



Investor presentation

12m 2015

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 close to 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.

Strategic agenda for 2014-2017

Business activities

- Our business operations in Estonia will be equally divided between two segments, building and infrastructure construction, where we will compete in all major sub-segments.
- Our chosen foreign markets are Finland, Ukraine, Latvia and Lithuania. In the first two, we will conduct our business through local subsidiaries. Entering the Latvian and Lithuanian construction market through local subsidiaries assumes an economic rationale and the earliest time for this will be 2015. Where economic rationale exists, we may also deliver construction services in our neighbouring countries (Latvia, Lithuania and Sweden) on a project basis.
- We will focus on our real estate development operations in Estonia (in Tallinn, Tartu, Pärnu and Narva).
- We will develop our energy efficiency and building information modelling (BIM) competencies as developments in these areas are likely to lead to a new quality standard in the construction market.
- We will build strategic alliances in areas where we lack competence.

Strategic agenda for 2014-2017

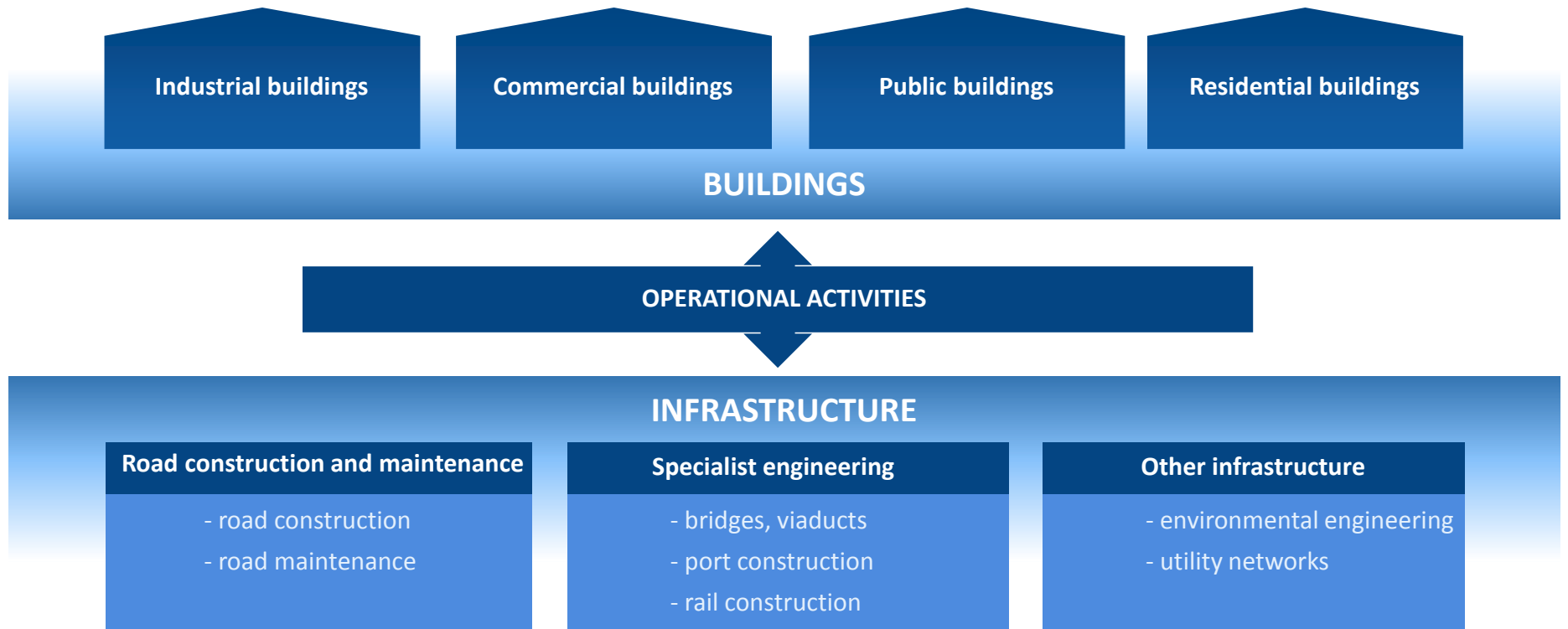
Group structure and organisation

- The Group's structure is optimal and we are not going to change it unless significant changes take place in the construction market.
- We will continue consistent investment in our IT-capabilities and -integration both at the level of the organisation and the employee.
- We will apply additional measures for improving cooperation between Group entities and structural units.

