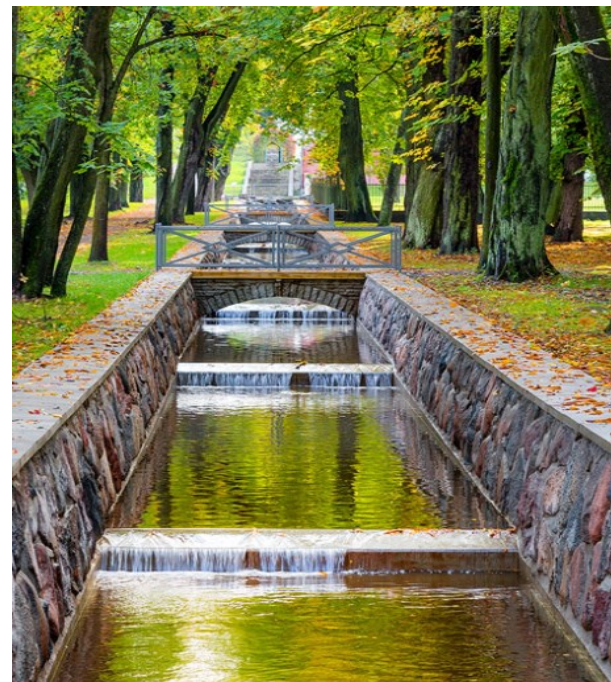




Merko Ehitus Group

3 months 2013

May 2013



Key financials

EUR millions

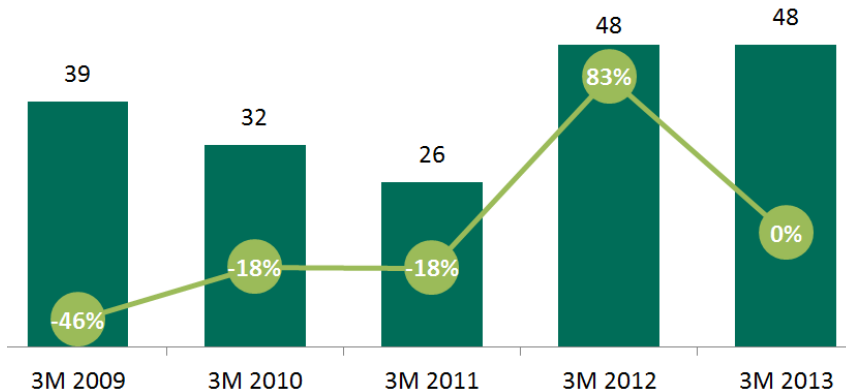
	1Q 2013	1Q 2012	Variance
Revenue	47.9	47.8	+0.1%
Gross profit margin (%)	8.8	5.2	+3.6%
Net profit, attributable to equity holders of the parent	1.8	0.2	+1040.0%
Earnings per share (EPS), in euros	0.10	0.01	+1040.0%
Cash and equivalents, at the end of period	35.8	8.7	+310.7%
Secured order book, at the end of period	193	189	+2.1%

- ❖ Profitability improved
- ❖ Revenue at the same level
- ❖ Strong cash position
- ❖ Secured order book is stable at EUR 193m

