



AS Merko Ehitus annual general meeting of shareholders

7.06.2012



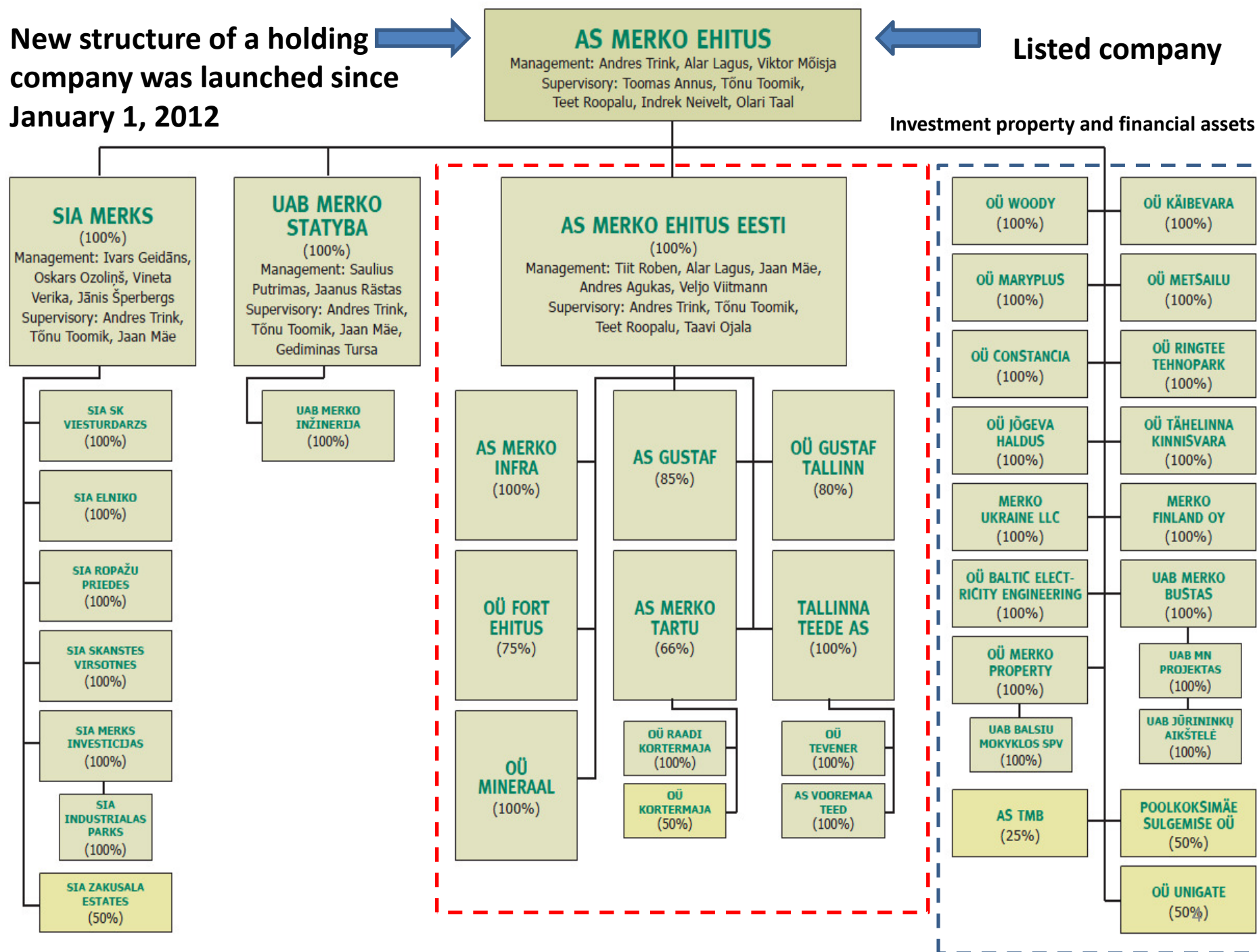
Agenda of the general meeting

1. Approval of the annual report of the year 2011 and overview of the economic results and the prospective of the ongoing year
2. Proposal on distribution of profits
3. Amendment of articles of association
4. Appointment of auditor for the financial years of 2012-2013

