NORDECON

Investor presentation

9m 2013

Nordecon overview

Nordecon in brief

KEY FACTS

- Nordecon is a group of construction companies whose core business is construction project management and general contracting in the buildings and infrastructures segment
- Geographically the Group operates currently in Estonia, Ukraine and Finland. The parent of the Group is Nordecon AS, a company registered and located in Tallinn, Estonia. In addition to the parent company, there are more than 10 subsidiaries in the Group
- Currently Nordecon employs more than 700 people
- Since 18 May 2006, the company's shares have been quoted in the main list of the NASDAQ OMX Tallinn Stock Exchange

Nordecon in brief

VISION: To be the preferred partner in the construction industry for customers, subcontractors and employees.

MISSION: To offer our customers building and infrastructure construction solutions that meet their needs and fit their budget and thus help them maintain and add value to their assets.

SHARED VALUES:

Professionalism

We are professional builders – we apply appropriate construction techniques and technologies and observe generally accepted quality standards. Our people are results-oriented and go-ahead; we successfully combine our extensive industry experience with the opportunities provided by innovation.

Reliability

We are reliable partners – we keep our promises and do not take risks at the expense of our customers. Together, we can overcome any construction challenge and achieve the best possible results.

Openness

We act openly and transparently. We observe best practice in the construction industry and uphold and promote it in society as a whole.

Employees

We inspire our people to grow through needs-based training and career opportunities consistent with their experience. We value our employees by providing them with a modern work environment that encourages creativity and a motivation system that fosters initiative.

Nordecon Group's main strategic objectives until 2013 (incl.)

- To complete the significant adjustments to the Group's structure and governance that were launched in 2009 in order to secure profitable and rapid growth in the rise phase of the market
- To operate in Latvia, Lithuania and Belarus on a project basis, assuming that this is profitable
- To continue buildings construction operations in Ukraine in line with the current strategy
- To maintain preparedness for re-launching more active operations in foreign markets (as a general contractor) as soon as the situation in the construction market has become sufficiently supportive
- To operate in the Finnish concrete works market (as a contractor) through a subsidiary in order to support development of the business line
- To become the leading construction group in Estonia that earns half of its revenue from infrastructure and the other half from buildings construction by the end of 2013

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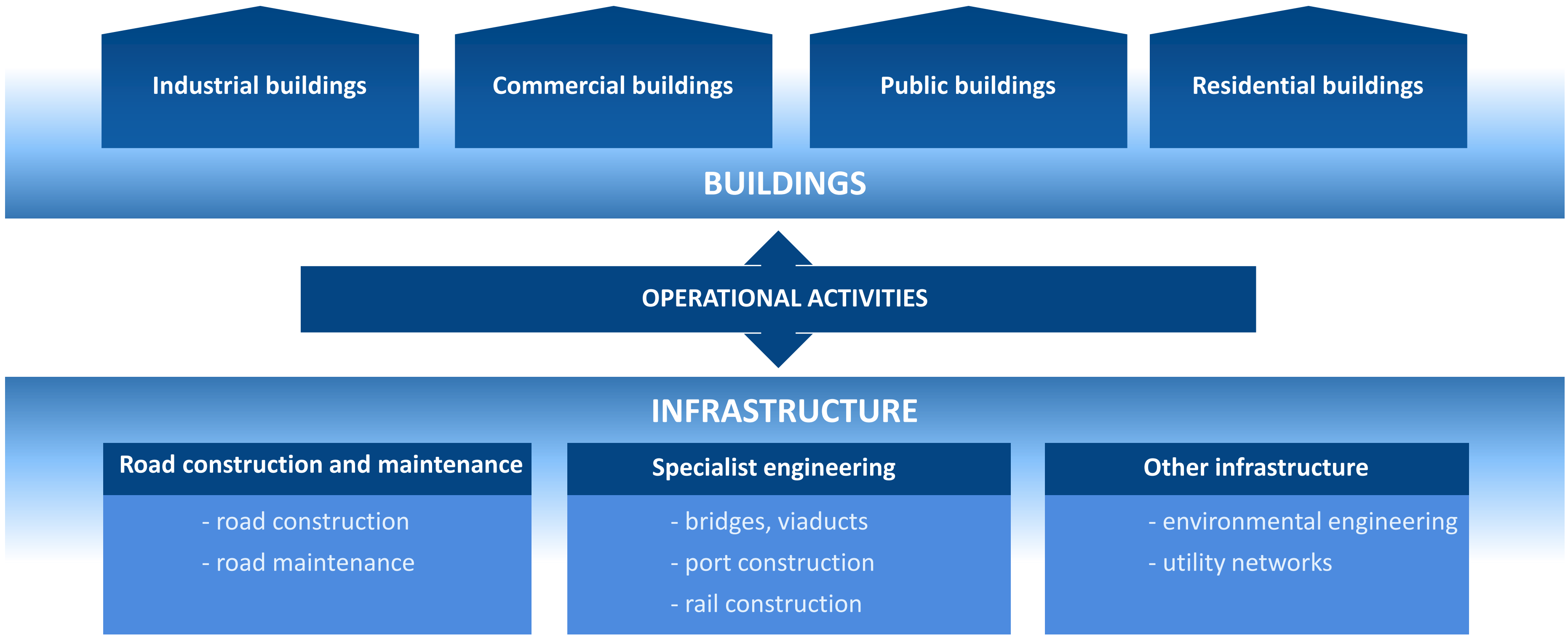
Business model



