



**EESTI EHITUS**

**CEO Meets Investor 2008 Riga**

**22 October 2008**





## Eesti Ehitus overview





## **Eesti Ehitus in brief**

---

- Leading general construction contractor and construction project management company in Estonia. Eesti Ehitus is represented in all major industry segments with approximately 20% of revenue coming from other Baltic and Ukrainian markets.
- Over 1 200 employees, of which E&T personnel approximately 500
- Starting from 18 May 2006 listed in the NASDAQ OMX Tallinn Stock Exchange

## **MISSION**

**We are committed to providing premier value added design and construction services by creating a successful partnership with our clients**

**We seek to add value to the company by motivating our employees and providing them with clear development opportunities and contemporary work environment**

## **VISION**

**We strive to be a construction group which can always surpass the customer's expectations**



# Business model

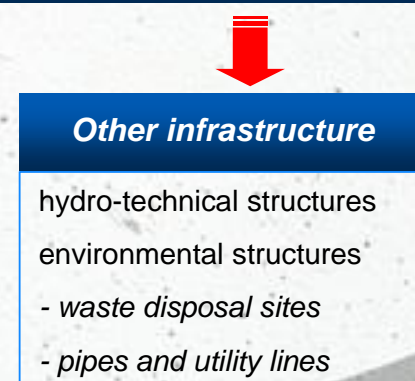
---



## **SUPERSTRUCTURE**

---

## **INFRASTRUCTURE**



## Core strengths

---

- Historically stable strategy combined with prudent risk taking
- Strong and experienced management
- Diversified and well balanced revenue portfolio
- Strong foothold in civil engineering construction
- Turnkey solutions through combined expertise and experienced personnel
- Road construction entails also regional maintenance companies that enable to stabilise cash flows and reduce cyclicity of the large-scale road construction projects
- Group wide financial, project management and IT systems, ISO 9001 and 14001 quality management certificates

## Core Competencies

---

*Road  
construction and  
maintenance*

*Environmental  
construction*

*Other  
infrastructure*

*Industrial, civil  
and commercial*

*Real estate  
development*

---





# Principal markets and clients

---

## Estonia

Operation started in 1989. Currently country-wide operations.

- Corporate and private clients
- Government and municipalities
- Other public sector entities

## Ukraine

Operation started in 1997. Solid position on the Ukrainian market with focus on Western regions of Ukraine and the capital Kiev

- Corporate clients, foreign investors

## Latvia

Operation started in 2006

- Government and municipalities

## Lithuania

Operation started in 2007

- Corporate clients



## Presence in segments

	ESTONIA	UKRAINE
Residential buildings	✓	X
Non-residential buildings	✓	✓
Road constr. & maintenance	✓	X
Other infrastructure	✓	X

	LATVIA	LITHUANIA
Residential buildings	?	✓
Non-residential buildings	?	✓
Road constr. & maintenance	?	?
Other infrastructure	✓	?



# Operations in Latvia

---

## SIA Abagars

- Controlling stake acquired in May 2008
- Clear company structure with two subsidiaries
  - SIA Vides Tiklis (100 per cent)
  - General Partnership BKT (50 per cent)

## SIA Abagars operations

- **Infrastructure works** (water and sewage pipelines, earthworks, road building etc.) contribute more than 90 per cent of revenue
- **Rental of building machinery**

## SIA Abagars position in the market and strategy

- Specializing on external engineering works has resulted in known presence at the market with considerable projects won (e.g. Riga Sempeteris district water and sewage network)
- Focus mainly on EU and government funded infrastructure projects in 2008-2009