Financial targets

- By 2017 our gross margin will be at least 8% and EBITDA margin at least 6%.
- Administrative expenses will not exceed 4% of annual revenue.
- We will distribute, whenever possible, at least 15% of profit before tax for the year as dividends.
- In Estonia, our own real estate development operations will generate up to 5% of total revenue.

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

12m 2015

Period in brief

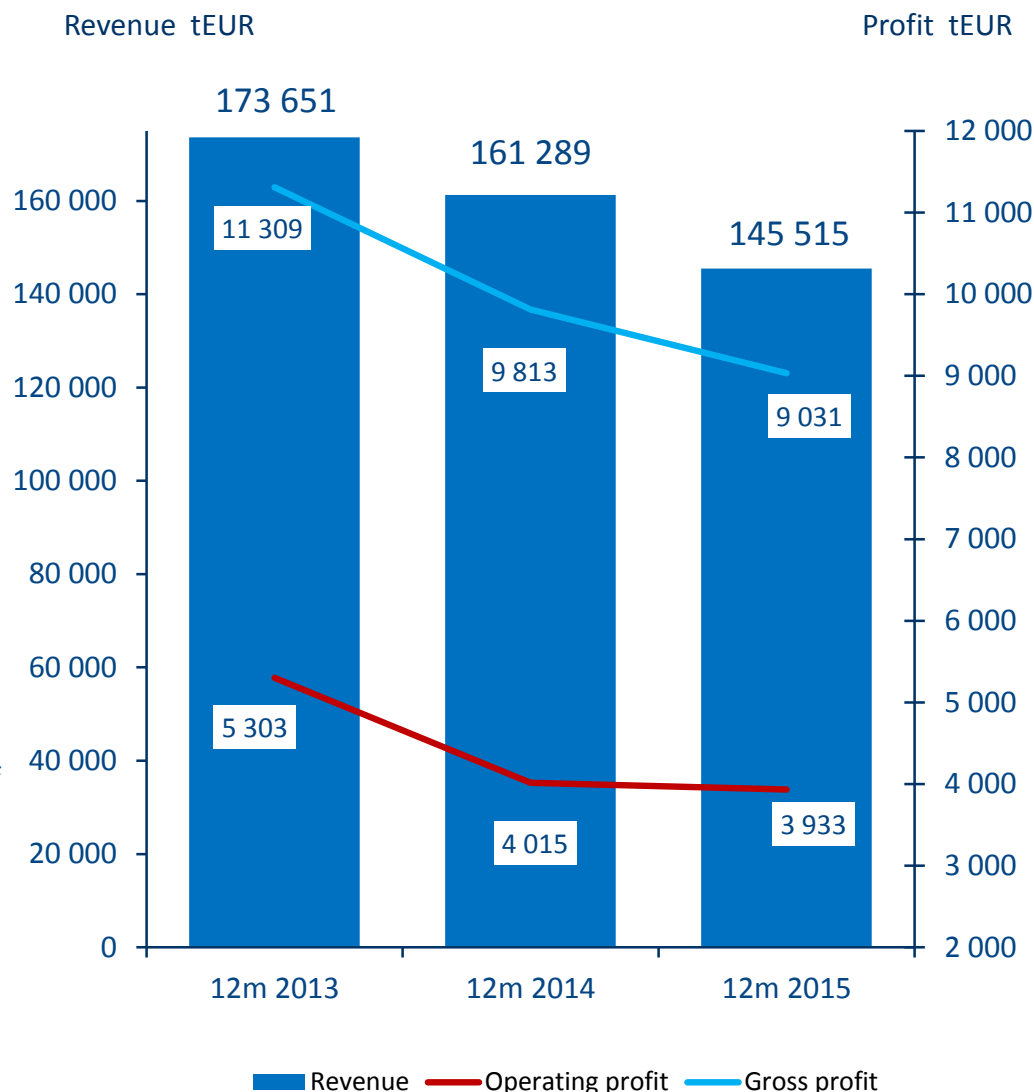
- 2015 twelve months revenue was below 2014 comparative figure by 9.8%. Revenue declined in both the Buildings and the Infrastructure segment.
- Gross margin increased slightly as compared to previous period (6.2% vs 6.1%), as did operating margin (2.7% vs 2.5%). Compared with the last year, the gross margin of the Infrastructure segment strengthened considerably as the profitability of the Buildings segment declined somewhat.
- Administrative expenses in general remained under control at 3.5% (12 months rolling) to revenue (2014: 3.5%) and are well below the strategic target of 4%.
- Net profit for 2015 was strongly influenced by the fourth-quarter write-down of loans provided for two real estate development projects in Ukraine. The write-down of 2,977 thEur, which was recognised in finance costs, is attributable to Ukraine's continuing economic difficulties and the weakening of the hryvnia, which have lowered the prices of commercial real estate and relevant demand.
- At 31 December 2015, the Group's order book stood at 125,698 thEur, a roughly 50% increase on the previous year-end.

