



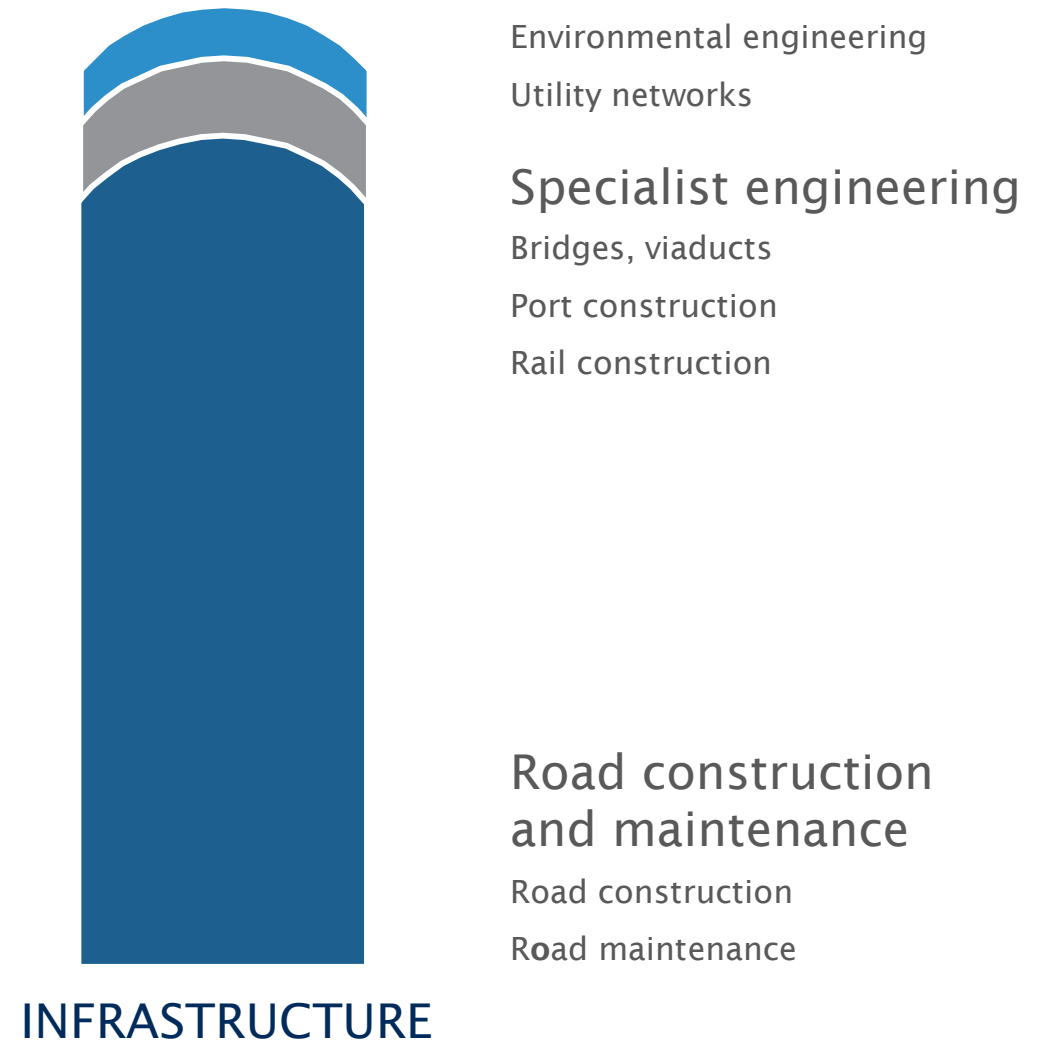
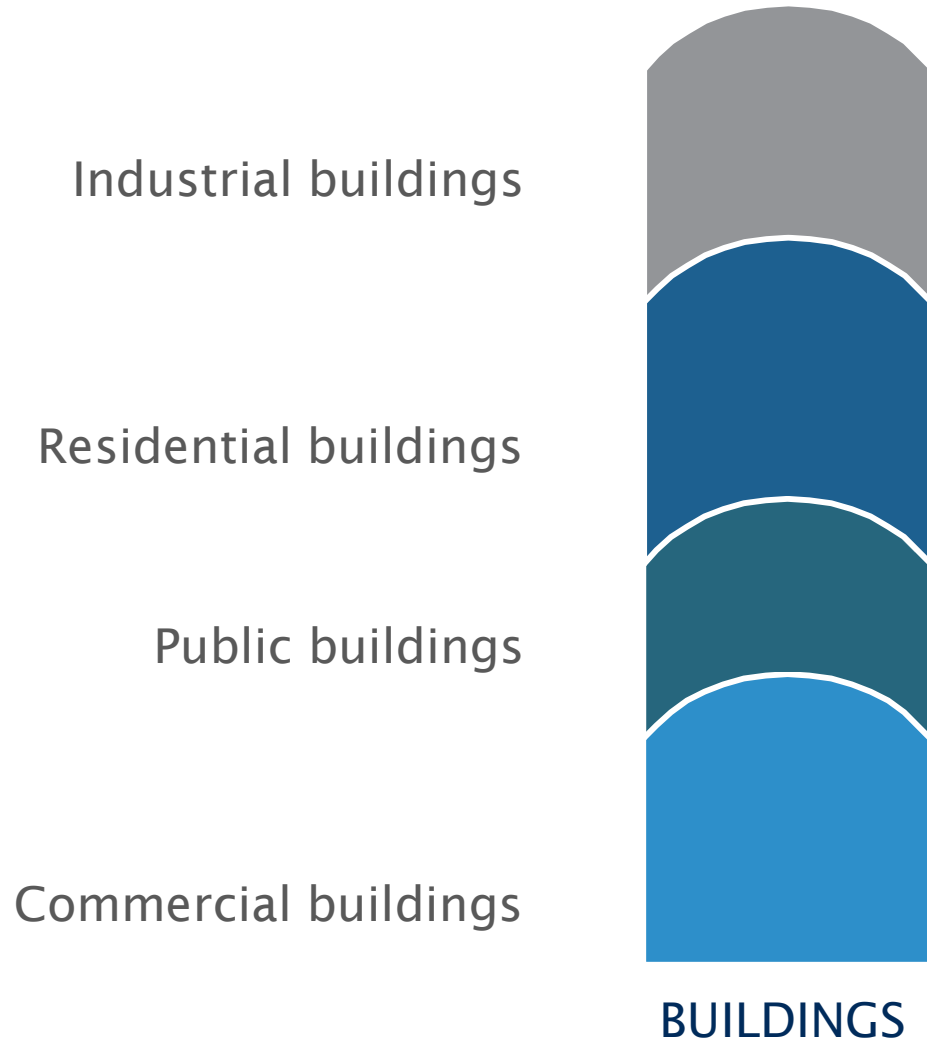
Investor Presentation Q2 2018



