

## Interim report for the fourth quarter and full-year 2019

### Improved earnings and strong cash flow

“NCC concludes 2019 with improved earnings and a strong cash flow” says Tomas Carlsson, President and CEO of NCC.

- Strong earnings from property development and improvements in several business areas in the fourth quarter
- Less orders received compared to fourth quarter previous year but order backlog higher than a year ago
- Operating profit for the full year increased 36 percent, adjusted for revaluations and restructuring totaling SEK 1,717 M that negatively impacted the third and fourth quarters of 2018
- The Board of Directors proposes a dividend of SEK 5.00 (4.00) per share for 2019, divided across two payments (see page 11)

#### Fourth quarter 2019

- Orders received decreased to SEK 13,708 M (17,750)
- Net sales increased to SEK 18,239 M (17,832)
- Operating profit increased to SEK 670 M (256)
- Profit after financial items increased to SEK 639 M (229)
- Profit after tax increased to SEK 408 M (160)
- Earnings per share after dilution were SEK 3.91 (1.47)

#### Full-year 2019

- Orders received decreased to SEK 58,048 M (61,842)
- Net sales rose to SEK 58,234 M (57,346)
- Operating profit increased to SEK 1,296 M (-764)
- Profit after financial items increased to SEK 1,184 M (-849)
- Profit after tax increased to SEK 875 M (-750)
- Earnings per share after dilution were SEK 8.09 (-7.00)

Group, SEK M	2019	2018	2019	2018
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	13,708	17,750	58,048	61,842
Order backlog	57,800	56,837	57,800	56,837
Net sales	18,239	17,832	58,234	57,346
Operating profit/ loss	670	256	1,296	-764
Operating margin, %	3.7	1.4	2.2	-1.3
Profit/ loss after financial items	639	229	1,184	-849
Net profit/ loss for the period	408	160	875	-750
Profit/ loss per share after dilution, SEK	3.91	1.47	8.09	-7.00
Cashflow from operating activities	3,730	2,060	2,214	-375
Cashflow before financing	3,575	1,942	1,512	-1,157
Net cash +/- net debt -	-4,489	-3,045	-4,489	-3,045

For definitions of key figures, see [www.ncc.group/Investor-relations/Financial-data/Financial-definitions](http://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 Division Road Services are reported separately from first quarter 2019 in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, see accounting policies on page 16.

## CEO Tomas Carlsson comments

I could see already last year that the core of NCC is strong. There are successful and profitable operations in all business areas and in all the countries where we operate. The trend we could see in 2019 was strengthened in the fourth quarter with more even, and higher, profitability – in line with the plan we established.

The plan aims to stabilize NCC and improve those operations that did not deliver earnings, and to create a common basis for long-term and sustainable improvements to profitability throughout the group. For the full year, we can state that profitability has improved significantly, even taking the revaluations conducted in the third quarter of 2018 into account.

Orders received for the fourth quarter were lower year-on-year, but NCC has a strong order backlog. Orders received in the fourth quarter are impacted by several different factors: Clear identifiable positions regarding risk profiles and profitability requirements in the tenders we submit, and for some areas, mostly in Sweden, somewhat longer decision processes.

Orders received for the full year were also lower year-on-year. Nearly SEK 2 billion of the reduction in orders received are attributable to the Road Services division, an operation that is being prepared for divestment. It has maintained a strong focus on turning profitability around, and thus was selective in submitting bids. The divestment process is continuing.

The comparison for the Infrastructure business area was impacted by the Centralen project being registered among orders in 2018. In addition to this, Building Nordics has a significantly higher amount of orders received year-on-year, while the figure for Building Sweden is lower.

In most of our operating areas, long-term demand remains stable, but the effects of a more cautious attitude in certain quarters from both public and

private customers – above all in Sweden – could be seen prior to entering 2020.

Cash flow was strong in the fourth quarter, driven by both property sales and cash flow from operating activities.

Operating profit in the Infrastructure business area continues to improve. We are continuing to adopt a selective position and to only take part in procurements with favorable risk profiles and profitability.

The Building Sweden business area is on the same level in terms of profitability as in previous years and the third quarter. Earnings are stable but were impacted by the continued intensity of work aimed at turning profitability around in certain units.

The Building Nordics business area reported highly favorable orders received throughout the year, above all in Denmark, and improved profitability driven by all countries. In January, Catarina Molén-Runnäs took office as the new Business Area Manager.

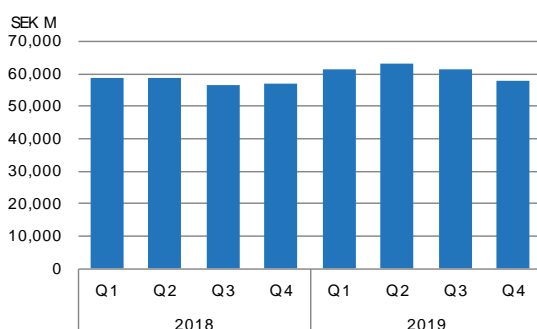
In the Industry business area, earnings and volumes are at seasonally even and normal levels, though they were somewhat lower during the quarter than in the year-earlier period owing to unfavorable weather conditions.

In the Property Development business area, five projects were recognized in profit during the quarter. The largest of them is the first phase in the sale of Valle Wood in Norway and the surrounding development rights. A strong cash flow was driven by the sale of the Fredriksberg project, with effect on this year's cash flow but an earnings effect in the second quarter of 2020.

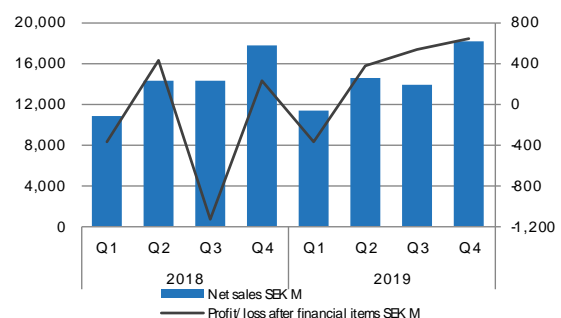
We are now into the second year of the journey of change and we will continue working towards a business model that is sustainable and profitable over the long term.

**Tomas Carlsson, President and CEO**  
Solna, January 30, 2020

### Order backlog



### Net sales and result after financial items



# Group performance

Fourth quarter and the January–December 2019 period

## Market

In general, market conditions remain favorable in the long term, though in certain submarkets a more cautious attitude could be noted which prolongs the decision processes. The economies of the Nordic countries are robust, and NCC's experience is that demand is healthy. 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 and owing to market conditions not all projects meet the risk profile and profitability requirements NCC has set. 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 13,708 M (17,750) in the fourth quarter and to SEK 58,048 M (61,842) for the full year. The lower level of orders received during the year was impacted by the Centralen project (SEK 4.7 billion) being registered among orders in 2018 in the Infrastructure business area. Changes in exchange rates impacted orders received by SEK 628 M (1,067).

The Group's order backlog amounted to SEK 57,800 M (56,837) at year-end. The higher level of order backlog was attributable primarily to the Danish operations in Building Nordics, which had a high level of orders received during the year. Changes in exchange rates had a positive impact of SEK 456 M (542) on order backlog.

## Net sales and earnings

Net sales amounted to SEK 18,239 M (17,832) in the fourth quarter and to SEK 58,234 (57,346) for full-year 2019. The higher level of net sales was attributable to Building Nordics and Property Development. Changes in exchange rates had a positive impact of SEK 519 M (1,077) on sales.

