

# NCC Roads

## Aggregates, asphalt, paving and road services

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# Brief facts NCC Roads 2012

Sales  
SEK **12,211** M

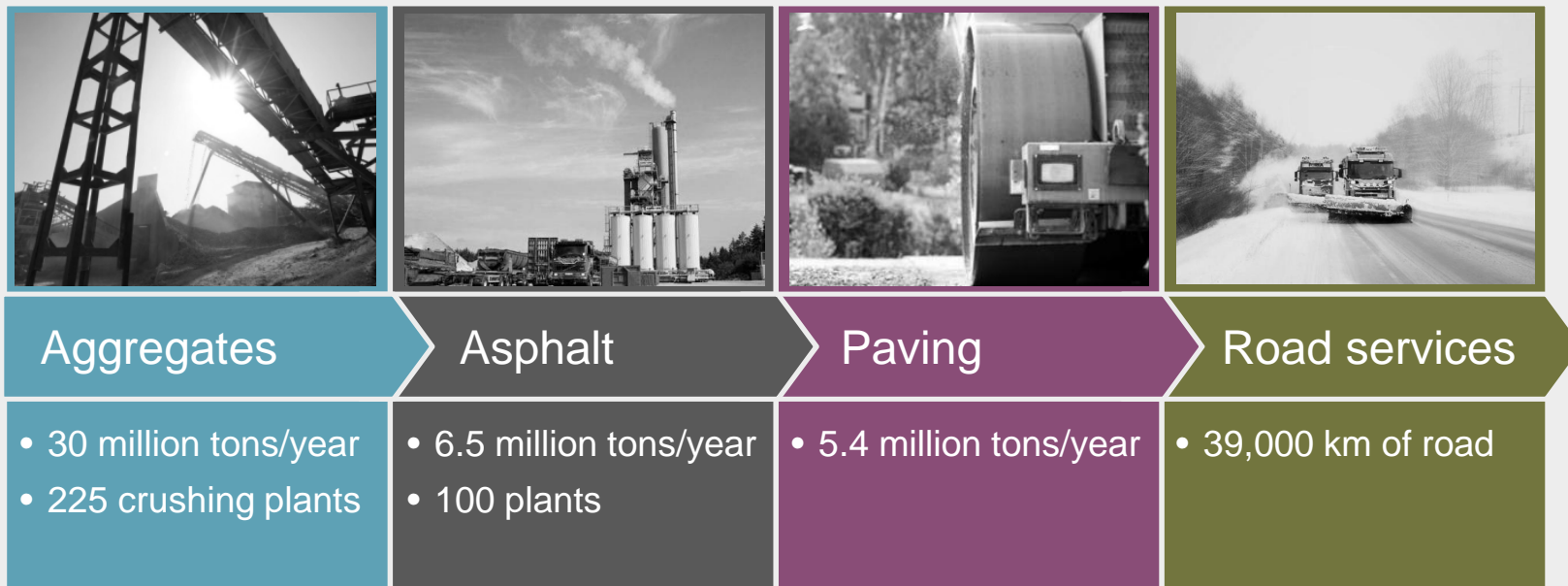