Key figures / ratios

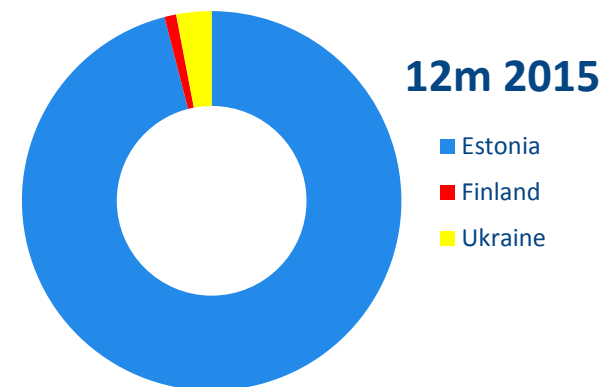
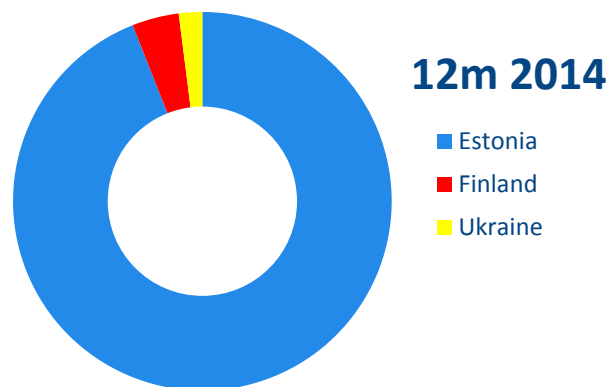
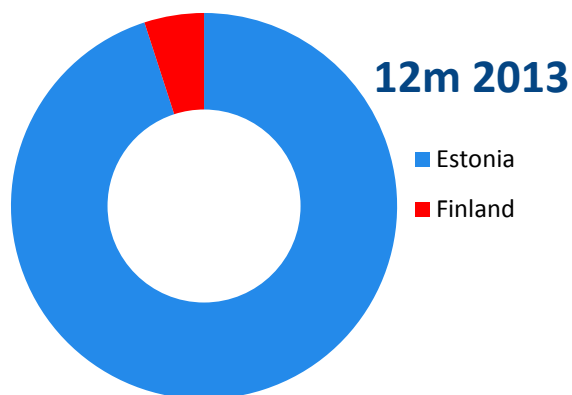
Figure / Ratio	12m 2015	12m 2014
Revenue (tEUR)	145,515	161,289
Revenue growth/decrease, %	-9.8%	-7.1%
Net profit (tEUR)	173	2,298
Gross margin, %	6.2%	6.1%
EBITDA margin, %	4.0%	3.5%
Net margin, %	0.1%	1.4%
Earnings per share (EUR)	0.01	0.06
Equity ratio, %	40.1%	37.3%
Administrative expenses to revenue	3.5%	3.5%

