

Welcome to NCC's Capital Market Day

Presenters



Tomas Carlsson
CEO



Susanne Lithander
CFO, Head of Finance and IT



Kenneth Nilsson
Head of NCC Infrastructure



Henrik Landelius
Head of NCC Building Sweden



Catarina Molén-Runnäs
Head of NCC Building Nordics



Grete Aspelund
Head of NCC Industry



Joachim Holmberg
Head of NCC Property
Development



Marie Reifeldt
Head of HR



Maria Grimberg
Head of Communications and
Investor Relations



Agenda

13.15 NCC strategic and financial update

Q&A

Business insight: Business areas Infrastructure, Building Nordics, Building Sweden, Property Development

Q&A

14.45 Break for coffee

15.15 Business insight: Business area Industry
Development priorities: Climate, digitalization, construction industry competence

Q&A

Conclusion

≈16.00 Program ends. Welcome to stay and mingle with us



NCC strategy update

Tomas Carlsson
CEO



Make NCC
profitable

Address the low
value-creation
over time in
NCC and the
industry

Improve profitability

Focus on core activities

Operational excellence

Strategic direction

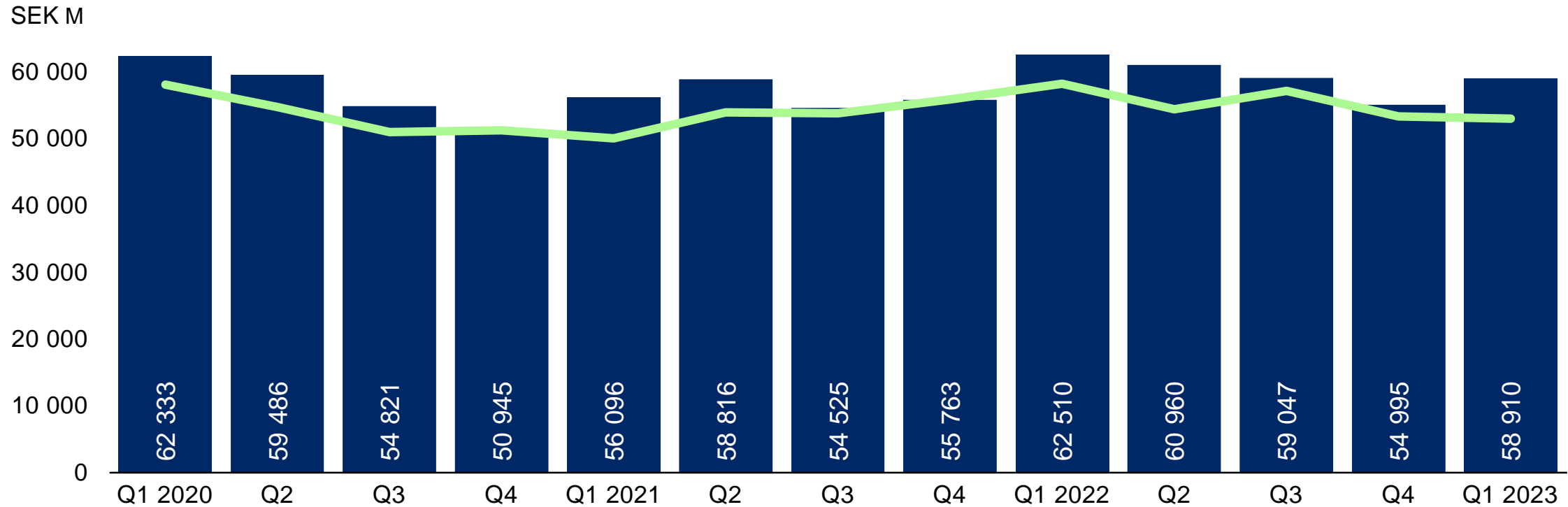
Leverage the large company

Development priorities

Construction management competence

Digitalization

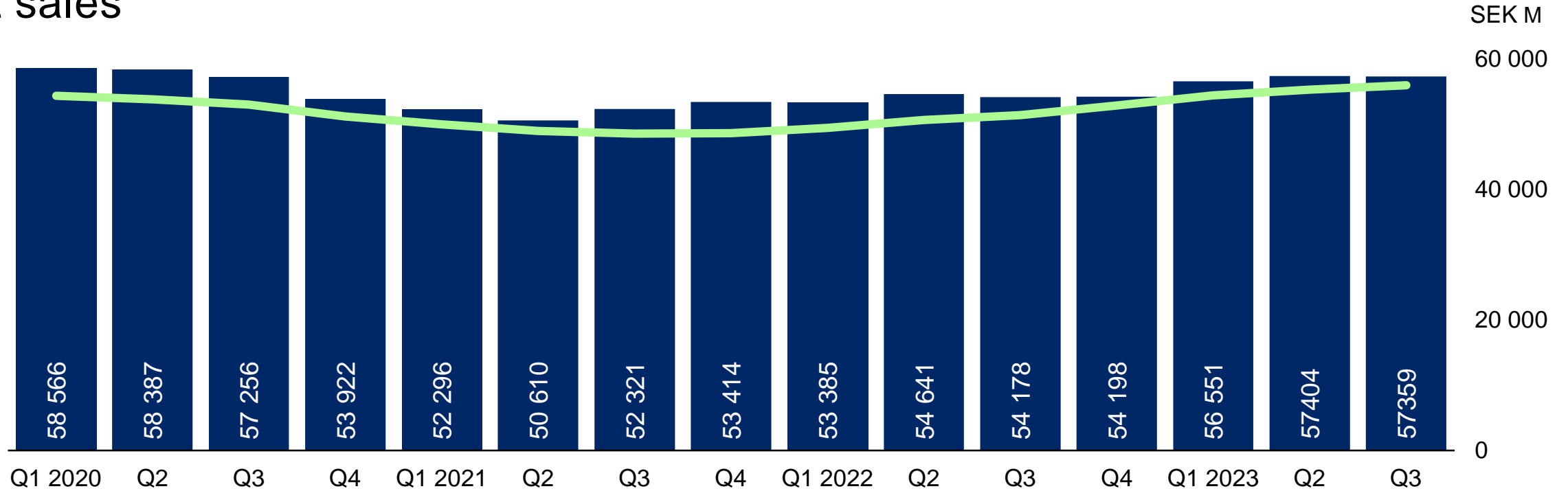
Solid order backlog



● Order backlog, ● orders received R12

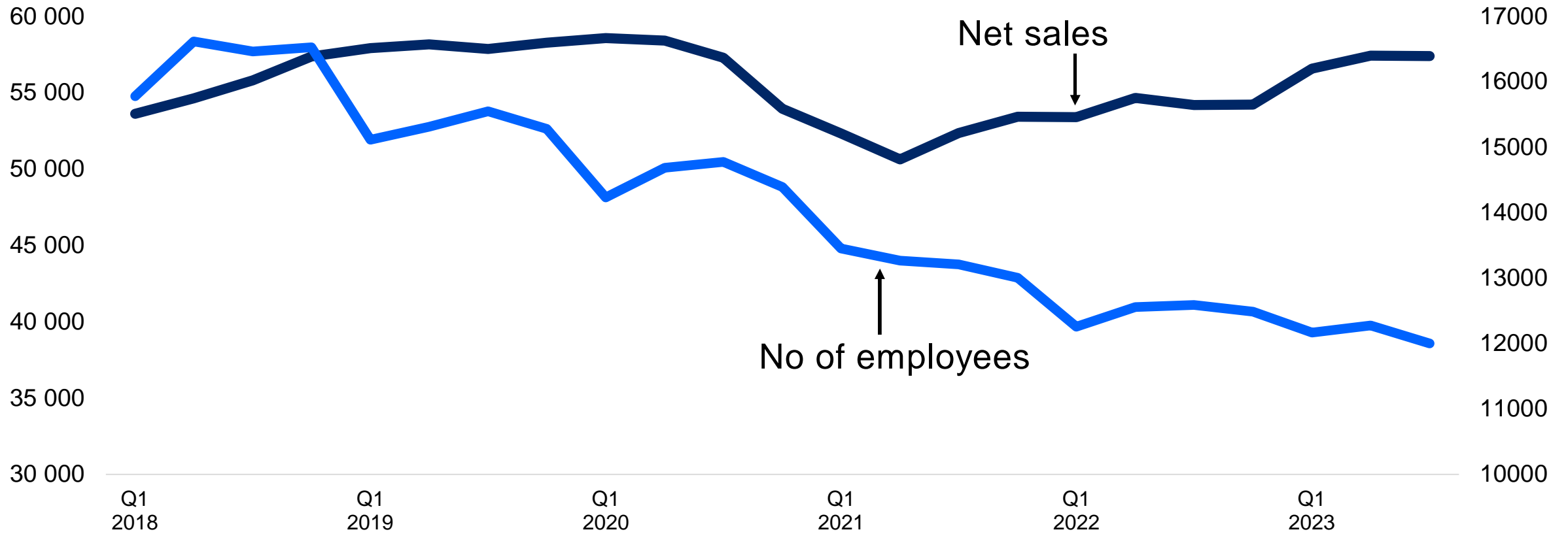
Fundamentally a stable business where choosing the right projects is important

Net sales

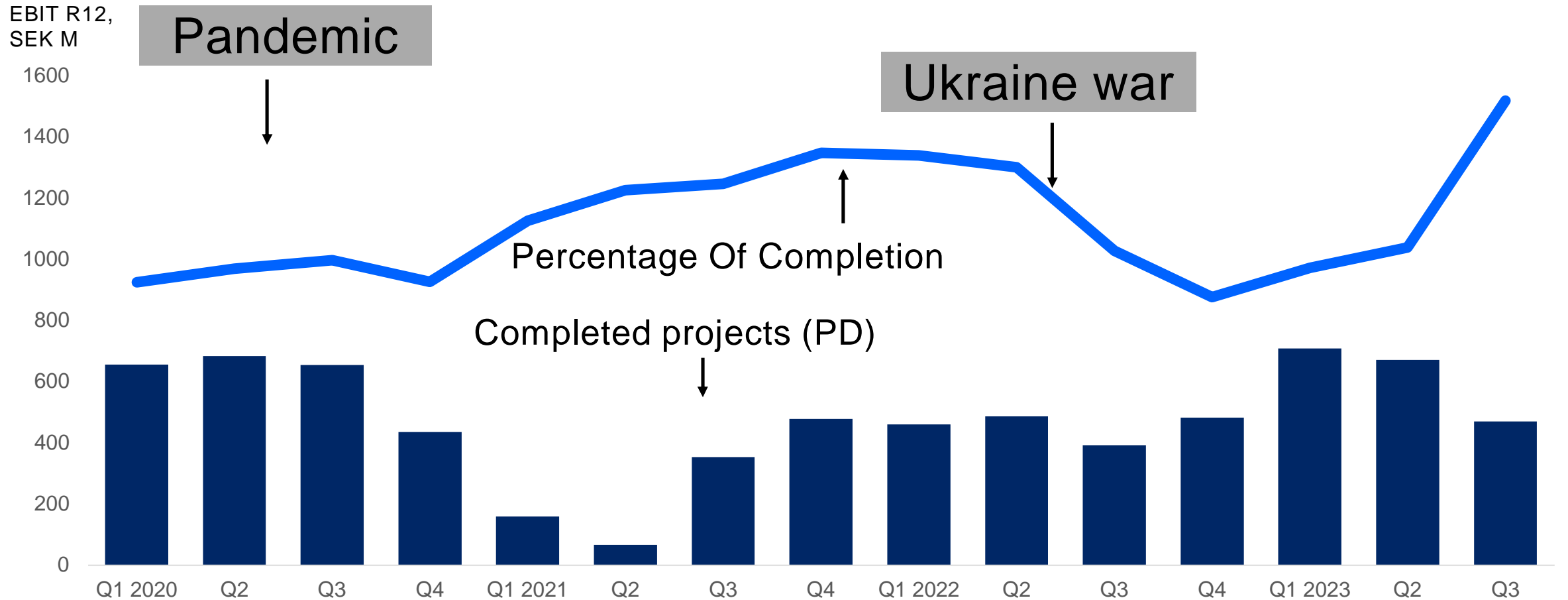


SEK M, ● Net sales R 12, ● Net sales R 12 excl PD

Net sales on same level – but fewer employees



Fundamental stability despite shocks



Improve profitability



Focus on core activities

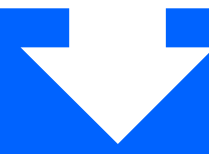
Operational excellence

Strategic direction



Leverage the large company

Development priorities



Construction management competence

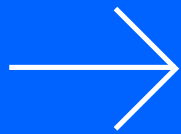
Digitalization

Our
purpose



Take the customer through
the construction process to
a positive end-result for all
stakeholders

Our
market
position



Proactive construction experts
realizing complex projects
with our customers



People and Culture

Build a knowledge-based company and a culture based on shared values and behaviors

Digital and data-informed

Invest in IT, digitalization and in becoming data-informed

Customer proactivity

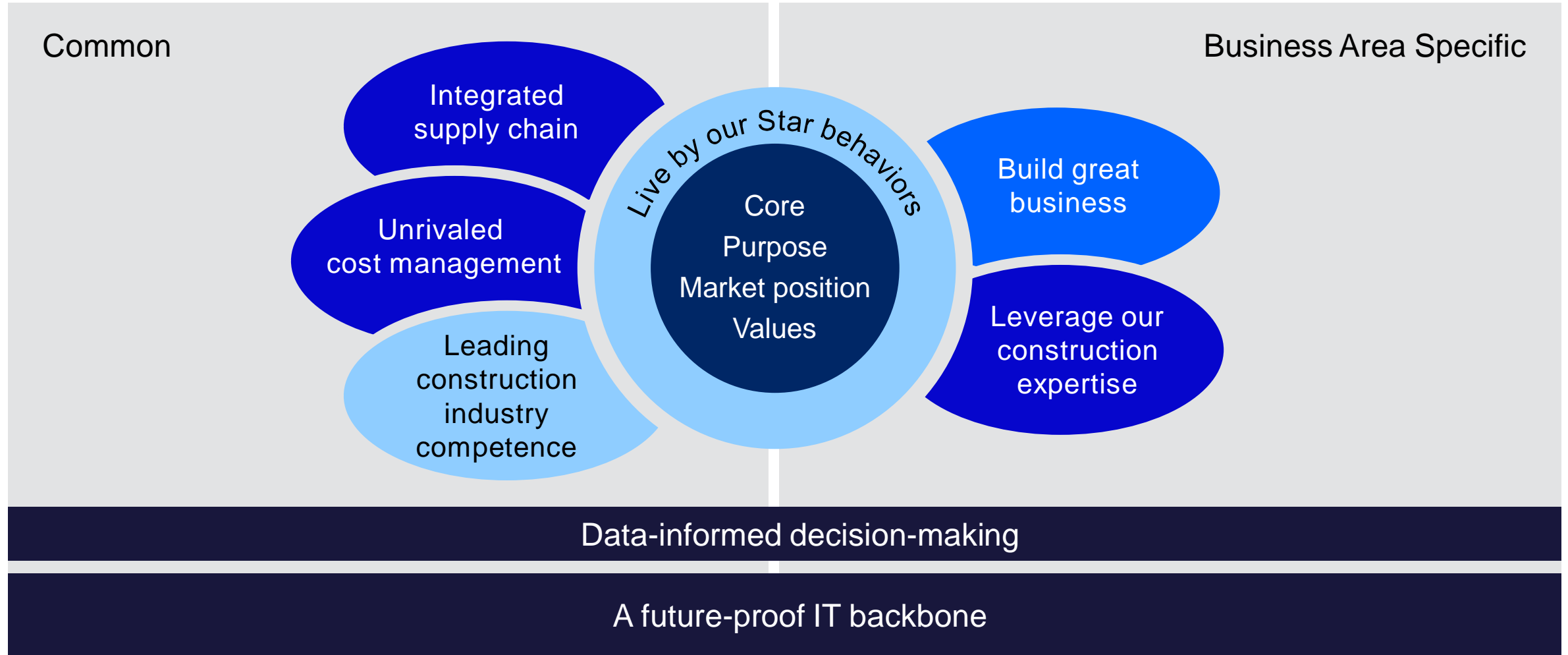
Be proactive towards customers in managing complexity and build on our expertise and experience

Expertise

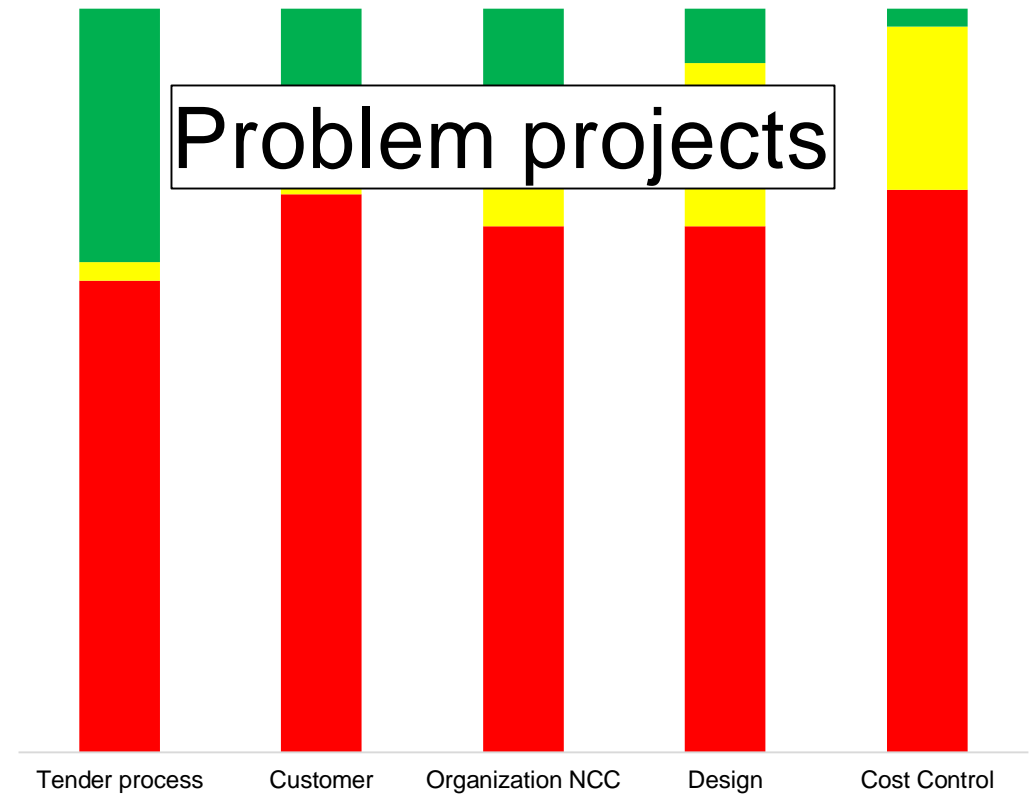
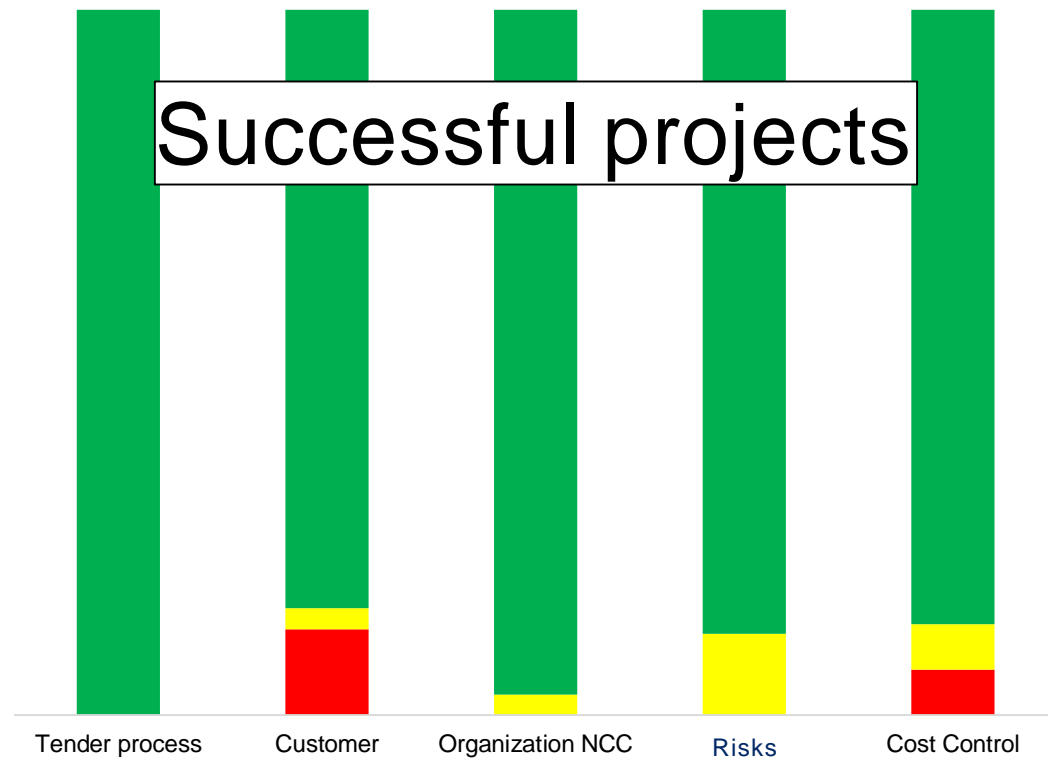
Leverage our construction process expertise and develop the core construction process

Competitive
edge by
leveraging the
large company

Strategic initiatives



Fact-based approach to projects



Summary

- Clear strategic direction – relevant and implemented in all business areas
- Few but focused strategic initiatives
- Internally driven volatility decreased
- External volatility and change mainly well managed



Two financial targets and a dividend policy

Earnings per share

≥ 16.00

SEK 2023

Net debt

< 2.5

x EBITDA

Dividend policy

$\approx 60\%$

of profit after tax

Current status, per Sep 30 2023

Earnings per share

≥ 16.00

SEK 2023

Net debt

< 2.5

x EBITDA

Dividend policy

$\approx 60\%$

of profit after tax

Q3 2023 R12

16.21

SEK

Q3 2023 R12

1.06

x EBITDA

For 2022

55% of profit after tax

6.00

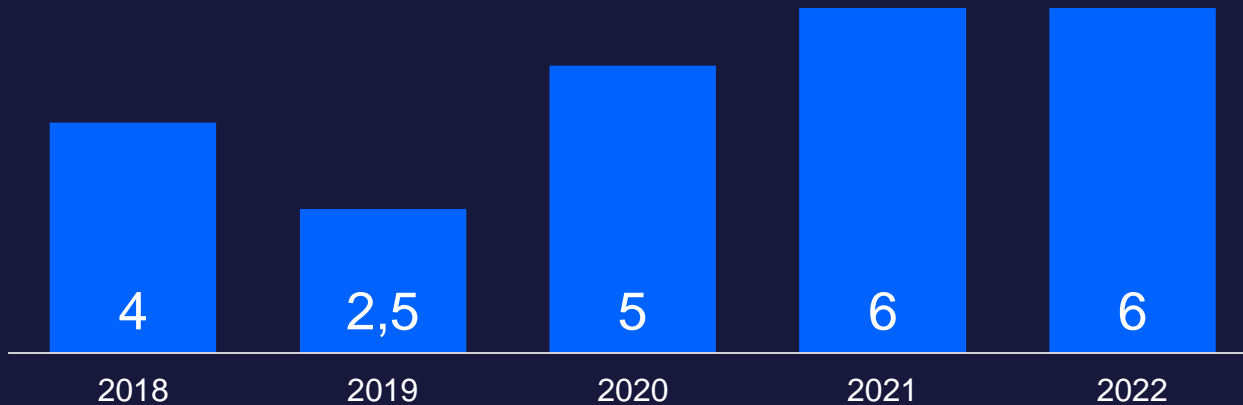
SEK

Dividend policy

Adopted 27 April 2022

Remains the same

SEK



Dividend policy

≈ 60%

of profit after tax

For 2022

55% of profit after tax

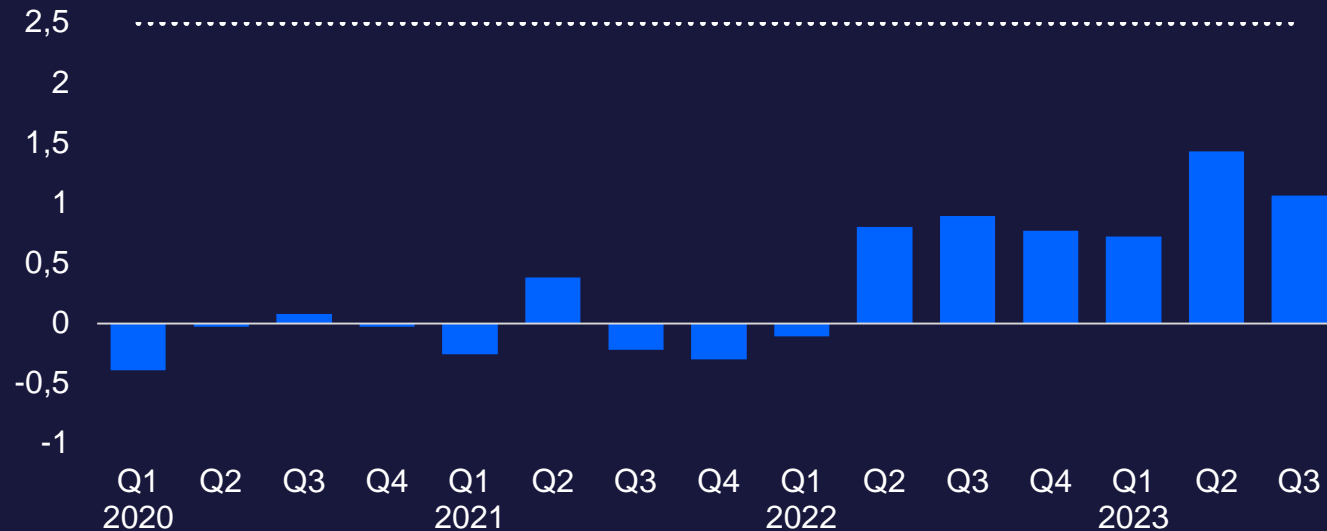
6.00

SEK

Net debt / EBITDA

Significant headroom

Remains the same



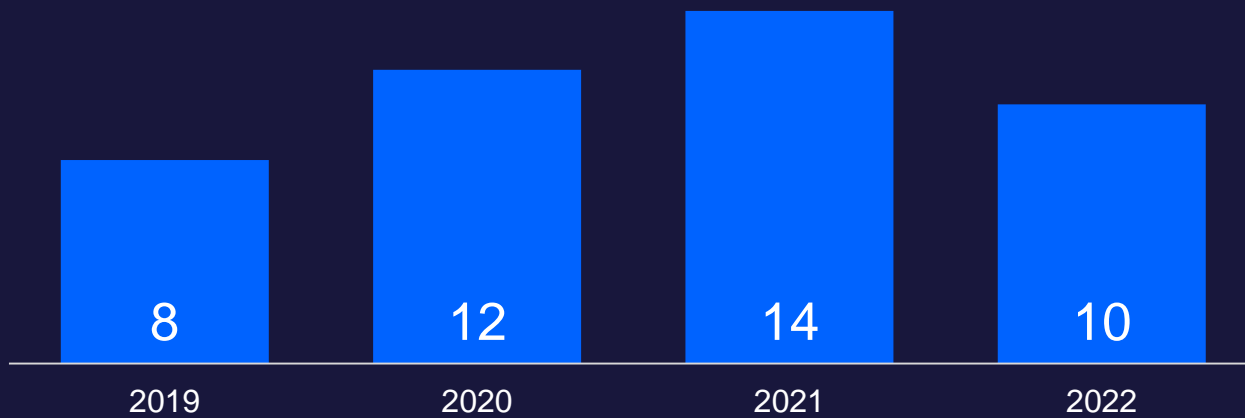
Net debt
< 2.5
x EBITDA

Q3 2023 R12
1.06
x EBITDA

Earnings Per Share

16 SEK in 2023

SEK



Earnings per share

≥ 16.00

SEK 2023

Q3 2023 R12

16.21

SEK

Earnings Per Share

Why?

