



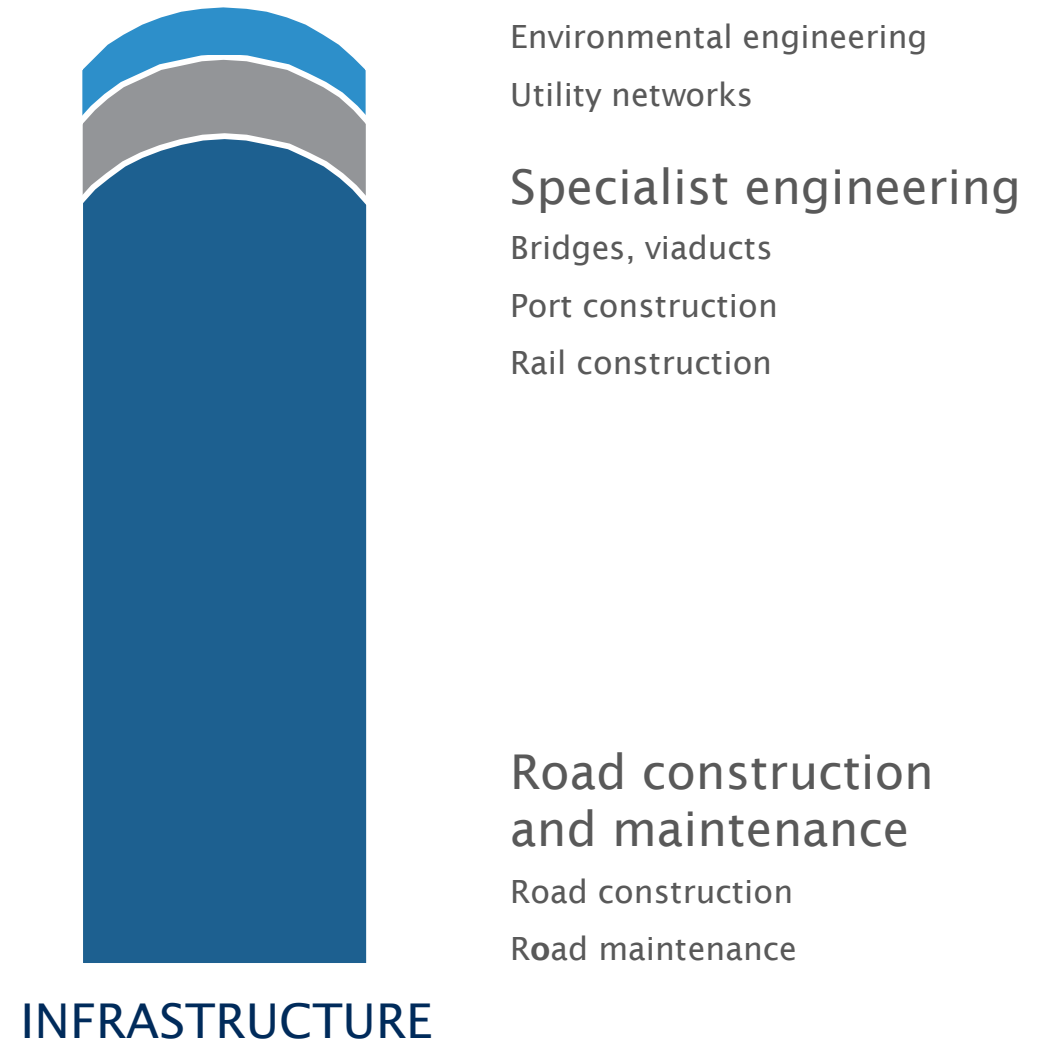