Group’s strengths

- An organisation with shareholders oriented towards long-term profitable growth
- A flexible, horizontally integrated business model across the Group
- Experienced management
- Professional and loyal employees
- Relative conservatism in risk-taking
- Selected support services centralised group wide (e.g. IT, legal) to streamline costs
- Revenue base aimed at dividing activities between buildings and infrastructure segments equally to minimise volume risk
- Group covers all main sub-segments in the construction markets

Core Competencies

Road construction and maintenance	Environmental construction	Other infrastructure	Industrial, civil and commercial buildings	Real estate development

Nordecon financial information and key facts

9m 2013

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Period in brief

- Sales exceeded 9m 2012 comparative figure by 15%. Main driver for growth were large road construction projects
- Factors contributing to growth of gross margin – increased market volumes, stable input prices and unrealised risks in completion phase of utility networks and environmental segments. Gross margin reached 7.0%, resulting in gross profit of 9.4 mEUR (9m 2012: 5.1%, 6.0 mEUR)
- Administrative expenses remained under control at 2.8% to revenue (12 months rolling)
- Order book decreased by 33% compared to beginning of 2013. Led by infrastructure segment due to reduced volumes of public tenders and progress of large road construction projects. Orders related to buildings now exceed infrastructure ones.
- Refinancing of bank loans completed. Payments in amount of 13,4 mEUR due at the beginning of 2013, moved to 2014.
- Strong outside pressure on liquidity created by gap between the timing of receipts form (public sector) clients and payments to subcontractors.

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Key figures / ratios

Figure / Ratio	9m 2013	9m 2012
Revenue (tEUR)	134,733	117,054
Revenue growth/decrease, %	15.1%	13.4%
Net profit/loss (tEUR)	5,309	1,988
Gross margin, %	7.0%	5.1%
EBITDA margin, %	5.3%	3.2%
Net margin, %	3.9%	1.7%
Earnings per share (EUR)	0.17	0.05
Equity ratio, %	27.0%	25.7%
Administrative expenses to revenue	2.6%	3.4%