Relevant for all business models

Clear shareholder focus

Why 16 SEK?

Achievable with contributions from all business areas

Keeping

16 SEK

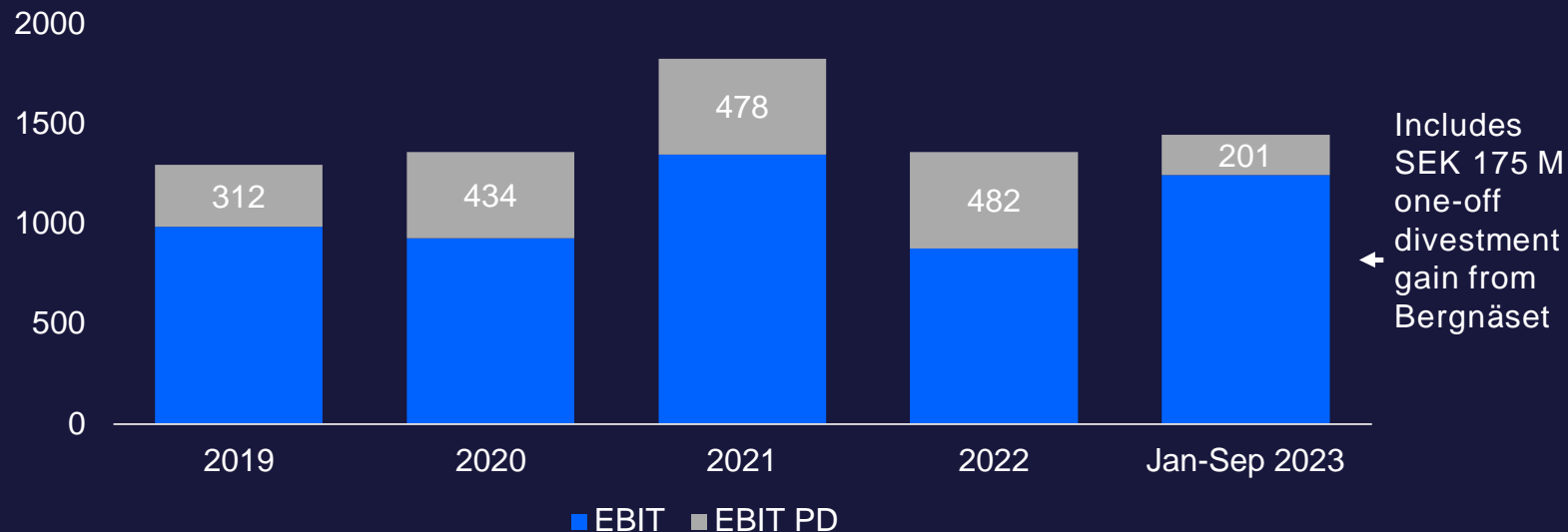
as a target for the short to medium term

Earnings Per Share

When?

Contribution from Contracting and Industry expected to increase over time

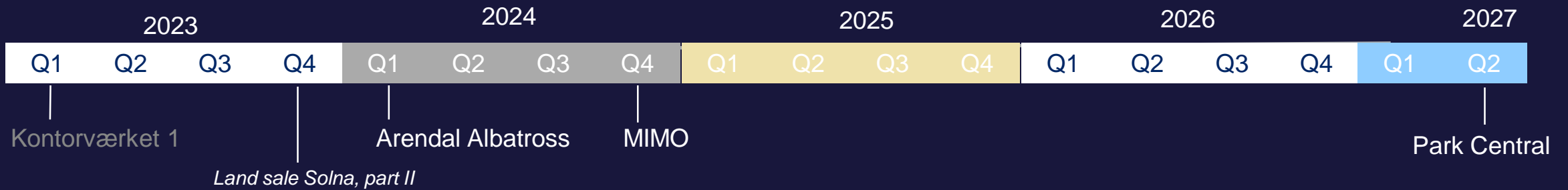
In the short term, highly dependent on the property market opening up



Keeping
16 SEK
as a target for the short to medium term

Several projects to sell in a more active market

Sold projects, expected time of profit recognition



Ongoing projects, not sold

- We Land, Helsinki
- Flow Hyllie, Malmö
- Nova, Solna
- Habitat 7, Gothenburg

Completed projects, not sold

- Bromma Blocks, Stockholm
- Brick Studios, Gothenburg
- Våguset, Gothenburg
- Kulma21, Helsinki

Internal targets

Business area	EBIT margin	ROCE
BA Infrastructure BA Building Sweden BA Building Nordics	3.5%	N/A
Industry	6%	12%
Property Development	N/A	12%

Financial targets and dividend policy

Earnings per share

≥ 16.00

SEK

Net debt

< 2.5

x EBITDA

Dividend policy

$\approx 60\%$

of profit after tax

Health & Safety, 2026

2.0

LTIF4

Climate, 2030

-60% Scope 1 & 2

-50% Scope 3

Will be revised in the coming years. New target setting and better data available

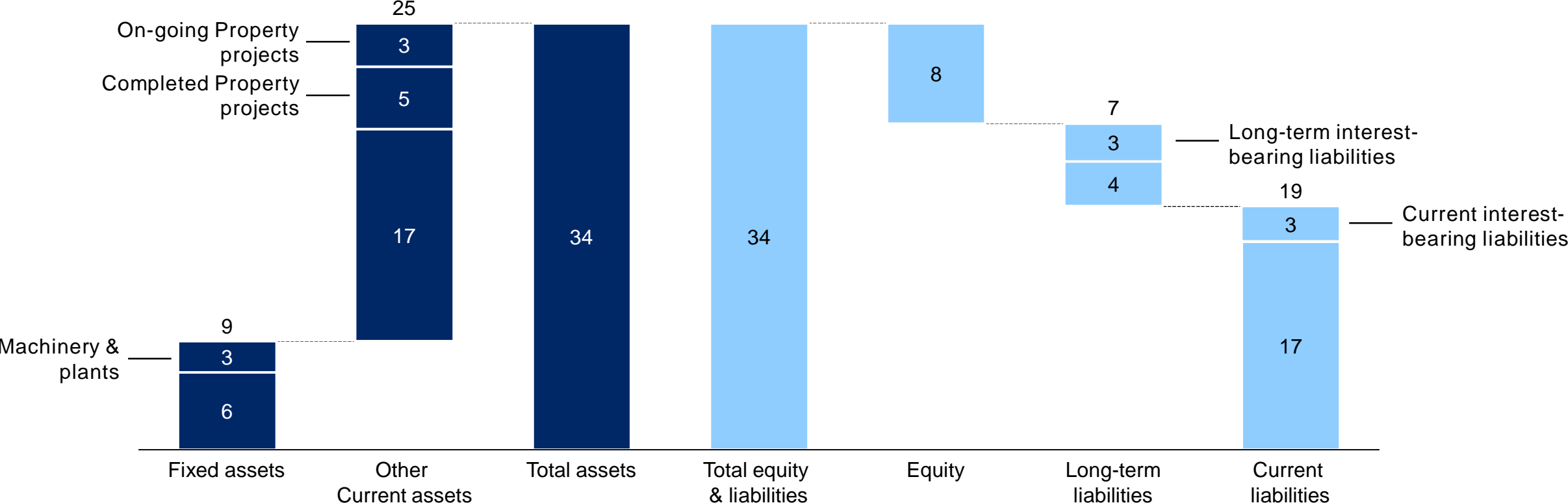


Financial update

Susanne Lithander
CFO and Head of Finance and IT

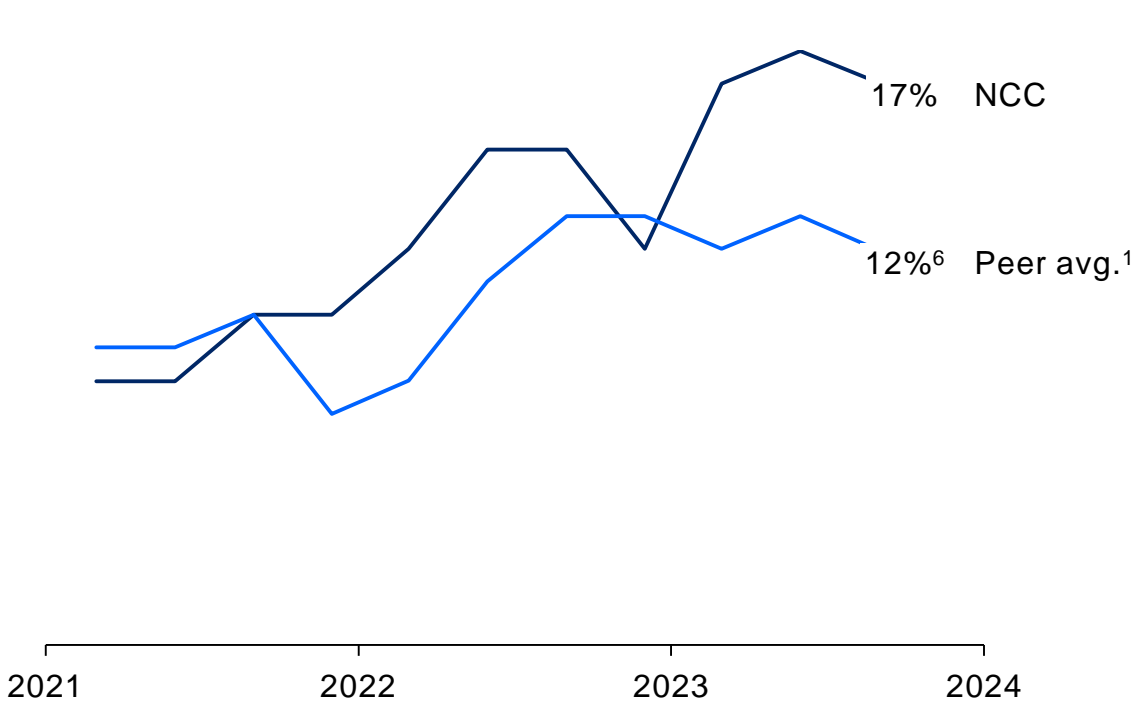
The NCC group balance sheet

Overview of the consolidated NCC balance sheet, Q3 2023 (SEK billion)

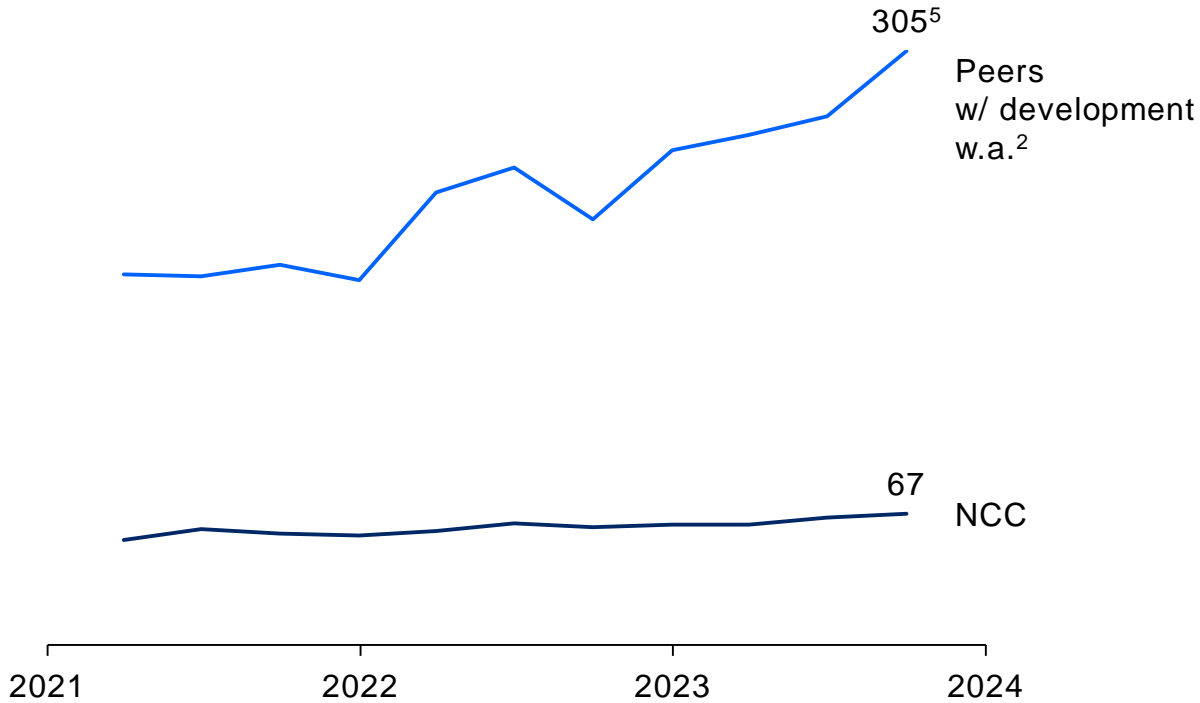


NCC's asset light operation provide high capital efficiency despite challenging market situation

ROE³ %
(Earnings before tax (LTM) / Market Capitalization)



Average Inventory Days (development properties)⁴
(Inventory / Revenue (LTM) * 365)

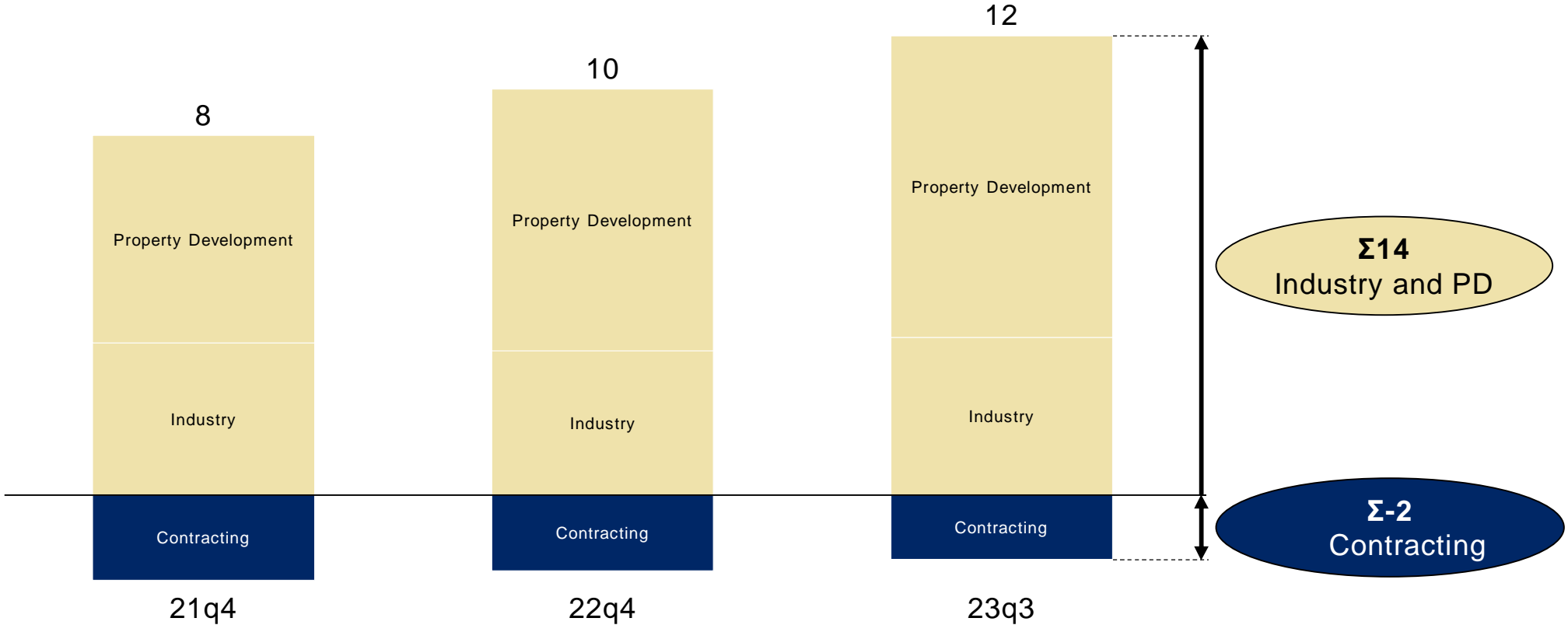


1. Skanska, PEAB, AF Group, Veidekke, YIT, Aarsleff
 2. Skanska, JM, YIT, PEAB, weighted by inventory size
 3. I.e. "ROME" – return on market value of equity
 4. Also incl. materials (current) inventory
 5. YIT is an average of 4 last quarters as Q3 has not been released
 6. Veidekke, AF group & Aarsleff based on Q2 reporting since Q3 not yet released



The contracting units currently provide the group with free capital of close to SEK 2 billion

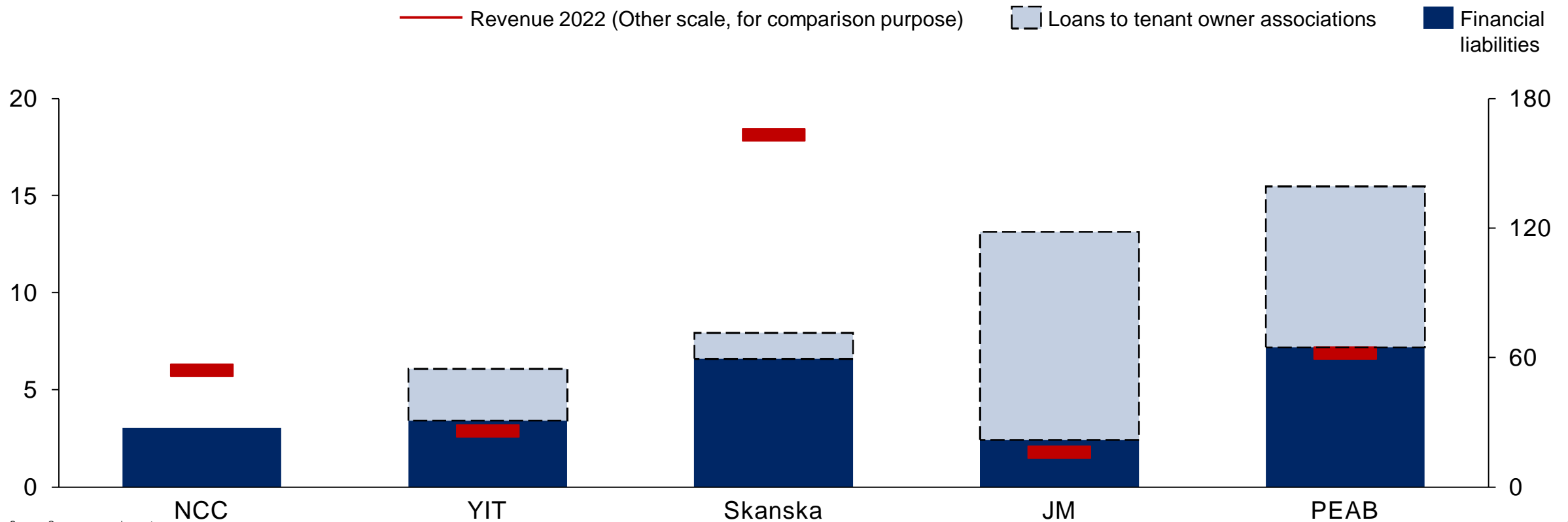
Operating capital employed by NCC business unit groupings (SEK billion)



No residential development

Lower exposure to volatility on financial markets

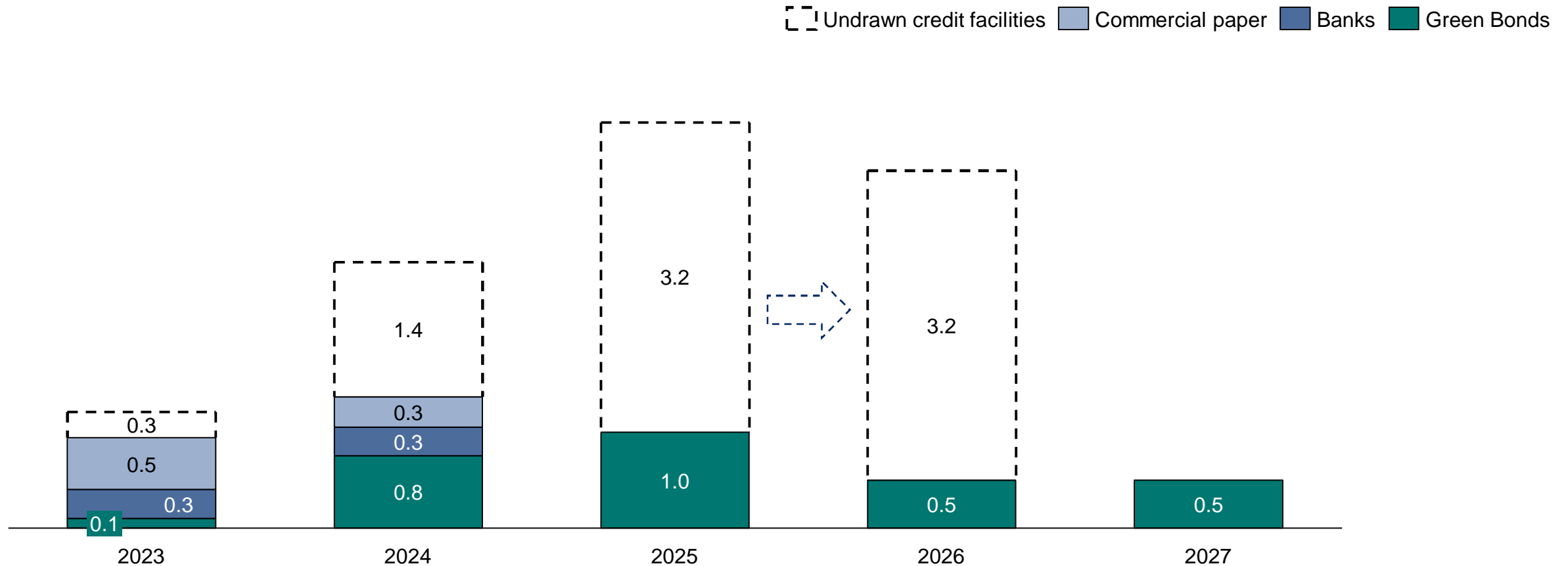
Aggregated interest-bearing liabilities, excluding leasing liabilities, up to 2025 (SEK billion)