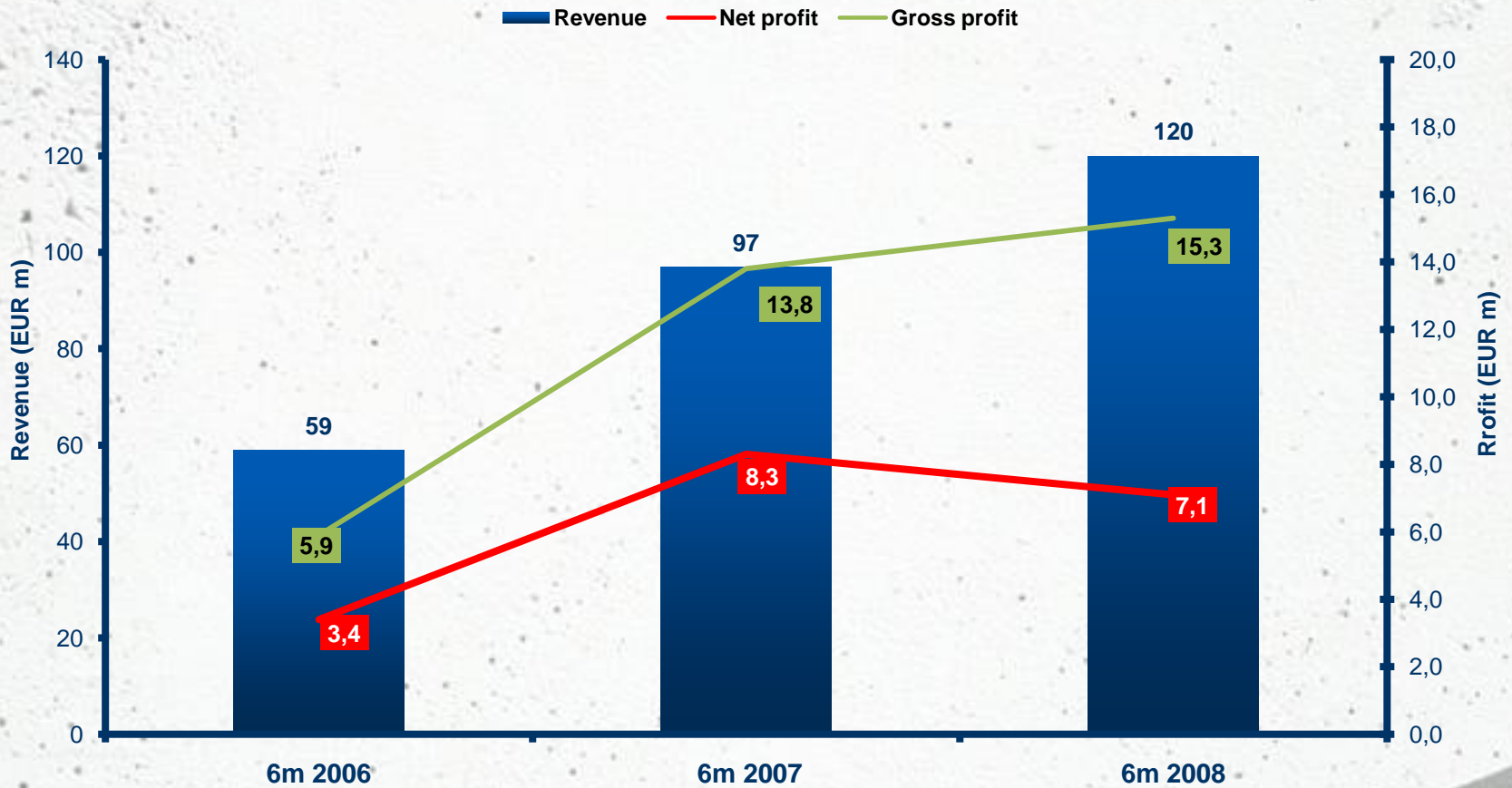




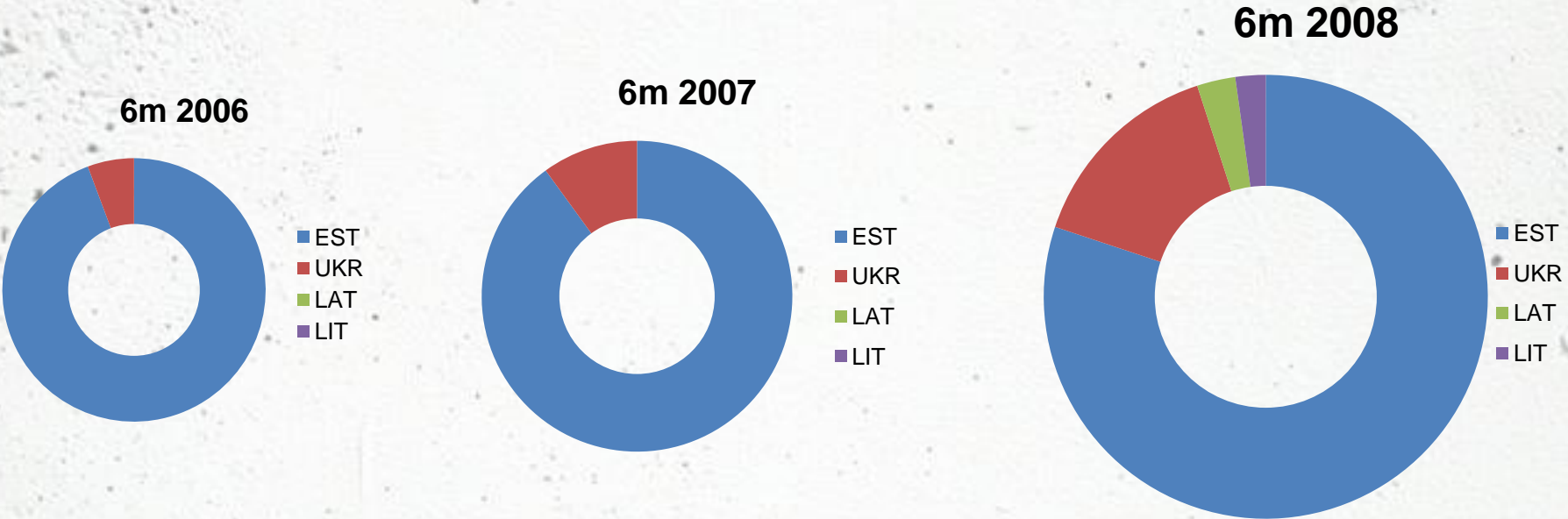
## Financial