



Interim report for the third quarter and the January–September 2019 period

Photo: Valle Wood, Oslo, Norway

Improved earnings from a stable base

“NCC’s earnings is improving as expected from the new baseline from last year’s extensive analysis. The action program we launched is having the intended effect,” says Tomas Carlsson, President and CEO of NCC.

- Orders received for the Group are stable, and the order backlog remains on a high level
- The operating profit of SEK 568 M for the quarter entailed a strengthening of approximately 24 percent compared to the year-earlier period, adjusted for revaluations totaling SEK -1,565 M

Third quarter, 2019

- Orders received: SEK 12,769 M (12,738)
- Net sales: SEK 13,951 M (14,269)
- Operating profit: SEK 568 M (-1,108)
- Profit after financial items: SEK 536 M (-1,133)
- Profit after tax: SEK 459 M (-955)
- Earnings per share after dilution: SEK 4.21 (-8.87)

The January-September 2019 period

- Orders received: SEK 44,340 M (44,093)
- Net sales: SEK 39,995 M (39,513)
- Operating profit: SEK 626 M (-1,020)
- Profit after financial items: SEK 545 M (-1,078)
- Profit after tax: SEK 467 M (-910)
- Earnings per share after dilution: SEK 4.17 (-8.47)

Group, SEK M	2019	2018	2019	2018	Oct. 18-	2018
	Jul.-Sep.	Jul.-Sep.	Jan.-Sep.	Jan.-Sep.	Sep. 19	Jan.-Dec.
Orders received	12,769	12,738	44,340	44,093	62,089	61,842
Order backlog	61,658	56,587	61,658	56,587	61,658	56,837
Net sales	13,951	14,269	39,995	39,513	57,827	57,346
Operating profit/loss	568	-1,108	626	-1,020	883	-764
Operating margin, %	4,1	-7,8	1,6	-2,6	1,5	-1,3
Profit/loss after financial items	536	-1,133	545	-1,078	774	-849
Net profit/loss for the period	459	-955	467	-910	627	-750
Profit/loss per share after dilution, SEK	4,21	-8,87	4,17	-8,47	5,65	-7,00
Cashflow from operating activities	-682	-422	-1,516	-2,436	544	-375
Cashflow before financing	-814	-574	-2,063	-3,099	-121	-1,157
Net cash +/-net debt -	-8,124	-4,169	-8,124	-4,169	-8,124	-3,045

For definitions of key figures, see www.ncc.group/Investor-relations/Financial-data/Financial-definitions

Figures for the current period when applying IAS 17 Leases instead of IFRS 16 Leases are shown in a proforma income statement and balance sheet as well as cash flow. The operations of Road Services are reported separately in from first quarter 2019 in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, see accounting principles on page 18.

CEO Tomas Carlsson comments

A year ago, we had just concluded an extensive analysis of the company. Earnings for the third quarter of 2018 were charged with the consequences in the form of impairment losses in projects as well as revaluations of nearly SEK 1.6 billion. At the same time, a comprehensive action program was presented.

Today, we can state that this action program is beginning to have the intended effect but, as expected, a great deal of work and a certain amount of time also remain until the full impact of these measures can be seen, and until NCC as a whole delivers on its financial targets.

Despite signs of a slowdown in the Nordic region's economy, NCC continues to experience a stable level of demand in all business areas. In residential, both orders received and sales remain on normal levels. Total orders received were at the same level year-on-year.

Earnings in the Infrastructure business area improved in pace with the project portfolio being renewed and replenished. The business area refined its organization in Sweden during the quarter into three divisions: two defined by geography and one that exclusively manages large projects.

The Building Sweden business area reported a strong level of orders received this quarter. Underlying earnings are stable but were impacted by the continued intensity of work aimed at turning profitability around in certain units.

Earnings in Building Nordics improved, and we are seeing a good level of orders received. In early 2020, we will be welcoming Catarina Molén-Runnäs back to NCC as a new Business Area Manager. There are still healthy possibilities for growth and favorable earnings in construction operations in Denmark, Finland and Norway.

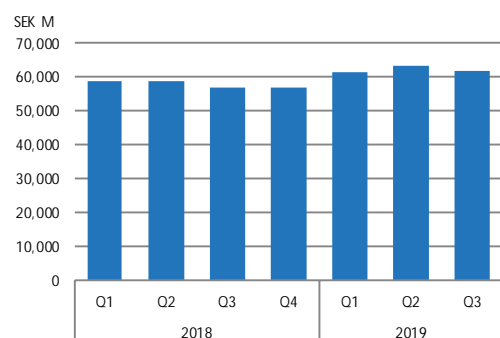
In the Industry business area, earnings are stable and volumes are at normal levels for the season.

Activity in the Property Development business area has been high in the quarter. Construction of four projects – three office projects and a school– have commenced; two of these have also been sold. In Norway, the Valle Wood and Valle View office projects and the adjacent development rights in the Helsingør area have been sold. Two previously sold projects were recognized in profit this quarter, which was also positively impacted by sales of land and proceeds from previous sales.

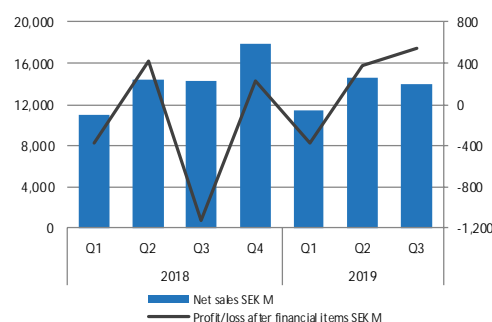
We have a solid market that is naturally also characterized by competition. The construction market remains fragmented with many different kinds of players, both foreign and domestic and in all sizes. Over the past year, NCC has improved its procedures for selecting projects on commercial grounds so that we only invest resources where the conditions of competition are both reasonable and of relevance to us.

Tomas Carlsson, President and CEO
Solna, October 28, 2019

Order backlog



Net sales and result after financial items



Group performance

Third quarter and the January–September 2019 period

Market

Market conditions were generally favorable also in the third quarter. The economies of the Nordic countries were robust, and NCC continued to experience healthy demand. The need for public buildings such as schools, hospitals and retirement homes is driven by growing cities and the demographic trend. Demand for housing has stabilized. In general, demand for renovation and refurbishment is strong.

Public-sector infrastructure initiatives are fueling the Nordic infrastructure market, resulting in a continued strong market in Norway and Sweden. Competition from both domestic and international players is intense. Demand for asphalt and stone materials in Norway and Sweden is stable, driven by a strong civil engineering market.

Low yield requirements from investors and high demand for new premises that are modern and sustainable, primarily in major city areas, are providing favorable market conditions in the Nordic property market.

Orders received and order backlog

Orders received amounted to SEK 12,769 M (12,738) in the third quarter and SEK 44,340 M (44,093) for the first nine months of the year. Residential represented approximately SEK 2 billion of orders received for the quarter, which is a normal level. Changes in exchange rates had a positive impact of SEK 518 M (712) on orders received.

The Group's order backlog was SEK 61,658 M (56,587) at the end of the quarter, an increase that is due to higher orders received in Building Nordics during the year. Changes in exchange rates impacted the order backlog by SEK 1,047 M (1,048).

Net sales and earnings

Net sales amounted to SEK 13,951 M (14,269) in the third quarter and to SEK 39,995 M (39,513) for

the January–September period. The slight decrease in net sales during the quarter was attributable to Building Sweden and Property Development. Changes in exchange rates had a positive impact of SEK 375 M (689) on sales.

NCC's operating profit amounted to SEK 568 M (-1,108) for the third quarter and SEK 626 M (-1,020) for the first nine months of the year. The operating profit in the year-earlier period was impacted heavily by revaluations related to claims and warranties, development properties in progress, impairment of the project portfolio and restructuring costs for closures of and changes to operations.

Net financial items for the January–September period amounted to SEK -81 M (-58). Net financial items declined SEK 30 M due to additional lease liabilities in accordance with IFRS 16 Leases.