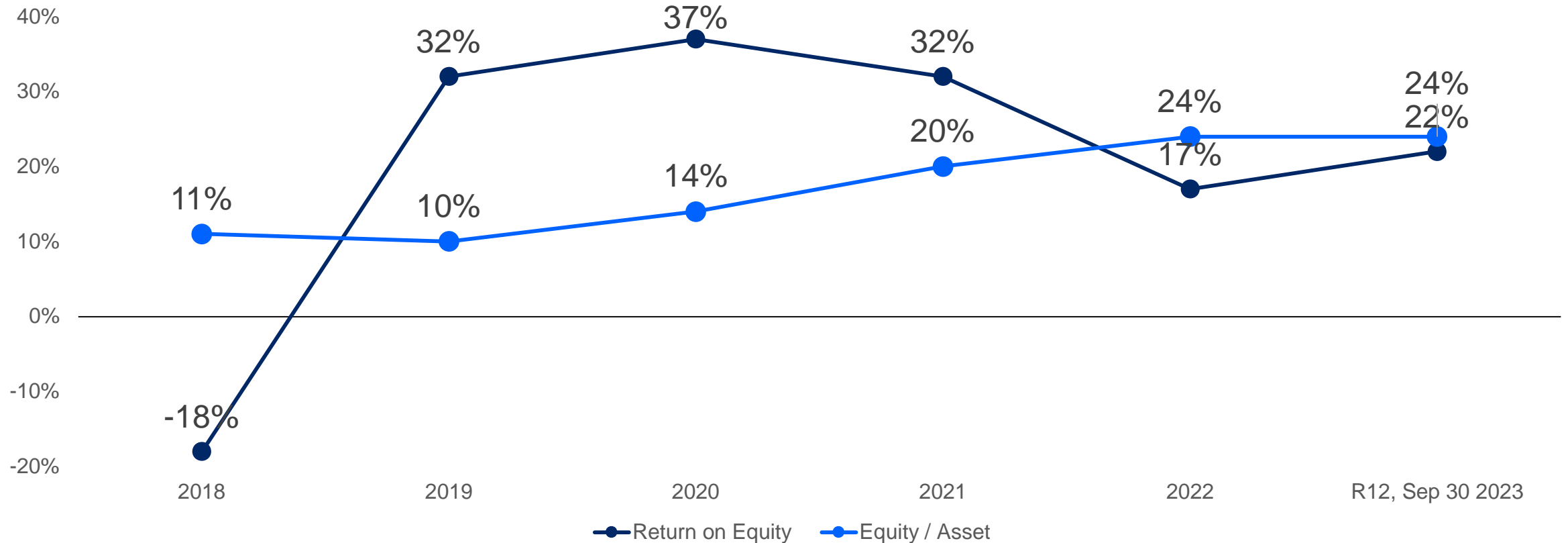
Source: Company annual reports

...and a diversified future financing model

NCC corporate debt maturity structure (SEK billion)



Development of Return On Equity and Equity/Asset (2018-2023)



NCC weighs capital allocation options based on external movements and corporate objectives

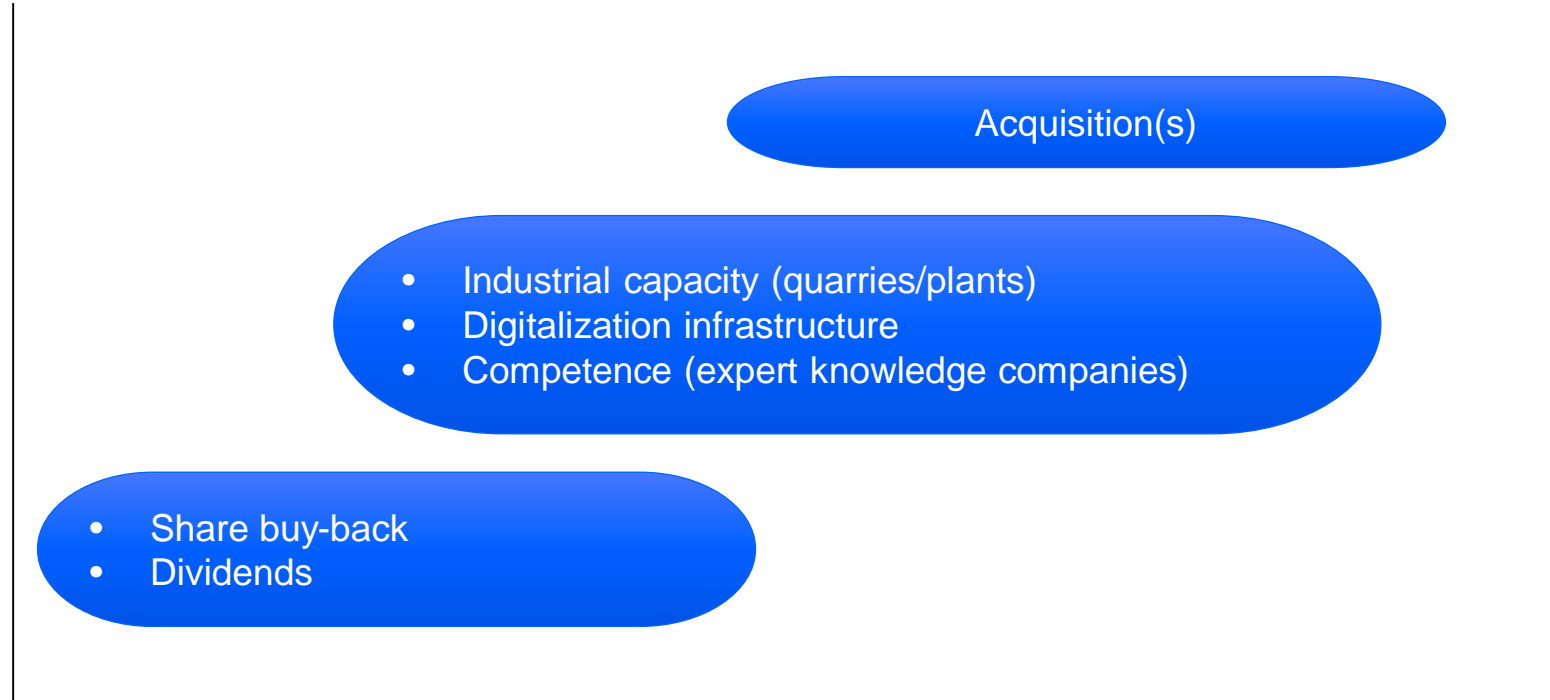
Capital allocation options, by payback time and benefit recurrence

NCC business model still holds firm

Capital surplus is invested in Property development, providing scale benefits to NCC group units

Property investments are continuously challenged by capital allocation options within the core business, for shareholder returns

Growth potential / Benefit recurrence



Payback time

Summary

- Strong Financial position - Financial flexibility
- Contracting & Industry generating cash and improving working capital



VÅGHUS T NCC

Market opportunities

Tomas Carlsson
CEO



Strong market share in attractive region with further growth potential

Sweden	Denmark	Norway	Finland
Building Sweden	Building Nordics		
Infrastructure			
Industry: Asphalt and Stone materials			Stone materials
Property Development			

- The Nordics is a region with strong and stable business conditions and macroeconomic stability
- Fundamental need for investments in residential, public buildings and infrastructure
- Industrial development creating new growth areas

Market outlook Q3

- Large parts of the construction market remains strong with many new projects in early phases
- Local variations
- Commercial and residential markets weak
- Municipalities and regions somewhat more muted



Currently mixed market signals
Large variations regionally and between types of projects



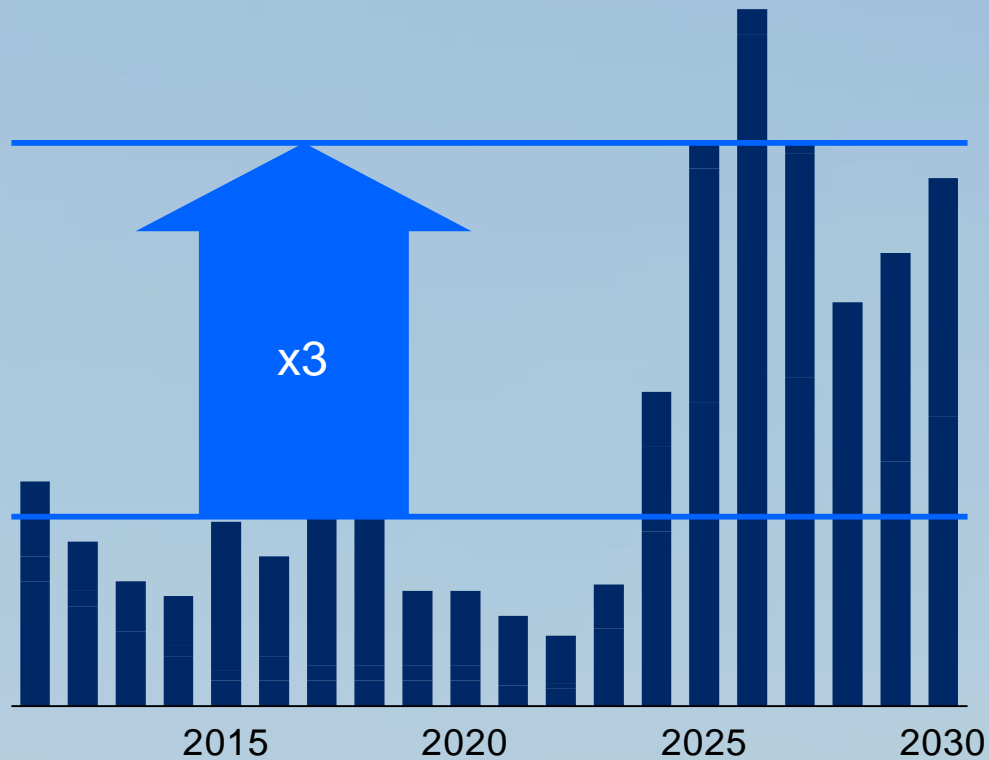
As you will hear from the business areas:

**Segment specific
growth opportunities
is a key element in
NCC's strategic
direction**



Green Industry Transformation (GIT) -the **industrial** **development** of a generation

Construction investment in industry will triple



More than **SEK 140 bn** –
most from 2024 to 2030

Plus green energy production,
energy distribution and other
infrastructure

Not: Summor och belopp är uppskattningar och bilden gör inga anspråk på att vara komplett
Källa: Investeringsdatabas NCC Tung Industri



The challenge

- Large complex projects – extensive construction
- Fast pace anticipated
- New technology deployed in a scale never seen before
- Customers demanding more collaboration and expertise

The opportunity

- NCC has leading expertise in large projects
- Ability to bring together all the experience across business areas and markets
- Ability to be agile and have a holistic approach to customers and collaboration forms

A new Business Area for the Green Industry Transformation

- Ensure specific expertise
- Existing Business Areas will keep its focus on all the other opportunities and enablers in the growth areas
 - Energy distribution, infrastructure, public buildings, residential
- Initial focus on the northern parts of the Nordics – but with potential to expand also to other parts of the Nordics for suitable projects



The industrial development of a generation

Initially focus in the north of the Nordics

Incumbents and challengers



Priority for Business Area GIT

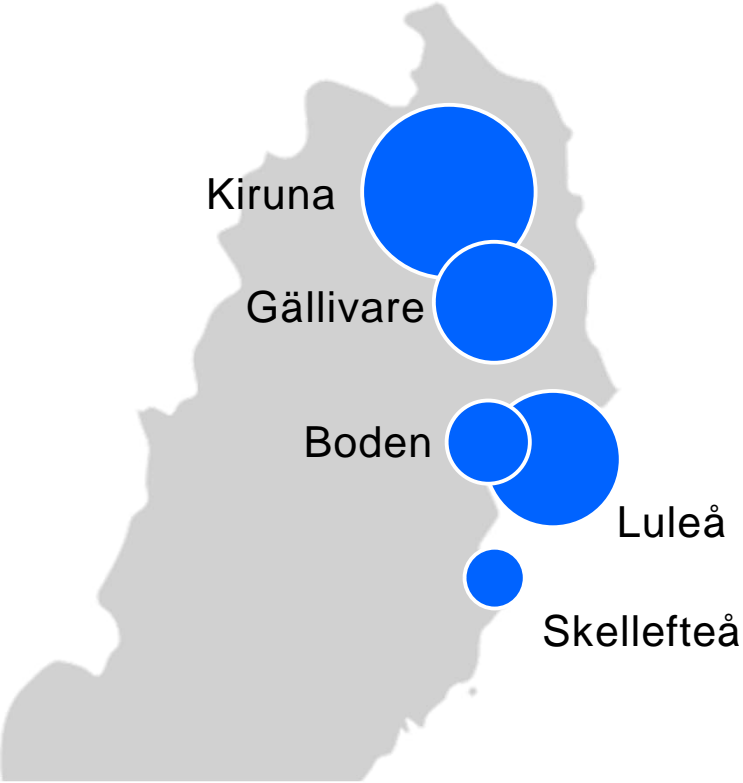
> SEK 150 bn

Enablers

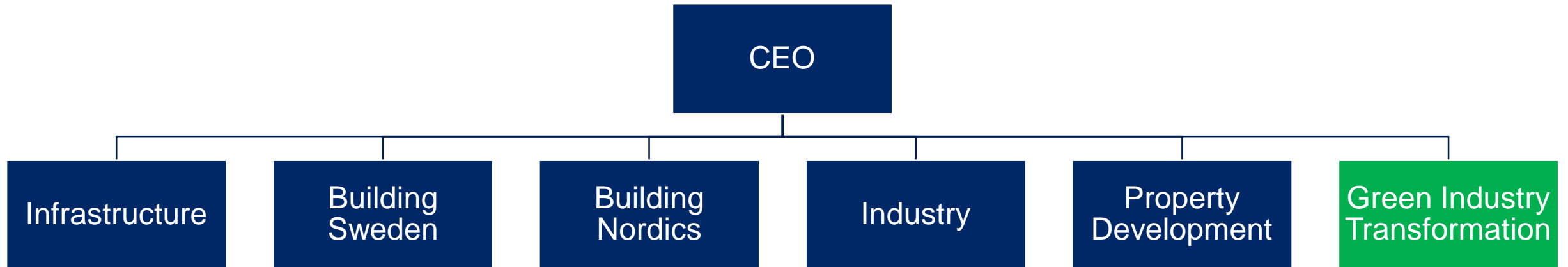


Priority for the ordinary business in the BAs

>SEK 100 bn



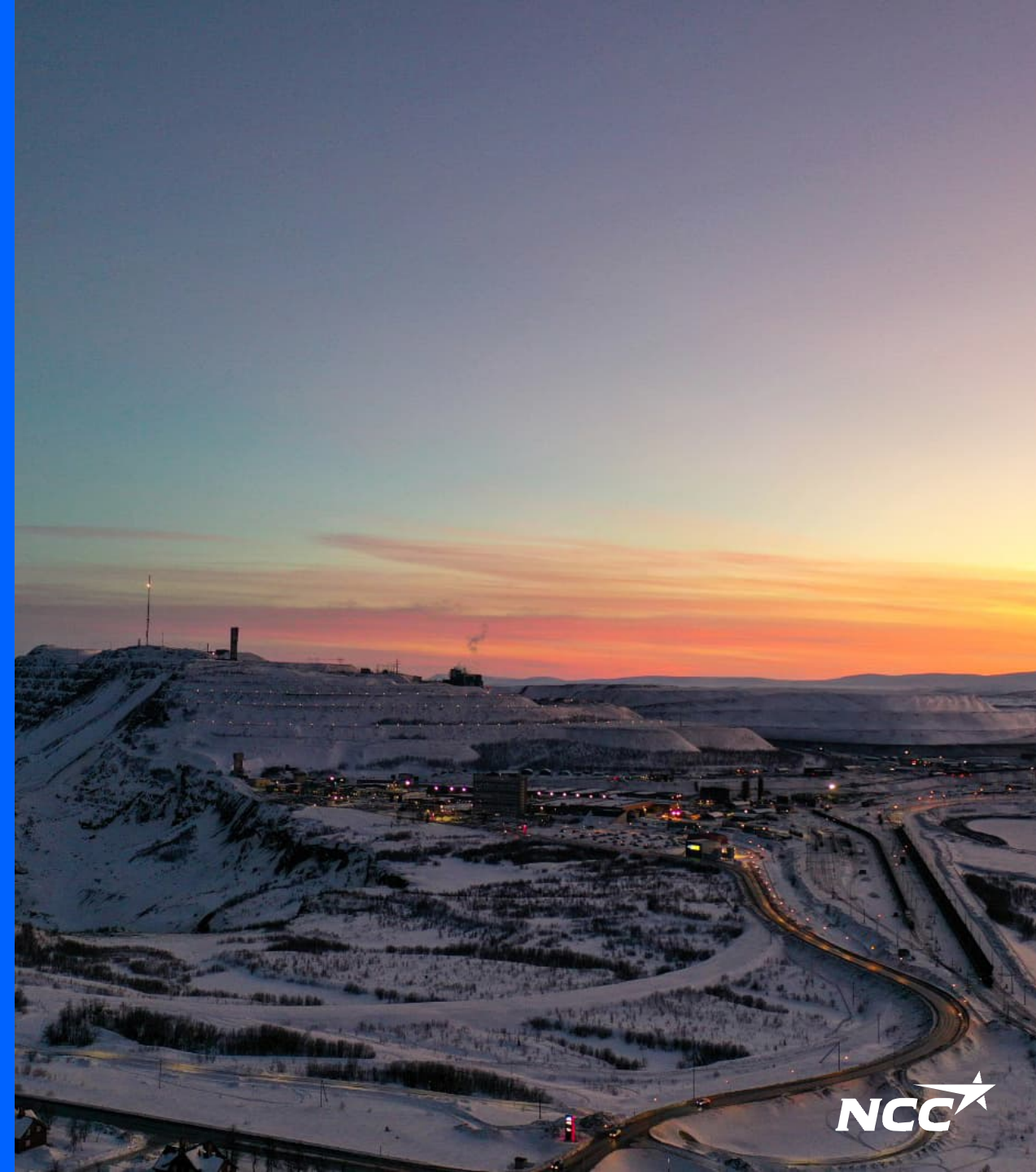
Recruitment process for new Head of Business Area Green Industry Transformation ongoing



Business Area Green Industry Transformation starts Jan 1, 2024 and will initially be reported under Other & Eliminations. Scale-up is expected to begin after 2024

Summary

- New Business Area: Green Industry Transformation to capture growth opportunities in the green transition
- Existing business areas to focus on surrounding opportunities in society including new infrastructure



Infrastructure

Kenneth Nilsson
Head of NCC Infrastructure

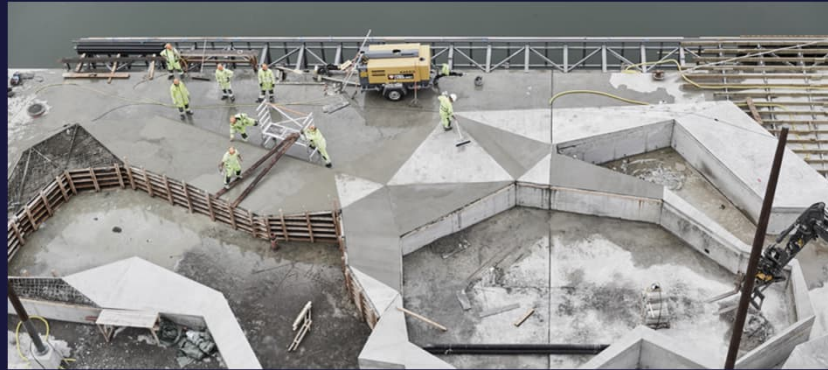


NCC Infrastructure

Roads & Railways



Groundworks



Energy & Water



Industry

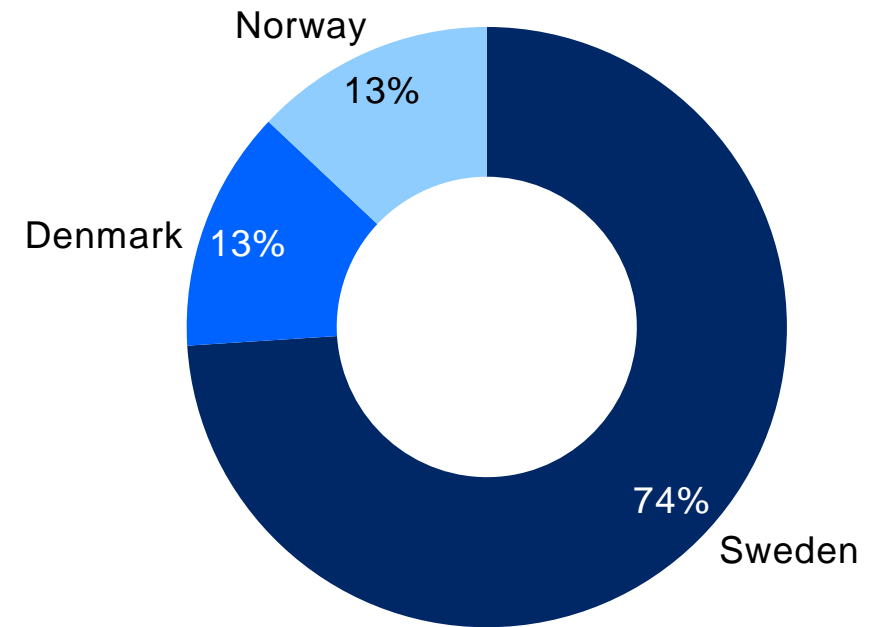
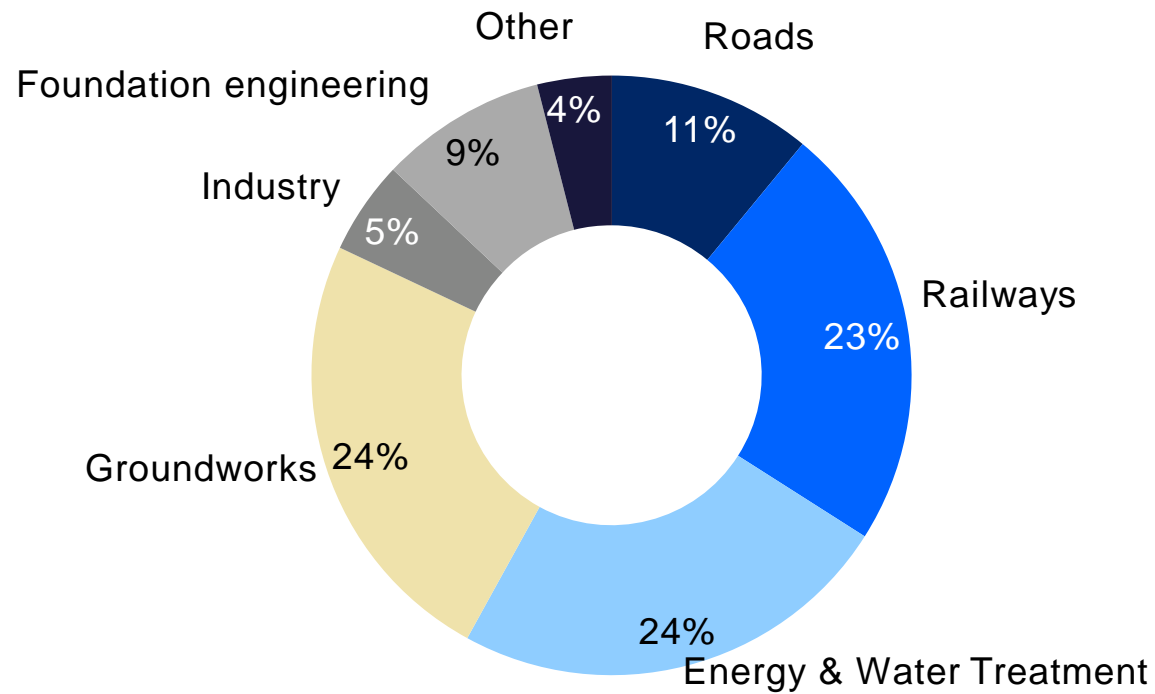


