



NCC

Year-end report

January 1 - December 31, 2016

NCC's fourth-quarter earnings matched year-earlier level and orders received remained favorable

- Orders received increased to SEK 16,267 M (15,690) in the fourth quarter and to SEK 56,506 M (51,492) for the full-year.
- Net sales amounted to SEK 16,519 M (16,268) in the fourth quarter and to SEK 52,934 M (53,116) for the full-year.
- Profit after financial items was SEK 630 M (622) in the fourth quarter and SEK 1,341 M (1,623) for the full-year.
- Profit after tax was SEK 532 M (518) in the fourth quarter and SEK 1,116 M (1,321) for the full-year. Profit after tax for remaining and discontinued operations amounted to SEK 501 M (1,241) in the fourth quarter and SEK 7,983* M (2,120) for the full-year.
- Earnings per share for remaining operations were SEK 4.93 (4.77) in the fourth quarter and SEK 10.30 (12.19) for the full-year. Earnings per share for remaining and discontinued operations were SEK 4.64 (11.47) in the fourth quarter and SEK 73.81* (19.59) for the full-year.
- The Board proposes a dividend of SEK 8.00 (3.00 + shares of Bonava) per share for 2016, divided into two payments (read more on page 11).

Group, SEK M	2016	2015	2016	2015
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	16,267	15,690	56,506	51,492
Order backlog	47,940	41,538	47,940	41,538
Net sales	16,519	16,268	52,934	53,116
Operating profit/loss	661	635	1,453	1,661
Profit/loss after financial items	630	622	1,341	1,623
Net profit/loss for the period	532	518	1,116	1,321
Net profit/loss for the period after tax for continuing and discontinued operations	501	1,241	7,983	2,120
Profit/loss per share after dilution, SEK	4.64	11.47	73.81	19.59
Cashflow before financing	2,521	4,405	-11	3,331
Equity/asset ratio, %	22	25	22	25
Net indebtedness	222	4,552	222	4,552

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

* In this report, Bonava is reported as a discontinued operation pursuant to IFRS 5 (see accounting policies on page 17 and Note 4 and is included in NCC's income statement up to June 7, 2016. Earnings from discontinued operation comprise Bonava's profit for the period January 1 to June 7 plus the difference between Bonava's market capitalization at the date of its stock-exchange listing and Bonava's shareholders' equity at the spinoff date.

CEO Peter Wågström comments

Earnings in the fourth quarter for construction operations were weak, earnings from the property development business were as expected and the industrial business performed well. Profit after financial items in the fourth quarter was in line with the year-earlier level at SEK 630 M (622). A strong level of orders received was noted and the order backlog grew sharply during the year, with the year-end figure SEK 6.4 billion higher than at December 31, 2015.

Profit after financial items for the full-year declined to SEK 1,341 M (1,623), due mainly to impairment losses on projects in the Norwegian market. To briefly summarize the year, I am disappointed with sales and earnings but simultaneously satisfied with how our new organization implemented the new strategy and how we implemented the spinoff and market listing of Bonava. We also had a stable cash flow, reduced our net indebtedness and improved the equity/assets ratio.

NCC Building slowly in the right direction

Sales increased slightly during the quarter and for the full-year. However, earnings were somewhat lower year-on-year, primarily due to the loss reported in Norway. Earnings from the Swedish and Danish markets were favorable. The year-end order backlog was SEK 4 billion higher year-on-year.

Earnings deterioration in NCC Infrastructure

During the quarter, the business area's two divisions both reported lower earnings than in 2015. The weak results were adversely impacted by final settlement of one project and revaluation of project disputes in the amount of SEK 100 M. On a positive note, the business area accumulated an order backlog that is SEK 2 billion higher year-on-year. The order backlog includes a number of major projects whose work-up rate is spread over a number of years.

Favorable earnings in NCC Industry

Earnings for the quarter increased year-on-year due to better profit from stone materials operations, which incurred restructuring costs in Denmark in 2015. NCC Industry reported excellent full-year earnings and exceeded its targets for both operating margin and return on capital employed.

High activity in NCC Property Development

During the quarter, we delivered and recognized three projects in profit. Four new projects were started and we now have 19 ongoing and completed projects. Operating profit in the quarter was in line with the preceding year. For the full-year, the business area achieved its target for the operating margin but not for the return on capital employed.

Next step in the strategy

Our strong financial position gives us scope to initiate the next step in the strategy while retaining the dividend policy. The aim is to do this by growing geographically in existing markets and implementing property development projects in more locations. We will also develop our partnerships with housing developers but will do so with a limited sales risk and without accumulating a portfolio of sites. In 2017, NCC aims to invest about SEK 1 billion in property projects in these areas.

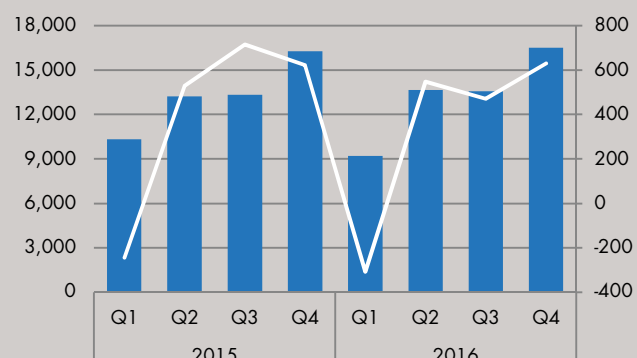


Peter Wågström, President and CEO
Solna, January 27, 2017

Order backlog



Net sales and result after financial items



The diagrams show NCC's performance excluding Bonava.

Group performance

Full-year period, January–December 2016

Orders received and order backlog

Orders received rose to SEK 16,267 M (15,690) in the quarter and to SEK 56,506 M (51,492) for the full-year. In the fourth quarter, orders received by NCC Infrastructure rose, due to favorable orders received in areas including roads and tunnels. Orders received by NCC Industry were higher, mainly for asphalt operations. Orders received in the period had no exchange-rate effects compared with 2015.

The Group's order backlog totaled SEK 47,940 M (41,538). The order backlog rose SEK 1,156 M during the period due to changes in exchange rates.

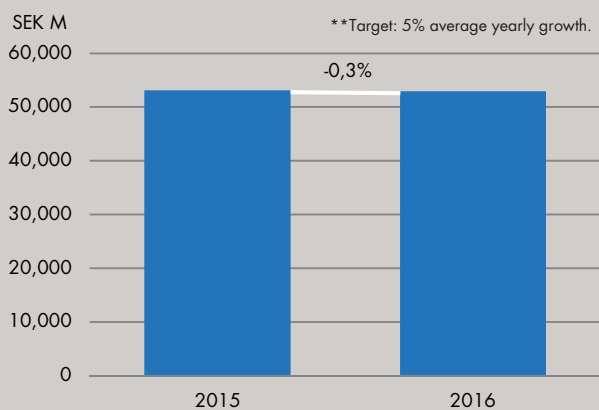
Net sales and earnings

Net sales amounted to SEK 16,519 M (16,268) during the quarter. For the full-year, net sales totaled SEK 52,934 M (53,116). Slightly higher sales in the three latest quarters failed to fully offset the lower first-quarter sales. NCC Building and NCC Industry reported higher sales in both the quarter and the full-year. Sales in NCC Property Development declined because fewer property projects were recognized in profit in 2016.

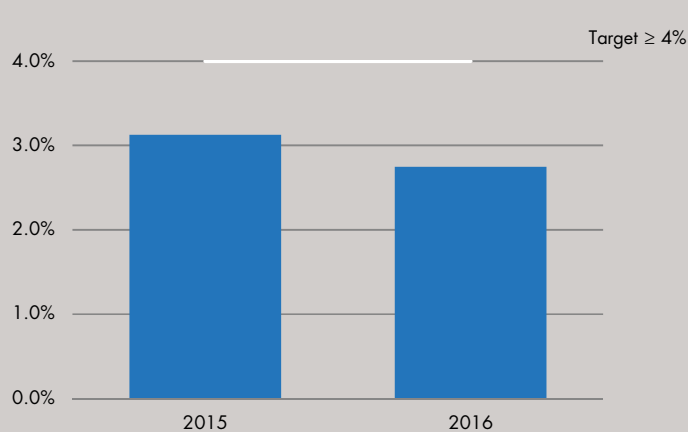
Changes in exchange rates had a positive impact of SEK 54 M on sales compared with the preceding year.

NCC's operating profit was SEK 661 M (635) during the quarter and SEK 1,453 M (1,661) for the full-year. Full-year profit was charged with nonrecurring costs, such as impairment of a joint HR system and costs related to the reorganization. NCC Building's operating profit declined, primarily as a result of the loss reported in Norway and higher overhead costs. NCC Infrastructure's operating profit declined, mainly due to the negative impact of final settlement of one project and revaluation of project disputes, and higher tendering costs. NCC Industry's operating profit improved, primarily as a result of better profitability in Swedish and Danish stone materials operations, as well as an improvement in Swedish asphalt operations. NCC Property Development's earnings were lower because fewer transactions were recognized in profit with margins slightly lower year-on-year. The corporate risk provision of SEK 50 M for projects in Norway, which was posted in the third quarter, was reversed during the quarter and favorably impacted profit.