Cash flow

Cash flow for the January–September period before financing was SEK -2,063 M (-3,099). The improvement was attributable to higher cash flow from operating activities, which amounted to SEK -1,516 M (-2,436). Cash flow from operating activities during the quarter were in accounting purposes positively impacted by SEK 416 M from IFRS 16 Leases, for which there was no corresponding effect year-on-year. At the end of the period, total cash and cash equivalents amounted to SEK 1,813 M (595).

At September 30, the Group's net debt amounted to SEK -8,124 M (-4,169). The increase was due to the new accounting policy, IFRS 16 Leases, increased investments in the property development business and higher pension debt in the third quarter.

	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Net debt, SEK M				
Net debt, opening balance	-3,045	-149	-4,169	-149
- Cash flow from operating activities	-1,516	-2,436	544	-375
- Cash flow from investing activities	-547	-663	-665	-782
Cash flow before financing	-2,063	-3,099	-121	-1,157
Leasing - IFRS 16-effect	-1,817		-1,817	
Acquisition/Sale of treasury shares	-19	-11	-19	-11
Change of provisions for pensions	-972	-513	-1,332	-872
Currency exchange differences in cash and cash equivalents	26	35	-2	8
Paid dividend	-234	-433	-666	-865
Net cash + /net debt - closing balance	-8,124	-4,169	-8,125	-3,045
- Whereof provisions for pensions	-3,251	-1,920	-3,251	-2,279
- Whereof leasing according to IFRS 16	-1,852		-1,852	
- Whereof other net debt	-3,021	-2,249	-3,021	-766

At September 30, the Group's total assets amounted to SEK 32,586 M (28,574). Total assets for the period include the new accounting policy IFRS 16 Leases. IAS 17 Leases has been applied for the comparative period; refer also to the Condensed consolidated balance sheet.

At the end of the quarter, the average maturity period for the interest-bearing liabilities, excluding pension debt according to IAS 19 and lease liabilities according to IFRS 16 Leases, was 27 months (25). At September 30, 2019, NCC's unutilized committed lines of credit totaled SEK 3.7 billion (3.6), with an average remaining maturity of 24 (35) months.

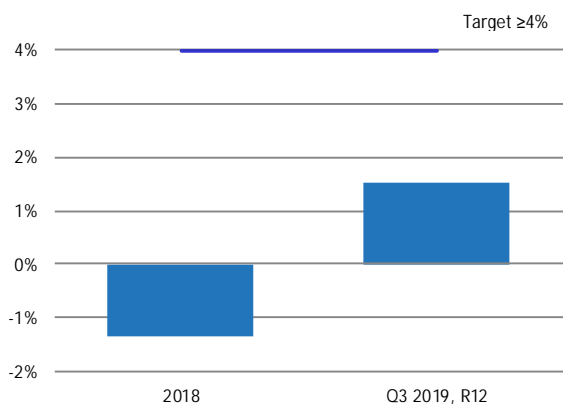
Capital employed

At September 30, capital employed amounted to SEK 12,749 M (8,254). The increase was attributable to the adoption of IFRS 16 Leases, larger project portfolios in Property Development and increased cash and cash equivalents. Return on capital employed was 9 percent (-11).

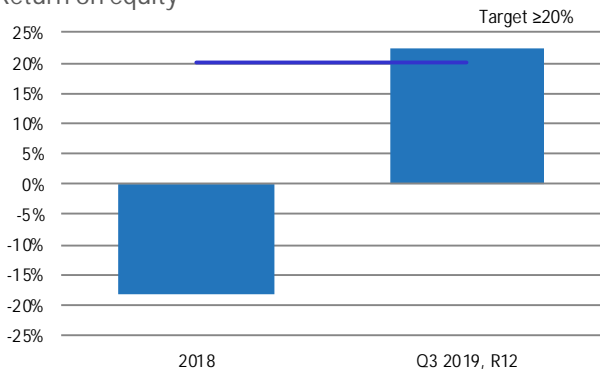
Financial targets

NCC has established three financial targets at Group level: return on equity \geq 20percent, operating margin \geq 4 percent, net debt $<$ 2.5 times EBITDA. On a rolling 12-month basis NCC has a 22 percent return on equity, 1.5 percent of operating margin and a net debt of 2.1 times EBITDA. NCC's dividend policy is to distribute at least 40 percent of after-tax profit for the year.

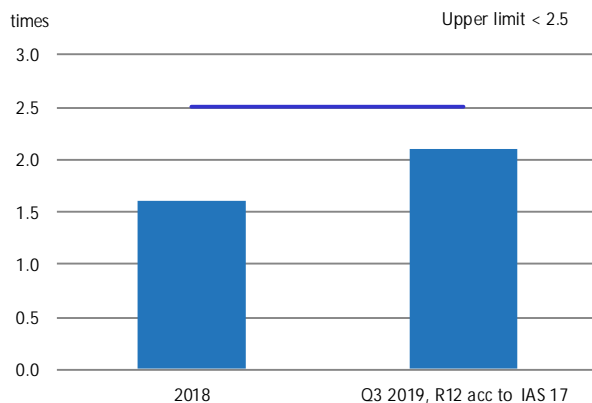
Operating margin



Return on equity



Net debt/EBITDA:

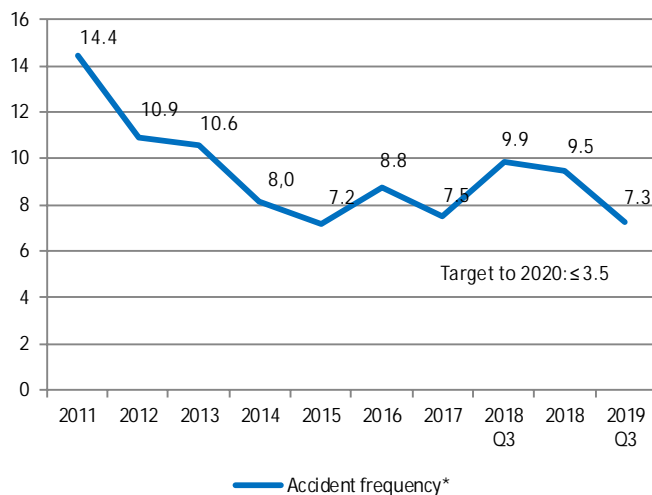


Net debt excludes pension debt and lease liability in accordance with IFRS 16 Leases. EBITDA refers to operating profit according to the income statement, with reversal of depreciation and impairment losses according to Notes 2 and 3.

Safety

Safety is a high priority area at NCC, and we have a vision of zero accidents. In the third quarter, the accident frequency rate* is down for NCC as a whole and is exhibiting the right trend in all business areas. NCC is using a systematic approach and has over the past year improved and simplified follow-up and has targeted more resources on units and activities with a high number of accidents.

Accident frequency



*Accident frequency: Worksite accidents resulting in several days of absence from work per one million worked hours.

NCC Infrastructure

Third quarter and the January–September 2019 period

Orders received and order backlog

The level of orders received for the third quarter was stable at SEK 4,466 M (4,454). For the first nine months of the year, orders received amounted to SEK 12,733 M (15,476), where the year-on-year difference was attributable to registration of the Centralen project (SEK 4.7 billion) in Gothenburg among orders in the first quarter of 2018. Orders received in the Road Services division fell as a result of increased focus on profitability.

The order backlog increased to SEK 22,002 M (20,646) at the end of the quarter.

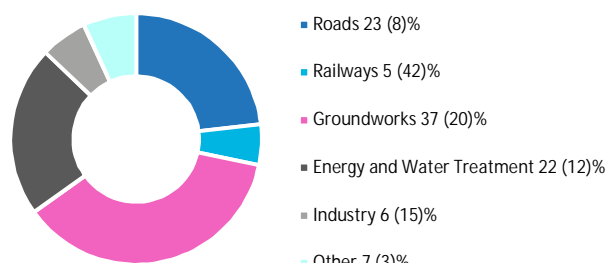
Net sales and earnings

Sales increased to SEK 4,213 M (3,891) in the third quarter and to SEK 12,054 M (11,804) for the January–September period. The higher sales were primarily from a high work-up rate in major projects in both Sweden and Norway.

