

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 and a grid of lines.

# NORDECON 30

Investor Presentation  
Q4 2019

# 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.

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**

# Haabersti traffic junction

Location: Tallinn

Customer: Tallinn Municipal Engineering Services  
Department

Construction period: March 2017 – September 2018

Contractor: Nordecon AS

Project manager: Martin Paabo



## Period in Brief

The Group's **revenue** for 2019 amounted to 233,508 thousand euros, 4.5% up on the 223,496 thousand euros generated in 2018.

Revenue grew by 4% in the Buildings segment and 7% in the Infrastructure segment.

Buildings and Infrastructure generated revenue of 169,124 thousand euros and 64,023 thousand euros, respectively. The corresponding figures for 2018 were 162,909 thousand euros and 60,086 thousand euros.

The Group ended 2019 with an **operating profit** of 4,264 thousand euros (2018: 4,031 thousand euros).

**EBITDA** amounted to 7,300 thousand euros (2018: 6,021 thousand euros) and EBITDA margin was 3.1% (2018: 2.7%).

The Group ended the year with a **gross profit** of 11,763 thousand euros (2018: 10,033 thousand euros) and a gross margin of 5.0% (2018: 4.5%).

The gross margin of the Buildings segment increased considerably, rising to 6.3% for 2019 (2018: 4.7%) and 8.8% for the fourth quarter (Q4 2018: 8.3%).

The gross margin of the Infrastructure segment, on the other hand, weakened noticeably, dropping to 3.5% for 2019 (2018: 5.6%) and 1.9% for the fourth quarter (Q4 2018: 1.9%), which is certainly less than satisfactory.

At 31 December 2019, the Group's **order book** stood at 227,568 thousand euros. Compared to the end of 2018, the order book has increased more than two times.

In 2019, the Group signed new contracts of 305,695 thousand euros (2018: 134,419 thousand euros). The Group has been equally successful in winning both public and private contracts.

The Group's **administrative expenses** for 2019 totaled 6,837 thousand euros.

Compared to 2018, administrative expenses increased by around 2.0% (2018: 6,725 thousand euros) and the ratio of administrative expenses to revenue (12 months rolling) was 2.9% (2018: 3.0%).

The board, having agreed it with the council, proposes that the shareholders distribute in 2020 a **dividend** of 0.06 euros per share for 2019.

In addition, the Group's ultimate controlling party has notified the board of its intention to propose at the annual general meeting a motion for **reducing the share capital** of Nordecon AS by 0.06 euros per share.

