



# Merko Ehitus Group 12 months 2012

February 2013



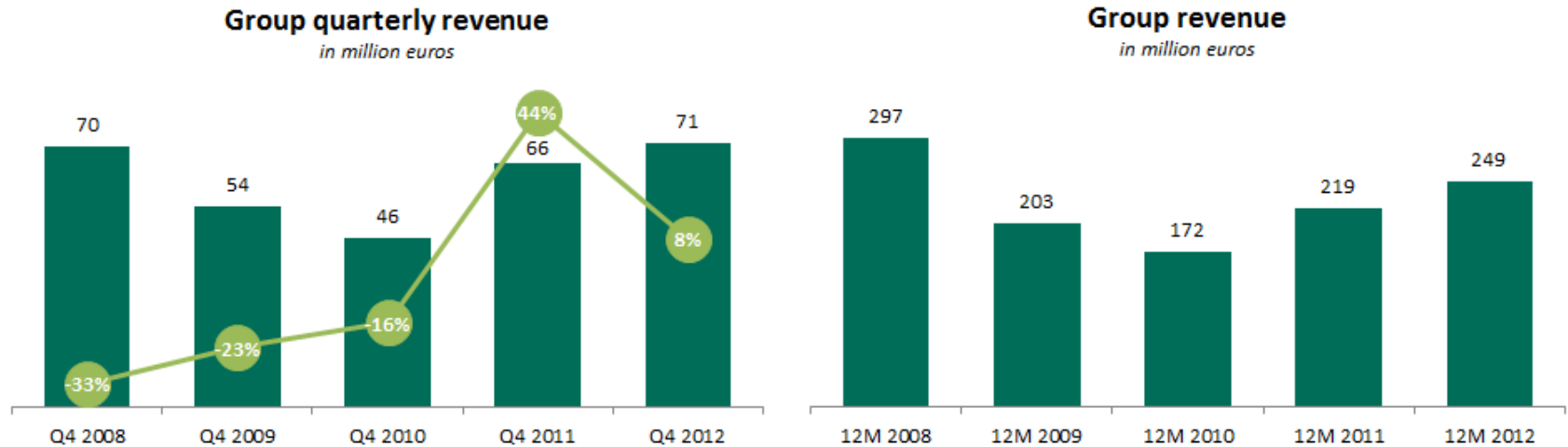
# Key financials

*EUR millions*

	4Q 2012	4Q 2011	12M 2012	12M 2011
Revenue	<b>71.4</b>	65.9	<b>249.1</b>	219.3
Gross profit margin (%)	<b>10.2</b>	(6.0)	<b>7.2</b>	(1.6)
Net profit, attributable to equity holders of the parent	<b>4.4</b>	(6.8)	<b>7.6</b>	(14.1)
Earnings per share (EPS), in euros	<b>0.25</b>	(0.38)	<b>0.43</b>	(0.08)
Cash and equivalents, at the end of period	<b>35.3</b>	18.5	<b>35.3</b>	18.5

- ❖ **Profitability improved**
- ❖ **Revenue is up by 13.6 % y-o-y**
- ❖ **Strong cash position at EUR 35.3m**
- ❖ **Secured order book is stable at EUR 190m**