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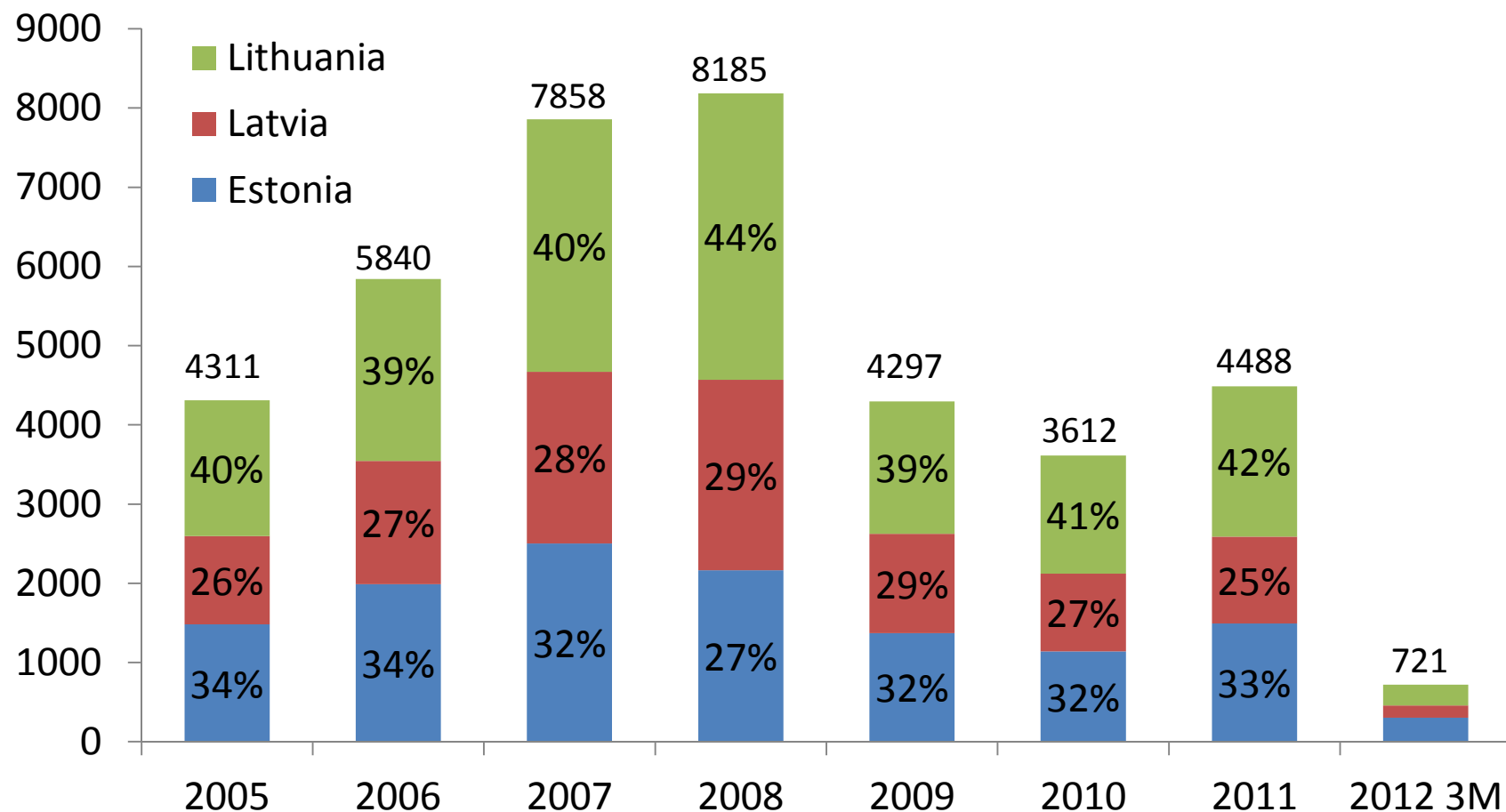
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New structure of a holding company was launched since January 1, 2012



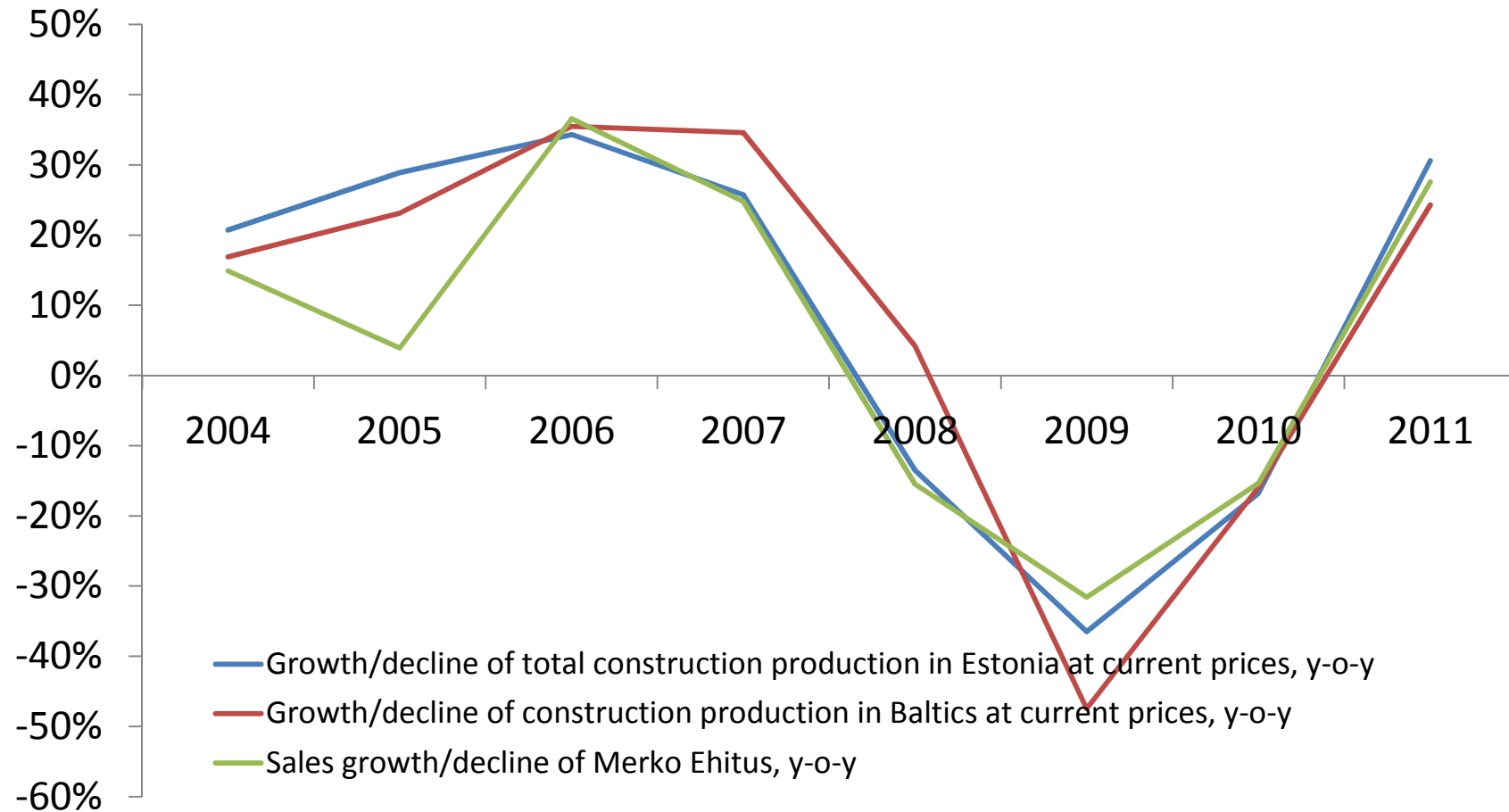
Baltic construction market through crisis years: back to year 2005

