

Company AS MERKO EHITUS
Type Company Release
Category Other corporate action
Disclosure time 23 Mar 2020 16:15:00 +0200

Currency

Title The effect of the pandemic and restrictions on the group's business operations and related

The management board of AS Merko Ehitus, having consulted with the supervisory board, has decided as follows:

- 1) To make a new proposal to the upcoming general meeting of shareholders by which no dividends shall be paid for the year 2019 (previous stock exchange announcement <https://www.nasdaqbaltic.com/statistics/en/news/311003>). The group's long-term dividend policy (dividend ratio 50-70%) remains in force.
- 2) The group continues construction activities until completion of all apartment development projects that are currently in construction phase. The group has currently in total of ca 800 apartments under construction in the three Baltic states of which 53% have been sold with preliminary agreements.
- 3) During the following three months, the group will not initiate construction works of any new development projects. This includes the third stage of the Uus-Veerenni project (Uus-Veerenni Park), the decision to launch of which the group has previously announced via stock exchange (<https://www.nasdaqbaltic.com/statistics/en/news/310974>).

The pandemic and restrictions shall have a negative effect on the construction sector as well as the group's business operations, while the extent of that effect is currently impossible to assess. Group companies are co-operating with all parties to complete all objects currently under construction. AS Merko Ehitus is well capitalized (equity ratio as of 31 December 2019 46%) and the secured order book, excluding own developments, stood at ca 200 million euros as of the end of February.

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AS Merko Ehitus (group.merko.ee (<https://group.merko.ee/en/>)) group consists of AS Merko Ehitus Eesti in Estonia, SIA Merks in Latvia, UAB Merko Statyba in Lithuania and Peritus Entreprenør AS in Norway. Besides providing construction service as a main contractor, the group's other major area of activity is apartment development. As at the end of 2019, the group employed 694 people, and the group's revenue for 2019 was EUR 327 million.