NCC's operating profit amounted to SEK 670 M (256) for the fourth quarter and SEK 1,296 M (-764) for full-year 2019. The operating profit in the year-earlier period was impacted 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. Excluding the effects of these revaluations, profit for the year improved in four business areas and are at the same level in Building Sweden.

Net financial items for the January–December period amounted to SEK -112 M (-85). Additional lease liabilities in accordance with IFRS 16 Leases affects net financial items negative by SEK 42 M.

## Cash flow

The cash flow for the January–December period before financing was SEK 1,512 M (-1,157). The improvement was attributable to higher cash flow from operating activities, which amounted to SEK 2,214 M (-375). Cash flow from operating activities for the period were, for accounting purposes, positively impacted by SEK 705 M from IFRS 16 Leases, for which there was no corresponding effect year-on-year. Total cash and cash equivalents at the end of the period amounted to SEK 2,478 M (1,269).

The Group's net debt at December 31 amounted to SEK -4,489 M (-3,045). The increase was due to the new accounting policy, IFRS 16 Leases, and higher pension debt. By the year-end 2019 NCC has no other net debt but other net cash of SEK 83 M (-766).

Net debt, SEK M	2019 Jan.-Dec.	2018 Jan.-Dec.
Net debt, opening balance	-3,045	-149
- Cash flow from operating activities	2,214	-375
- Cash flow from investing activities	-701	-782
Cash flow before financing	1,512	-1,157
Leasing - IFRS 16-effect	-1,942	
Acquisition/Sale of treasury shares	-19	-11
Change of provisions for pensions	-561	-872
Currency exchange differences in cash and cash equivalents	15	8
Paid dividend	-450	-864
Net cash + /net debt - closing balance	-4,489	-3,045
- Whereof provisions for pensions	-2,840	-2,279
- Whereof leasing according to IFRS 16 2019 and according to IAS 17 2018	-1,732	-493
- Whereof other net debt	83	-273

The Group's total assets at December 31 amounted to SEK 29,890 M (27,001). Total assets 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 37 months (34). At December 31, 2019, NCC's unutilized committed lines of credit totaled SEK 3.7 billion (3.6), with an average remaining maturity of 22 (33) months.

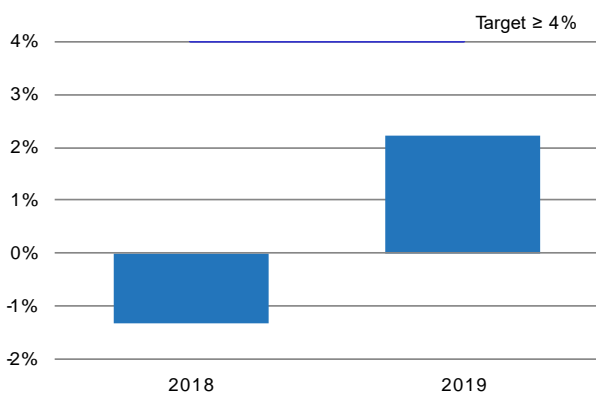
### Capital employed

At December 31, capital employed amounted to SEK 10,382 M (7,619). 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 13 percent (-9).

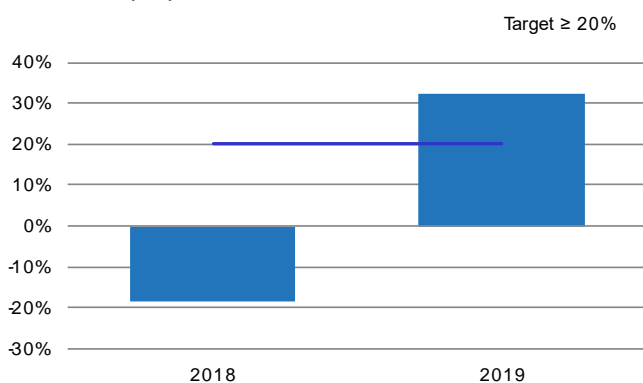
### Financial targets

NCC has established three financial targets at Group level: operating margin  $\geq 4$  percent, return on equity  $\geq 20$  percent and net debt  $< 2.5$  times EBITDA. On a rolling twelve-month basis, NCC has an operating margin of 2.2 percent. The return on equity is 32 percent, and net debt is -0.03 times EBITDA.

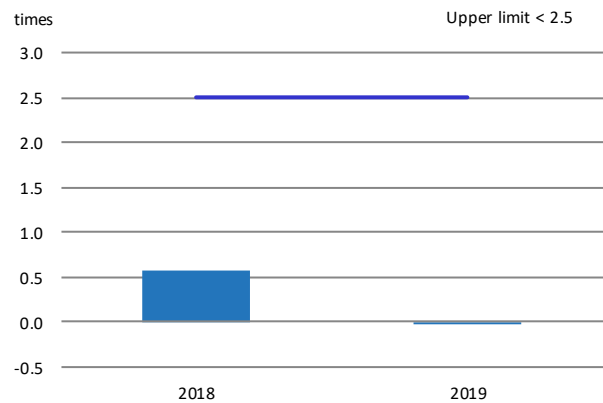
#### Operating margin



#### Return on equity



#### Net debt/EBITDA



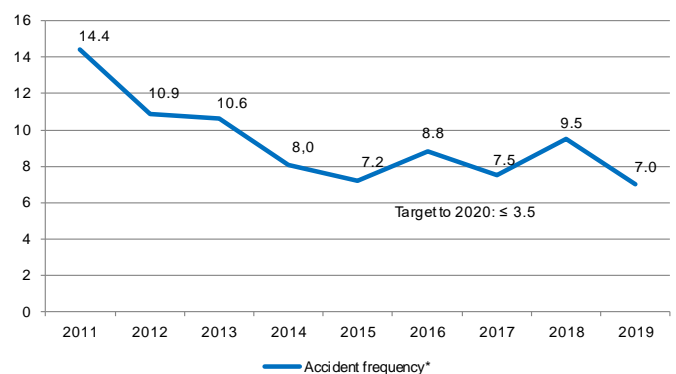
Net debt excludes pension debt and lease liability in accordance with IFRS 16 Leases. EBITDA refers to operating profit according to the income statement, with reversal of depreciation and impairment losses according to Notes 2 and 3. The definition has been changed and, as of this report, no longer includes leasing debt in accordance with IAS 17.

NCC's dividend policy is to distribute at least 40 percent of after-tax profit for the year.

### Safety

Safety is a high priority area at NCC, and we have a vision of zero accidents. In the fourth quarter, the accident frequency rate\* for NCC continued to fall, and we are now at historically low levels. A tragic fatal accident involving a subcontractor occurred at one of NCC's worksites in Sweden this November. The importance of our work with health and safety and the goal of reaching zero accidents cannot be overestimated. We are continuing to develop our work method with support and initiatives for all managers at all levels, the development of methods and more focused resources on units and activities with high accident rates.

#### Accident frequency



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

# NCC Infrastructure

## Fourth quarter and the January–December 2019 period

### Orders received and order backlog

Orders received for the fourth quarter totaled SEK 3,868 M (5,796). The lower level of orders received was attributable primarily to two major projects being registered among orders in the fourth quarter of 2018.

In 2019, orders received totaled SEK 16,601 M (21,271), where the year-on-year difference was attributable to the Centralen project (SEK 4.7 billion) in Gothenburg being registered 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 totaled SEK 20,389 M (21,037) at the end of the quarter.