million EUR



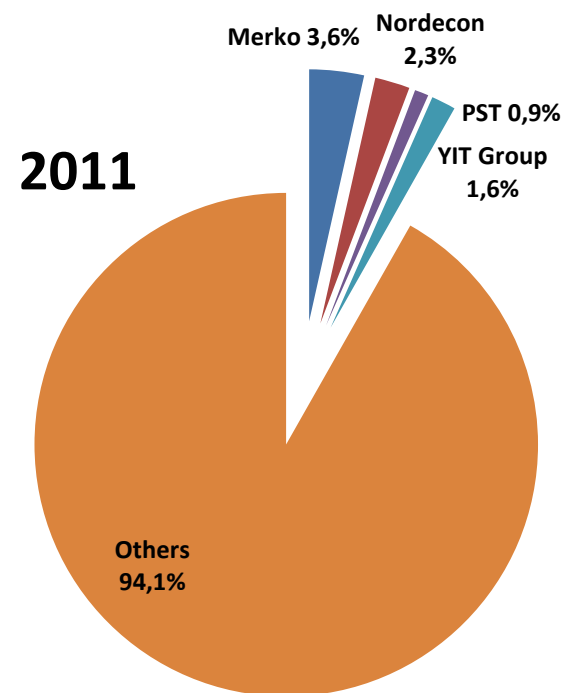
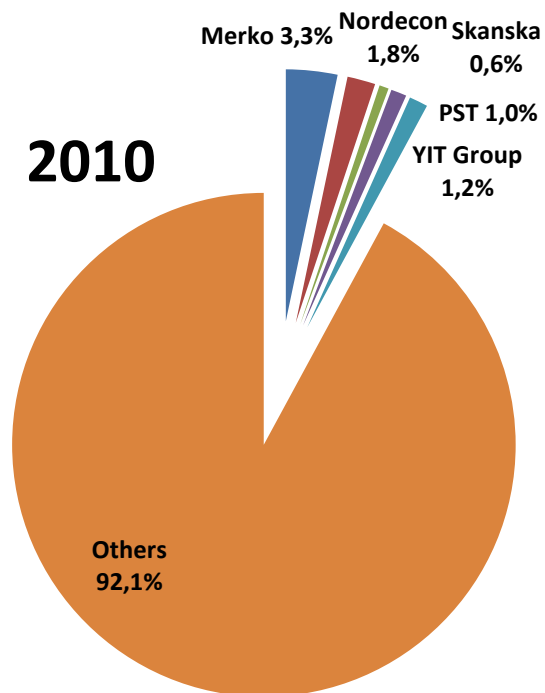
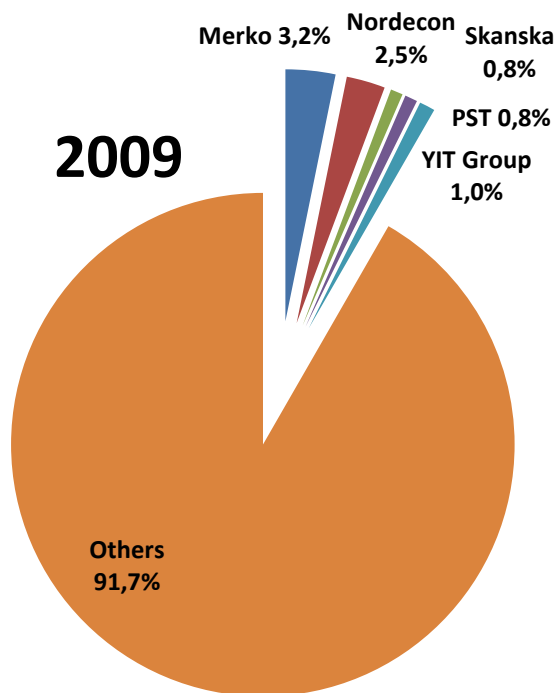


We have passed the previous crisis better than the construction market all in all