review



# 6m 2008 Revenue and profit



# 6m 2008 Revenue by geographic regions



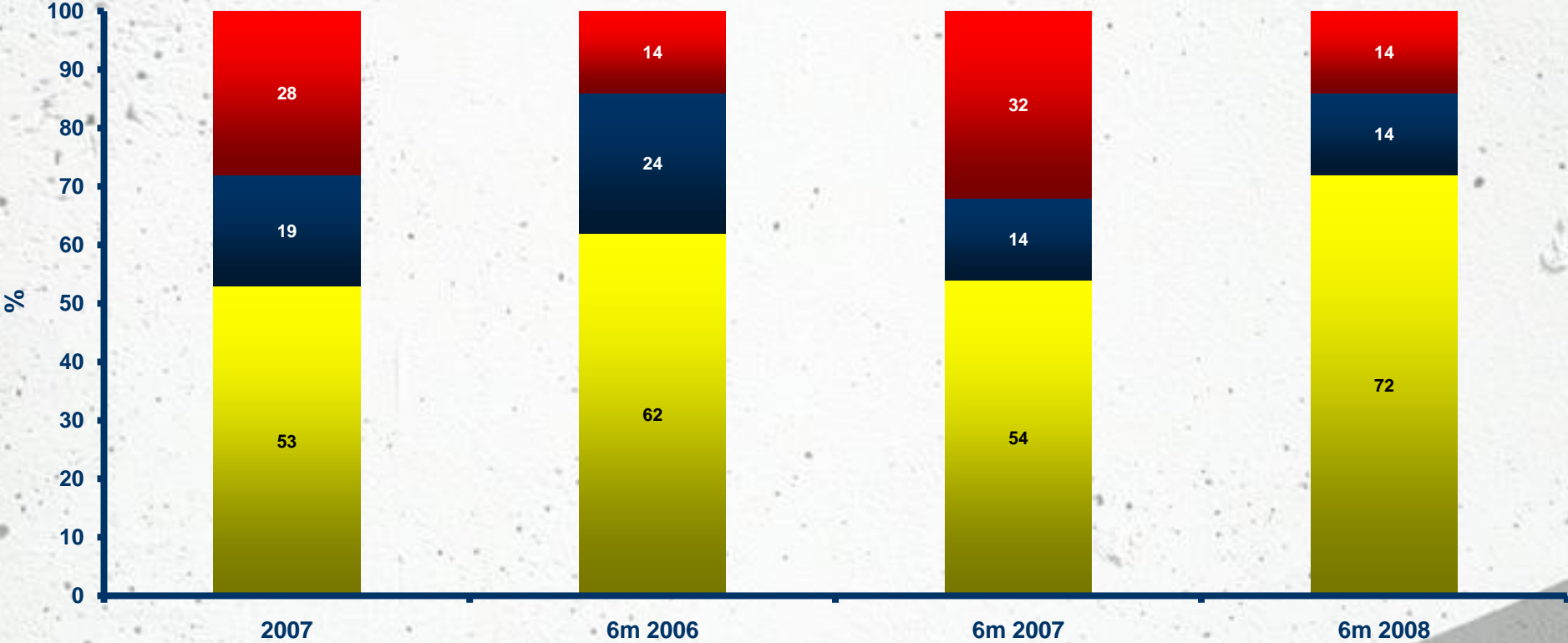
	6m 2006	6m 2007	6m 2008
EST	94%	90%	80%
UKR	6%	10%	15%
LAT	0%	0%	3%
LIT	0%	0%	2%