Revenue and profit

- Revenue decrease in the Buildings segment (-10.3%) has been affected by the contraction in industrial and warehouse facilities sub-segment, while other sub-segments grew.
- Revenue decrease in the Infrastructure segment (-7.6%) resulted from the fall in revenues in our engineering sub-segments, while road construction was growing.
- Profit margins weakened somewhat in the Buildings segment and improved noticeably in the Infrastructure segment where the main sources of profit were road construction and road maintenance.
- In the fourth quarter the Group's gross margin rose to 9.3% compared with 3.6% a year earlier and both of our main operating segments delivered margin improvement.
- The Group's administrative expenses for the twelve months of 2015 totalled 5.0 mEur, which is 11% lower than a year ago (2014: 5.7 mEur).
- Generally, in the Infrastructure segment, the expected recovery has not materialized and launches of new projects have mostly been deferred. In the Buildings segment, bidding activity is relatively high but the prices of most new contracts do not cover the risks involved and instigate caution.



Revenue by geographic regions

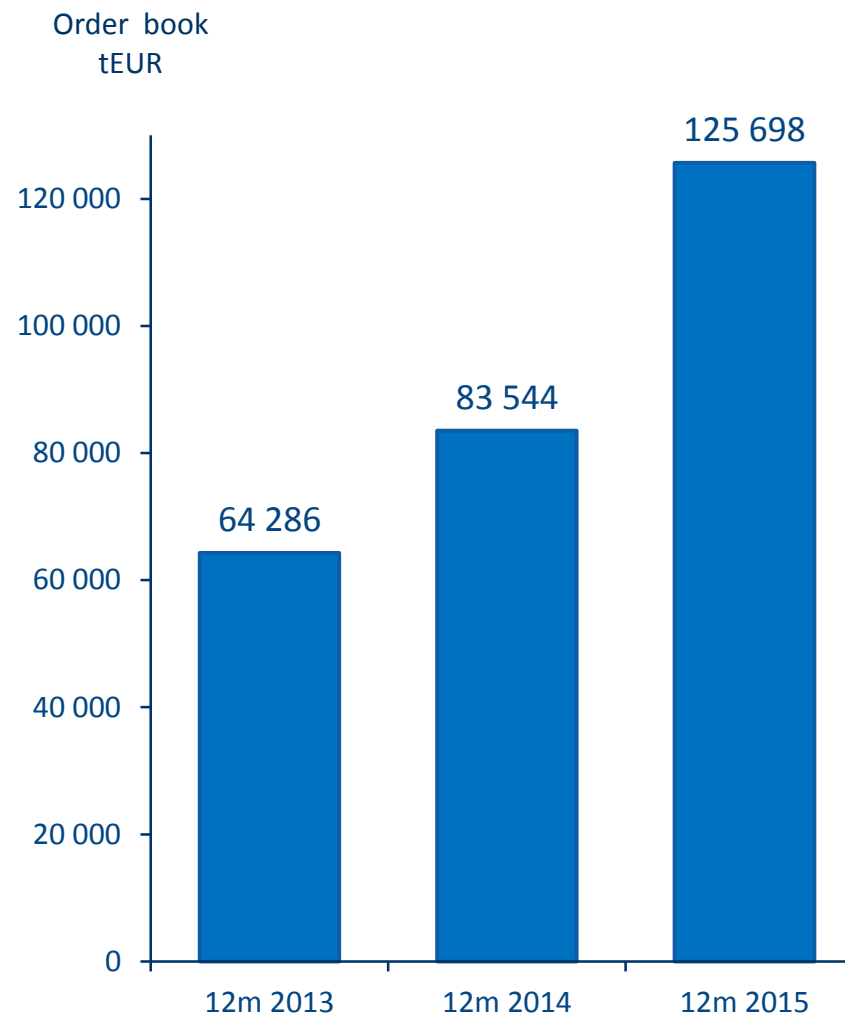


	12m 2013	12m 2014	12m 2015
Estonia	95%	94%	96%
Ukraine	0%	2%	3%
Finland	5%	4%	1%

- Main focus are the operations in Estonia
- Finnish revenue comprises revenue from concrete works in the building construction segment. The contribution of the Finnish market has decreased because major projects in Finland have been completed.