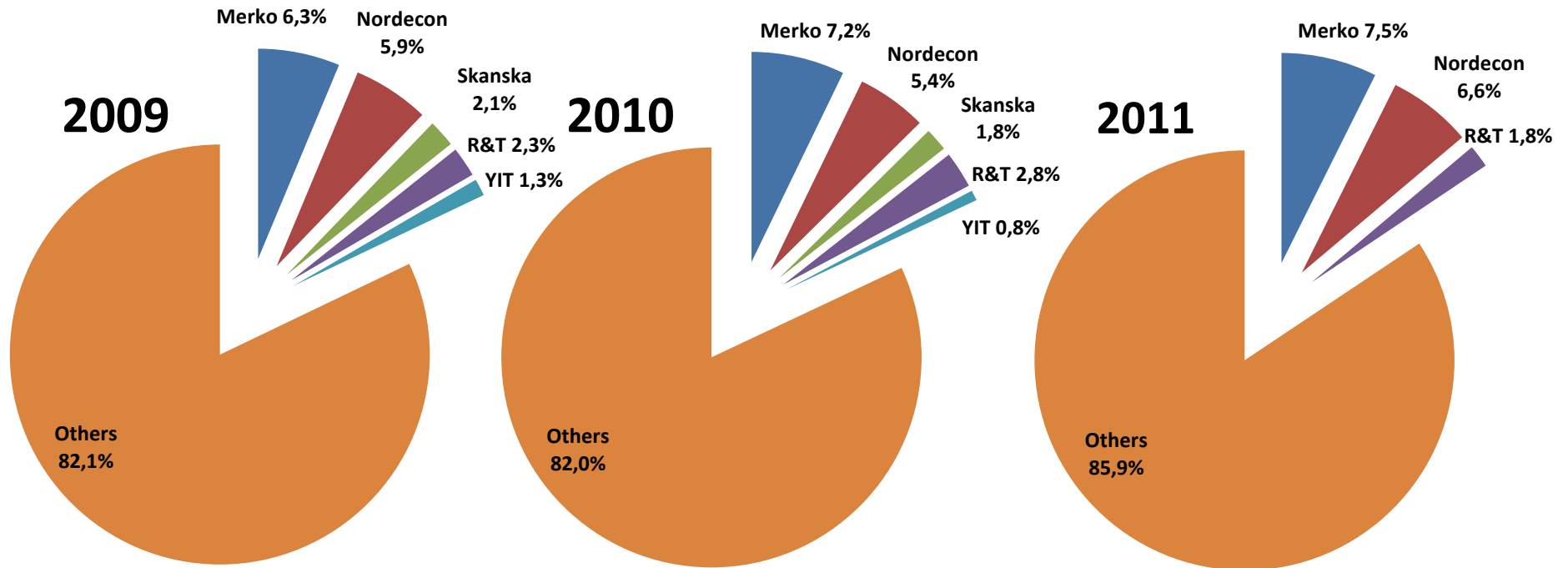
We are a leading construction group in Baltics



<i>in million EUR</i>	2009	2010	2011
Construction activities in Baltics	6 018	5 166	6 169
Merko Ehitus sales in Baltics	203	172	219
Nordecon sales in Baltics	150	93	143
Skanska EMV sales in Baltics	46	33	n/a
YIT Grupp sales in Baltics	62	60	97
Panevežio statybos trestas sales in Baltics	51	49	58