3,800
employees

1,500
ongoing projects

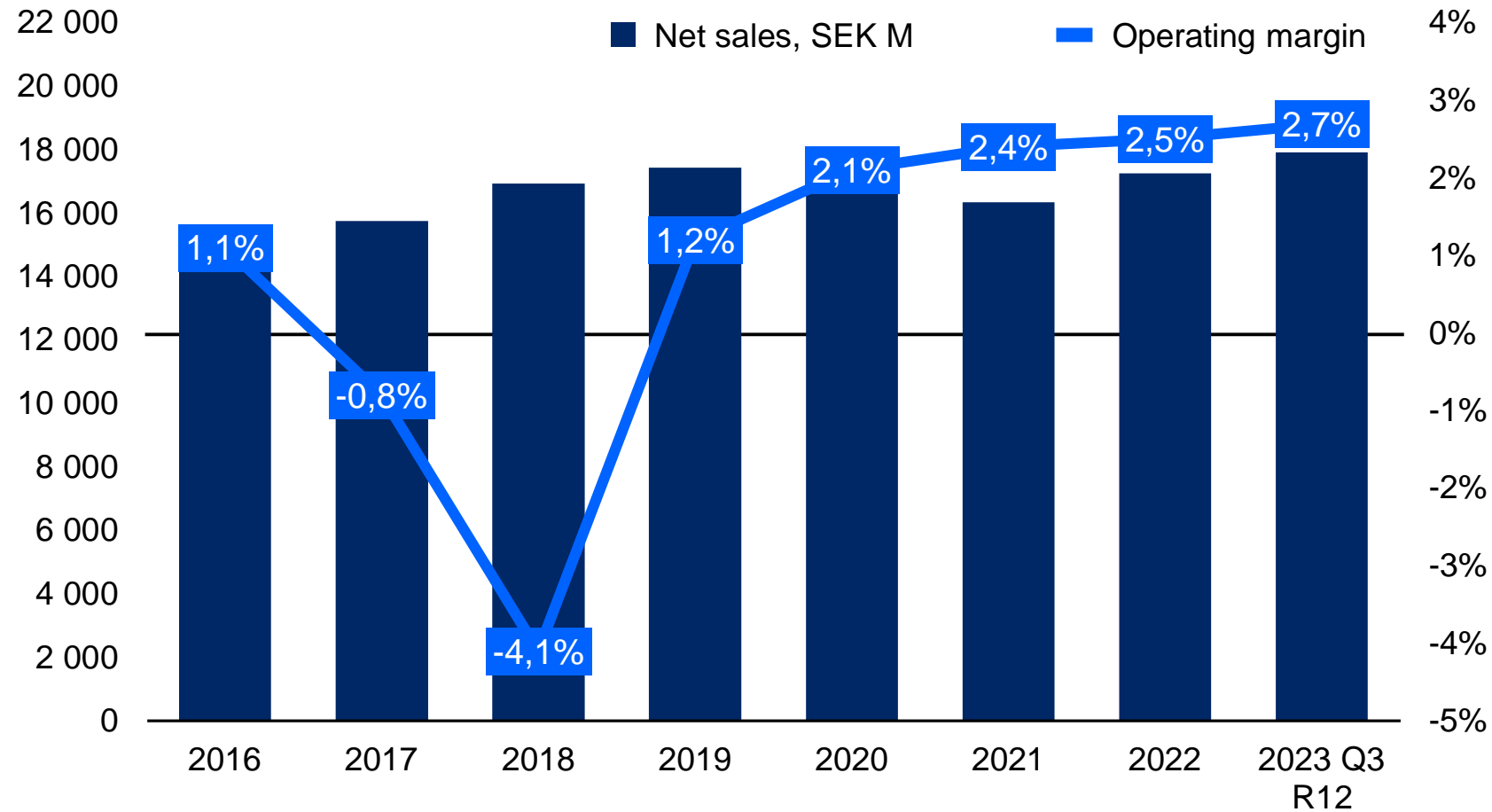
550
customers

Our operations



Net sales Jan-Sep 2023

Steady improvement since 2019



Our improvement agenda

Increased focus

- Divested non-core business
- Specialization in prioritized segments

Strengthened core competencies and competitiveness

- Yearly operational action plan
 - Ensure basic capabilities
- Strategic direction
 - Develop our capabilities

A stronger organization

- Large share of new managers
- Extensive training efforts

Develop the project portfolio

- Significantly reduced risk - increased share of partnering projects with early involvement
- Gradual phasing out of old projects with low profitability

Prioritized segments that address critical long-term needs in society

Water
Treatment

Electricity
Production and
Distribution

Efficient
Transportation

Climate
Change

Specialization in prioritized segments is key for business area Infrastructure going forward

Prioritized segments represent more than 50% of net sales in the business area

Criteria for segment selection

- Strong track record and segment expertise
- Strong market
- Potential for increased profitability

Benefits of specialization

- Increased specialization creates competitive advantages in key areas such as:
- Customer insights
 - Cost efficiency
 - Technical solutions and design

An example from the water treatment segment

Market-growth driven by:

- Aging water and sewage systems
- Growing population and continued urbanization
- New environmental rules
- Climate change

Strong market

Growing market expected to last for many years

Large share of projects with:

- Early involvement
- Low risk remuneration model

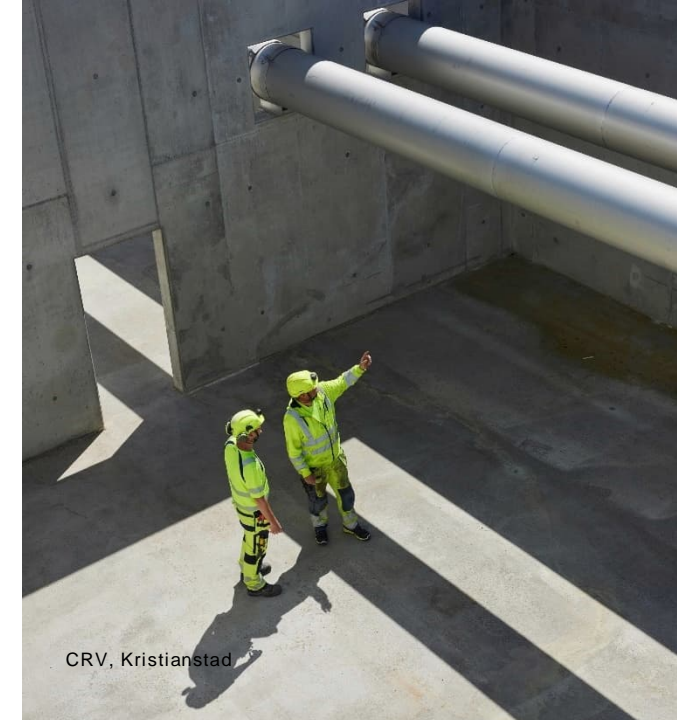
Unique offering

We offer the entire chain of expertise in a water treatment project

Competence highly valued by customers

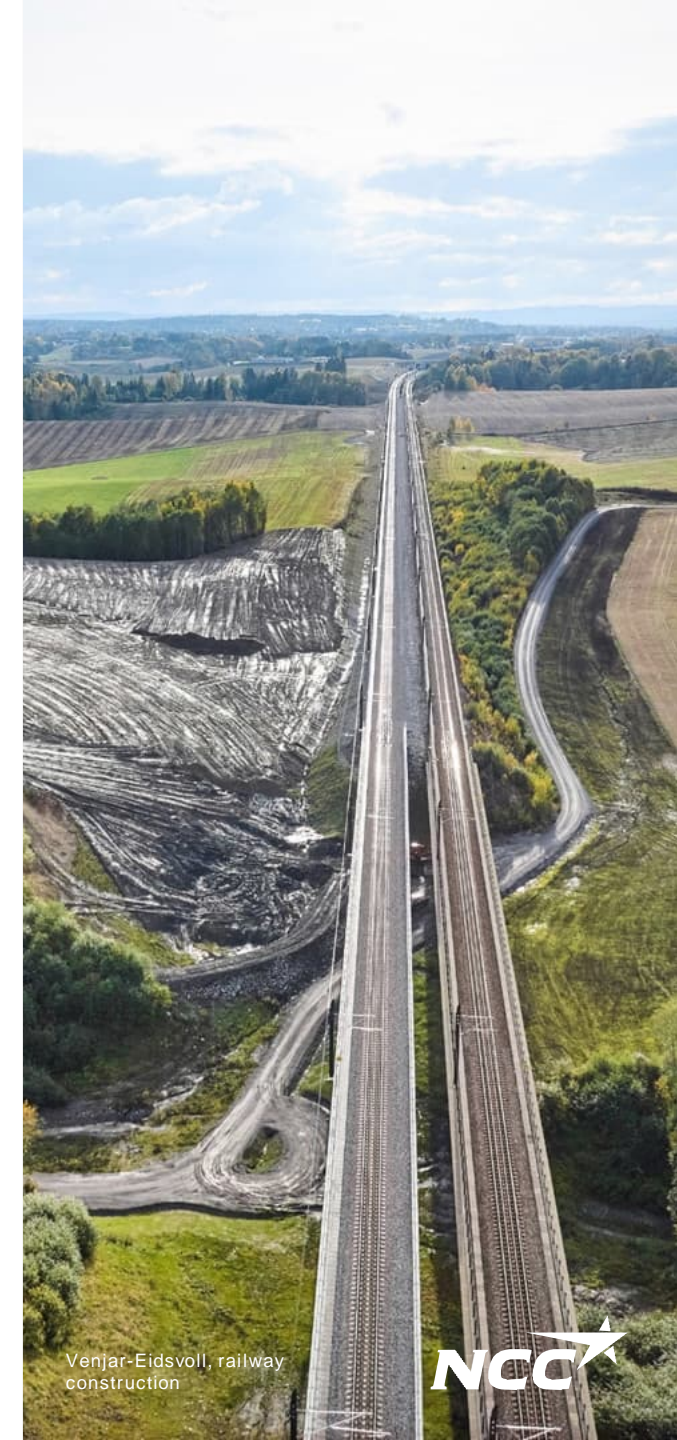
Exceptional track record

>35 projects since 2015 - with healthy margins



Generally a continued good market outlook

- Main scenario: Continued good market in all relevant countries
- In our prioritized segments, we are likely to see a strong market going forward
- Variation in market development between regions



Summary

- Stable improvement in profitability since 2018
- Going forward:
 - Good market – especially within the prioritized segments
 - Continued focus on project selection, operational improvements and organizational development



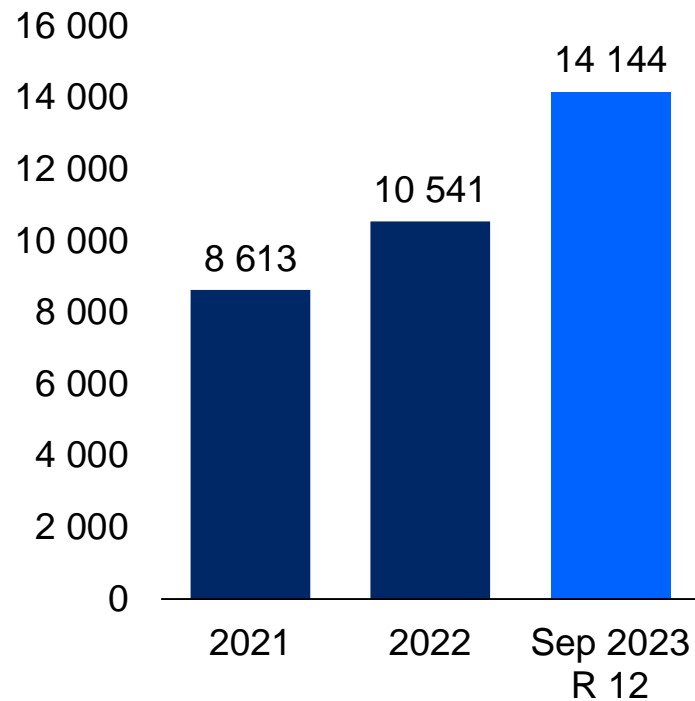
Denmark

Kenneth Nilsson
Catarina Molén-Runnäs

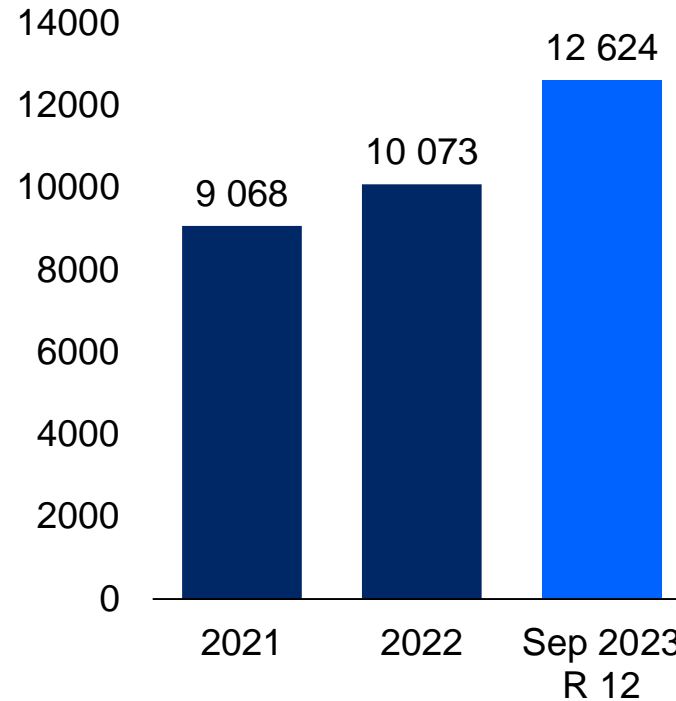


NCC in Denmark is growing

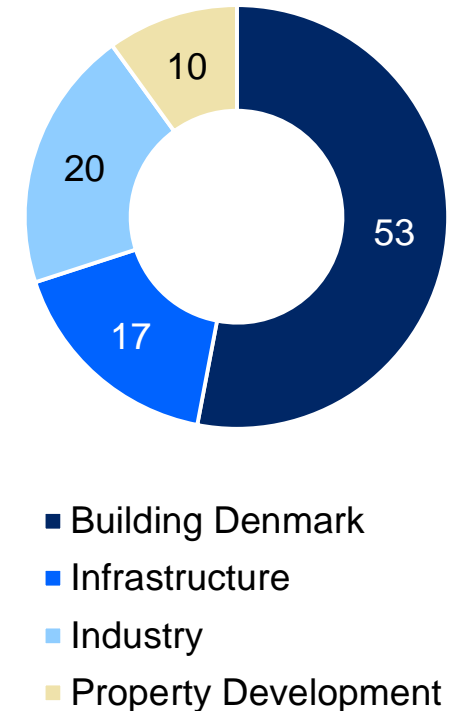
Strong orders received



Growing net sales



All Business Areas contribute



Danish economy strongest in the Nordics

Inflation < EU average
0.9% in September

Interest rate
3.75%

Low unemployment rate
2.9%



Four major growth areas for NCC

Growth Copenhagen

New city areas and infrastructure investments of more than 50 bn DKK within the next 10 years

Pharma and public sector

Investments in pharma and public sector drives continued growth for building

Green Energy

From now until 2035 the electricity consumption in Denmark is expected to increase with 100%

Infrastructure Plan 2035

Political decision on 106 bn DKK infrastructure investments from 2022 to 2035

Building Denmark – a top three contractor in a very fragmented market

Focus on complex projects. At the fore-front of several segments, including large, non-residential projects in wood



Infrastructure Denmark – a highly specialized organization

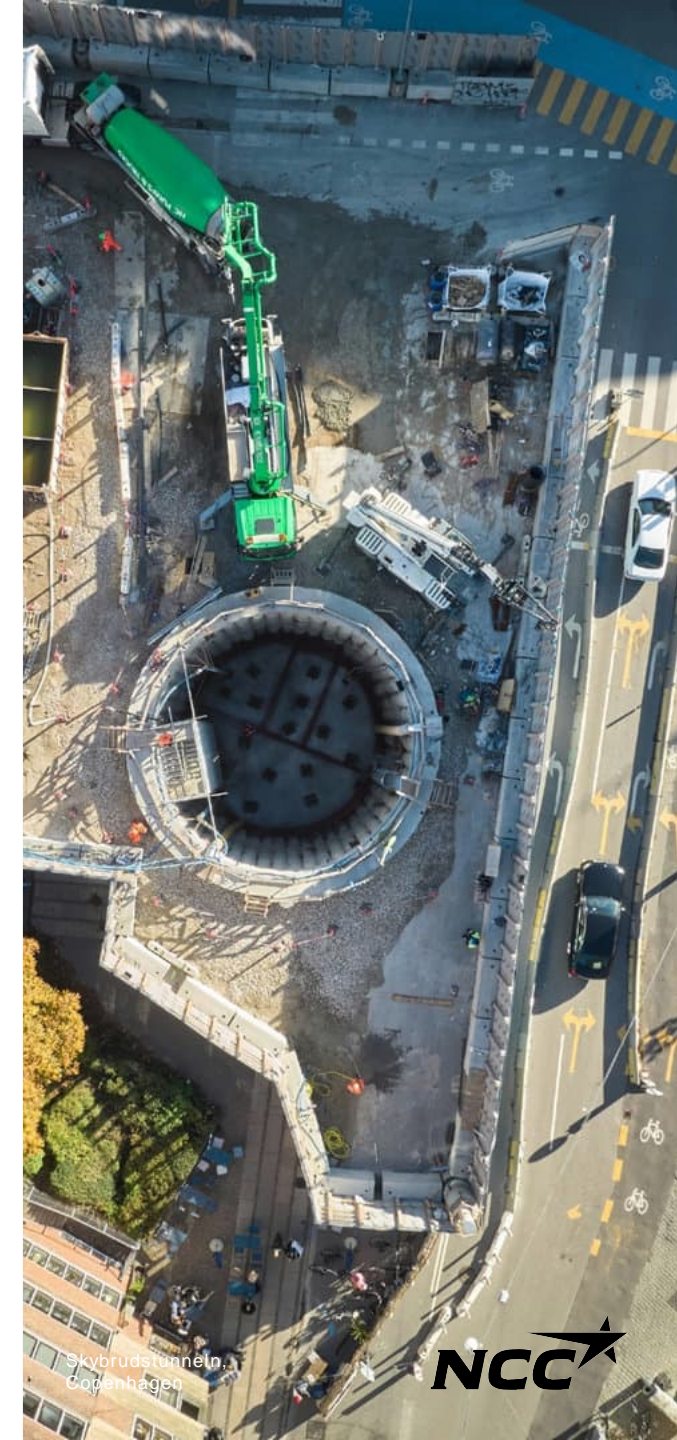
Energy and
power
distribution

District
heating

Water
treatment

Cloudburst
and coastal
protection

Focus on selected market segments with a
strong and growing market



Building Sweden – Building Nordics

Two business areas of equal size

Building Sweden Jan-Sep 2023

Net sales	10,203
EBIT	191
Order backlog	18,293

Building Nordics Jan-Sep 2023

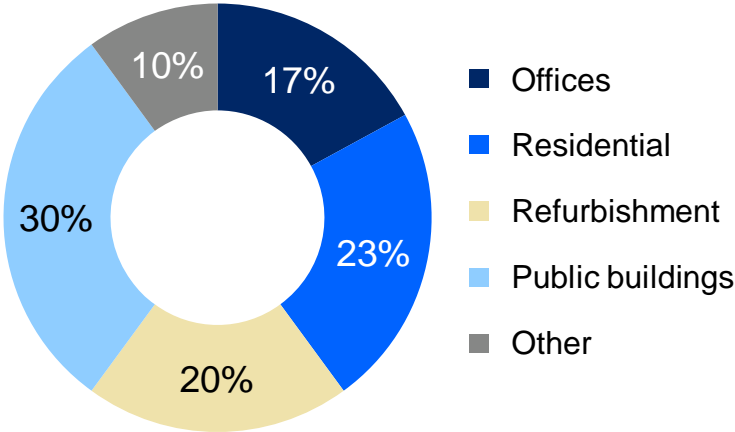
Net sales	10,835
EBIT	204
Order backlog	18,747

Building Nordics

Catarina Molén-Runnäs
Head of NCC Building Nordics

Three countries

2,400 employees



Net sales Jan-Sep 2023



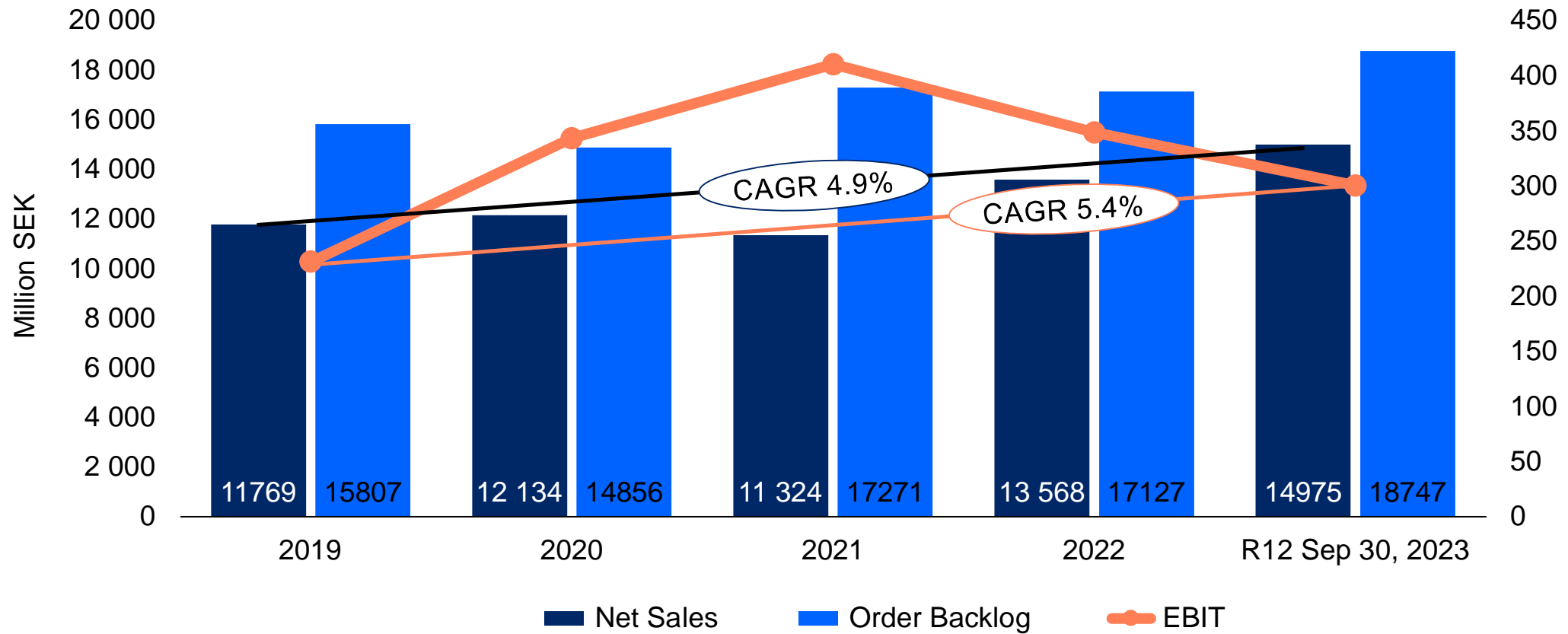
Share of net sales,
Jan-Sep 2023

Denmark
48%

Finland
36%

Norway
16%

Strong order backlog and growth – focus on profitability and growth in earnings



Three countries with many similarities – and some differences

Denmark

Strong market

Top 3 market position

Leading in profitability

Finland

Weakest of the Nordic markets

Top five market position

Actions taken to improve profitability

Norway

Small but growing

Top ten market position

Focus on selected segments and operational excellence to manage growth

Focus on strong segments

Residential



Refurbishment



Healthcare



Hotels



Offices



Swimming facilities



Security classified buildings



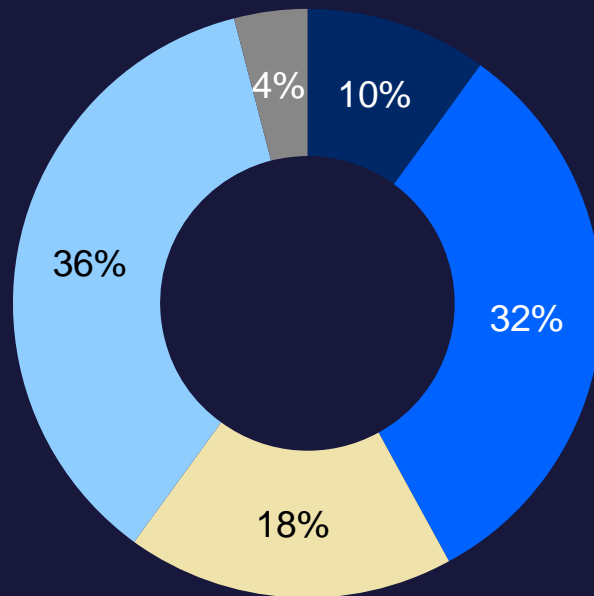
Denmark

Finland

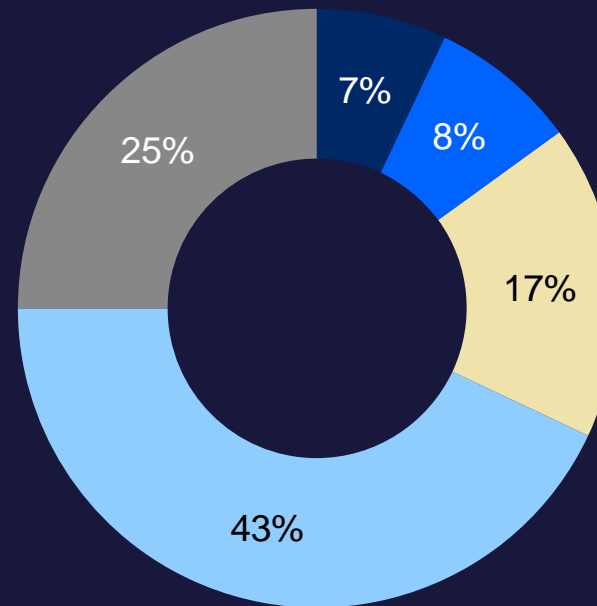
Norway

Gradual adaptation of the portfolio

Orders received, Jan-Sep



2022



2023

- Offices
- Residential
- Refurbishment
- Public buildings
- Other

Summary

- Strong order backlog
- Focus on building on our strengths
- Choose the right projects
- Deliberate change in portfolio
- Operational excellence