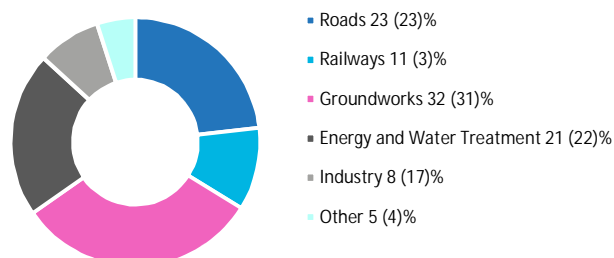
Operating profit amounted to SEK 46 M (-672) in the third quarter and to SEK 135 M (-558) for the January–September period. Earnings in the year-earlier period were charged with revaluations of a total of SEK -727 M (including the Road Services division) as a result of the analysis of the Group.

Product mix

Orders received Jan–Sep



Net sales Jan–Sep



NCC Infrastructure, SEK M	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Orders received	4,466	4,454	12,733	15,476	18,528	21,271
Order backlog	22,002	20,646	22,002	20,646	22,002	21,037
Net sales	4,213	3,891	12,054	11,804	17,186	16,936
Operating profit/loss	46	-672	135	-603	-5	-743
Financial target:¹⁾						
Operating margin, % ¹⁾	1,1	-17,3	1,1	-5,1	0,0	-4,4

¹⁾ Target: operating margin \geq 3.5%

NCC has decided to divest the Road Services operation. The division is therefore presented separately as of the fourth quarter of 2018.

NCC Road Services, SEK M	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Orders received	388	969	1,505	3,184	1,930	3,609
Order backlog	3,481	4,277	3,481	4,277	3,481	3,749
Net sales	592	624	1,889	1,995	2,749	2,855
Operating profit/loss	4	-211	5	-240	-6	-251

NCC Building Sweden

Third quarter and the January–September 2019 period

Orders received and order backlog

Orders received increased robustly in the third quarter to SEK 3,687 M (2,394) but remain lower year-on-year for the January–September period at SEK 8,634 M (9,182). Residential units represented just over one third of the total orders received; two thirds of these were rental units.

The order backlog declined, totaling SEK 16,717 M (17,435) at the end of the quarter, due to lower orders received during the year.

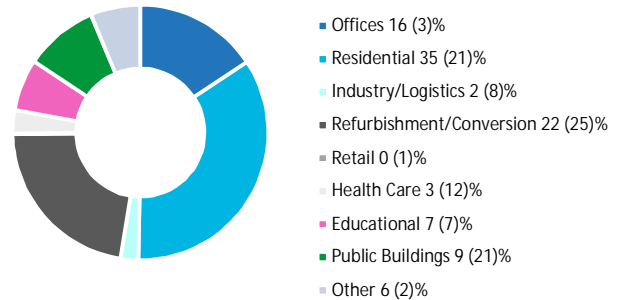
Net sales and earnings

Sales declined slightly to SEK 3,192 M (3,380) in the third quarter and SEK 10,587 M (11,086) for the first nine months of the year. The work-up rate in Residential and Refurbishment/Conversion was in line with the preceding year for just over half of net sales.

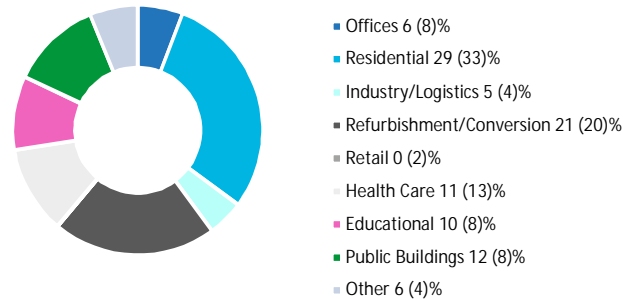
Operating profit amounted to SEK 75 M (86) in the third quarter and SEK 261 M (344) for the January–September period. The result for the year-earlier period was negatively impacted by revaluations. The level of underlying earnings was stable despite a decrease in the quarter and was impacted by the continued intensity of work on turning profitability around in certain units. Earnings for the first nine months of the year were negatively impacted by a provision in the second quarter for fines and legal costs related to a district court decision regarding the Rågården project in the amount of SEK 37 M.

Product mix

Orders received Jan–Sep



Net sales Jan–Sep



NCC Building Sweden, SEK M	2019 Jul.–Sep.	2018 Jul.–Sep.	2019 Jan.–Sep.	2018 Jan.–Sep.	Oct. 18– Sep. 19	2018 Jan.–Dec.
Orders received	3,687	2,394	8,634	9,182	14,527	15,075
Order backlog	16,717	17,435	16,717	17,435	16,717	18,709
Net sales	3,192	3,380	10,587	11,086	15,201	15,701
Operating profit/loss	75	86	261	344	370	453
Financial target:¹⁾						
Operating margin, %	2,4	2,6	2,5	3,1	2,4	2,9

¹⁾ Target: operating margin \geq 3.5%

NCC Building Nordics

Third quarter and the January–September 2019 period

Orders received and order backlog

The orders received increased slightly to SEK 2,683 M (2,488) in the third quarter and to SEK 13,079 M (7,753) for the January–September period. The increase in the quarter was primarily driven by three major projects in Finland. Residential units represented more than one third of orders received in the first nine months of the year, followed by Refurbishment/Conversion. A robust level of orders received in Denmark during the second quarter impacted the January–September period.

At the end of the period, the order backlog amounted to SEK 16,694 M (11,110).

Net sales and earnings

Net sales increased slightly to SEK 2,914 M (2,720) in the third quarter and to SEK 8,284 M (7,590) for the January–September period. The increase was mainly attributable to Finland, which is the largest market in terms of sales.

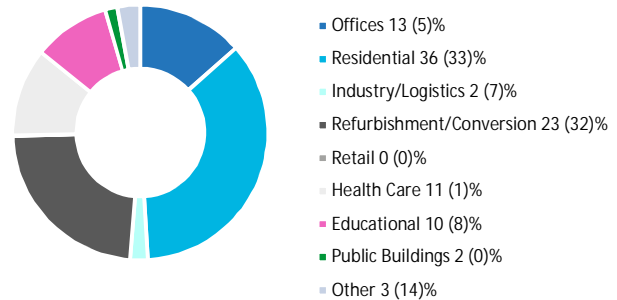
Building Nordics' net sales during the January–September period largely comprised residential production and renovation, mainly in Denmark and Finland.

Operating profit amounted to SEK 53 M (-193) in the third quarter and to SEK 132 M (-148) for the January–September period.

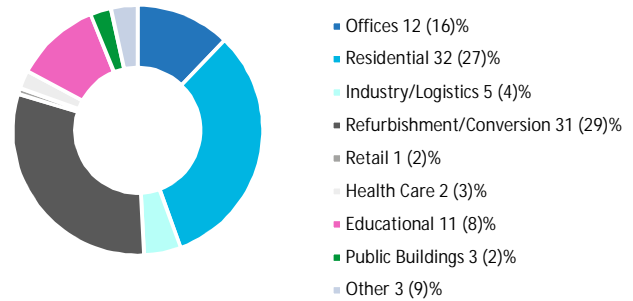
Earnings previous year were impacted negatively by revaluations as a result of the analysis of operations. The higher earnings this year are the result of both higher sales and higher project margins. All countries delivered a positive operating result for the quarter.

