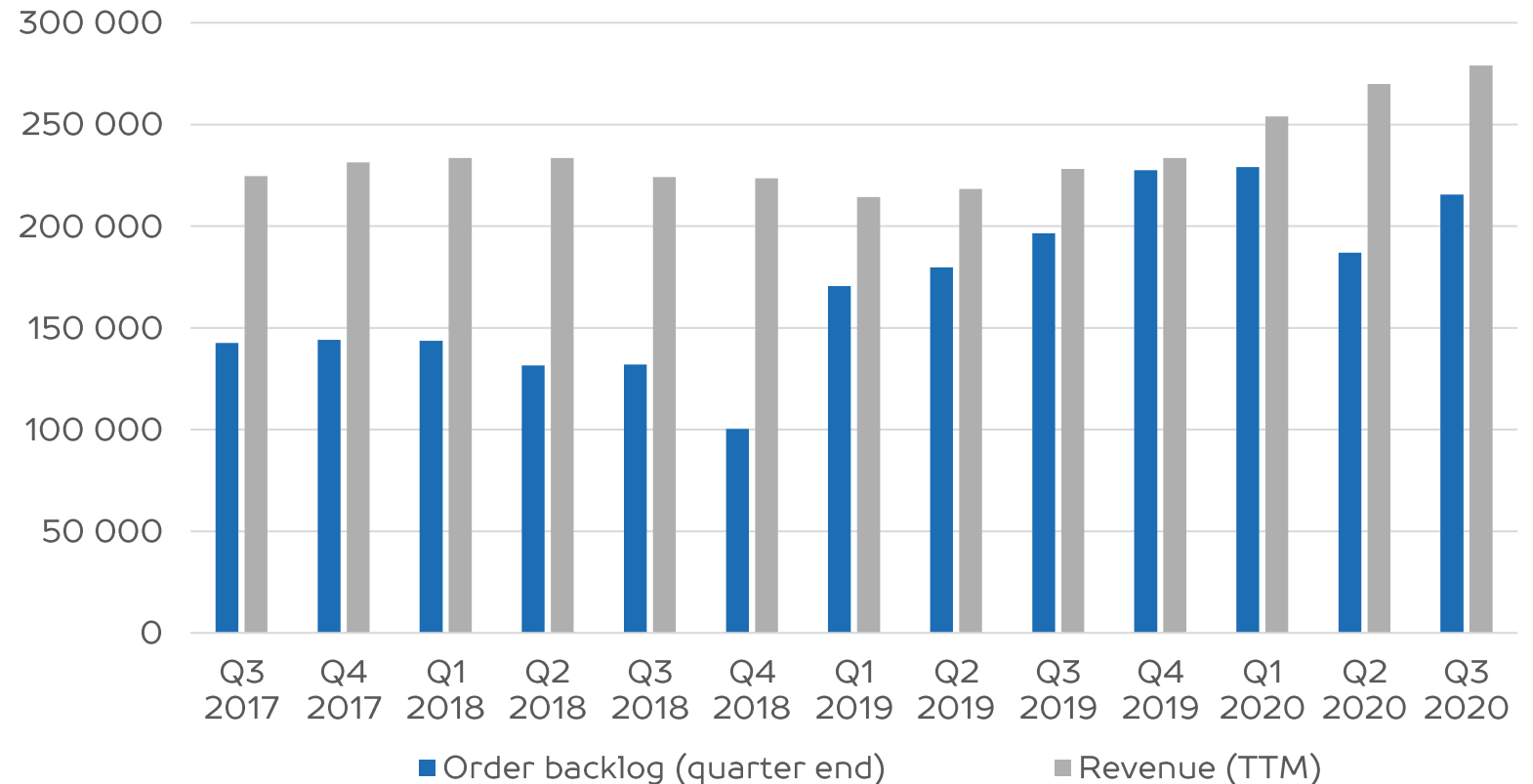
The Group's order book stood at 215,494 thousand euros at 30 September 2020, a 10% increase year on year.

At the reporting date, contracts secured by the Buildings segment and the Infrastructure segment accounted for 79% and 21% of the Group's total order book, respectively (30 September 2019: 80% and 20%, respectively).