 **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 half of 2018 totalled 105,658 thousand euros, a roughly 2% increase on the 103,501 thousand euros generated in the first half of 2017.

Revenue growth resulted from growth in the business volumes of the Infrastructure segment.

Nordecon Group ended the first half of 2018 with a **gross profit** of 3,199 thousand euros (H1 2017: 3,139 thousand euros) and a **gross margin** of 3% (H1 2017: 3%).

We are satisfied with the profitability of the Infrastructure segment, which has improved considerably compared with last year.

However, we would like to see better results in the Buildings segment whose gross margin has dropped.

Compared with the same period in 2017, **administrative expenses** grew by around 10%, but the ratio of administrative expenses to revenue (12 months rolling) remained practically the same, amounting to 3.1%.

Expenses increased in connection with changes made to the Group's management and the payment of termination benefits to a member of the parent company's board, remaining still below the target ceiling of 4% of revenue.

The Group's **operating loss** for the first half of 2018 amounted to 375 thousand euros (H1 2017: a loss of 326 thousand euros). **EBITDA** was positive at 606 thousand euros (H1 2017: positive at 664 thousand euros).

At 30 June 2018, the Group's **order book** stood at 131,552 thousand euros, a level similar to the end of the first half of 2017.

In the first half of 2018, **operating** activities produced a **net cash inflow** of 1,305 thousand euros (H1 2017: an outflow of -5,067 thousand euros).

Positive net operating cash flow is attributable to growth in the volume of the Group's own development operations and the collection of the contractual retentions (5-10% of the contract price) of major construction projects which have been completed.