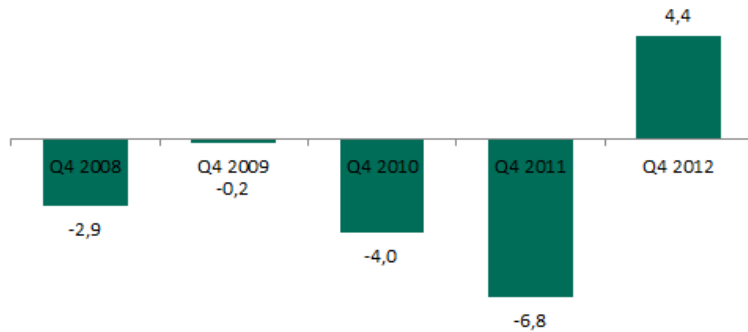
# Revenues



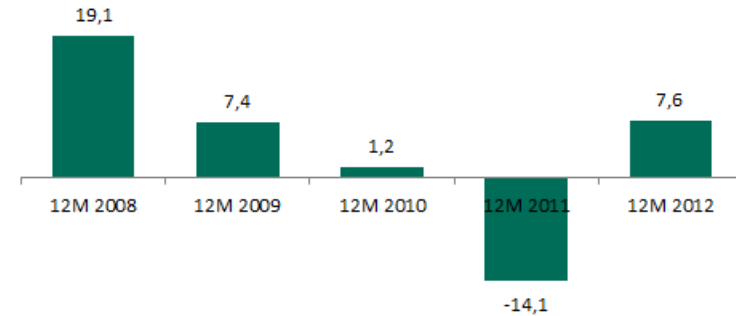
- ❖ Q4 2012 revenues up by 8% compared to 2011. Largely attributed to apartment sales in Latvia. 116 apartments sold for the total value of EUR 12.3m , which accounted for 49.0% of all flats sold during the year.
- ❖ Annual revenues up by 13.6% compared to prior year. 2012 revenues increased in Estonia but decreased in Latvia and Lithuania.
- ❖ Latvia and Lithuania remain challenging markets in public sector.

# Profitability

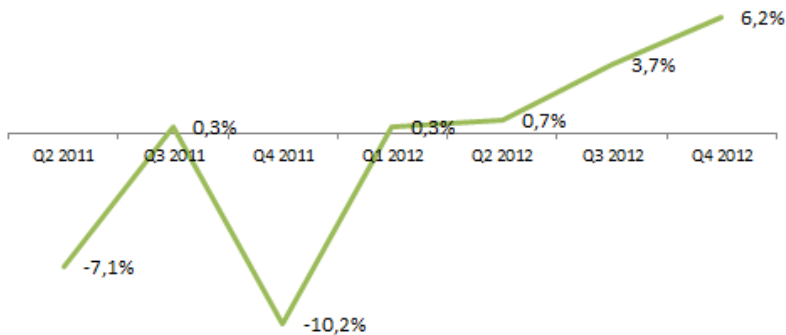
**Group quarterly net profit**  
in million euros



**Group net profit**  
in million euros



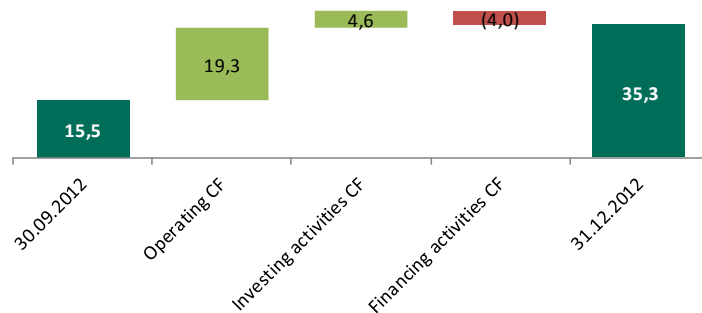
**Group net profit margin**



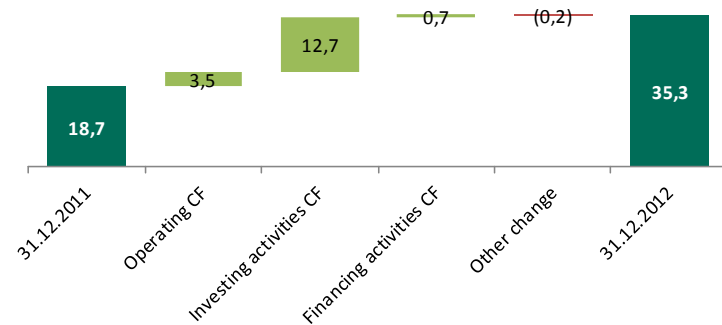
- ❖ In addition to profit from apartment sales profitability has improved from new and profitable projects in the general construction and infrastructure.
- ❖ Even more competitive market, it is a major challenge to keep the profitability levels.
- ❖ Our key focus is to enhance the efficiency of the cost base.