Operating profit  
SEK **413** M

Average number of  
employees **4,209**

Capital employed  
SEK **3,089** M

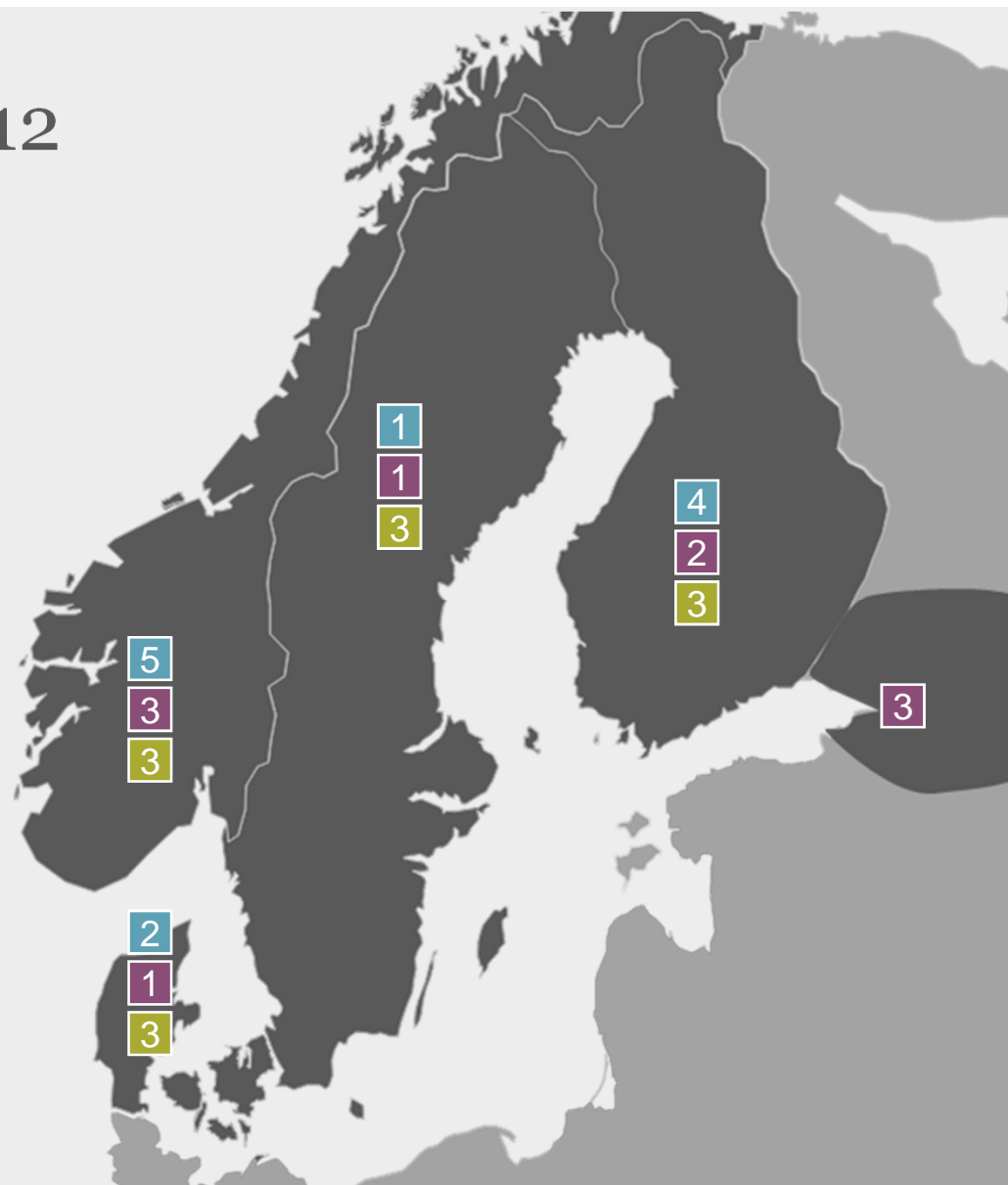
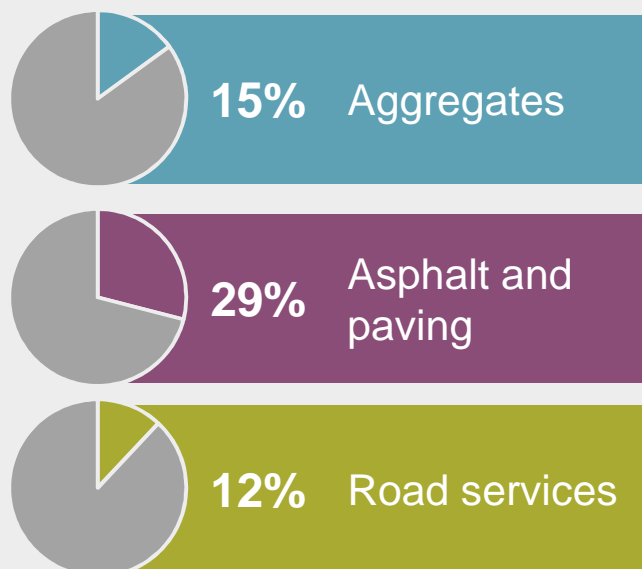


