



Investor presentation

Q2 2022

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

AJAMAJA OFFICE BUILDING AT ROTERMANNI 6

LOCATION
Tallinn

CUSTOMER
Rotermann City OÜ

ARCHITECT
KOKO architects

CONSTRUCTION PERIOD
April 2019 – April 2021

CONTRACTOR
Nordecon AS

PROJECT MANAGER
Oleg Kaas



PERIOD IN BRIEF

The group's **revenue** for the first half of 2022 was €149,256 thousand, roughly 27% larger than a year earlier when revenue amounted to €117,966 thousand.

Revenue growth was attributable to the revenue of the Buildings segment, which grew by 40%. The revenue of the Infrastructure segment decreased by 21%.

The decline in revenue generated by the Infrastructure segment is attributable to the cutback in investments made by the largest customer, the Transport Administration,

The group ended the first half of 2022 with an **operating profit** of €1,457 thousand (H1 2021: an operating loss of €1,643 thousand).

EBITDA for the period amounted to €3,158 thousand (H1 2021: €92 thousand).

Nordecon ended the first half of 2022 with a **gross profit** of €3,181 thousand (H1 2021: €1,306 thousand) and gross margins that were higher than a year earlier: 2.1% for the first half-year (H1 2021: 1.1%) and 2.5% for the second quarter (Q2 2021: 2.0%).

The group's gross profit for both the first half and second quarter of 2022 was earned in the Buildings segment.

The Infrastructure segment's performance was weaker than in the same period last year,

The group's **order book** stood at €220,687 thousand at 30 June 2022, reflecting an 18% decrease year on year.

In the first half and second quarter of 2022, we signed new contracts of €89,661 thousand and €26,494 thousand, respectively (H1 2021: €174,820 thousand and Q2 2021: €69,938 thousand).

The group's **administrative expenses** for the first half of 2022 amounted to €3,118 thousand.

Compared with the same period last year, administrative expenses grew by around 10% (H1 2021: €2,833 thousand) due to general growth in the cost of goods and services.

The ratio of administrative expenses to revenue (12 months rolling) declined year on year, decreasing to 2.0% (H1 2021: 2.2%).

Operating activities produced a **net cash outflow** of €1,955 thousand the first half of 2022 (H1 2021: an outflow of €163 thousand).

Operating cash flow is increasingly affected by the need to make prepayments to materials suppliers, which have grown due to spikes in materials prices and continuing supply disruptions.