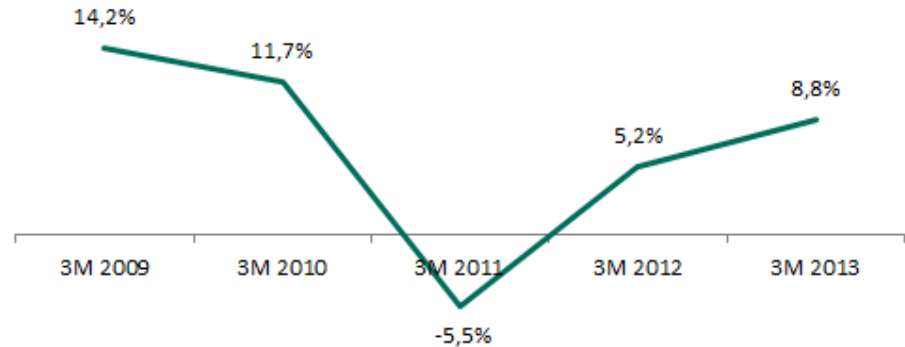
Revenues stable

Gross Profit improved y-o-y

Group quarterly revenue
in million euros



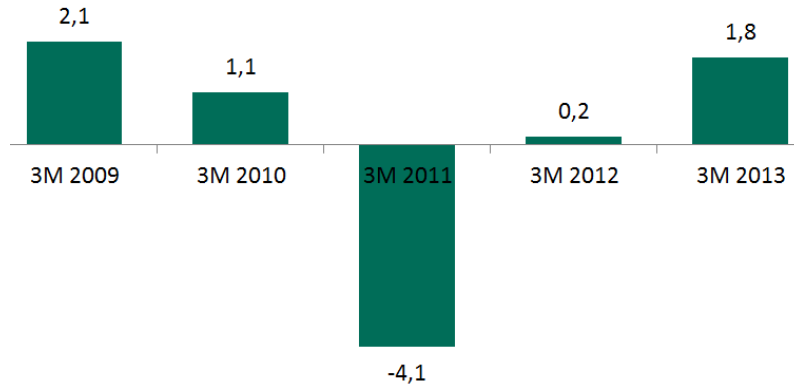
Group gross profit margin
percentages



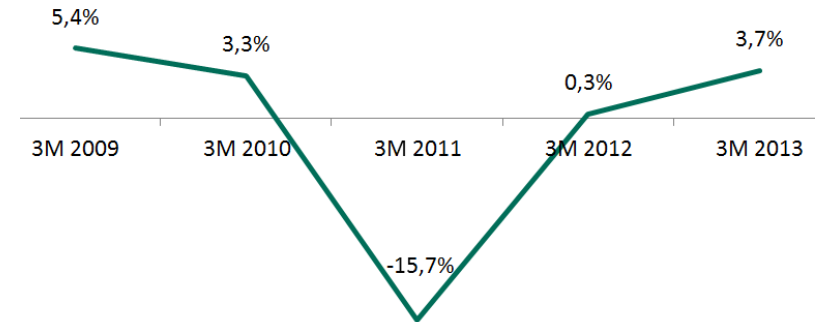
- ❖ Q1 2013 revenues stable: Estonia 78.4%, Latvia 17.4% and Lithuania 4.2%. Revenues doubled in Latvia compared to Q1 2012. Main impact from apartment sales.
- ❖ The largest proportion of revenues from engineering segment (1Q 2013:43.3%; 1Q 2012: 53.8%).
- ❖ Gross profit of EUR 4.2m compared to EUR 0.6m in Q1 2012. Increase in margin by 3.6%, mainly impacted by apartment sales and positive trend arising from an increase in the number of profitable projects in Engineering segment.
- ❖ Maintaining the gross profit margins remains a challenge.