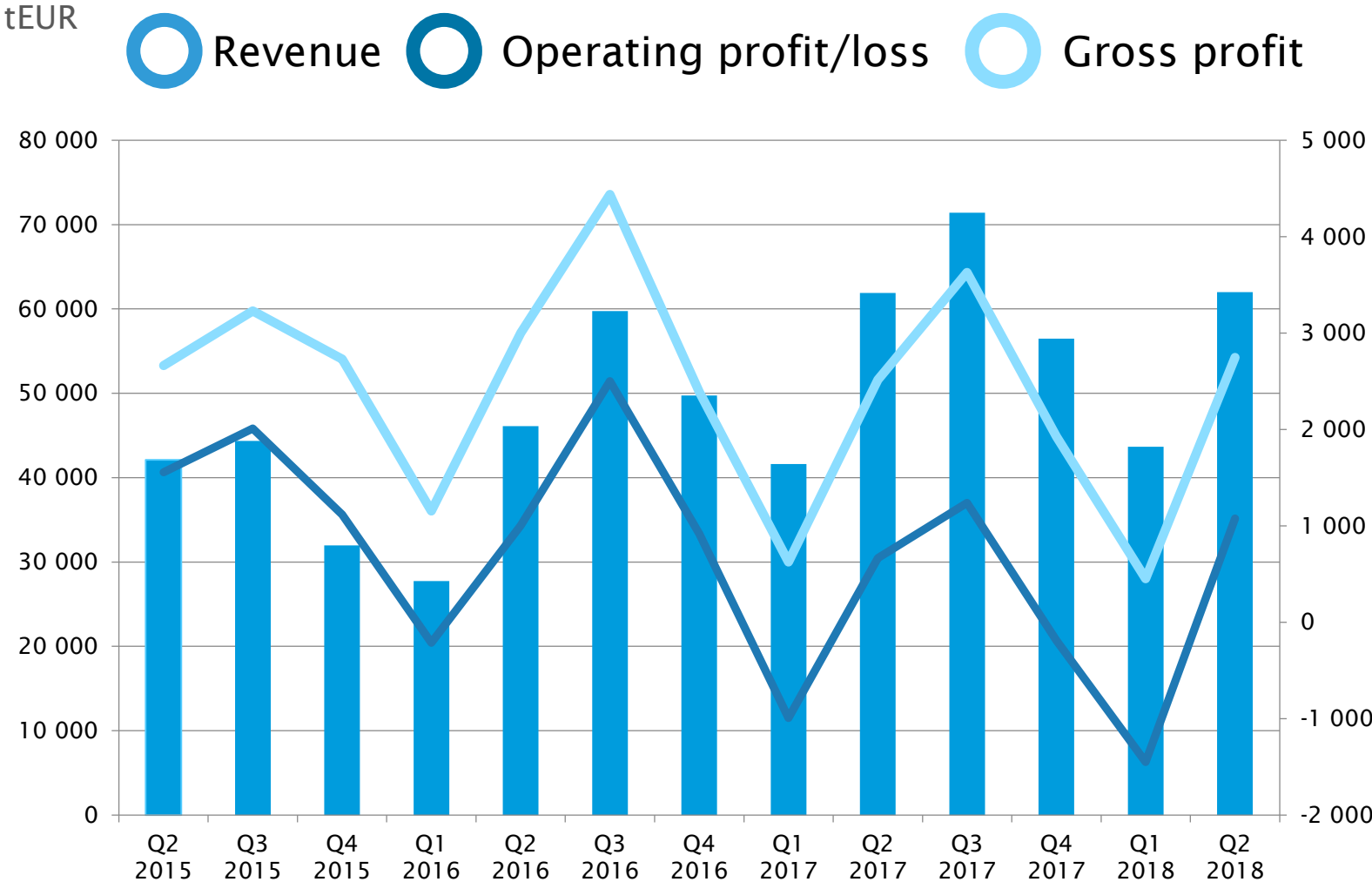
Reconstruction of the building of the Ugala

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 decreased by -4% and increased in the Infrastructure segment by +32%.
- The **profitability** continues to be influenced by the large share of Building segment's revenue from the construction of apartment buildings where the ongoing rise in subcontracting prices, particularly labour costs, has the most tangible effect.