Product mix

Orders received Jan–Sep



Net sales Jan–Sep



	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
NCC Building Nordics, SEK M						
Orders received	2,683	2,488	13,079	7,753	16,556	11,229
Order backlog	16,694	11,110	16,694	11,110	16,694	11,313
Net sales	2,914	2,720	8,284	7,590	11,446	10,753
Operating profit/loss	53	-193	132	-148	54	-227
Financial target: ¹⁾						
Operating margin, %	1,8	-7,1	1,6	-1,9	0,5	-2,1

¹⁾ Target: operating margin \geq 3.5%

NCC Industry

Third quarter and the January–September 2019 period

Net sales and earnings

Net sales were on par with the preceding year, totaling SEK 4,311 M (4,301) for the third quarter and SEK 9,296 M (9,092) for the first nine months of the year. The increase for the year comes primarily from the Swedish and Norwegian asphalt operations.

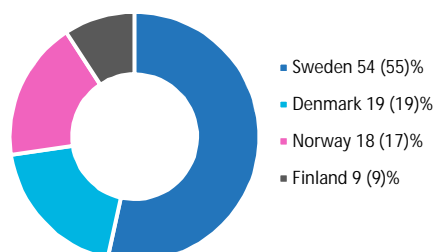
Operating profit improved to SEK 387 M (283) in the third quarter and to SEK 324 M (196) for the January–September period. Earnings for the year-earlier period were charged a total of SEK 115 M in revaluations as a result of the analysis of the business being carried out at that time.

Capital employed

Capital employed increased seasonally to SEK 6.4 billion, an increase of SEK 1.5 billion, both as a result of the transition to IFRS 16 and increased working capital.

Geographical breakdown

Net sales Jan–Sep



NCC Industry, SEK M	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Orders received	2 450	2 913	9 812	9 885	12 870	12 943
Order backlog	3 631	3 940	3 631	3 940	3 631	3 092
Net sales	4 311	4 301	9 296	9 092	13 172	12 968
Operating profit/loss	387	283	324	196	478	350
Capital employed	6 393	5 540	6 393	5 540	6 393	4 902
Stone materials tons, sold volume	7 880	7 347	21 095	21 736	28 634	29 275
Asphalt tons, sold volume	2 518	2 460	4 588	4 627	6 376	6 415
Financial targets: ¹⁾						
Operating margin, %	9,0	6,6	3,5	2,2	3,6	2,7
Return on capital employed, %					8,4	7,1

¹⁾ Targets: operating margin \geq 4%,
return on capital employed \geq 10%

NCC Property Development

Third quarter and the January–September 2019 period

Net sales and earnings

Net sales amounted to SEK 335 M (397) in the third quarter and to SEK 1,067 M (797) for the January–September period. Two projects were recognized in profit during the third quarter: the Skejby CH Alfa office project and the Zleep Hotel project in Denmark. Three projects were recognized in profit in the year-earlier period. In the January–September period, a total of six projects were recognized in profit, compared with five in the preceding year. Land sales and gains from earlier sales, for example, the reversal of previous provisions for rental guarantees, made a positive contribution to earnings in the quarter.

Operating profit amounted to SEK 19 M (-325) in the third quarter and SEK 39 M (-326) for the January–September period. Earnings from profit-recognized projects, sales of land and previous sales contributed to the result for the January–September period. Earnings during the preceding year were charged with SEK -363 M for the revaluation of development properties in Norway, Denmark and Finland as a result of the decision to discontinue these.

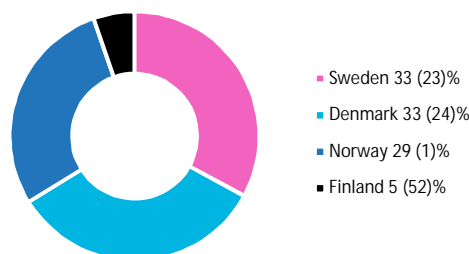
Property projects

Construction of four projects commenced in the third quarter: the Hatsina office project in Finland, and in Sweden the Brick Studios and Våghuset office projects in Gothenburg as well as the Björkö school project. In total, construction of seven projects commenced in the January–September period. The Hatsina Office project has also been sold and will be recognized in profit in the third quarter of 2021. Furthermore, the Björkö school project has been sold and will be recognized in profit in the fourth quarter of 2021.

Two Norwegian office projects – Valle Wood and Valle View, including the remaining development rights in the Helsingør area – have been sold and are expected to be recognized in profit during the fourth quarters of 2019 and 2021.

Geographical breakdown

Net sales Jan–Sep



Letting in the January–September period totaled 86,100 square meters (17,800), of which 26,600 square meters (6,400) in the third quarter.

At the end of the third quarter, 19 projects (18) were either ongoing or completed but not yet recognized in profit. The costs incurred in all projects amounted to SEK 5.0 billion (2.7), corresponding to a total completion rate of 41 percent (59). The leasing rate was 53 (60) percent. Operating net for the January–September period amounted to SEK 32 M (33) and to SEK 16 M (10) in the third quarter.

Capital employed

Investments in ongoing projects increased capital employed, which totaled SEK 6.1 billion at the end of the quarter, up SEK 1.7 billion compared with the same time 2018 and up SEK 0.6 billion compared with the end of the second quarter of 2019.

NCC Property Development, SEK M	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Net sales	335	397	1,067	797	2,428	2,157
Operating profit/loss	19	-326	39	-326	184	-181
Capital employed	6,107	4,383	6,107	4,383	6,107	4,314
Financial targets: ¹⁾						
Operating margin, %	5,6	-82,1	3,7	-40,9	7,6	-8,4
Return on capital employed, %					8,1	-3,9

1) Targets: operating margin \geq 10%,
return on capital employed \geq 10%

NCC Property Development

Property development projects as of 2019-09-30 ¹⁾

Ongoing Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Completion ratio, %	Lettable area (sqm)	Letting ratio, %
Flintholm 2	Office	Copenhagen	Q4 2019	99	9,300	100
Frederiks Plads 2	Office	Århus		28	17,000	56
CH Vallenbaek 4.2	Other	Vallensbæk		75	5,900	68
Total Denmark				58	32,200	71
Fredriksberg B	Office	Helsinki		58	6,500	53
Fredriksberg C	Office	Helsinki		57	4,600	6
Hatsina Office 1	Office	Espoo	Q3 2021	2	18,500	52
Total Finland				26	29,600	44
Valle View	Office	Oslo	Q1 2021	23	23,000	64
Total Norway				23	23,000	64
Arendal 4	Logistics	Gothenburg		28	17,200	100
K11	Office	Solna		73	12,200	2
K12	Office	Solna		87	19,600	92
Kineum Gårda	Office	Gothenburg	²⁾	39	21,300	76
Multihuset	Other	Malmö	Q4 2019	95	19,800	60
Bromma Blocks	Office	Stockholm		34	51,500	43
Våghuset	Office	Gothenburg		0	10,900	0
Brick Studios	Office	Gothenburg		0	16,200	18
Björkö Skola	Other	Gothenburg	Q4 2020	17	3,500	100
Total Sweden				42	172,200	53
Total				40	257,000	54

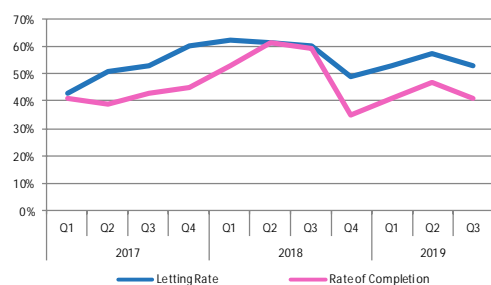
Completed Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Lettable area (sqm)	Letting ratio, %
Viborg Retail II+III	Retail	Viborg		900	0
CH Vallenbaek 4.1	Office	Vallensbæk		7,100	78
Total Denmark				8,000	71
Valle 1	Office	Oslo	Q4 2019	7,700	88
Total Norway				7,700	88
Total				15,700	82

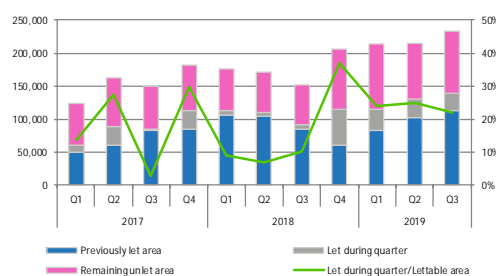
1) The table refers to ongoing or completed property projects that have not yet been recognized as revenue. In addition to these projects, NCC also focuses on rental (rental guarantees / additional purchase) in nine previously sold and revenue recognized property projects, a maximum of approximately 75 MSEK.