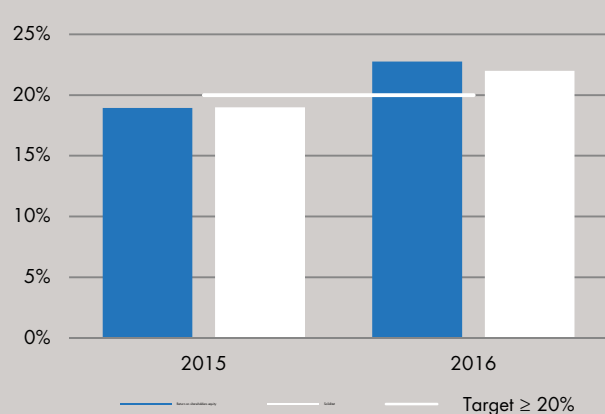
Revenue growth (net sales)*



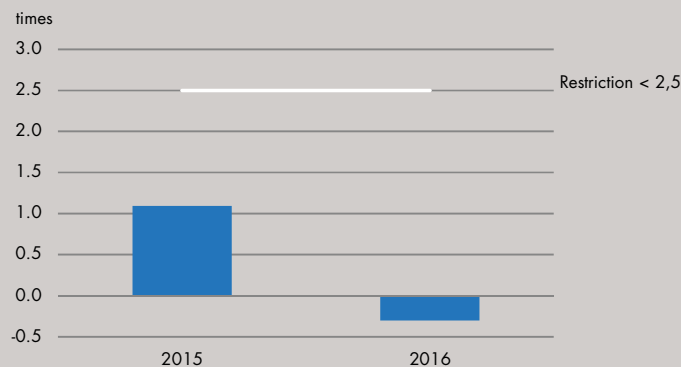
Operating margin



Equity/assets ratio and return on equity



Net indebtedness (excl. pension debt)/EBITDA



The return on equity is calculated based on NCC's profit excluding Bonava, although shareholders' equity has first been adjusted to take into account the capital contribution from NCC to Bonava in the fourth quarter of 2015, which has an impact on average shareholders' equity.

Net financial items amounted to an expense of SEK 112 M (expense: 39). The decrease in net financial items is due to the capital contribution of SEK 5 billion paid to Bonava prior to its IPO.

Cash flow

The Group's cash flow from operating activities was SEK 1,170 M (4,061). Net investments amounted to an expense of SEK 1,181 M (expense: 730). Cash flow was charged with a cost of SEK 336 M (revenue: 624) for changes in working capital. Cash flow before financing amounted to a negative SEK 11 M (positive: 3,331). The change was due primarily to the distribution of Bonava's cash assets and to changes in working capital. Total cash and cash equivalents at the end of the quarter amounted to SEK 3,283 M (4,367).

Financial position

Due to the spinoff of Bonava, the Group's net indebtedness declined and amounted to SEK 222 M (4,552) at December 31.

The Group's total assets at December 31 amounted to SEK 25,315 M (39,402). Total assets declined by SEK 14,087 M, or 36 percent, year-on-year. The decrease in total assets was due to the spinoff of Bonava.

The average maturity period for interest-bearing liabilities, excluding pension debt according to IAS 19, was 33 months (31) at the end of the quarter. At the same date, NCC's unutilized committed lines of credit totaled SEK 3.4 billion (4.7), with an average remaining maturity of 55 (49) months.

Capital employed

Capital employed at December 31 amounted to SEK 9,585 M (19,093), with the decline primarily due to the spinoff of Bonava. The return on capital employed was 13 percent (17).



	2016 Jan.-Dec.	2015 Jan.-Dec.
Net indebtedness, SEK M		
Net indebtedness, opening balance	-4,552	-6,836
Cash flow before financing	-11	3,331
Acquisition/Sale of treasury shares	60	
Change of provisions for pensions	-670	247
Dividend costs	-76	
Currency exchange differences in cash and cash equivalents	15	
Paid dividend	-324	-1,294
Dividend Bonava	5,336	
Net indebtedness, closing balance	-222	-4,552

Market development

The UK's planned exit from the EU and the outcome of the US presidential election are giving rise to uncertainty concerning economic and geopolitical development in Europe. The initiation of interest-rate hikes by the US Federal Reserve is pulling the international community in the same direction and, combined with protectionism and higher resource utilization, is increasing inflation expectations. This factor, combined with the EU's need of structural reforms and an aging population, will limit growth moving forward. Growth ahead is estimated at 1.5–2 percent. Growth in the Nordic construction market was strong in 2016, and is expected to decline significantly during 2017.

Civil engineering – strong growth

Infrastructure investments are driving the market. In Sweden, the growth rate will be 2–2.5 percent in 2017 and 2018. Annual market growth in Norway is expected to continue to grow at about 9 percent up to 2019 and will then decline to some 2.5 percent. In Finland, market conditions improved in 2016 as a result of extra government contributions, but growth is expected to diminish in 2017–18. In Denmark, investments in state roads is reducing growth pending major forthcoming projects.

Construction – growth moving downwards

Demographics and urbanization are growth drivers, but the growth rate will be curbed by capacity ceilings and rising interest rates moving forward. Sweden's housing production grew some 30 percent in 2016. Growth in the construction market will decline in 2017 and the market will shrink in 2018. Growth in the professional refurbishment market was 5 percent in 2016 and remains strong.

In 2016, market growth in Norway was driven by housing, which is expected to normalize moving forward. Lower private investments have been offset by government investments. In Finland, the market grew by 10 percent in 2016, with the rise concentrated to high-growth locations. The Finnish economy does not provide support for growth moving forward. The improved Danish economy leads NCC to expect increased growth in 2017.

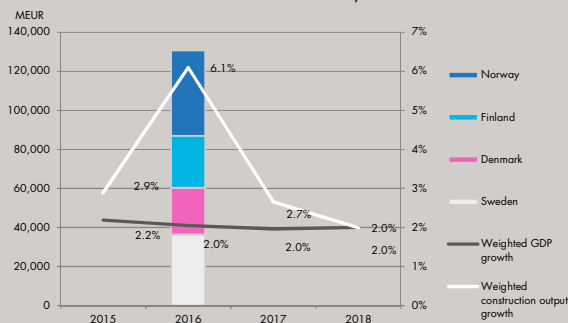
Industry – considerable demand

A strong civil engineering market in 2017 and 2018 will drive demand for asphalt and stone materials, resulting in annual growth of 5–10 percent. In Finland, extra government grants will lead to a strong year for asphalt, but the market will subsequently decline. In Denmark, investments will decline up to 2018. 2016 was a favorable year for the Nordic foundation engineering market. Thereafter, growth will normalize at about 2 percent annually.

Properties – selective robust growth

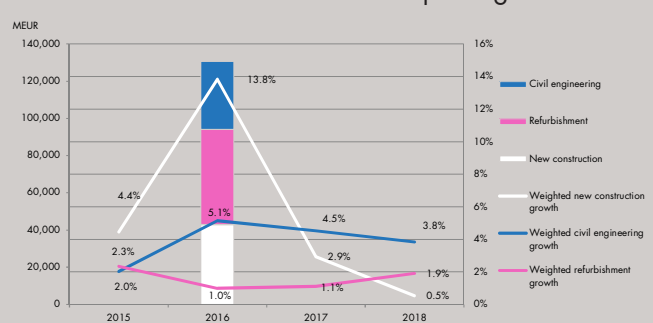
Continued record-breaking activity, international interest, urbanization and the quest for yield are market drivers. The Stockholm and Gothenburg property markets remain highly active, with low vacancy rates, and NCC expects rents to continue to rise. In the Danish market, we anticipate a marginal increase in the yield requirement because of an increased risk rate in the price level, at the same time as new investments are expected to rise in 2017. In Oslo, economic uncertainty moving forward will result in a slowdown in rent levels. Rent levels in central Helsinki are stable, although vacancy rates outside this area are high.

GDP and construction volume, outlook



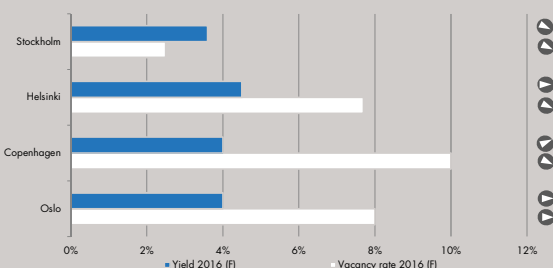
Source: Euroconstruct, NCC.

Construction volume and outlook per segment



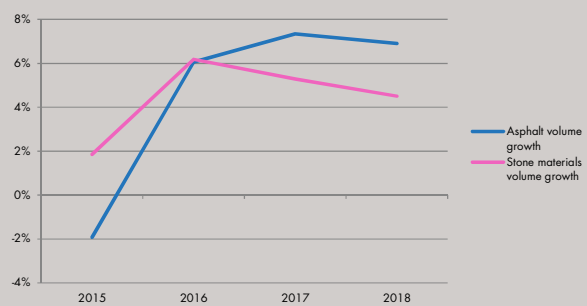
Source: Euroconstruct, NCC.

Property yield and vacancy rate, offices, CBD



Source: Newsec, NCC.