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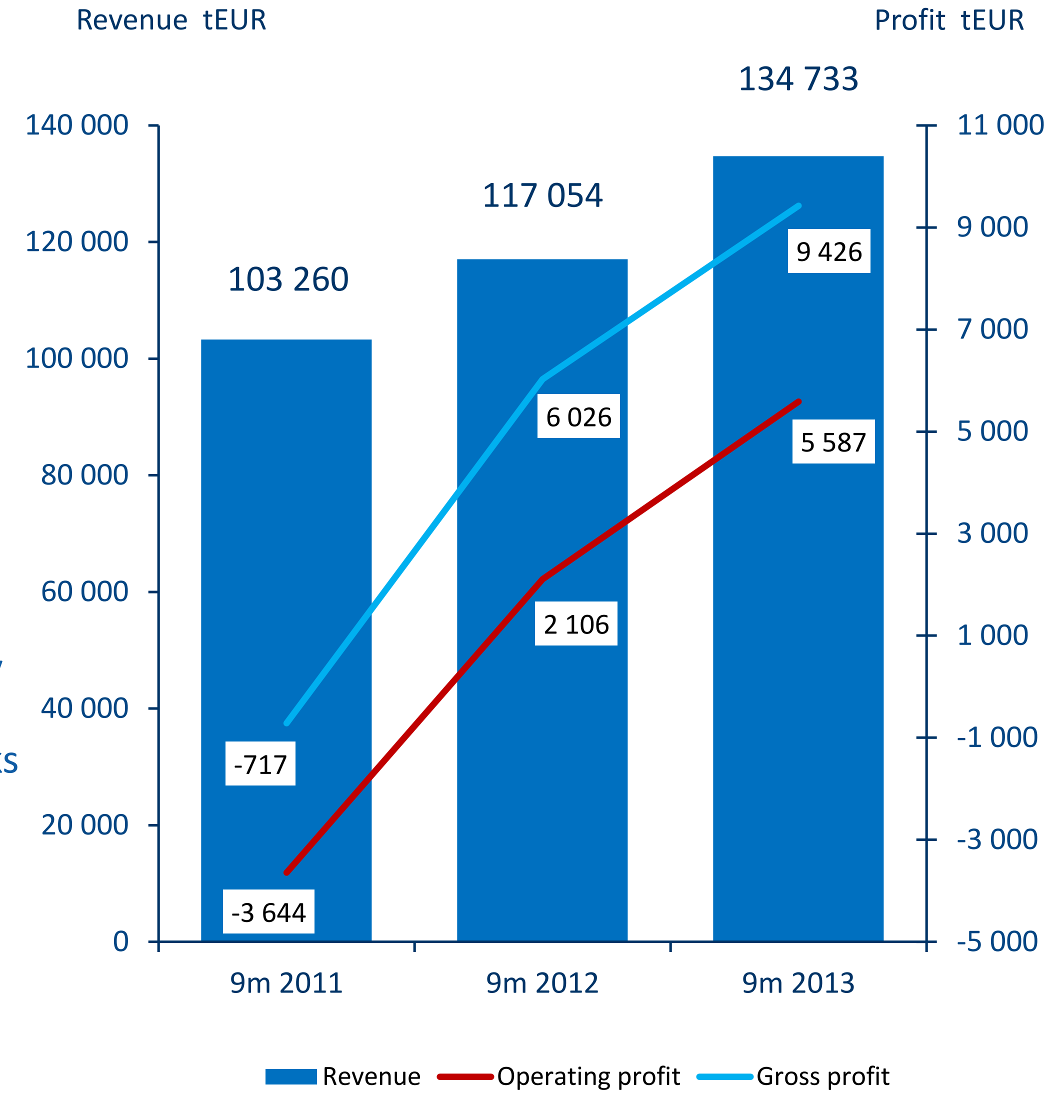
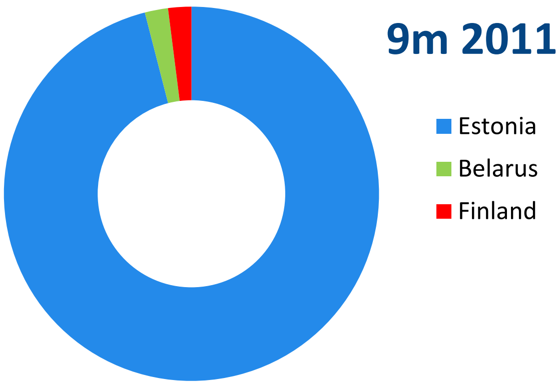
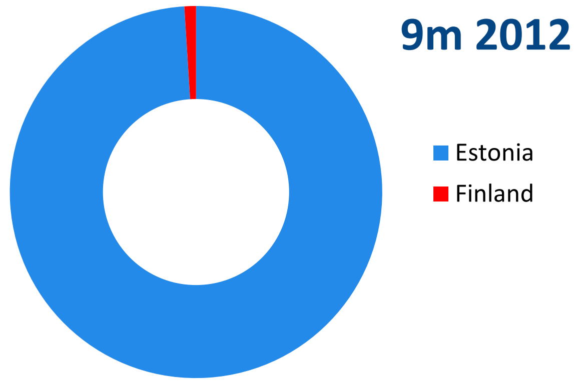
Revenue and profit