# Kristina houses

Location: Tallinn

Customer: Pro Kapital Grupp AS

Architect: Allianss Arhitektid OÜ

Construction period:  
November 2016 – December 2019

Contractor: Nordecon AS

Project manager: Silver Sein



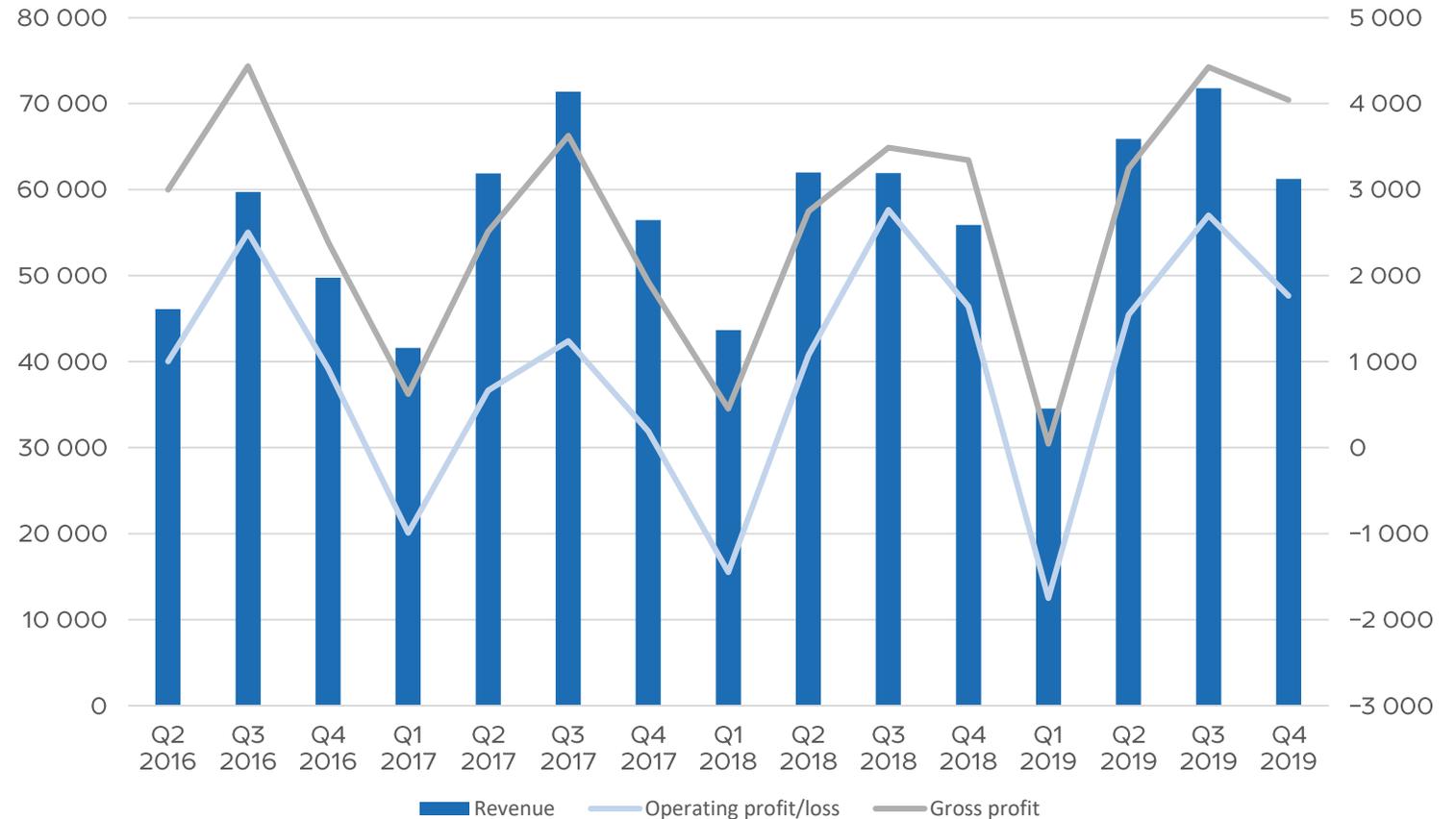
# Revenue and operating profit

**Revenue** grew by 4% in the Buildings segment and 7% in the Infrastructure segment.

The **gross margin of the Buildings** segment increased considerably, rising to 6.3% for 2019 (2018: 4.7%).

The **gross margin of the Infrastructure** segment, on the other hand, dropped to 3.5% for 2019 (2018: 5.6%).

Figure / Ratio	12M 2017	12M 2018	12M 2019
Revenue (EUR '000)	231,387	223,496	233,508
Revenue change	26.2%	-3.4%	4.5%
Net profit/loss (EUR '000)	4,130	3,821	2,876
Gross margin	3.8%	4.5%	5.0%
EBITDA margin	1.3%	2.7%	3.1%
Net margin	0.7%	1.7%	1.8%
Administrative expenses to revenue (12 month rolling)	3.0%	3.0%	2.9%