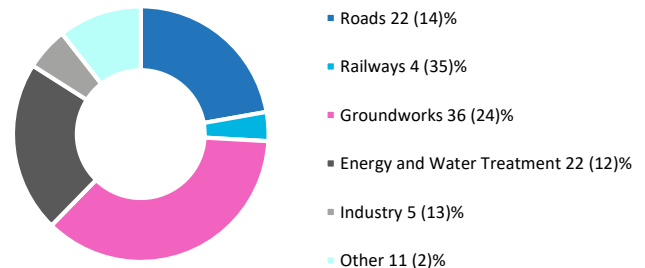
### Net sales and earnings

Sales increased to SEK 5,371 M (5,134) in the fourth quarter and to SEK 17,425 M (16,936) for 2019. The higher level of sales is primarily attributable to Norway, which has major ongoing projects.

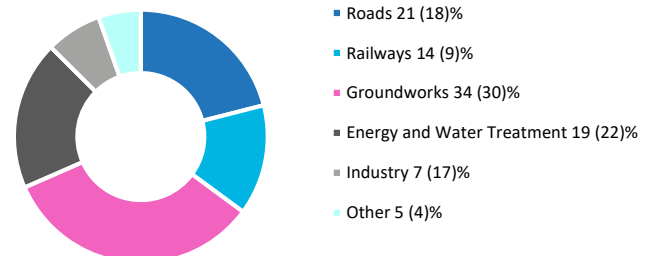
Operating profit amounted to SEK 78 M (-144) in the fourth quarter and to SEK 212 M (-743) for 2019. Earnings performed positively during the year as a result of greater profitability in ongoing projects and a somewhat larger volume. Earnings in the year-earlier period were negatively impacted by revaluations in the third quarter.

### Product mix

#### Orders received Jan-Dec



#### Net sales Jan-Dec



NCC Infrastructure, SEK M	2019	2018	2019	2018
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	3,868	5,796	16,601	21,271
Order backlog	20,389	21,037	20,389	21,037
Net sales	5,371	5,134	17,425	16,936
Operating profit/loss	78	-144	212	-743
<b>Financial target:<sup>1)</sup></b>				
Operating margin, %	1.4	-2.8	1.2	-4.4

<sup>1)</sup> Target: operating margin  $\geq$  3.5%

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

NCC Road Services, SEK M	2019	2018	2019	2018
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	112	424	1,617	3,609
Order backlog	2,816	3,749	2,816	3,749
Net sales	735	858	2,624	2,855
Operating profit/loss	14	-6	20	-251

# NCC Building Sweden

## Fourth quarter and the January–December 2019 period

### Orders received and order backlog

Orders received in the fourth quarter were lower year-on-year, totaling SEK 4,107 M (5,893). The comparison is impacted by a larger number of major projects being recognized in orders during the year-earlier period.

Orders received also decreased for the full year, totaling SEK 12,741 M (15,075) for full-year 2019. The share of residential units increased year-on-year, corresponding to nearly one-third of total orders received for the year. More than two-thirds of these were rental units.

The order backlog decreased to SEK 16,561 M (18,709) at the end of the quarter.

### Net sales and earnings

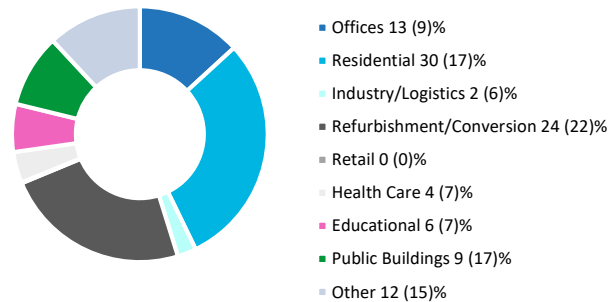
Sales decreased to SEK 4,264 M (4,614) in the fourth quarter and to SEK 14,851 M (15,701) for full-year 2019. Residential and Refurbishment/Conversion was in line with the preceding year for just over half of net sales.

Operating profit was SEK 103 M (109) in the fourth quarter and SEK 364 M (453) for full-year 2019. Earnings levels for the quarter were stable year-on-year and compared with the preceding quarter.

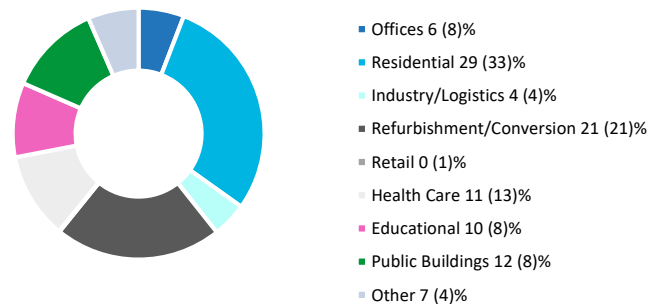
Earnings for the full year were lower year-on-year. This includes a provision owing to a dispute related to the Rågården project. Operating profit was also impacted by the work on long-term improvements to profitability in certain sections of the operation. Earnings in the year-earlier period were negatively impacted by revaluations in the third quarter

### Product mix

#### Orders received Jan-Dec



#### Net sales Jan-Dec



NCC Building Sweden, SEK M	2019	2018	2019	2018
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	4,107	5,893	12,741	15,075
Order backlog	16,561	18,709	16,561	18,709
Net sales	4,264	4,614	14,851	15,701
Operating profit/loss	103	109	364	453
<b>Financial target:<sup>1)</sup></b>				
Operating margin, %	2.4	2.4	2.5	2.9

<sup>1)</sup> Target: operating margin  $\geq$  3.5%

# NCC Building Nordics

## Fourth quarter and the January–December 2019 period

### Orders received and order backlog

Orders received amounted to SEK 3,001 M (3,477) in the fourth quarter and to SEK 16,080 M (11,229) for full-year 2019. The increase in orders received for the full year was attributable primarily to Danish operations. Residential units represented approximately one-third of total orders received, followed by Refurbishment/Conversion, which in terms of volume are at roughly the same level as in the year-earlier period.

The order backlog amounted to SEK 15,807 M (11,313) at year-end.

### Net sales and earnings

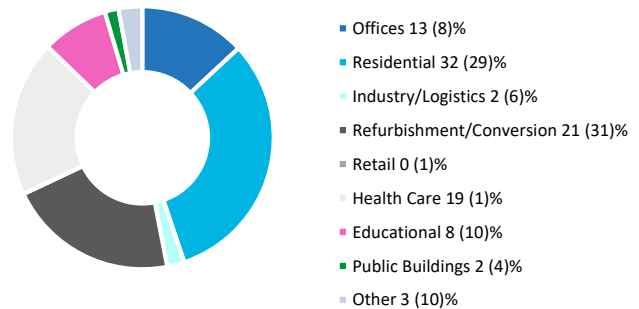
Net sales increased to SEK 3,485 M (3,162) in the fourth quarter and to SEK 11,769 M (10,753) for full-year 2019. The increase was mainly attributable to Finland, which is the largest market in terms of sales.

Operating profit amounted to SEK 99 M (-78) for the fourth quarter and to SEK 231 M (-227) for full-year 2019.

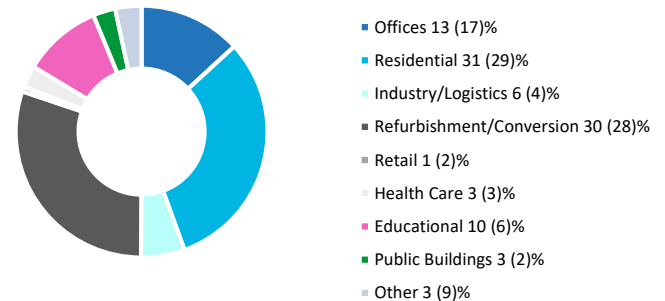
Earnings were higher during the year, and all countries delivered a positive operating result for the quarter. Earnings in the year-earlier period were negatively impacted by revaluations in the third quarter.

