

Interim report January 1 – September 30, 2018

Tomas Carlsson
CEO
Mattias Lundgren
CFO

Capital Markets Meeting October 16

- Business review completed
- Q3 result impacted by revaluations of SEK 1,565 M
- Preliminary Q3 result
 - Net sales SEK 14,269 M (13,075)
 - EBIT SEK -1,108 M (364)
- Action plan initiated

Need for change but healthy core

- Healthy core in NCC
- Uneven performance throughout the group
- Market conditions generally good
- Challenging areas in NCC identified
- Risk reduced across the portfolio
- Low impact on cash flow

Insights

1	Estimations of claim outcomes and warranty provisions	More prudent approach to claims and warranties
2	Revaluation of property assets	Decision to exit segments and markets
3	Risk profile in tendering processes	A lower risk profile and more structured process for estimates and decisions
4	Project management and cost control	Managing identified back-log. Structural initiatives to improve project management and cost control going forward

Summary: Plan to improve profitability

1	Organisation and team	Effective organization – strong team	
2	Exit or divest non-performing business	Road services, some businesses in Industry, property and land, rightsizing office locations	
3	Turn-around	Civil Norway, Building Nordics, single departments in other Business Areas	
4	Improved processes and training	Work towards a common operational model. Structured processes for follow-up of tenders and project. Training.	

Q3 2018

Orders received

SEK 12.7 BN
(12.7)

Net sales

SEK 14.3 BN
(13.1)

Order backlog

SEK 56.6 BN
(52.2)

EBIT

SEK -1,108 M
(364)

Jan-Sep 2018

Orders received

SEK 44.1 BN
(40.6)

Net sales

SEK 39.5 BN
(38.2)

Order backlog

SEK 56.6 BN
(52.2)