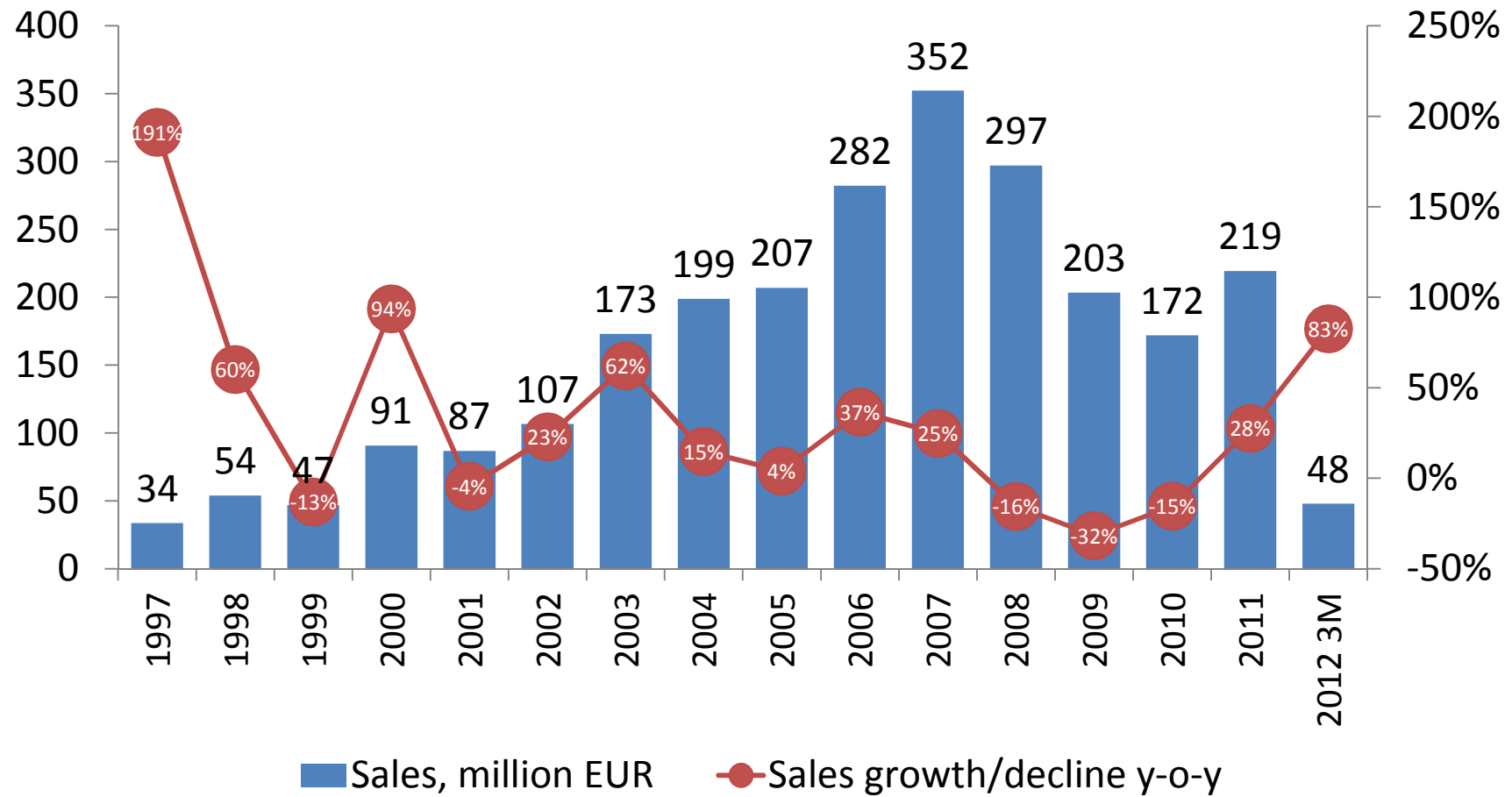


Market share in Estonia

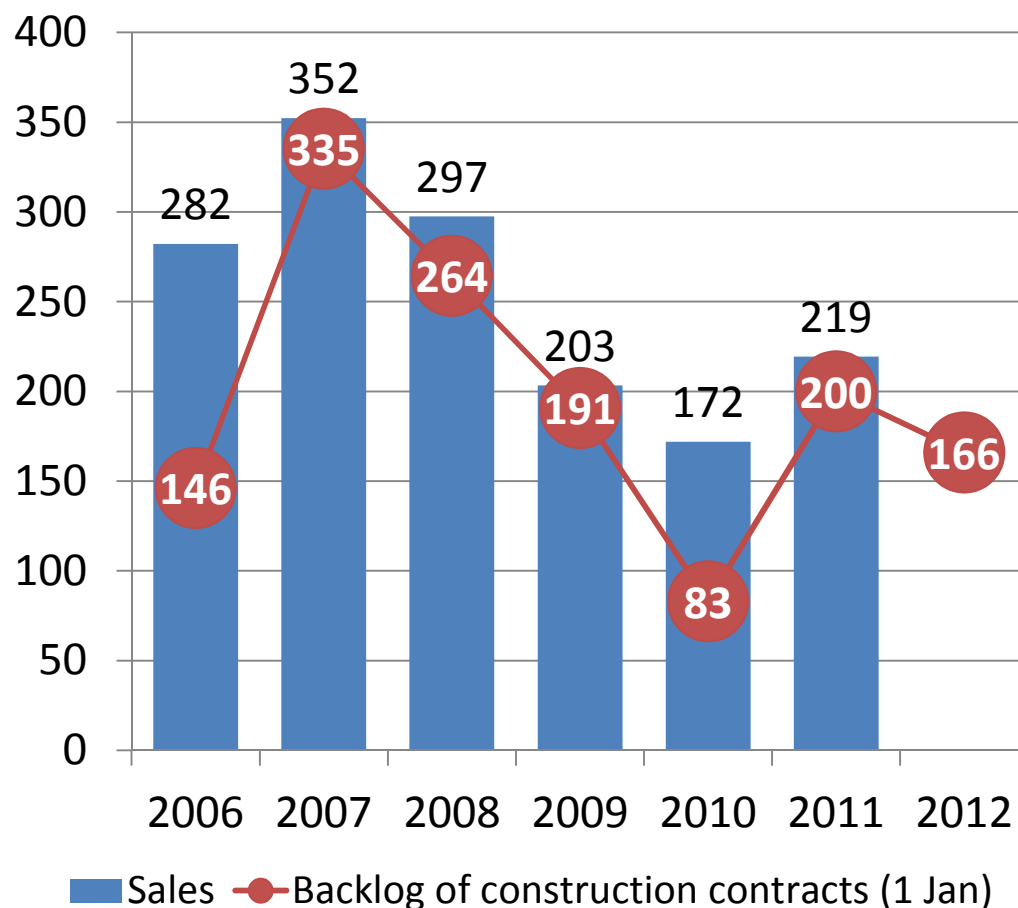


<i>in million EUR</i>	2009	2010	2011
Construction activities in Estonia	2 226	1 731	2 157
Merko Ehitus sales in Estonia	139	124	162
Nordecon sales in Estonia	132	93	143
YIT Ehitus sales in Estonia	29	14	n/a
Rand ja Tuulberg sales in Estonia	52	49	39
Skanska EMV sales in Estonia	46	31	n/a ⁸

