

An aerial photograph of a road intersection, overlaid with a semi-transparent blue filter. The road has white lane markings. To the right, there are railway tracks. The NORDECON logo, consisting of a white circle with a diagonal line and the word "NORDECON" in white capital letters, is centered over the intersection.

NORDECON

Investor
¹
Presentation
Q4 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 2020 with **revenue** of 296,082 thousand euros, a roughly 26% improvement on the 234,071 thousand euros generated in 2019.

The Buildings segment increased its revenue by around 34% and the Infrastructure segment by around 7%.

Nordecon ended the year 2020 with a **gross profit** of 10,996 thousand euros (2019: 11,769 thousand euros). Gross margin for the financial year was 3.7% (2019: 5.0%).

The gross margin of the Infrastructure segment improved, rising to 5.1% for 2020 and 6.1% for the fourth quarter (2019: 3.5%, Q4 2019: 1.9%).

The gross margin of the Buildings segment, on the other hand, fell sharply, dropping to 3.6% for 2020 and 0.7% for the fourth quarter (2019: 6.3%, Q4 2019: 8.8%).

The Group's **administrative expenses** for 2020 totalled 7,073 thousand euros.

Compared to 2019, administrative expenses increased by around 3.5% (2019: 6,837 thousand euros). The rise is attributable to the fact that Embach Ehitus OÜ became a subsidiary.

The ratio of administrative expenses to revenue (12 months rolling) was 2.4% (2019: 2.9%).

The Group's **operating profit** 2020 was 3,575 thousand euros (2019: 4,270 thousand euros).

EBITDA amounted to 7,003 thousand euros and EBITDA margin was 2.4% (2019: 7,311 thousand euros and 3.1%).

The Group's **order book** stood at 215,796 thousand euros at 31 December 2020, a 5% decrease year on year.

In 2020, we signed new contracts of 236,577 thousand euros, of which contracts of 55,511 thousand euros in the fourth quarter.

Operating activities produced a **net cash inflow** of 2,464 thousand euros in 2020 (2019: an inflow of 8,003 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