### Product mix

#### Orders received Jan-Dec



#### Net sales Jan-Dec



NCC Building Nordics, SEK M	2019	2018	2019	2018
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	3,001	3,477	16,080	11,229
Order backlog	15,807	11,313	15,807	11,313
Net sales	3,485	3,162	11,769	10,753
Operating profit/loss	99	-78	231	-227
<b>Financial target:<sup>1)</sup></b>				
Operating margin, %	2.8	-2.5	2.0	-2.1

<sup>1)</sup> Target: operating margin  $\geq$  3.5%

# NCC Industry

## Fourth quarter and the January–December 2019 period

### Net sales and earnings

Sales in the fourth quarter were lower, totaling SEK 3,674 M (3,876). The lower volume of sales in the fourth quarter is attributable primarily to unfavorable weather conditions for the asphalt operations.

For the full year, net sales were on a level with the preceding year, totaling SEK 12,971 M (12,968). The foundation engineering operations in the Hercules division grew as a result of major projects in Sweden, Denmark and Norway, while asphalt and stone materials operations decreased somewhat as a result of somewhat lower volumes in the year-earlier period.

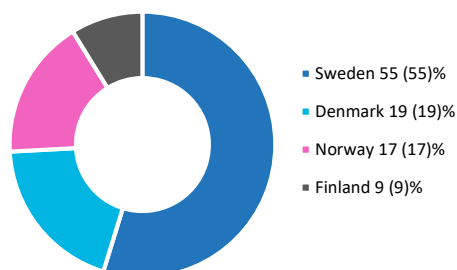
Operating profit was SEK 187 M (155) in the fourth quarter and SEK 511 M (350) for full-year 2019. Earnings for the year were higher year-on-year in all divisions, with major improvements primarily in the Danish asphalt operations and Hercules's Norwegian operations. Earnings in the year-earlier period were negatively impacted by revaluations in the third quarter

### Capital employed

Capital employed increased SEK 0.6 billion to SEK 5.5 billion, primarily as a result of the transition to IFRS 16 Leases.

### Geographical breakdown

#### Net sales Jan-Dec



NCC Industry, SEK M	2019	2018	2019	2018
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Orders received	3,040	3,058	12,852	12,943
Order backlog	2,967	3,092	2,967	3,092
Net sales	3,674	3,876	12,971	12,968
Operating profit/loss	187	155	511	350
Capital employed	5,507	4,902	5,507	4,902
Stone materials tons, sold volume	7,244	7,539	28,339	29,275
Asphalt tons, sold volume	1,512	1,788	6,100	6,415
<b>Financial targets: <sup>1)</sup></b>				
Operating margin, %	5.1	4.0	3.9	2.7
Return on capital employed, %			9.0	7.1

<sup>1)</sup> Targets: operating margin  $\geq$  4%,  
return on capital employed  $\geq$  10%



# NCC Property Development

## Fourth quarter and the January–December 2019 period

### Net sales and earnings

Net sales totaled SEK 1,989 M (1,361) in the fourth quarter and SEK 3,056 M (2,157) for the January–December period.

Operating profit was SEK 273 M (144) in the fourth quarter and SEK 313 M (-181) for the January–December period.

Five projects were recognized in profit in the fourth quarter: the Flintholm 2, CH Vallensbæk 4.1 and Vallensbæk 4.2 office projects in Denmark and the Multihuset project in Sweden. In addition, the sale of Valle 1 (Valle Wood) in Norway and of land with development rights associated with the area (Valle Vision) were recognized in profit. Land with development rights represented nearly 75 percent of operating profit in the quarter. During the fourth quarter, other sale of land as well as earnings from earlier sales also contributed positively. Four projects were recognized in profit in the year-earlier period. Earnings in the year-earlier period were negatively impacted by revaluations.

A total of 11 projects were recognized in profit in the January–December period, compared with nine the preceding year. Earnings from profit-recognized projects, sales of land and development rights, and previous sales contributed to the result for the January–December period.

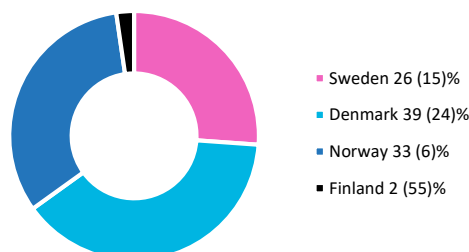
### Property projects

Construction on one project was commenced during the fourth quarter: The Omega CH office project in Denmark. In total, construction of eight projects commenced in the January–December period.

Four projects were sold in the fourth quarter, with profit recognition to occur later. It is estimated that the K12 and Arenal 4 projects in Sweden will be recognized in profit during the first quarter and fourth quarter of 2020 respectively. It is estimated that the Fredriksberg B and Fredriksberg C projects in Finland will be recognized in profit during the second quarter of 2020.

### Geographical breakdown

#### Net sales Jan-Dec



Letting totaled 98,800 square meters (71,200) for the January–December period, of which 12,700 square meters (53,500) were in the fourth quarter.

At the end of the fourth quarter, 15 (18) projects were either ongoing or completed but not yet recognized in profit. The costs incurred in all projects amounted to SEK 4.4 billion (2.7), corresponding to a total completion rate of 44 percent (35). The leasing rate was 51 (49) percent. Operating net for the January–December period amounted to SEK 60 M (38) and to SEK 28 M (5) in the fourth quarter.

### Capital employed

Projects recognized in profit and sales of land and development rights reduced capital employed, which totaled SEK 4.9 billion at the end of the quarter. This is a decrease of SEK 1.2 billion compared to the third quarter of 2019.

NCC Property Development, SEK M	2019	2018	2019	2018
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.
Net sales	1,989	1,361	3,056	2,157
Operating profit/loss	273	144	313	-181
Capital employed	4,935	4,314	4,935	4,314
<b>Financial targets: <sup>1)</sup></b>				
Operating margin, %	13.7	10.6	10.2	-8.4
Return on capital employed, %			6.2	-3.9

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

# NCC Property Development

## Property development projects as of 2019-12-31 <sup>1)</sup>

### Ongoing Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Completion ratio, %	Lettable area (sqm)	Letting ratio, %
Frederiks Plads 2	Office	Århus		33	17,000	70
Omega CH	Office	Århus		15	9,100	62
<b>Total Denmark</b>				<b>29</b>	<b>26,100</b>	<b>68</b>
Fredriksberg B	Office	Helsinki	Q2 2020	73	6,500	53
Fredriksberg C	Office	Helsinki	Q2 2020	71	4,600	6
Hatsina Office 1	Office	Espoo	Q3 2021	9	18,500	52
<b>Total Finland</b>				<b>36</b>	<b>29,600</b>	<b>44</b>
Valle View	Office	Oslo	Q1 2021	41	23,100	64
<b>Total Norway</b>				<b>41</b>	<b>23,100</b>	<b>64</b>
Kineum Gårda <sup>2)</sup>	Office	Gothenburg		43	21,300	76
K11	Office	Solna		74	12,200	7
Bromma Blocks	Office	Stockholm		42	51,500	43
Arendal 4	Logistics	Gothenburg	Q4 2020	55	17,200	100
Våghuset	Office	Gothenburg		18	11,000	0
Brick Studios	Office	Gothenburg		18	16,100	19
Björkö Skola	Other	Gothenburg	Q4 2020	37	3,500	100
<b>Total Sweden</b>				<b>40</b>	<b>132,800</b>	<b>47</b>
<b>Total</b>				<b>39</b>	<b>211,600</b>	<b>50</b>