After three years of decline, the sales of the group is once again increasing

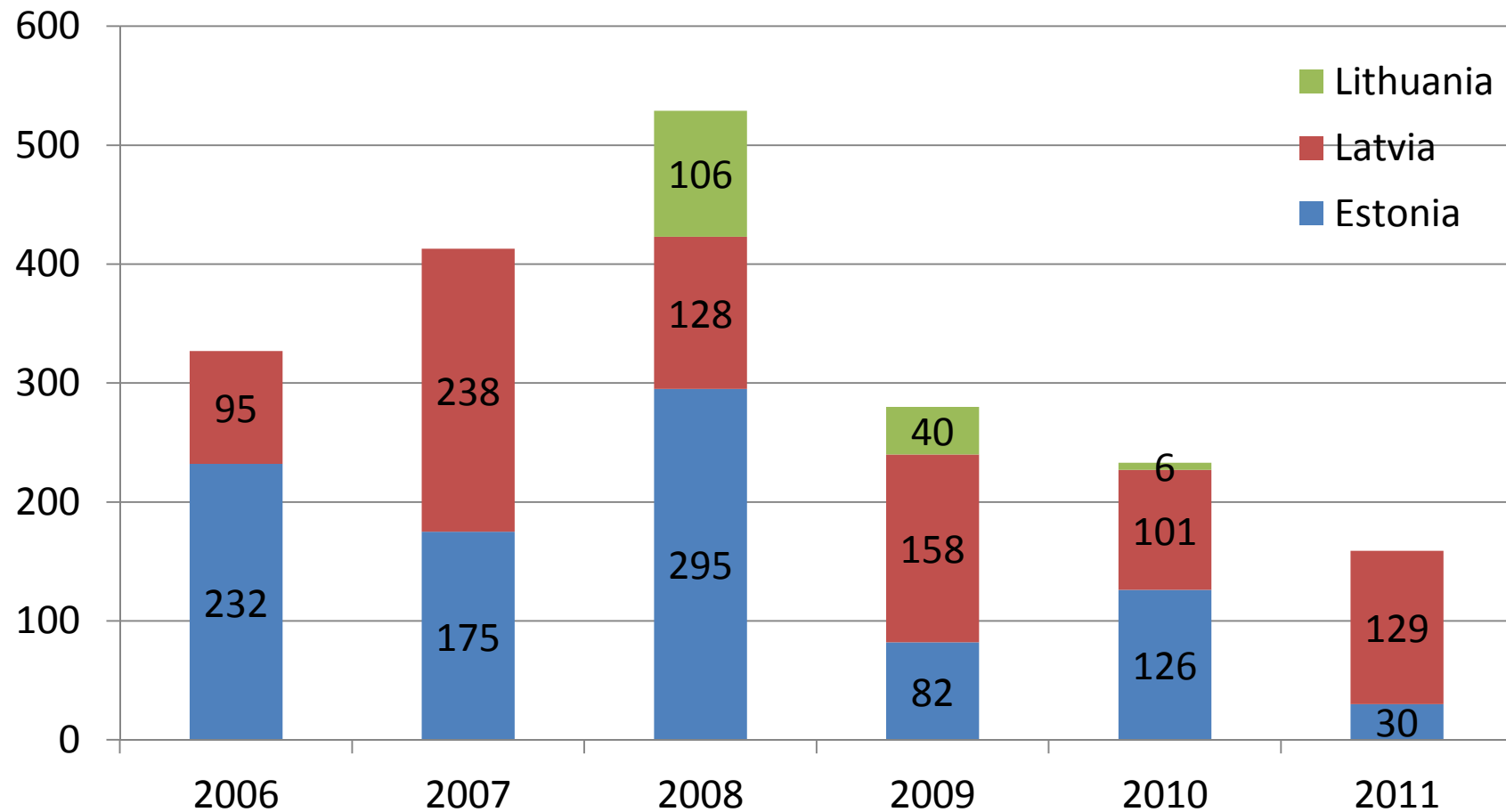


Correlation between sales and backlog of construction contracts

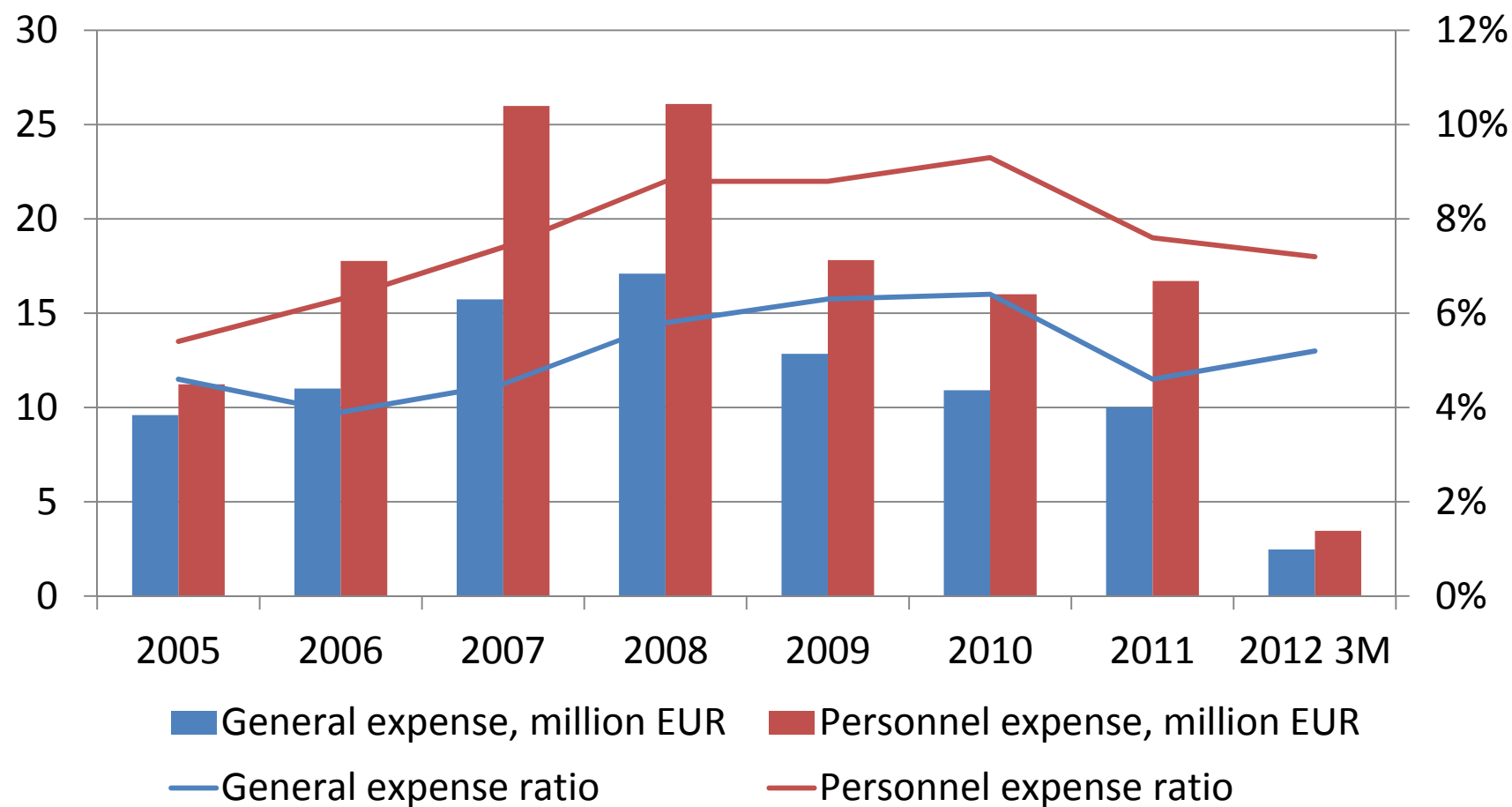


- Backlog of construction contracts as of 31.03.2012 EUR 189 million.
- Macro contracts signed in 2012:
 - D and C Blocks of North Estonia Medical Centre in Mustamäe and a two-level parking facility and lifts of B Blocks EUR 23.9 million
 - Narva city water treatment plant EUR 21.1 million
 - General construction works pertaining to the construction of the new 300MW CFB thermal power plant of Eesti Energia Narva Elektriijaamad AS EUR 17.3 million

Throughout the recent years, most of the apartment sales have been generated in Latvia