# Apartment building at Nõmme tee 97

Location: Nõmme tee 97, Tallinn

Customer: Nordecon AS

Architect: Indrek Näkk

Construction  
period: April 2018 – May 2019

Contractor: Embach Ehitus OÜ

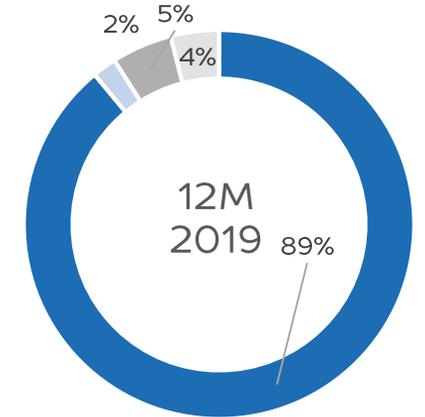
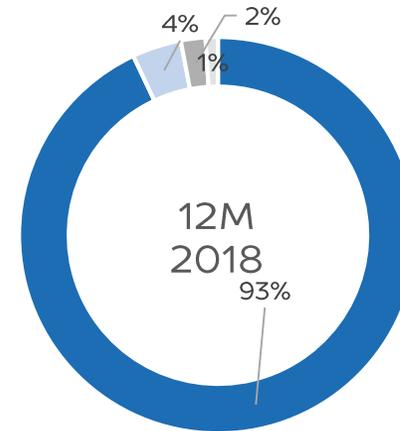
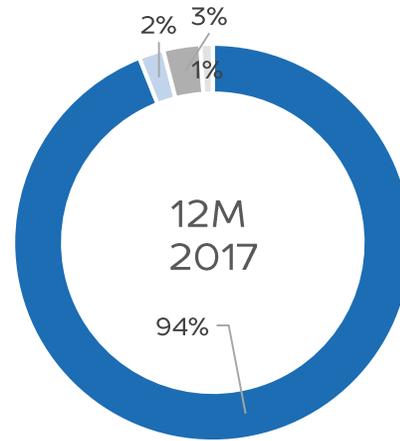
Project manager: Lauri Tomp



# Revenue by Geographic Regions

■ Estonia ■ Ukraine ■ Finland ■ Sweden

	12M 2017	12M 2018	12M 2019
Estonia	94%	93%	89%
Ukraine	2%	4%	2%
Finland	3%	2%	5%
Sweden	1%	1%	4%



In 2019, revenue generated **outside Estonia** accounted for around 11% of the Group's total revenue, rising to recent years' highest level.

In 2019, the Group brought in its largest-ever **Finnish** revenue through subcontracting in concrete constructions.

The Group's **Swedish** revenue also grew year on year stemming from the works performed as general contractor on two apartment buildings and as subcontractor in concrete works of wind turbine foundations.

The contribution of the **Ukrainian market**, on the other hand, decreased by almost a half compared to 2018.