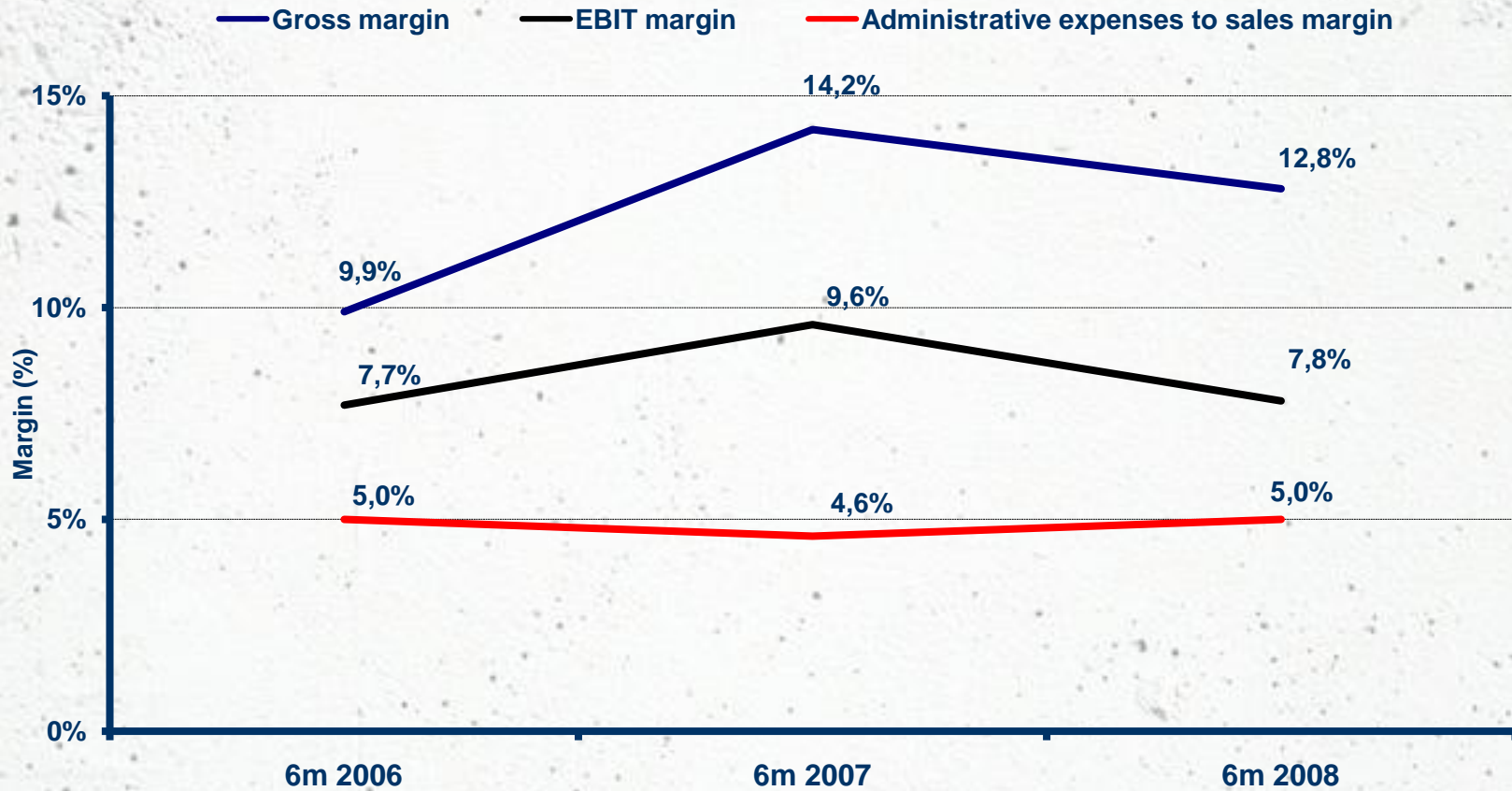


# 6m 2008 Segment information

■ Residential and non-residential   ■ Road construction and maintenance   ■ Other infrastructure