KOHTLA-JÄRVE SPORTS AND HEALTH CENTRE

LOCATION

Kohtla-Järve, Ida-Viru County

CUSTOMER

Kohtla-Järve City Government

ARCHITECT

OÜ Zoroaster

CONSTRUCTION PERIOD

April 2019 – March 2021

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Oleg Kaas

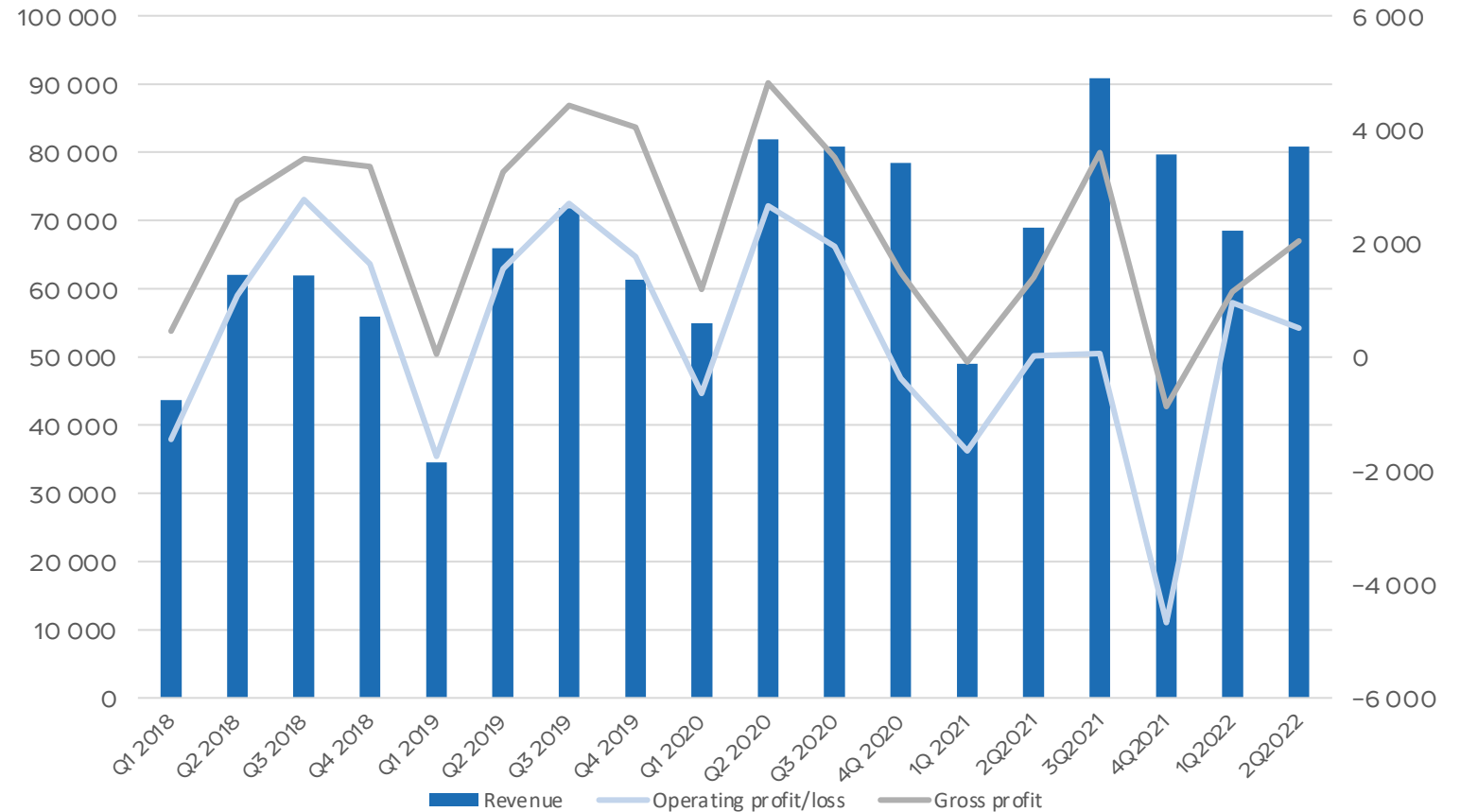


REVENUE AND OPERATING PROFIT

The **Buildings** segment delivered gross margins of 3.8% for the half-year and 3.4% for the second quarter (H1 2021: 2.5% and Q2 20221: 2.8%).

The **Infrastructure** segment had negative gross margins for both the first half-year and second quarter: (6.4)% and (0.3)% , respectively (H1 2021: (0.5)% and Q2 2021: 3.2%).

Figure / Ratio	6M 2020	6M 2021	6M 2022
Revenue (EUR '000)	136 798	117 966	149 256
Revenue change	36%	-14%	27%
Net profit/loss (EUR '000)	1 419	-2 390	-26
Gross margin	4,4%	1,1%	2,1%
EBITDA margin	2,7%	0,1%	2,1%
Net margin	1,0%	-2,0%	0,0%
Administrative expenses to revenue (12 month rolling)	2,8%	2,2%	2,0%