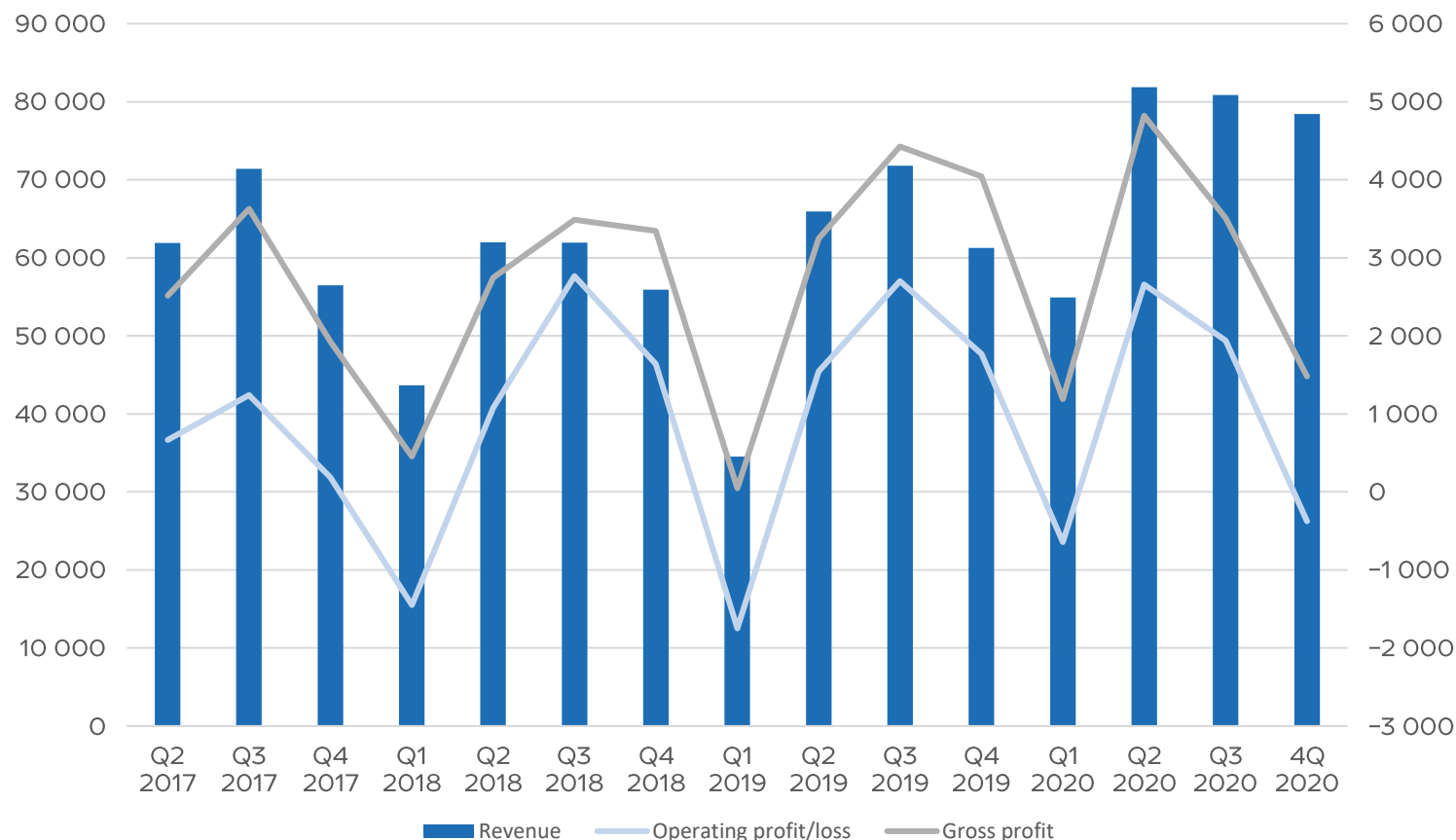


REVENUE AND OPERATING PROFIT

Revenue growth was driven by the Buildings segment which increased revenue by 34%. The Infrastructure segment's revenue, on the other hand, increased by 7% compared to the same period last year

The **gross margin** of the Buildings segment dropped sharply to 3.6% for 2020 while the Infrastructure segment margin improved to 5.1%.

Figure / Ratio	12M 2018	12M 2019	12M 2020
Revenue (EUR '000)	223 496	234 071	296 082
Revenue change	-3,4%	4,7%	26,4%
Net profit/loss (EUR '000)	3 381	3 378	2 466
Gross margin	4,5%	5,0%	3,7%
EBITDA margin	2,7%	3,1%	2,4%
Net margin	1,7%	1,8%	1,4%
Administrative expenses to revenue (12 month rolling)	3,0%	2,9%	2,4%



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

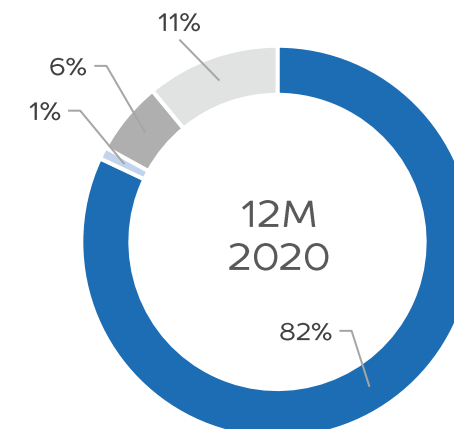
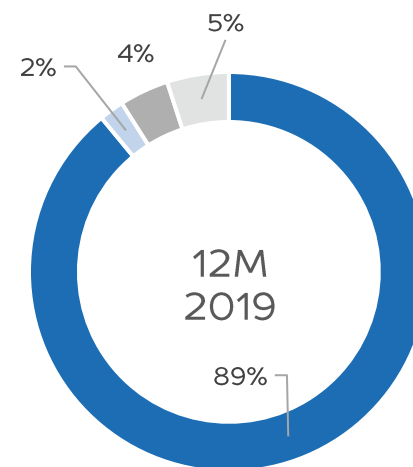
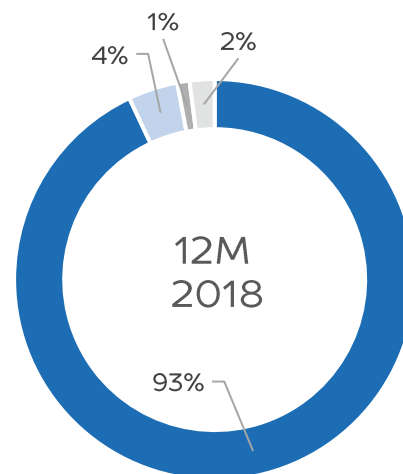
PROJECT MANAGER

Madis Padu



Revenue by Geographic Regions

	12M 2018	12M 2019	12M 2020
Estonia	93%	89%	82%
Ukraine	4%	2%	1%
Finland	1%	4%	6%
Sweden	2%	5%	11%



■ Estonia ■ Ukraine ■ Finland ■ Sweden

Revenue generated **outside Estonia** accounted for approximately 18% of the Group's total revenue, which is the highest level for recent years.