Building Sweden

Henrik Landelius
Head of NCC Building Sweden

NCC Building Sweden

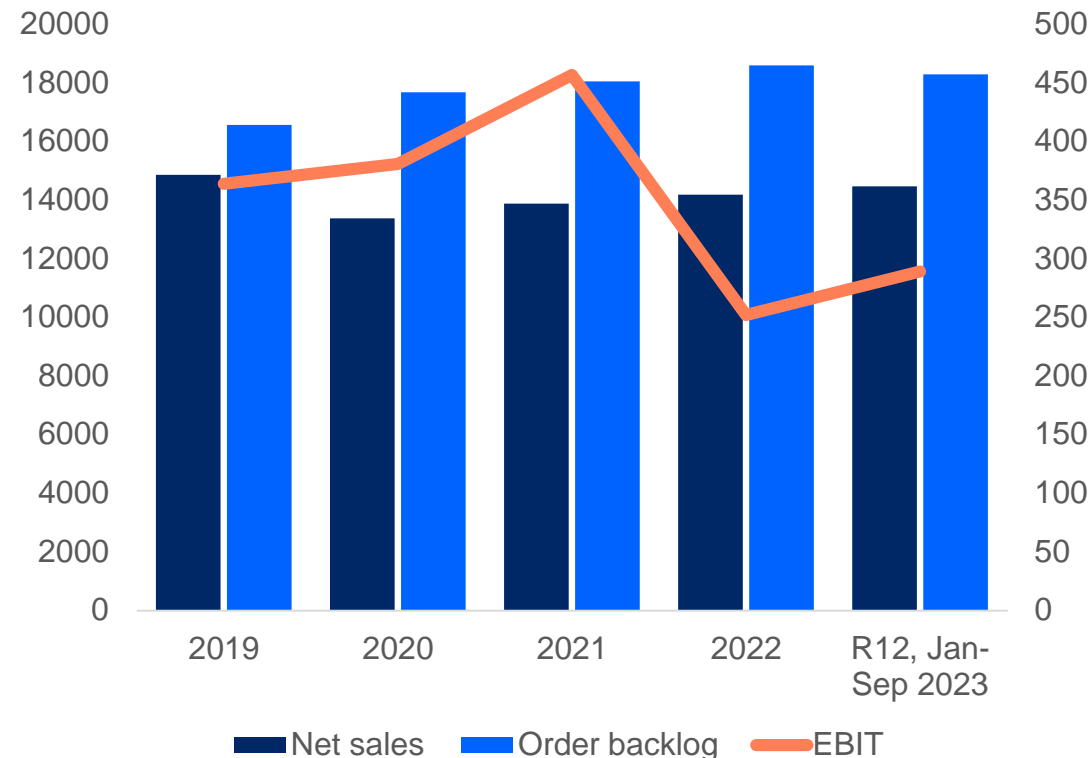
- Geographically present all over Sweden
- 400 ongoing projects
- Stable margins despite a challenging market
- Strong order backlog
- Satisfied customers contribute to strong position in the market
- Customers evenly distributed between public and private
- 2,700 employees



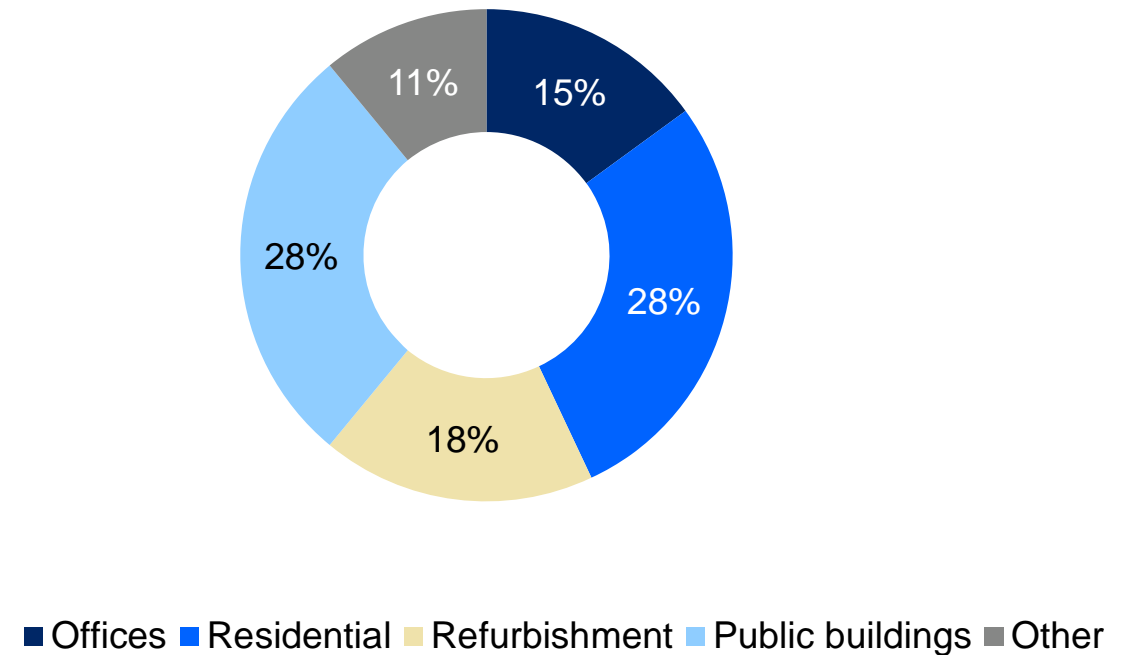
Strong order backlog and improved earnings

EBIT margin Jan-Sep 1.9%

Order backlog

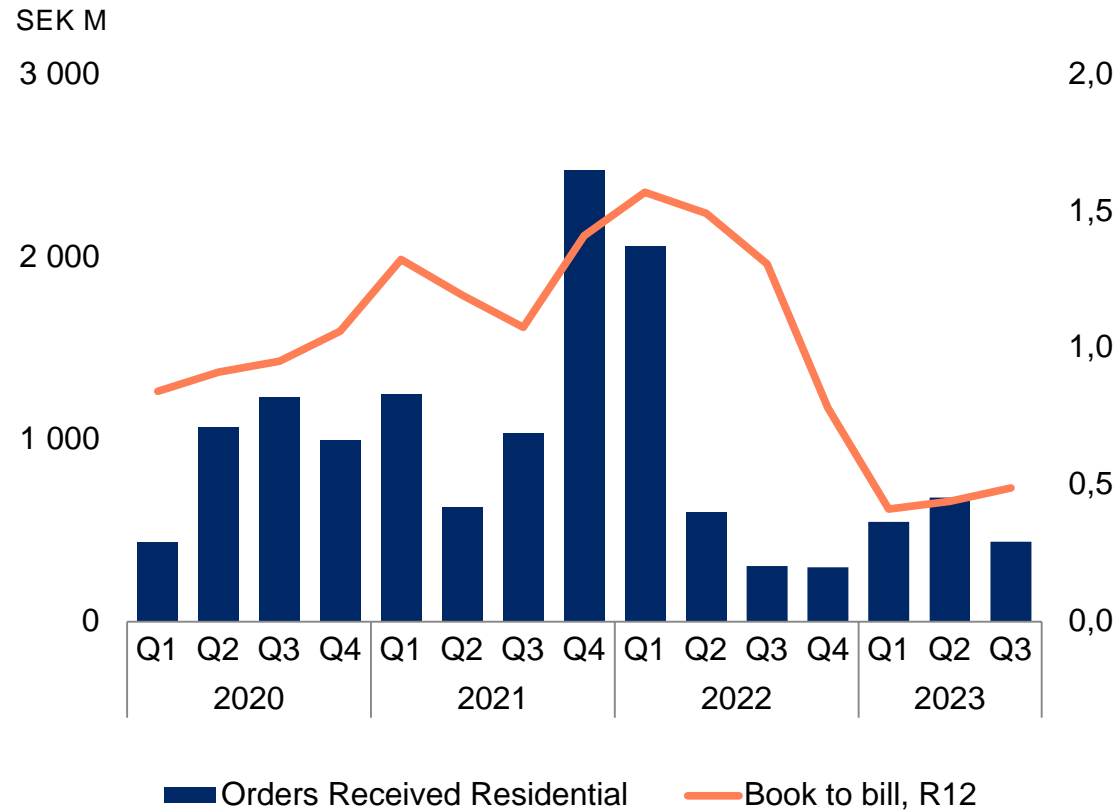


Net sales

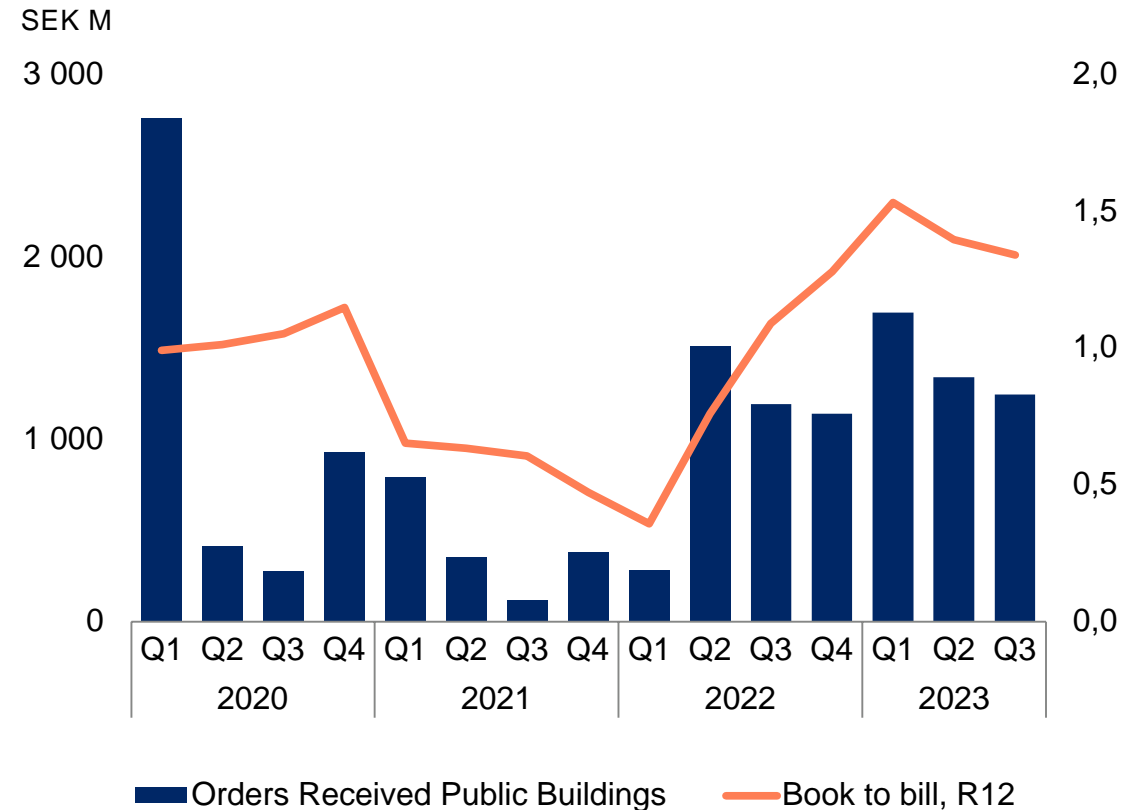


Building Sweden portfolio adjustment

Residential



Public buildings

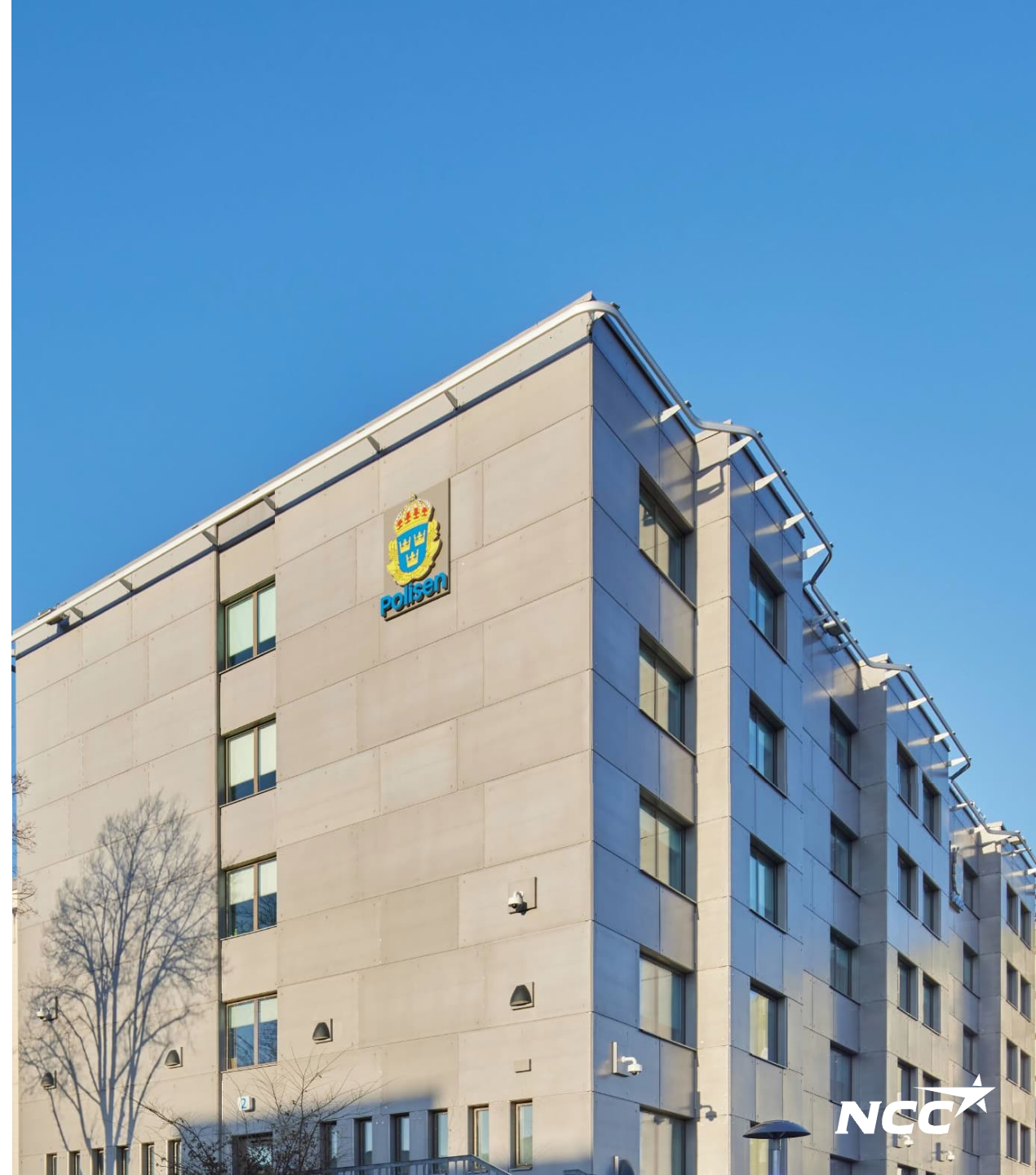


Leading position in prioritized segments



Demand for security classified buildings

- Unstable national and international security situation
- More projects exposed to
 - National protective legislation
 - European security legislation
 - NATO requirements
- Competence center to meet the demand on the market and leverage knowledge



Summary

- Strong order backlog and improved earnings
- Leading position in prioritized segments
- Well positioned to meet the clear demand for Public Buildings