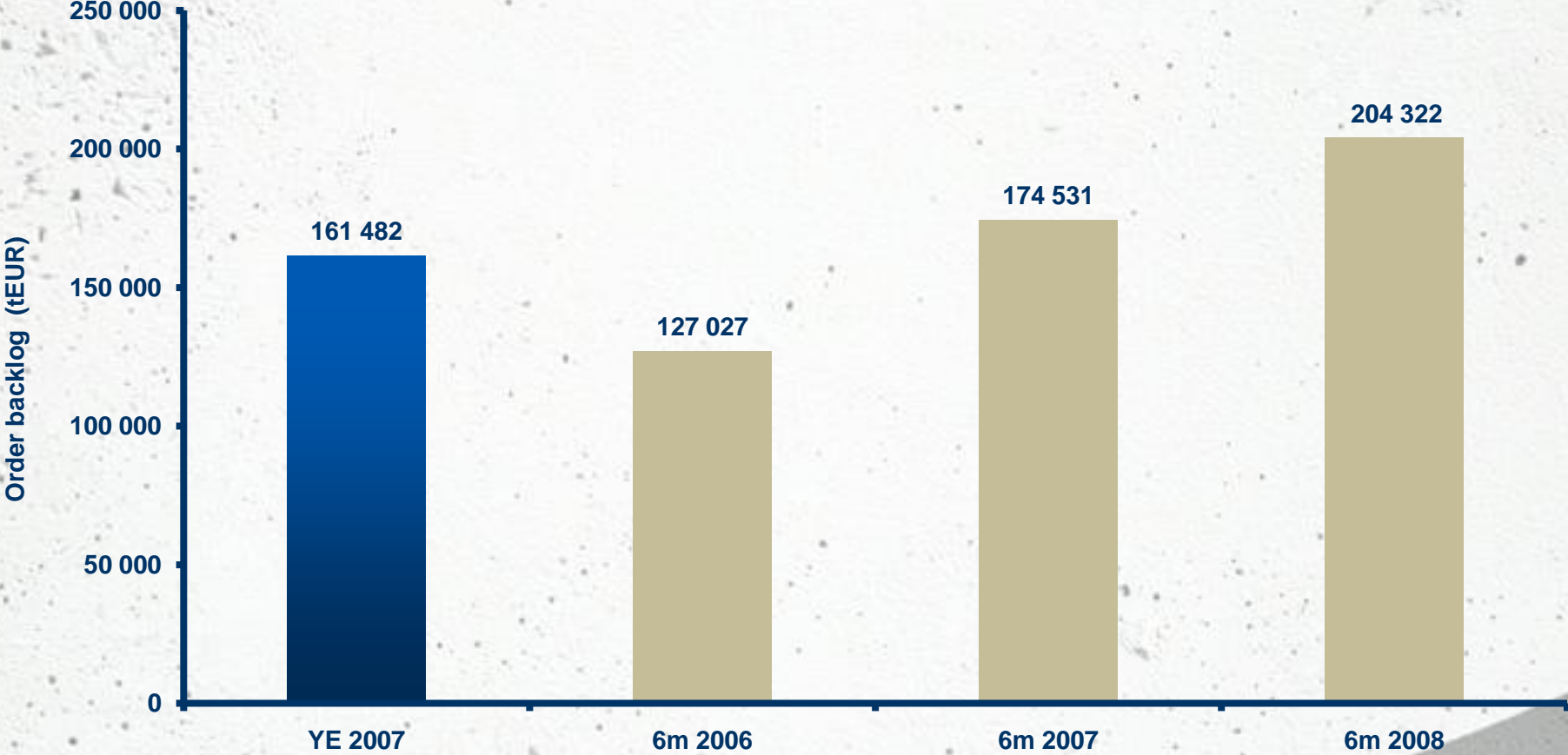


## 6m 2008 Operating margins



# 6m 2008 Order backlog

Order backlog





## Signed construction contracts May-September 2008

---

Country	Project	Value	Segment
Estonia	Mäo bypass	25.7 MEUR	Road construction
Estonia	Shopping centre expansion	18.2 MEUR	Non-residential building
Estonia	Railway border station	17.9 MEUR (joint project)	Road const. & other infrastructure
Latvia	Riga water pipelines network	12.4 MEUR	Other infrastructure
Ukraine	Leisure and shopping centre	7.2 MEUR	Non-residential building
Estonia	Office building	6.5 MEUR	Non-residential building
Estonia	Marine quay	5 MEUR	Other infrastructure





## Strategy and outlook for 2008-2009



# Strategy focus

---

## CHANGED EXTERNAL ENVIRONMENT

### FOCUS ON CORE COMPETENCIES



- Focus on both project management and main contracting
- Keep and develop operations in existing segments
- More focus on international construction projects
- Maintain real estate development at strategically accepted low levels (less than 20 per cent of revenue)

### MAINTAINING POSITION OR GROWTH IN ALL MARKETS



- Capitalize on expertise in civil engineering segment in Estonia
- Expand further construction activities in Latvia, Lithuania and Ukraine
- Increase overall effectiveness of operations
- Increase synergies between Group companies





## Outlook 2008-2009

---

### External influences

#### *Positive*

- Infrastructure projects as key driver for growth and volumes, funded mostly by EU
- Market consolidation
- Supply of labour increases, cost of labour growth slows down

#### *Negative*

- Pressure on construction prices and margins
- Financing conditions
- Overall development of Baltic and Ukrainian market in 2009



## Outlook 2008-2009

---

### Internal influences

- Increasing participation in foreign markets
- Group well financed currently
- Condition of order backlog