Asphalt and stone volumes, outlook



Source: Euroconstruct, NCC.

NCC Building

Full-year period, January–December 2016

Orders received and order backlog

Orders received by NCC Building declined to SEK 8,985 M (9,414) in the fourth quarter but rose to SEK 28,738 M (26,066) for the full-year. During the fourth quarter, a number of large-scale projects were secured, including a housing project and an office project in Denmark and a housing project in Sweden. In the fourth quarter, housing constituted the largest product category within orders received, followed by offices and refurbishment.

The order backlog increased SEK 3,983 M during the period to SEK 29,159 M.

Net sales and earnings

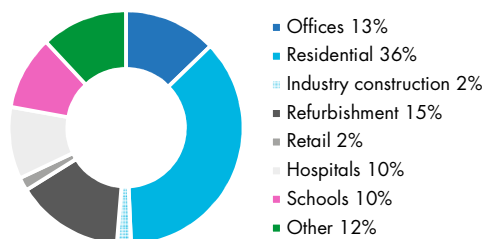
Net sales increased to SEK 7,411 M (7,353) in the fourth quarter and to SEK 25,681 M (25,001) for the full-year. Higher sales in the three latest quarters offset lower first-quarter sales.

NCC Buildings' net sales consist mainly of housing production, followed by refurbishment. In terms of sales, Sweden is the largest market and the Swedish proportion of orders received also increased during the period.

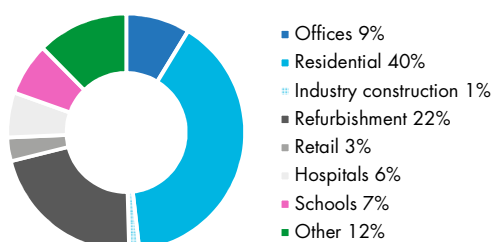
Operating profit declined year-on-year to SEK 268 M (283) in the quarter and to SEK 489 M (602) for the full-year. Profit for the quarter was charged with the loss incurred in Norway. Full-year earnings were lower than in 2015, due mainly to impairment losses on projects in the Norwegian market, with increased overhead costs also contributing.

Product mix

Orders received

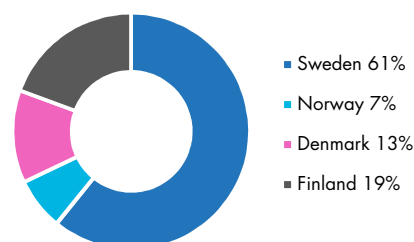


Net sales

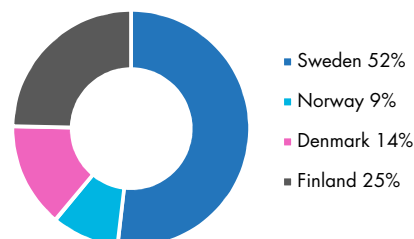


Geographical breakdown

Orders received



Net sales



NCC Building, SEK M	2016	2015	2016	2015
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	8,985	9,414	28,738	26,066
Order backlog	29,159	25,176	29,159	25,176
Net sales	7,411	7,353	25,681	25,001
Operating profit/loss	268	283	489	602
Financial target:				
Operating margin, % ¹⁾	3.6	3.8	1.9	2.4

¹⁾ Target: operating margin \geq 3.5%

NCC Infrastructure

Full-year period, January–December 2016

Orders received and order backlog

Orders received by NCC Infrastructure amounted to SEK 5,290 M (4,124) in the quarter and to SEK 18,664 M (15,621) for the full-year. The increase resulted from favorable orders received in the three latest quarters. The Civil Engineering and Infra Services divisions both showed increases in the period. Orders received by Civil Engineering rose in the fourth quarter, mainly in the Norwegian operations due to the order registration of two major projects in roads/tunnels and earth and groundworks.

In line with its strategy, NCC is focusing on increasing the share of major civil engineering projects. Due to projects received, the share of roadwork increased during the period. In Sweden and Norway, multiple large-scale civil engineering projects are in the procurement stage.

The order backlog rose SEK 2,105 M in 2016 to SEK 16,423 M.

Net sales and earnings

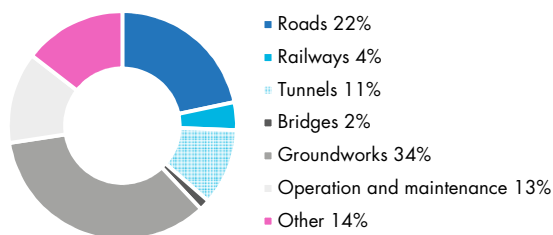
Net sales amounted to SEK 5,405 M (5,209) in the fourth quarter and to SEK 17,007 M (17,105) for the full-year. The decrease in net sales was due to lower sales in the Civil Engineering division.

NCC Infrastructure's net sales consist predominantly of earth and groundworks. Earth and groundworks and operation and maintenance contracts have a major impact on net sales, accounting for more than half. Accordingly, they also have a considerable impact on growth and profitability.

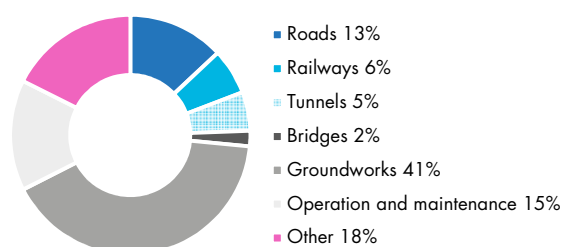
Operating profit declined year-on-year to SEK 76 M (190) in the quarter and to SEK 161 M (469) for the full-year. The weak profit for the quarter derived mainly from the negative impact of final settlement of one project and revaluation of project disputes in an amount of SEK 100 M, with higher tendering costs also contributing. The lower full-year profit resulted from impairment losses on projects, lower net sales and the negative impact of final settlement of one project and revaluation of project disputes.

Product mix

Orders received

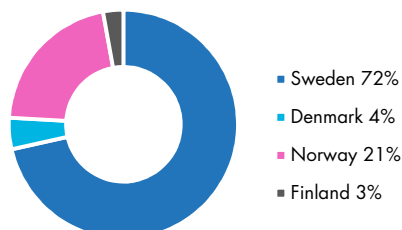


Net sales

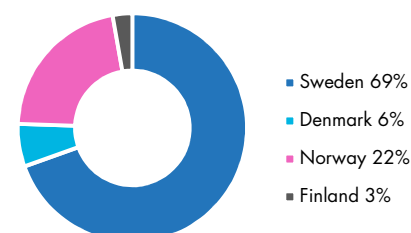


Geographical breakdown

Orders received



Net sales



NCC Infrastructure, MSEK	2016 Oct.-Dec.	2015 Oct.-Dec.	2016 Jan.-Dec.	2015 Jan.-Dec.
Orders received	5,290	4,124	18,664	15,621
Order backlog	16,423	14,318	16,423	14,318
Net sales	5,405	5,209	17,007	17,105
Operating profit/loss	77	190	162	469
Finansiellt mål:				
Operating margin, % ¹⁾	1.4	3.7	1.0	2.7

¹⁾ Target: operating margin \geq 3.5%

NCC Industry

Full-year period, January–December 2016

Net sales and earnings

Sales were slightly higher year-on-year during the quarter and for the full-year. Net sales for the full-year totaled SEK 10,760 M (10,571). The volume of stone materials sold was marginally higher in all markets apart from Denmark, which noted lower volumes due to the closure of quarries in western Denmark in 2015. During 2016, a higher sales volume for asphalt was noted in all countries apart from Russia where volumes were slightly lower year-on-year. Sales by Hercules (foundation engineering) in 2016 were slightly higher year-on-year, as a result of high activity in the Swedish market.

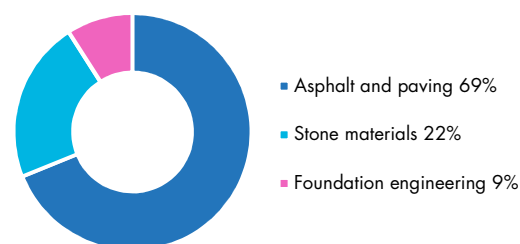
Earnings improved year-on-year and amounted to SEK 126 M (101) in the fourth quarter and to SEK 533 M (374) for 2016. Profit from the asphalt and stone materials divisions improved. Stone materials operations improved as a result of better earnings from projects in Sweden and effects of restructuring measures implemented in Denmark in 2015. Profit from asphalt operations improved in Sweden, Denmark and Norway. Hercules improved its earnings in the Swedish operations.

Capital employed

Due to increasing investments, capital employed rose SEK 0.4 billion compared with 2015 and totaled SEK 4 billion.

