



Investor presentation

Q3 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 group's **revenue** for the first nine months of 2021 was €208,894 thousand, around 4% lower than a year earlier when revenue amounted to €217,664 thousand.

The decrease is largely attributable to revenue from foreign operations (particularly Sweden), which dropped by 58%. Revenue generated in Estonia grew by 3% year on year.

In segment terms, revenue from the Buildings segment decreased by 9% while revenue from the Infrastructure segment grew by 13% year on year.

The group's **operating profit** for the nine months of 2021 was €339 thousand (9M 2020: €3,952 thousand).

EBITDA amounted to €2,961 thousand (9M 2020: €6,512 thousand).

Nordecon ended the first nine months of 2021 with a **gross profit** of €4,895 thousand (9M 2020: €9,515 thousand) and a gross margin of 2.3% (9M 2020: 4.4%).

In the third quarter, profitability improved significantly: the group delivered a gross profit of €3,589 thousand (Q3 2020: €3,508 thousand) and a gross margin of 3.9% (Q3 2020: 4.3%).

Nine-month profitability was strongly influenced by growth in input prices, which mainly affected contracts signed in 2020.

The group's **order book** stood at €293,141 thousand at 30 September 2021, a 36% increase year on year.

In the third quarter, we signed new contracts of €102,326 thousand (Q3 2020: €87,751 thousand).

The group's **administrative expenses** for the first nine months of 2021 were €4,267 thousand.

Compared to the same period in 2020, administrative expenses decreased by around 20% (9M 2020: €5,312 thousand), mainly through a decline in personnel expenses.

The ratio of administrative expenses to revenue (12 months rolling) remained stable at 2.1% (9M 2020: 2.1%).

Operating activities in the 9 months of 2021 produced a **net cash** inflow of €2,438 thousand (9M 2020: an outflow of €279 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