Figure / Ratio	H1 2016	H1 2017	H1 2018
Revenue (tEUR)	73,829	103,501	105,658
Revenue growth, %	7.0%	40.0%	2.0%
Net profit (tEUR)	798	-897	-524
Gross margin, %	5.6%	3.0%	3.0%
EBITDA margin, %	2.3%	0.6%	0.6%
Net margin, %	1.1%	-0.9%	-0.5%
Administrative expenses to revenue (12 month rolling)	3.7%	3.0%	3.1%



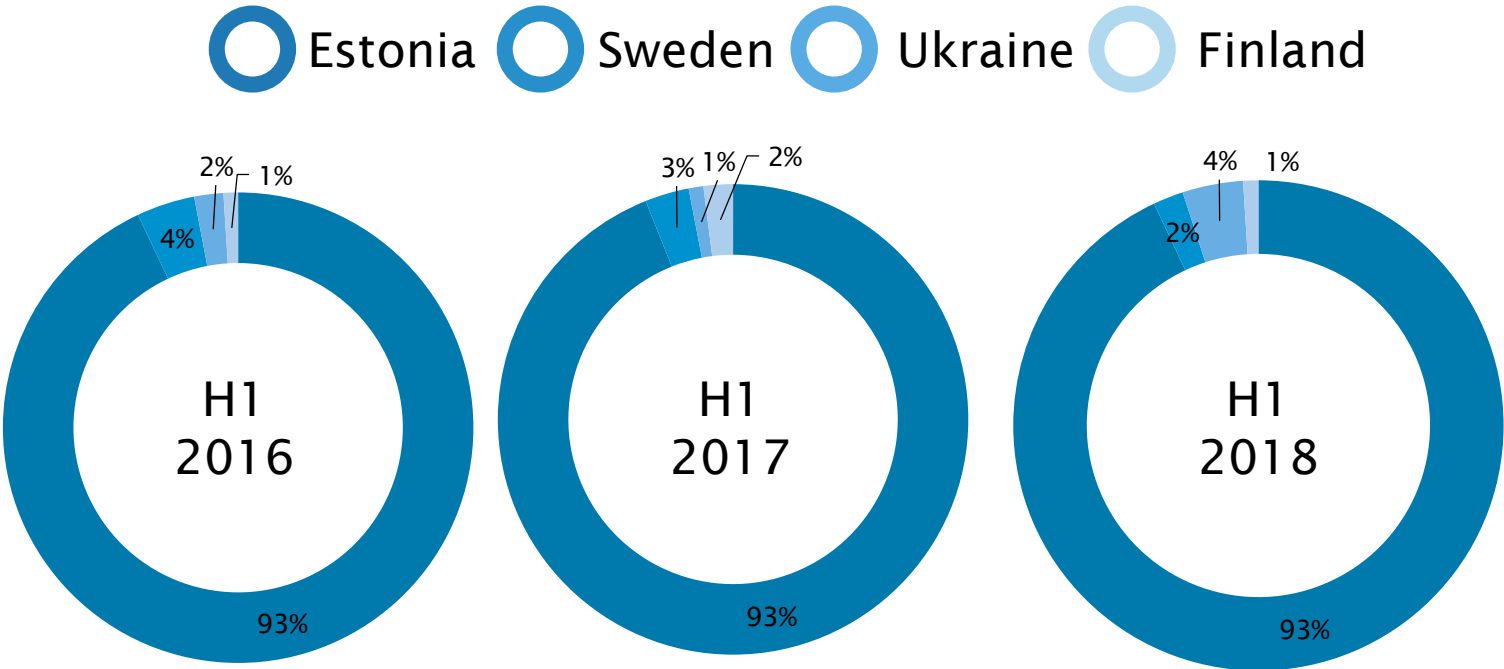


BRF Sicklaön 10

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

	H1 2016	H1 2017	H1 2018
Estonia	93%	93%	93%
Sweden	4%	3%	2%
Ukraine	2%	1%	4%
Finland	1%	2%	1%



In the first half of 2018, revenue earned **outside Estonia** accounted for 7% of our total revenue.

The share of **Swedish revenues** has decreased year on year. During the period, we provided services under one construction contract secured as a general contractor.