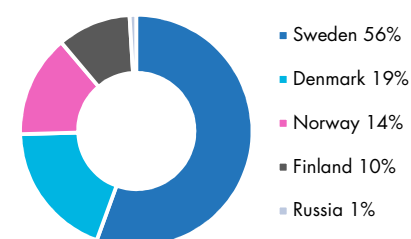
Product mix

Net sales



Geographical breakdown

Net sales



NCC Industry, SEK M	2016	2015	2016	2015
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	2,800	2,528	11,252	10,986
Order backlog	2,883	2,327	2,883	2,327
Net sales	3,240	3,058	10,760	10,571
Operating profit/loss	126	101	533	374
Capital employed	3,975	3,564	3,975	3,564
Stone materials, tons ¹⁾	7,525	7,286	28,110	27,506
Asphalt, tons ¹⁾	1,590	1,585	6,350	6,139
Financial targets:				
Operating margin, % ²⁾	3.9	3.3	4.9	3.5
Return on capital employed, % ³⁾			13.5	9.4

1) Sold volume

2) Target: operating margin \geq 4%

3) Target: return on capital employed \geq 10%

NCC Property Development

Full-year period, January–December 2016

Net sales and earnings

Net sales for the quarter matched the year-earlier level and totaled SEK 2,823 M (3,427) for the full-year. Three projects were recognized in fourth-quarter profit: the SCA-building office project (Mölndal), Tornby shopping area (Linköping) and Arendal 2 logistics project (Gothenburg). In 2016, five projects were recognized in profit; apart from the above-mentioned projects, also the Hyllie office project (Malmö) and Matinkylä shopping area (Espoo) as well as a minor previously completed property project. In 2015, eight projects were recognized in profit including three in the fourth quarter.

Operating profit was SEK 202 M (200) in the fourth quarter and SEK 327 M (417) for the full-year. Earnings from profit-recognized projects, sales of land and previous sales contributed to fourth-quarter profit.

Property projects

Four projects were started in the fourth quarter: The Multihuset building in Sweden and Fredriksberg 1 office project in Finland, Lysaker PP11 and Valle 1 office projects in Norway. Construction was started on a total of ten projects during 2016.

Leasing amounted to 71,900 square meters (73,100) in 2016, including 24,600 square meters (16,300) in the fourth quarter.

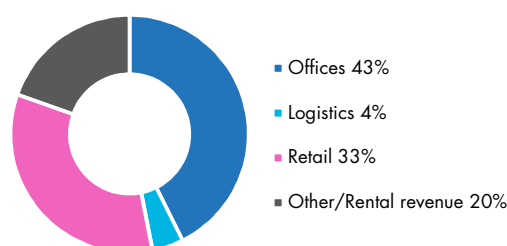
At the end of the quarter, 19 projects (14) were either ongoing or completed but not yet recognized in profit. The costs incurred in all projects totaled SEK 2.8 billion (2.6), corresponding to a completion rate of 59 (55) percent. The leasing rate was 59 (73) percent. The operating net in 2016 was SEK 79 M (85), of which SEK 22 M (19) pertained to the fourth quarter.

Capital employed

Capital employed declined marginally in 2016 compared with 2015, when projects recognized in profit exceeded investments in ongoing projects. Capital employed totaled SEK 4.5 billion.

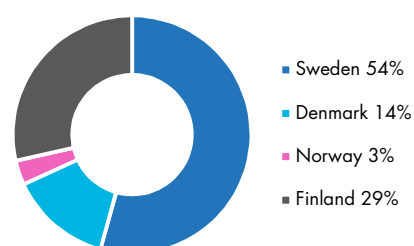
Product mix

Net sales



Geographical breakdown

Net sales



NCC Property Development, SEK M	2016	2015	2016	2015
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Net sales	1,492	1,477	2,823	3,427
Operating profit/loss	202	200	327	417
Capital employed	4,450	4,527	4,450	4,527
Financial targets:				
Operating margin, % ¹⁾	13.5	13.5	11.6	12.2
Return on capital employed, % ²⁾			7.0	8.3

1) Target: operating margin \geq 10%

2) Target: return on capital employed \geq 10%

NCC Property Development

Property development projects as of 2016-12-31 ¹⁾

Ongoing Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Completion ratio, %	Lettable area (sqm)	Letting ratio, %
CH Vallensbæk 4.1	Office	Vallensbæk		44	6,100	0
Frederiks Plads 1	Office	Århus		25	5,000	0
Zenit 2	Office	Århus		78	3,600	16
Total Denmark				42	14,700	3
Alberga E	Office	Helsinki		50	5,800	8
Fredriksberg 1	Office	Helsinki		9	9,000	0
Suurpelto 1	Retail	Espoo		24	4,500	93
Total Finland				25	19,300	24
Lysaker PP11	Office	Bærum		21	6,400	76
Valle 1	Office	Oslo		6	6,300	0
Total Norway				14	12,700	40
Multihuset	Other	Malmö		5	19,800	52
Mölnadal Galleria	Retail	Mölnadal	2)	49	26,500	53
Torsplan 2	Office	Stockholm	Q1 2017	94	22,700	100
Vattenbrunnen	Logistics	Upplands- Bro	Q1 2017	69	6,400	100
Önskebrunnen	Logistics	Upplands- Bro		71	14,000	26
Total Sweden				61	89,400	72
Total				49	136,100	56

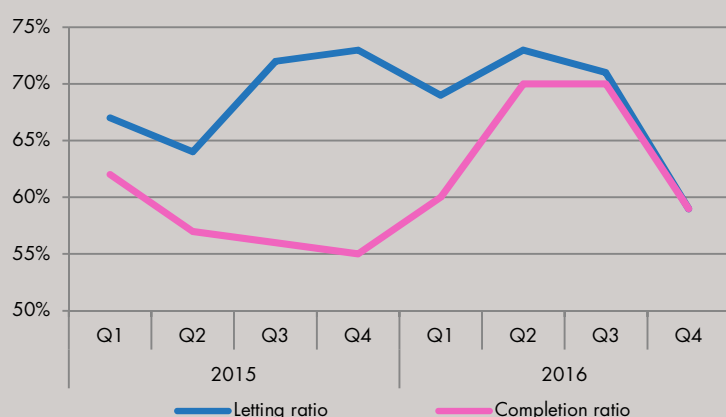
Completed Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Lettable area (sqm)	Letting ratio, %
Kolding Retailpark	Retail	Kolding		4,000	54
Roskildevej	Retail	Taastrup		4,000	100
Viborg Retail II+III	Retail	Viborg		900	0
Total Denmark				8,900	71
Aitio 2 Verdi	Office	Helsinki		5,000	73
Aitio 1 Vivaldi	Office	Helsinki		6,100	98
Total Finland				11,100	87
Stavanger Business Park 1	Office	Stavanger		9,200	44
Total Norway				9,200	44
Total				29,200	69

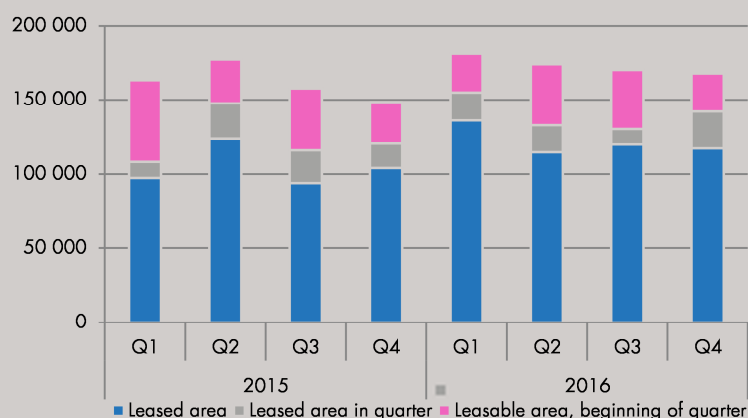
1) The tables refers to ongoing or completed property projects that have not yet been recognized in profit. In addition to these projects, NCC is working on leasing (rental guarantees / supplementary sales prices) for five previously sold and profit-recognized property projects, corresponding to a maximum positive impact on profit of about SEK 40 M.

2) The project is being pursued by a project company owned equally by NCC and Citycon. Citycon will acquire NCC's share when the galleria has been completed and contractual conditions have been fulfilled.

Property projects



Leasing



Other

Significant risks and uncertainties

An account of the risks to which NCC may be exposed is presented in the 2015 Annual Report (pages 48-50). This description remains relevant.

Related-party transactions

The companies related to the Parent Company are the Nordstjernan Group, the Axel Johnson Group, the Fast-Partner Group and NCC's subsidiaries, as well as associated companies and joint ventures. The Parent Company's related-party transactions were of a production character. In the fourth quarter, related-company sales totaled SEK 742 M (460) and purchases SEK 152 M (493). For the full-year period, related-company sales totaled SEK 1,902 M (499) and purchases to SEK 668 M (847).

Seasonal effects

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

Proposed dividend

The Board's proposal for the 2016 fiscal year is that a dividend of SEK 8.00 be paid per share (3.00 + shares of Bonava), divided between two payment occasions. The proposed record dates are April 7, 2017 for the first payment of SEK 3.00 and November 6, 2017 for the second payment of SEK 5.00.

Annual General Meeting

NCC's Annual General Meeting (AGM) will be held at Musikhögskolan (Royal College of Music) Valhallavägen 10 in Stockholm on April 5, 2017. The AGM will open at 4:30 p.m. A notice convening the AGM will be published in Post och Inrikes Tidningar, and will be posted on NCC's website www.ncc.se on February 28. Confirmation of the notice convening the AGM will be announced in Dagens Nyheter and Svenska Dagbladet on the same date. Motions for resolution by the AGM from the Board and the Nomination Committee will be available on the website, where it will also be possible to register for the AGM.