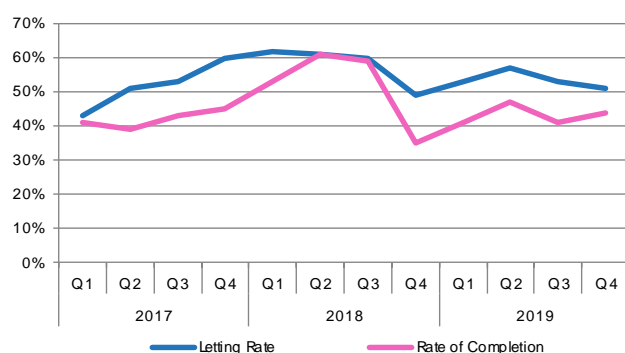
### Completed Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Lettable area (sqm)	Letting ratio, %
Viborg Retail II+III	Retail	Viborg		900	0
<b>Total Denmark</b>				<b>900</b>	<b>0</b>
K12	Office	Solna	Q1 2020	19,600	92
<b>Total Sweden</b>				<b>19,600</b>	<b>92</b>
<b>Total</b>				<b>20,500</b>	<b>90</b>

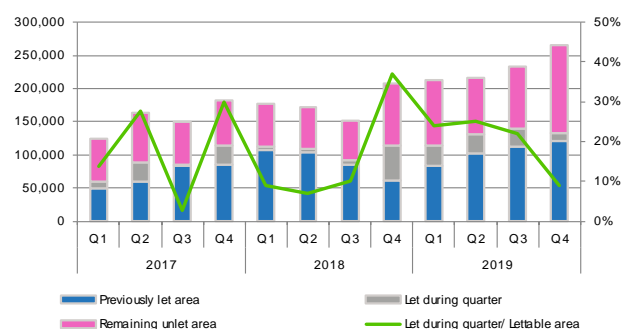
1) The table refers to ongoing or completed property projects that have not yet been recognized as revenue. In addition to these projects, NCC also focuses on rental (rental guarantees / additional purchase) in ten previously sold and revenue recognized property projects, a maximum of approximately 92 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 assessment still applies (i.e. it remains unchanged).

During the fourth quarter of 2019, it was announced that Nynäs, which is one of the primary suppliers of input materials for asphalt manufacture in the Nordic region, had filed for company reorganization. NCC is not significantly affected by the reorganization, but if Nynäs were to cease deliveries it would have a negative impact over the short to medium term on the entire asphalt operation market in the Nordics including NCC's asphalt operations.

### Related-party transactions

Related parties are NCC's subsidiaries, associated companies and joint arrangements. Related-company sales during the fourth quarter amounted to SEK 17 M (369) and purchases to SEK 4 M (0). For the full-year period, sales were SEK 66 M (1,773) and purchases were SEK 24 M (21).

### 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 530,267 Series B treasury shares to meet its obligations pursuant to long-term incentive programs.

### New accounting policies

NCC has applied IFRS 16 Leases as of January 1, 2019. Read more on page 16.

The definition of net debt in the key figure Net debt/EBITDA has been changed and as of this report no longer includes leasing debt in accordance with IAS 17.

### Proposed dividend

The Board's proposal for the 2019 fiscal year is a dividend of SEK 5.00 (4.00) per share, divided into two payments. The proposed record dates are April 3, 2020 for the first payment of SEK 2.50 and November 2, 2020 for the second payment of SEK 2.50.

### Annual General Meeting (AGM)

NCC's Annual General Meeting (AGM) will be held at Norra Latin, Drottninggatan 71 B in Stockholm on April 1, 2020. The Meeting 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](http://www.ncc.se) on March 3. Confirmation of the notice convening the AGM will be announced in

Dagens Nyheter and Svenska Dagbladet. 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.

### Proposal from the Nomination Committee

On December 6, 2019, the NCC Nomination Committee announced its proposal to elect Alf Göransson the new Chairman of the Board at the AGM. Tomas Billing, the current chairman, has declined re-election. In addition, the Nomination Committee proposes the election of Simon de Château as a new Board member and the re-election of Geir Magne Aarstad (member since 2017), Viveca Ax:son Johnson (member since 2014), Mats Jönsson (member since 2017), Angela Langemar Olsson (member since 2018) and Birgit Nørgaard (member since 2017). Ulla Litzén has declined re-election.

### Reporting occasions

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
Full-year report, 2020	January 28, 2021

### Signatures

Solna, January 30, 2020

Tomas Carlsson  
President & CEO

This report is unaudited.

## Condensed consolidated income statement

SEK M	Note 1	2019		2018		Proforma excl IFRS 16 2019 Jan.-Dec. <sup>2)</sup>
		Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.	
Net sales		18,239	17,832	58,234	57,346	58,234
Production costs	Note 2, 3	-16,743	-16,785	-54,134	-55,205	-54,139
<b>Gross profit</b>		<b>1,497</b>	<b>1,047</b>	<b>4,101</b>	<b>2,140</b>	<b>4,095</b>
Selling and administrative expenses	Note 2, 3	-829	-799	-2,811	-2,875	-2,818
Other operating income/expenses	Note 3	1	8	6	-29	6
<b>Operating profit/loss</b>		<b>670</b>	<b>256</b>	<b>1,296</b>	<b>-764</b>	<b>1,283</b>
Financial income		5		34	36	34
Financial expense <sup>1)</sup>		-36	-27	-146	-121	-110
<b>Net financial items</b>		<b>-31</b>	<b>-27</b>	<b>-112</b>	<b>-85</b>	<b>-76</b>
<b>Profit/loss after financial items</b>		<b>639</b>	<b>229</b>	<b>1,184</b>	<b>-849</b>	<b>1,208</b>
Tax		-231	-69	-309	99	-314
<b>Net profit/ loss</b>		<b>408</b>	<b>160</b>	<b>875</b>	<b>-750</b>	<b>894</b>
<b>Attributable to:</b>						
NCC's shareholders		422	160	873	-756	892
Non-controlling interests		-14		2	6	2
<b>Net profit/loss for the period</b>		<b>408</b>	<b>160</b>	<b>875</b>	<b>-750</b>	<b>894</b>
<b>Earnings per share</b>						
Before and after dilution						
Net profit/loss for the period, SEK		3.91	1.47	8.09	-7.00	8.27
<b>Number of shares, millions</b>						
Total number of issued shares		108.4	108.4	108.4	108.4	108.4
Average number of shares outstanding before and after dilution during the period		107.9	108.0	108.0	108.1	108.0
Number of shares outstanding at the end of the period		107.9	108.0	107.9	108.0	107.9

<sup>1)</sup> Whereof interest expenses for the period Jan.- Dec. 2019, amounting to SEK 126 M and for the period Jan.- Dec. 2018 amounting to SEK 102 M.

