NORDECON

Investor presentation

12m 2012

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

MISSION: Our mission is to offer our customers complete premier value adding construction and engineering solutions

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

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

- To complete the significant adjustments to the Group's structure and management that were launched in 2009 in order to secure profitable and rapid growth in the rise phase of the market
- To continue building construction operations in Ukraine in line with the former 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 becomes 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 be by the end of 2013 a leading construction group in Estonia that earns half of its revenue from infrastructure and the other half from building construction
- The key theme of the strategy for 2010-2013 is "To respond to market changes swiftly and flexibly and to enter the next economic growth cycle successfully".

Business model

Industrial buildings | Commercial buildings | Public buildings | Residential buildings

BUILDINGS

OPERATIONAL ACTIVITIES

INFRASTRUCTURE

Road construction and maintenance
- road construction
- road maintenance

Specialist engineering
- bridges, viaducts
- port construction
- rail construction

Other infrastructure
- environmental engineering
- utility networks

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 2012

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Period in brief

- Sales exceeded 12m 2011 comparative figure by 8%
- Strong Q4 results in 2.2 mEUR gross profit compared to 2011 profit of 0.9 mEUR
- Gross margin exceeded 5% and resulted in net profit of 1.9 mEUR (Nordecon AS's shareholders 1.5 mEUR)
- Administrative expenses remained under control and below 3.5% of sales
- The impact of strong order book growth in 2011 and beginning of 2012 starting to wind down as major contracts are performed.
- Strong outside pressure on liquidity created by gap between the timing of receipts form (public sector) clients and payments to subcontractors