Compared to 30 September 2019, the order book of the Buildings segment has increased by around 7% and the order book of the Infrastructure segment has increased by 20%.

In the third quarter, we signed new contracts of 87,751 thousand euros (Q3 2019: 69,894 thousand euros).

ORDER BOOK



TU HOSPITAL PARKING GARAGE

LOCATION
Tartu

CUSTOMER
Citypark Eesti OÜ

DESIGNER
Nordecon Betoon OÜ

CONSTRUCTION PERIOD
January 2019 – January 2020

CONTRACTOR
Nordecon Betoon OÜ

PROJECT MANAGER
Mihhail Varep



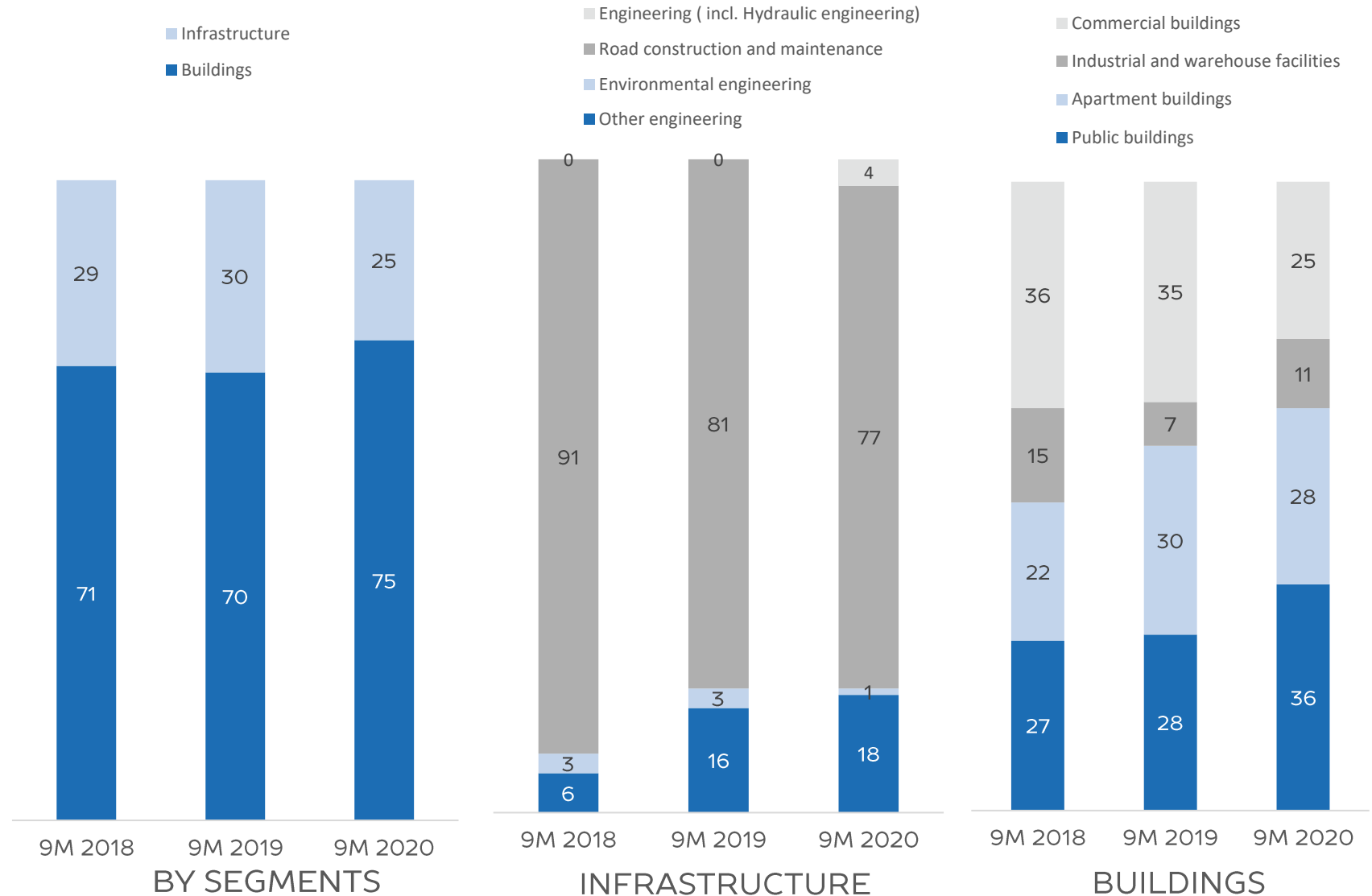
Revenue distribution

The limited volume of infrastructure construction projects, which continues to affect the entire Estonian construction market, is also reflected in our revenue structure.