## Consolidated statement of comprehensive income

SEK M	Note 1	2019		2018		Proforma excl IFRS 16 2019 Jan.-Dec. 2)
		Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.	
<b>Net profit/loss for the period</b>		<b>408</b>	<b>160</b>	<b>875</b>	<b>-750</b>	<b>894</b>
<b>Items that have been recycled or should be recycled to net profit/loss for the period</b>						
Exchange differences on translating foreign operations		-60	-4	43	90	43
Change in hedging/fair value reserve					-30	
Gain on property revaluation		0		0		0
Cash flow hedges		15	-45	8	-30	8
Income tax relating to items that have been or should be recycled to net profit/loss for the period		-3	9	-2	12	-2
		<b>-48</b>	<b>-40</b>	<b>49</b>	<b>41</b>	<b>49</b>
<b>Items that cannot be recycled to net profit/loss for the period</b>						
Revaluation of defined benefit pension plans		453	-379	-443	-818	-443
Income tax relating to items that can not be recycled to net profit/loss for the period		-97	81	95	175	95
		<b>356</b>	<b>-298</b>	<b>-348</b>	<b>-643</b>	<b>-348</b>
<b>Other comprehensive income</b>		<b>308</b>	<b>-338</b>	<b>-299</b>	<b>-602</b>	<b>-299</b>
<b>Total comprehensive income</b>		<b>716</b>	<b>-178</b>	<b>576</b>	<b>-1,352</b>	<b>595</b>
<b>Attributable to:</b>						
NCC's shareholders		730	-178	574	-1,358	594
Non-controlling interests		-14		2	6	2
<b>Total comprehensive income</b>		<b>716</b>	<b>-178</b>	<b>576</b>	<b>-1,352</b>	<b>595</b>

<sup>2)</sup> The period 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 Dec. 31	2018 Dec. 31	Proforma excl IFRS 16 2019 Dec. 31 <sup>2)</sup>
<b>ASSETS</b>				
Fixed assets				
Goodwill		1,893	1,861	1,893
Other intangible assets		368	339	368
Right-of-use assets		1,579	493	342
Owner-occupied properties		894	915	894
Machinery and equipment		2,516	2,559	2,516
Long-term holdings of securities		114	119	114
Long-term interest-bearing receivables		144	195	144
Other long-term receivables		34	119	34
Deferred tax assets		524	531	518
<b>Total fixed assets</b>		<b>8,065</b>	<b>7,133</b>	<b>6,823</b>
Current assets				
Right-of-use assets		51		
Properties held for future development		1,391	1,633	1,391
Ongoing property projects		3,042	2,292	3,042
Completed property projects		936	308	936
Participations in associated companies		263	226	263
Materials and inventories		993	902	993
Tax receivables		50	146	50
Accounts receivable		8,674	9,629	8,674
Worked-up, non-invoiced revenues		1,260	1,276	1,260
Prepaid expenses and accrued income		1,516	1,418	1,575
Current interest-bearing receivables		226	163	226
Other receivables		555	608	555
Short-term investments <sup>1)</sup>		63	72	63
Cash and cash equivalents		2,416	1,197	2,416
Assets held for sale		392		255
<b>Total current assets</b>		<b>21,826</b>	<b>19,868</b>	<b>21,698</b>
<b>Total assets</b>		<b>29,890</b>	<b>27,001</b>	<b>28,521</b>
<b>EQUITY</b>				
Share capital		867	867	867
Other capital contributions		1,844	1,844	1,844
Reserves		-23	-72	-23
Profit/loss brought forward, including current-year profit/loss		357	292	372
<b>Shareholders' equity</b>		<b>3,044</b>	<b>2,931</b>	<b>3,060</b>
Non-controlling interests			17	
<b>Total shareholders' equity</b>		<b>3,044</b>	<b>2,948</b>	<b>3,060</b>
<b>LIABILITIES</b>				
Long-term liabilities				
Long-term interest-bearing liabilities		3,568	1,342	2,740
Other long-term liabilities		52	8	52
Provisions for pensions and similar obligations		2,840	2,279	2,840
Deferred tax liabilities		170	297	170
Other provisions		2,777	2,563	2,777
<b>Total long-term liabilities</b>		<b>9,407</b>	<b>6,488</b>	<b>8,579</b>
Current liabilities				
Current interest-bearing liabilities		796	1,051	372
Accounts payable		4,275	5,164	4,275
Tax liabilities		100		100
Invoiced revenues not worked-up		6,254	6,311	6,254
Accrued expenses and prepaid income		3,767	3,452	3,767
Provisions		24	68	24
Other current liabilities		1,878	1,520	1,878
Liabilities attributable to assets held for sale		344		211
<b>Total current liabilities</b>		<b>17,439</b>	<b>17,566</b>	<b>16,882</b>
<b>Total liabilities</b>		<b>26,846</b>	<b>24,054</b>	<b>25,461</b>
<b>Total shareholders' equity and liabilities</b>		<b>29,890</b>	<b>27,001</b>	<b>28,521</b>

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

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

## Condensed consolidated changes in shareholders' equity

SEK M	Dec. 31, 2019			Dec. 31, 2018		
	Shareholders' equity	Non-controlling interests	Total shareholders' equity	Shareholders' equity	Non-controlling interests	Total shareholders' equity
<b>Opening balance, January 1<sup>st</sup></b>	<b>2,931</b>	<b>17</b>	<b>2,948</b>	<b>5,167</b>	<b>12</b>	<b>5,179</b>
Total comprehensive income	574	2	576	-1,358	6	-1,352
Sale/Acquisition of non-controlling interests	-15	-18	-33			
Dividend	-432		-432	-864		-864
Sale/Acquisition of treasury shares	-19		-19	-11		-11
Performance based incentive program	5		5	-4		-4
<b>Closing balance</b>	<b>3,044</b>	<b>0</b>	<b>3,044</b>	<b>2,931</b>	<b>17</b>	<b>2,948</b>

If the principles for accounting for pensions, IAS 19, applied before 1 January 2013, had been used, the equity would have been SEK 3,274 M higher and net debt SEK 2,840 M lower at December 31 2019.

## Condensed consolidated cash flow statement

SEK M	2019		2018		Proforma excl IFRS 16 2019 Jan.-Dec. <sup>2)</sup>
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.	
<b>OPERATING ACTIVITIES</b>					
Profit / loss after financial items	638	229	1,184	-849	1,209
Adjustments for items not included in cash flow	693	333	1,700	1,637	1,105
Taxes paid	117	242	-110	-53	-115
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,448</b>	<b>804</b>	<b>2,774</b>	<b>735</b>	<b>2,199</b>
Divestment of property projects	1,323	851	2,116	1,436	2,116
Gross investments in property projects	-974	-1,072	-3,281	-2,602	-3,281
Other changes in working capital	1,933	1,477	605	55	605
<b>Cash flow from changes in working capital</b>	<b>2,282</b>	<b>1,256</b>	<b>-560</b>	<b>-1,110</b>	<b>-560</b>
<b>Cash flow from operating activities</b>	<b>3,730</b>	<b>2,060</b>	<b>2,214</b>	<b>-375</b>	<b>1,639</b>
<b>INVESTING ACTIVITIES</b>					
Acquisition/Sale of subsidiaries and other holdings	-27	61	-7	62	-7
Acquisition/Sale of tangible fixed assets	-169	-171	-671	-802	-671
Acquisition/Sale of other fixed assets	40	-9	-23	-42	-23
<b>Cash flow from investing activities</b>	<b>-155</b>	<b>-119</b>	<b>-701</b>	<b>-782</b>	<b>-701</b>
<b>Cash flow before financing</b>	<b>3,575</b>	<b>1,942</b>	<b>1,512</b>	<b>-1,157</b>	<b>937</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash flow from financing activities<sup>1)</sup></b>	<b>-2,951</b>	<b>-1,303</b>	<b>-308</b>	<b>-717</b>	<b>267</b>
<b>Cash flow during the period</b>	<b>624</b>	<b>639</b>	<b>1,204</b>	<b>-1,874</b>	<b>1,204</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,802</b>	<b>585</b>	<b>1,197</b>	<b>3,063</b>	<b>1,197</b>
Effects of exchange rate changes on cash and cash equivalents	-11	-29	15	8	15
<b>Cash and cash equivalents at end of period</b>	<b>2,416</b>	<b>1,197</b>	<b>2,416</b>	<b>1,197</b>	<b>2,416</b>
Short-term investments due later than three months	63	72	63	72	63
<b>Total liquid assets at end of period</b>	<b>2,478</b>	<b>1,269</b>	<b>2,478</b>	<b>1,269</b>	<b>2,478</b>

<sup>1)</sup> Of the total determined dividend SEK 432 M, SEK 216 M has been paid in April 2019 and SEK 216 M 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.