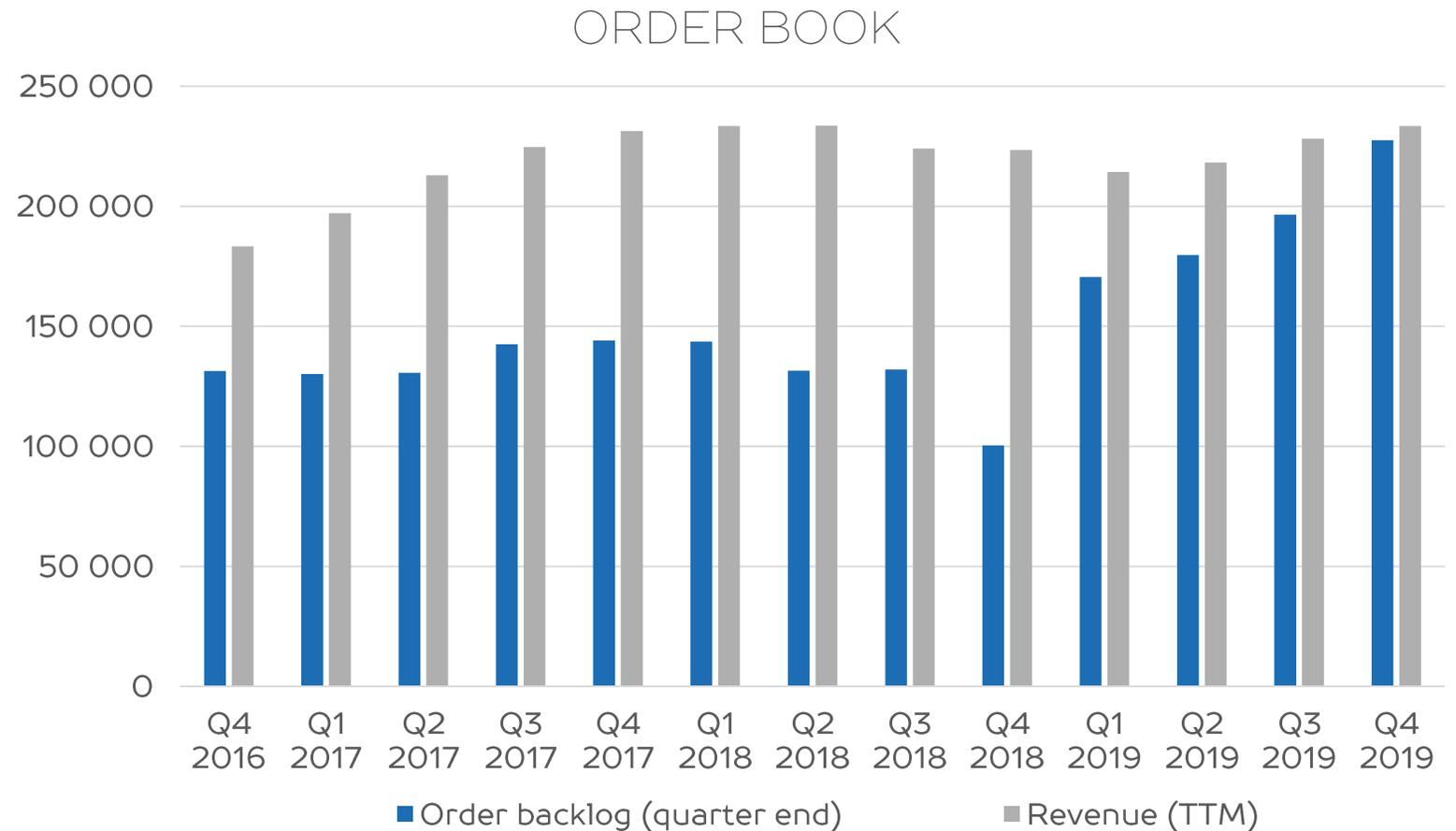
# Order book and revenues

At 31 December 2019, the Group's order book stood at 227,568 thousand euros, having more than doubled in a year.

At the reporting date, contracts secured by the Buildings segment and the Infrastructure segment accounted for 85% and 15% of the Group's total order book, respectively (31 December 2018: 72% and 28%, respectively).

Compared to 31 December 2018, the order books of both segments have grown. The order book of the Buildings segment has increased more than 2.5 times and that of the Infrastructure segment by 21%.

In 2019, the Group signed new contracts of 305,695 thousand euros (2018: 134,419 thousand euros).



# Barracks of the defence forces base in Tapa

Location:	Tapa, Lääne-Viru county
Customer:	Centre for Defence Investment
Architect:	Loona Kikkas, Ene Kuljus (SWECO Projekt AS)
Construction period:	August 2015 – September 2018
Contractor:	Nordecon AS
Project manager:	Priit Murmann