2) The project comprises rentable area of an existing building of approximately 16,000 square meters and an additional building right about 30,000 square meters of office space. The project is carried out together with Platzer, a Swedish listed real estate company, in a half-owned company. The information in the table refers to NCC's share of the project.

Property projects



Letting



Other

Significant risks and uncertainties

An account of the risks to which NCC may be exposed is presented in the 2018 Annual Report (pages 17–19). This account still applies (i.e. it remains unchanged).

Related-party transactions

Related parties are NCC's subsidiaries, associated companies and joint arrangements. Related-company sales in the third quarter amounted to SEK 22 M (355) and purchases to SEK 4 M (10). For the interim period, sales were SEK 48 M (1,404) and purchases were SEK 20 M (23).

Seasonal effects

NCC Industry's operations and certain operations in NCC Building and NCC Infrastructure are impacted by seasonal variations due to cold weather. Earnings in the first quarter are normally weaker than the rest of the year.

Repurchase of shares

NCC AB holds 402,050 Series B treasury shares to meet its obligations pursuant to long-term incentive programs.

New accounting policies

NCC applies IFRS 16 Leases as of January 1, 2019. Read more on page 18.

Other significant events

Catarina Molén-Runnäs has been appointed the new head of business area Building Nordics, and will take office by February 1, 2020 at the latest. She began her career at NCC and has since then worked in property development across the Nordic region, most recently in Choice Hotels. She has a degree in engineering from KTH Royal Institute of Technology in Stockholm.

Catarina Molén-Runnäs will replace Klaus Kaae, who has decided to leave his operational role after many years in the company. He will remain as a senior adviser.

Joachim Holmberg took office as the new head of business area Property Development during the quarter.

During the quarter, NCC issued green bonds for the first time, at an aggregate value of approximately SEK 1.6 billion.

Dividends

NCC's Annual General Meeting (AGM) on April 9, 2019 resolved to approve a dividend of SEK 4.00 per share, divided into two payments. The first dividend of SEK 2.00 per share was paid out in April. The second dividend of SEK 2.00 will be paid out on November 5, 2019.

Reporting occasions

Full-year report, 2019	January 30, 2020
Annual General Meeting	April 1, 2020
Interim report, Jan–Mar	April 28, 2020
Interim report Jan–Jun	July 17, 2020
Interim report, Jan–Sep	November 6, 2020

Auditor's review report

NCC AB (publ), Corp. Reg. No. 556034-5174

Introduction

We have reviewed the condensed interim financial information (interim report) for NCC AB (publ) for September 30, 2019 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, October 28, 2019

PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant
Auditor in Charge

Erik Bergh
Authorized Public Accountant

Condensed consolidated income statement

SEK M	Note 1	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.	Proforma excl IFRS 16 2019 Jan.-Sep. ²⁾
Net sales		13,951	14,269	39,995	39,513	57,827	57,346	39,995
Production costs	Note 2, 3	-12,831	-14,671	-37,391	-38,420	-54,177	-55,205	-37,399
Gross profit		1,120	-402	2,604	1,093	3,651	2,140	2,596
Selling and administrative expenses	Note 2, 3	-558	-661	-1,982	-2,076	-2,780	-2,875	-1,987
Other operating income/expenses	Note 3	6	-46	5	-36	11	-29	5
Operating profit/loss		568	-1,108	626	-1,020	883	-764	613
Financial income		6	4	29	36	29	36	29
Financial expense ¹⁾		-37	-29	-110	-94	-137	-121	-82
Net financial items		-32	-24	-81	-58	-108	-85	-54
Profit/loss after financial items		536	-1,133	545	-1,078	774	-849	559
Tax		-77	179	-78	168	-147	99	-81
Net profit/ loss		459	-955	467	-910	627	-750	478
Attributable to:								
NCC's shareholders		455	-959	451	-915	610	-756	462
Non-controlling interests		5	4	16	6	17	6	16
Net profit/loss for the period		459	-955	467	-910	627	-750	478
Earnings per share								
Before and after dilution								
Net profit/loss for the period, SEK		4,21	-8,88	4,17	-8,47	5,65	-7,00	4,28
Number of shares, millions								
Total number of issued shares		108,4	108,4	108,4	108,4	108,4	108,4	108,4
Average number of shares outstanding before and after dilution during the period		108,0	108,0	108,0	108,1	108,0	108,1	108,0
Number of shares outstanding at the end of the period		108,0	108,0	108,0	108,0	108,0	108,0	108,0

¹⁾ Whereof interest expenses for the period Oct.-18-Sep.-19, amounting to SEK 137 M and for the period Jan.- Dec. 2018 amounting to SEK 102 M

Consolidated statement of comprehensive income

SEK M	Note 1	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.	Proforma excl IFRS 16 2019 Jan.-Sep. ²⁾
Net profit/loss for the period		459	-955	467	-910	627	-750	478
Items that have been recycled or should be recycled to net profit/loss for the period								
Exchange differences on translating foreign operations		28	-43	103	94	99	90	103
Change in hedging/fair value reserve			6		-30	0	-30	
Cash flow hedges		-19	-20	-7	15	-52	-30	-7
Income tax relating to items that have been or should be recycled to net profit/loss for the period		4	3	2	3	11	12	2
		13	-56	98	81	58	41	98
Items that cannot be recycled to net profit/loss for the period								
Revaluation of defined benefit pension plans		-858	-473	-896	-439	-1,274	-818	-896
Income tax relating to items that can not be recycled to net profit/loss for the period		184	102	192	94	273	175	192
		-675	-372	-704	-345	-1,002	-643	-704
Other comprehensive income		-662	-427	-607	-264	-944	-602	-607
Total comprehensive income		-203	-1,381	-139	-1,174	-317	-1,352	-128
Attributable to:								
NCC's shareholders		-208	-1,385	-156	-1,180	-334	-1,358	-145
Non-controlling interests		5	4	16	6	17	6	16
Total comprehensive income		-203	-1,382	-139	-1,174	-317	-1,352	-128

²⁾ The quarter shows how the income statement would have looked if NCC had still applied IAS 17 instead of IFRS 16.

