

# NORDECON

**Investor presentation**

A decorative background consisting of several overlapping, semi-transparent, curved shapes in shades of light blue, teal, and yellow, creating a sense of movement and depth.

## **Nordecon International overview**

# Unified Nordecon

## Former name

## New name

### **Estonia:**

AS Eesti Ehitus

AS Linnaehitus

AS Aspi



**Nordecon International AS**

**Nordecon Ehitus AS**

**Nordecon Infra AS**

### **Latvia:**

SIA Abagars



**Nordecon Infra SIA**

### **Lithuania:**

UAB Eurocon LT



**Nordecon Statyba UAB**

### **Ukraine:**

LLC Eurocon Ukraine



**LLC Eurocon Ukraine**

## **Nordecon International in brief**

Leading general construction contractor and construction project management company in Estonia. Nordecon International is represented in all major industry segments with approximately 20% of revenue coming from other Baltic and Ukrainian markets.

Over 1 100 employees, of which E&T personnel approximately 500

Starting from 18 May 2006 listed in the NASDAQ OMX Tallinn Stock Exchange

### **MISSION**

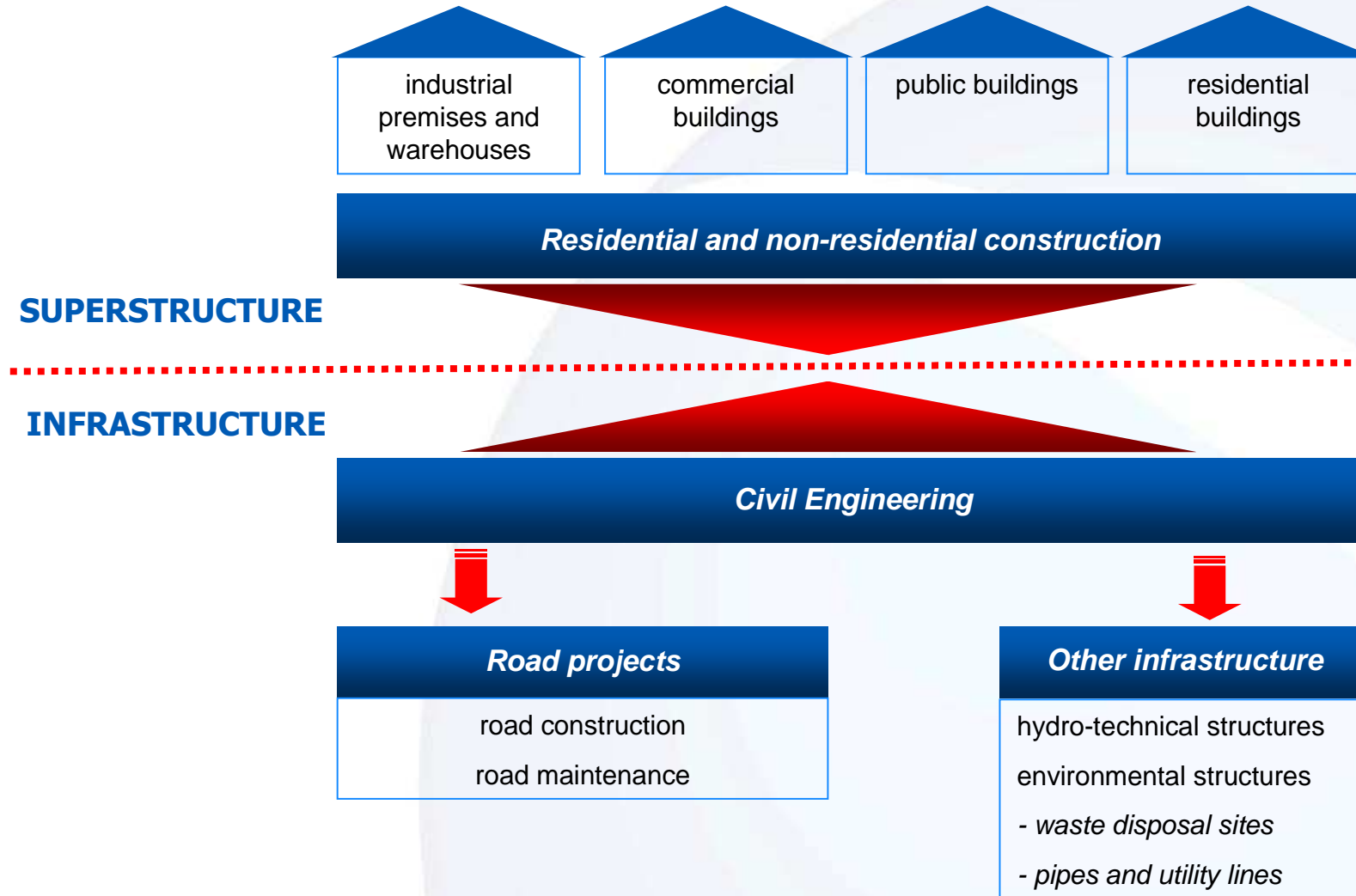
**Our mission is to offer our customers complete premier value adding construction and engineering solutions.**