<sup>2)</sup> 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 Oct.-Dec.	2018 Oct.-Dec.	2019 Jan.-Dec.	2018 Jan.-Dec.
Net sales		136	61	246	174
Selling and administrative expenses		-92	-80	-344	-376
<b>Operating profit</b>		<b>45</b>	<b>-19</b>	<b>-98</b>	<b>-202</b>
Result from financial investment					
Result from participations in Group companies		187	-20	482	-208
Result from other financial fixed assets				13	12
Result from financial current assets		1	-1	3	
Interest expense and similar items		-14	15	-42	-47
<b>Result after financial items</b>		<b>218</b>	<b>-25</b>	<b>358</b>	<b>-445</b>
Appropriations		577	545	577	545
Tax		-138	-142	-102	-101
<b>Net profit/loss for the period</b>		<b>657</b>	<b>378</b>	<b>833</b>	<b>-1</b>

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 58 (51).

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

## Parent Company condensed balance sheet

SEK M	Note 1	2019 Dec. 31	2018 Dec. 31
<b>ASSETS</b>			
Fixed assets			
Tangible fixed assets		3	24
Financial fixed assets		4,562	5,571
<b>Total fixed assets</b>		<b>4,565</b>	<b>5,595</b>
Current assets			
Current receivables		1,123	875
Treasury balances in NCC Treasury AB		164	161
<b>Total current assets</b>		<b>1,287</b>	<b>1,036</b>
<b>Total assets</b>		<b>5,852</b>	<b>6,631</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity		3,281	2,891
Provisions		6	8
Long term liabilities		803	2,045
Current liabilities		1,761	1,687
<b>Total shareholders' equity and liabilities</b>		<b>5,852</b>	<b>6,631</b>

# 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 each be reported as separate line items in assets and liabilities.

### *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 discounting future lease payments to present value and recognizing them as financial lease liabilities. The same amount has been used for estimating right-of-use assets. No comparative figures have been restated 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 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 figures below show the effects of the transition from IAS 17 Leases to reporting in accordance with IFRS 16 Leases.

<b>Right-of-use assets</b>	<b>SEK M</b>
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>
<b>Right-of-use assets as of January 1, 2019</b>	<b>1,987</b>
 <b>Financial commitment for right-of-use assets</b>	
Initial commitment for financial leasing	493
Additional commitment	1,494
Prepaid leasing fees	-80
<b>Interest-bearing liability as of January 1, 2019</b>	<b><u>1,907</u></b>
<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 Oct.-Dec.	2018 Oct.-Dec.	2019 Jan.-Dec.	2018 Jan.-Dec.
Other intangible assets	-16	-18	-59	-65
Owner-occupied properties <sup>1)</sup>	-357	-12	-597	-40
Machinery and equipment <sup>2)</sup>	2	-171	-750	-681
<b>Total depreciation</b>	<b>-371</b>	<b>-202</b>	<b>-1,407</b>	<b>-785</b>

<sup>1)</sup> Of which depreciation of right-of-use assets SEK 270 M (0).

<sup>2)</sup> Of which depreciation of right-of-use assets SEK 461 M (122).

## Note 3. Impairment losses

SEK M	2019 Oct.-Dec.	2018 Oct.-Dec.	2019 Jan.-Dec.	2018 Jan.-Dec.
Properties held for future development		4		-130
Completed property projects				-240
Managed properties		6	-13	-3
Machinery and equipment		10	-8	-2
Goodwill within NCC Infrastructure				-35
Other intangible assets	-1	-1	-1	-41
<b>Total impairment expenses</b>	<b>-1</b>	<b>19</b>	<b>-22</b>	<b>-453</b>

## Note 4. Right-of-use assets

SEK M	2019 Dec. 31	2018 Dec. 31
<b>Koncernen</b>		
Owner-occupied properties	768	
Machinery and equipment	811	493
Land leases	51	
<b>Total right-of-use assets</b>	<b>1,630</b>	<b>493</b>

## Note 5. Segment reporting

SEK M

October - December 2019	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sw eden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>1)</sup>	
Net sales, external	3,902	3,193	5,961	3,217	1,967	18,239		18,239
Net sales, internal	363	292	145	457	23	1,280	-1,280	
Net sales, total	4,264	3,485	6,106	3,674	1,989	19,519	-1,280	18,239
Operating profit	103	99	92	187	273	755	-85	670
Net financial items								-31
Profit/loss after financial items								639

October - December 2018	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sw eden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>1)</sup>	
Net sales, external	4,387	2,890	5,863	3,337	1,353	17,829	3	17,832
Net sales, internal	227	273	129	539	8	1,175	-1,175	
Net sales, total	4,614	3,162	5,992	3,876	1,361	19,004	-1,172	17,832
Operating profit	109	-78	-149	155	144	180	76	256
Net financial items								-27
Profit/loss after financial items								229

SEK M

January -December 2019	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sw eden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>2)</sup>	
Net sales, external	13,697	10,864	19,637	11,036	2,998	58,231	3	58,234
Net sales, internal	1,154	905	412	1,935	59	4,465	-4,465	
Net sales, total	14,851	11,769	20,049	12,971	3,056	62,696	-4,462	58,234
Operating profit	364	231	232	511	313	1,651	-355	1,296
Net financial items								-112
Profit/loss after financial items								1,184

January -December 2018	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sw eden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>2)</sup>	
Net sales, external	14,800	9,861	19,347	11,209	2,113	57,331	15	57,346
Net sales, internal	900	891	444	1,758	45	4,038	-4,038	
Net sales, total	15,701	10,753	19,791	12,968	2,157	61,369	-4,023	57,346
Operating profit	453	-227	-993	350	-181	-597	-166	-764
Net financial items								-85
Profit/loss after financial items								-849

<sup>1)</sup> The figures for the quarter include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK -55 M (31). Further, the figures for the quarter includes eliminations of internal profits of SEK 15 M (27) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group, including pensions, amounting SEK -44 M (18).

<sup>2)</sup> The figures for the period include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK -204 M (-187). Further, the figures includes eliminations of internal profits amounting of SEK -24 M (1) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group, including pensions, amounting SEK -126 M (10).