RAATUSE HEALTH CENTRE

LOCATION

Tartu city

CUSTOMER

Tartu Kesklinna Perearstikeskus
OÜ

DESIGNER

U-Disain OÜ

CONSTRUCTION PERIOD

February 2020– August 2021

CONTRACTOR

Nordecon Betoon OÜ/ Embach
Ehitus OÜ

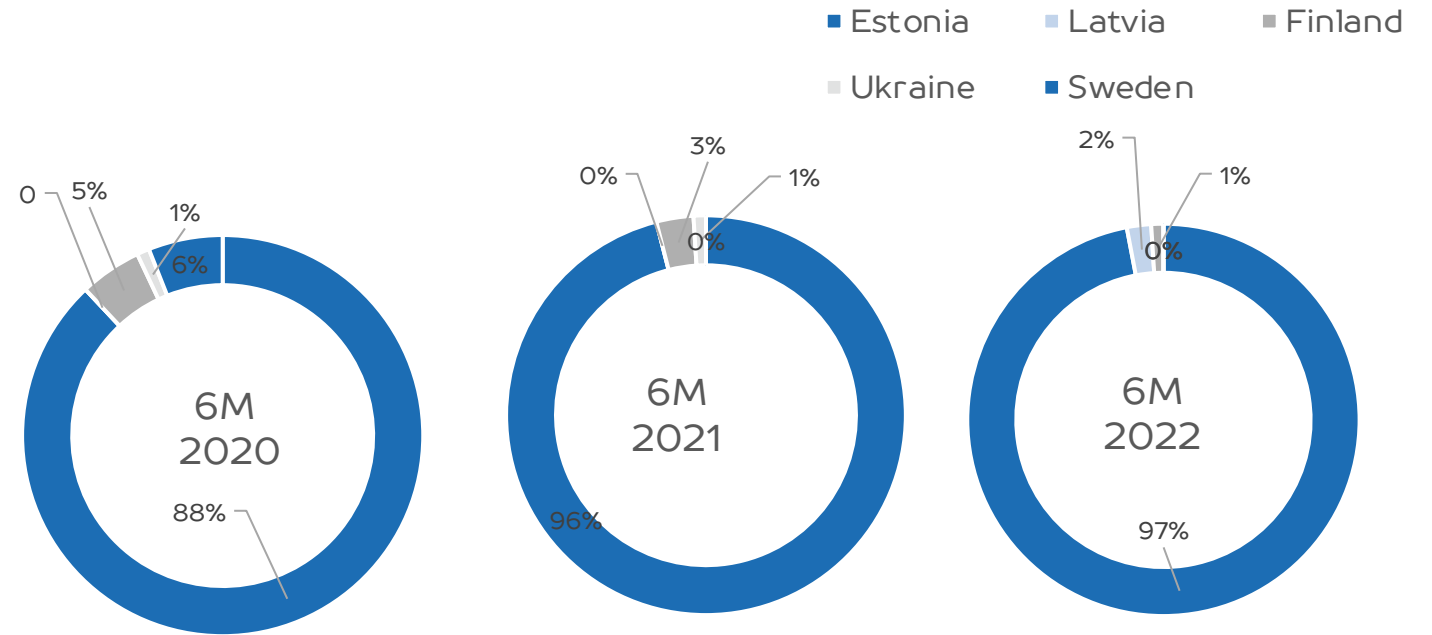
PROJECT MANAGER

Ahti Kala



Revenue by Geographic Regions

	6 M 2020	6 M 2021	6 M 2022
Estonia	88%	96%	97%
Latvia	0%	0%	2%
Finland	5%	3%	1%
Ukraine	1%	1%	0%
Sweden	6%	0%	0%



The group's revenues from **outside Estonia** have decreased. In the first half of 2022, foreign markets accounted for around 3% of total revenue.

Due to Russia's military invasion of **Ukraine**, full-scale operations of the group's Ukrainian subsidiary Eurocon Ukraine TOV have been temporarily suspended: in the second quarter the subsidiary continued work on one building project in Kiev.

The group also operates on a project basis in **Latvia** where it was building a wind farm in the reporting period.

The group did not generate any revenue and had no ongoing construction contracts in the **Swedish** market.