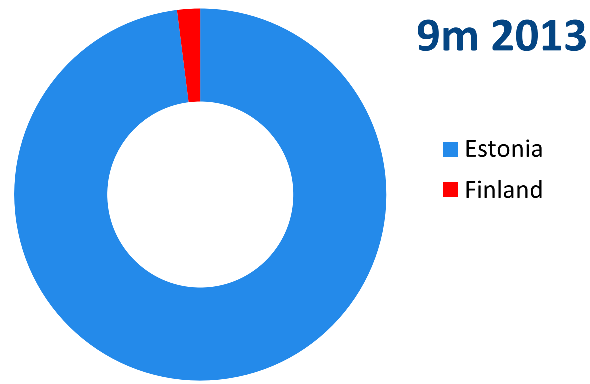
- Revenue growth driven by infrastructure segment. Large road construction projects on-going from Q1, but expected to finish by end of 2013
- Smaller part of revenue increase attributed to buildings segment and private sector clients
- Increased market volumes, stable input prices resulted in increased profits
- Strong contribution to gross profit from utility networks and environmental engineering segments. Past experience and unrealised risks in the completion phase as key drivers
- Q4 has fair amount of infrastructure projects entering into completion phase, but with higher probability calculated risks realising



Revenue by geographic regions







	9m 2011	9m 2012	9m 2013
Estonia	96%	99%	98%
Belarus	2%	0%	0%
Finland	2%	1%	2%

- Main focus to remain in Estonia until 2013 (incl.)
- Business in Finland remains limited to existing sub-segment (concrete works)
- In Ukraine ability to start again maintained

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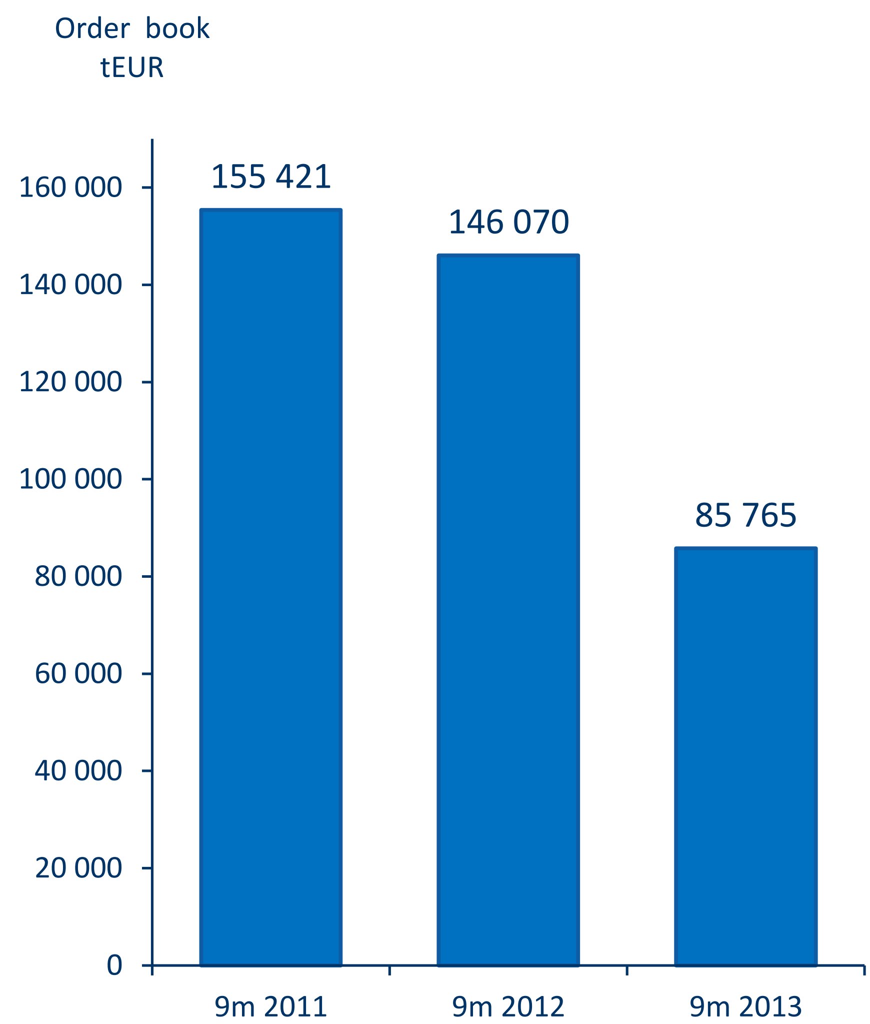
Order book