# NCC Roads – value chain



# Market position 2012

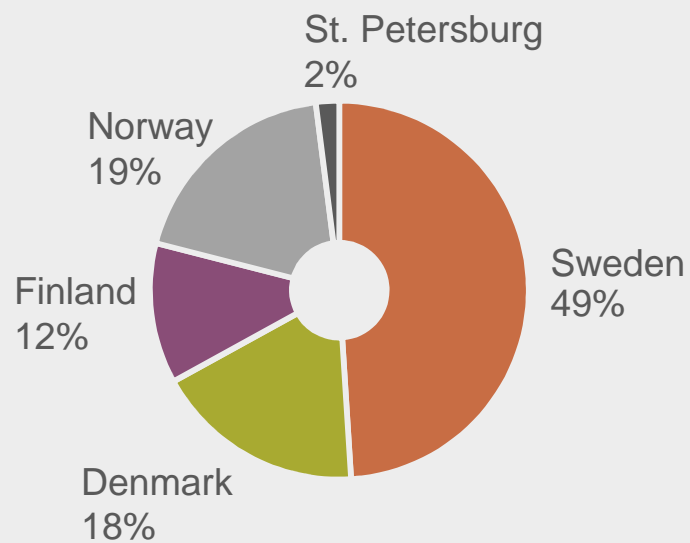
## Market shares



Source: NCC's own figures

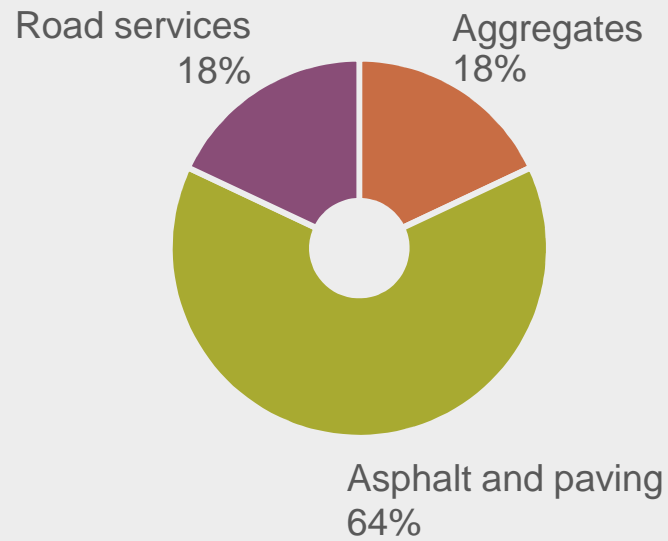
# Geographic markets

*Aggregates, asphalt, paving and road services, share of sales 2012*



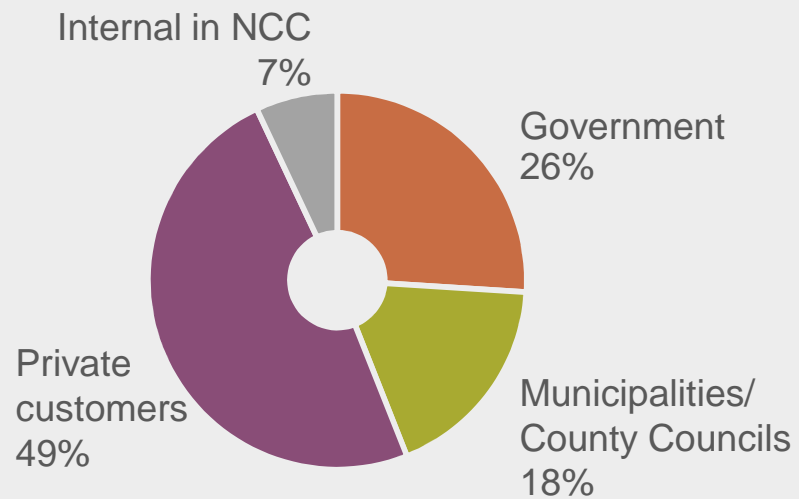