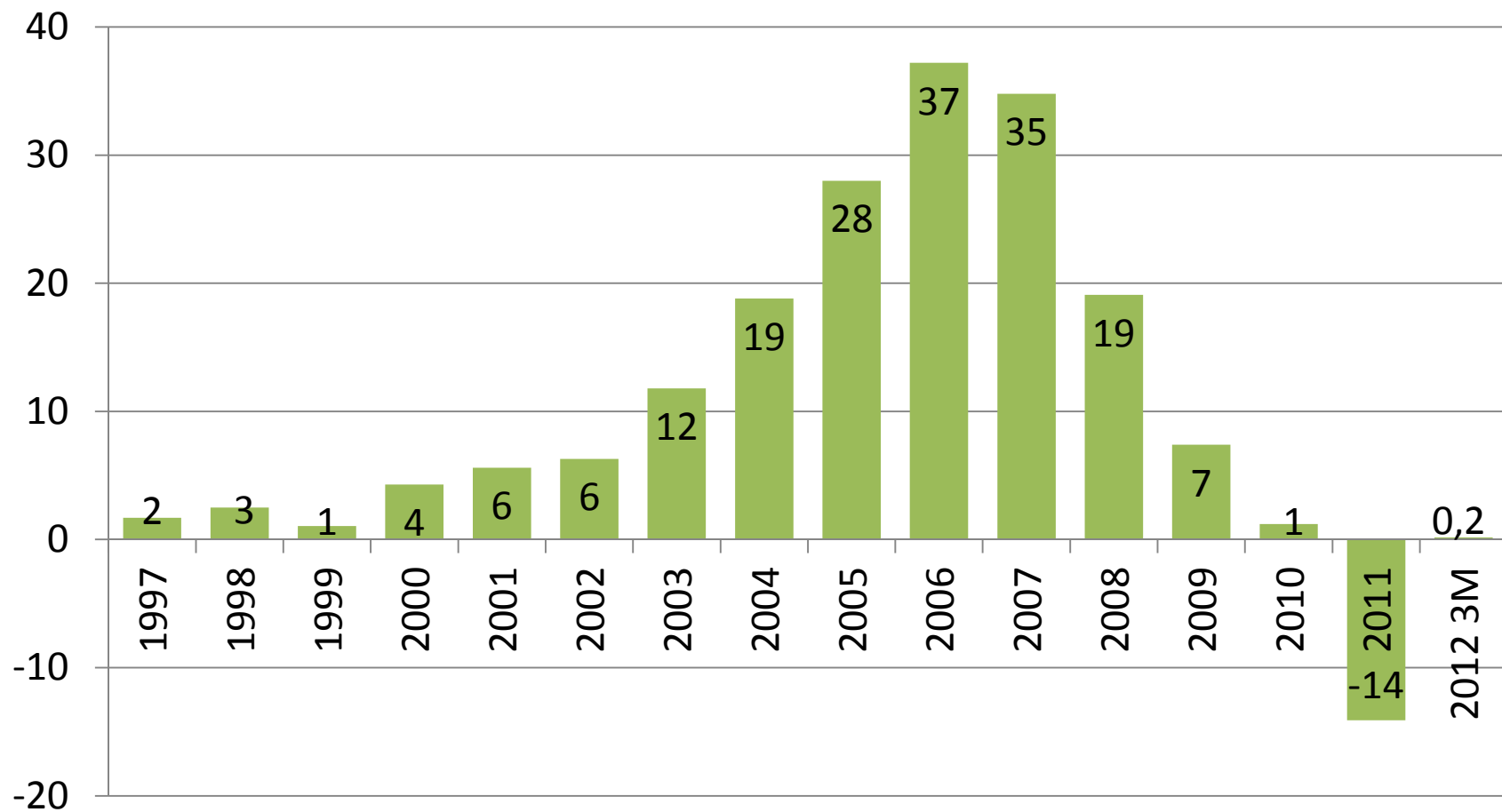


General and personnel expense

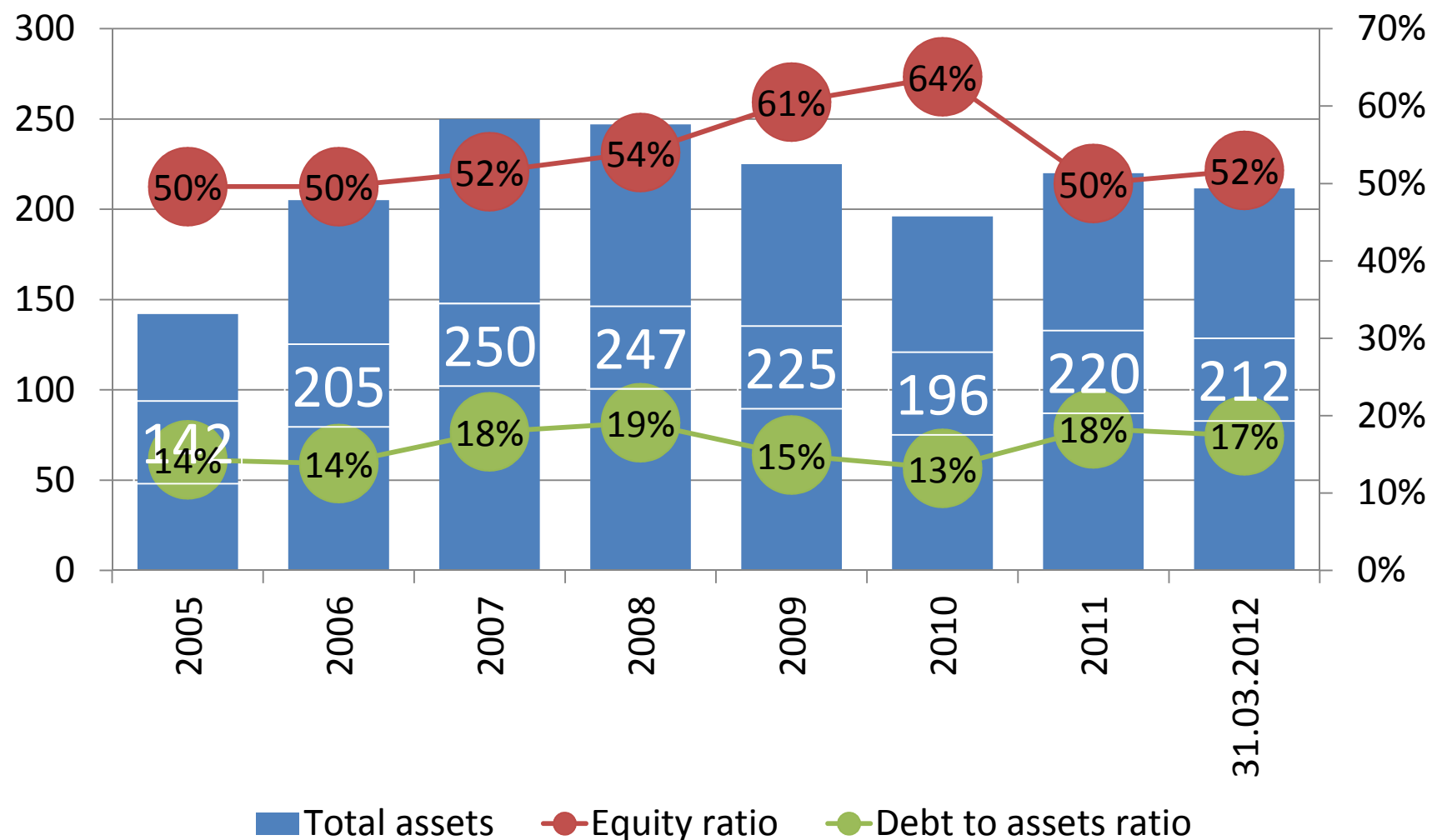


Net profit

million EUR



High equity ratio, moderate debt to assets ratio



Construction and real-estate market in 2012

1. In terms of orders, the public sector is still the most dominant. Competing for public procurement contracts in Latvia and Lithuania has become difficult; we are focusing on our strengths
2. Tenders made in public procurement competitions are close to cost price – a low gross margin requires an efficient cost base
3. In the area of the construction of buildings, several major projects (Estonian National Museum, Tallinn Prison) which will probably not be started in 2012 are being prepared
4. The relative importance of PPP projects is less than expected
5. Although the activity of private investments (retail, offices, hotels) is still low, it shows signs of improvement
6. High construction price slows the commencement of new apartment projects

2012 in focus

1. Today, profitability is more important than growth – goal: profitable growth
2. Strengthening the market position on solvency and strong capitalisation
3. Management of the company's liquidity
4. A more efficient cost base in Latvia and Lithuania