Profitability

Group net profit
in million euros



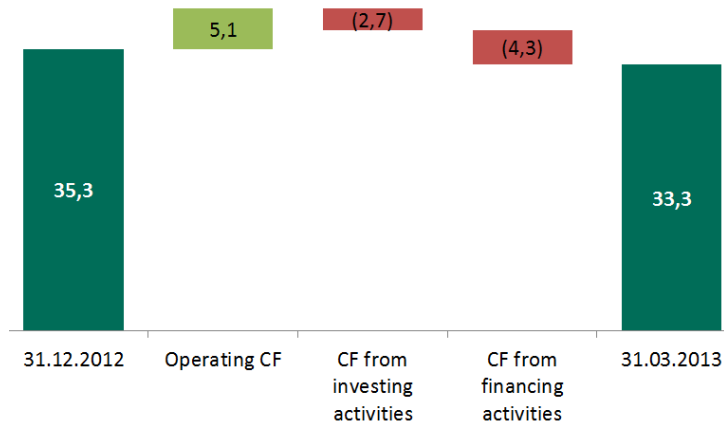
Group net profit margin
percentages



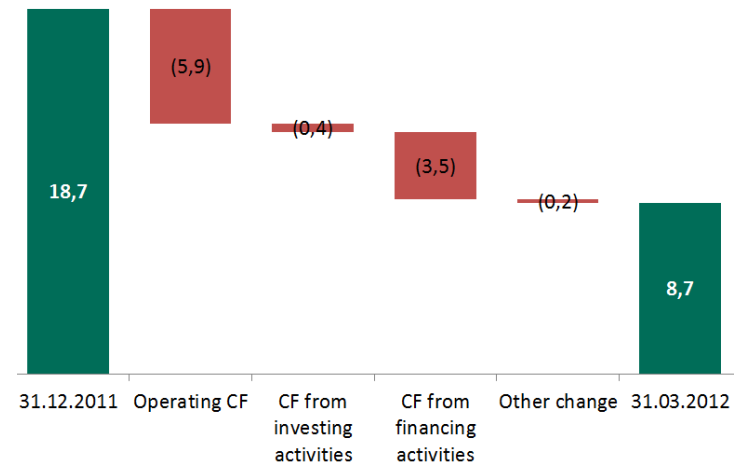
- ❖ Q1 2013 net profit EUR 1.8m.
- ❖ Administrative and general expenses reduced by 4.5% y-o-y, effect from management restructuring in Latvia and Lithuania in Q1 2012.
- ❖ Our key focus is to enhance the efficiency of the cost base.