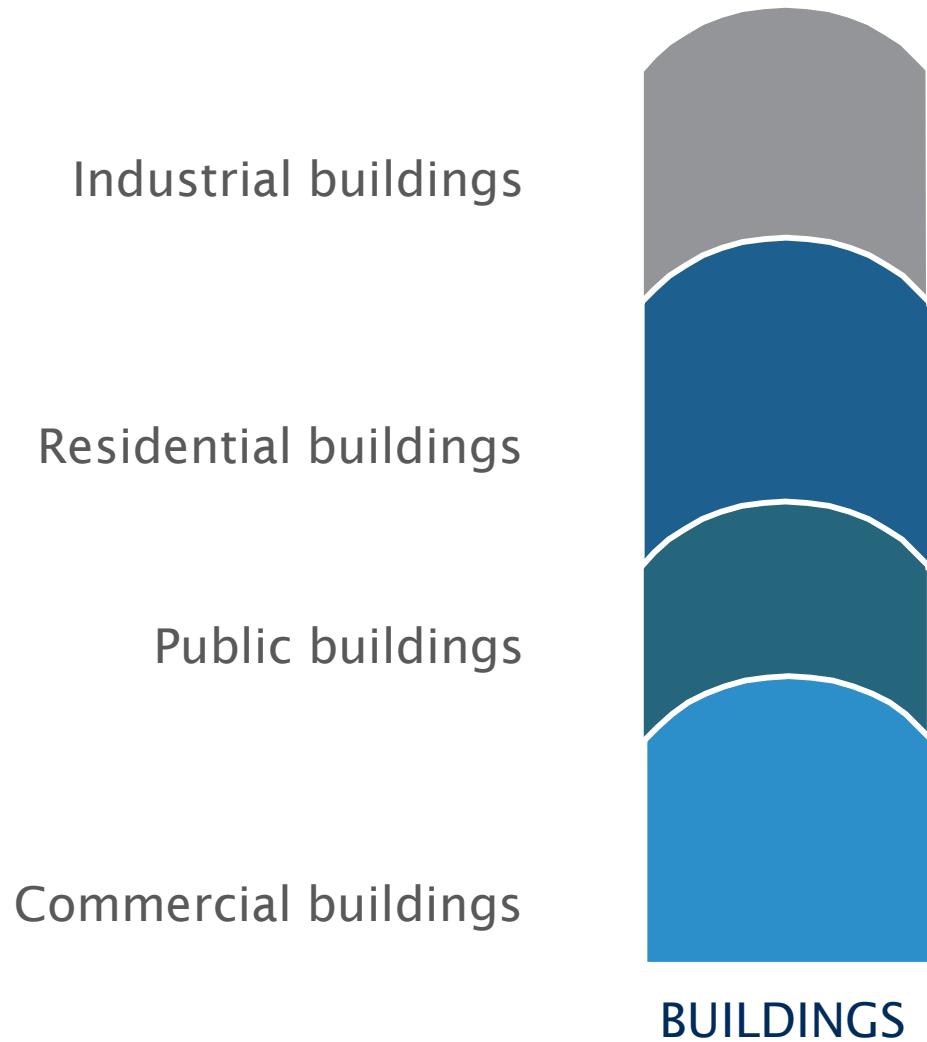
Investor Presentation Q1 2018