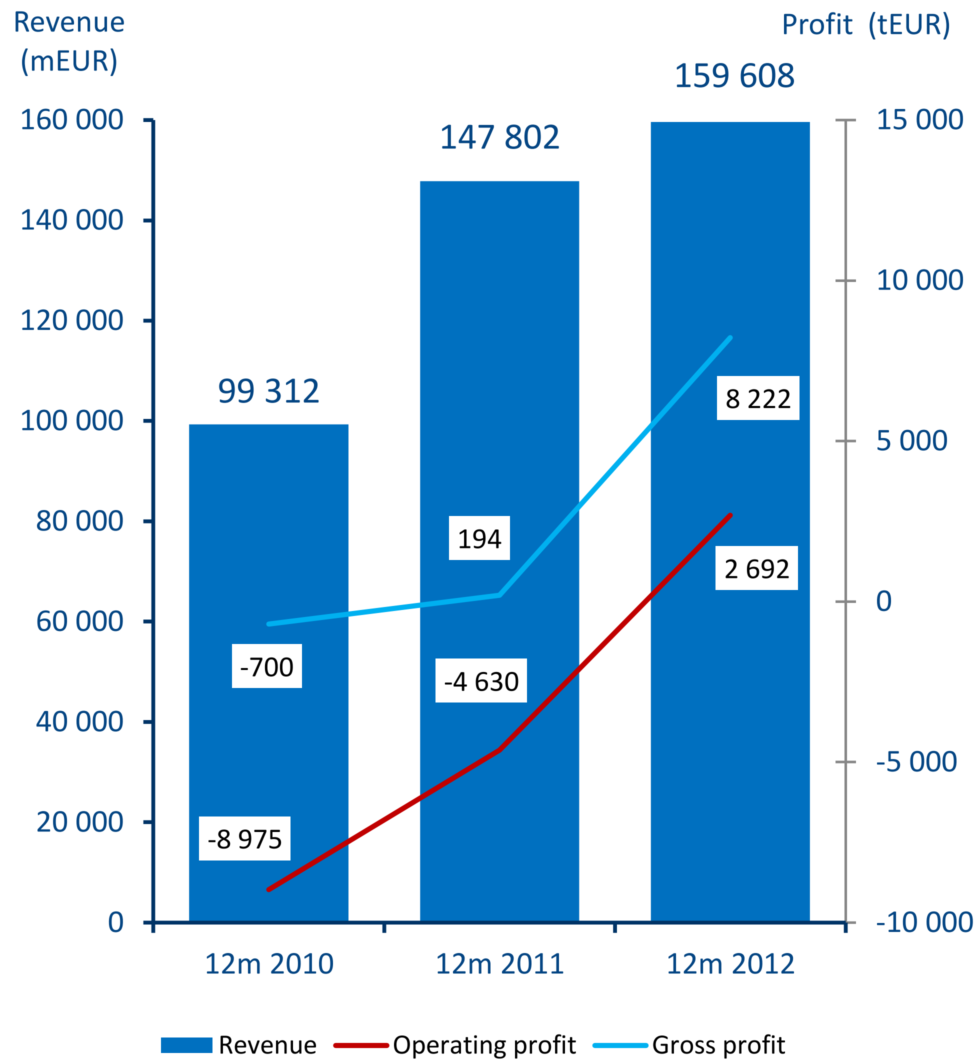
Key figures / ratios

Figure / Ratio	12m 2012	12m 2011*
Revenue (tEUR)	159,608	147,802
Revenue growth/decrease, %	8.0%	48.8%
Net profit/loss (tEUR)	1,931	-4,708
Gross margin, %	5.2%	0.1%
EBITDA margin, %	3.0%	-1.2%
Net margin, %	1.2%	-3.2%
Earnings per share (EUR)	0.05	-0.17
Equity ratio, %	27.1%	28.0%
Administrative expenses to revenue	3.4%	3.1%

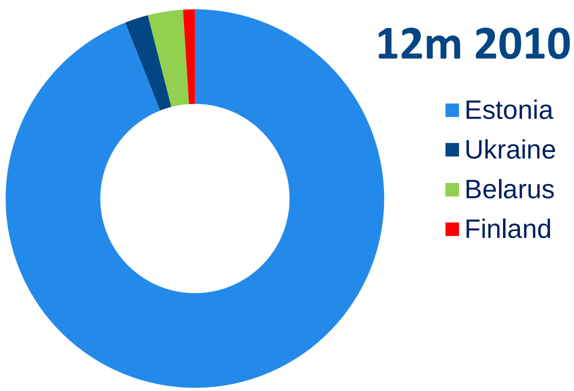
* Comparable figures are audited

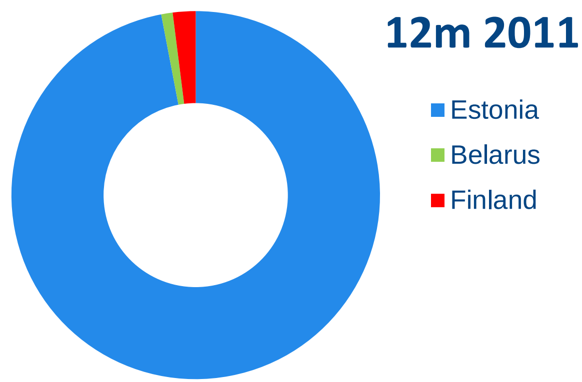
Revenue and profit

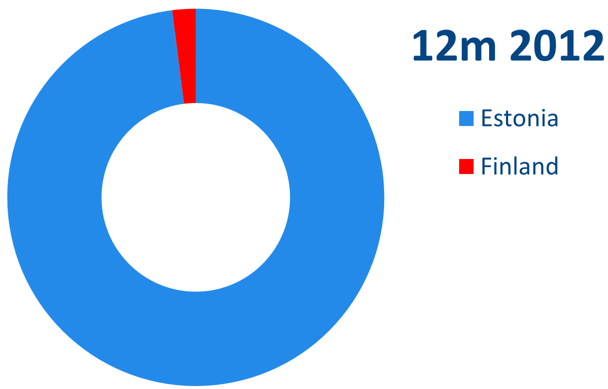
- Bottom of construction market in 2010
- Growth driven by improved competition situation in some segments and mainly by public sector investments
- 2012 increased share of revenue attributed to private clients rising compared to share in 2011
- Improved gross profit in 2012 is a result of restructuring measures taken in 2011. Group 2010 and 2011 gross profits include one-off losses from projects.
- Main focus remaining on profitability



Revenue by geographic regions







	12m 2010	12m 2011	12m 2012
Estonia	94%	97%	98%
Ukraine	2%	0%	0%
Belarus	3%	1%	0%
Finland	1%	2%	2%