# Financial Position

**Q4 change in cash and cash equivalents**  
in million euros

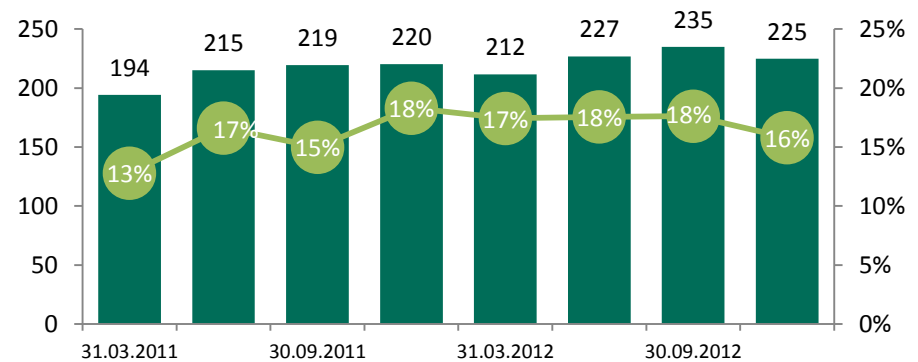


**Change in cash and cash equivalents**  
in million euros

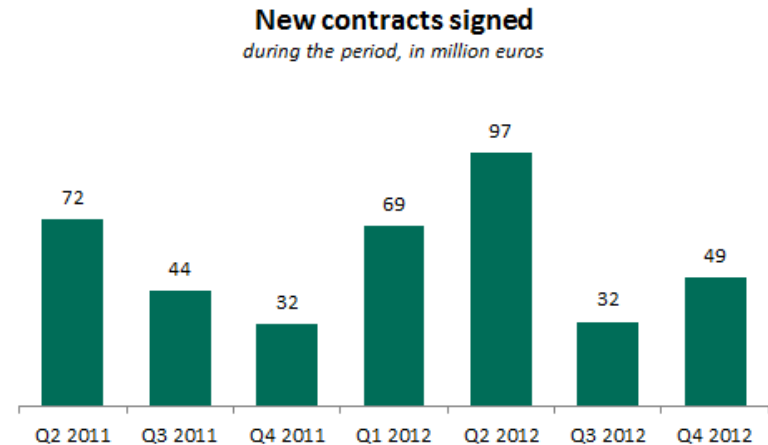
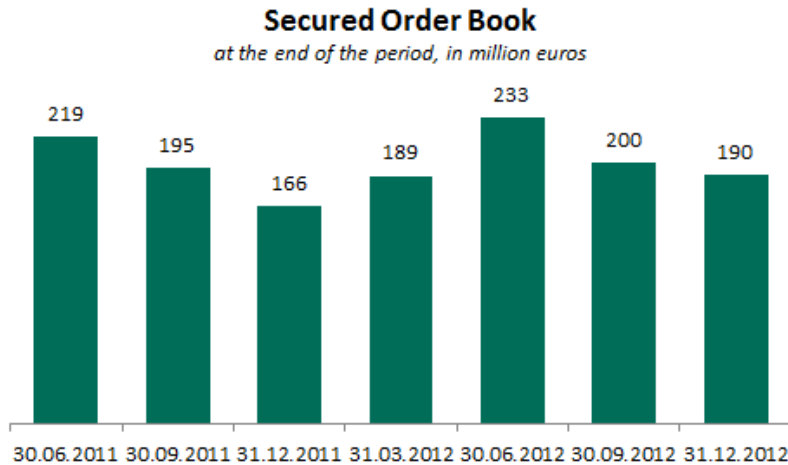


- ❖ As strong operating results, the cash position improved to EUR 35.3m.
- ❖ Operating activities still mainly affected by public sector projects.
- ❖ The net debt amounted to EUR 0.2m and debt ratio is at a modest level of 16%.
- ❖ Current assets are 2.1x its current liabilities (2011:2.0).
- ❖ Equity at 52% (2011:50%).

**Total assets and debt ratio**  
in million euros and %



# Secured Order Book



- ❖ Secured order book has remained stable at EUR 190m.
- ❖ Pressure on 2013 contract wins as public sector procurements are decreasing in the II half of 2013.