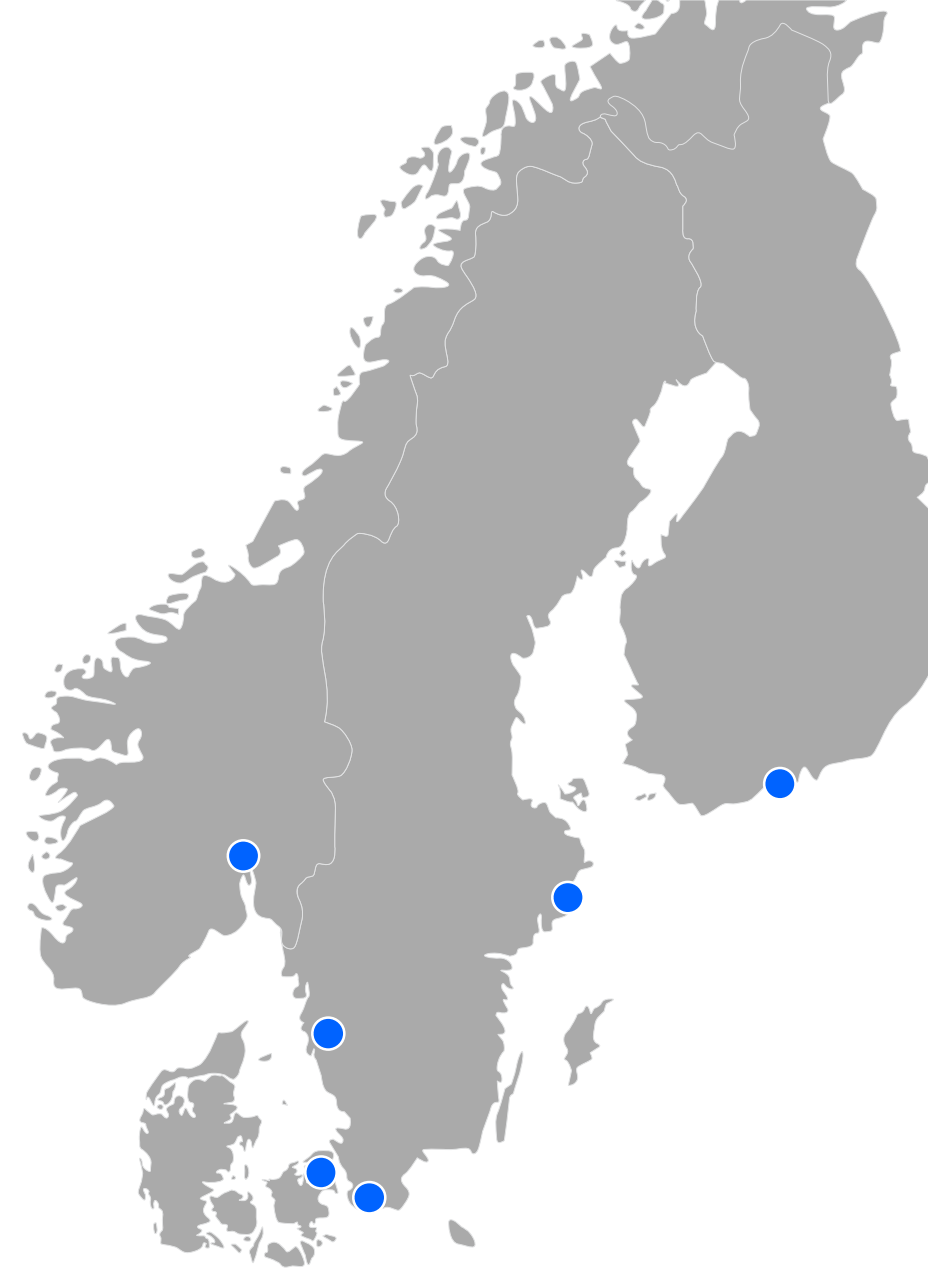
Property Development

Joachim Holmberg
Head of NCC Property Development

NCC Property Development

A development focused
and specialized
business area

Active in in the Nordic
capitals and major
cities

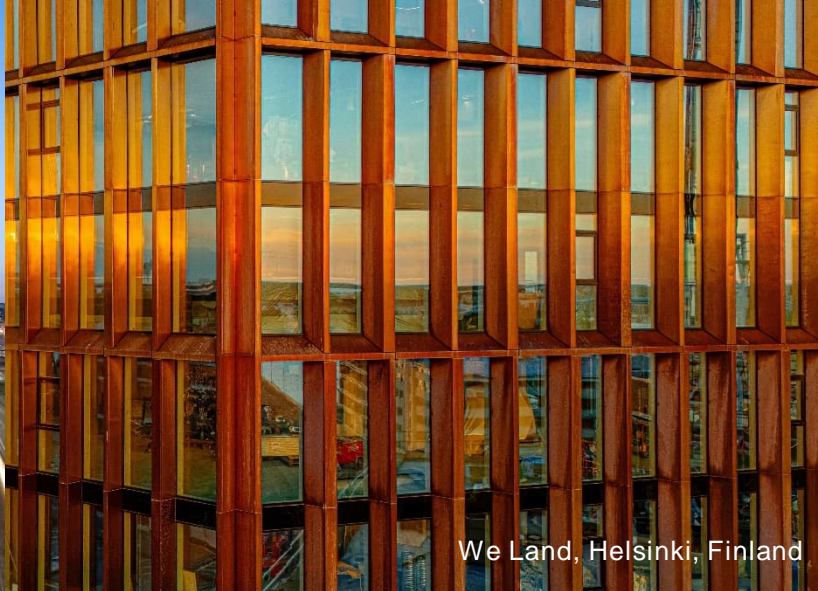


Our core segment

Commercial developments



Våghuset, Gothenburg, Sweden



We Land, Helsinki, Finland



Arendal, Gothenburg, Sweden



MIMO, Möndal Sweden



Valle Vision, Oslo, Norway



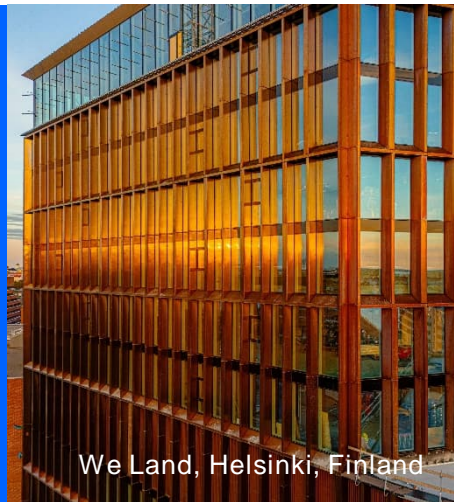
Hangar 5, Stockholm Sweden

Ongoing Portfolio Q3

7 projects

130,000 sqm

Completion rate
56%



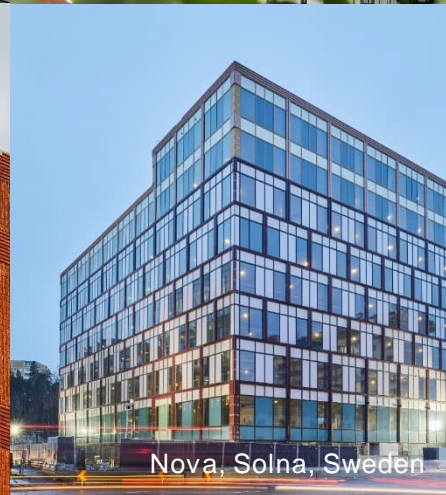
We Land, Helsinki, Finland



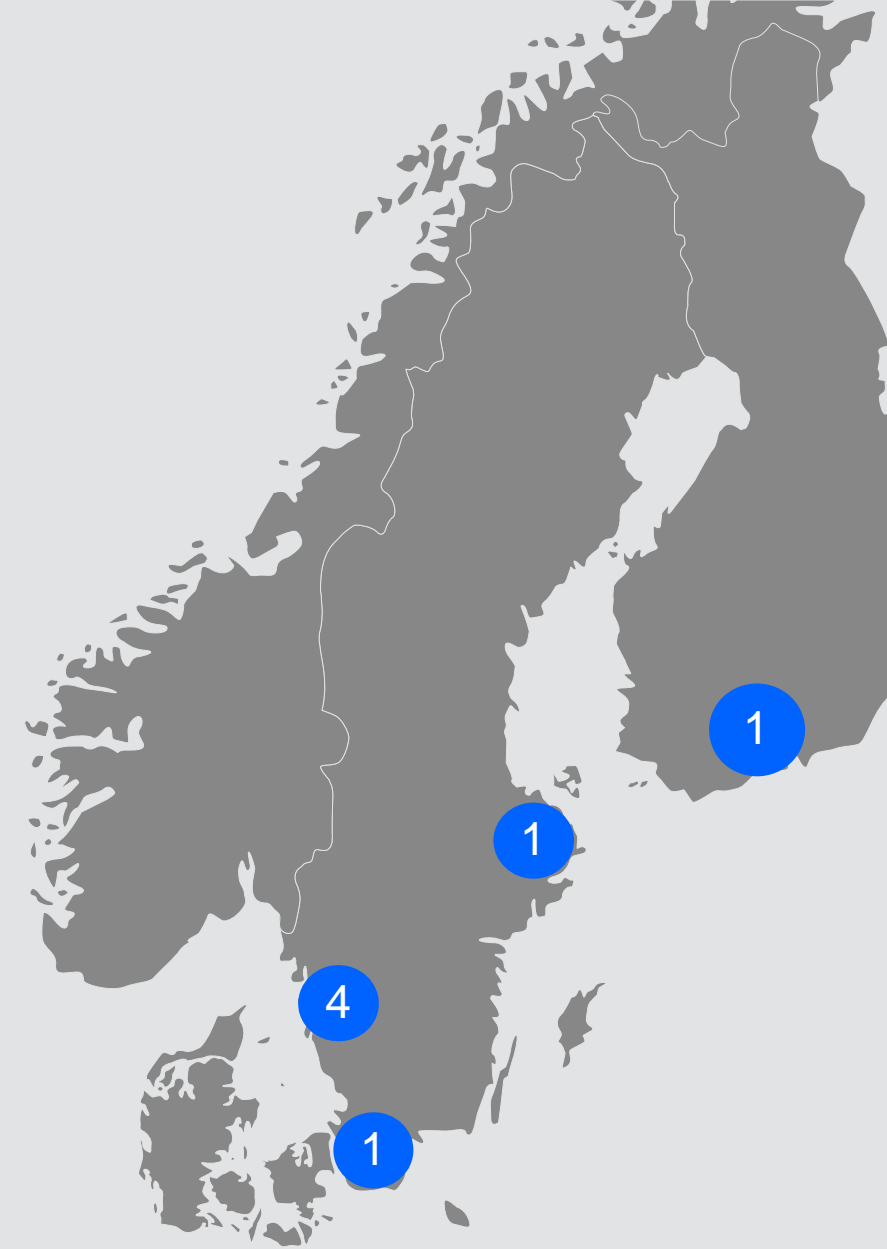
MiMo, Gothenburg, Sweden



Flow, Malmö, Sweden



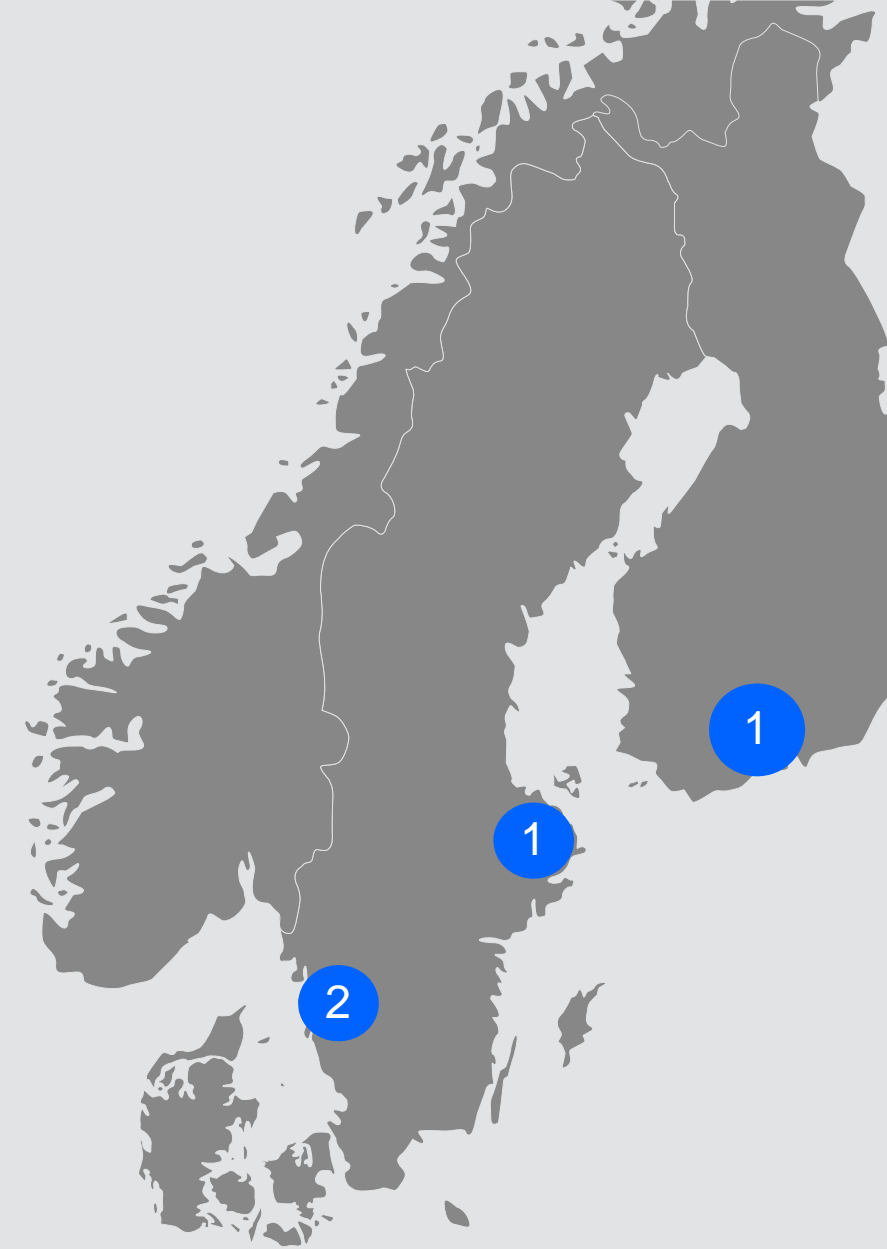
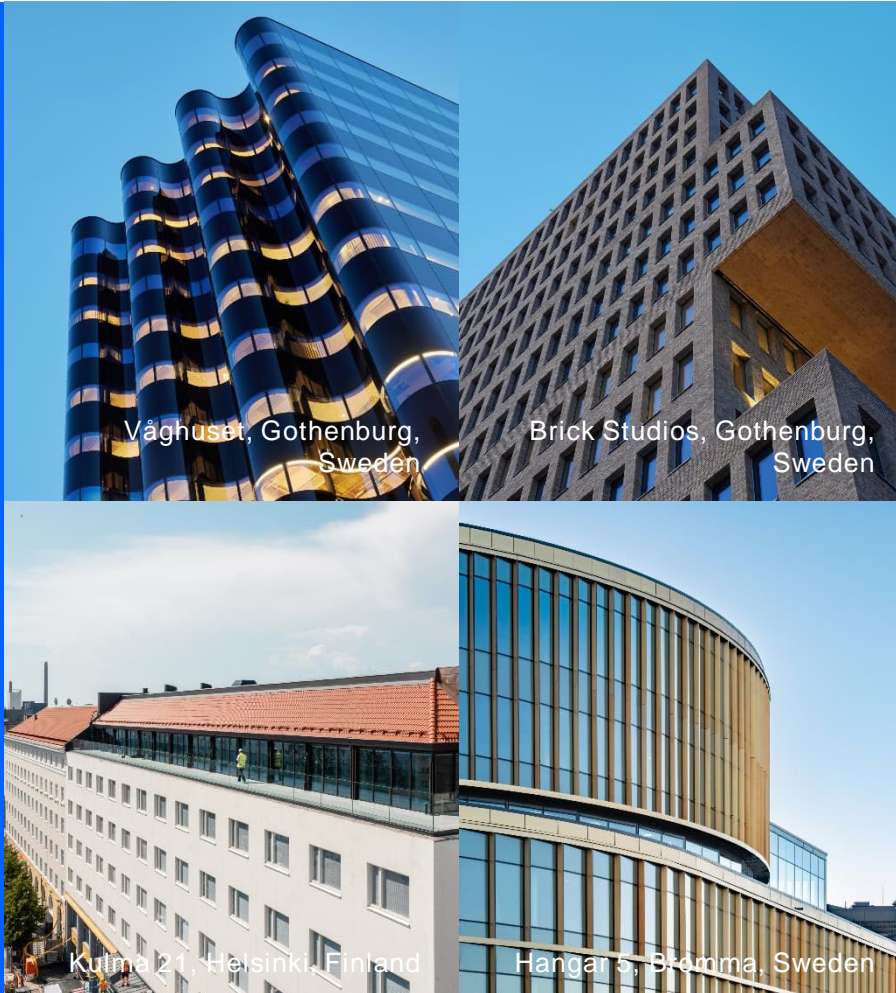
Nova, Solna, Sweden



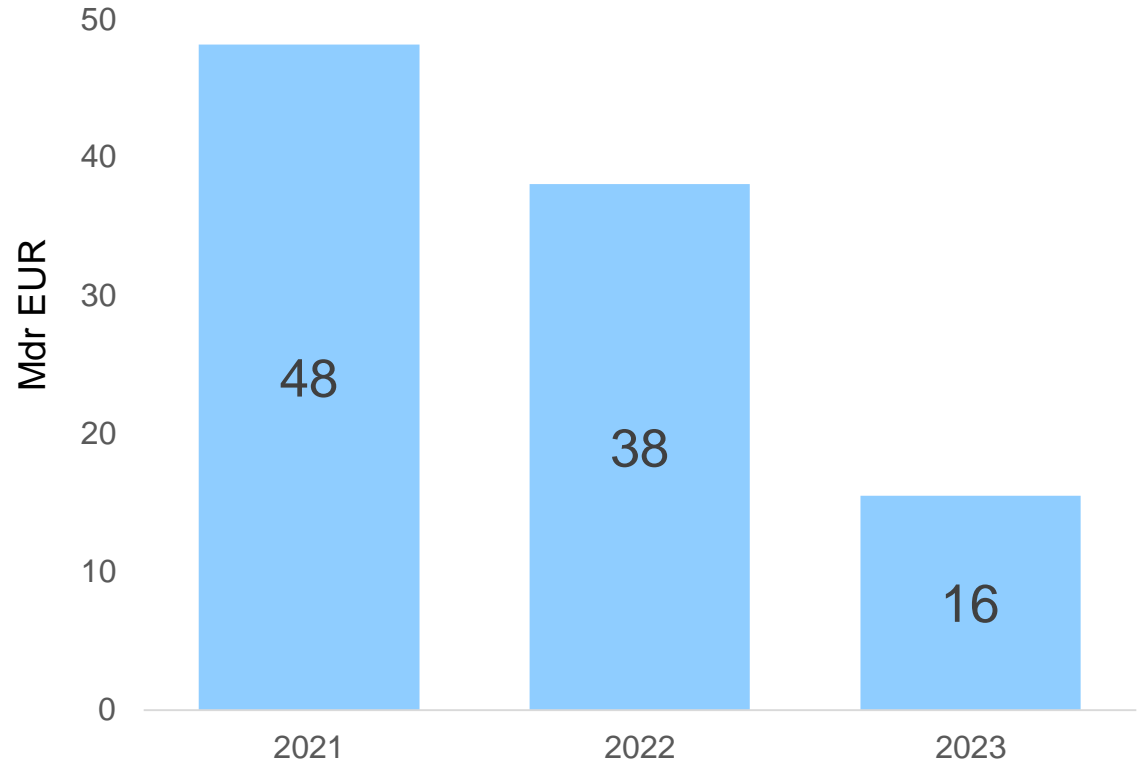
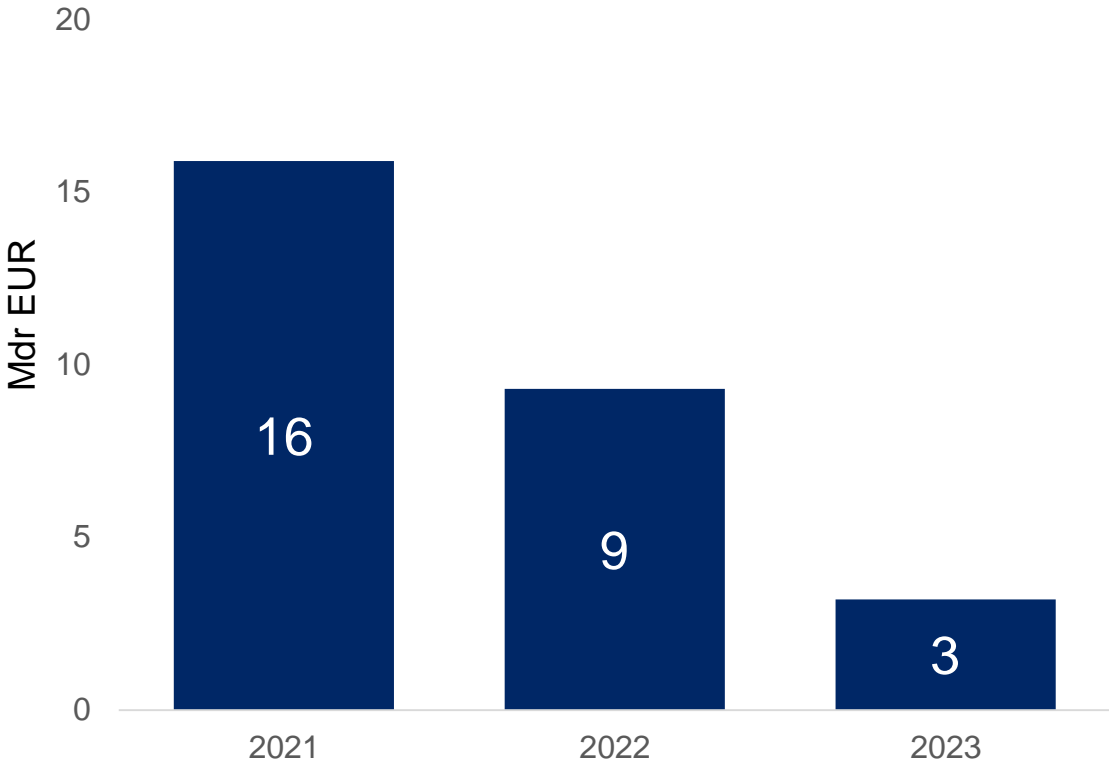
Completed Portfolio Q3

4 projects

87,000 sqm



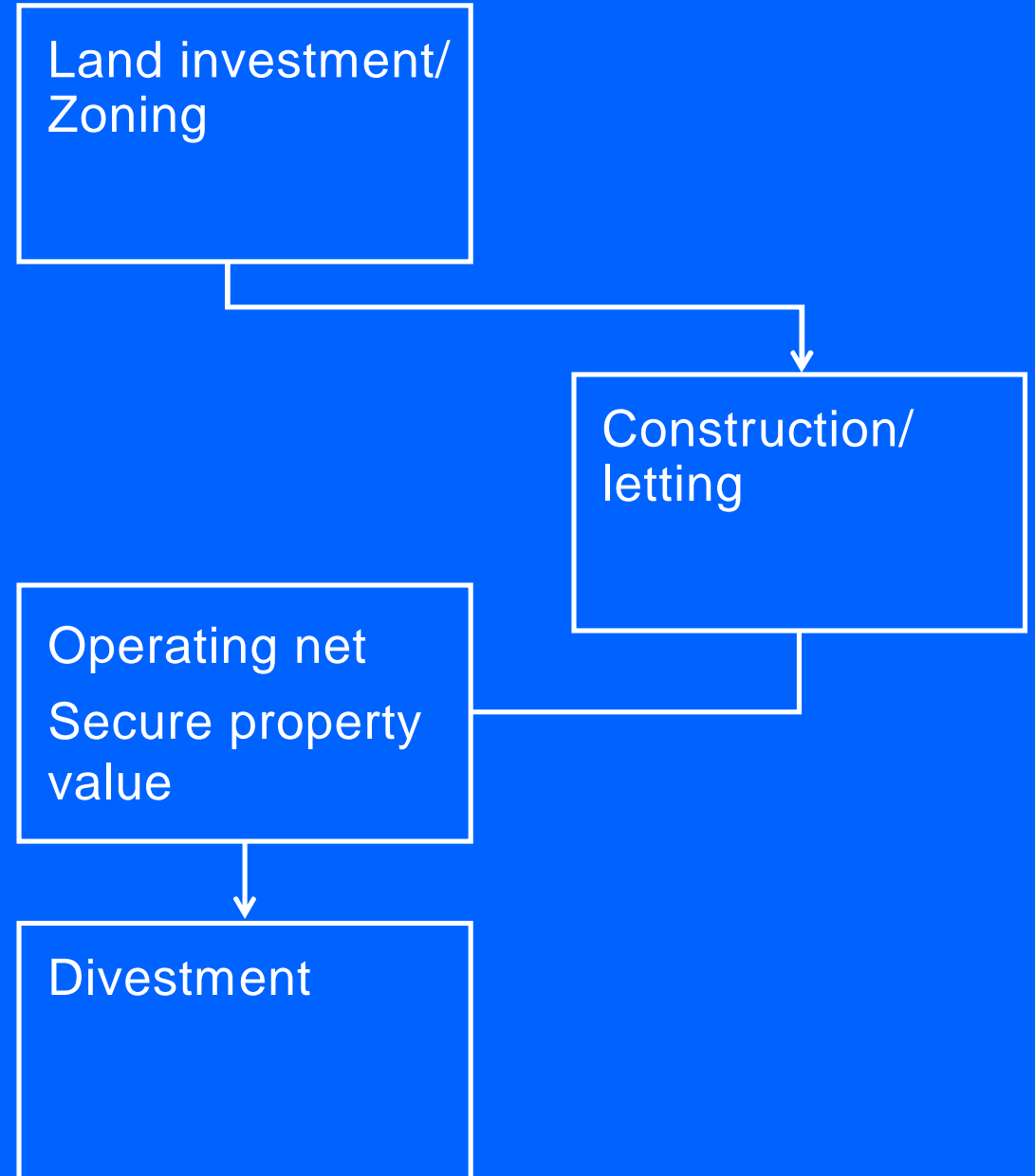
The Nordic transaction market considerably down compared to previous years



Source Newsec Advice

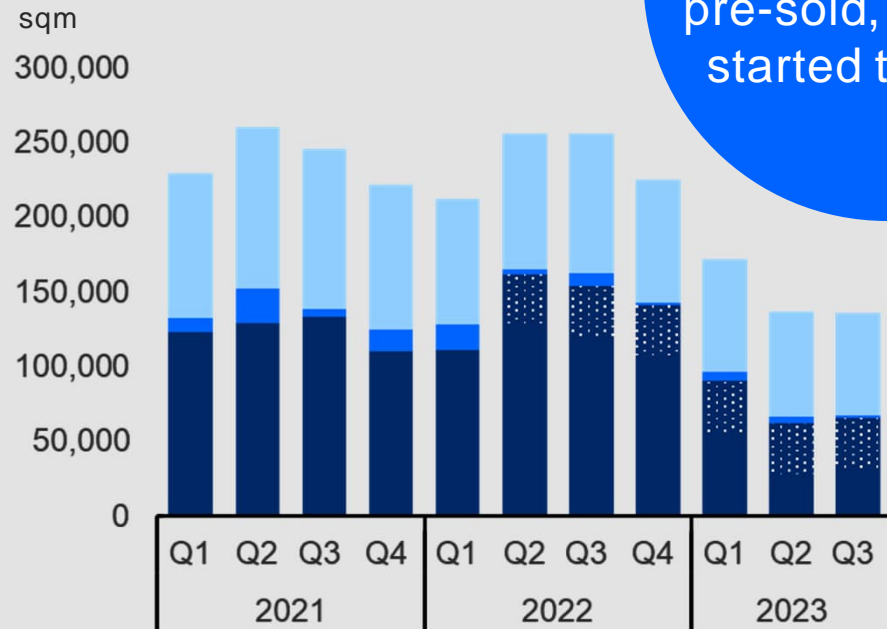
Adapting the way we work

Our core objective is divestment of completed projects but we are adapting the way we work to ensure that we maximize the property value of the completed projects in our portfolio.

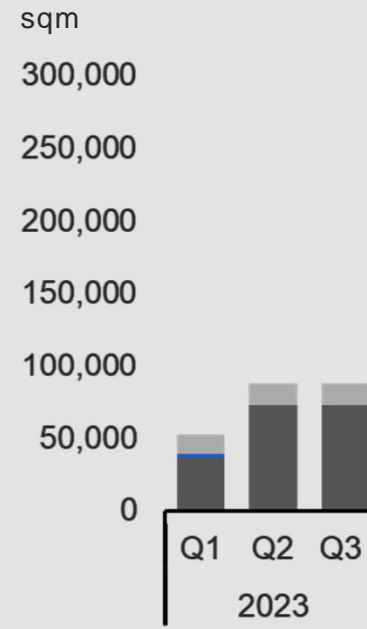


Current project portfolio – Sweden and Finland

7 ongoing projects,
34% let, 3 projects
pre-sold, 1 project
started this year

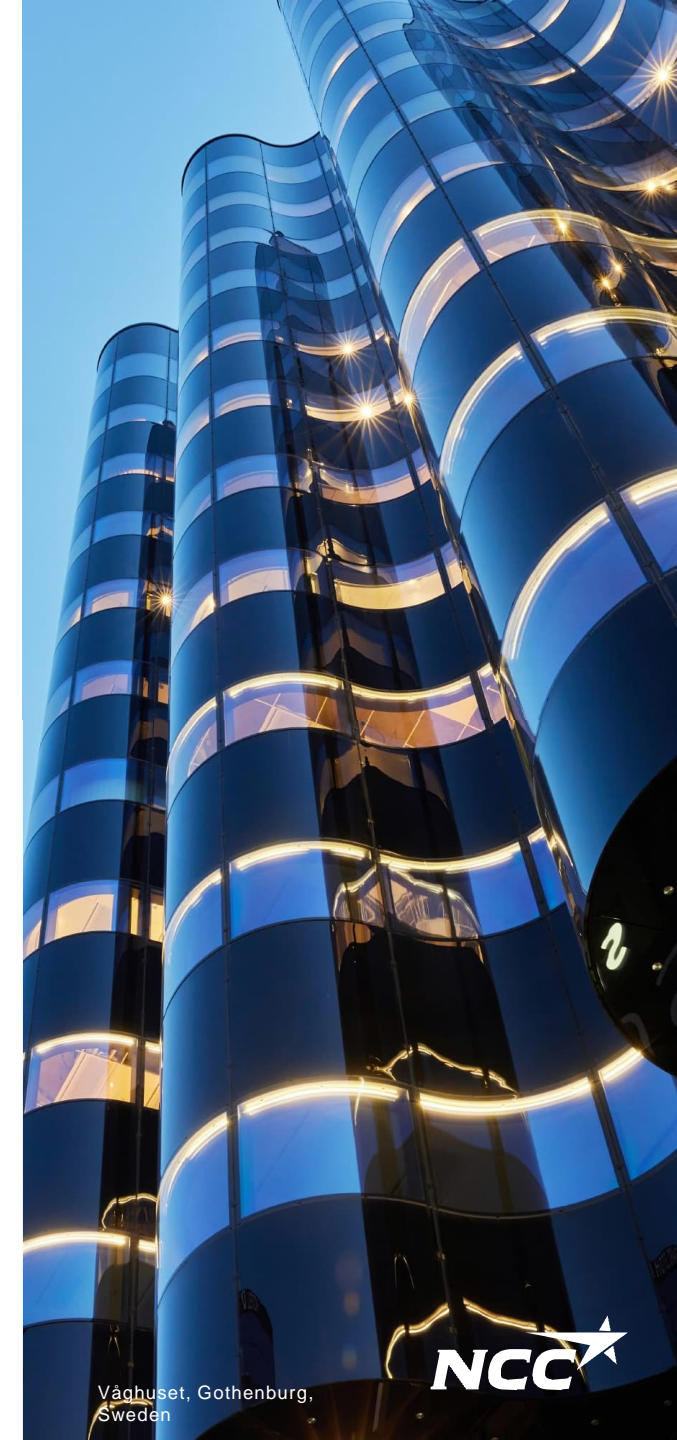
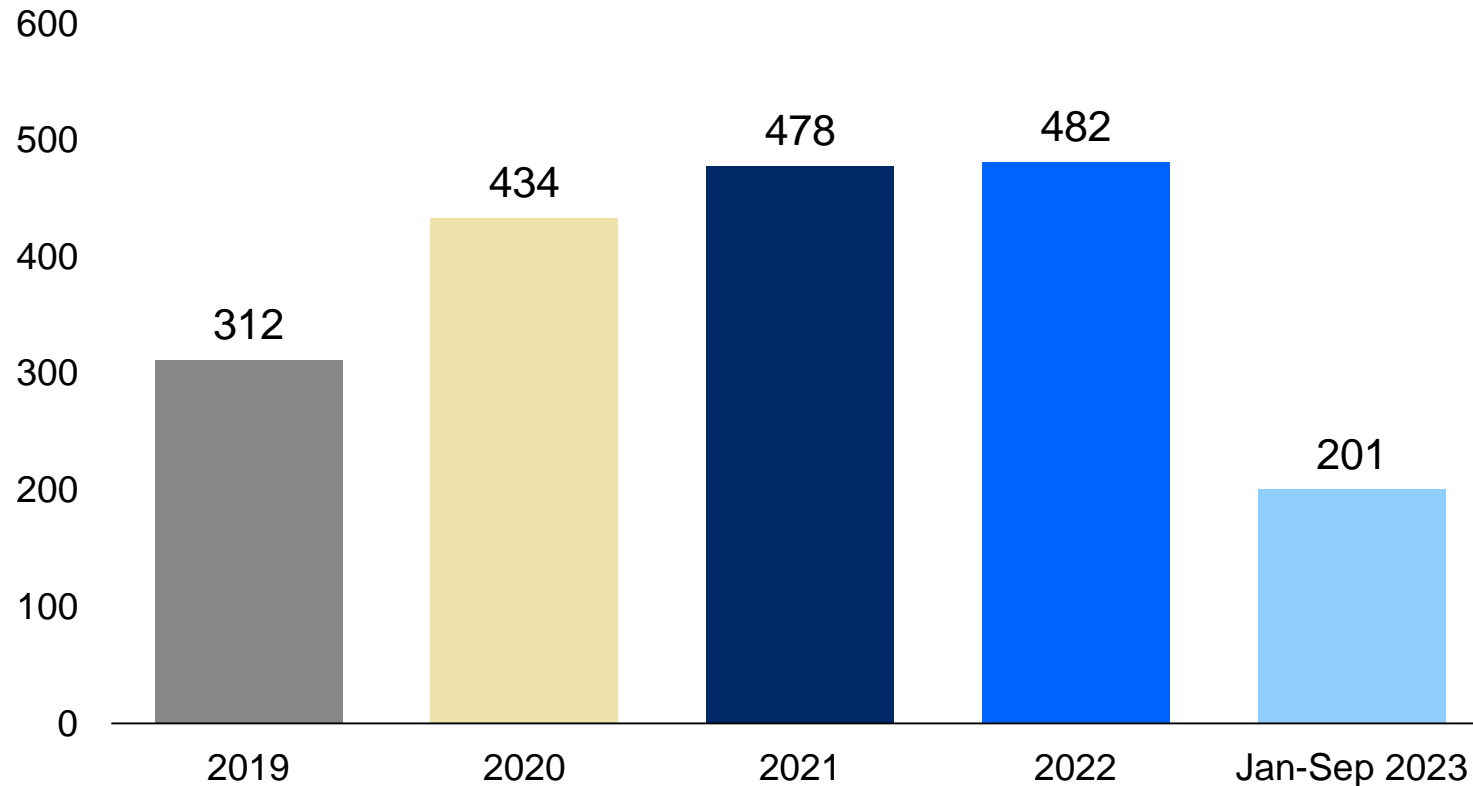