- The contribution of the Ukrainian market where we continue work under one building construction contract has increased.
- In 2015, we started preparations for potential expansion into the Swedish market. We are planning to offer construction of residential and non-residential buildings, particularly in central Sweden. In October 2015, the first contract (8.4 mEur) for the construction of a five-storey apartment building in Stockholm was concluded.

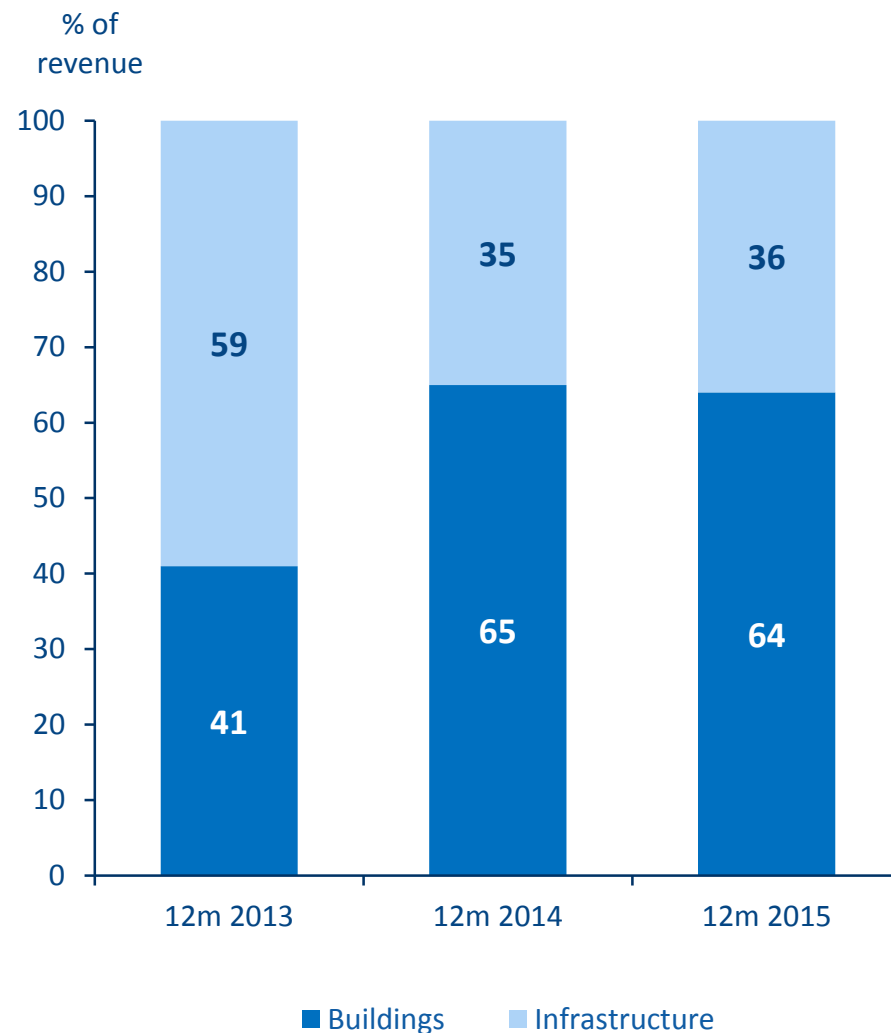
Order book

- At 31 December 2015, the Group's order book stood at 125,698 tEur, a roughly 50% increase on the previous year-end. Order books grew in both the Buildings and the Infrastructure segment.
- Compared with a year earlier, the order book of the Infrastructure segment grew by around 57%. The rise was mainly underpinned by growth in the road construction sub-segment, which was supported by the contracts secured for the performance of road maintenance services.
- Compared with a year earlier, the order book of the Buildings segment grew by around 48%. Major growth was posted in all sub-segments except commercial buildings whose order book contracted by over 60%.
- Buildings segment orders continuously exceed infrastructure ones (72% and 28% resp.). This structure likely to remain for 2016 as well thus resulting in decreased revenue in infrastructure segment.
- In an environment of stiff competition, we pursue the policy of avoiding unjustified risks that could realize on the execution of contracts and have an adverse impact on our performance. Instead, we prefer to keep costs under control and focus on projects with positive prospects.