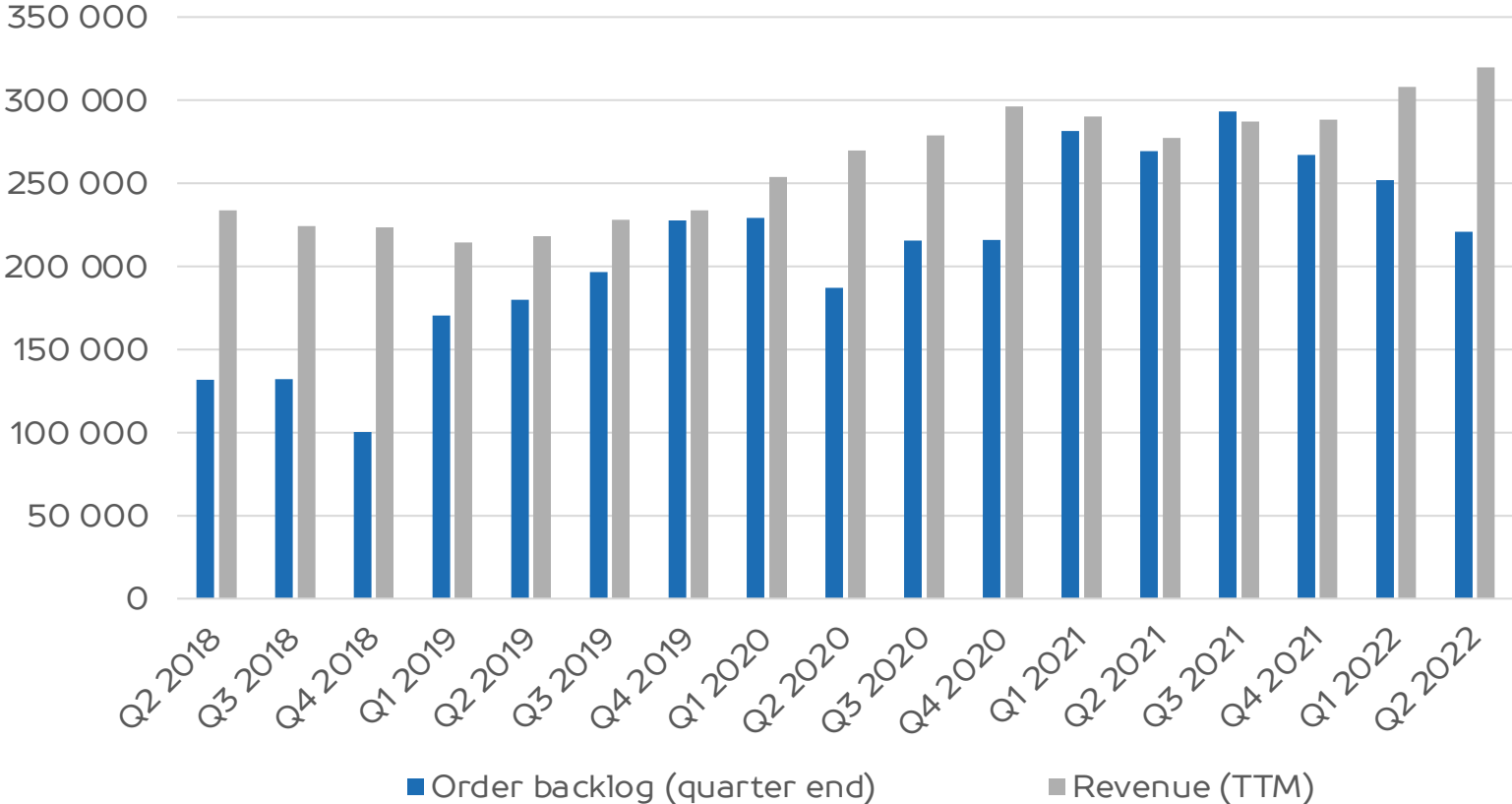
Order book and revenues

The group's order book stood at €220,687 thousand at 30 June 2022, reflecting an 18% decrease year on year.

Regarding proportions, the Buildings segment still dominates, accounting for 85%, while the Infrastructure accounts for 15% of the total order book (30 June 2021: Buildings: 79% and Infrastructure: 21%).

In the first half and second quarter of 2022, we signed new contracts of €89,661 thousand and €26,494 thousand, respectively (H1 2021: €174,820 thousand and Q2 2021: €69,938 thousand).