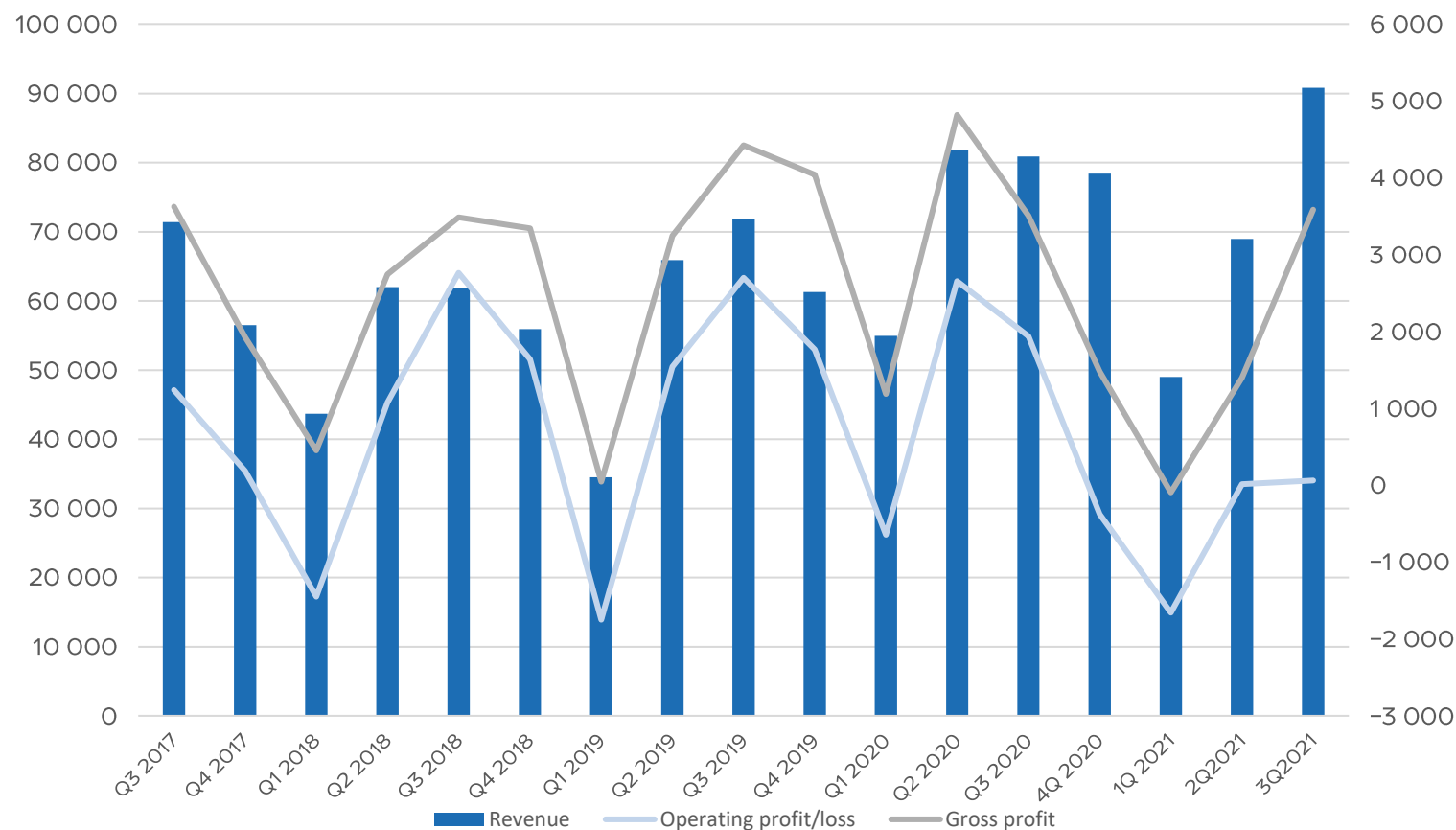


REVENUE AND OPERATING PROFIT

The gross margin of the Buildings segment was 3.0% for nine months and 3.8% for the third quarter compared with 4.7% and 4.0% for the nine months and third quarter in 2020.

The gross margin of the Infrastructure segment was 1.8% for nine months and 4.0% for the third quarter compared with 4.6% and 5.9% for the nine months and third quarter in 2020.

Figure / Ratio	9M 2019	9M 2020	9M 2021
Revenue (EUR '000)	172 237	217 664	208 894
Revenue change	2,8%	26,4%	-4%
Net profit/loss (EUR '000)	2 876	3 004	-368
Gross margin	4,5%	4,4%	2,3%
EBITDA margin	2,7%	3,8%	1,4%
Net margin	1,7%	1,4%	-0,2%
Administrative expenses to revenue (12 month rolling)	2,8%	2,7%	2,1%



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

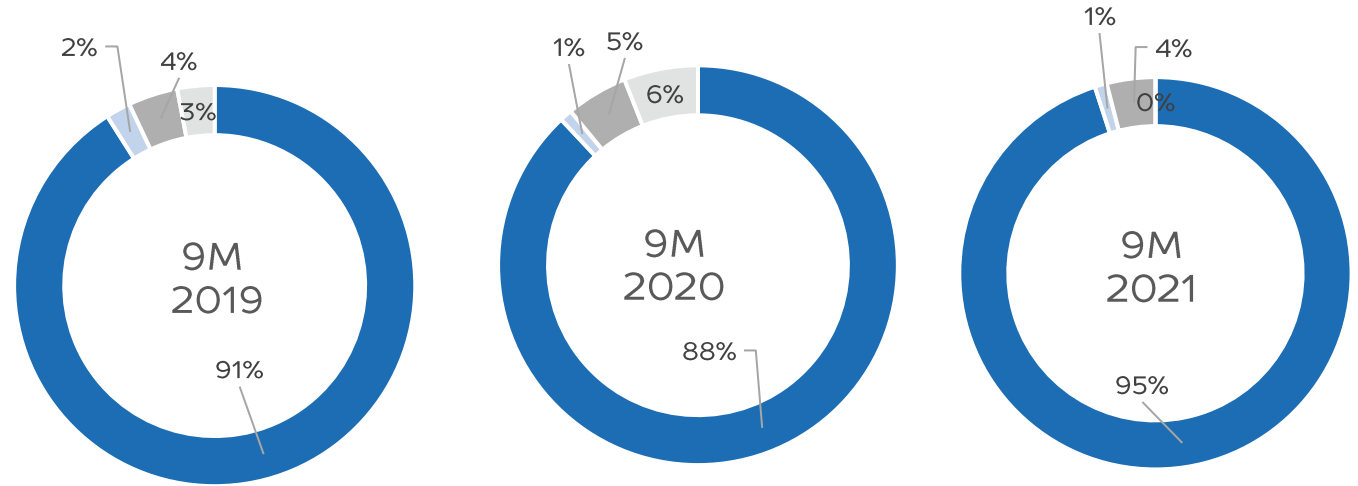
Ivo Lõhmus



Revenue by Geographic Regions

	9M 2019	9M 2020	9M 2021
Estonia	91%	88%	95%
Ukraine	2%	1%	1%
Finland	4%	5%	4%
Sweden	3%	6%	0%