 **NORDECON**

Strategy Overview

Business model



Strategic agenda for 2016-2020

- We expect the TRI*M Index, which reflects employee satisfaction and commitment, to improve across the Group by 3 percentage points per year on average.
- We value balanced teamwork where youthful energy and drive complement long-term experience.
- We will recognise employees that are dedicated and responsible and contribute to the Group's success.
- We expect to raise operating profit per employee to at least 12 thousand euros.

EMPLOYEES

- Revenue will grow at least 10% per year
- The contribution of foreign markets will increase to 25% of revenue.
- Our own housing development revenue will account for at least 5% of our Estonian revenues.
- Operating margin per year will be consistently above 3%.
- On average, at least 30% of profit for the year will be distributed as dividends.
- Return on invested capital (ROIC) will average 13%.

FINANCIAL TARGETS

- The Group will grow, mostly organically, with a focus on more efficient use of its existing resources.
- In Estonia, we will compete in both the building and the infrastructure construction segments.
- Our Estonian entities will be among their segments' market leaders.
- 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 primarily in Kiev and the surrounding area.

BUSINESS ACTIVITIES



Apartment buildings with commercial space at Kopli 4a and 6 in Tallinn

Location:	Kopli 4a and 6, Tallinn
Customer:	OÜ Novamaja
Architect:	Martin Aunin FIE, Aet Piel Disain OÜ, IB Püloon OÜ
Construction period:	March 2016 – April 2017
Contractor:	Nordecon AS
Project manager:	Jürgen Klooren

Period in Brief