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

### **VISION**

**Our goal is to become the fastest growing construction group on the Nordic and Baltic stock exchanges by 2013 in terms of revenue growth.**

## Nordecon International Business Model



## Group's strengths

- An organisation / shareholders oriented towards long-term profitable growth
- Organisationally separate engineering and construction businesses
- A flexible, horizontally integrated business model across the Group
- Experienced management
- Professional and loyal employees
- Relative conservatism in risk-taking
- Centralised support services in combination with strong business organisations
- A balanced revenue base that is equally divided between buildings construction and engineering

## Core Competencies



# **Nordecon International Strategy**

## **Group's strategy in 2009-2010**

- Reinforce its positions in the home market
- Redesign corporate structure, division of operations and activities
- Identifying and taking advantage of additional synergies in enhancing the efficiency of the subsidiaries' sales, performance and purchasing operations
- Centralize group-wide support services to improve their efficiency
- Prepare for growth in foreign markets during 2011-2013
- Develop a uniform organisational culture and identity



## **Group's strategy results by 2013**

- Market leader in Estonia in both buildings construction and engineering
- Earn 50 per cent of the revenue for 2013 in foreign markets\*
- Separate buildings construction and engineering subsidiaries in both Latvia and Lithuania
- Penetrate the Ukrainian engineering market, if possible
- Ready to penetrate the Belarusian construction market, if supported by reasonable arguments

### **Construction group with fastest growing revenue listed on Baltic and Nordic stock exchanges by 2013**

\* In recent quarters achievement of this goal has become heavily dependent on external market forces

## In 2013 half of revenue from foreign markets

- To operate in Latvia and Lithuania on both construction and civil engineering markets via separate subsidiaries
- In Ukraine to expand into civil engineering market
- If possible, to enter Belorussia's construction market
- Half of revenue from foreign markets