Nomination Committee's motion to the AGM

Ahead of the 2017 AGM, NCC's Nomination Committee comprises Viveca Ax:son Johnson (Chairman of the Board of Nordstjernan AB) and Johan Strandberg (Analyst at SEB Fonder), as well as Anders Oscarsson (equity manager AMF/AMF Fonder), with Viveca Ax:son Johnson as Chairman. Tomas Billing, Chairman of the NCC Board, is a co-opted member of the Nomination Committee but has no voting right.

The Nomination Committee's proposals for the Board of Directors and auditors will be presented in a separate press release later.

Repurchase of shares

NCC AB holds 362,222 Series B treasury shares to meet its obligations pursuant to long-term incentive programs.

Other significant events

Harri Savolainen has been appointed Head of Operational Support at NCC. Operational Support is a new function that will include IT and Management Systems, R&D and Purchasing. The purpose of the function will be to unify areas, especially in digitalization, that are important to the line operations. Harri Savolainen switched to his new role on January 1, 2017 and is a member of the Executive Management Team. Peter Gjörup remains in his current position as Head of Purchasing and reports to Harri Savolainen but, due to the new organizational structure, has left the Executive Management team.

MAJOR ORDERS IN THE FOURTH QUARTER

NCC has been commissioned by the biotech company Novozymes to construct a modern campus – a center for biotechnology research and business development – north of Copenhagen, Denmark. The order is valued at approximately SEK 865 M.

NCC is to develop and build four apartment buildings with some 200 apartments and an in-door car park in Turku. The customer is Fincap Fund 1 Ky, part of Fincap Kiinteistörahastot Oy. The project is valued at SEK 260 M.

NCC has been commissioned by the Swedish Transport Administration to remodel Route 26/47 between Månseryd and Mullsjö, northwest of Jönköping, into a 2+1 express road with median barrier. The project is being carried out to improve safety and accessibility on the road. The order is worth SEK 349 M.

NCC has been commissioned by the City of Oslo's Culture and Sports Facilities unit to build the Nye Jordal Amfi sports arena in Oslo. The order is worth SEK 445 M.

NCC has been commissioned by Akademiska Hus to construct the new Faculty of Arts at the University of Gothenburg. The order is worth SEK 484 M.

NCC is to construct two road tunnels on the Faroe Islands. The contract is divided into two sub-projects and is subject to approval of project funding by the Faroe Islands government. The first tunnel is worth some SEK 1.5 billion. The second tunnel is worth some SEK 1.2 billion, with an option for the customer to decide not to implement the project. The order for the first tunnel was registered in the fourth quarter of 2016. It is estimated that the order for the second tunnel will be registered in the third quarter of 2018, provided that the customer does not decide to exercise the option to not implement the project.

NCC and TDC Pensionskasse pension fund have signed an agreement to construct housing units, an in-door parking facility and a green area in Tegllholmen in Copenhagen, Denmark. The order is worth SEK 380 M.

NCC has been commissioned, in partnership with the municipally owned property company Lejonfastigheter AB, to plan and design a new swim center by the Folkungavallen in Linköping. Phase 1, the parties will jointly plan, budget and design system documentation with the aim of reaching an agreement on Phase 2 of the construction assignment. The total order value is estimated at approximately SEK 500 M. The order is expected to be registered in the third quarter of 2017.

NCC has signed a partnering agreement with Billerud Korsnäs regarding expansion of the Next Generation project at Gruvön Mill in the Municipality of Grums, Sweden. The assignment entirely comprises earth, foundation and concreting works for the new production facility. The works are estimated to cost some SEK 950 M. The assignment will be registered on a continuous basis in 2017, predominantly in the first quarter of 2017 in the Infrastructure business area.

Significant events after the balance sheet date

NCC sold the Aitio Business Park office project in Helsinki for SEK 430 M to an equity fund within OP-gruppen. The Vivaldi office building was completed in 2013 and Verdi in 2016. The buyer will assume ownership of the properties immediately and the sale will have a marginal impact on the earnings of the NCC Property Development business area in the first quarter of 2017.

Reporting occasions in 2017

Interim report, Jan-Mar 2017	April 28, 2017
Interim report, Jan-Jun 2017	July 19, 2017
Interim report, Jan-Sep 2017	October 26, 2017
Year-end report Jan-Dec 2017	January, 2018

Signatures

Solna, January 27, 2017

Peter Wågström
President and CEO

This report is unaudited.

Condensed consolidated income statement

SEK M	Note 1	2016	2015	2016	2015
		Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
CONTINUING OPERATIONS					
Net sales		16,519	16,268	52,934	53,116
Production costs	Note 2	-15,032	-14,778	-48,484	-48,683
Gross profit		1,487	1,490	4,450	4,432
Selling and administrative expenses	Note 2	-823	-835	-2,912	-2,765
Other operating income/expenses		-3	-21	-85	-6
Operating profit/loss		661	635	1,453	1,661
Financial income		4	13	26	39
Financial expense ¹⁾		-35	-26	-138	-78
Net financial items		-31	-13	-112	-39
Profit/loss after financial items		630	622	1,341	1,623
Tax		-98	-104	-225	-302
Net profit/loss for the period from continuing operations		532	518	1,116	1,321
DISCONTINUED OPERATION					
Discontinued operation, net after tax		-31	723	6,867	798
Net profit/loss for the period from discontinued operation	Note 4	-31	723	6,867	798
CONTINUING AND DISCONTINUED OPERATIONS					
Net profit/loss for the period from continuing and discontinued operations		501	1,241	7,983	2,120
Attributable to:					
NCC's shareholders		502	1,238	7,980	2,113
Non-controlling interests		-1	3	3	6
Net profit/loss for the period		501	1,241	7,983	2,120
Earnings per share					
Before dilution					
Net profit/loss for the period, SEK		4.64	11.47	73.81	19.59
After dilution					
Net profit/loss for the period, SEK		4.64	11.47	73.81	19.59
Earnings per share from continuing operations					
Before dilution					
Net profit/loss for the period, SEK		4.93	4.77	10.30	12.19
After dilution					
Net profit/loss for the period, SEK		4.93	4.77	10.30	12.19
Number of shares, millions					
Total number of issued shares		108.4	108.4	108.4	108.4
Average number of shares outstanding before and after dilution during the period		108.1	107.9	108.1	107.9
Number of shares outstanding before dilution at the end of the period		108.1	107.9	108.1	107.9

¹⁾ Whereof interest expenses for the period Jan.-Dec, amounting to SEK 118 M and for the period Jan. - Dec. 2015 amounting to SEK 48 M. For information about discontinued operations, refer to note 4.

Consolidated statement of comprehensive income

SEK M	Note 1	2016	2015	2016	2015
		Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Net profit/loss for the period		501	1,241	7,983	2,120
Items that have been recycled or should be recycled to net profit/loss for the period					
Exchange differences on translating foreign operations		-7	-140	165	-222
Change in hedging/fair value reserve		5	49	-34	76
Cash flow hedges		31	-2	103	1
Income tax relating to items that have been or should be recycled to net profit/loss for the period		-8	-10	-15	-17
		20	-104	219	-162
Items that cannot be recycled to net profit/loss for the period					
Revaluation of defined benefit pension plans		401	810	-590	267
Income tax relating to items that cannot be recycled to net profit/loss for the period		-88	-178	130	-59
		313	632	-460	208
Other comprehensive income		334	528	-241	46
Total comprehensive income		835	1,769	7,742	2,166
Attributable to:					
NCC's shareholders		836	1,766	7,739	2,159
Non-controlling interests		-1	3	3	6
Total comprehensive income		835	1,769	7,742	2,166

Condensed consolidated balance sheet

SEK M	Note 1	2016 31 Dec	2015 31 Dec
ASSETS			
Fixed assets			
Goodwill		1,851	1,792
Other intangible assets		275	439
Owner-occupied properties		814	826
Machinery and equipment		2,569	2,417
Other long-term holdings of securities		125	97
Long-term interest-bearing receivables		361	354
Other long-term receivables		62	307
Deferred tax assets		97	204
Total fixed assets		6,154	6,435
Current assets			
Properties held for future development		1,780	2,050
Ongoing property projects		1,440	2,013
Completed property projects		808	367
Housing properties held for future development		16	3,749
Capitalized developing housing costs			969
Ongoing proprietary housing projects			6,987
Unsold completed housing units			583
Materials and inventories		713	696
Tax receivables		42	33
Accounts receivable		7,682	7,083
Worked-up, non-invoiced revenues		1,737	1,400
Prepaid expenses and accrued income		1,061	1,262
Current interest-bearing receivables		152	106
Other receivables		446	1,301
Short-term investments ¹⁾		190	190
Cash and cash equivalents		3,093	4,177
Total current assets		19,161	32,967
Total assets		25,315	39,402
EQUITY			
Share capital		867	867
Other capital contributions		1,844	1,844
Reserves		-125	-344
Profit/loss brought forward, including current-year profit/loss		2,967	7,324
Shareholders' equity		5,553	9,691
Non-controlling interests		13	23
Total shareholders' equity		5,566	9,714
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities		2,288	5,887
Other long-term liabilities		54	609
Provisions for pensions and similar obligations		1,008	338
Deferred tax liabilities		407	322
Other provisions		1,686	1,970
Total long-term liabilities		5,443	9,126
Current liabilities			
Current interest-bearing liabilities		723	3,154
Accounts payable		4,427	4,694
Tax liabilities		115	287
Invoiced revenues not worked-up		4,355	4,244
Accrued expenses and prepaid income		3,205	4,012
Provisions		21	59
Other current liabilities		1,460	4,112
Total current liabilities		14,306	20,562
Total liabilities		19,749	29,688
Total shareholders' equity and liabilities		25,314	39,402

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

For balance sheet excluding Bonava, see note 5.