Nordecon's **revenues** for the first quarter of 2018 totalled 43,662 thousand euros, a roughly 4.9% increase on the 41,604 thousand euros generated in the first quarter of 2017.

Both building and infrastructure construction revenues improved.

Nordecon Group ended the first quarter of 2018 with a **gross margin** of 1% (Q1 2017: 1.5%).

The Group earned its profit for the period in the Buildings segment where margins declined slightly, slipping to 3.3% (Q1 2017: 4.1%).

The performance of the Infrastructure segment was expectedly modest.

The ratio of **administrative expenses** to revenue (12 months rolling) remained practically the same, amounting to 3.1% (Q1 2017: 3.2%).

Our cost-control measures continue to produce good results and we have been able to keep administrative expenses below the target ceiling of 4% of revenue.

The Group's **operating loss** for the first quarter of 2018 amounted to 1,451 thousand euros (Q1 2017: a loss of 992 thousand euros).

EBITDA was negative at 944 thousand euros (Q1 2017: negative at 503 thousand euros).

At 31 March 2018, the Group's **order book** stood at 143,589 thousand euros, an increase of around 10% compared with the end of the same period in 2017.

In the first quarter, Group companies have secured additional construction contracts in the region of 8,110 thousand euros.

In the first quarter of 2018, **operating** activities produced a net **cash** outflow of 3,439 thousand euros (Q1 2017: an outflow of 6,647 thousand euros).

Negative operating cash flow is typical of the first quarter and stems from the cyclical nature of the construction business.



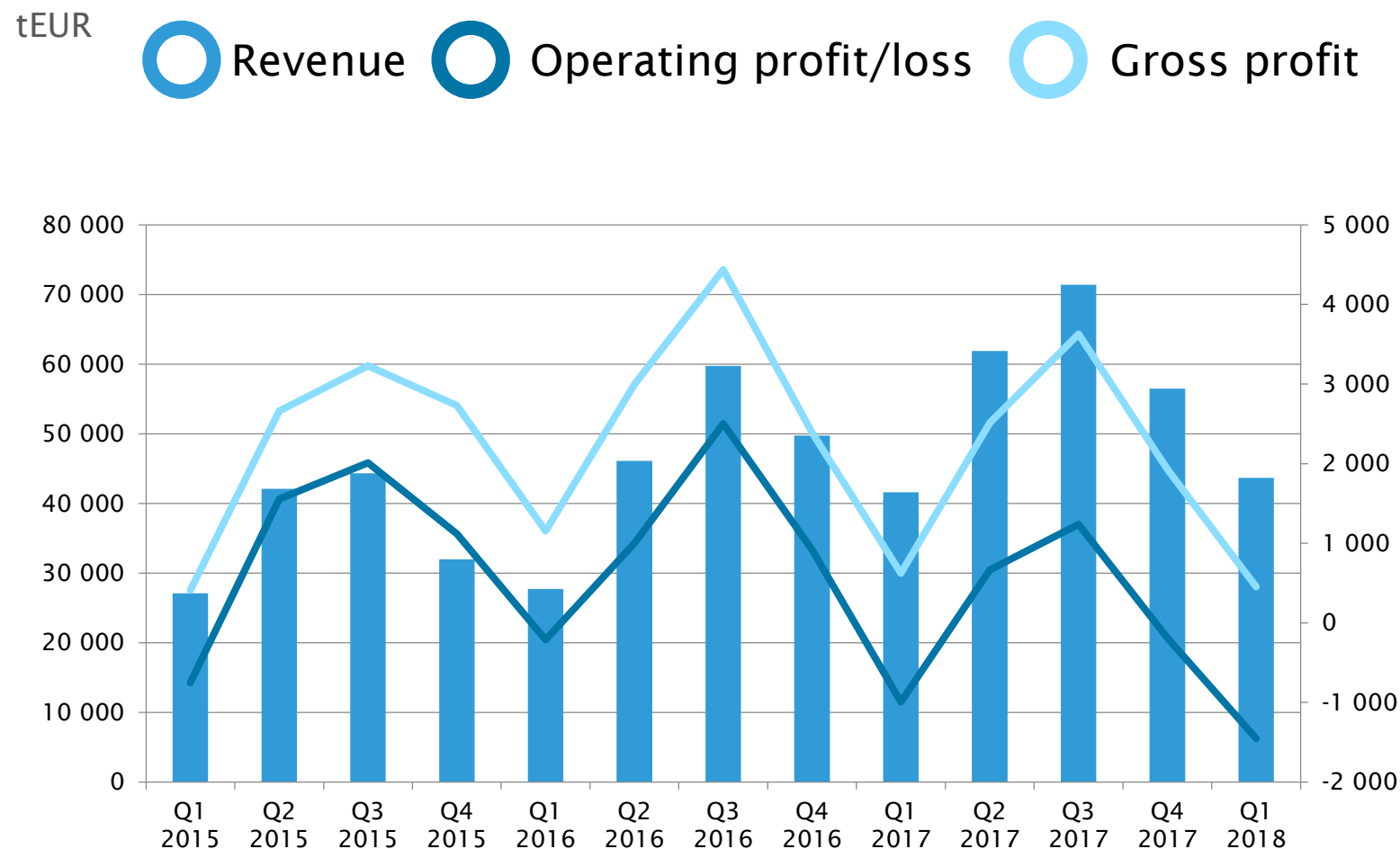
Reconstruction of the building of the Ugala