Revenue generated in **Sweden** has increased year on year, driven by two new general contracts for the construction of apartment buildings and a concrete works subcontract for the construction of foundations for 73 turbines in a wind farm being built in northern Sweden.

The revenue contribution of the **Finnish market** has increased as well: a significant share of it resulted from contracts for the construction of the Raitinkartano commercial and residential building and two farm complexes.

The revenue contribution of the **Ukrainian market** has decreased by about a half compared to 2019.

Order book and revenues

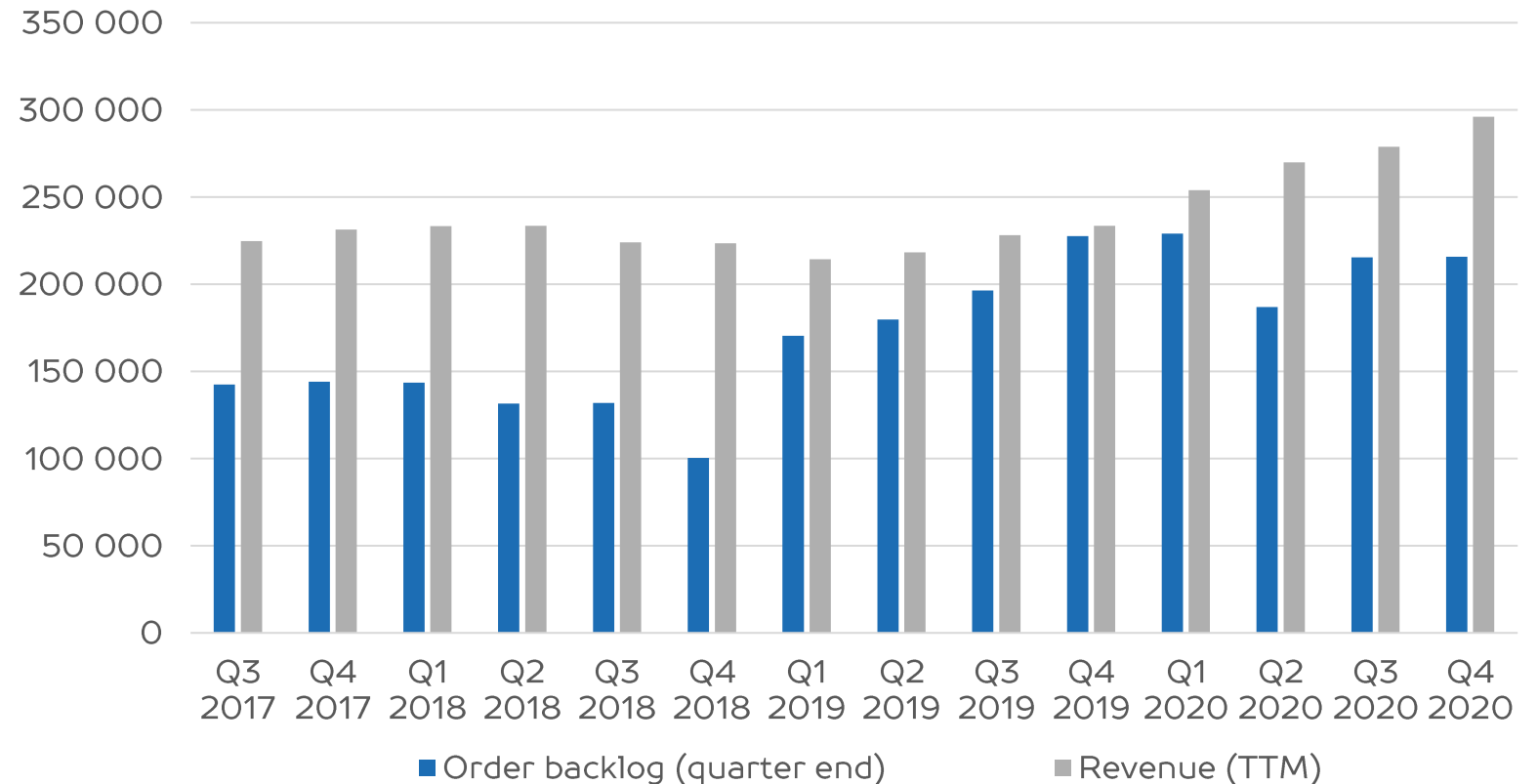
The Group's order book stood at 215,796 thousand euros at 31 December 2020, a 5% decrease year on year.