# Market Outlook for 2013

## Construction market

- ❖ Largely impacted by public sector procurements in all Baltic States.
- ❖ Continuing uncertainties around EU funding partly due to the end of first funding period 2007-2013.
- ❖ Positive trends from private sector as the market is slowly picking up.
- ❖ Market becomes more competitive and aggressive on margins. This leads to a very challenging position to keep the profitability.

## Property development

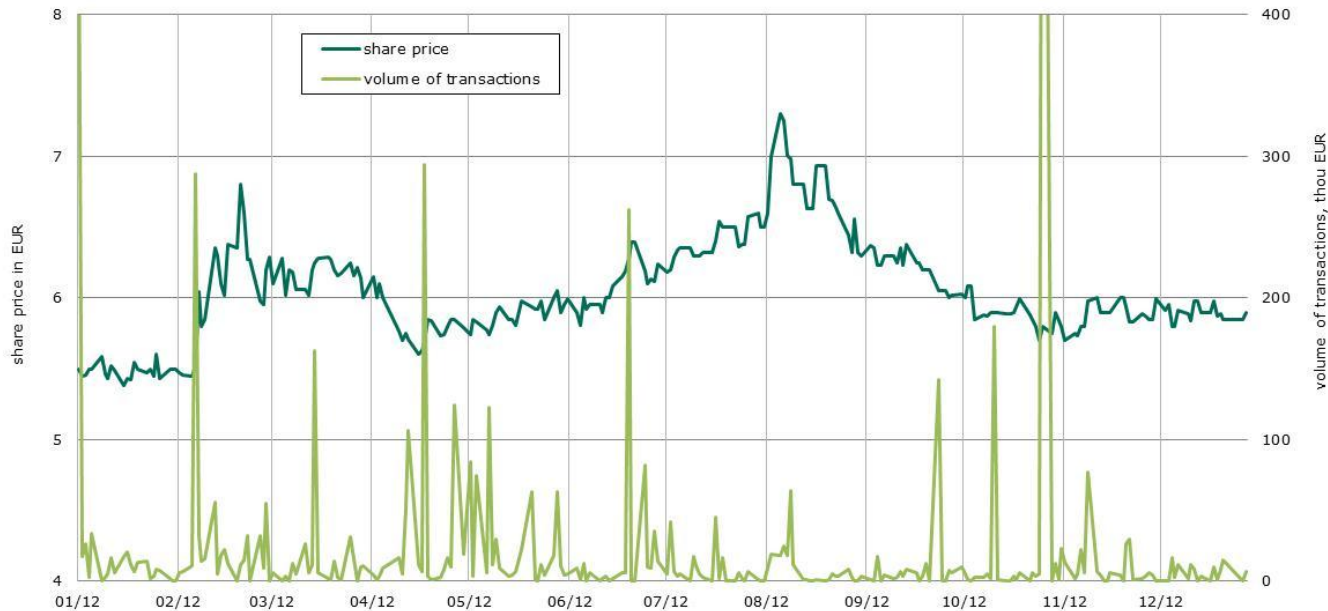
- ❖ Reasonable level of transactions and price movements due to low interest rates and limited supply of new flats during the last few years.
- ❖ Good potential to start new developments in Estonia, Latvia and Lithuania.

# Stock Exchange overview

❖ Market capitalisation as at 31 December 2012 €104 million (share price €5.90)