- Order book has decreased due to gradual performance of major contracts secured in 2011-2012. Addition of large contracts is irregular. Public investments have decreased in 2013 because the end current of EU budget (2007-2013). Private investments volumes unable to compensate this

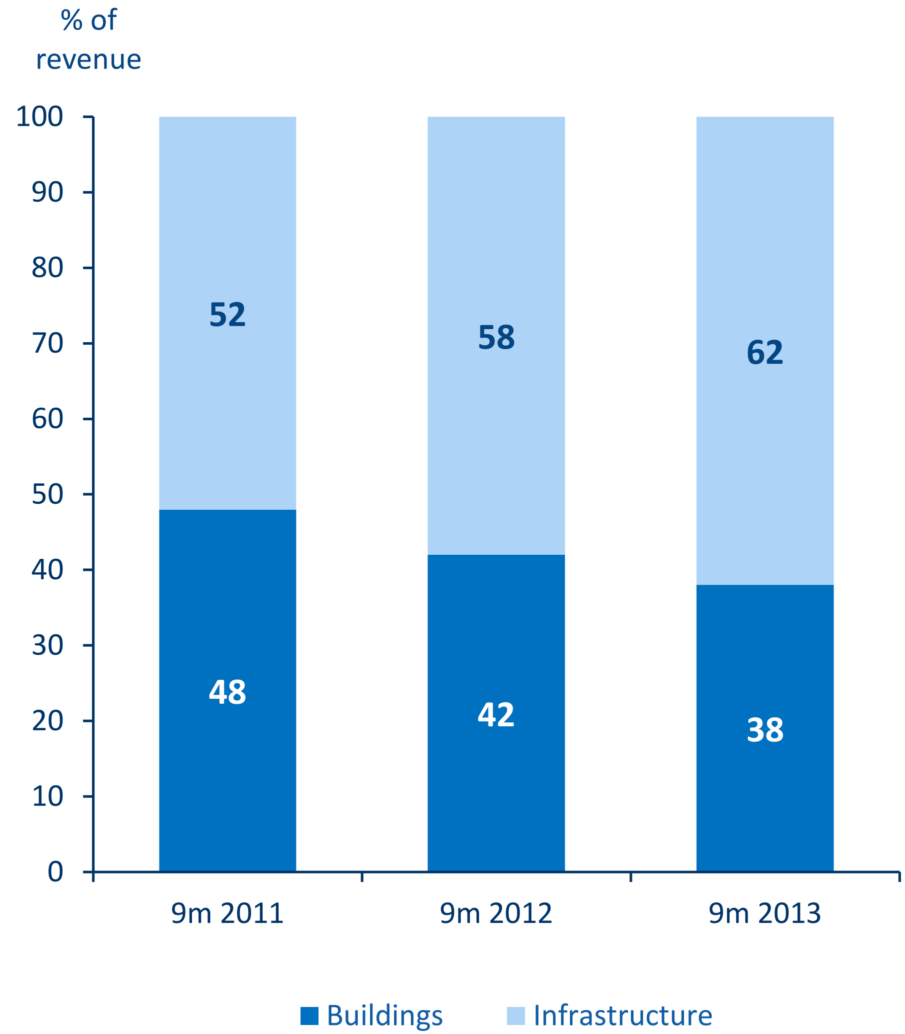
- First time since Q1 2008 buildings segment orders exceed infrastructure ones (69% and 31% resp.). This structure likely to remain for 2014 and forward thus resulting in decreased revenue in infrastructure segment