Financial Position

Change in cash and cash equivalents
EUR million

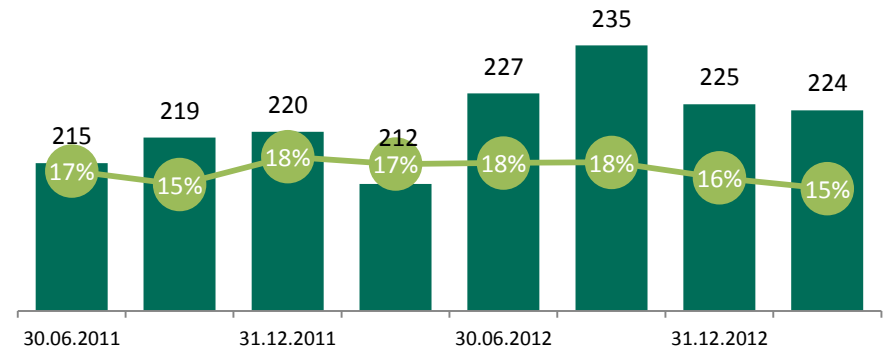


Change in cash and cash equivalents
EUR million

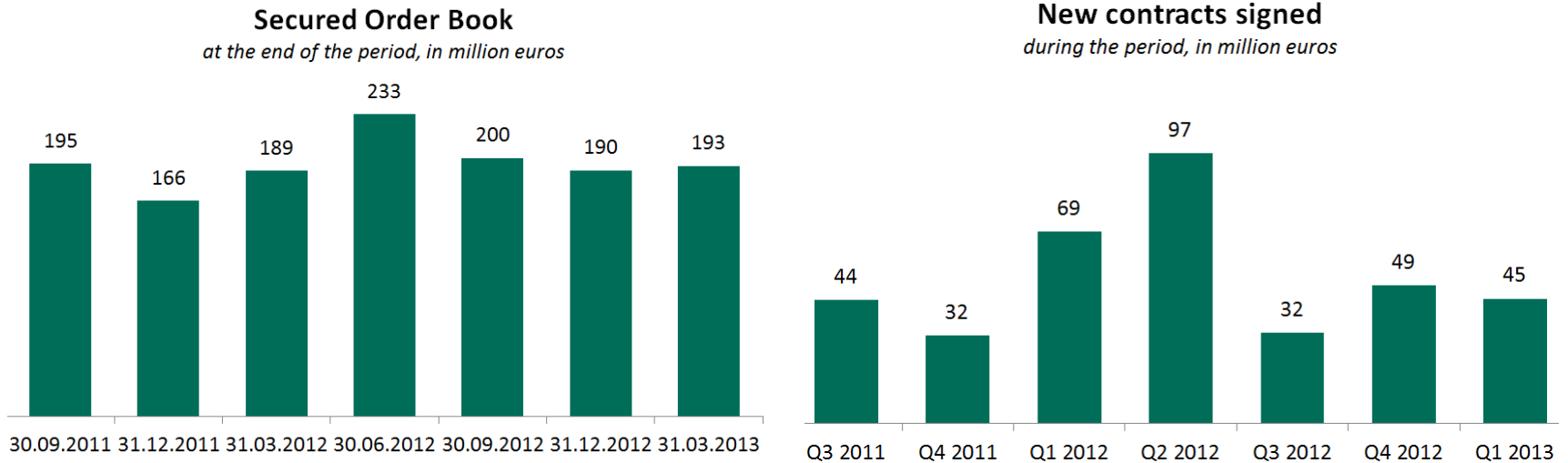


- ❖ As strong operating results, the cash position at EUR 33.3m. Group has also EUR 2.5m in short-term deposits.
- ❖ Operating activities still mainly affected by public sector projects.
- ❖ The net debt amounted to EUR – 3.4m and debt ratio is at a modest level of 15%.
- ❖ Current assets are 2.2x its current liabilities (Q1 2012:2.0).
- ❖ Equity at 53% (Q1 2012:52%).

Total assets and debt ratio
in million euros and %



Secured Order Book



- ❖ Secured order book has remained stable at EUR 193m (increase by 2.1% y-o-y).
- ❖ EUR 45m worth of new contracts compared to EUR 69m during Q1 2012.
- ❖ 2 large contracts signed in a total amount of EUR 30m in April (Tondiraba ice arena and Nurmevälja logistics centre).
- ❖ Pressure on 2013 contract wins as public sector procurements are potentially 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 levels.

Property development

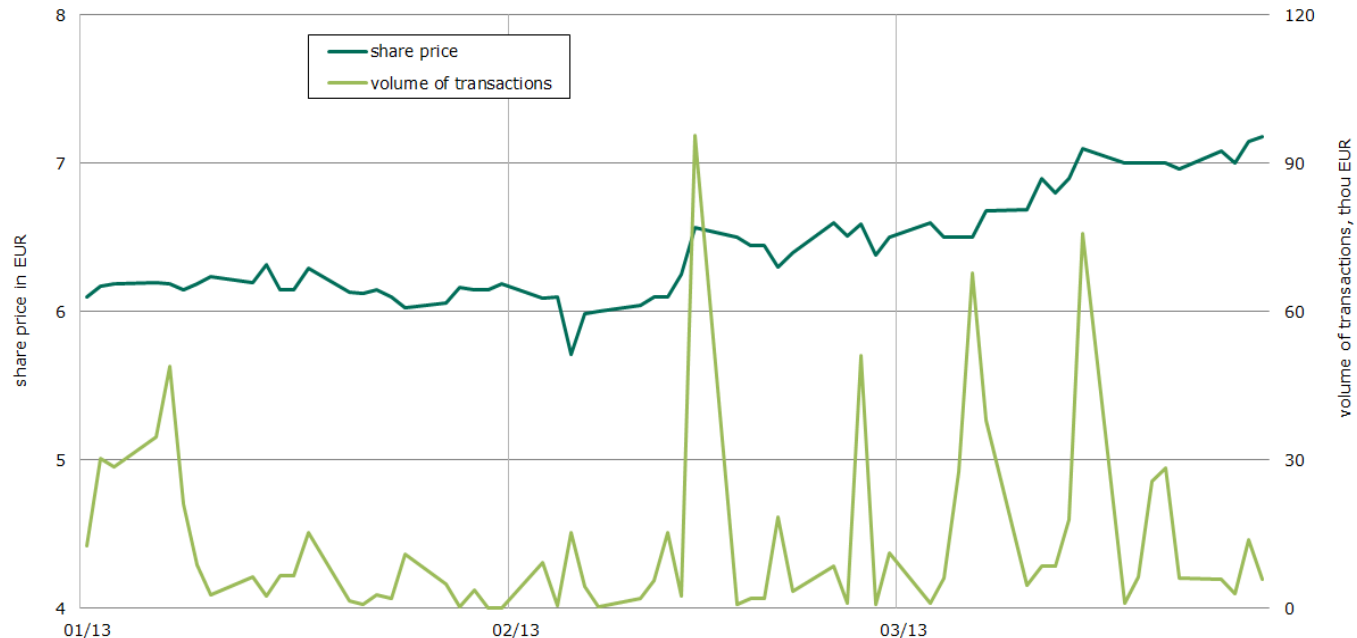
- ❖ Reasonable level of transactions and price movements due to low interest rates and limited supply of new flats during the last few years.
- ❖ Good potential to start new developments in Estonia, Latvia and Lithuania.