- Main focus to remain in Estonia until 2013 (incl.)
- Works in Belarus ended in 2011 and will not continue in 2012
- Share in Finland to remain under 5%
- In Ukraine ability to start again maintained

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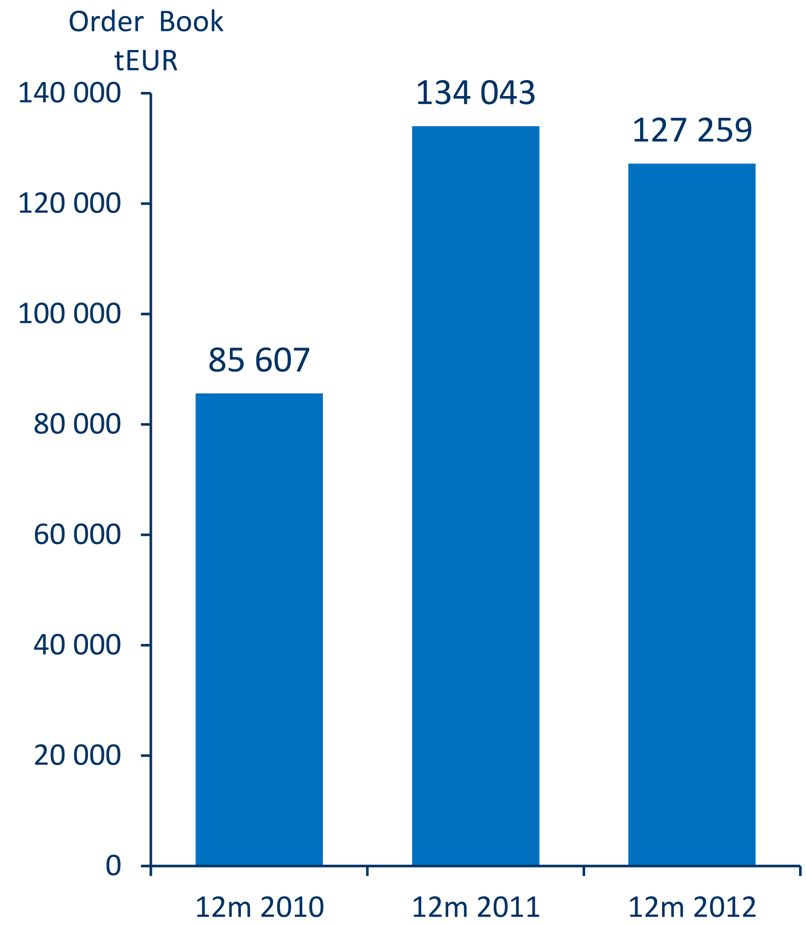
Order book

- Order book reflects current market situation, i.e. 65% related to infrastructure projects (12m 2011: 80%)
- Order book has decreased due to gradual performance of major contracts secured in 2011 and beginning of 2012. Addition of large contracts is irregular
- Order book levels returning to more market appropriate levels with some sub-segments in portfolio showing growth
- 12m 2012 order book includes so-called Tivoli residential development in amount of 12,814 tEUR. The developer has in February 2013 attempted to terminate the agreement with Nordecon AS. It is unlikely that construction work can continue under the same contract.