Location:	Vaksali 7, Viljandi
Customer:	UGALA TEATER SA
Architect:	R-Konsult OÜ
Construction period:	February 2016 – July 2017
Contractor:	Nordecon AS
Project manager:	Olev Jõerand

Revenue and operating profit

- **Revenues** in the Buildings segment increased by +2.5% and in the Infrastructure segment by +22.4%.
- **Lower profitability** is largely attributable to the fact that the Group continues to earn a major share of its revenue from the apartment building business where the ongoing rise in subcontracting prices, particularly labour costs, has the most tangible effect.

Figure / Ratio	Q1 2016	Q1 2017	Q1 2018
Revenue (tEUR)	27,731	41,604	43,662
Revenue growth, %	2.3%	50.0%	4.9%
Net profit (tEUR)	-409	-1,086	-1,883
Gross margin, %	4.2%	1.5%	1.0%
EBITDA margin, %	0.8%	-1.2%	-2.2%
Net margin, %	-1.5%	-2.6%	-4.3%
Administrative expenses to revenue (12 month rolling)	3.6%	3.2%	3.1%



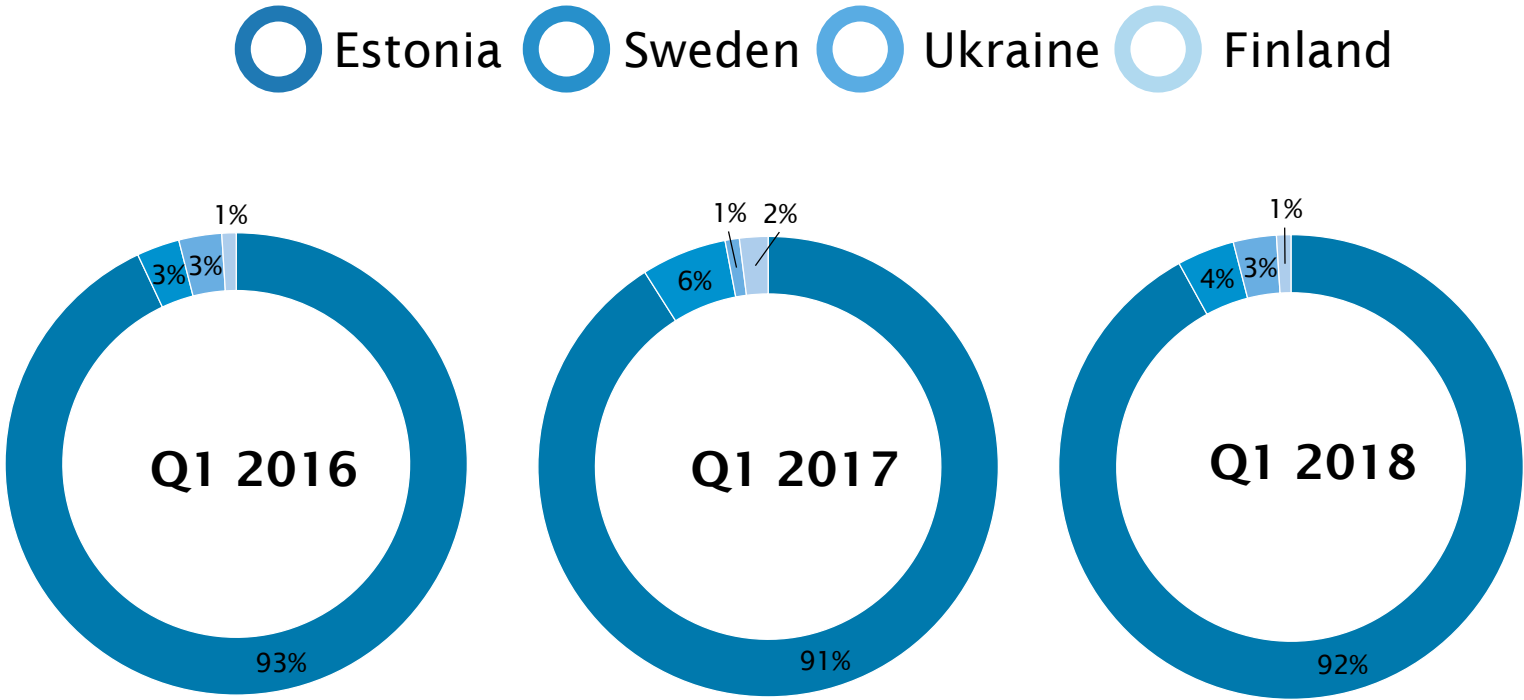


BRF Sicklaön 10

Location:	Nacka, Stockholm
Customer:	Innovation Properties AB
Architect:	Hultman-Vogt AB
Construction period:	October 2016 – June 2017
Contractor:	SweNCN AB
Project manager:	Marek Soomlais

Revenue by Geographic Regions

	Q1 2016	Q1 2017	Q1 2018
Estonia	93%	91%	92%
Sweden	3%	6%	4%
Ukraine	3%	1%	3%
Finland	1%	2%	1%



In the first quarter of 2018, Nordecon earned around 8% of its revenue **outside Estonia**, compared with 9% in the first quarter of 2017.

The share of **Swedish** revenues has decreased year on year.

The share of **Ukrainian** revenues has grown substantially compared with the same period last year.

Our **Finnish** revenues resulted from concrete works in the building construction segment.

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.