Revenue distribution by segments

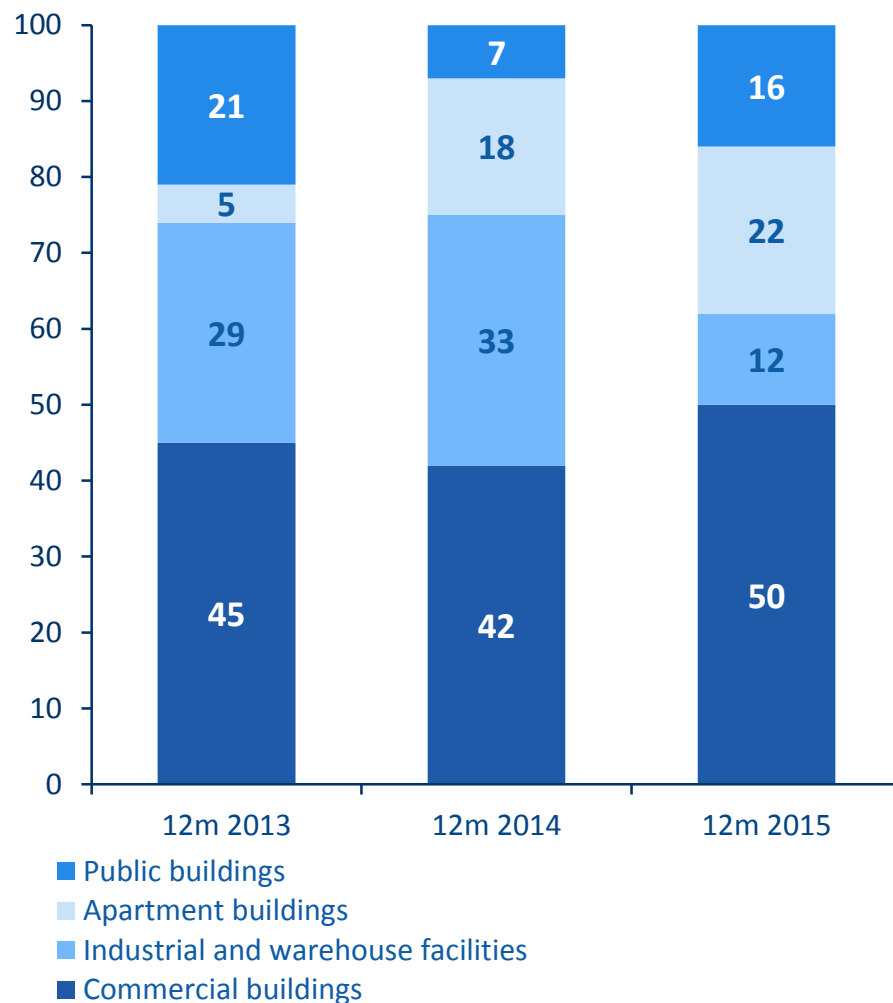
- We strive to maintain the revenues of our operating segments – Buildings and Infrastructure – in balance as this helps disperse risks and provides better opportunities for continuing construction operations also in stressed circumstances where one segment experiences noticeable shrinkage.
- However, the overall decrease of EU backed public investments to infrastructure led to sharp decrease of infrastructure segment revenue.
- Both segments experienced a decrease in 2015 – Buildings -10.3% and Infrastructure -7.6%.
- Due to larger share in the revenues, decrease is led by the Buildings segment with the sharp contraction in industrial and warehouse facilities sub-segment.
- Structure likely to remain at this in 2016 as order book similarly structured.