4 completed
projects, occupancy
rate 87%



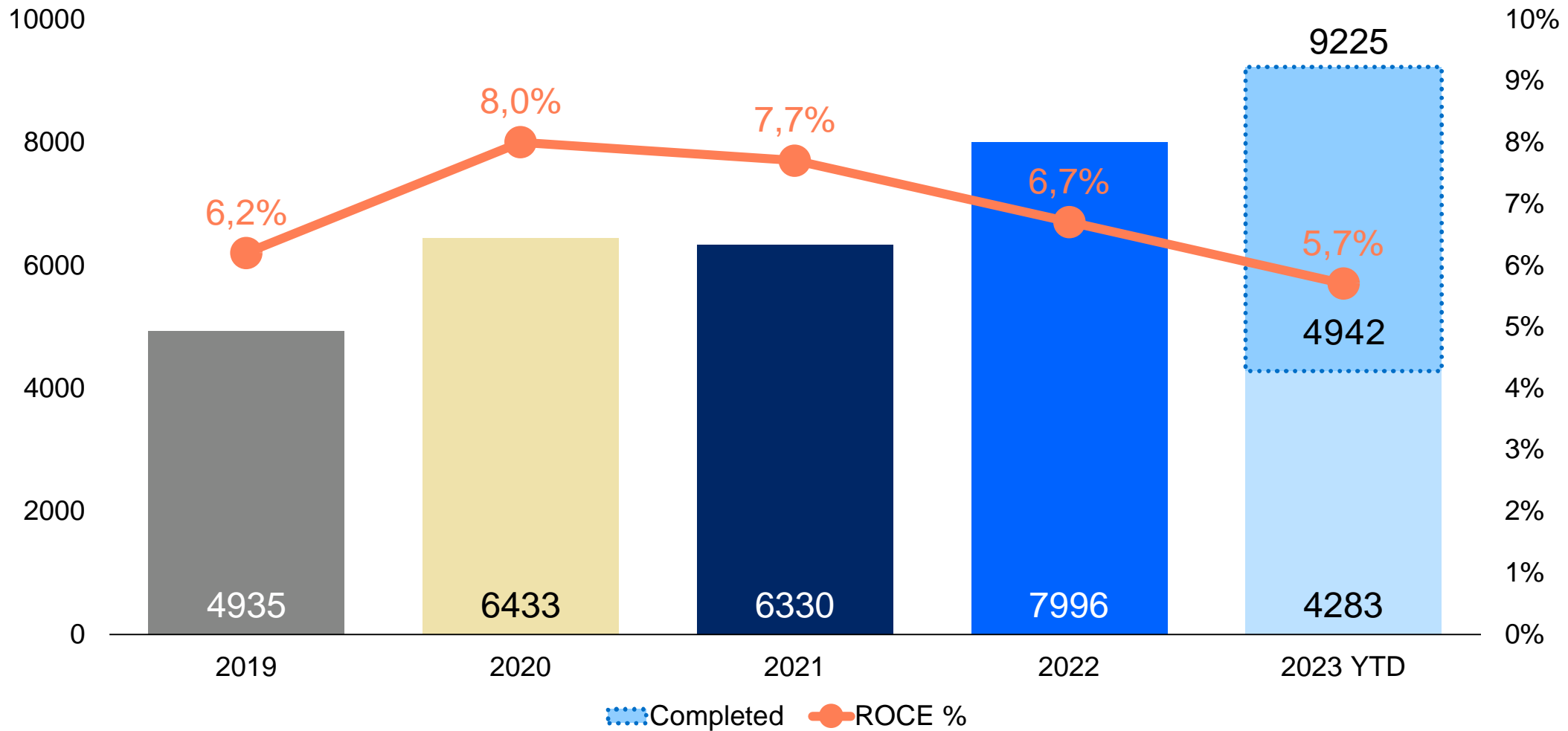
Profit recognized when built, let, sold, paid and handed over

EBIT, SEK M



Increased investments in ongoing projects

Capital employed and ROCE



Summary

- High quality portfolio of ongoing and completed projects
- Keeping completed projects until the market activity is back
- New project starts requires high letting level and secured exit

- Tenant focus – based on customer insights
- Develop pipeline, backfill landbank and progress zoning



Industry

Grete Aspelund
Head of NCC Industry



Market leader in the Nordics in asphalt and stone materials

Stone materials

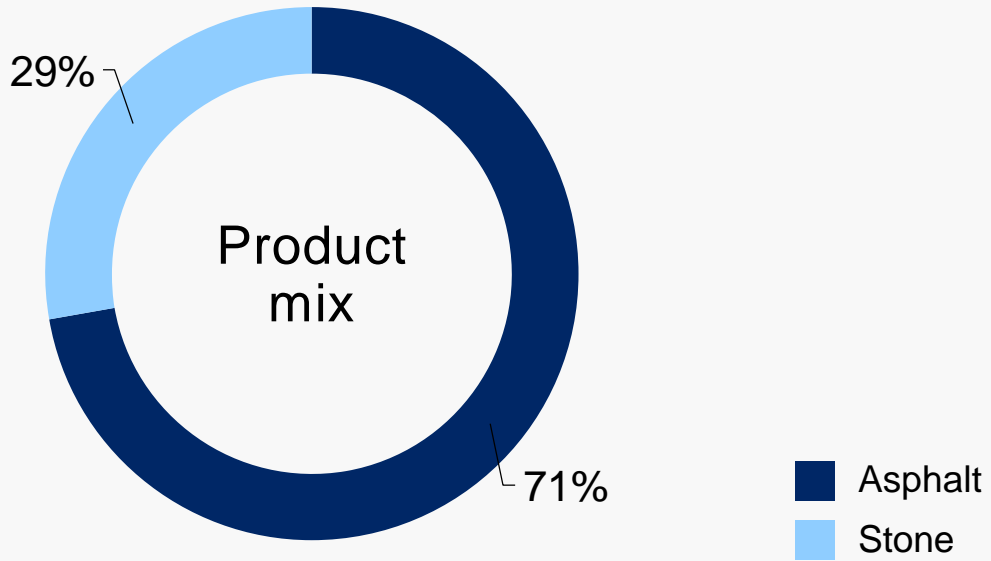


Asphalt production

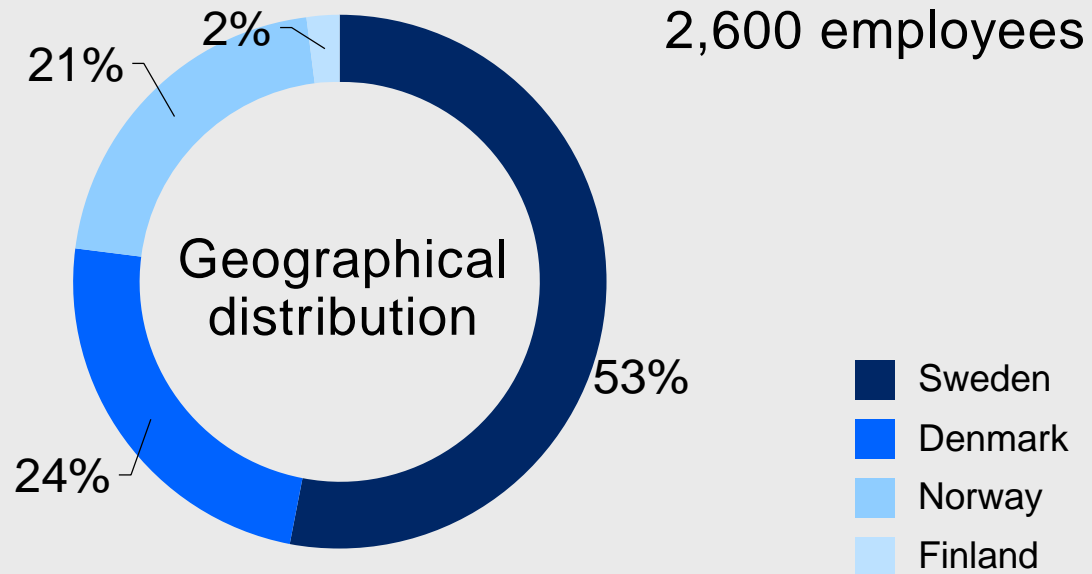


Paving services



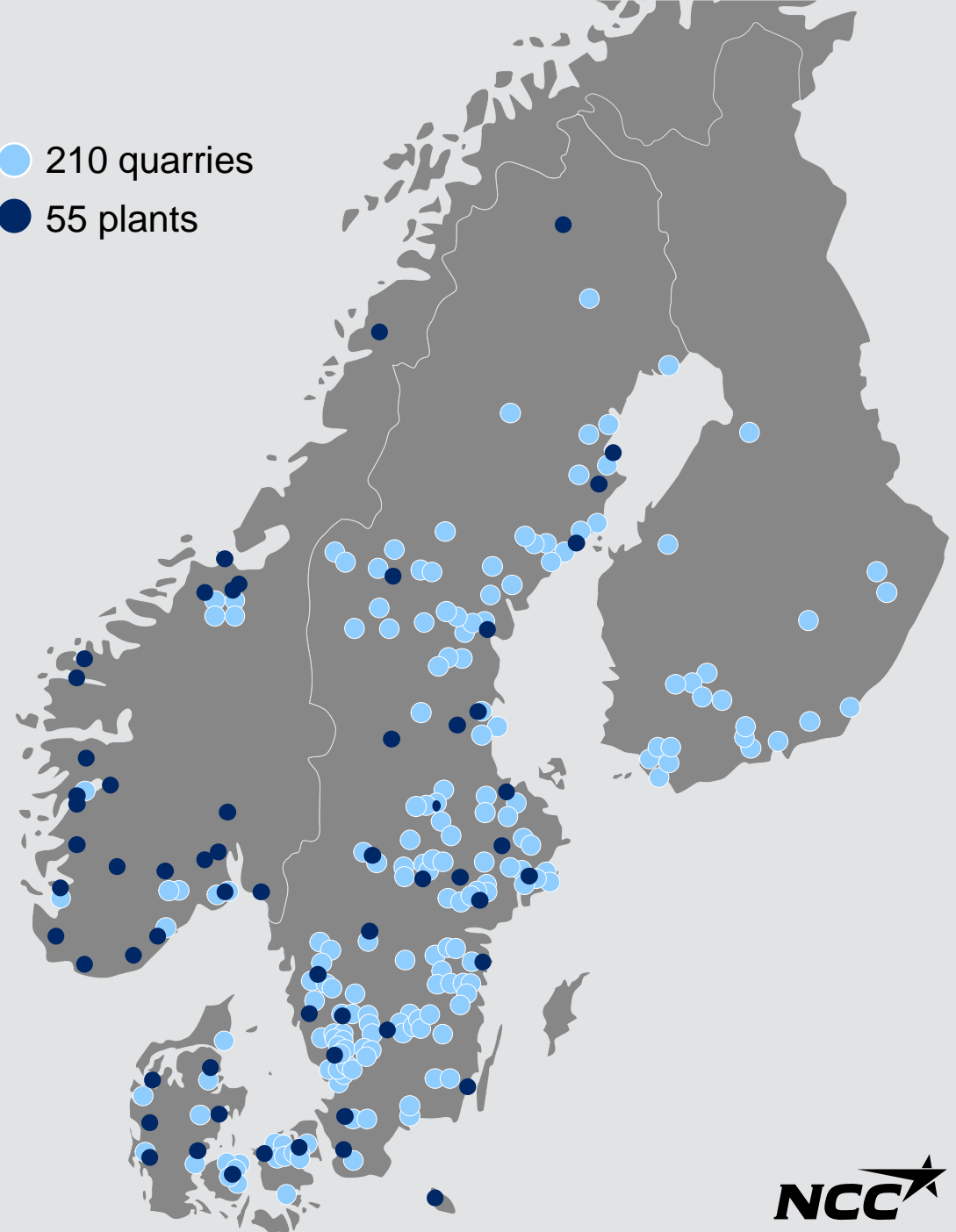


Jan-Sep 2023



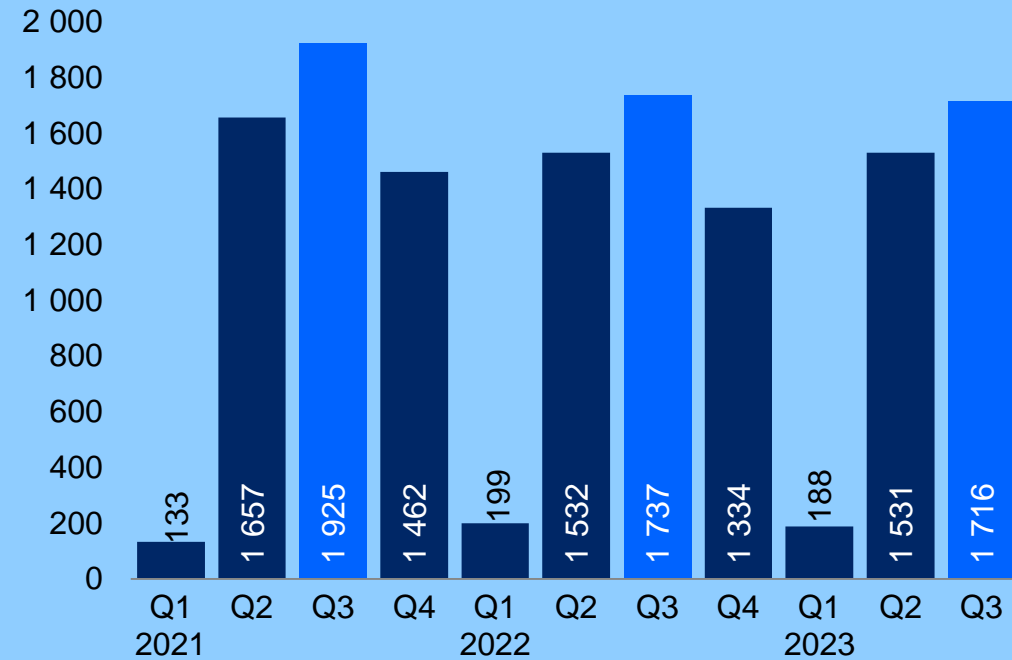
2,600 employees

210 quarries
55 plants

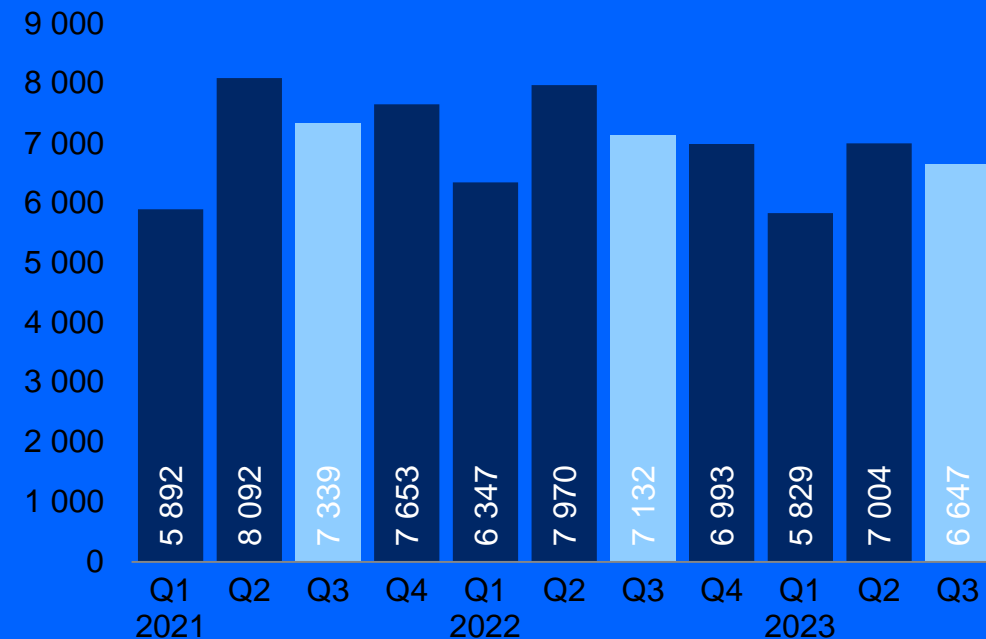


Stable market – recent cost shock

4.8 million tons asphalt

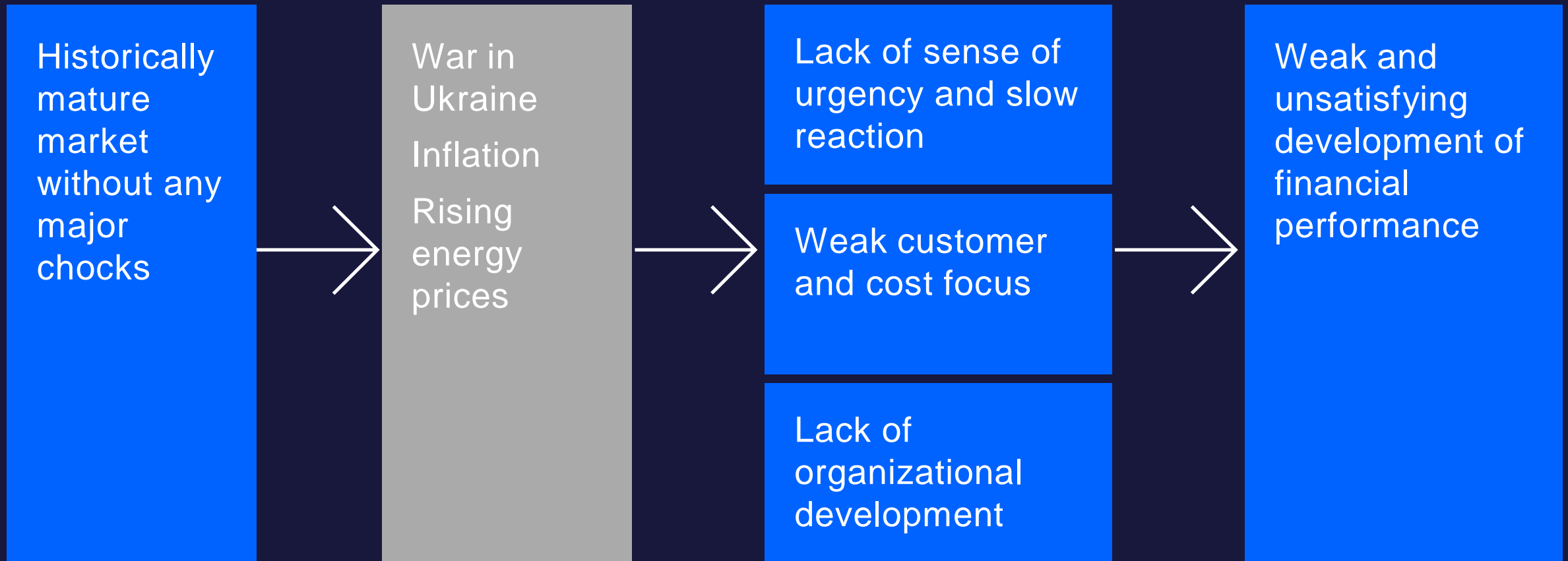


28.4 million tons stone



Volumes sold (2022)

Starting point for Industry 2022



Actions and measurements

Sense of urgency

- Shortened reporting lines
- Clear target and expectation setting
- Improved cost management
- Increased predictability through supply chain management

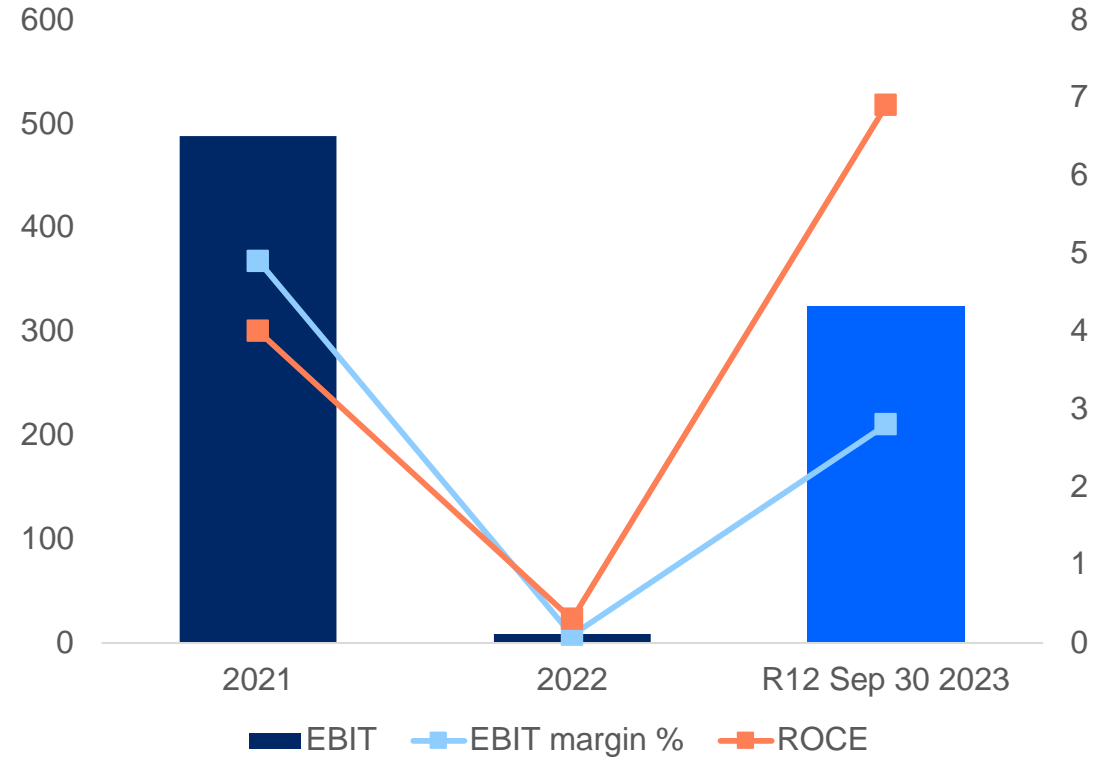
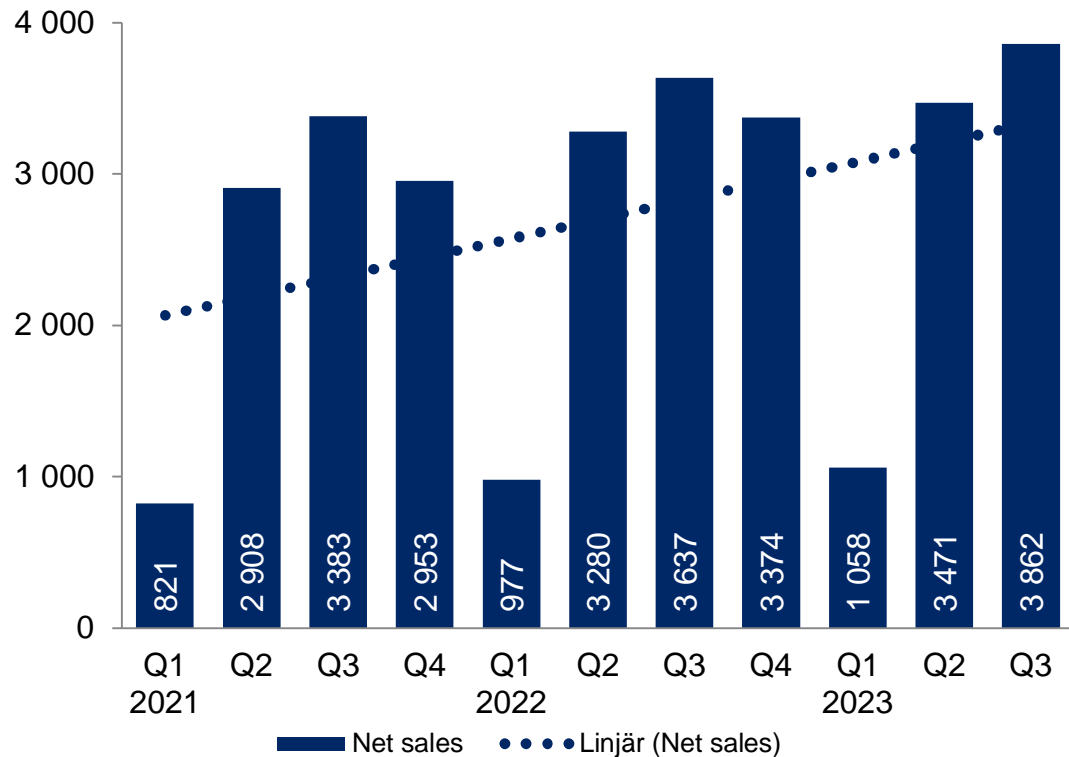
Customer and price