Construction of the Kehra cogeneration

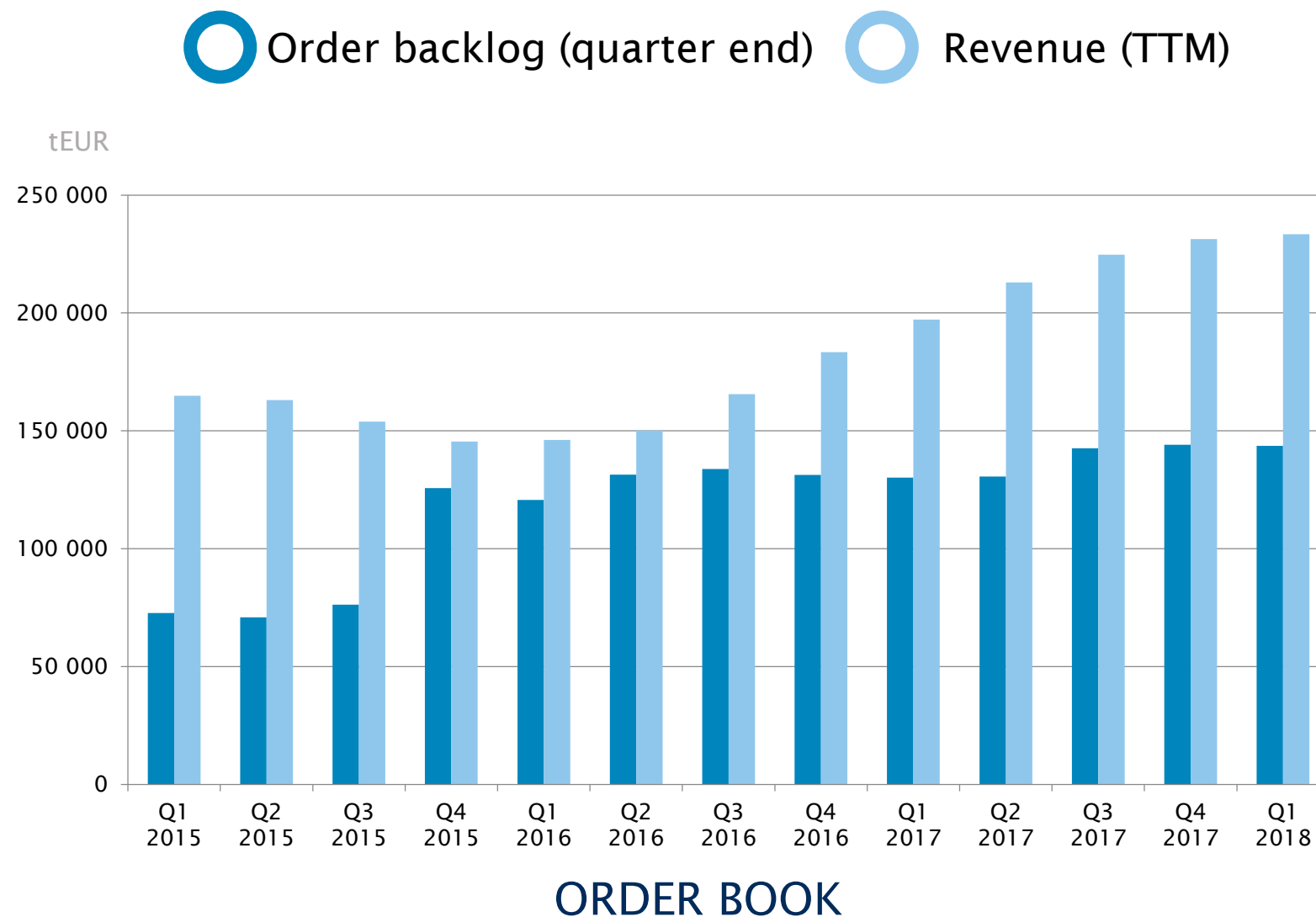
Location:	Kehra, Anija vald, Harju maakond
Customer:	„Horizon“ Tselluloosi and Paberi AS
Architect:	URBAS Energietechnik GmbH
Construction period:	February – December 2017
Contractor:	Nordecon Betoon OÜ
Project manager:	Mihhail Varep

Order book and revenues

At 31 March 2018, the Group's **order book** stood at 143,589 thousand euros, an increase of around 10% compared with the end of the same period in 2017.

At the reporting date, contracts secured by the Buildings segment and the Infrastructure segment accounted for 68% and 32% of the Group's total order book respectively (31 March 2017: 77% and 23% respectively).

The order book of the Buildings segment has shrunk by 2% and the order book of the Infrastructure segment has grown by 52%.





Reconstruction of Tähetorni intersection on km 11.3 of national road no. 8 Tallinn-Paldiski