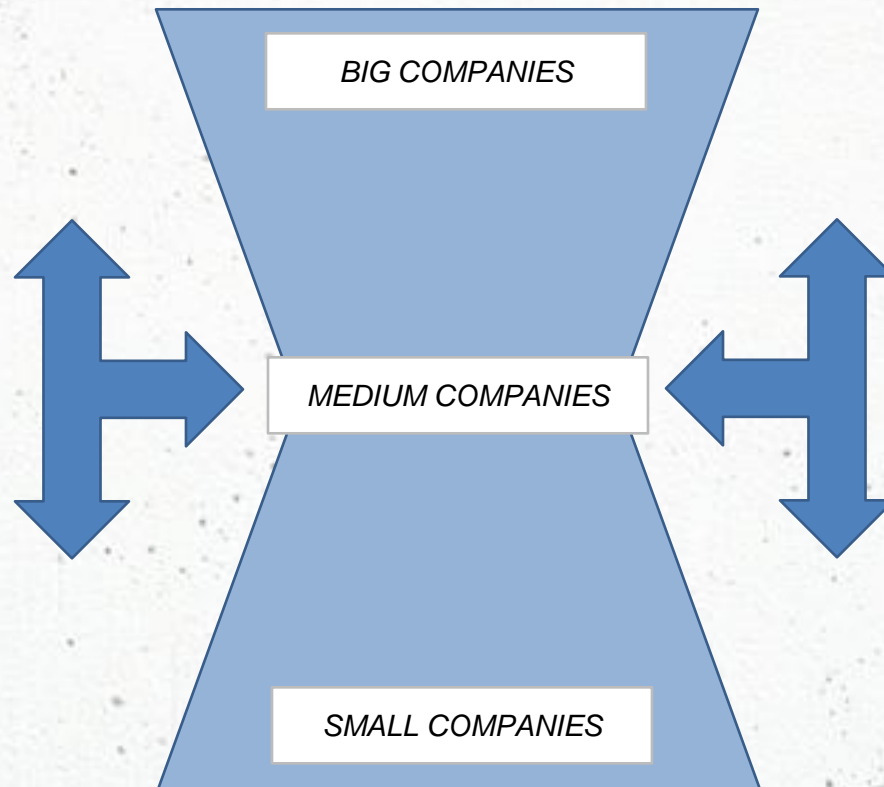


## Outlook 2008-2009

---

### Expected pattern of market consolidation:

- Big companies will get bigger
- Pressure on medium sized companies to change/consolidate (move up or down, liquidated)
- Small companies will specialize and fight for survival







## Appendices



## Share information (10 October 2008)

**Total number of shares:** 30 756 728

**Number of shares listed:** 30 756 728

**Free float:** 39%

**Market cap:** 69 mEUR

	Number of shareholders	Shareholding of total shares
Shareholders >5%	1	61,15%
Shareholders 1%-5%	15	21,88%
Shareholders <1%	1 381	16,97%
<b>Total</b>	<b>1 397</b>	<b>100,00%</b>