- Customer dialogue
- Contract management
- Selection of customers and projects

Organizational development

- Strengthened leadership
- Clarified expectations
- Enhanced recruitment and development programs

Higher prices visible in net sales – returning to more normal earnings

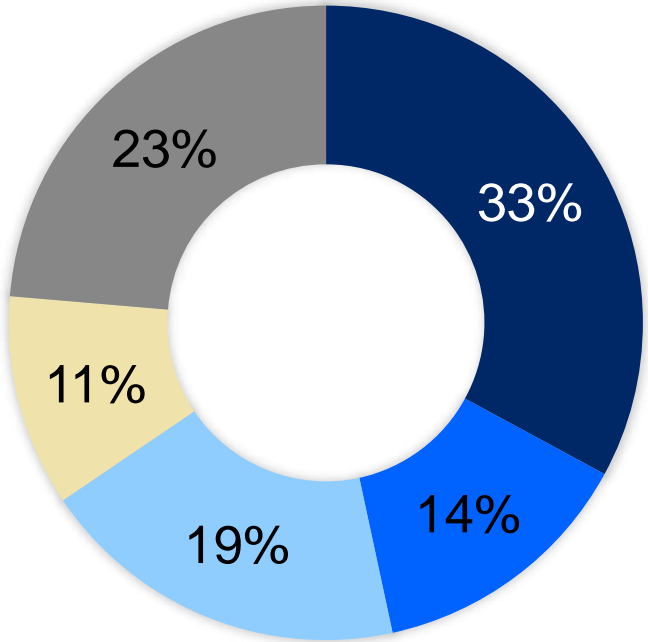


Volumes expected to stay relatively stable over time

- In the short term, some remaining impact from cost increases and more muted municipal economic
- Road maintenance debt large and growing in all Nordics countries
- Stone volumes follows general construction trends
- NCC has a more diligent project selection



Market segment mix, total market



- Private
- Municipality projects
- Municipality maintenance
- State infra
- State maintenance



On stable ground – highlights

- ① Turnaround for low performing units - now delivering result
- ② We have managed to achieve more sustainable pricing
- ③ There is good activity levels in our markets
- ④ Strong market position – we will leverage that
- ⑤ Aim to outperform the market development

Summary – the turnaround and forward

- NCC Industry back on normal profit levels
- Diligent cost management
- Close customer contact and contract management
- Continued work with pricing and customer segmentation
- Climate criterias in procurement will increase – Industry well positioned



Climate

Grete Aspelund
Catarina Molén-Runnäs



Climate and Energy targets

Reduction targets for 2030

Scope 1 and 2, ton CO₂e
per SEK M net sales

-60%

-58%

30 June, 2023

Scope 3, kg Co₂e/bought volumes
Selected categories

-50%

Ready-made
concrete

-20%

30 June, 2023
compared to 2015
(kg CO₂e/m³)

Asphalt

-29%

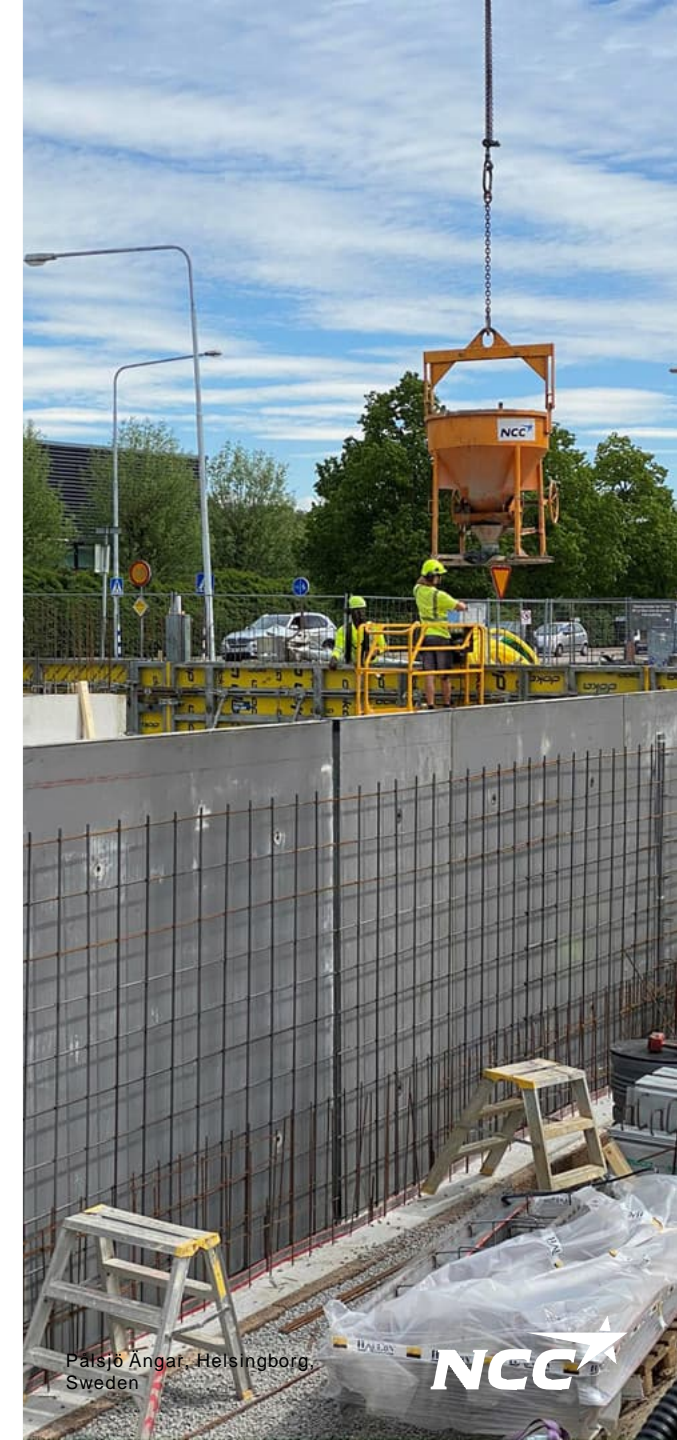
30 June, 2023
compared to 2015
(kg CO₂e/ton)

Rebar steel

-43%

30 June, 2023
compared to 2015
(kg CO₂e/ton)

Transport
In progress



Where do emissions come from?



Yellow machines and crushing plants in the sites:
37,800 ton



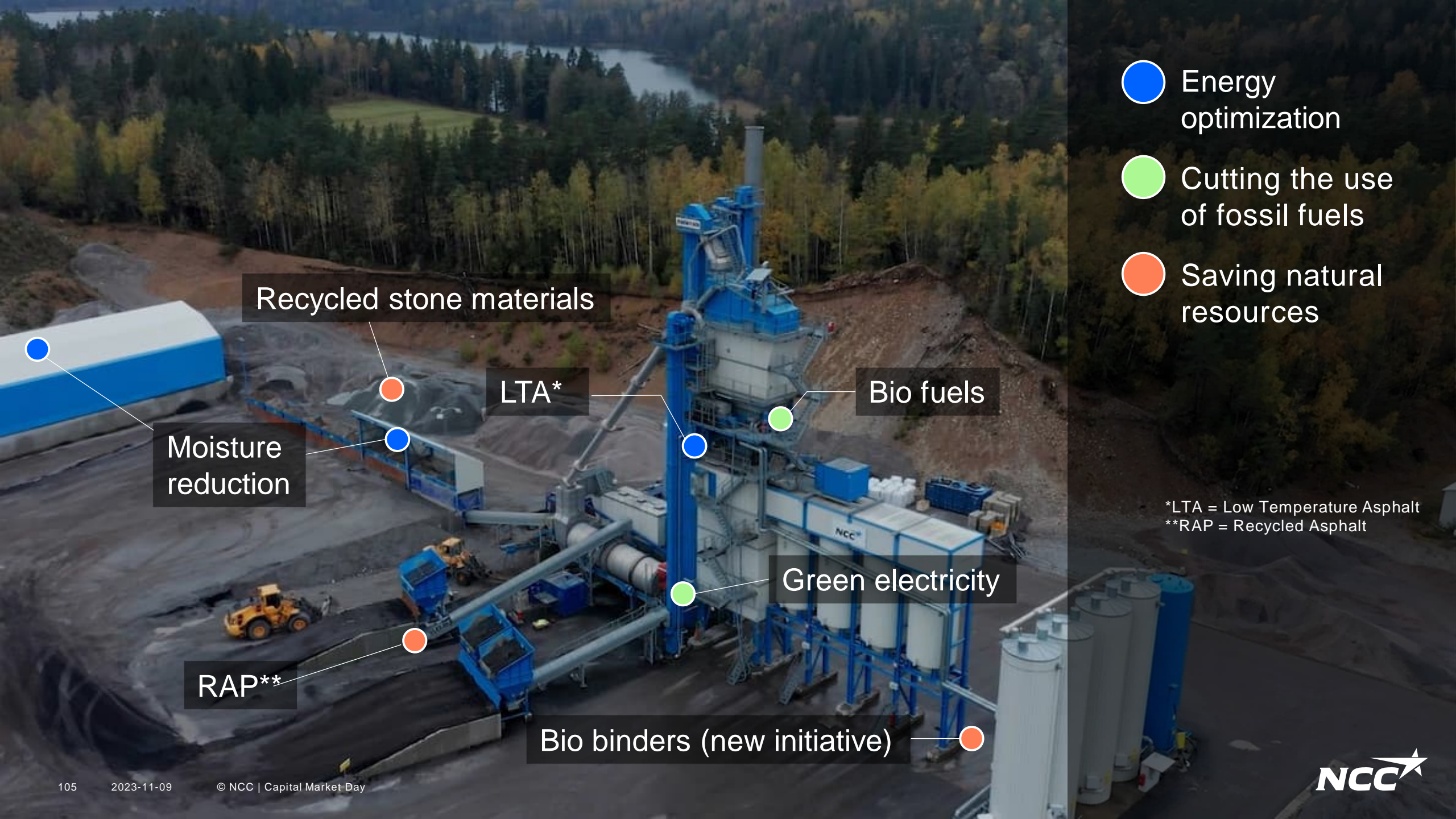
Machines for asphalt milling and paving:
21,650 ton



Asphalt plants:
40,750 ton



Ships (extraction of marine aggregates):
6,300 ton



Recycled stone materials

Moisture reduction

LTA*

Bio fuels

Green electricity

RAP**

Bio binders (new initiative)

Energy optimization

Cutting the use of fossil fuels

Saving natural resources

*LTA = Low Temperature Asphalt
**RAP = Recycled Asphalt

Actions to reduce energy use and GHG emissions

Division Stone Materials

- Shift to biodiesel in vehicles in Sweden
- Electrification of sites and mobile crushers in Sweden
- Focus on reduced idling
- Eco-driving/eco-operator educations



Division Asphalt

- Shift to wood pellets or TOP in asphalt plants in Norway
- Continue to increase biofuel share in converted asphalt plants in Sweden and Norway
- Reduce moisture content and aim for long production series
- Monitoring the development of electric asphalt paving equipment



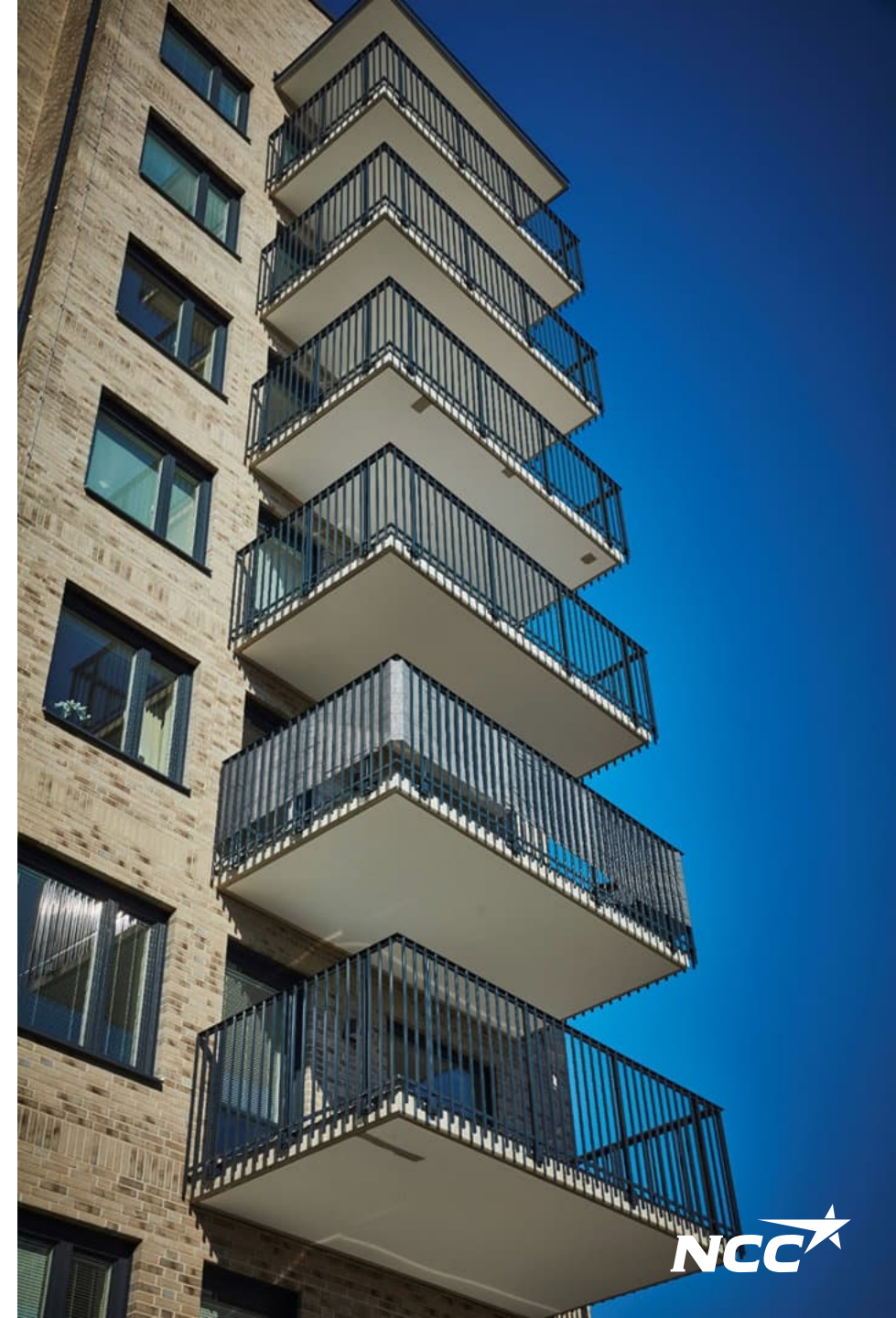
Concrete is the most widely used construction material in the world – and offers many benefits.

At the same time, it has a major climate impact.



Kungsörnen residential housing project, Helsingborg

The climate impact was reduced to nearly half, compared with other corresponding construction projects.



Office Building in Marmormolen wharf in Copenhagen

-24%
emissions

by using FutureCem in concrete wall elements compared to standard elements.

As a single action constitutes for minus 4% of the building's reduction of climate impact.

-25%
emissions

compared to national legislation (BR23) by using lower emissions bricks in facades and loadbearing construction steel

Granåsen football hall, Trondheim

- - 55% emissions The project is using the most climate-improved concrete “lowcarbon extreme” in the Norwegian market in foundations
- 100 ton CO₂e saved in construction of 13 000 m²
- Left over concrete reused in outdoor support walls, benches and stairs
- Site team reports good experience when it comes to castability with need of smaller changes in production routines



Västlänken Centralen, Gothenburg

The project with the most climate-improved concrete in volume today in Sweden.

- Totally 30 percent reduced climate impact
- 350 000 m³ concrete
- Basically only eco-friendly concrete
- Cement has been replaced in production with 16 percent (or more) slag as an alternative.

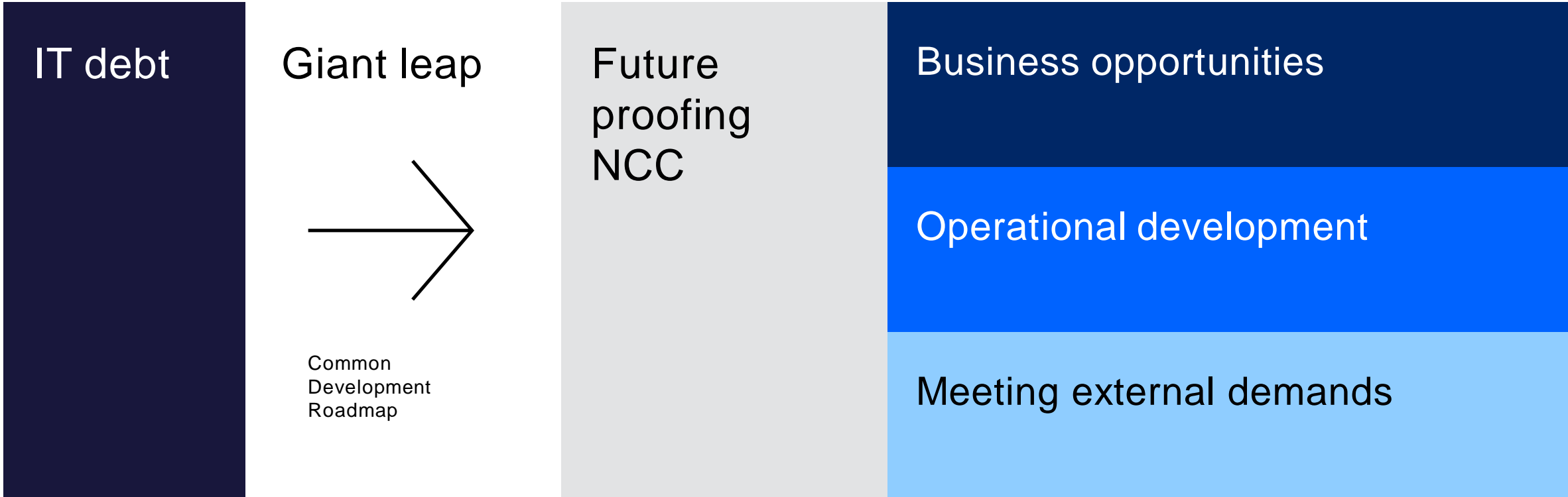


Digitalization

Susanne Lithander
Kenneth Nilsson



The NCC journey to become data informed



A knowledge-based company

Marie Reifeldt
Tomas Carlsson

NCC's foundation is our ability to manage the complexity of a construction process



It's about the people!

100 Mega Project Managers

400 Project Managers

>1,200 Site Managers



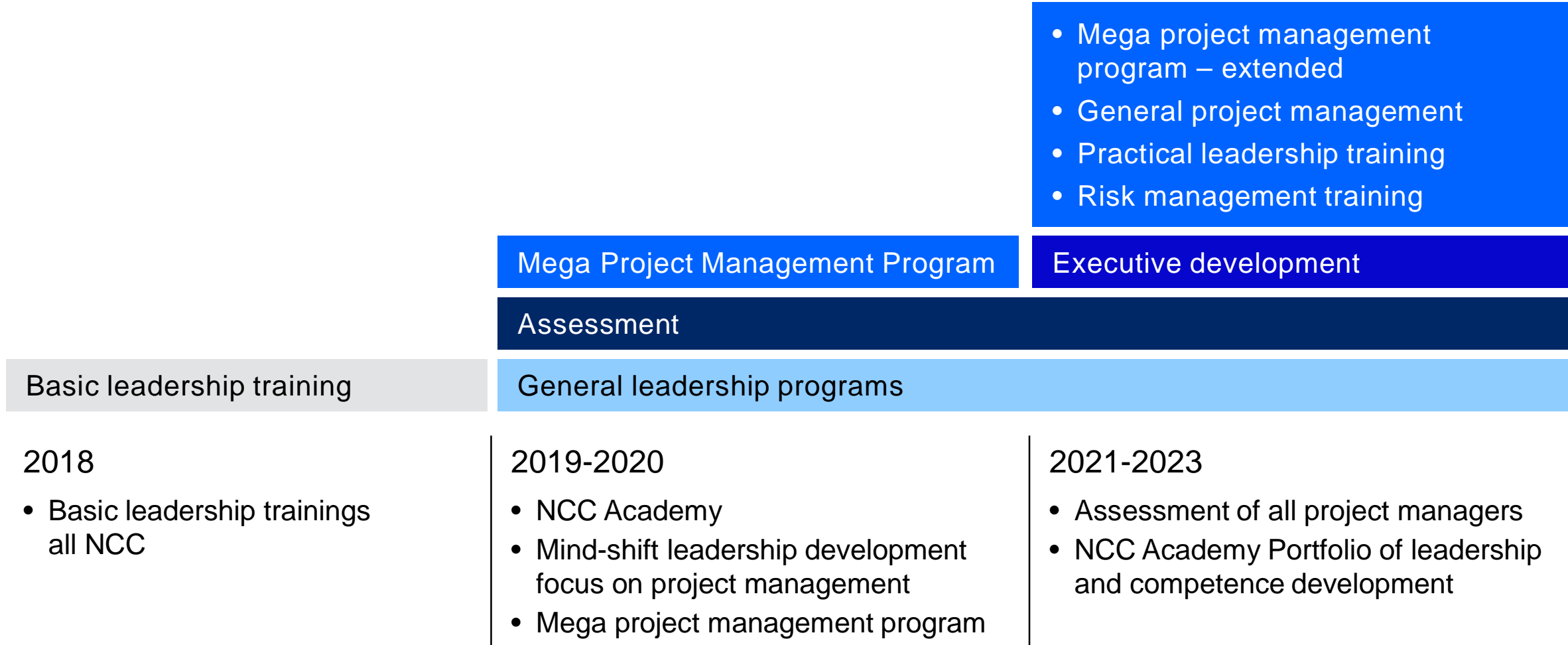


Best project
management
in the industry

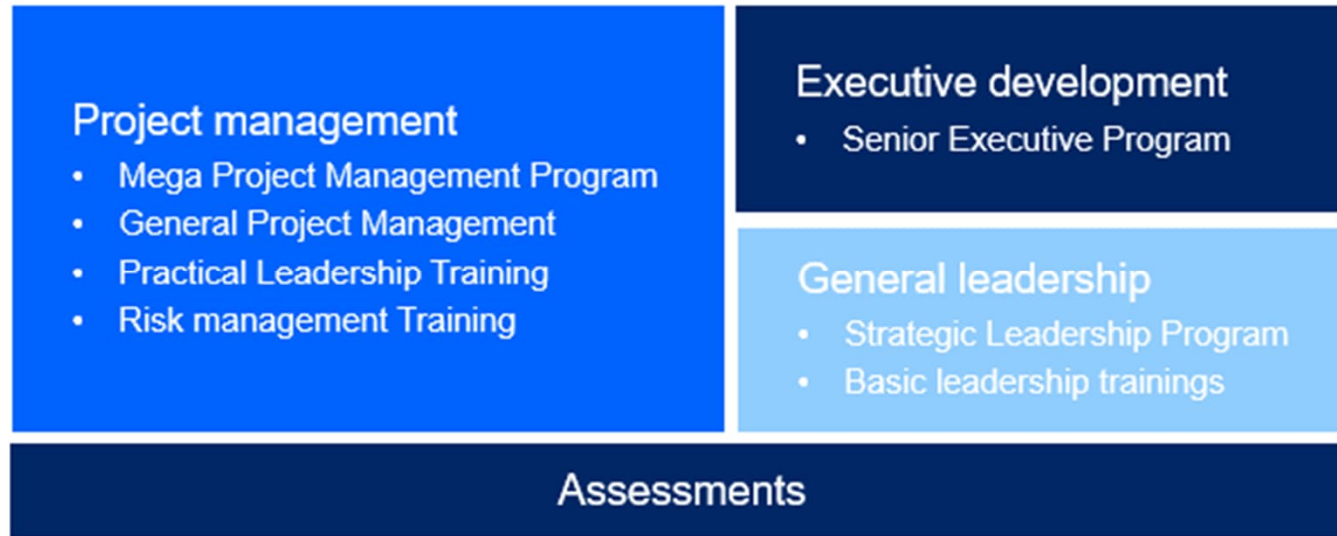


Direct bottom-
line impact

A mind-shift towards project management



NCC Academy – an industry-leading portfolio to develop the best



Summary and conclusions

Tomas Carlsson



Summary

- Well-positioned in the right segments
- Deleveraging risk profile in contracts
- Investing in long term value-creation
- Strong financial position giving flexibility to act



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