- 9m 2013 biggest addition were the extension works of ASTRI shopping center in Narva (15 mEUR), Pirita 26 apartment building (10 mEUR), Väätsa dairy farm (9 mEUR) and waste water treatment plant in Paide (6.4 mEUR).



Revenue distribution by segments

- Performance of three major road construction projects attributed to increase of infrastructure segment revenue
- Buildings segment volumes grew by 5% compared to 9m 2012



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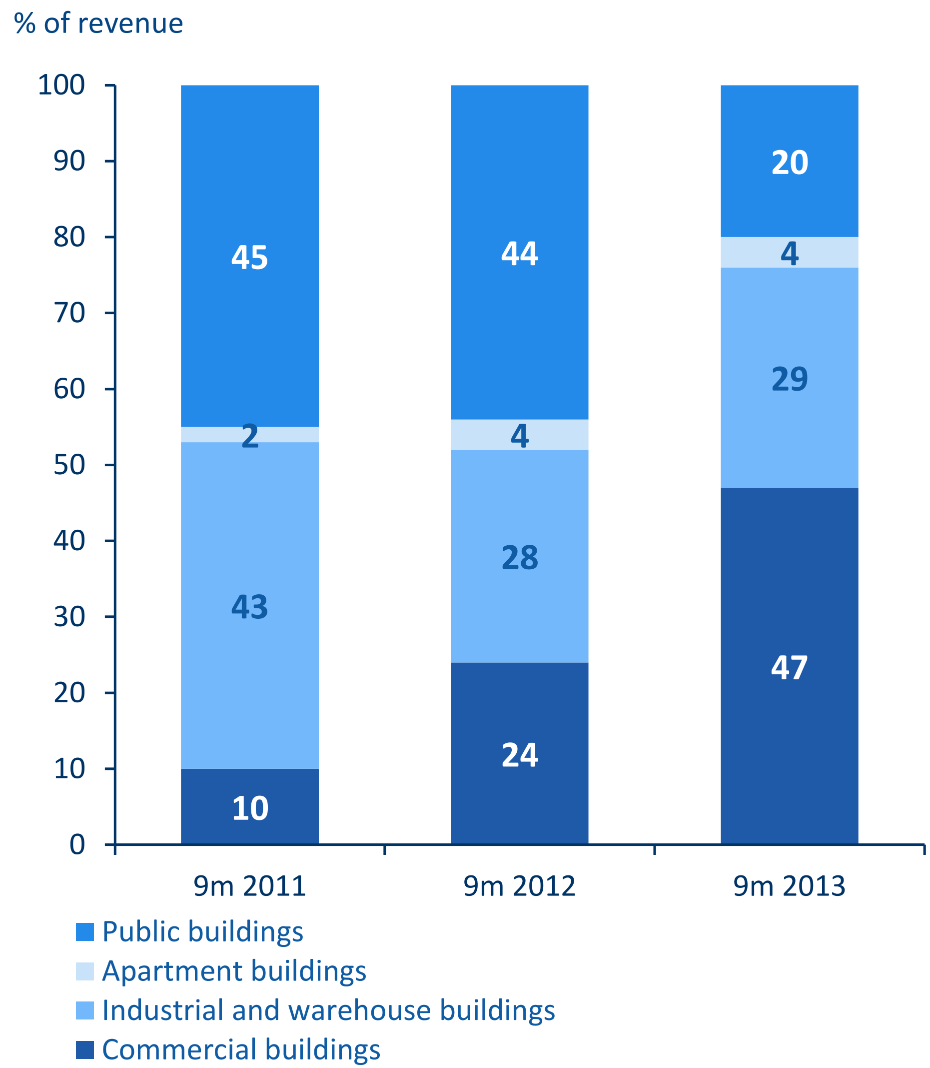
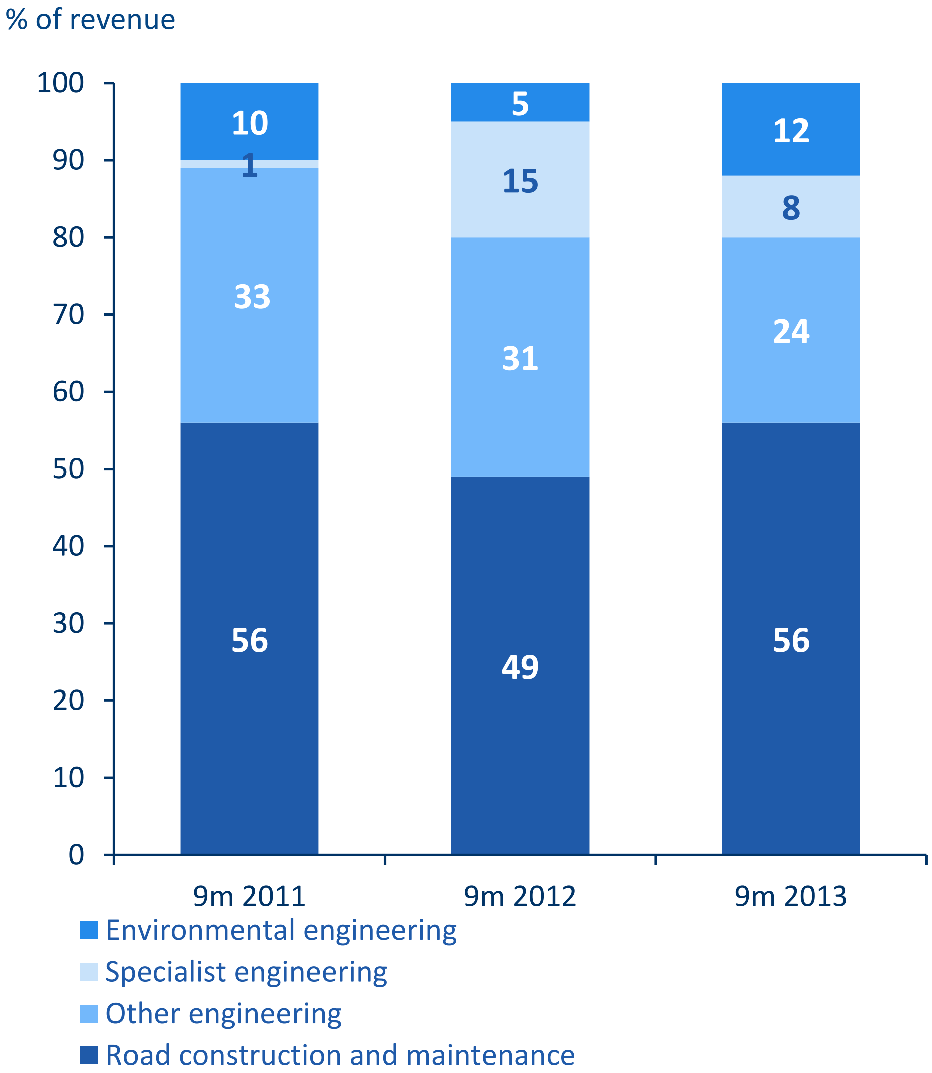
Revenue distribution – buildings

- Share of public sector contracts declining because of fierce competition and the Group has been avoiding excess risks. Also the absence of large contracts from prior periods influences the decrease in volumes
- Apartment buildings revenue mostly from constructing. Share of segment likely to increase as the Group secured a 10 mEUR apartment building contract in May 2013. The Group started one development project in Tallinn (www.magasini.ee) where stage I will be finished on 2014.
- Private investments made in industrial and warehouses segment helped compensate declining public investments to agriculture industry related buildings
- 2012-2013 have seen a lot of new contracts signed with private clients by the Group. Commercial buildings volumes more than doubled compared to 2012