■ Estonia ■ Ukraine ■ Finland ■ Sweden



The revenue contribution of **foreign markets** decreased significantly year-on-year, accounting for around 5% of the group's total revenue for the first nine months of 2021.

A major factor in the decline was a steep fall in **Swedish** revenues, which dropped to less than 1% of the total. The amount and share of revenue generated in **Finland** and **Ukraine** remained comparable to the same period last year.

Geographical diversification of the revenue base is a consciously deployed strategy by which we mitigate the risks resulting from excessive reliance on a single market.

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

Order book and revenues

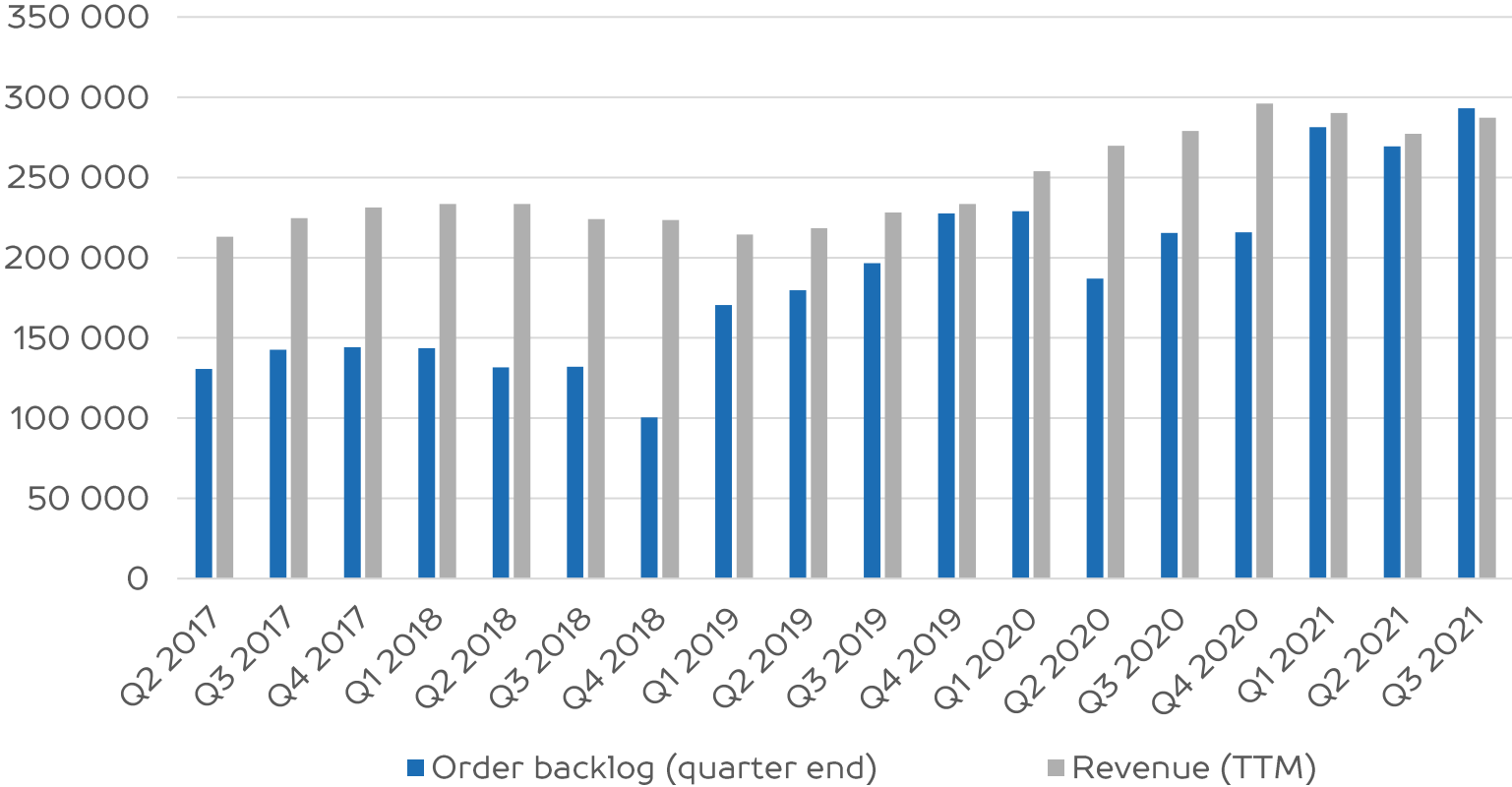
The group's order book stood at €293,141 thousand at 30 September 2021, a 36% increase year on year.