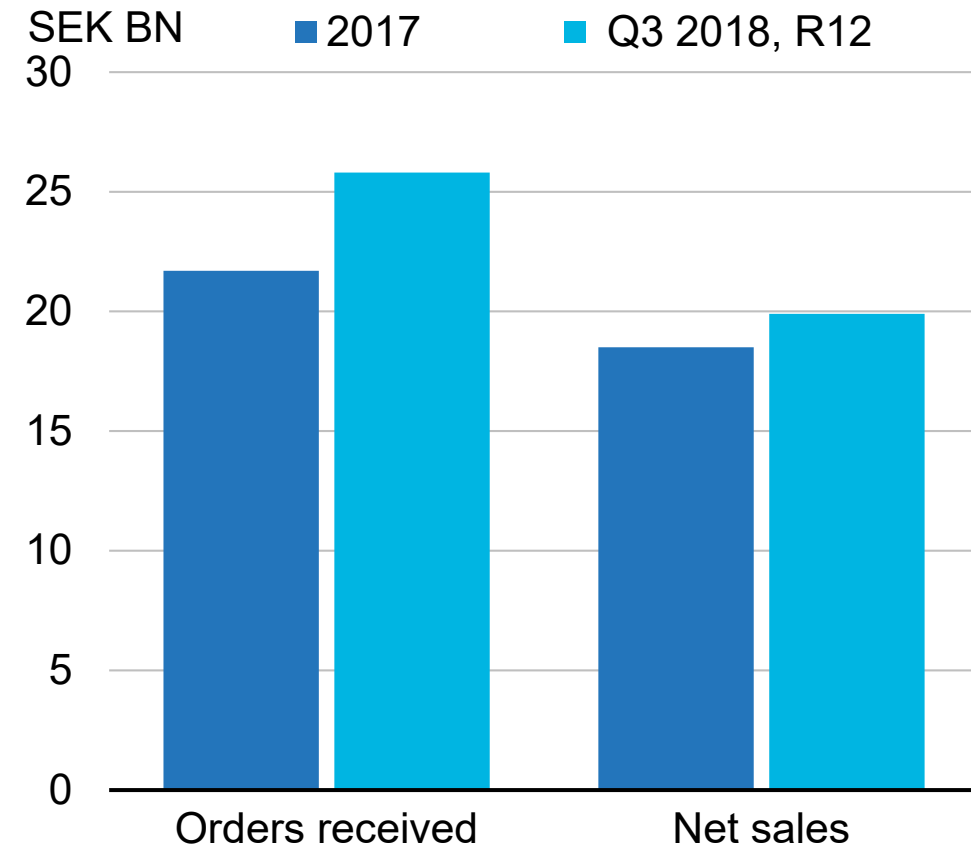
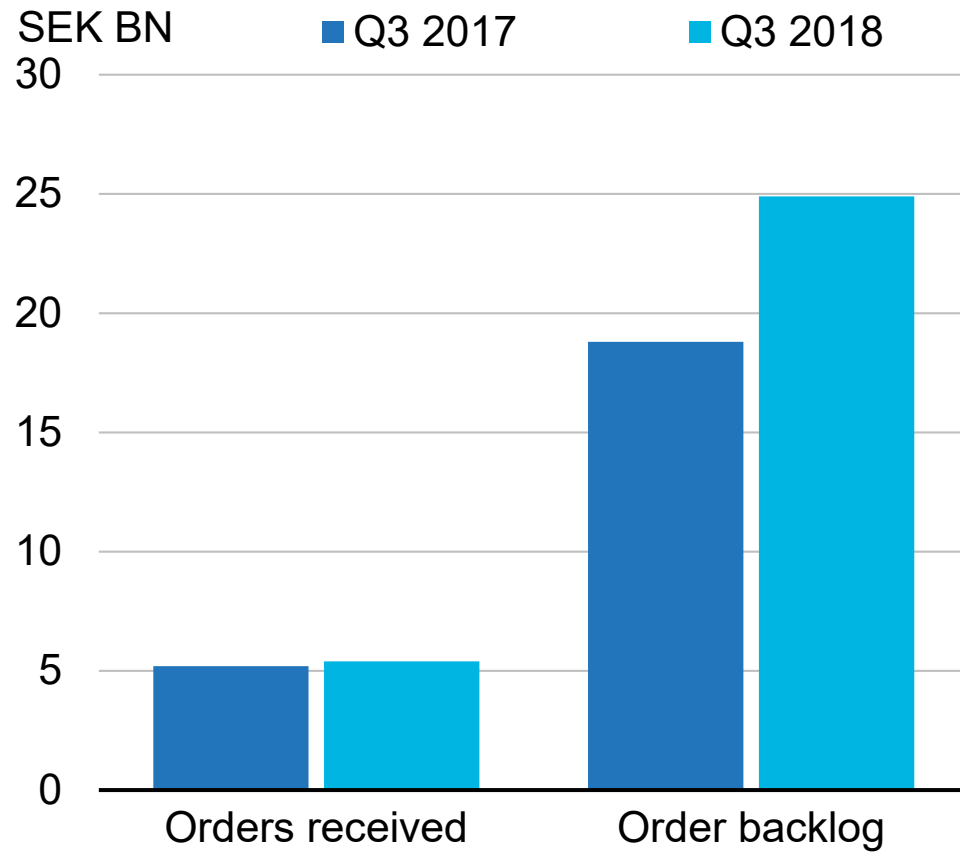
EBIT

SEK -1,020 M
(1,118)