ORDER BOOK



KINDLUSE SCHOOL

LOCATION

Rae, Harju County

CUSTOMER

Rae Rural Municipality
Government

DESIGNER

Sweco Projekt AS

CONSTRUCTION PERIOD

November 2019 – May 2021

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Silver Sein



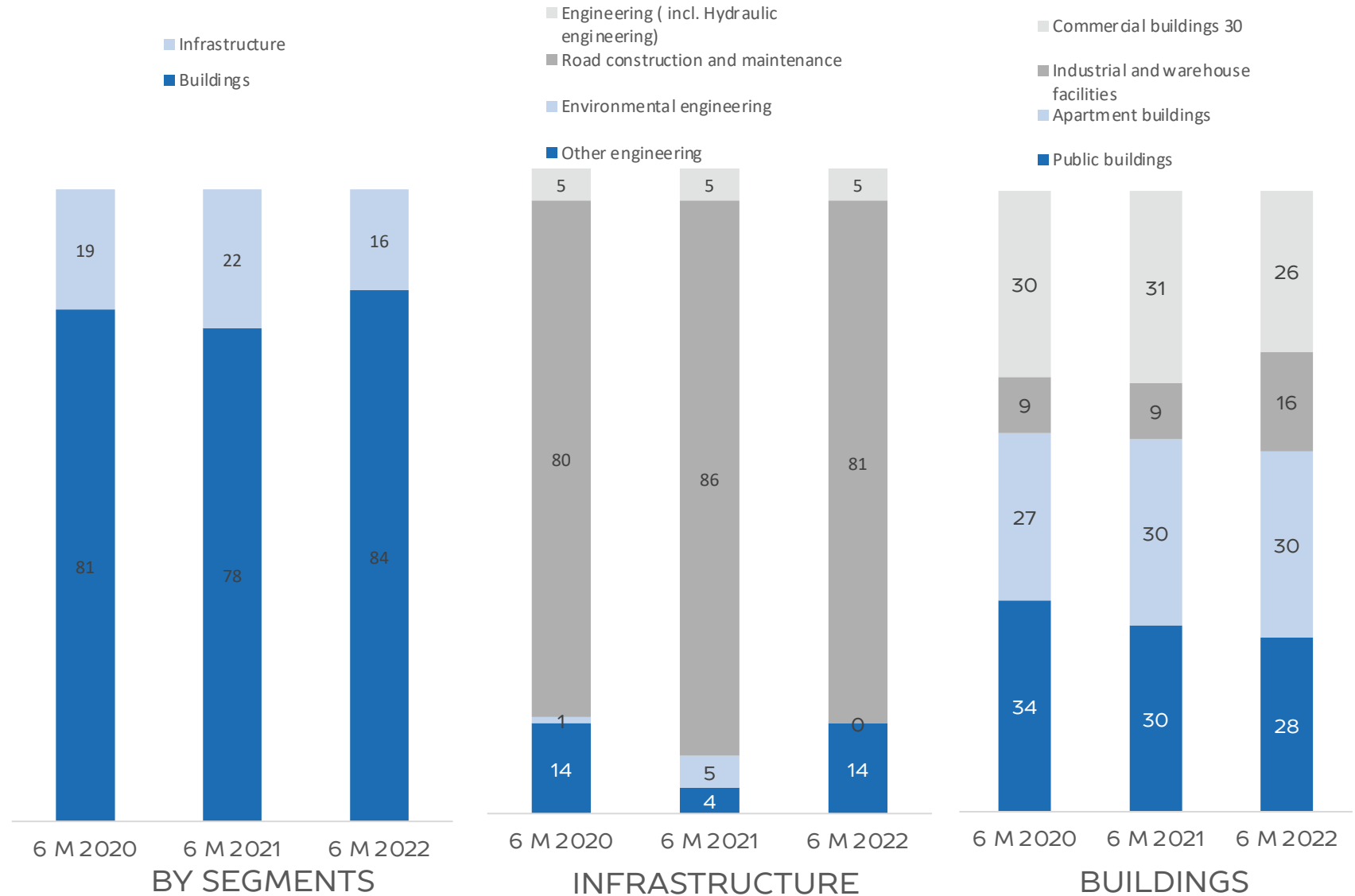
Revenue distribution

In the first half of 2022, the Buildings and the Infrastructure segment generated revenue of €128,430 thousand and €20,703 thousand, respectively. The corresponding figures for the first half of 2021 were €91,557 thousand and €26,217 thousand.