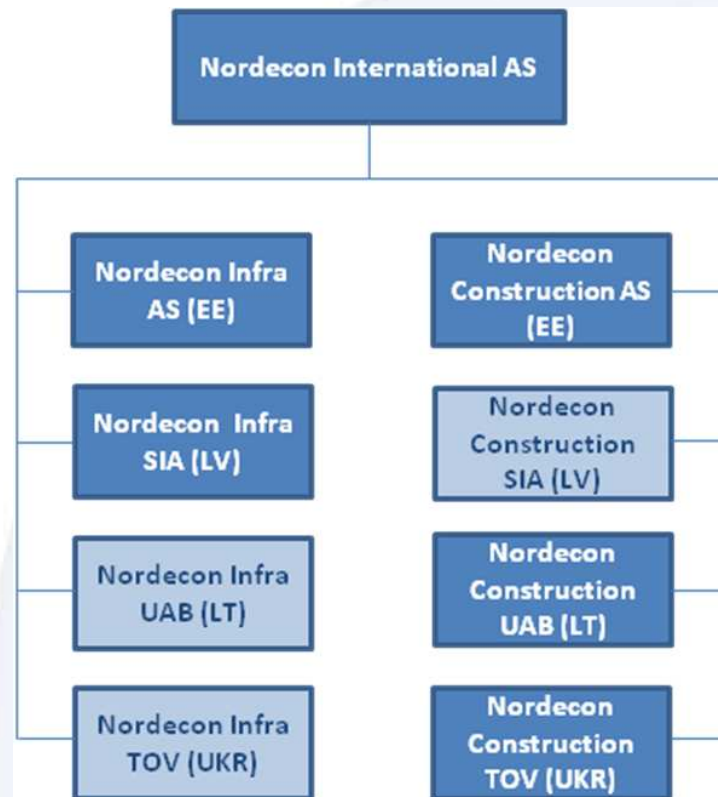


**Nordecon International 2013**

## Changes ensure cost-effectiveness of the Group

- Nordecon International gradually becomes the holding corporation
- Nordecon International manages expansion and development on selected markets
  - centralization of support services
  - centralizing competences of management and business activities on appropriate organizational levels
- Nordecon International participates as a construction company in major international procurements, concentrating the competences of subsidiaries to enhance competitiveness

## Group's structure by 2013



Light colours indicate subgroups which currently do not yet exist but reflect the Group's opportunities for future growth

## **Streamlining group structure in 2009**

Former structures related to AS Eesti Ehitus' main activity will be divided into two within the year:

- pan-Estonian civil engineering company AS Nordecon Infra
- pan-Estonian construction company AS Nordecon Ehitus