❖ **TOP 4 shareholders:**

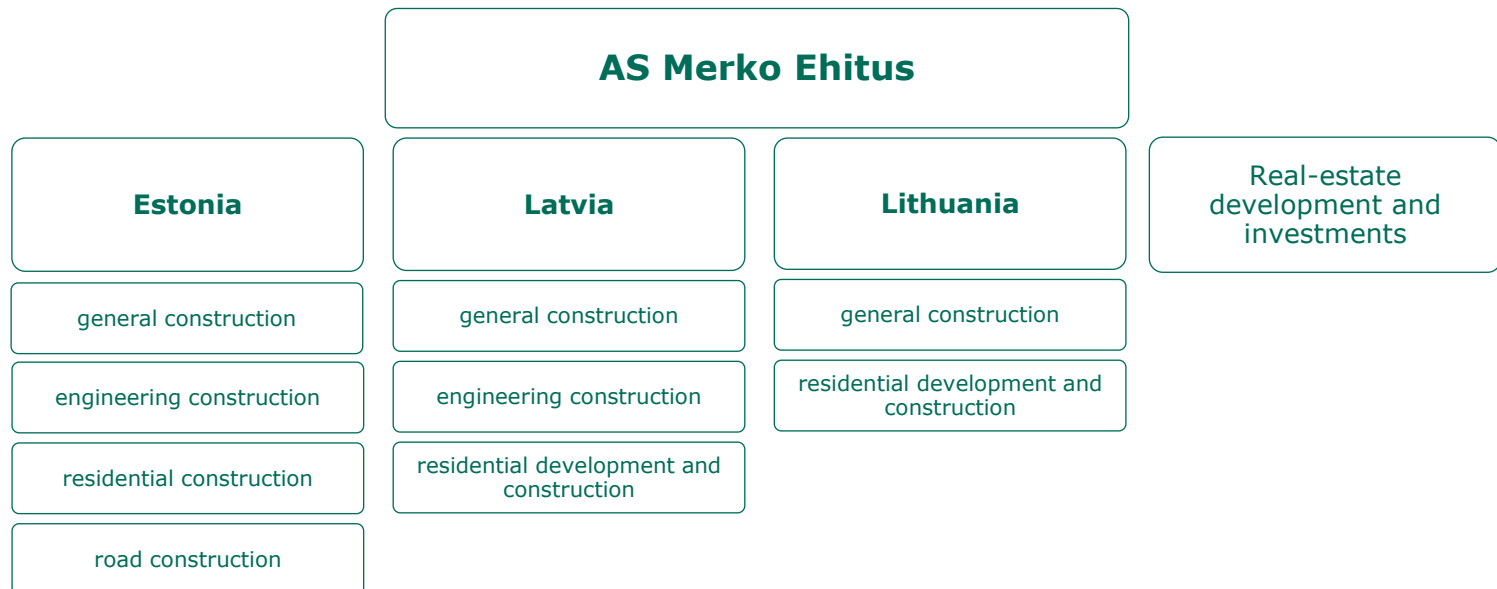
- |                                 |  |
|---------------------------------|--|
| 1. AS Riverito (management) 72% | 3. Skandinaviska Enskilda Banken 5.07% |
| 2. ING Luxembourg 5.5%          | 4. Firebird Republics Fund 1.7%        |





# Business Focus

The business focus of AS Merko Ehitus subsidiary companies is on improving profitability, enhancing the efficiency of the cost base and strengthening the long-term liquidity position, concentrating on general contracting and real estate development at the domestic markets of Estonia, Latvia and Lithuania. The structure of the group’s business areas as at 31 December 2012 has been presented below:



# About Merko Ehitus Group

- ❖ AS Merko Ehitus is a holding company incorporating construction and real estate development companies offering integrated construction solutions in Estonia, Latvia and Lithuania. Major construction companies incorporated under the holding company include AS Merko Ehitus Eesti (100%), SIA Merks (100%), UAB Merko Statyba (100%), as well as the AS Merko Ehitus Eesti group companies Tallinna Teede AS (100%) and AS Merko Infra (100%).
- ❖ Merko Ehitus is the largest construction company in the Baltics – with revenues of €249.1 million in 2012 (€219.3 million in 2011).
- ❖ Home markets are – Estonia (81.1%), Latvia (15.4%), Lithuania (3.5%)
- ❖ Core activities include - general construction (25%), civil engineering (45%), roads (18%) and residential property development and other (12%)
- ❖ 915 employees at the end of December 2012

# Contacts

## **Andres Trink**

Chief Executive Officer

E-mail: [andres.trink@merko.ee](mailto:andres.trink@merko.ee)

## **Signe Kukin**

Chief Financial Officer

E-mail: [signe.kukin@merko.ee](mailto:signe.kukin@merko.ee)

## **AS Merko Ehitus**

Delta Plaza, 7th floor

Pärnu mnt. 141, 11314, Tallinn

Phone: +372 6501 250

[www.merko.ee](http://www.merko.ee)