The Buildings segment still dominates with 87% while the share of the Infrastructure segment is 13% (30 September 2020: 79% and 21%, respectively).

Compared with 30 September 2020, the order book of the Buildings segment has grown by 51% and the order book of the Infrastructure segment had decreased by 18%.

In the third quarter, we signed new contracts of €102,326 thousand (Q3 2020: €87,751 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



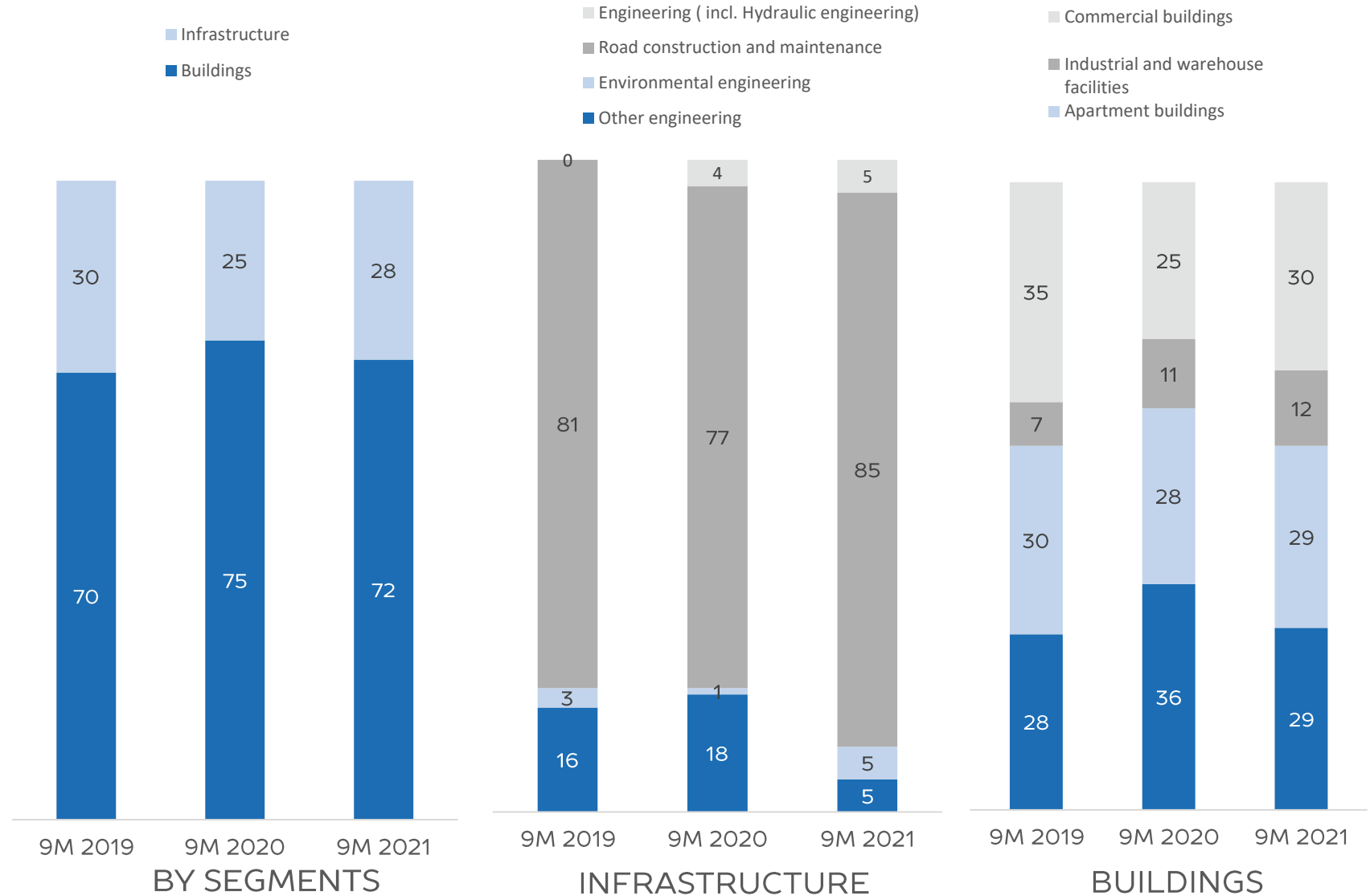
Revenue distribution

In the first nine months of 2021, the Buildings and the Infrastructure segment generated revenue of €154,599 thousand and €54,029 thousand, respectively. The corresponding figures for the same period in 2020 were €169,439 thousand and €48,025 thousand.

In the Buildings segment, the revenues of all subsegments decreased year on year, except for the commercial buildings subsegment that posted 7% revenue growth.