The share of the Group's **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

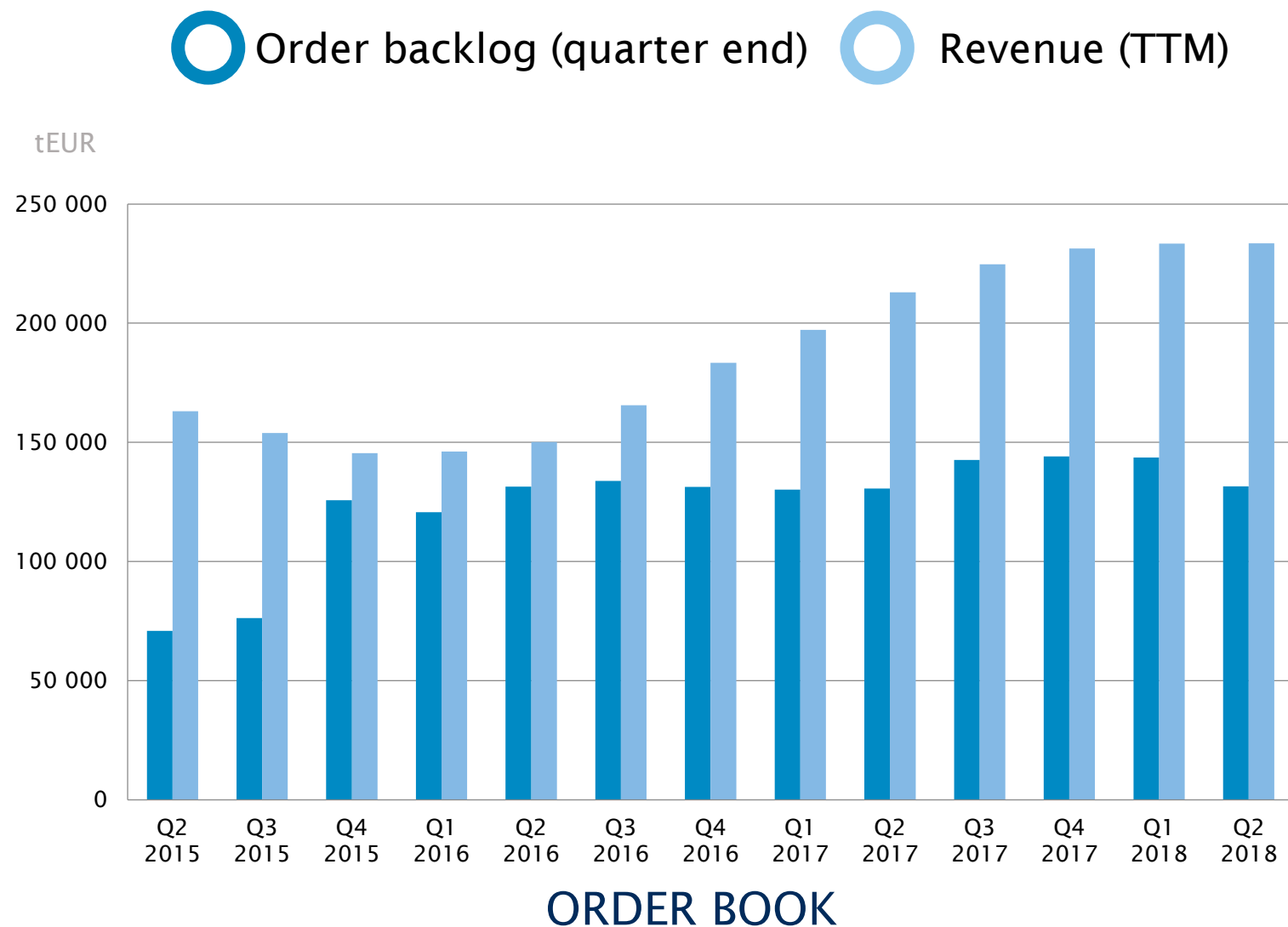
Location:	Kehra, Anija vald, Harju maakond
Customer:	„Horizon“ Tselluloosi and Paberi AS
Architect:	URBAS Energietechnik GmbH
Construction period:	February – December 2017
Contractor:	Nordecon Betoon OÜ
Project manager:	Mihhail Varep

Order book and revenues

At 30 June 2018, the Group's **order book** (backlog of contracts signed but not yet performed) stood at 131,552 thousand euros, a level similar to the end of the first half of 2017.

At the reporting date, contracts secured by the **Buildings** segment and the **Infrastructure** segment accounted for 73% and 27% of the Group's total order book respectively (30 June 2017: 72% and 28% respectively).

Compared with 30 June 2017, the order book of the **Buildings** segment has increased and the order book of the **Infrastructure** segment has decreased by around 2%.