# **Nordecon International Financial Information**

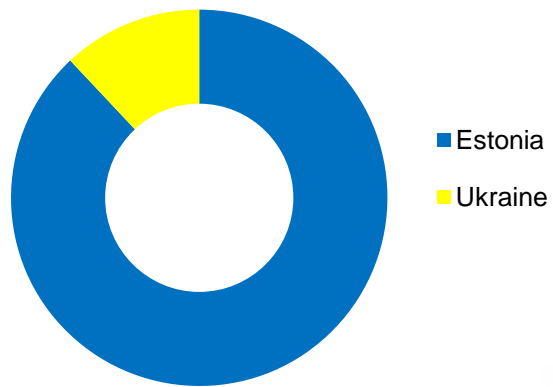
## **9m 2009**

## Revenue and Profit

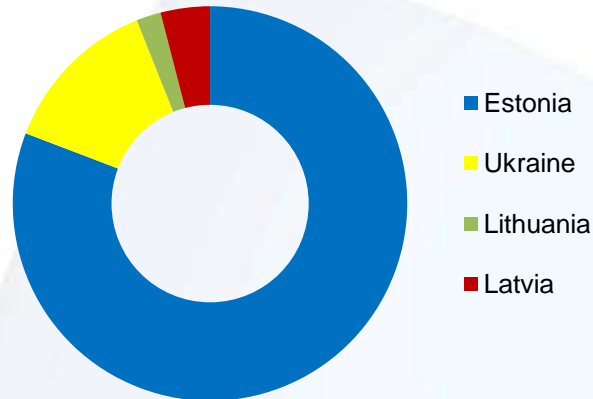


## Revenue by Geographic Regions

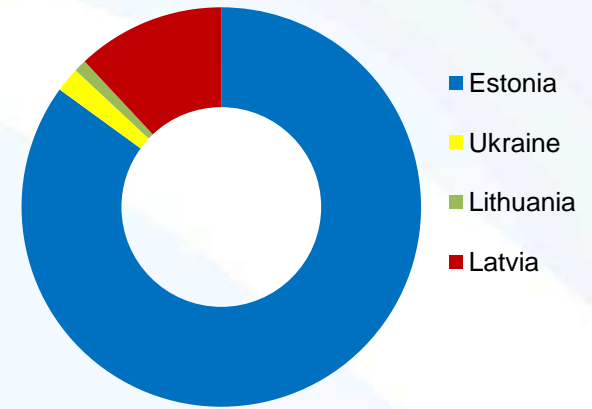
**9m 2007**



**9m 2008**



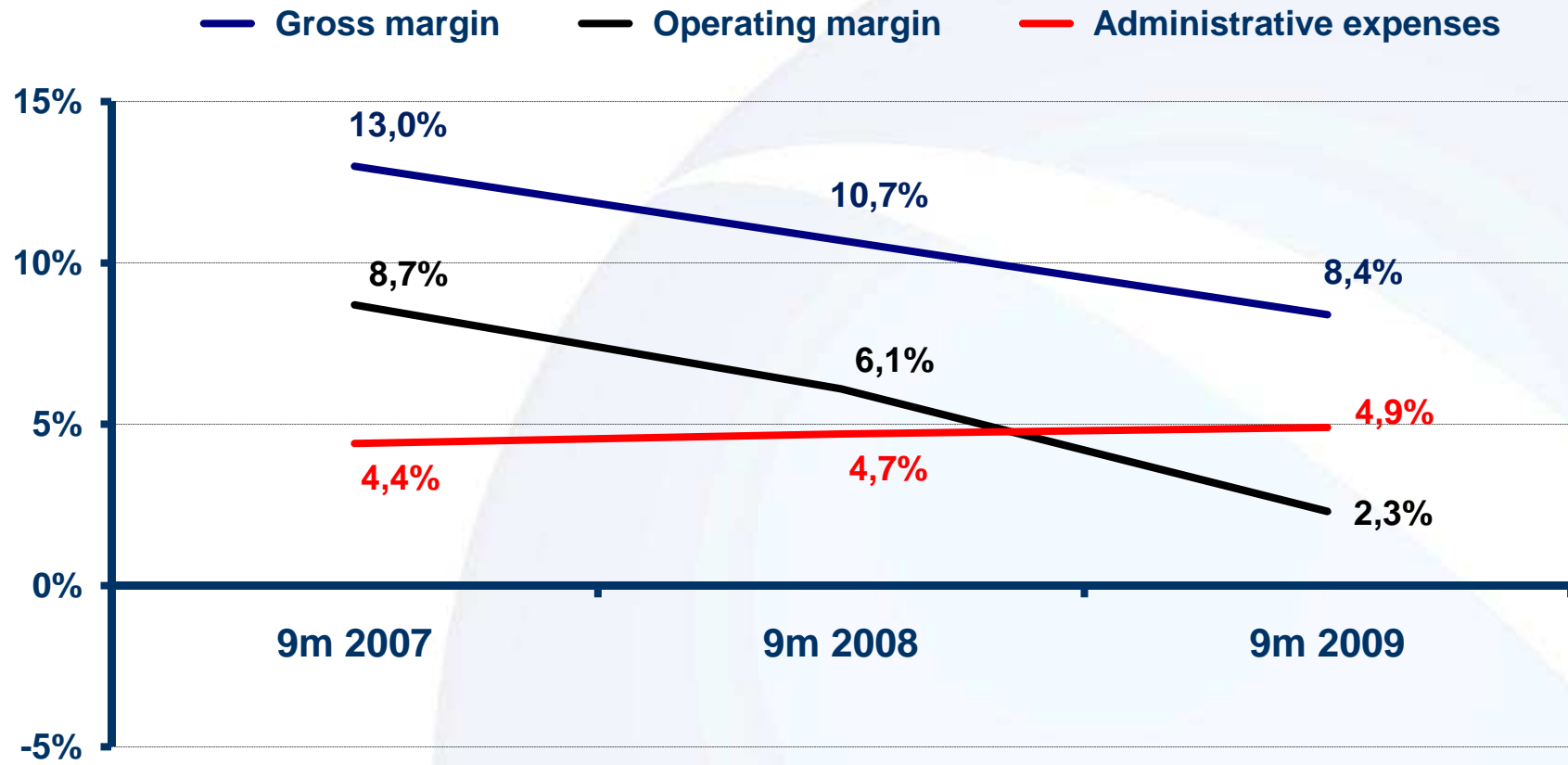
**9m 2009**



	<b>9m 2007</b>	<b>9m 2008</b>	<b>9m 2009</b>
Estonia	88%	80%	85%
Ukraine	12%	13%	2%
Latvia	0%	4%	12%
Lithuania	0%	2%	1%