At 31 December 2020, the order books of the Buildings segment and the Infrastructure segment accounted for 81% and 19% of the Group's total order book, respectively (31 December 2019: 85% and 15%, respectively).

Compared to 31 December 2019, the order book of the Infrastructure segment has grown by around 19% while the order book of the Buildings segment has decreased by around 10% due to an almost twofold decline in the order book of the apartment buildings subsegment.

In 2020, we signed new contracts of 236,577 thousand euros, of which contracts of 55,511 thousand euros in the fourth quarter.

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



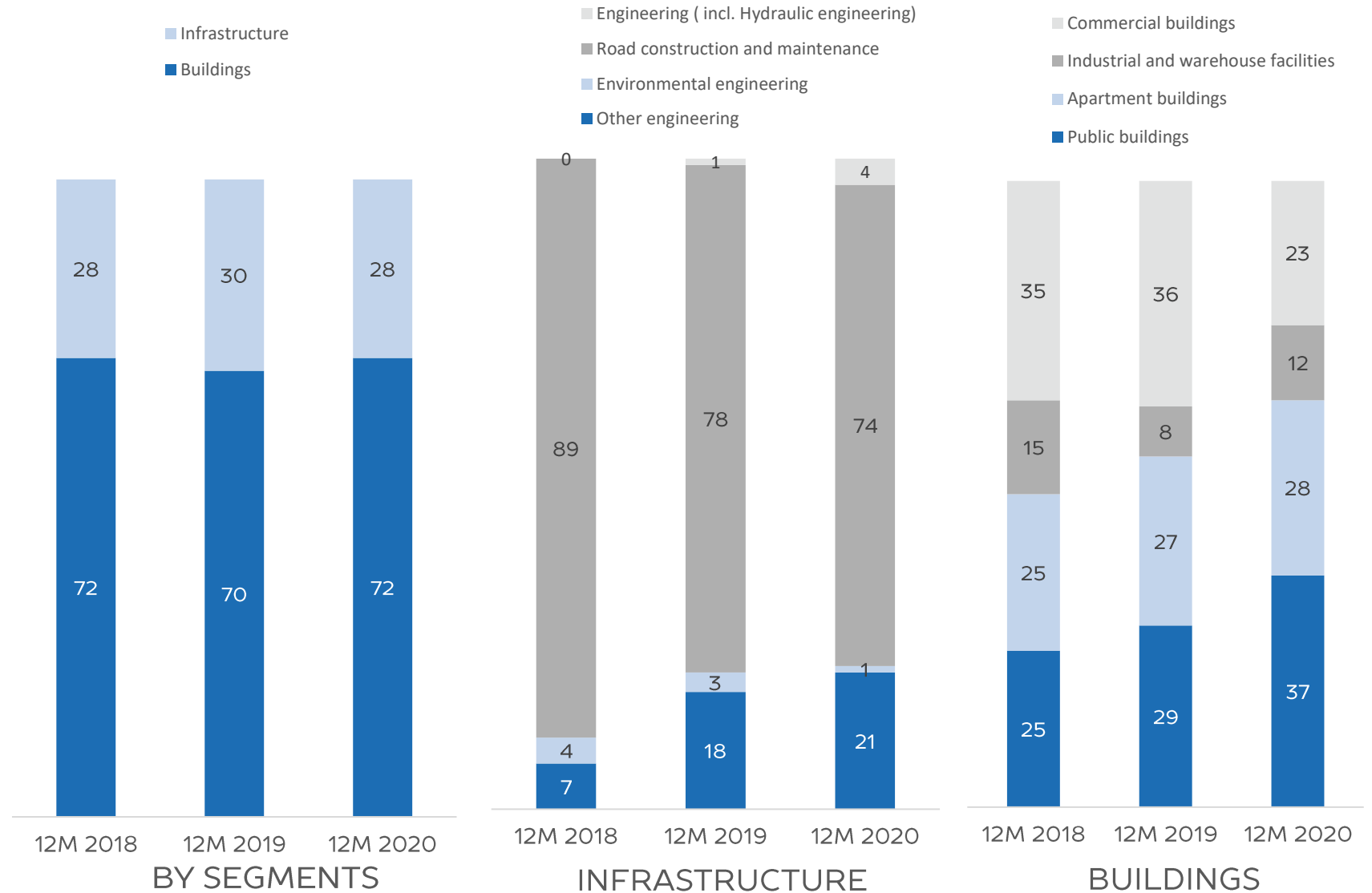
Revenue distribution

In the Buildings segment, revenue generated by the commercial buildings subsegment decreased while revenue generated by other subsegments increased compared to 2019.

The largest subsegment in terms of revenue was public buildings, which accounted for over a third of total segment revenue and showed 67% year-on-year revenue growth.