Stock Exchange overview

❖ Market capitalisation as at 31 March 2013 €127 million (share price €7.18)

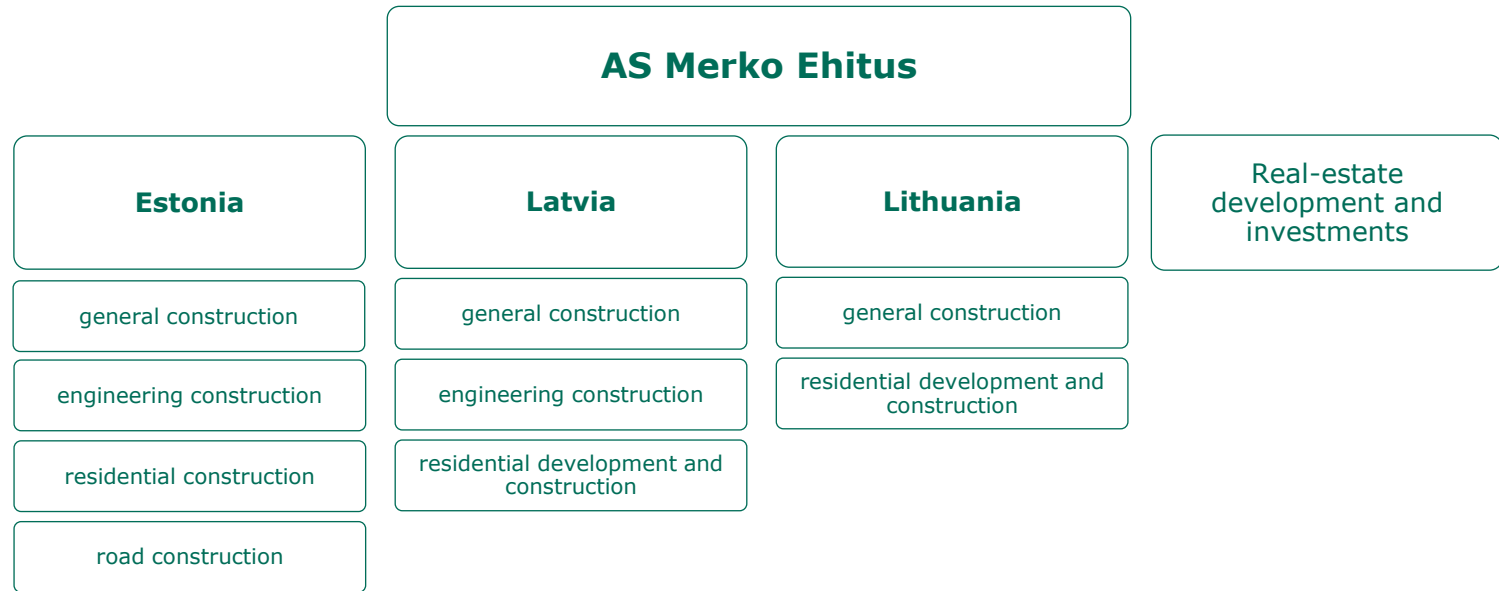
❖ **TOP 4 shareholders:**

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



About Merko Ehitus Group

AS Merko Ehitus operates as a holding company incorporating construction and real estate development subsidiaries offering integrated construction solutions and developing own real estate.



- ❖ 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%), property development and other (12%).
- ❖ 869 employees at the end of Q1 2013 (31 December 2012: 915).

Contacts

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