Condensed consolidated balance sheet

SEK M	Note 1	2019 Sep. 30	2018 Sep. 30	2018 Dec. 31	Proforma exkl IFRS 16 2019 Sep. 30 ²⁾
ASSETS					
Fixed assets					
Goodwill		1,925	1,891	1,861	1,925
Other intangible assets		368	347	339	368
Right-of-use assets		1,714	474	493	511
Owner-occupied properties		935	878	915	935
Machinery and equipment		2,570	2,629	2,559	2,570
Long-term holdings of securities		116	120	119	116
Long-term interest-bearing receivables		198	197	195	198
Other long-term receivables		25	29	119	25
Deferred tax assets		775	782	531	772
Total fixed assets		8,625	7,346	7,133	7,420
Current assets					
Right-of-use assets		53			
Properties held for future development		1,511	1,777	1,633	1,511
Ongoing property projects		3,950	2,031	2,292	3,950
Completed property projects		349	535	308	349
Participations in associated companies		263		226	263
Materials and inventories		1,015	913	902	1,015
Tax receivables		341	286	146	341
Accounts receivable		9,788	10,173	9,629	9,788
Worked-up, non-invoiced revenues		2,008	2,675	1,276	2,008
Prepaid expenses and accrued income		1,711	1,582	1,418	1,772
Current interest-bearing receivables		270	159	163	270
Other receivables		436	498	608	436
Short-term investments ¹⁾		10	10	72	10
Cash and cash equivalents		1,803	585	1,197	1,803
Assets held for sale		454			321
Total current assets		23,961	21,227	19,868	23,836
Total assets		32,586	28,574	27,001	31,256
EQUITY					
Share capital		867	867	867	867
Other capital contributions		1,844	1,844	1,844	1,844
Reserves		26	-32	-72	26
Profit/loss brought forward, including current-year profit/loss		-407	436	292	-396
Shareholders' equity		2,330	3,116	2,931	2,341
Non-controlling interests		15	18	17	15
Total shareholders' equity		2,345	3,133	2,948	2,356
LIABILITIES					
Long-term liabilities					
Long-term interest-bearing liabilities		3,856	1,538	1,342	3,006
Other long-term liabilities		48	24	8	48
Provisions for pensions and similar obligations		3,251	1,920	2,279	3,251
Deferred tax liabilities		367	412	297	367
Other provisions		2,516	2,330	2,563	2,516
Total long-term liabilities		10,039	6,224	6,488	9,189
Current liabilities					
Current interest-bearing liabilities		3,169	1,663	1,051	2,807
Accounts payable		4,768	5,677	5,164	4,768
Tax liabilities			22		
Invoiced revenues not worked-up		7,204	6,913	6,311	7,204
Accrued expenses and prepaid income		3,193	2,937	3,452	3,193
Provisions		36	31	68	36
Other current liabilities		1,546	1,974	1,520	1,546
Liabilities attributable to assets held for sale		287			158
Total current liabilities		20,203	19,217	17,566	19,712
Total liabilities		30,242	25,441	24,054	28,901
Total shareholders' equity and liabilities		32,586	28,574	27,001	31,256

¹⁾ Includes short-term investments with maturities exceeding three months, see also cash-flow statement.

²⁾ Shows how the balance sheet would have looked if NCC had still applied IAS 17 instead of IFRS 16.

Condensed changes in shareholders' equity, Group

SEK M	Jun. 30, 2019			Jun. 30, 2018		
	Shareholders' equity	Non-controlling interests	Total shareholders' equity	Shareholders' equity	Non-controlling interests	Total shareholders' equity
Opening balance, January 1st	2,931	17	2,948	5,167	12	5,179
Total comprehensive income	-156	16	-139	-1,180	6	-1,174
Dividend	-432	-18	-450	-865		-865
Sale/Acquisition of treasury shares	-19		-19	-11		-11
Performance based incentive program	6		6	3		3
Closing balance	2,330	15	2,345	3,116	18	3,133

If the principles for accounting for pensions, IAS 19, applied before 1 January 2013, had been used, the equity would have been SEK 2,870 M higher and net debt SEK 3,251 M lower at September 30 2019.

Condensed consolidated cash flow statement

SEK M	2019	2018	2019	2018	Oct. 18-	2018	Proforma excl IFRS 16 2019 Jan.-Sep. ²⁾
	Jul.-Sep.	Jul.-Sep.	Jan.-Sep.	Jan.-Sep.	Sep. 19	Jan.-Dec.	
OPERATING ACTIVITIES							
Profit / loss after financial items	536	-1,133	545	-1,078	774	-849	559
Adjustments for items not included in cash flow	475	1,311	1,007	1,304	1,340	1,637	580
Taxes paid	-65	-36	-227	-295	15	-53	-230
Cash flow from operating activities before changes in working capital	947	142	1,326	-69	2,130	735	910
Divestment of property projects	250	326	793	585	1,644	1,436	793
Gross investments in property projects	-964	-381	-2,307	-1,530	-3,379	-2,602	-2,307
Other changes in working capital	-914	-508	-1,328	-1,422	149	55	-1,328
Cash flow from changes in working capital	-1,628	-564	-2,842	-2,367	-1,585	-1,110	-2,842
Cash flow from operating activities	-682	-422	-1,516	-2,436	544	-375	-1,932
INVESTING ACTIVITIES							
Acquisition/Sale of subsidiaries and other holdings	18	12	20	1	80	62	20
Acquisition/Sale of tangible fixed assets	-106	-160	-503	-632	-673	-802	-503
Acquisition/Sale of other fixed assets	-44	-5	-63	-33	-72	-42	-63
Cash flow from investing activities	-132	-152	-547	-663	-665	-782	-547
Cash flow before financing	-814	-574	-2,063	-3,099	-121	-1,157	-2,479
FINANCING ACTIVITIES							
Cash flow from financing activities¹⁾	1902	423	2643	586	1,340	-717	3,059
Cash flow during the period	1,089	-151	580	-2,513	1,219	-1,874	580
Cash and cash equivalents at beginning of period	717	742	1,197	3,063	585	3,063	1,197
Effects of exchange rate changes on cash and cash equivalents	-3	-7	26	35	-2	8	26
Cash and cash equivalents at end of period	1,802	585	1,802	585	1,802	1,197	1,802
Short-term investments due later than three months	10	10	10	10	10	72	10
Total liquid assets at end of period	1,813	595	1,813	595	1,813	1,269	1,813

¹⁾ Of the total determined dividend SEK 432 M, SEK 216 M has been paid in April 2019 and SEK 216 M will be paid in November 2019.

Cash flow before financing has been positively affected by the introduction of IFRS 16. The impact on the total cash flow for the period is intangible.

²⁾ Shows how the cash flow would have looked if NCC had still applied IAS 17 instead of IFRS 16.

Parent Company condensed income statement

SEK M	Note 1	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Jun.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Net sales		38	32	109	113	169	174
Selling and administrative expenses		-77	-139	-251	-296	-331	-376
Operating profit		-38	-106	-142	-183	-162	-202
Result from financial investment							
Result from participations in Group companies		-37	-623	295	-188	275	-208
Result from other financial fixed assets				13	12	13	12
Result from financial current assets				2	1	2	
Interest expense and similar items		-9	-52	-28	-62	-14	-47
Result after financial items		-85	-781	140	-420	114	-445
Appropriations						545	545
Tax		3	46	36	41	-105	-101
Net profit/loss for the period		-82	-735	176	-379	555	-1

The Parent Company consists primarily of head office functions plus a branch in Norway. Net sales pertain to charges to Group companies. The average number of employees was 59 (52).

Total approved dividends to shareholders amounted to SEK 432 M, of which SEK 216 M was paid in April and SEK 216 M will be paid in November 2019.

Parent Company condensed balance sheet

SEK M	Note 1	2019 Sep. 30	2018 Sep. 30	2018 Dec. 31
ASSETS				
Fixed assets				
Tangible fixed assets		56	13	24
Financial fixed assets		5,554	4,185	5,571
Total fixed assets		5,610	4,198	5,595
Current assets				
Current receivables		347	507	875
Treasury balances in NCC Treasury AB		46	536	161
Total current assets		393	1,042	1,036
Total assets		6,002	5,241	6,631
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity		2,622	2,518	2,891
Provisions		8	9	8
Long term liabilities		2,047	2,046	2,045
Current liabilities		1,325	666	1,687
Total shareholders' equity and liabilities		6,002	5,241	6,631

Notes

Note 1. Accounting policies

Group

This interim report has been compiled pursuant to IAS 34 Interim Financial Reporting. The interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of prevailing accounting standards issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the EU.

The interim report has been prepared pursuant to the same accounting policies and methods of calculation as the 2018 Annual Report (Note 1, pages 30–36), with the exception of IFRS 16 Leases, which has been applied as of January 1, 2019. The impact of the implementation of IFRS 16 Leases on the financial statements is described below under the heading IFRS 16 Leases.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The assets and liabilities attributable to the upcoming sale of Road Services, will be reported as a separate line item as either an asset or a liability.

IFRS 16 Leases

IFRS 16 Leases is applied as of January 1, 2019. IFRS 16 Leases replaces the previous standard IAS 17 Leases. NCC has elected to implement the standard according to the modified retrospective approach, which entails that identified leases have not been restated retrospectively, meaning that they have had no impact on comparative figures for periods prior to 2019.