Condensed changes in shareholders' equity, Group

SEK M	Dec. 31, 2016			Dec. 31, 2015		
	Shareholders' equity	Non-controlling interests	Total shareholders' equity	Shareholders' equity	Non-controlling interests	Total shareholders' equity
Opening balance, January 1st	9,691	23	9,714	8,847	20	8,867
Total comprehensive income	7,739	3	7,742	2,159	6	2,166
Sale/acquisition of non-controlling interest:	3		3	-9	-2	-11
Dividend, cash	-324 ¹⁾	-13	-337	-1,294	-1	-1,295
Dividend, Bonava	-11,563		-11,563			
Listing costs	-63		-63			
Sale/acquisition of treasury shares	60		60	-18		-18
Performance based incentive program	8		8	7		7
Closing balance	5,553	13	5,566	9,691	23	9,714

¹⁾ The reported amount is the dividend resolved by the Shareholders' Annual General Meeting.

If previous accounting policies for pensions under IAS 19 had been applied, the equity would have been SEK 2,280 M higher and net indebtedness SEK 1,008 M lower at December 31 2016.

Condensed consolidated cash flow statement

SEK M	2016	2015	2016	2015
	Okt.-Dec.	Okt.-Dec.	Jan.-Dec.	Jan.-Dec.
OPERATING ACTIVITIES				
Profit / loss after financial items, continuing operations	631	622	1,341	1,623
Profit / loss after financial items, discontinued operations	-32	940	6,902	1,033
Adjustments for items not included in cash flow	273	689	-6,336	1,160
Taxes paid	-100	-46	-401	-379
Cash flow from operating activities before changes in working capital	772	2,204	1,506	3,436
Cash flow from changes in working capital				
Divestment of property projects	1,118	1,167	2,118	2,529
Gross investments in property projects	-348	-684	-1,612	-1,858
Divestment of housing projects	26	5,059	2,548	9,900
Gross investments in housing projects	3	-3,172	-3,154	-9,725
Other changes in working capital	1,199	-18	-237	-222
Cash flow from changes in working capital	1,997	2,352	-336	624
Cash flow from operating activities	2,769	4,556	1,170	4,061
INVESTING ACTIVITIES				
Acquisition/Sale of subsidiaries and other holdings ²⁾	-20	52	-496	43
Acquisition/Sale of tangible fixed assets	-219	-159	-613	-657
Acquisition/Sale of other fixed assets	-9	-43	-72	-116
Cash flow from investing activities	-248	-150	-1,181	-730
Cash flow before financing	2,521	4,405	-11	3,331
FINANCING ACTIVITIES				
Cash flow from financing activities	-929	-1,838	-1,087	-1,713
Cash flow during the period	1,591	2,567	-1,099	1,618
Cash and cash equivalents at beginning of period	1,500	1,629	4,177	2,592
Effects of exchange rate changes on cash and cash equivalents	2	-19	15	-32
Cash and cash equivalents at end of period	3,093	4,177	3,093	4,177
Short-term investments due later than three months	190	190	190	190
Total liquid assets at end of period	3,283	4,367	3,283	4,367

¹⁾ For information about Bonava's impact on the Group's cash flow in each section, see note 4 Discontinued operations.

²⁾ Bonava's cash and cash equivalents are included with SEK -658 M for the January-December 2016.

Parent Company condensed income statement

SEK M	Note 1	2016	2015	2016	2015
		Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Net sales		4,112	2,486	20,873	20,340
Production costs		-3,554	-1,945	-19,167	-18,227
Gross profit		558	541	1,706	2,113
Selling and administrative expenses		-272	-336	-1,244	-1,426
Impairment losses				-88	
Operating profit		286	205	374	688
Result from financial investment					
Result from participations in Group companies		-58	-92	823	901
Result from participations in associated companies				30	
Result from other financial fixed assets				1	1
Result from financial current assets		5	6	9	30
Interest expense and similar items		-34	-13	-109	-107
Result after financial items		199	107	1,129	1,512
Appropriations		287	144	287	144
Tax on net profit for the period		-102	-105	-110	-244
Net profit for the period		384	146	1,306	1,412

In 2016, the Parent Company comprised the operations of NCC AB and NCC Sverige AB, which conducts its operations on a commission basis on behalf of NCC AB. In 2015, NCC Boende AB was also included for 11 months, when this operation was conducted on a commission basis on behalf of NCC AB. In the Parent Company, profit is recognized when projects are completed.

During the fourth quarter, dividends of SEK 324 M were paid to the shareholders, SEK 500 M of the reloaning with the Pension Foundation was repaid and shareholders' contributions of SEK 150 M were granted to NCC Norge AS. The spinoff of Bonava was effected in the second quarter and impacted shareholders' equity and financial fixed assets. The shareholders' contributions to Bonava were paid during the second quarter. Costs for the reorganization are included in selling and administrative expenses. The average number of employees was 6,569 (6,675).

The commission relationship between NCC AB and NCC Sverige AB was discontinued on January 1, 2017. As a result, the employees will also switch to employment with NCC Sverige AB.

Parent Company condensed balance sheet

SEK M	Note 1	2016	2015
		31 Dec	31 Dec
ASSETS			
Fixed assets			
Intangible fixed assets		108	184
Tangible fixed assets		86	105
Financial fixed assets		4,595	9,745
Total fixed assets		4,789	10,034
Current assets			
Housing projects			
Materials and inventories		57	45
Current receivables		4,338	5,407
Cash and bank balances		2	3
Treasury balances		5,833	8,814
Total current assets		10,231	14,269
Total assets		15,020	24,303
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity		3,677	8,037
Untaxed reserves		527	441
Provisions		569	545
Long term liabilities		2,072	2,573
Current liabilities		8,175	12,707
Total shareholders' equity and liabilities		15,020	24,303

Notes

Note 1. Accounting policies

Group

This Year-end report has been compiled pursuant to IAS 34 Interim Financial Reporting. The Year-end report has been compiled 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 segment division has been changed compared with the 2015 Annual Report. In other respects, the Year-end report has been prepared pursuant to the same accounting policies and methods of calculation as the 2015 Annual Report (Note 1, pages 62-68).

The operations of Bonava are recognized in accordance with IFRS 5, Non-current assets held for sale and discontinued operations.

Accordingly, inter-company volumes from Bonava have not been eliminated in the income statement, nor have inter-company gains between Building and Bonava. Nor are internal volumes from Bonava eliminated from the order backlog and orders received.

Bonava's net after-tax profit is recognized on one line.

Bonava's profit after net financial items is recognized separately in the cash flow statement, following which Bonava as a whole is included.

Parent Company

The Parent Company has prepared its Year-end 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 Year-end report for the Parent Company has been prepared in accordance with the same accounting policies and methods of calculation as the 2015 Annual Report (Note 1, pages 62-68).

Note 2. Depreciation/amortization

SEK M	2016 Oct.-Dec.	2015 Oct.-Dec.	2016 Jan.-Dec.	2015 Jan.-Dec.
Other intangible assets	-32	-17	-82	-62
Owner-occupied properties	-7	-6	-24	-24
Machinery and equipment	-164	-160	-620	-631
Total depreciation ¹⁾	-203	-183	-726	-717

¹⁾ Excluding impairments. Impairments for the period Jan.- Dec. -16 amounts to SEK 97 M and for the period Jan. - Dec. 2015 to SEK 43 M.

Note 3. Segment reporting

SEK M

October - December 2016	NCC Building	NCC Infrastructure	NCC Industry	NCC Property Development	Total segments	Other and eliminations ¹⁾	Group
Net sales, external	7,121	5,224	2,699	1,475	16,519		16,519
Net sales, internal	290	181	541	17	1,029	-1,029	
Net sales, total	7,411	5,405	3,240	1,492	17,548	-1,029	16,519
Operating profit	268	77	126	202	672	-11	661
Net financial items							-31
Profit/loss after financial items							630

October - December 2015	NCC Building	NCC Infrastructure	NCC Industry	NCC Property Development	Total segments	Other and eliminations ¹⁾	Group
Net sales, external	7,038	5,096	2,673	1,461	16,268		16,268
Net sales, internal	315	113	384	17	828	-828	
Net sales, total	7,353	5,209	3,058	1,477	17,096	-828	16,268
Operating profit	283	190	101	200	774	-139	635
Net financial items							-13
Profit/loss after financial items							622

SEK M

January - December 2016	NCC Building	NCC Infrastructure	NCC Industry	NCC Property Development	Total segments	Other and eliminations ²⁾	Group
Net sales, external	24,467	16,481	9,230	2,756	52,934		52,934
Net sales, internal	1,214	526	1,530	67	3,337	-3,337	
Net sales, total	25,681	17,007	10,760	2,823	56,271	-3,337	52,934
Operating profit	489	162	533	327	1,510	-57	1,453
Net financial items							-112
Profit/loss after financial items							1,341

January - December 2015	NCC Building	NCC Infrastructure	NCC Industry	NCC Property Development	Total segments	Other and eliminations ²⁾	Group
Net sales, external	23,763	16,688	9,305	3,360	53,116		53,116
Net sales, internal	1,238	417	1,266	68	2,988	-2,988	
Net sales, total	25,001	17,105	10,571	3,427	56,105	-2,988	53,116
Operating profit	602	469	374	417	1,863	-201	1,661
Net financial items							-39
Profit/loss after financial items							1,623

¹⁾ The figures for the quarter include among others NCC's head office, results from small subsidiaries and associated companies and remaining parts of NCC International Projects, totalling of SEK -138 M (expense: 168). Further, the figures for the quarter includes eliminations of internal profits amount to an expense of SEK 9 M (expense: 56) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group (including pensions) and reversal of central risk reserve for projects in Norway amount to an expense of SEK 118 M (income: 27).