	2008 6m	2007
P/E	5,64	8,54
P/B	2,05	3,28

**Share price at time of calculation 18 August 3.10 EUR**

**Share price at 10 October 2.25 EUR**

## Share price movement 2008

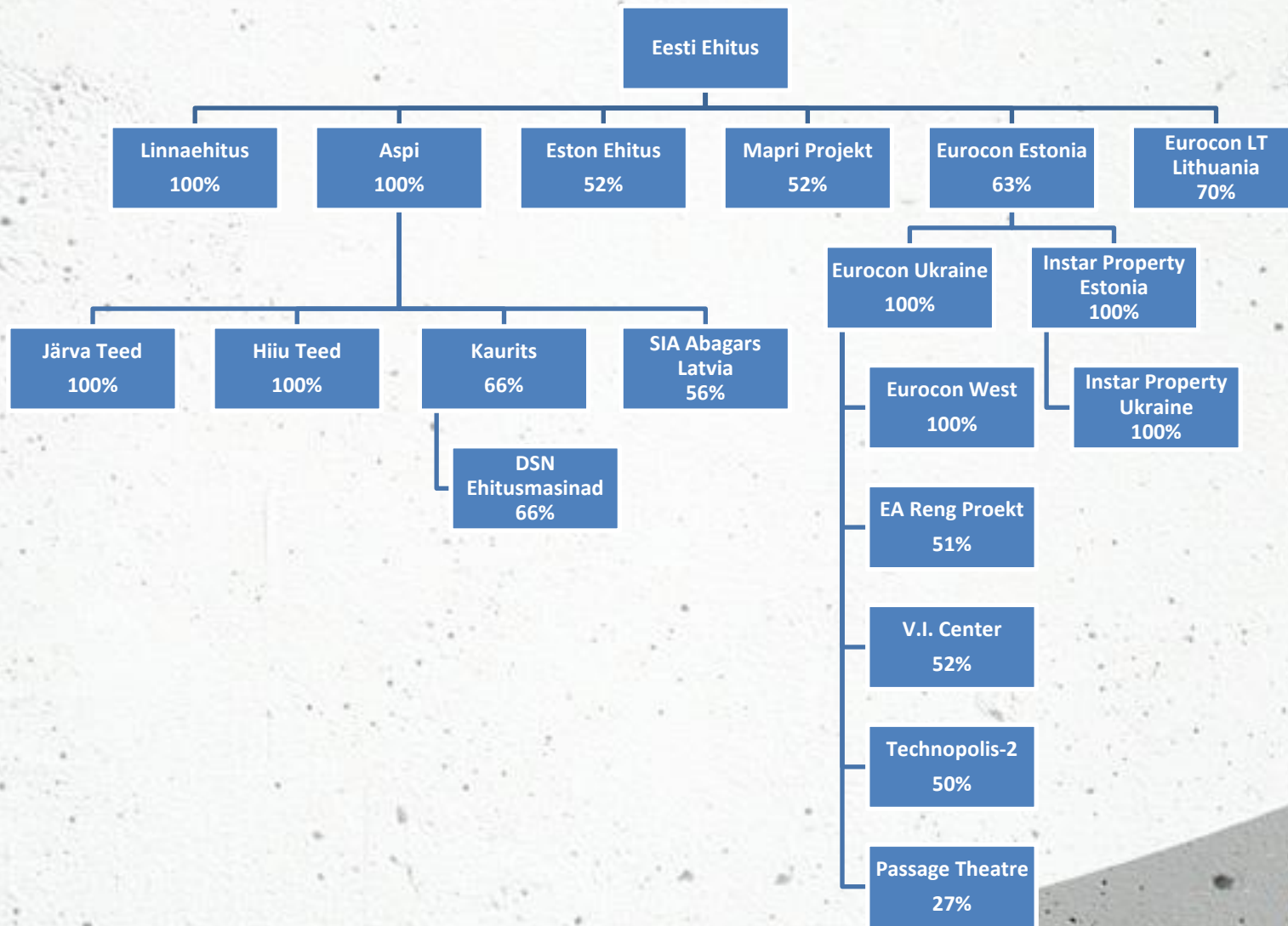


### Chart data

Index/Equity	01.01.2008	11.10.2008	+/-%
— OMX Tallinn	742,45	387,75	-47,77 ↓
— EEH1T	4,90 EUR	2,25 EUR	-54,08 ↓



## Key subsidiaries (September 2008)





# AS EESTI EHITUS

Akadeemia tee 15B  
Tallinn 12618, Estonia  
+372 6400 450 (phone)  
+372 6312 229 (fax)

[www.eestiehitus.ee](http://www.eestiehitus.ee)  
[eestiehitus@eestiehitus.ee](mailto:eestiehitus@eestiehitus.ee)