# Product mix

*Aggregates, asphalt, paving and road services, share of sales 2012*



# Customer mix

*Aggregates, asphalt, paving and road services, share of sales 2012*



# NCC Roads strategy



# NCC Roads' strategic activities 2012-2015

## Industrial



Stronger position in  
Denmark and Finland

- Aggregates

Develop position in the  
value chain

- Recycling
- Road services

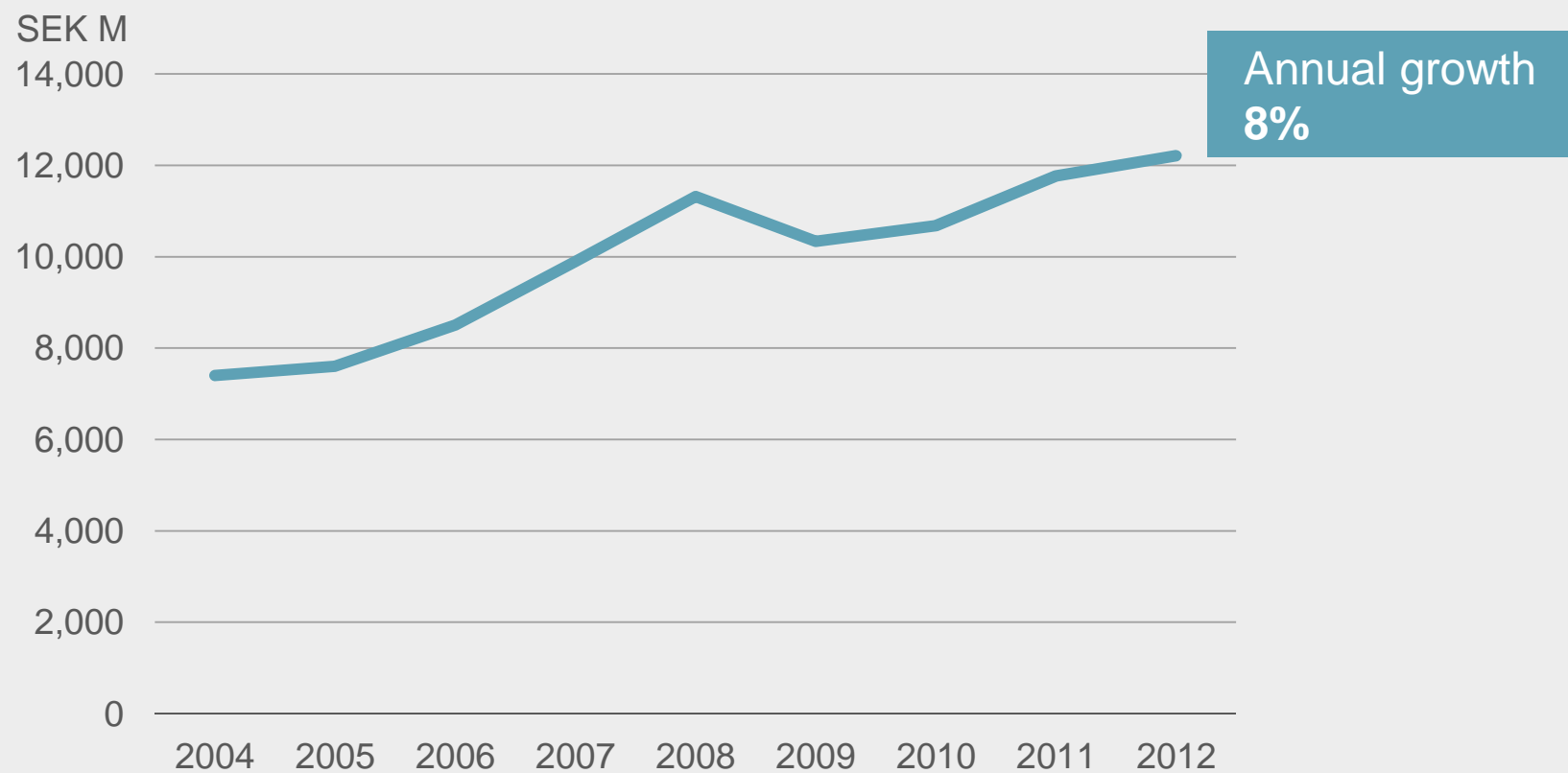
Expand in Norway

Target: sales growth  $\geq$  2 times GDP growth

# Business conditions

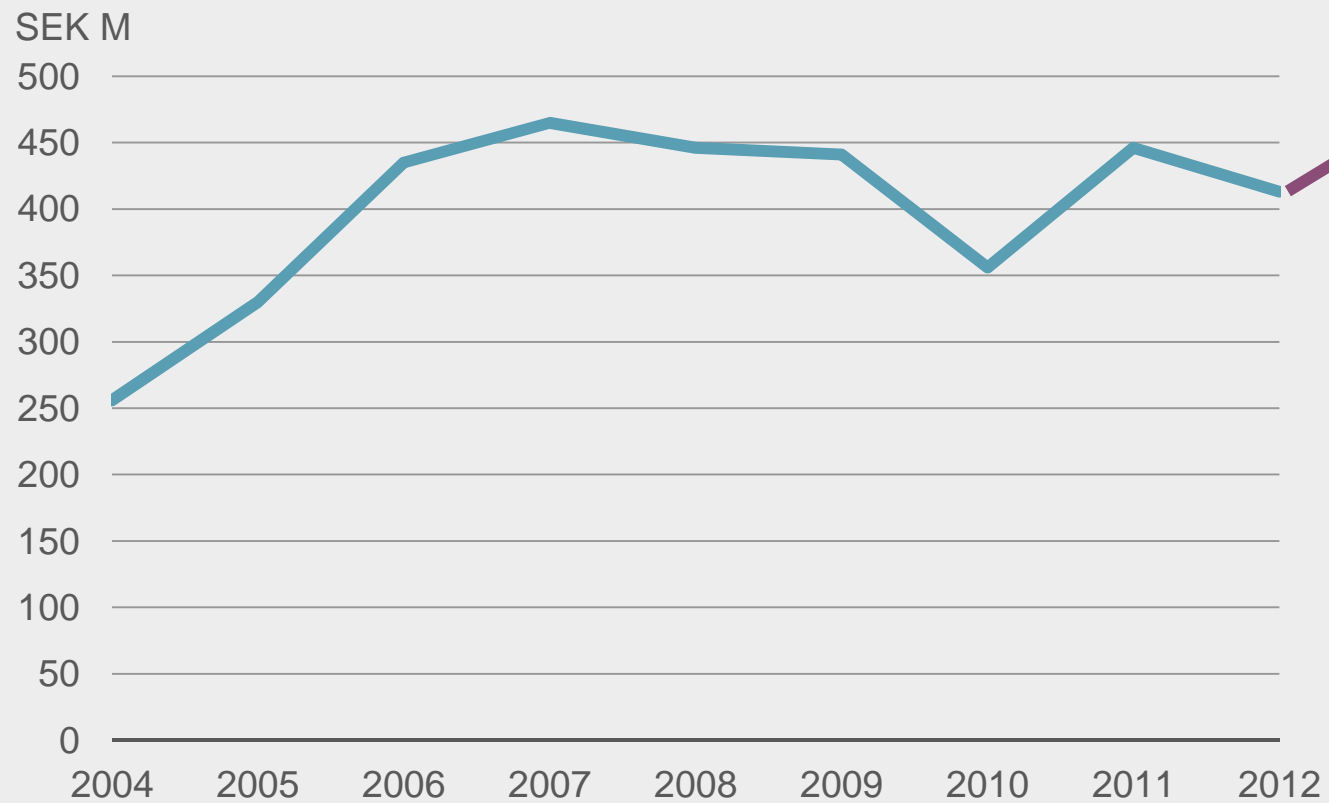
	Aggregates	Asphalt	Road services
Entry threshold	High	Medium/Low	Medium
Profitability potential	High	Medium	Medium
Capital requirement	High	High	Low
Profitable growth	Priority 1		Priority 2