²⁾ The figures for the period include among others NCC's head office, results from small subsidiaries and associated companies and remaining parts of NCC International Projects, totalling an expense of SEK -280 M (expense: 264), whereof SEK 88 M regard discontinued development and implementation of a joint HR system. Further, the figures for the quarter includes eliminations of internal profits amount to an income of SEK 109 M (income: 29) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group (including pensions) amount to an expense of SEK 114 M (income: 34).

Note 4. Discontinued operations

In June 2016, NCC spun off the shares in Bonava to NCC shareholders and the final price was SEK 106.50 per Series B share and SEK 107.50 per Series A share, resulting in market capitalization of approximately SEK

11.5 billion. The revaluation of assets and liabilities to fair value due to the spinoff of Bonava had an impact of SEK 6,724 M on earnings.

Income statement

	2016 Oct.-Dec.	2015 Oktdec	2016 Jan.-7 Jun.	2015 Jan.-Dec.
Net sales		7,314	3,243	13,070
Production costs		-6,045	-2,710	-11,017
Selling and administrative expenses		-217	-231	-640
Other operating expenses		-35		-35
Operating profit/loss ¹⁾		1,015	303	1,377
Net financial items ²⁾		-76	-124	-345
Profit/loss after financial items		939	179	1,033
Tax		-216	-36	-235
Net profit/loss for the period from discontinued operation	0	723	143	798
Capital gain from disposal of discontinued operation	-31		6,724	
Net profit from discontinued operation after tax	-31	723	6,867	798
Comprehensive income for operation available for distribution		-11	4	-8
Earnings per share		6.67	1.32	7.08

¹⁾ Includes depreciations/written-downs amounting to a total of SEK 10 (45) M for the period Jan.- Dec. 2016.

²⁾ Whereof interest expenses amounting to a total of SEK 108 (323) M for the period Jan. - Dec. 2016.

Balance sheet

	2015 31 Dec.
ASSETS	
Intangible assets	84
Fixed assets	111
Financial assets	241
Deferred tax assets	338
Proprietary housing projects	12,378
Accounts receivable	623
Prepaid expenses and accrued income	326
Other receivables	819
Short-term investments	41
Cash and cash equivalents	544
Assets held for distribution	15,506
LIABILITIES	
Long-term interest-bearing liabilities	2,033
Other long-term liabilities	487
Other provisions	357
Current interest-bearing liabilities	3,046
Accounts payable	676
Accrued expenses and prepaid income	845
Other current liabilities	3,329
Liabilities attributable to assets held for distribution	10,773
Net assets held for distribution	4,732

Cash flow

	2,016 Jan.-Dec.	2015 Jan.-Dec.
Below the effects on cashflow from discontinued operations are stated:		
Cash flow from operating activities before changes in working capital	105	959
Cash flow from operating activities	-708	491
Cash flow from investing activities	-81	-13
Cash flow from financing activities	754	-1,300
Cash flow during the period from discontinued operations	70	136

Note 5. Continuing operations

In the interim reports issued during 2016, the comparative figures for 2015 in the balance sheet and cash flow statement have not been adjusted to comply with IFRS. Instead, NCC illustrates in a note the way the balance sheet and cash flow would have appeared if Bonava had not been part of NCC.

The comparative figures excluding Bonava are presented below. They have not been prepared in accordance with IFRS and have not been audited or examined by the company's auditors.

Balance sheet

SEK M	2016 31 Dec	2015 31 Dec
ASSETS		
Fixed assets		
Immaterial assets	2,126	2,147
Material fixed assets	3,383	3,132
Financial fixed assets	548	566
Deferred tax assets	97	
Total fixed assets	6,154	5,845
Current assets		
Property projects	4,044	4,430
Accounts receivable	7,682	6,619
Prepaid expenses and accrued income	1,061	936
Worked-up, non-invoiced revenues	1,737	1,394
Other receivables	1,354	3,357
Short term investments	190	190
Cash and cash equivalents	3,093	3,592
Total current assets	19,161	20,518
Total assets	25,315	26,363
TOTAL SHAREHOLDER'S EQUITY	5,566	4,982
LIABILITIES		
Long-term liabilities		
Long-term interest-bearing liabilities	2,288	3,865
Other long-term liabilities	54	158
Provisions for pensions and similar obligations	1,008	338
Deferred tax liabilities	407	456
Other provisions	1,686	1,612
Total long-term liabilities	5,443	6,429
Current liabilities		
Current interest-bearing liabilities	723	1,900
Accounts payable	4,427	4,176
Invoiced revenues not worked-up	4,355	4,239
Accrued expenses and prepaid income	3,205	3,172
Other short term liabilities	1,596	1,464
Total short term liabilities	14,306	14,951
Total liabilities	19,749	21,380
Total shareholders' equity and liabilities	25,315	26,363

Cash flow

SEK M	2016 31 Dec	2015 31 Dec
Cash flow from continuing operations before changes in operating capital	1,401	2,477
Cash flow from changes in operating capital	91	357
Cash flow from investing activities	-442	-717
Cash flow from financing activities	-1,560	-637
Cash flow for the period	-510	1,481

Note 6. Fair value of financial instruments

In the table 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 prices quoted on an active market for the same instruments. Derivatives in level 2 comprise currency forward contracts, cross-

currency swaps, interest-rate swaps, oil forward contracts, as well as electricity forward contracts used for hedging purposes. The measurement to fair value of currency-forward contracts, cross-currency swaps, oil forward contracts and electricity forward contracts is based on accepted models with observable input data such as interest rates, currencies and commodity prices. The measurement of interest-rate swaps is based on forward interest rates based on observable yield curves. NCC has no financial instruments in level 3.

SEK M	Dec. 31, 2016			Dec. 31, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets measured at fair value through profit and loss						
Securities held for trading	99		99	119		119
Derivative instruments		70	70		419	419
Derivative instruments used for hedge accounting		36	36		42	42
Total assets	99	106	205	119	461	580
Financial liabilities measured at fair value through profit and loss						
Derivative instruments		14	14		34	34
Derivative instruments used for hedge accounting		35	35		123	123
Total liabilities	0	49	49	0	157	157

In the table 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	Dec. 31, 2016		Dec. 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing receivables held to maturity	63	63	104	106
Short-term investments held to maturity	91	92	71	72
Long-term interest-bearing liabilities	2,288	2,311	5,887	5,917
Current interest-bearing liabilities	723	726	3,154	3,165

For other financial instruments recognized at amortized cost - accounts 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.

Note 7. Pledged assets, contingent liabilities and guarantee obligations

SEK M	2016		2015	
	31 Dec.		31 Dec.	
Group				
Assets pledged		377		1,257
Contingent liabilities ¹⁾		768		831
Parent company				
Contingent liabilities ¹⁾		11,882		24,784

¹⁾ Since sureties for former wholly owned subsidiaries of NCC AB in the Bonava Group have not been eliminated, sureties still remaining as outstanding in NCC AB on behalf of Bonava companies have been included in this item. The remaining volume, which includes collateral for agreements concerning future development and has beneficiaries in the form of municipalities and private-sector companies, will continue to be managed during 2017. As a result of agreements between NCC AB and Bonava AB, however, NCC AB will be indemnified by Bonava AB for all undertakings. NCC AB has also received collateral from credit insurance companies for undertakings that remain outstanding for invoices pertaining to currently wholly owned Bonava companies."