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

In the Infrastructure segment, the largest revenue contributor is the road construction and maintenance subsegment, which increased its revenue by around 21% year on year.



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

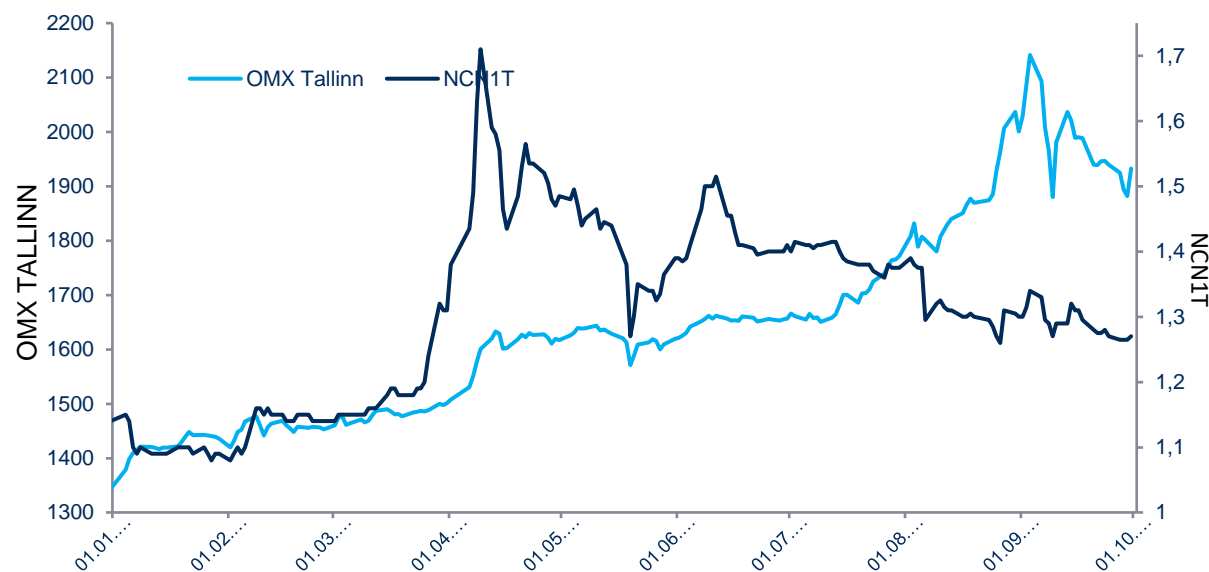
Harry Rööpson



Share and shareholders

Largest shareholders in Nordecon AS at 30 September 2021

	Number of shares	Ownership interest (%)
AS NORDIC CONTRACTORS	16 933 515	52.30
LUKSUSJAHT AS	4 278 403	13.22
TOOMAS LUMAN	650 000	2.01
Olegs Radcenko	584 867	1.81
SEB PANK AS_CLIENTS	425 000	1.31
Lembit Talpsepp	362 239	1.12
Mati Kalme	330 000	1.02
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



Indeks/aktsia	01.01.2021*	30.09.2021	+/-
OMX Tallinn	1 343,72	1 932,45	43,81%
NCN1T	1,14 EUR	1,27	11,4%

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