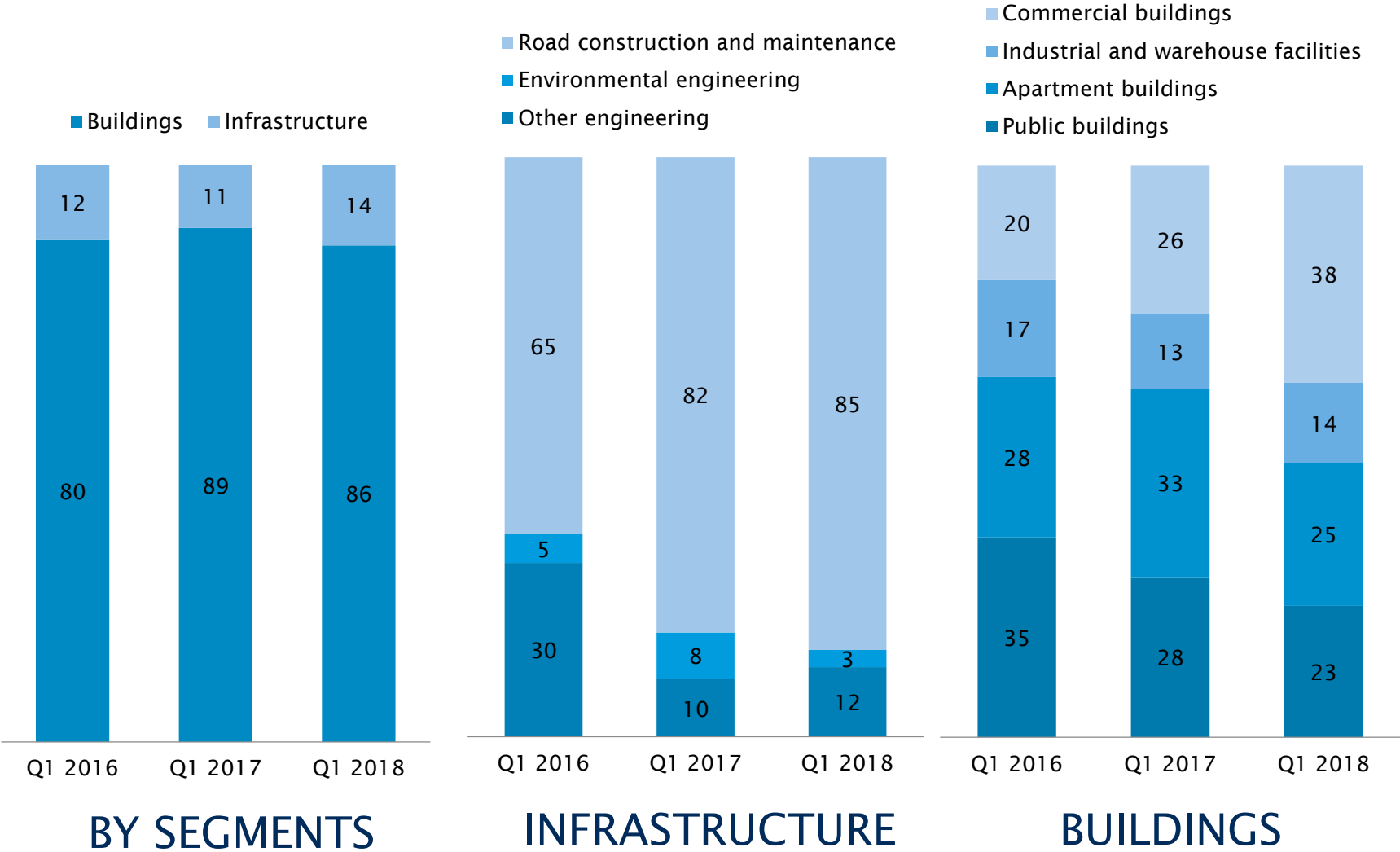
Location:	Tallinna linn, Harku- and Saue vald, Harju maakond
Customer:	Estonian Road Administration
Architect:	OÜ Keskkonnaprojekt
Construction period:	August 2016 – June 2017
Contractor:	Nordecon AS
Project manager:	Rait Kärner

Revenue distribution

We strive to maintain the revenues of our operating segments – Buildings and Infrastructure – in balance as this helps disperse risks and provides better opportunities for continuing construction operations also in stressed circumstances where one segment experiences noticeable shrinkage.

The largest revenue source in the **Buildings** segment was the commercial buildings sub-segment.

For a long time, the **Infrastructure** segment has been dominated by the road construction and maintenance sub-segment.