Summary of key figures

	2016	2015	2016	2015	2014	2013	2012 ³⁾	2012
	Okt.- Dec.	Okt.- Dec.	Jan.- Dec.	Jan.- Dec.	Jan.- Dec.	Jan.- Dec.	Jan.- Dec.	Jan.- Dec.
Profitability ratios								
Return on shareholders equity, % ¹⁾⁴⁾	19	26	19	26	22	26	28	23
Return on shareholders equity, % ¹⁾⁵⁾	118	26	118	26	22	26	28	23
Return on capital employed, % ¹⁾⁴⁾	13	17	13	17	14	15	17	15
Return on capital employed, % ¹⁾⁵⁾	63	17	63	17	14	15	17	15
Financial ratios at period-end								
EBITDA % ⁴⁾	4.9	8.4	4.7	6.2	5.8	5.9	5.6	5.6
EBITDA % ⁵⁾	5.1	8.4	17.0	6.2	5.8	5.9	5.6	5.6
Interest-coverage ratio, % ¹⁾⁴⁾	6.6	7.1	6.6	7.1	6.4	7.8	7.5	7.0
Interest-coverage ratio, % ¹⁾⁵⁾	31.1	7.1	31.1	7.1	6.4	7.8	7.5	7.0
Equity/asset ratio, %	22	25	22	25	23	22	20	23
Interest bearing liabilities/total assets, %	16	24	16	24	26	25	26	24
Net debt, SEK M	222	4,552	222	4,552	6,836	5,656	6,467	6,061
Debt/equity ratio, times	0.0	0.5	0.0	0.5	0.8	0.7	0.8	0.7
Capital employed at period end, SEK M	9,585	19,093	9,585	19,093	18,935	18,345	17,285	18,241
Capital employed, average	13,474	18,672	13,474	18,672	18,531	18,005	15,755	16,632
Capital turnover rate, times ¹⁾	4.1	3.3	4.1	3.3	3.1	3.2	3.6	3.4
Share of risk-bearing capital, %	24	25	24	25	23	23	21	25
Closing interest rate, %	2.6	2.8	2.6	2.8	2.8	3.3	3.6	3.6
Average period of fixed interest, years	0.9	0.9	0.9	0.9	1.1	1.2	1.1	1.1
Per share data								
Profit/loss after tax, before dilution, SEK ⁴⁾	4.93	11.47	11.61	19.59	17.01	18.40	17.62	17.51
Profit/loss after tax, after dilution, SEK ⁴⁾	4.93	11.47	11.61	19.59	17.01	18.40	17.62	17.51
Profit/loss after tax, before dilution, SEK ⁵⁾	4.64	11.47	73.81	19.59	17.01	18.40	17.62	17.51
Profit/loss after tax, after dilution, SEK ⁵⁾	4.64	11.47	73.81	19.59	17.01	18.40	17.62	17.51
Cash flow from operating activities, after dilution, SEK	25.67	42.23	10.88	37.65	12.47	23.46	-0.24	-0.24
Cash flow before financing, after dilution, SEK	23.38	40.84	-0.05	30.88	5.32	15.40	-8.61	-8.61
P/E ratio ¹⁾⁴⁾	19	13	19	13	15	11	8	8
P/E ratio ¹⁾⁵⁾	3	13	3	13	15	11	8	8
Dividend, ordinary, SEK			8.00	3.00	12.00	12.00	10.00	10.00
Dividend yield, %			3.5	1.1	4.9	5.7	7.3	7.3
Shareholders' equity before dilution, SEK	51.39	89.85	51.39	89.85	82.04	80.24	70.58	82.97
Shareholders' equity after dilution, SEK	51.39	89.85	51.39	89.85	82.04	80.24	70.58	82.97
Share price/shareholders' equity, %	439	293	439	293	301	262	193	164
Share price at period-end, NCC B, SEK	225.40	263.00	225.40	263.00	246.80	209.90	136.20	136.20
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
Treasury shares at period-end	0.4	0.6	0.4	0.6	0.6	0.6	0.4	0.4
Total number of shares outstanding at period-end before dilution	108.1	107.9	108.1	107.9	107.8	107.8	108.0	108.0
Average number of shares outstanding before dilution during the period	108.1	107.9	108.1	107.9	107.8	107.9	108.2	108.2
Market capitalization before dilution, SEK M	24,325	27,166	24,325	28,369	26,574	22,625	14,706	14,706
Personnel								
Average number of employees	16,793	17,872	16,793	17,872	17,669	18,360	18,175	18,175

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 IAS 19.

4) When calculating the key figure the profit arising from the dividend of Bonava, SEK 6 724 M has been excluded.

5) When calculating the key figure the profit arising from the dividend of Bonava, SEK 6 724 M has been included.

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

NCC in brief

NCC is one of the leading Nordic construction and property development companies. With the Nordic region as its home market, NCC is active throughout the value chain – developing and building commercial properties and constructing housing, offices, industrial facilities and public buildings, roads, civil engineering structures and other types of infrastructure. NCC also offers input materials used in construction and accounts for paving and road services. NCC creates future environments for working, living and communication based on responsible construction operations that result in sustainable interaction between people and the environment.

Vision

We will renew our industry providing superior sustainable solutions.

Business concept – responsible enterprise

NCC develops and builds future environments for working, living and communication. Supported by its values, NCC and its customers jointly identify needs-based, cost-effective and high-quality solutions that generate added value for all of NCC's stakeholders and contribute to sustainable social development.

Core values

The company's values and Code of Conduct function as the backbone for the way NCC works and operates. They also jointly serve as a compass for how employees are to conduct themselves and act in everyday situations, and provide guidance when decisions have to be made.

- HONESTY
- RESPECT
- TRUST
- PIONEERING SPIRIT

Organization

NCC conducts integrated construction and development operations in the Nordic region. The company has three businesses – Industrial, Construction and civil engineering and Development – and as of January 1, 2016 is organized in four business areas.



NCC Building



NCC Infrastructure



NCC Industry



NCC Property
Development

Contact information

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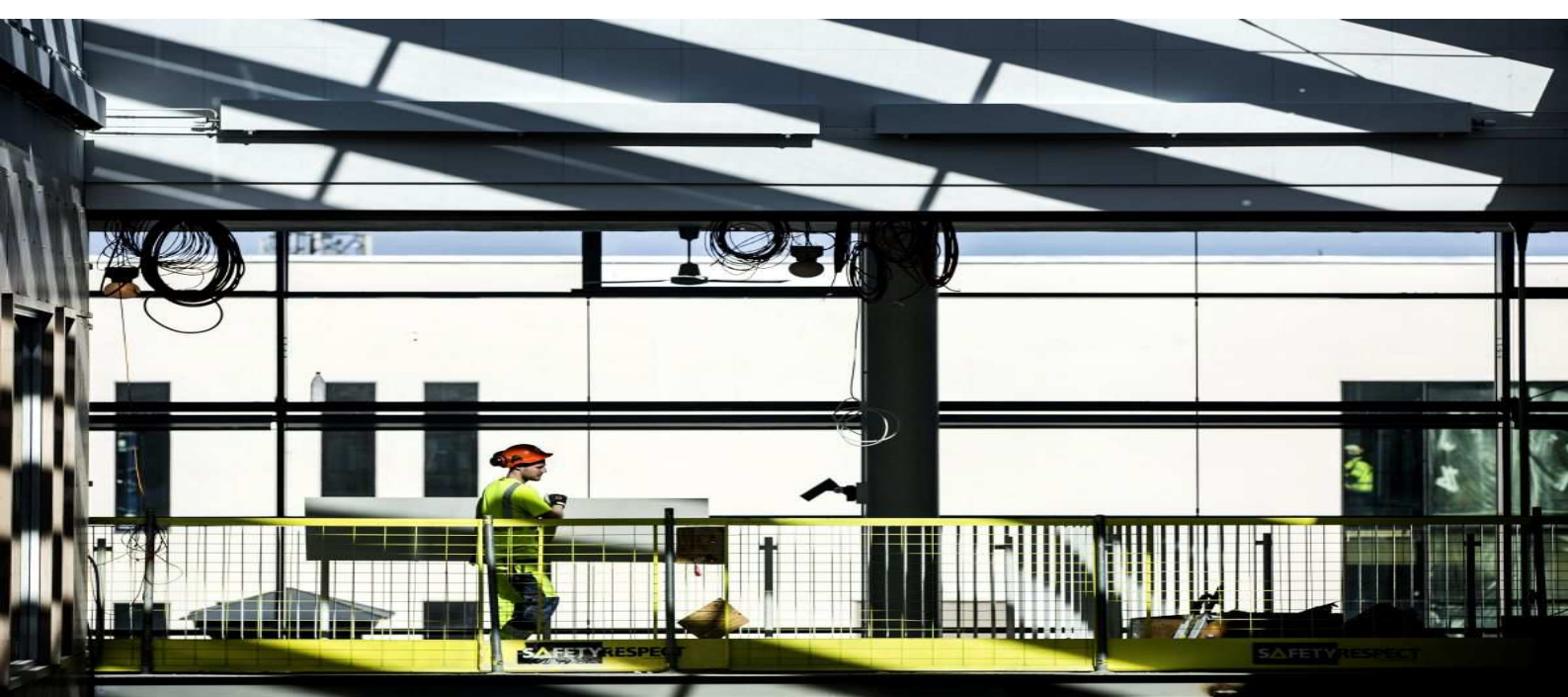
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Information meeting

An information meeting with an integrated Internet and telephone conference will be held on January 27 at 10:00 a.m. CET at Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm. The presentation will be held in English. To participate in this teleconference, call +46 8 519 993 55 (SE), +44 203 194 05 50 (UK), +1 855 269 26 05 (US) or +49 211 971 900 86 (DE) five minutes prior to the start of the conference. State "NCC."

This is the type of information that NCC could be 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 January 27, 2016 at 8:00 a.m. CET.



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