## Net sales 2004-2012\*



\* Excl. items affecting comparability, e.g. Poland

# Operating profit 2004-2012\*



\* Excl. items affecting comparability, e.g. Poland

# Profitability

Mature market  
More competition

Operational excellence

Differentiation

Continued growth

Higher  
Profitability



# Operational excellence

*Prioritized project*  
**Roads United**

New Group-wide work method and IT systems to increase synergies within the business area and integration with customers



*Prioritized project*  
**Capital rationalization  
in the asphalt  
operation**

Increased production efficiency  
and more effective utilization  
of machinery





*Prioritized projects*  
**Pricing of aggregates**

Highlighting the operation to  
generate better conditions for value-  
based pricing



*Prioritized projects*  
**Review of road  
services**

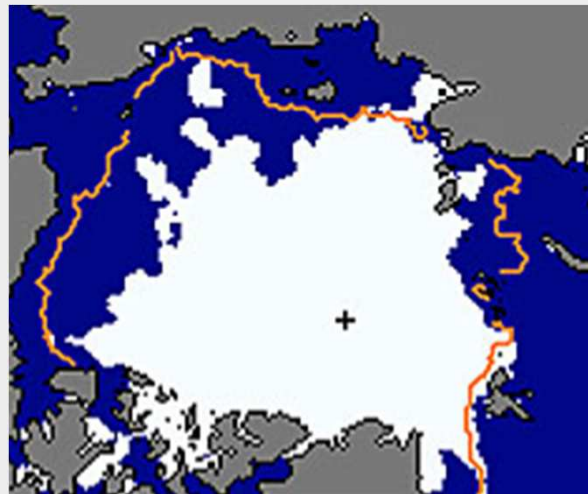
Nordic coordination to increase  
internal efficiency and added sales