Although the amount and share of revenue generated by the industrial and warehouse facilities subsegment remained modest compared to other subsegments, its revenue grew more than two times compared to 2019.

Although the largest revenue contributor in the Infrastructure segment is still road construction and maintenance, its proportionate contribution has 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

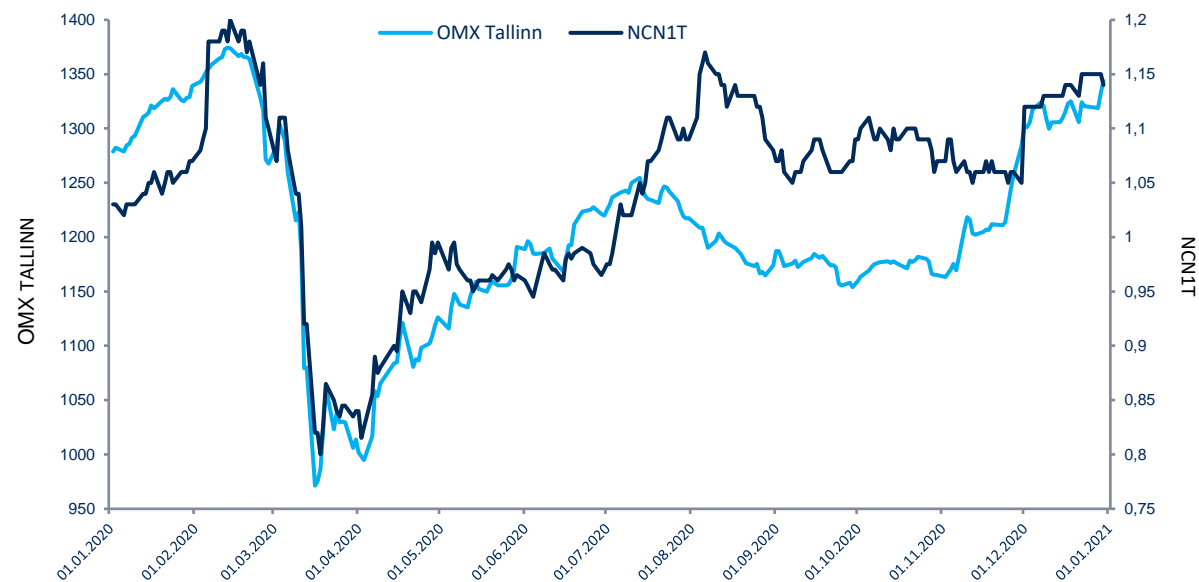
PROJECT MANAGER
Ahti Kala



Share and shareholders

Largest shareholders in Nordecon AS at 31 December 2020

	<u>Number of shares</u>	<u>Ownership interest (%)</u>
AS Nordic Contractors	17 607 464	54,39
Luksusjaht AS	4 288 403	13,25
Olegs Radcenko	583 404	1,80
SEB Pank AS kliendid	503 188	1,55
Lembit Talpsepp	350 786	1,08
Mati Kalme	280 000	0,86
SEB Life and Pension Baltic SE Eesti filiaal	255 000	0,79
Genadi Bulatov	250 600	0,77
Swenska Handelsbanken kliendid	211 112	0,65
Ain Tromp	203 960	0,63



Index/Share	01 January 2020	31 December 2020	+/-
OMX Tallinn	1,279.70	1,343.72	5.00%
NCN1T	EUR 1.03	EUR 1.14	10.68%

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