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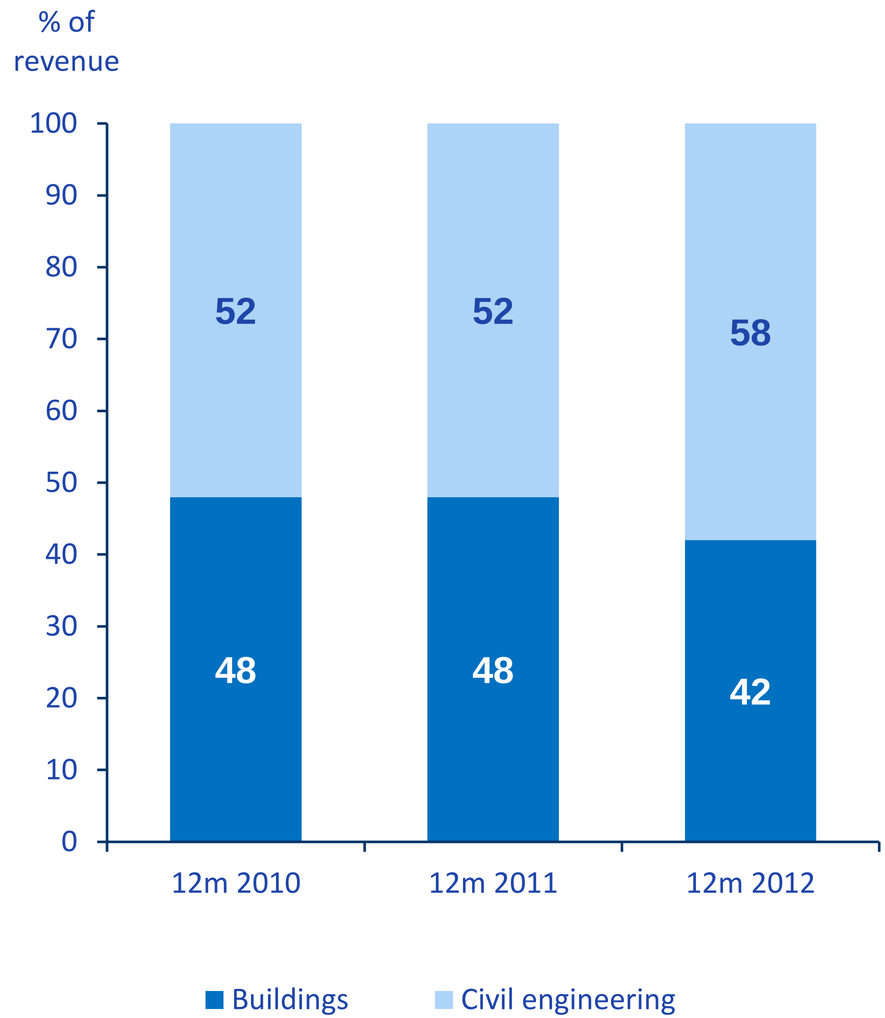
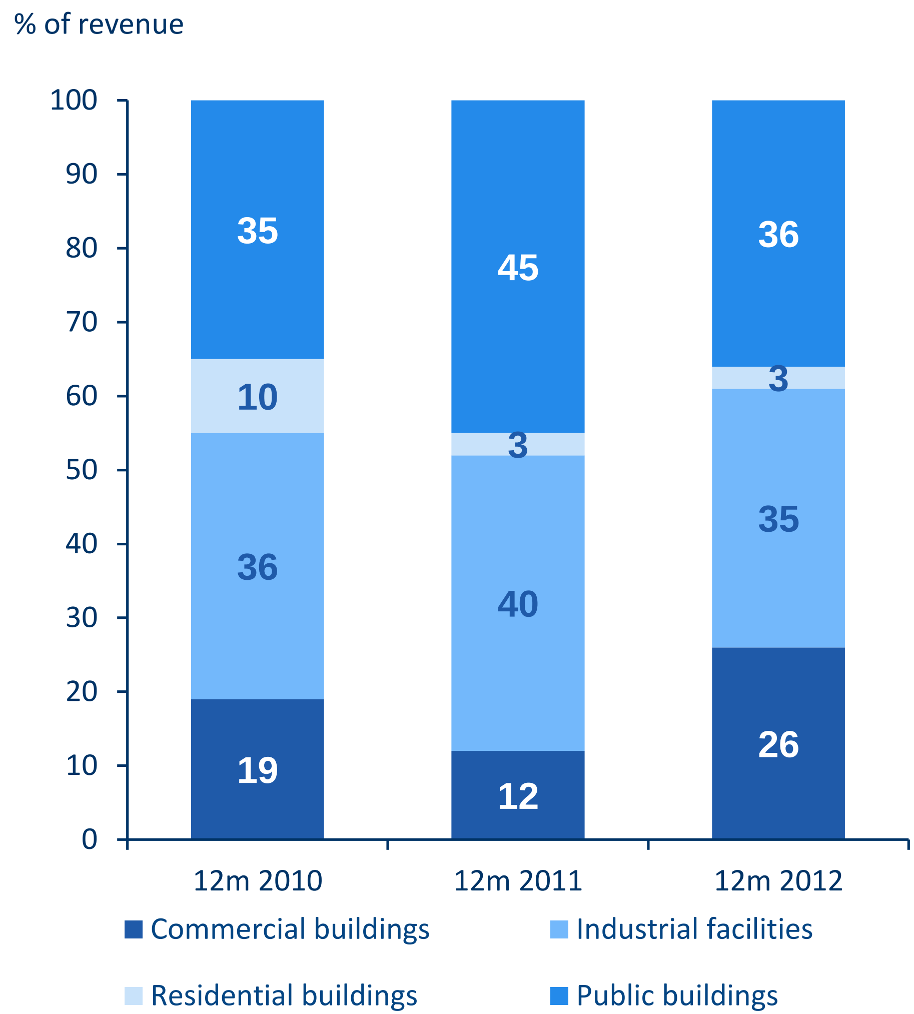
Revenue distribution by segments