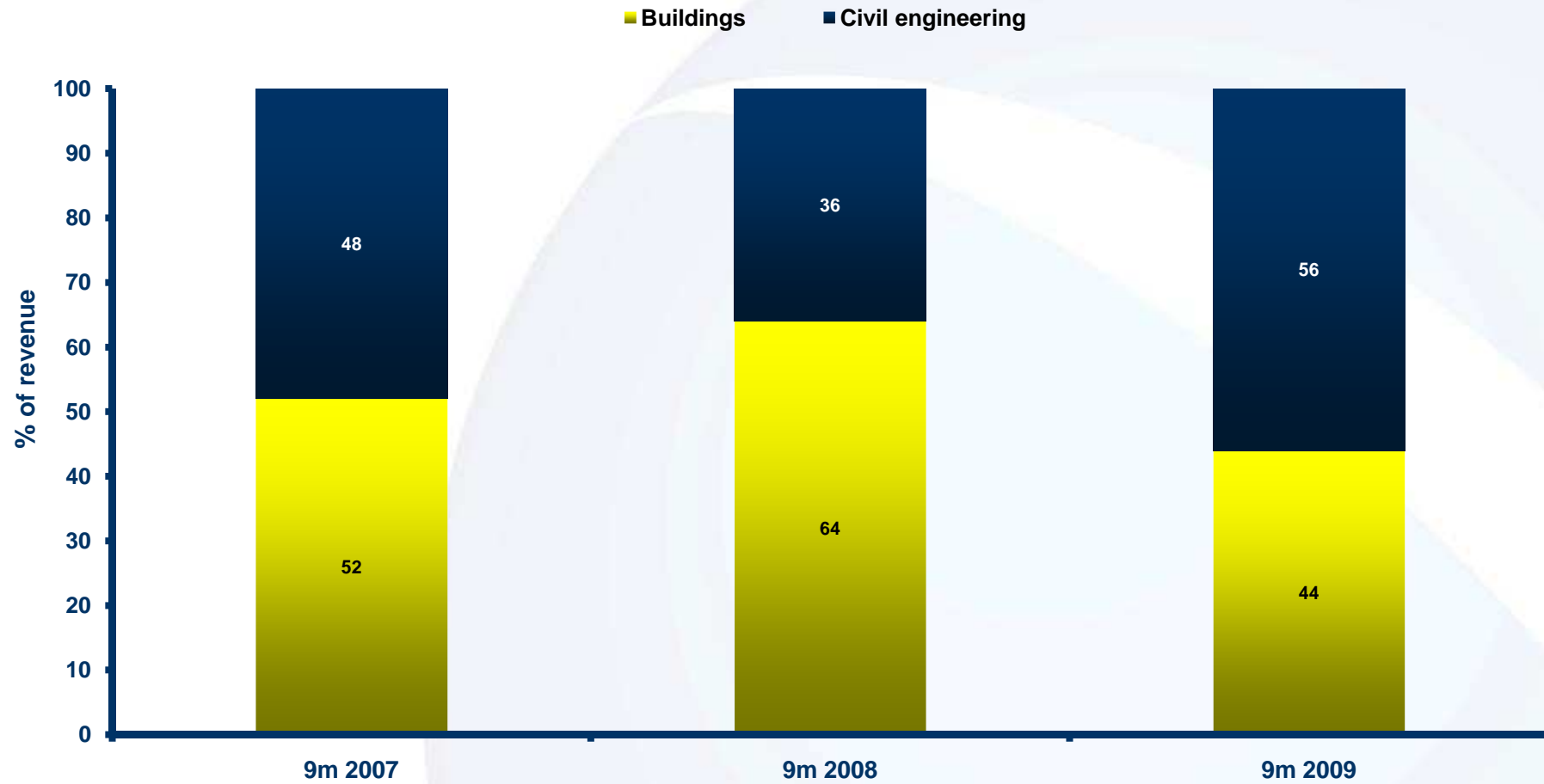


## Key Margins





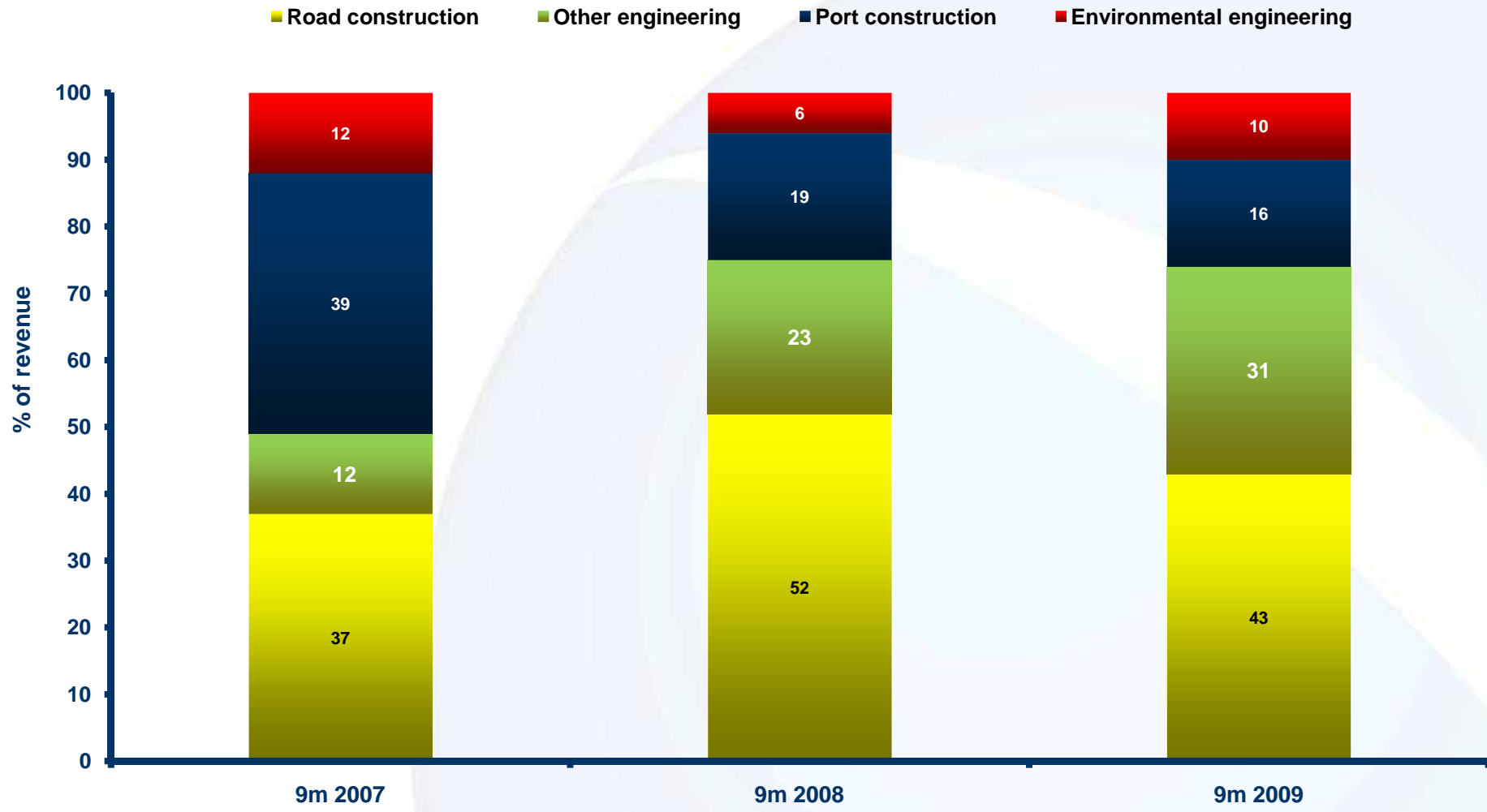
## Revenue Distribution by Segments



## Revenue Distribution in Buildings Segment



## Revenue Distribution in Infrastructure Segment

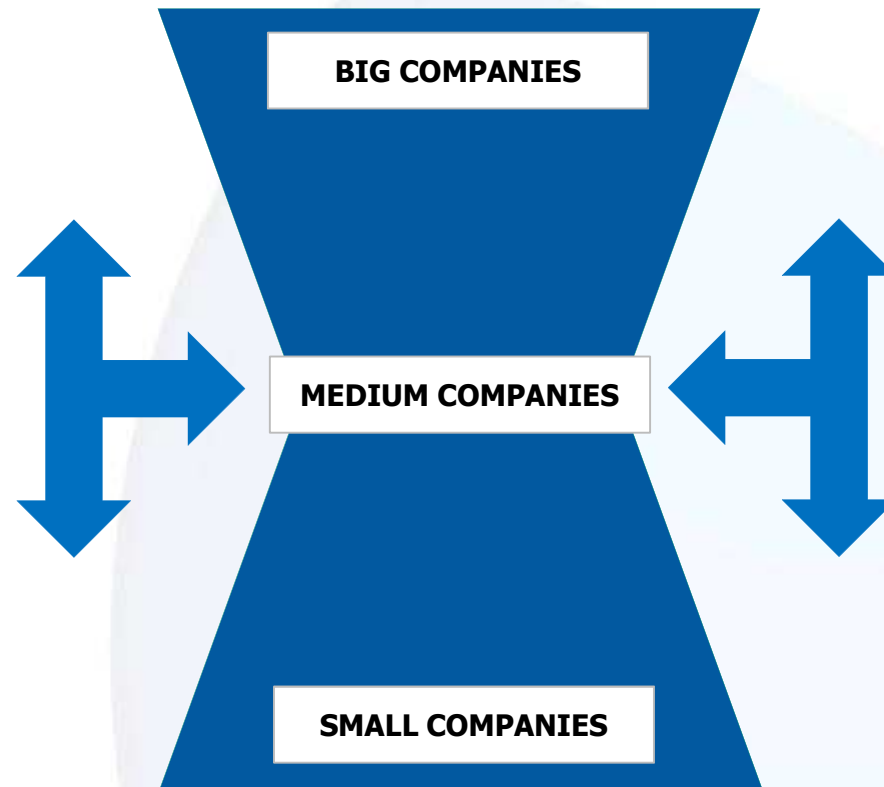


# **Nordecon International Market Outlook 2009-2010**

## Market Outlook 2009-2010

### 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



## **Market Outlook 2009-2010**

### **Expected changes:**

- total demand in construction market declines. Additional infrastructure projects not able to sustain market volumes. In Estonia market volumes to drop 50 per cent compared to boom times
- fierce competition in segments where demand is remaining
- hard times for developers with finished or unfinished projects and open financial position

### **Situation in foreign markets**

- Latvia's infrastructure market looks promising despite problems in government and economic situation
- Lithuanian market is hard to penetrate at the moment with a start-up company
- Ukrainian real estate development market standing still. Construction market has tenders, but difficult financing conditions