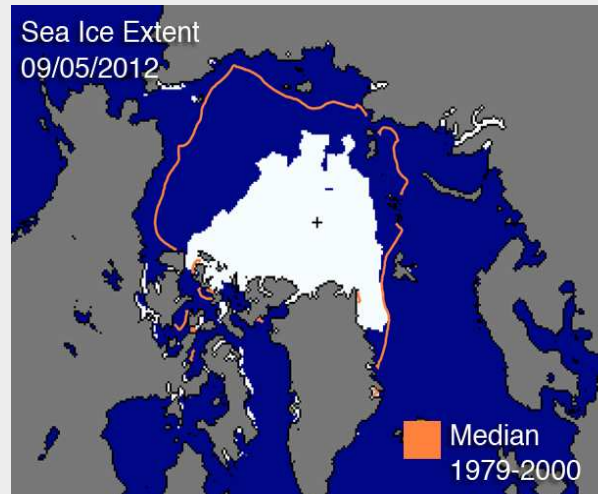
# Differentiation

# Effects of CO<sub>2</sub> emissions

August 24, 2008



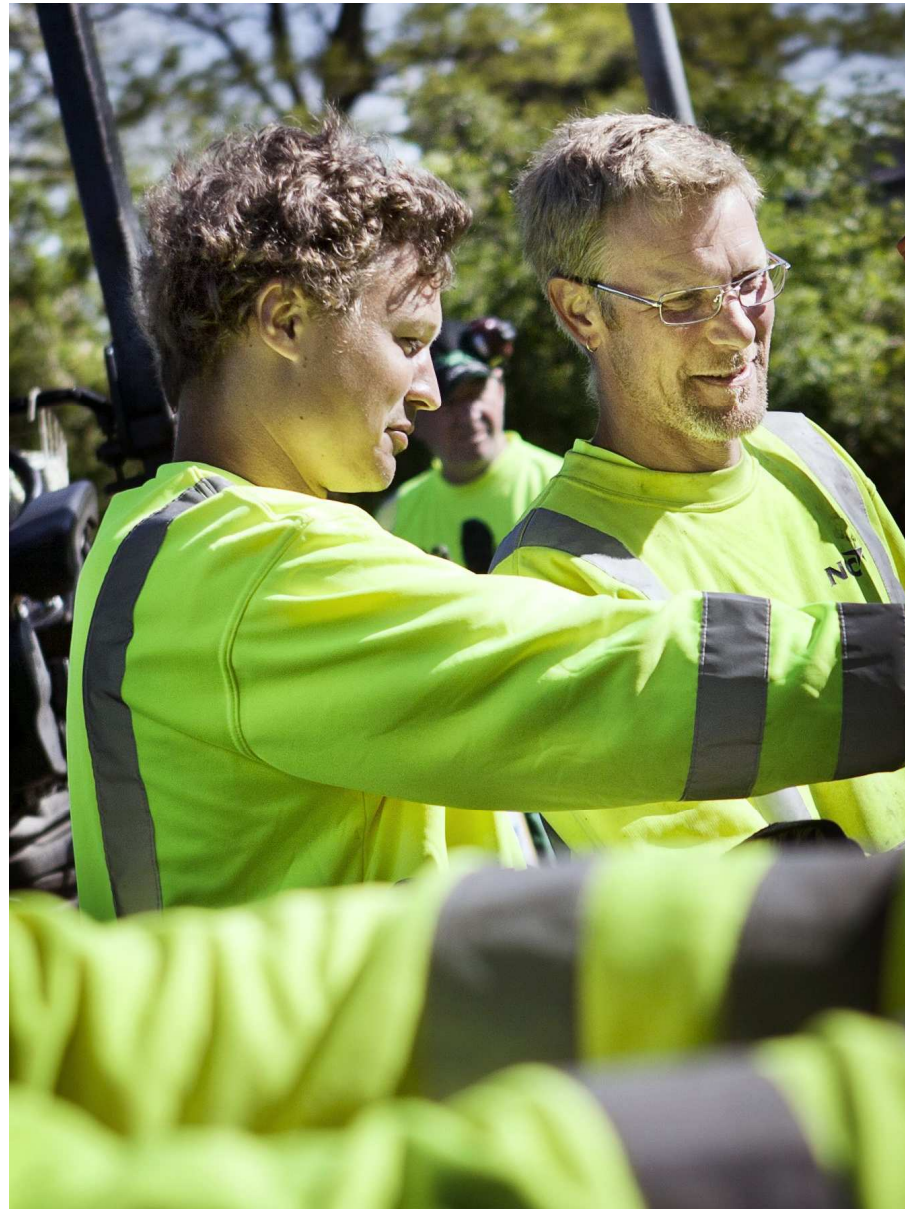
Sept. 5, 2012



# Differentiation

## *Customer survey*

35% of customers are willing to pay more for a product that will reduce CO<sub>2</sub> emissions



# NCC Green Concept®

## Notable examples

### NCC Green Asphalt®

– patented production method for hot asphalt produced at lower temperatures

### NCC Green Road®

– paving that produces less rolling resistance

### NCC Viaco™

– paving with prolonged service life and low maintenance costs

### NCC Green Fuels™

– renewable fuel, e.g. wood pellets in asphalt production instead of oil

### NCC Recycling™

– concept for recycling aggregates, excavated material, etc.

### NCC Spuma™

– weed control based on hot water, coconut and corn sugar

### NCC Snow melting™

– process for melting and cleaning snow using water

### NCC Green Quarry™

– method for continuous environmental improvements in and around our quarries

# We are now paving the way for renewable energy

[ncc.se/greenfuels](http://ncc.se/greenfuels)