The application of IFRS 16 Leases entails that NCC recognizes right-of-use assets with the associated lease liability for vehicles, heavy production machinery, leased premises and site leaseholds/land leases. The balance sheet has been expanded to include lines for right-of-use assets recognized under tangible fixed assets and current assets. The associated lease liability is included in current and non-current interest-bearing liabilities. Right-of-use assets, except for land leases/site leaseholds, are depreciated over the term of the lease. The costs for these leases have been recognized in profit or loss as depreciation and interest expense, respectively. The lease payment is divided into an interest component and a depreciation component. The operating result has been impacted positively and net financial items have been impacted negatively. In conjunction with the implementation of IFRS 16 Leases, cash flow from operating activities has increased and cash flow from financing activities has decreased.

When discounting future lease payments for most of the vehicles and heavy machinery leased by the Group, NCC has used the interest rate implicit in each lease as the discount rate. For other types of lease payments recognized in accordance with IFRS 16 Leases, which mainly include leased premises and site leaseholds, the incremental borrowing rate of the individual lessee is used as the discount rate. The incremental borrowing rate of the individual lessee is based on the lessee's financial strength, the country and the term of the lease in question.

The table below shows the impact, on both the asset and liability side, of the transition from the recognition of finance leases according to IAS 17 Leases to the recognition of right-of-use assets according to IFRS 16 Leases.

Right-of-use assets	SEK, M
Initial value for financial leasing	493
Reversed residual value	-190
Additional right-of-use assets	1,684
<i>Total additional right-of-use assets</i>	<u>1,494</u>
Right-of-use assets as of January 1, 2019	1,987
Financial commitment for right-of-use assets	
Initial commitment for financial leasing	493
Additional commitment	1,494
Prepaid leasing fees	-80
Interest bearing liability as of January 1, 2019	1,907
- <i>whereof short-term</i>	610
- <i>whereof long-term</i>	1,297

Parent Company

The Parent Company has prepared its interim report pursuant to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The interim report for the Parent Company has been prepared in accordance with the same accounting policy and methods of calculation as the Annual Report for 2018 (Note 1, pages 30–36).

Note 2. Depreciation/amortization

SEK M	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Other intangible assets	-15	-17	-44	-47	-62	-65
Owner-occupied properties ¹⁾	-84	-10	-240	-27	-252	-40
Machinery and equipment ²⁾	-253	-171	-752	-509	-924	-681
Total depreciation	-352	-197	-1,036	-583	-1,238	-785

¹⁾ Of which depreciation of right-of-use assets SEK 196 M (0).

²⁾ Of which depreciation of right-of-use assets SEK 332 M (90).

Note 3. Impairment losses

SEK M	2019 Jul.-Sep.	2018 Jul.-Sep.	2019 Jan.-Sep.	2018 Jan.-Sep.	Oct. 18- Sep. 19	2018 Jan.-Dec.
Properties held for future development		-135		-135	5	-130
Completed property projects		-240		-240	0	-240
Managed properties		-9	-13	-9	-7	-3
Machinery and equipment		-13	-8	-13	2	-2
Goodwill within NCC Infrastructure		-36		-36	0	-36
Other intangible assets		-39		-39	-2	-41
Total impairment expenses	0	-472	-21	-472	-2	-453

Note 4. Right-of-use assets

SEK M Koncernen	2019 Sep. 30	2018 Sep. 30	2018 Dec. 31
Owner-occupied properties	719		
Machinery and equipment	1,128	474	493
Land leases	53		
Total right-of-use assets	1,900	474	493

Note 5. Segment reporting

SEK M

July - September 2019	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations ¹⁾	
Net sales, external	2,856	2,666	4,492	3,615	321	13,951		13,951
Net sales, internal	336	248	313	696	14	1,606	-1,606	
Net sales, total	3,192	2,914	4,805	4,311	335	15,557	-1,606	13,951
Operating profit	75	53	50	387	19	583	-15	568
Net financial items								-32
Profit/loss after financial items								536

July - September 2018	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations ¹⁾	
Net sales, external	3,141	2,515	4,414	3,805	385	14,259	10	14,269
Net sales, internal	239	205	102	495	12	1,054	-1,054	
Net sales, total	3,380	2,720	4,515	4,301	397	15,313	-1,044	14,269
Operating profit	86	-193	-883	283	-326	-1,032	-75	-1,108
Net financial items								-24
Profit/loss after financial items								-1,133

SEK M

January - September 2019	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations ²⁾	
Net sales, external	9,795	7,671	13,676	7,819	1,031	39,992	3	39,995
Net sales, internal	792	613	267	1,477	36	3,185	-3,185	
Net sales, total	10,587	8,284	13,943	9,296	1,067	43,177	-3,182	39,995
Operating profit	261	132	140	324	39	896	-269	626
Net financial items								-81
Profit/loss after financial items								545

January - September 2018	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations ²⁾	
Net sales, external	10,413	6,971	13,485	7,872	760	39,501	12	39,513
Net sales, internal	674	619	315	1,219	37	2,863	-2,863	
Net sales, total	11,086	7,590	13,799	9,092	797	42,364	-2,851	39,513
Operating profit	344	-148	-843	196	-326	-777	-243	-1,020
Net financial items								-58
Profit/loss after financial items								-1,078

¹⁾ The figures for the quarter include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK -7 M (-122). Further, the figures for the quarter includes eliminations of internal profits of SEK 16 M (13) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group (including pensions and leasing) amounting SEK -24 M (34).

²⁾ The figures for the period include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK -149 M (-228). Further, the figures includes eliminations of internal profits amounting of SEK -39 M (-16) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group (including pensions and leasing) amounting SEK -82 M (2).

Geographical areas

SEK M	Net sales		Orders received	
	2019	2018	2019	2018
	Jan.-Sep.	Jan.-Sep.	Jan.-Sep.	Jan.-Sep.
Sweden	23,592	24,773	23,263	27,269
Denmark	5,303	5,411	9,955	4,729
Finland	5,390	4,510	5,651	5,858
Norway	5,709	4,819	5,471	6,237
Total	39,995	39,513	44,340	44,093

Note 6. Fair value of financial instruments

In the tables below, disclosures are made concerning how fair value has been determined for the financial instruments that are continuously measured at fair value in NCC's balance sheet. When determining fair value, assets have been divided into three levels. No transfers were made between the levels during the period. In level 1, measurement complies with the prices quoted on an active market for the same instruments. Derivatives in level 2 comprise currency forward contracts, interest-rate swaps, oil

forward contracts and electricity forward contracts used for hedging purposes. The measurement to fair value of currency forward contracts, oil forward contracts and electricity forward contracts is based on accepted models with observable input data such as interest rates, exchange rates and commodity prices. The measurement of interest-rate swaps is based on forward interest rates based on observable yield curves. In level 3, measurement is based on input data that is not observable in the market.

SEK M	Sep. 30, 2019				Sep. 30, 2018				Dec. 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit and loss												
Short-term investments	10			10	10			10	72			72
Derivative instruments		24		24		14		14		127		127
Derivative instruments used in hedge accounting		18		18		56		56		34		34
Financial assets measured at fair value through other comprehensive income												
Equity instruments			74	74			81	81			77	77
Total assets	10	42	74	126	10	70	81	161	72	161	77	310
Financial liabilities measured at fair value through profit and loss												
Derivative instruments		9		9		31		31		4		4
Derivative instruments used in hedge accounting		33		33		45		45		51		51
Total liabilities	0	42	0	42	0	76	0	76	0	55	0	55

In the tables below, disclosures are made concerning fair value for the financial instruments that are not recognized at fair value in NCC's balance sheet.