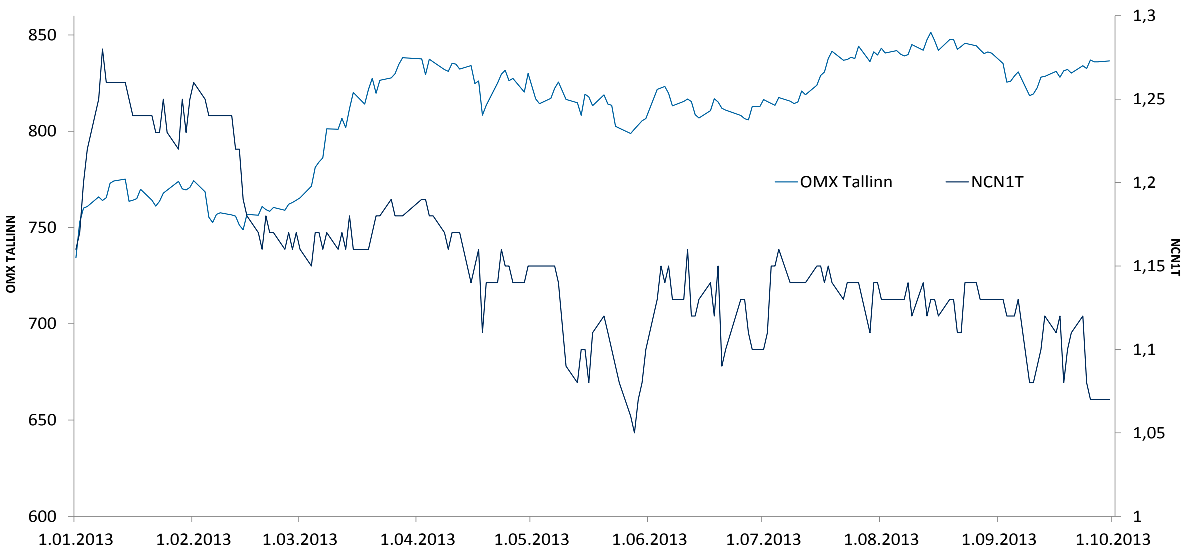


Revenue distribution – infrastructure

- Environmental infrastructures get more funding from EU during last years of 2007-2013 budget. Group has secured lately increased number of environmental engineering contracts
- Specialist engineering (port construction) share decreasing as existing port construction contracts are nearing towards finish in 2013
- EU supported utility networks (other engineering) volumes declining as the financing from the 2013 ending EU budget is decelerating. Addition of new contracts this year thus smaller than in previous years
- Road construction and maintenance segment strong as three major projects in work with larger than usual contribution in Q1



Share and shareholders information



Index/share	1.01.2013	30.09.2013	+/-%
OMX Tallinn	734.20	836.51	13.93
NCN1T	1.16	1.07	-7.76

Largest shareholders of Nordecon AS at 30 September 2013

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	53.67
Luksusjaht AS	2,935,730	9.55
ING Luxembourg S.A.	2,007,949	6.53
Skandinaviska Enskilda Banken AB, Swedish Clients	661,308	2.15
SEB Pank AS clients	650,000	2.11
State Street Bank and Trust Omnibus Account A Fund	597,464	1.94
Ain Tromp	578,960	1.88
ASM Investments OÜ	519,600	1.69
SEB Elu- ja pensionikindlustus AS	262,700	0.85
Skandinaviska Enskilda Banken Finnish Clients	257,410	0.84

Shareholder structure of Nordecon AS by ownership interest at 30 September 2013

	Number of shareholders	Ownership interest (%)
Shareholders with interest exceeding 5%	3	69.74
Shareholders with interest between 1% and 5%	5	9.78
Shareholders with interest below 1%	1,875	20.48
Total	**1,883**	**100.00**

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