Revenue distribution – buildings

- Compared with the same period last year, the revenue structure of the Buildings segment has changed considerably.
- In the industrial and warehouse facilities sub-segment volumes have declined due to a decrease in both agricultural projects that used to dominate for a long time based on EU support, and warehouse and logistics facility projects.
- The volumes of the public buildings sub-segment have grown mainly through the increase in the state’s investments in national defence.
- Revenues in apartment buildings sub-segment increased and earned mainly from general contracting.
- Magasini 29 own development (www.magasini.ee) phase I and II are in sale and phase III under construction with sales ongoing (9 of 20 sold). Development project in Tartu (www.tammelinn.ee) where three new buildings with a total of 55 apartments were completed has sold 52 units by the period end. The next phase construction of Tammelinn with 20 apartments has already sold 9 units.

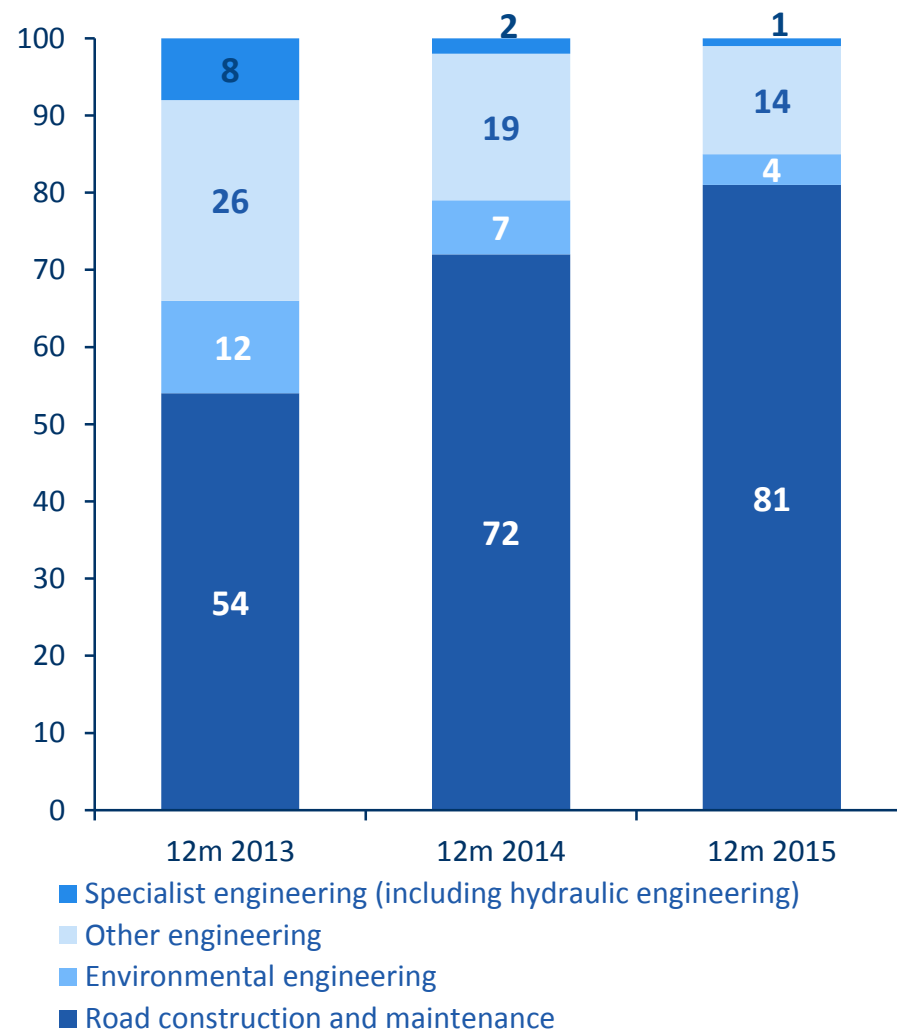
% of revenue



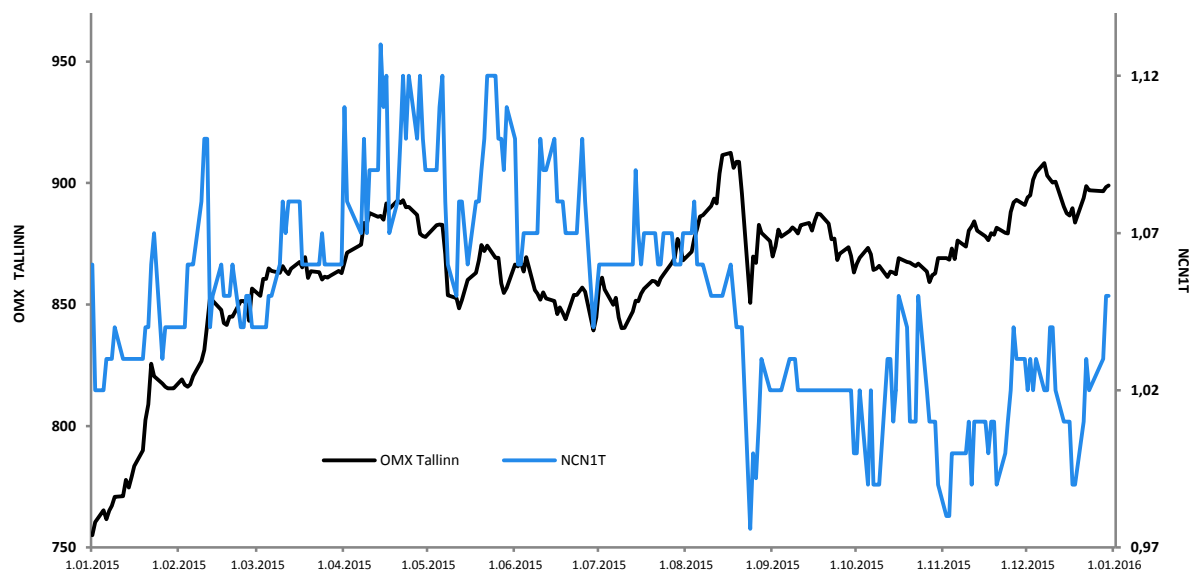
Revenue distribution – infrastructure

- We expect that road construction will remain the main revenue source in the infrastructure segment and, similarly to last year, most of the road construction revenue will result from small or medium-sized reconstruction and repair projects.
- Road maintenance revenues will decrease due to the shorter list of contractual works to be performed during 2016-2021 as compared to previous period.