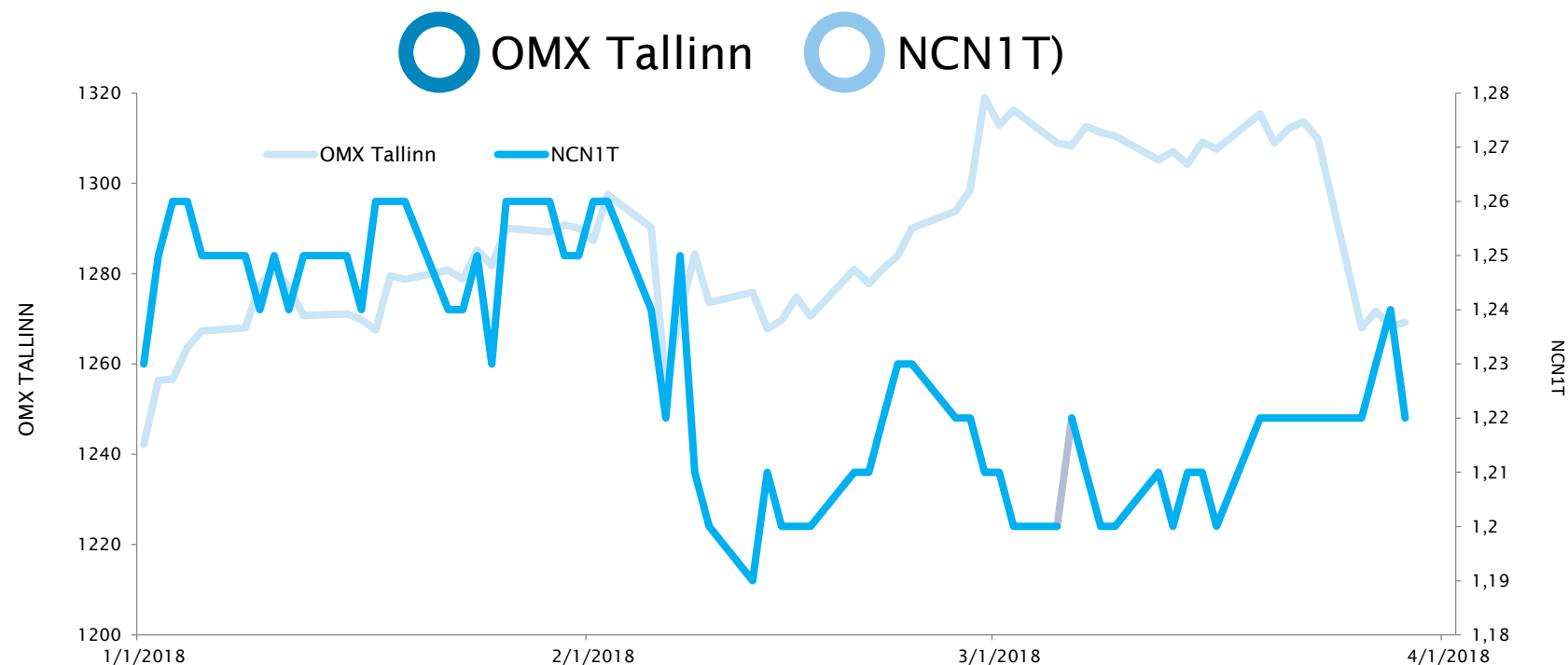
Residential and commercial buildings at Rotermanni 18 in Tallinn

Location:	Rotermanni 18, Tallinn
Customer:	Dollimar Invest OÜ
Architect:	HG Arhitektuur OÜ, Novarc Group AS
Construction period:	August 2016 – November 2017
Contractor:	Nordecon AS
Project manager:	Oleg Kaas

Share and shareholders

Largest shareholders of Nordecon AS at 31 March 2018

	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	50.99
Luksusjaht AS	4,176,385	12.89
ING Luxembourg S.A.	1,876,076	5.79
Rondam AS	1,000,000	3.09
SEB Pank AS kliendid	693,567	2.14
ASM Investments OÜ	519,600	1.60
State Street Bank and Trust Omnibus Account A Fund	368,656	1.14
Ain Tromp	303,960	0.94
Lembit Talpsepp	261,103	0.81
Alforme OÜ	260,000	0.80



Index/Share	2018-01-01	2018-03-31	+/-
OMX Tallinn	1,242.12	1,269.20	2.18%
NCN1T	1.23 EUR	1.22 EUR	-0.81%

SHARE AND SHAREHOLDERS



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