- Buildings segment projects realise faster than civil engineering , i.e. stabilises the segments’ revenue in relation to order book that consists mostly of infrastructure projects
- Infrastructure segment increase driven mainly by road construction



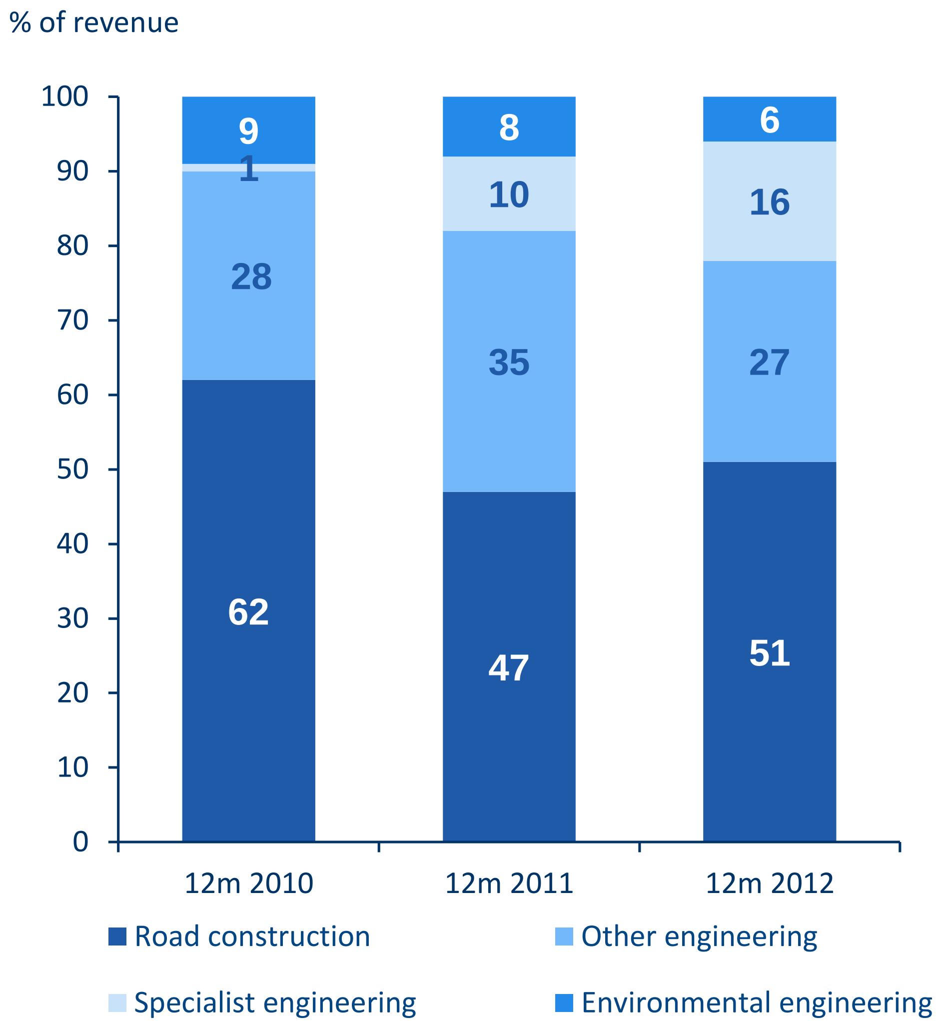
Revenue distribution – buildings

- Public sector investments dominate market
- Industrial facilities (e.g. agriculture investments) also financed by public sector
- Private investments in commercial buildings showed strongest growth. Group started construction of five commercial buildings in 2012
- Residential buildings revenue from constructing, not developing of real estate



Revenue distribution – infrastructure

- Road construction and maintenance segment strong historically.
- Large share of EU supported utility network (other engineering) and environmental construction
- Specialist engineering (port construction) share influenced solely by port of Sillamäe contract