In the Buildings segment, the revenues of all subsegments grew compared with the same period last year.

The revenue contributions of the apartment, the commercial and the public buildings subsegments were practically equal while the revenue contribution of the industrial and warehouse facilities subsegment was somewhat smaller.

In the Infrastructure segment, the largest revenue contributor is still road construction and maintenance although its revenue and proportionate contribution have decreased.



COOP/KONSUM SUPERMARKET

LOCATION

Käina, Hiiu County

CUSTOMER

Hiiumaa Consumers Cooperative
Association

ARCHITECT

DAGOpen Arhitektuuribüroo

CONSTRUCTION PERIOD

December 2020– June 2021

CONTRACTOR

Nordecon Betoon OÜ

PROJECT MANAGER

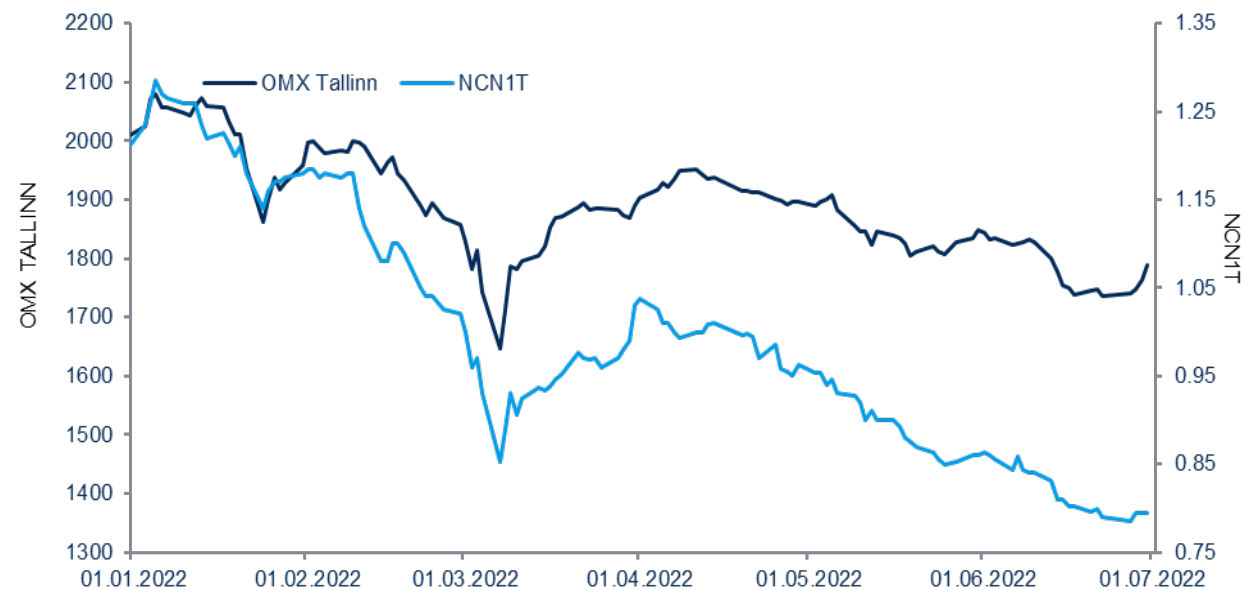
Reino Mälk



Share and shareholders

Largest shareholders in Nordecon AS at 30 June 2022

	Number of shares	Ownership interest (%)
AS NORDIC CONTRACTORS	16 563 145	51.16
LUKSUSJAHT AS	4 301 603	13.29
TOOMAS LUMAN	663 500	2.05
OLEGS RADCENKO	580 000	1.79
LEMBIT TALPSEPP	376 239	1.16
NÕMME ERAHARIDUSE SA	370 370	1.14
SEB PANK AS_CLIENTS	300 000	0.93
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



Index/share	31.12.2021	30.06.2022	+/-
OMX Tallinn	2,001.03	1,789.65	-10.56%
NCN1T	1.20 EUR	0.79 EUR	-34.17%

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