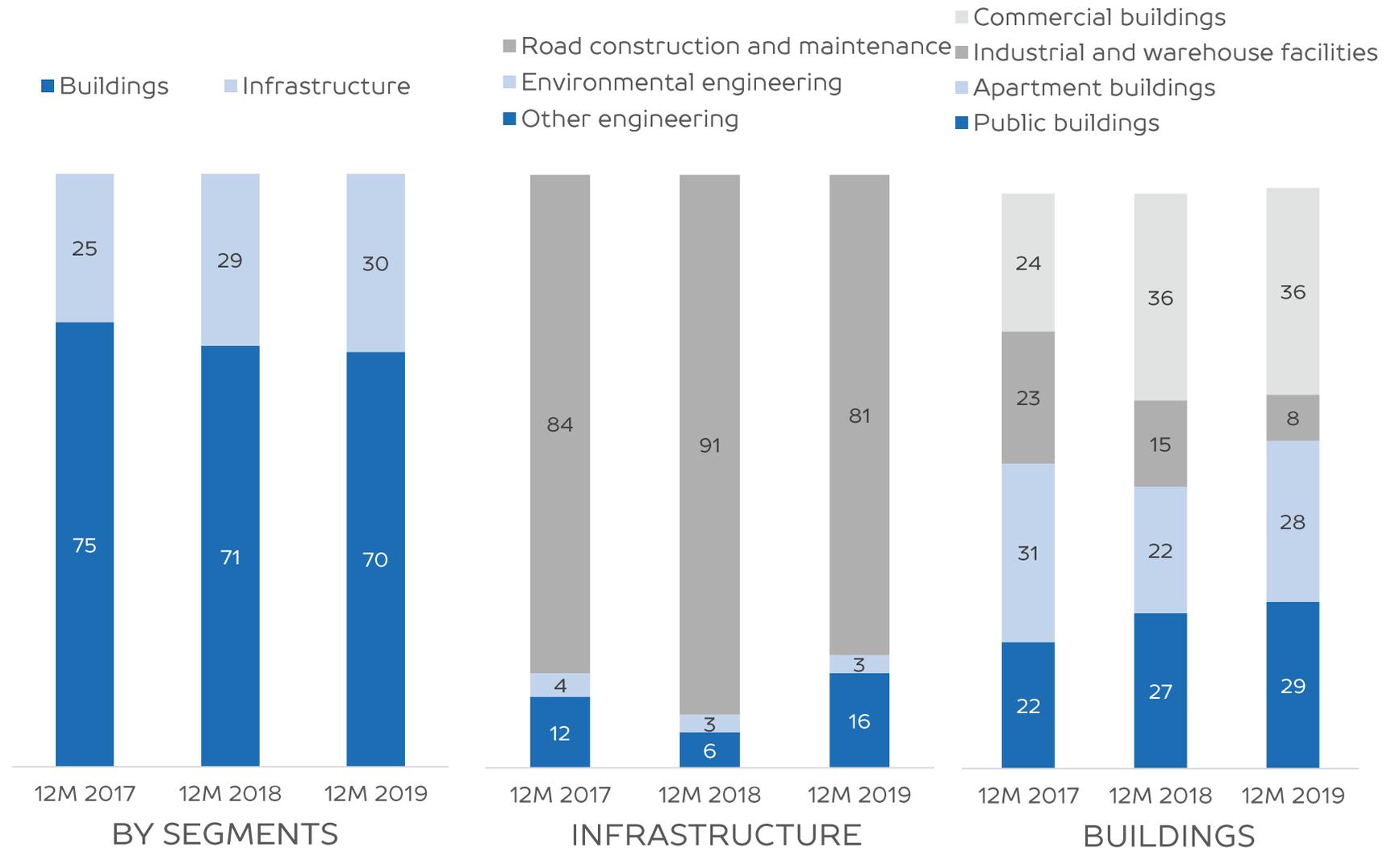


# Revenue distribution

In the Infrastructure segment, the share of revenue generated by the road construction and maintenance subsegment decreased for the first time in several years. However, this was mostly due to a few large other engineering projects. There is no general trend indicating a rise in investments in subsegments other than road construction and maintenance.

The largest revenue source in the Buildings segment is still the commercial buildings subsegment whose revenue for 2019 remained comparable to 2018.

The strongest-growing subsegments were public buildings and apartment buildings, which increased their revenue by 14% and 16% year on year, respectively. We continue to build our own housing development projects in Tallinn and Tartu.