- The revenues of the specialist engineering sub-segment may increase through other complex engineering work than hydraulic engineering but relevant volumes are likely to be irregular.
- The decline in EU support continues to have a strong impact on environmental engineering work whose volumes have decreased more rapidly than those of other sub-segments.
- The contribution of utility network construction (other engineering) has been small and continuing growth of the sub-segment is unlikely.

% of revenue



Share and shareholders information



Index/share	1.01.2015	31.12.2015	+/-%
OMX Tallinn	755.05	898.88	19.06
NCN1T	1.06 EUR	1.05 EUR	-0.94

Largest shareholders of Nordecon AS at 31 December 2015

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	50.99
Luksusjaht AS	3,815,255	11.78
ING Luxembourg S.A.	2,007,949	6.20
Rondam AS	1,000,000	3.09
SEB Pank AS clients	795,662	2.46
ASM Investments OÜ	519,600	1.60
State Street Bank and Trust Omnibus Account A Fund	447,365	1.38
Ain Tromp	378,960	1.17
SEB Elu- ja Pensionikindlustus AS	257,000	0.79
Genadi Bulatov	250,600	0.77

Shareholder structure of Nordecon AS by ownership interest at 31 December 2015

	Number of shareholders	Ownership interest (%)
Shareholders with interest exceeding 5%	3	68.97
Shareholders with interest between 1% and 5%	5	9.70
Shareholders with interest below 1%	1,620	16.33
Holder of own (treasury) shares	1	5.00
Total	1,629	100.00

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