NCC Infrastructure

Higher order backlog

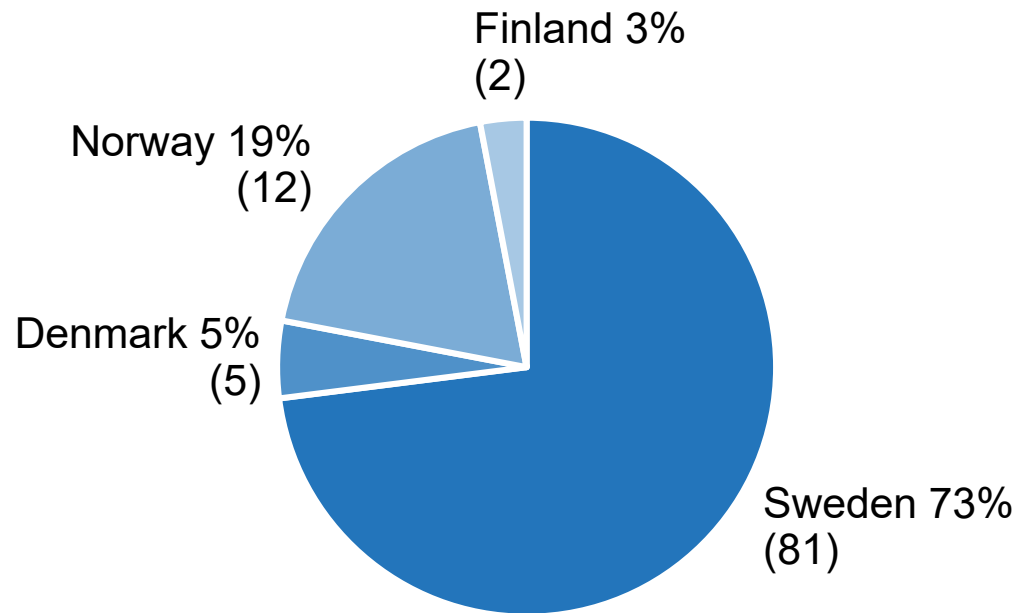
NCC Infrastructure



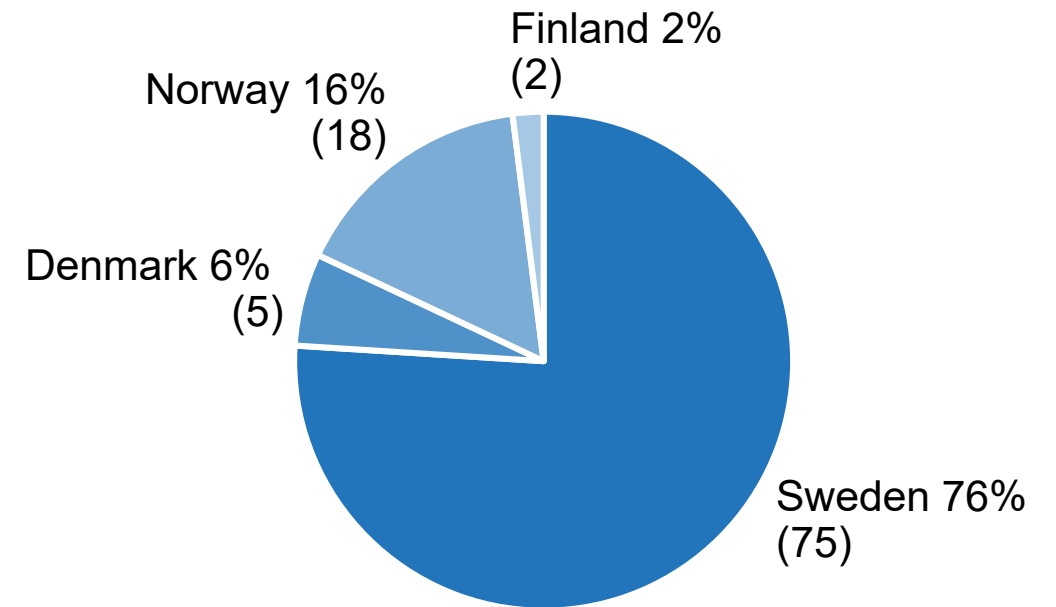
Geographical distribution Jan – Sep 2018