5. Gradually taking the proportion of the property portfolio in the assets to a more optimal level
6. Finding new opportunities for growth after a reduction in EU funds

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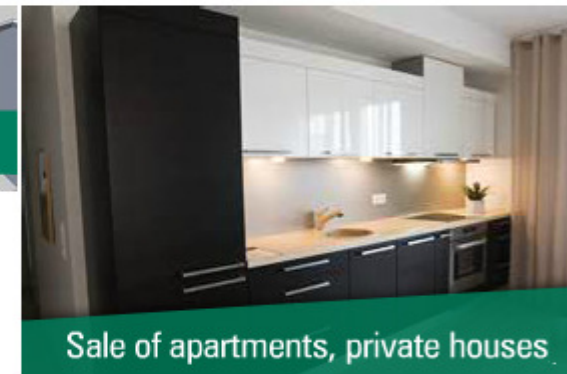


About Merko

Our vision is reliable solutions and quality performance for your ideas

Merko Ehitus is the construction company established at the beginning of 1990 which operates in Estonia, Latvia and Lithuania and which shares are quoted at Tallinn Stock Exchange from the year 1997. As at the end of the last year the group provided work for more than 900 persons. In 2011 the sales revenue of the company was 219.3 million euros.

The holding company Merko Ehitus includes the leading Estonian construction company AS Merko Ehitus Eesti, SIA Merks focused on the Latvian market, UAB Merko Statyba operating on the Lithuanian market and the real estate development business unit of the group together with companies possessing real estate. In case of larger construction projects the construction subsidiaries of different countries cooperate both in making the joint tenders and performing the construction works.



- » **Sale of Apartments**
- » **References**
- » **Share**
- » **Reports**
- » **Job offers**



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