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

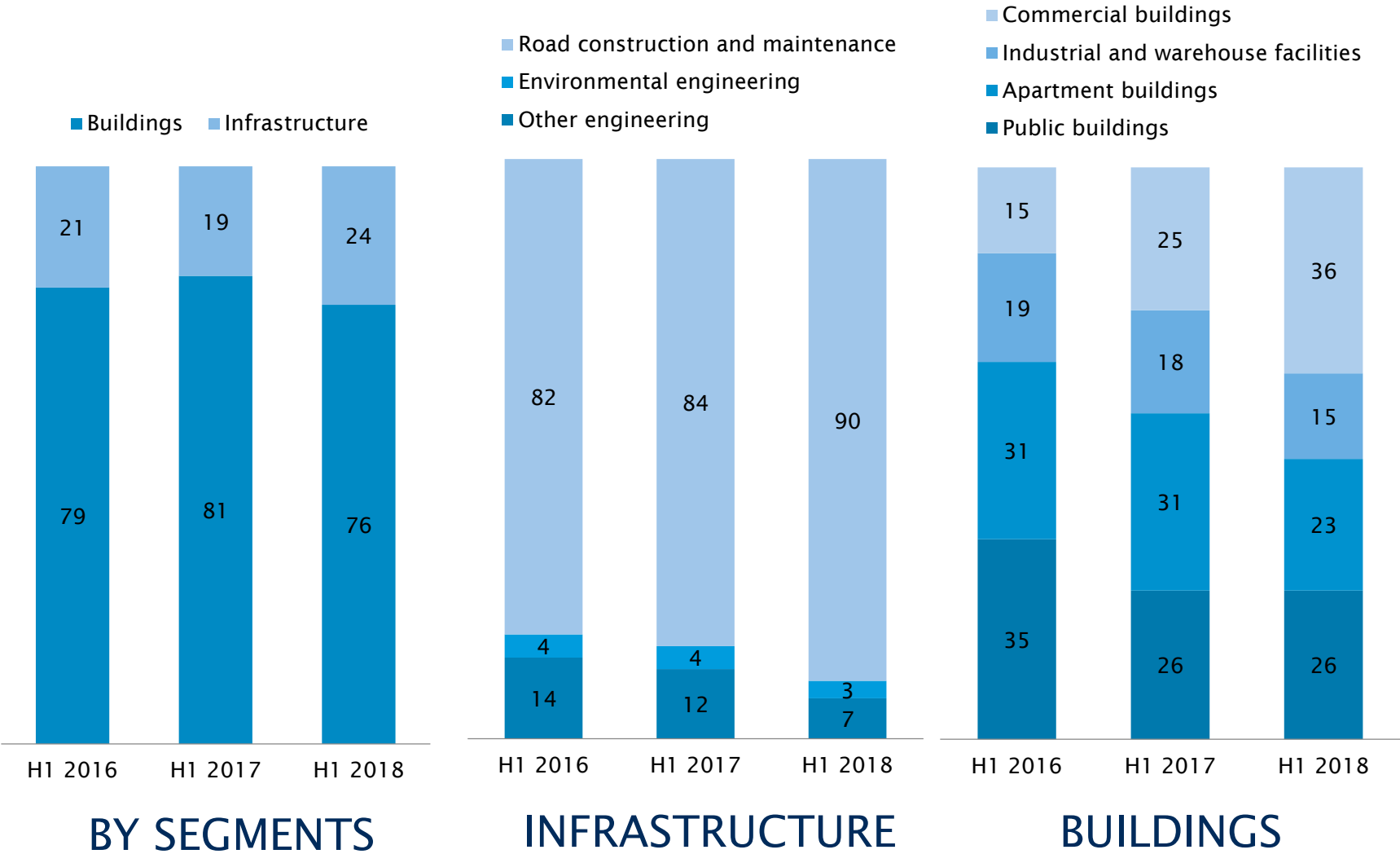
Location:	Tallinna linn, Harku- and Saue vald, Harju maakond
Customer:	Estonian Road Administration
Architect:	OÜ Keskkonnaprojekt
Construction period:	August 2016 – June 2017
Contractor:	Nordecon AS
Project manager:	Rait Kärner

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.

In the **Buildings** segment, the largest revenue source is the commercial buildings sub-segment.