In the Buildings segment, all subsegments delivered lesser or greater year-on-year revenue growth.

The fastest-growing subsegment was public buildings, which increased its revenue by 78%. It was also the largest revenue contributor, generating approximately a third of total segment revenue.

Although the largest revenue contributor in the Infrastructure segment is still road construction and maintenance, both the proportion and amount of its revenue have decreased year-on-year.



3 APARTMENT BUILDINGS OF KALDA HOME

LOCATION
Tartu

CUSTOMER
Nordecon AS

ARCHITECT
Indrek Näkk

CONSTRUCTION PERIOD
September 2018 – October 2019

CONTRACTOR
Embach Ehitus OÜ

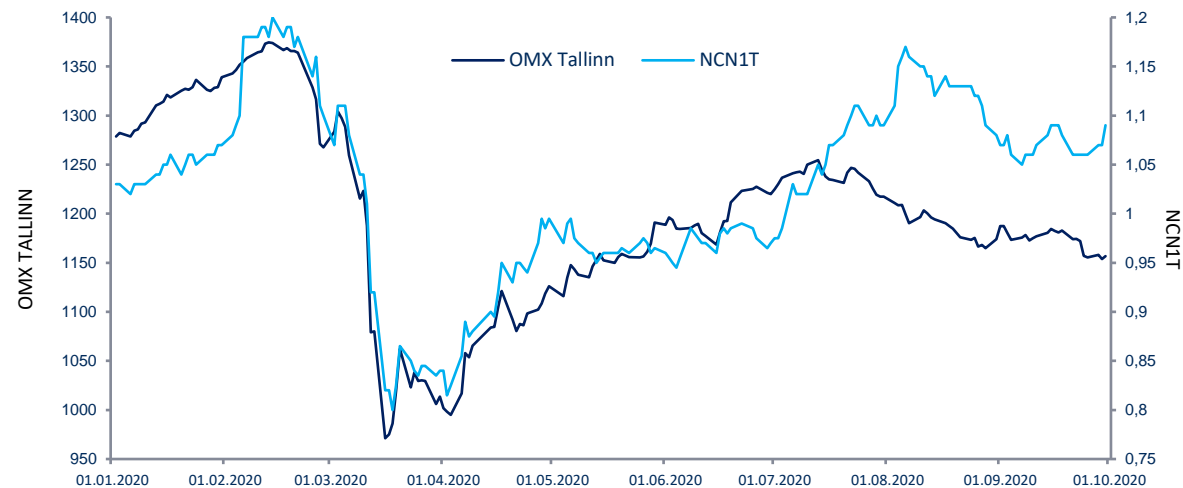
PROJECT MANAGER
Ahti Kala



Share and shareholders

Largest shareholders in Nordecon AS at 30 September 2020

	Number of shares	Ownership interest (%)
AS Nordic Contractors	17 507 464	54.08
Luksusjaht AS	4 288 403	13.25
Olegs Radcenko	516 295	1.59
SEB Pank AS kliendid	503 188	1.55
Lembit Talpsepp	350 786	1.08
ASM INVESTMENTS OÜ	310 000	0.96
Mati Kalme	294 000	0.91
SEB LIFE AND PENSION BALTIC SE EESTI FILIAAL	255 000	0.79
GENADI BULATOV	250 600	0.77
RIIVO PAPPEL	237 500	0.73



Index/Share	01 January 2020	30.09.2020	+/-
OMX Tallinn	1,279.70	1,156.86	-9.60%
NCN1T	EUR 1.03	EUR 1.09	5.83%

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