## Geographical areas

SEK M	Net sales		Orders received	
	2019	2018	2019	2018
	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.
Sweden	33,979	35,489	31,693	38,218
Denmark	8,421	8,062	13,114	5,939
Finland	7,400	6,989	6,646	8,512
Norway	8,435	6,807	6,595	9,173
Total	58,234	57,346	58,048	61,842

## 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	Dec. 31, 2019				Dec. 31, 2018			
	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	72			72
Derivative instruments		56		56		127		127
Derivative instruments used in hedge accounting		12		12		34		34
Financial assets measured at fair value through other comprehensive income								
Equity instruments			74	74			77	77
<b>Total assets</b>	<b>10</b>	<b>68</b>	<b>74</b>	<b>152</b>	<b>72</b>	<b>161</b>	<b>77</b>	<b>310</b>
Financial liabilities measured at fair value through profit and loss								
Derivative instruments		60		60		4		4
Derivative instruments used in hedge accounting		14		14		51		51
<b>Total liabilities</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>55</b>

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, 2019		Dec. 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing receivables - amortized cost	144	144	195	196
Short-term investments - amortized cost	52	52		
Long-term interest-bearing liabilities	3,568	3,569	1,342	1,343
Current interest-bearing liabilities	796	797	1,051	1,051
Interest-bearing liabilities attributable to assets held for sale	133	133		

For other financial instruments recognized at amortized cost – accounts receivable, 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. Current and long-term interest-bearing liabilities includes IFRS 16 Leases amounting to SEK 540 M and SEK 1 059 M and in interest-bearing liabilities attributable to assets held for sale to SEK 133 M.

## Note 7. Pledged assets, contingent liabilities and guarantee obligations

SEK M	2019	2018
	Dec. 31	Dec. 31
<b>Group</b>		
Assets pledged	487	503
Contingent liabilities and guarantee obligations <sup>1)</sup>	643	602
<b>Parent company</b>		
Contingent liabilities and guarantee obligations <sup>1)</sup>	21 456	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 <sup>6)</sup>	2018 <sup>3)</sup>	2019 <sup>6)</sup>	2018	2017 <sup>3)</sup>	2017	2016	2015	2014
	Oct.-Dec.	Oct.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.
<b>Profitability ratios</b>									
Return on shareholders equity, % excl profit from dividend of Bonava <sup>1)</sup>	32	-18	32	-18	17	18	19	26	22
Return on shareholders equity, % incl profit from dividend of Bonava <sup>1) 5)</sup>	32	-18	32	-18	17	18	118	26	22
Return on capital employed, % excl profit from dividend of Bonava <sup>1)</sup>	13	-9	13	-9	12	13	13	17	14
Return on capital employed, % incl profit from dividend of Bonava <sup>1) 5)</sup>	13	-9	13	-9	12	13	63	17	14
<b>Financial ratios at period-end</b>									
EBITDA % excl profit from dividend of Bonava	5,7	2,5	4,7	0,8	3,3	3,6	4,7	6,2	5,8
EBITDA % incl profit from dividend of Bonava <sup>5)</sup>	5,7	2,5	4,7	0,8	3,3	3,6	17,0	6,2	5,8
Interest-coverage ratio, times excl profit from dividend of Bonava <sup>1)</sup>	9,1	-6,0	9,1	-6,0	8,5	9,8	6,6	7,1	6,4
Interest-coverage ratio, times incl profit from dividend of Bonava <sup>1) 5)</sup>	9,1	-6,0	9,1	-6,0	8,5	9,8	31,1	7,1	6,4
Equity / asset ratio, %	10	11	10	11	19	20	22	25	23
Interest bearing liabilities/total assets, %	25	17	25	17	15	15	16	24	26
Net cash +/- net debt -, SEK M	-4 489	-3 045	-4 489	-3 045	-149	-149	-222	-4 552	-6 836
Debt / equity ratio, times	1,5	1,0	1,5	1,0	0,0	0,0	0,0	0,5	0,8
Capital employed at period end, SEK M	10 382	7 619	10 382	7 619	9 174	9 523	9 585	19 093	18 935
Capital employed, average	9 936	8 780	9 936	8 780	9 138	9 418	13 474	18 672	18 531
Capital turnover rate, times <sup>1)</sup>	5,9	6,5	5,9	6,5	6,0	5,8	4,1	3,3	3,1
Share of risk-bearing capital, %	11	12	11	12	21	22	24	25	23
Closing interest rate, % <sup>7)</sup>	1,1	1,3	1,1	1,3	2,0	2,0	2,6	2,8	2,8
Average period of fixed interest, years	1,2	0,5	1,2	0,5	0,6	0,6	0,9	0,9	1,1
<b>Per share data</b>									
Profit/loss after tax, before and after dilution, SEK excl profit from dividend Bonava	3,91	1,47	8,09	-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 <sup>5)</sup>	3,91	1,47	8,09	-7,00	8,07	9,29	73,81	19,59	17,01
Cash flow from operating activities, before and after dilution, SEK	34,57	19,07	20,50	-3,47	19,97	19,97	10,88	37,65	12,47
Cash flow before financing, before and after dilution, SEK	33,13	17,98	14,01	-10,71	12,59	12,59	-0,05	30,88	5,32
P / E ratio excl profit from dividend Bonava <sup>1)</sup>	19	-20	19	-20	19	17	19	13	15
P / E ratio incl profit from dividend Bonava <sup>1) 5)</sup>	19	-20	19	-20	19	17	3	13	15
Dividend, ordinary, SEK			5,00	4,00	8,00	8,00	8,00	3,00	12,00
Dividend yield, %			3,3	2,9	5,1	5,1	3,5	1,1	4,9
Shareholders' equity before dilution, SEK	28,21	27,13	28,21	27,13	47,81	51,04	51,39	89,85	82,04
Shareholders' equity after dilution, SEK	28,21	27,13	28,21	27,13	47,81	51,04	51,39	89,85	82,04
Share price / shareholders' equity, %	543	508	543	508	329	308	439	293	301
Share price at period-end, NCC B, SEK	153,20	137,80	153,20	137,80	157,30	157,30	225,40	263,00	246,80
<b>Number of shares, millions</b>									
Total number of issued shares <sup>2)</sup>	108,4	108,4	108,4	108,4	108,4	108,4	108,4	108,4	108,4
Treasury shares at period-end	0,5	0,4	0,5	0,4	0,4	0,4	0,4	0,6	0,6
Total number of shares outstanding at period-end before dilution	107,9	108,0	107,9	108,0	108,1	108,1	108,1	107,9	107,8
Average number of shares outstanding before dilution during the period	107,9	108,0	107,9	108,1	108,1	108,1	108,1	107,9	107,8
Market capitalization before dilution, SEK M <sup>4)</sup>	16 548	14 896	16 548	14 896	16 997	16 997	24 325	28 369	26 574
<b>Personnel</b>									
Average number of employees	15 273	16 523	15 273	16 523	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 ratio regarding return on equity. The effect on return on capital employed is somewhat greater and would have been 16 percent excluding IFRS 16 but including IAS 17.

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.group/investor-relations/financial-data/financial-definitions](http://www.ncc.group/investor-relations/financial-data/financial-definitions).

# Contact information

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Information meeting

NCC's President and CEO Tomas Carlsson and Chief Financial Officer Susanne Lithander will present the interim report at a meeting with integrated teleconference on January 30 at 9:30 a.m. (CET). The presentation will be held in English.

The meeting will be held at the NCC head office in Solna, Sweden. The address is Herrjärva torg 4. Transportation will be coordinated from central Stockholm. For more information and the registration form, visit the NCC website.

The presentation can be followed via audiocast or by phone. Presentation material for the teleconference will be available at [www.ncc.com/ir](http://www.ncc.com/ir) at around 9:00 a.m. (CET).

**Link to audiocast:** <https://ncc-live-external.creo.se/200130>

**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 8 566 427 03

UK: +44 333 300 9261

US: +1 833 526 8384

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 January 30, 2020, at 7:10 a.m. CET.



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