# Apartment buildings at Lesta 10 in Tallinn

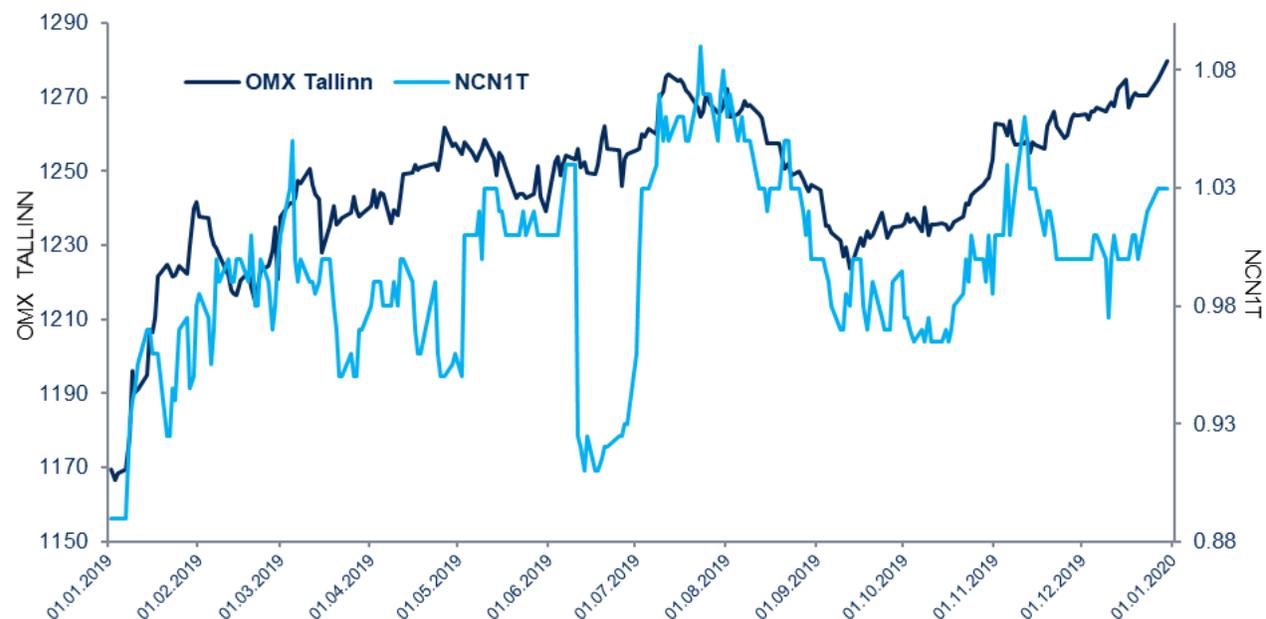
Location:	Lesta 10, Tallinn
Customer:	Haven Kakumäe OÜ
Architect:	Arch-D
Construction period:	September 2017 – July 2019
Contractor:	Nordecon AS
Project manager:	Oleg Kaas



# Share and shareholders

## Largest shareholders in Nordecon AS at 31 December 2019

	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	50.99
Luksusjaht AS	4,221,522	13.04
Rondam AS	1,000,000	3.09
SEB Pank AS clients	710,000	2.19
ASM Investments OÜ	506,000	1.60
Mati Kalme	400,000	1.24
State Street Bank and Trust Omnibus Account A Fund	368,656	1.14
Midas Invest OÜ	385,000	1.19
Lembit Talpsepp	381,751	0.98
SEB Elu-ja Pensionikindlustus AS	255,000	0.79



Index/Equity	1 January 2019	31 December 2019	+/-
<b>OMX Tallinn</b>	1,162.86	1,279.7	10.05%
<b>NCN1T</b>	EUR 0.89	EUR 1.03	15.73%

## SHARE AND SHAREHOLDERS

Nordecon AS  
Tel: +372 615 4400  
[www.nordecon.com](http://www.nordecon.com)  
Toompuiestee 35 Tallinn 10133  
Estonia

Head of Investor Relations  
Andri Hõbemägi  
Tel: +372 615 4400  
[andri.hobemagi@nordecon.com](mailto:andri.hobemagi@nordecon.com)