The **Infrastructure** segment has been dominated by the road construction and maintenance sub-segment whose relative importance has been increasing year by year





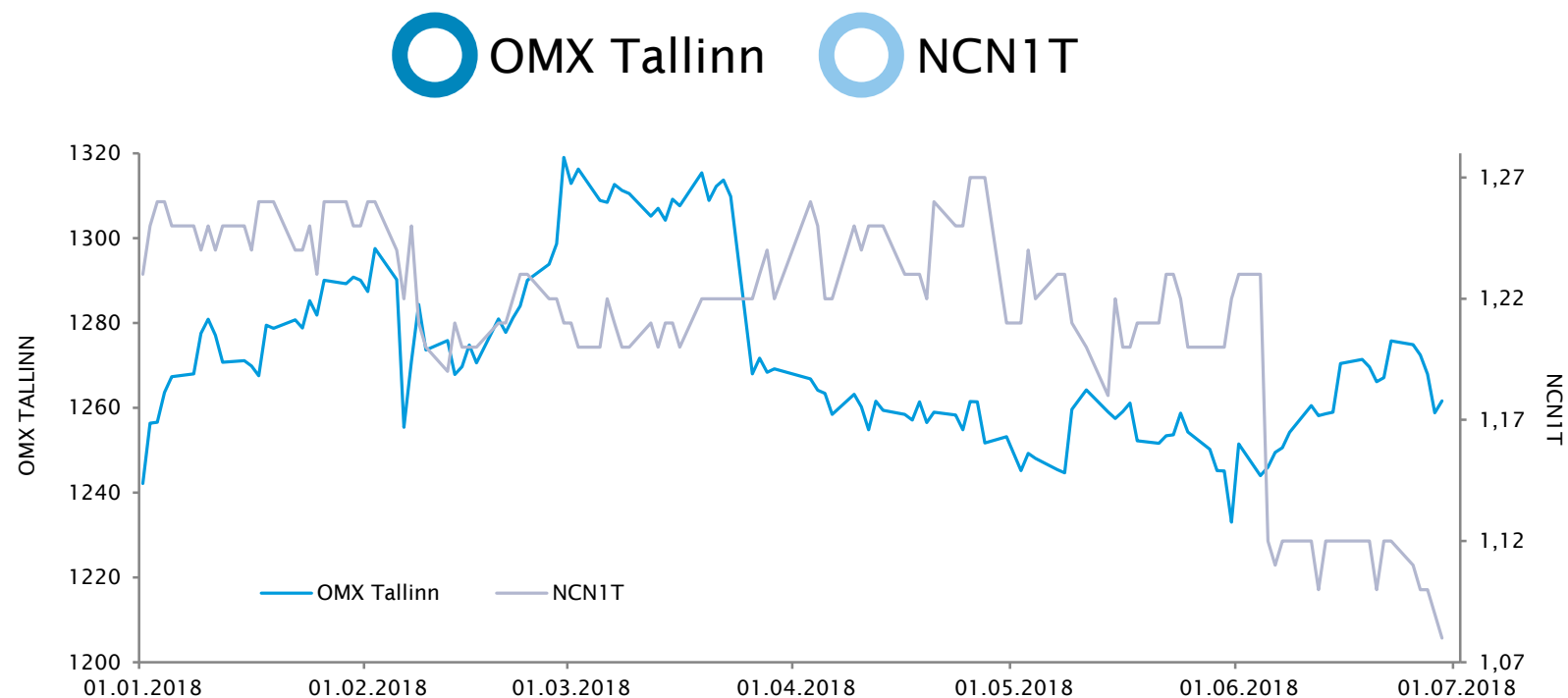
Residential and commercial buildings at Rotermanni 18 in Tallinn

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 30 June 2018

	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	50.99
Lüksusjaht AS	4,167,385	12.87
ING Luxembourg S.A.	1,404,120	4.34
Rondam AS	1,000,000	3.09
SEB Pank AS clients	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	291,103	0.90
Alforme OÜ	260,000	0.80



Index/Share	2018-01-01	2018-06-30	+/-
OMX Tallinn	1,242.12	1,261.60	1.57%
NCN1T	1.23 EUR	1.08 EUR	-12.20%

SHARE AND SHAREHOLDERS



Nordecon AS
Tel: +372 615 4400
www.nordecon.com
Pärnu mnt 158/1 Tallinn 11317
Estonia

Head of Investor Relations
Andri Hõbemägi
Tel: +372 615 4400
andri.hobemagi@nordecon.com