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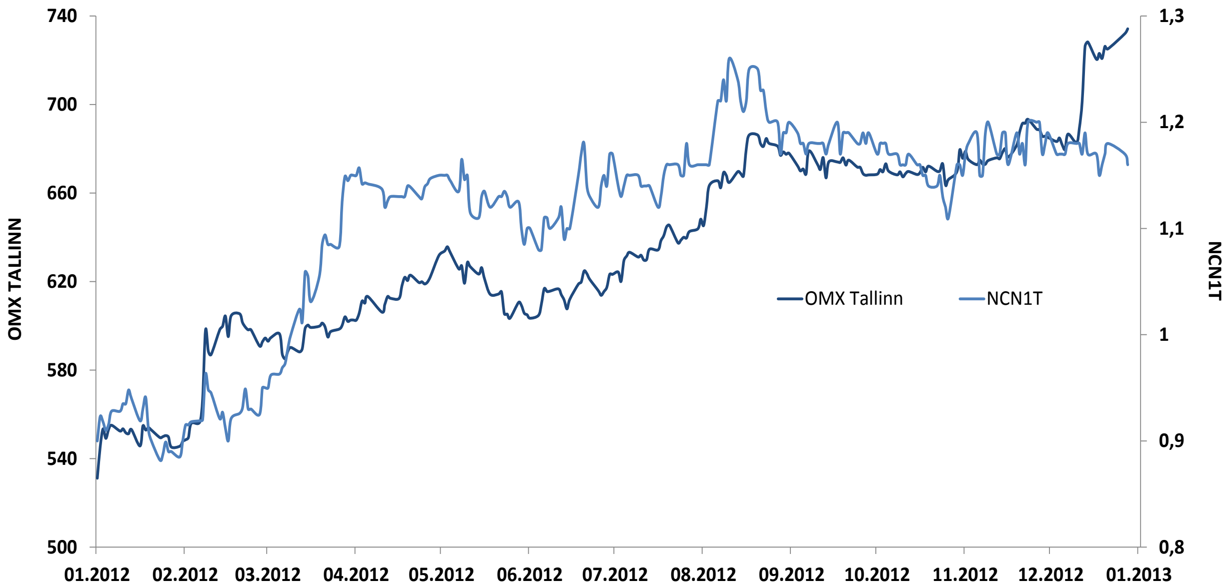
Share and shareholders information



Index/share	1.01.2012	31.12.2012	+/-%
OMX Tallinn index	531.17	734.20	+38.22
NCN1T	0.90 EUR	1.16 EUR	+28.89

Largest shareholders of Nordecon AS at 31 December 2012

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	53.67
ING Luxembourg S.A.	2,007,949	6.53
Skandinaviska Enskilda Banken Sweden clients	1,589,458	5.17
Luksusjaht AS	1,548,125	5.03
SEB Pank AS clients	618,762	2.01
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 Finland clients	257,410	0.84

Shareholder structure of Nordecon AS by ownership interest at 31 December 2012

	Number of shareholders	Ownership interest (%)
Shareholders with interest exceeding 5%	4	70.40
Shareholders with interest between 1% and 5%	4	7.53
Shareholders with interest below 1%	1,958	22.07
Total	**1,966**	**100.00**

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