# Wood pellets to replace fossil fuels in our asphalt facilities





## Wood pellets facilitate *sustainable* asphalt production

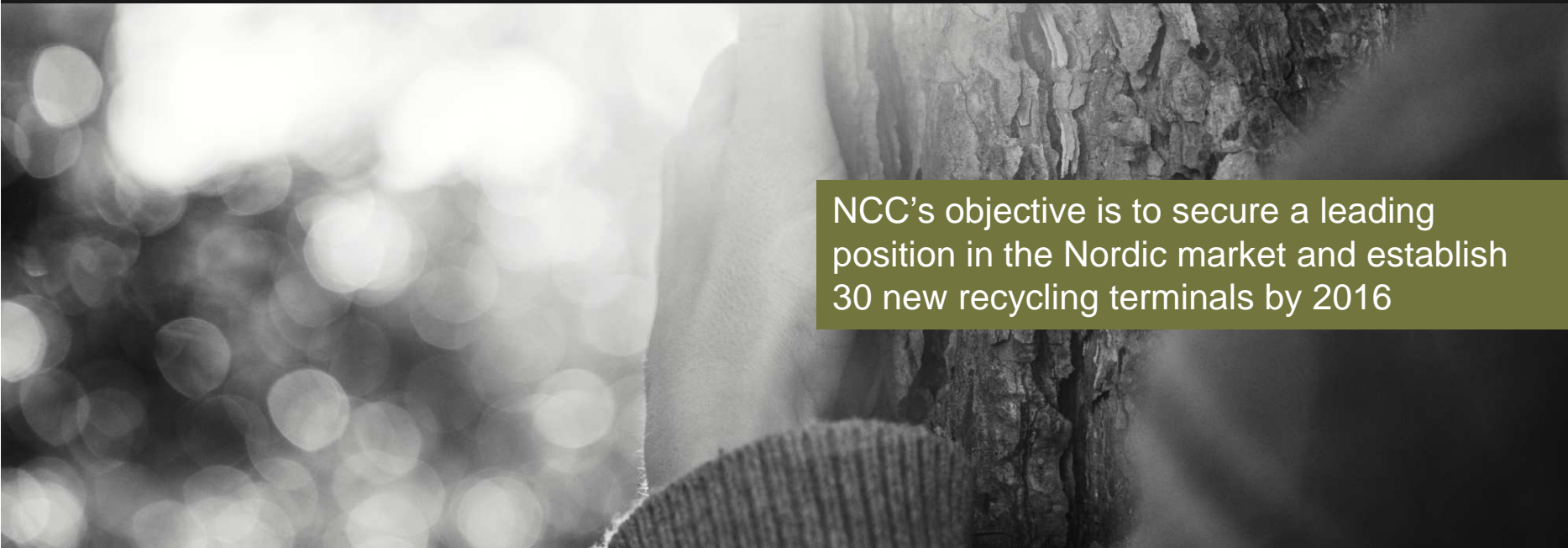
- Asphalt plants fuelled with wood pellets instead of oil
- Significantly reduced carbon dioxide in manufacturing process
- Energy-efficient method
- Limited use of non-renewable resources
- Does not compete with food production
- For NCC, this entails that CO<sub>2</sub> is reduced by 154,000 tons annually
- Corresponds to emissions from 73,000 vehicles
- Technology is specially developed and patent is pending for NCC



# NCC Recycling™



We resolve one problem in society by responsibly managing recoverable material

A black and white photograph of a person's hands wearing work gloves, one of which is holding a piece of rough, layered material, possibly a rock or mineral sample. The background is blurred, showing bokeh light effects.

NCC's objective is to secure a leading position in the Nordic market and establish 30 new recycling terminals by 2016

# What is NCC Recycling?

- NCC Recycling is the name of NCC's new Nordic recycling concept
- The terminals will be able to receive and refine primarily asphalt, concrete, aggregates, earth and excavation material, as well as park waste
- In addition to the recovered material, all terminals will also be able to sell virgin material
- If needs and conditions exist locally, the terminals will be combined with landfill
- Our target group comprises both private and public players



# Example of areas of use



## AGGREGATES

- Filler and subbase at road works



## ASPHALT

- New asphalt mix
- Filler and subbase



## CONCRETE

- Filler mix for cycle roads and parking lots
- Filling of building sites and refilling around buildings
- Mix for cobblestones



## SOIL & EXCAVATION MATERIAL

- New soil
- Excavation material used as filler

# Summary

## Starting point

- Strong value chain
- Market leading position
- Stable profitability

## Strategies

- Increased profitability and continued growth through:
- A series of operational excellence initiatives
- Differentiation through distinct offerings of proprietary products and NCC Green Concept products