SEK M	Sep. 30, 2019		Sep. 30, 2018		Dec. 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing receivables - amortized cost	198	200	197	198	195	196
Long-term interest-bearing liabilities	3,856	3,856	1,538	1,541	1,342	1,343
Current interest-bearing liabilities	3,169	3,169	1,663	1,663	1,051	1,051
Interest-bearing liabilities attributable to assets held for sale	129	129				

For other financial instruments recognized at amortized cost – accounts receivables, current interest-bearing receivables, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities – the fair value does not materially deviate from the carrying amount. The effect of IFRS 16 leases on short and long-term interest-bearing liabilities is SEK 583 M and SEK 1,140 M, respectively, and SEK 129 M on interest-bearing liabilities attributable to assets held for sale.

Note 7. Pledged assets, contingent liabilities and guarantee obligations

SEK M	2019	2018	2018
Group	Sep. 30	Sep. 30	Dec. 31
Assets pledged	1,861	484	503
Contingent liabilities and guarantee obligations ¹⁾	569	558	602
Parent company			
Contingent liabilities and guarantee obligations ¹⁾	23,498	19,298	19,678

1) Among these, NCC AB has sureties which are indemnified by Bonava AB based on the Master Separation Agreement. Bonava is working on formally replacing these sureties with other forms of collateral in a gradual process, which means that this item will decline further over time. In addition, NCC AB has received guarantees from credit insurance companies for the remaining outstanding commitments on behalf of now wholly owned Bonava companies.

Summary of key figures

	2019 ⁶⁾	2018 ³⁾	Oct. 18- ⁶⁾	2018	2017 ³⁾	2017	2016	2015	2014
	Jul.-Sep.	Jul.-Sep.	Sep. 19	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.
Profitability ratios									
Return on shareholders equity, % excl profit from dividend of Bonava ¹⁾	22	-20	22	-18	17	18	19	26	22
Return on shareholders equity, % incl profit from dividend of Bonava ^{1) 5)}	22	-20	22	-18	17	18	118	26	22
Return on capital employed, % excl profit from dividend of Bonava ¹⁾	9	-11	9	-9	12	13	13	17	14
Return on capital employed, % incl profit from dividend of Bonava ^{1) 5)}	9	-11	9	-9	12	13	63	17	14
Financial ratios at period-end									
EBITDA % excl profit from dividend of Bonava	6,6	-3,1	3,7	0,8	3,3	3,6	4,7	6,2	5,8
EBITDA % incl profit from dividend of Bonava ⁵⁾	6,6	-3,1	3,7	0,8	3,3	3,6	17,0	6,2	5,8
Interest-coverage ratio, times excl profit from dividend of Bonava ¹⁾	6,7	-8,0	6,7	-6,0	8,5	9,8	6,6	7,1	6,4
Interest-coverage ratio, times incl profit from dividend of Bonava ^{1) 5)}	6,7	-8,0	6,7	-6,0	8,5	9,8	31,1	7,1	6,4
Equity / asset ratio, %	7	11	7	11	19	20	22	25	23
Interest bearing liabilities/total assets, %	32	18	32	17	15	15	16	24	26
Net cash +/ net debt -, SEK M	-8,124	-4,169	-8,124	-3,045	-149	-149	-222	-4,552	-6,836
Debt / equity ratio, times	3,5	1,3	3,5	1,0	0,0	0,0	0,0	0,5	0,8
Capital employed at period end, SEK M	12,749	8,254	12,749	7,619	9,174	9,523	9,585	19,093	18,935
Capital employed, average	9,510	9,076	9,510	8,780	9,138	9,418	13,474	18,672	18,531
Capital turnover rate, ¹⁾ times	6,1	6,1	6,1	6,5	6,0	5,8	4,1	3,3	3,1
Share of risk-bearing capital, %	8	12	8	12	21	22	24	25	23
Closing interest rate, % ⁷⁾	0,9	0,9	0,9	1,3	2,0	2,0	2,6	2,8	2,8
Average period of fixed interest, years	0,6	0,2	0,6	0,5	0,6	0,6	0,9	0,9	1,1
Per share data									
Profit/loss after tax, before and after dilution, SEK excl profit from dividend Bonava	4,21	-8,87	5,65	-7,00	8,07	9,29	11,61	19,59	17,01
Profit/loss after tax, before and after dilution, SEK incl profit from dividend Bonava ⁵⁾	4,21	-8,87	5,65	-7,00	8,07	9,29	73,81	19,59	17,01
Cash flow from operating activities, before and after dilution, SEK	-6,31	-3,90	5,04	-3,47	19,97	19,97	10,88	37,65	12,47
Cash flow before financing, before and after dilution, SEK	-7,53	-5,31	-1,12	-10,71	12,59	12,59	-0,05	30,88	5,32
P / E ratio excl profit from dividend Bonava ¹⁾	29	-19	29	-20	19	17	19	13	15
P / E ratio incl profit from dividend Bonava ^{1) 5)}	29	-19	29	-20	19	17	3	13	15
Dividend, ordinary, SEK			4,00	4,00	8,00	8,00	8,00	3,00	12,00
Dividend yield, %				2,9	5,1	5,1	3,5	1,1	4,9
Shareholders' equity before dilution, SEK	21,57	28,84	21,57	27,13	47,81	51,04	51,39	89,85	82,04
Shareholders' equity after dilution, SEK	21,57	28,84	21,57	27,13	47,81	51,04	51,39	89,85	82,04
Share price / shareholders' equity, %	760	546	760	508	329	308	439	293	301
Share price at period-end, NCC B, SEK	164,00	157,50	164,00	137,80	157,30	157,30	225,40	263,00	246,80
Number of shares, millions									
Total number of issued shares ²⁾	108,4	108,4	108,4	108,4	108,4	108,4	108,4	108,4	108,4
Treasury shares at period-end	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,6	0,6
Total number of shares outstanding at period-end before dilution	108,0	108,0	108,0	108,0	108,1	108,1	108,1	107,9	107,8
Average number of shares outstanding before dilution during the period	108,0	108,0	108	108,1	108,1	108,1	108,1	107,9	107,8
Market capitalization before dilution, SEK M ⁴⁾	17,718	17,056	17,718	14,896	16,997	16,997	24,325	28,369	26,574
Personnel									
Average number of employees	15,545	16,454	15,545	16,290	17,762	17,762	16,793	17,872	17,669

1) Calculations are based on the rolling 12 month period.

2) All shares issued by NCC are common shares.

3) The amounts are adjusted for change in accounting policy regarding IFRS 15.

4) Market value December 2016 excludes NCC's residential business, Bonava. Including Bonava the market value amounts to SEK 39,563 M.

5) The profit arising from the dividend of Bonava was SEK -31M and SEK 6,724 M in the full year 2017 and 2016.

6) IFRS 16 has not had any material effect on key ratios regarding return on employment and equity.

7) Refers to interest-bearing liabilities excluding pension liabilities according to IAS 19 and leasing according to IFRS 16.

For definitions of key figures, see www.ncc.gro/up/investor-relations/financial-data/financial-definitions.

Contact information

Chief Financial Officer

Susanne Lithander

Tel. +46 (0)73-037 08 74

Head of Communications and Investor Relations

Maria Grimberg

Tel. +46 (0)708-96 12 88

Information meeting

NCC's President and CEO Tomas Carlsson and Chief Financial Officer Susanne Lithander will present the interim report at a teleconference on October 28 at 9:00 am (CET) at Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm. The presentation will be held in English.

The presentation can be followed via audiocast or by phone. Presentation material for the teleconference will be available at www.ncc.se/ir from 8:30 a.m. (CET).

Link to audiocast: <https://ncc-live-external.creo.se/191028>

To participate by phone:

To participate by phone, please call one of the following numbers five minutes prior to the start of the conference.

Sweden: +46 8 505 583 69

UK: +44 333 300 9030

US: +1 833 526 8383

This is the type of information that NCC AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact person set out above on October 28, 2019 at 7:10 a.m. CET.



Vallgatan 3, SE-170 80 Solna,
Sweden



NCC AB, SE-170 80 Solna,
Sweden



+46 (0)8 585 510 00



www.ncc.se



info@ncc.se