NCC Infrastructure

Orders received



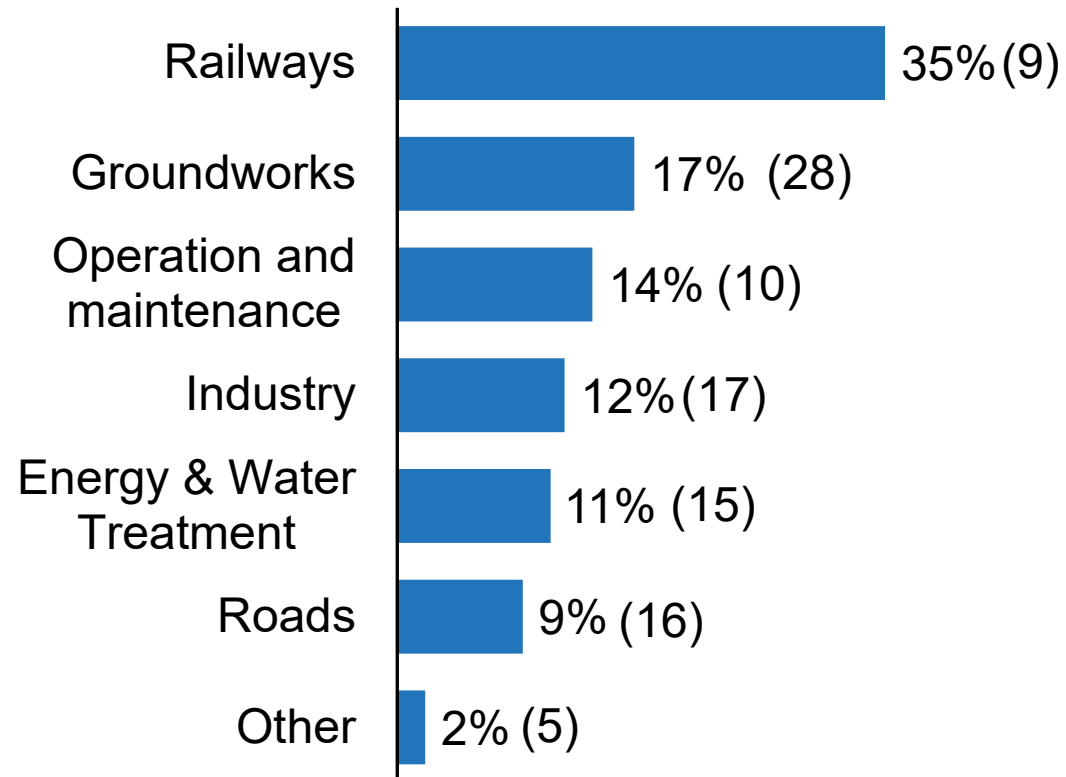
Net sales



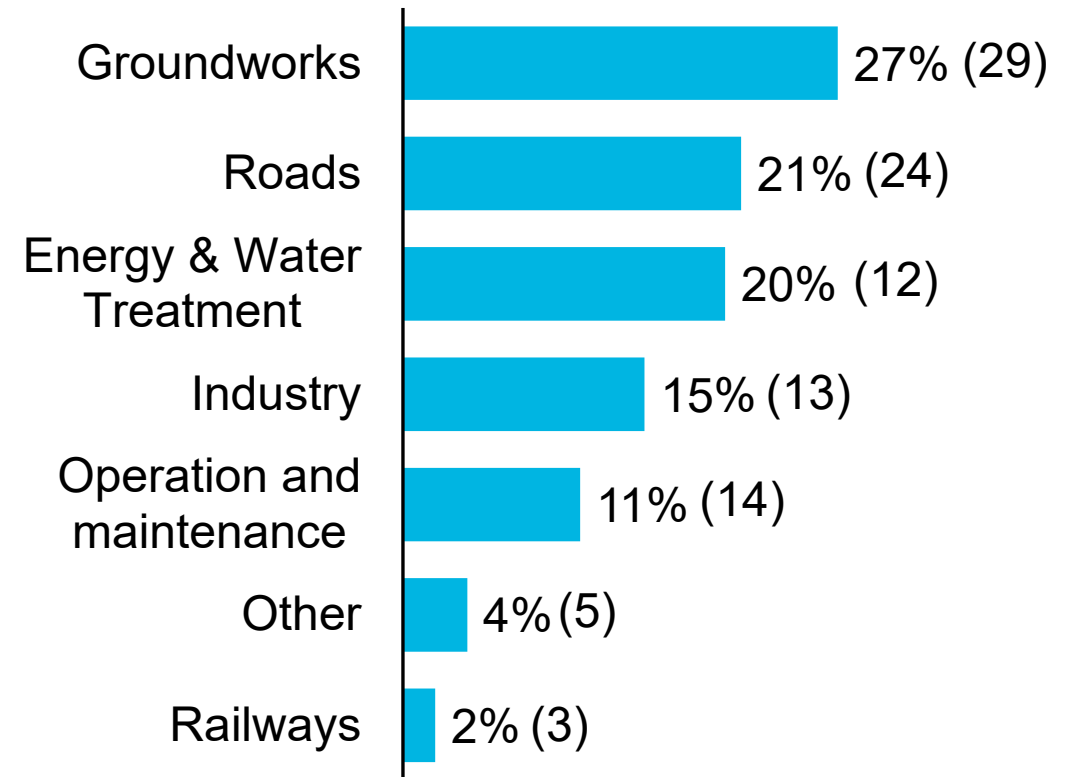
Product mix Jan - Sep 2018

NCC Infrastructure

Orders received

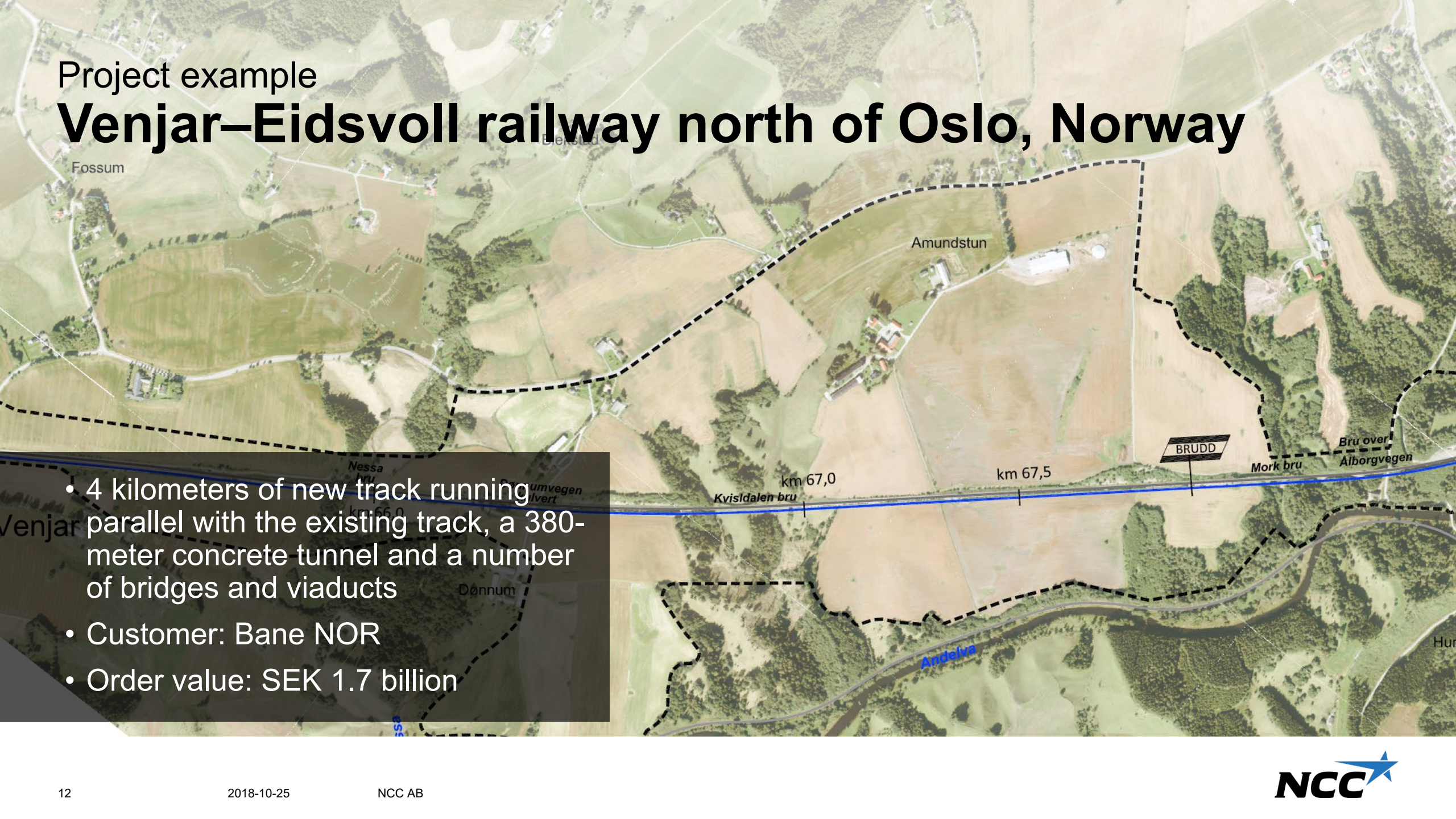


Net sales



Project example

Venjar–Eidsvoll railway north of Oslo, Norway



- 4 kilometers of new track running parallel with the existing track, a 380-meter concrete tunnel and a number of bridges and viaducts
- Customer: Bane NOR
- Order value: SEK 1.7 billion

Project example

Expansion of the Follo Line, Norway

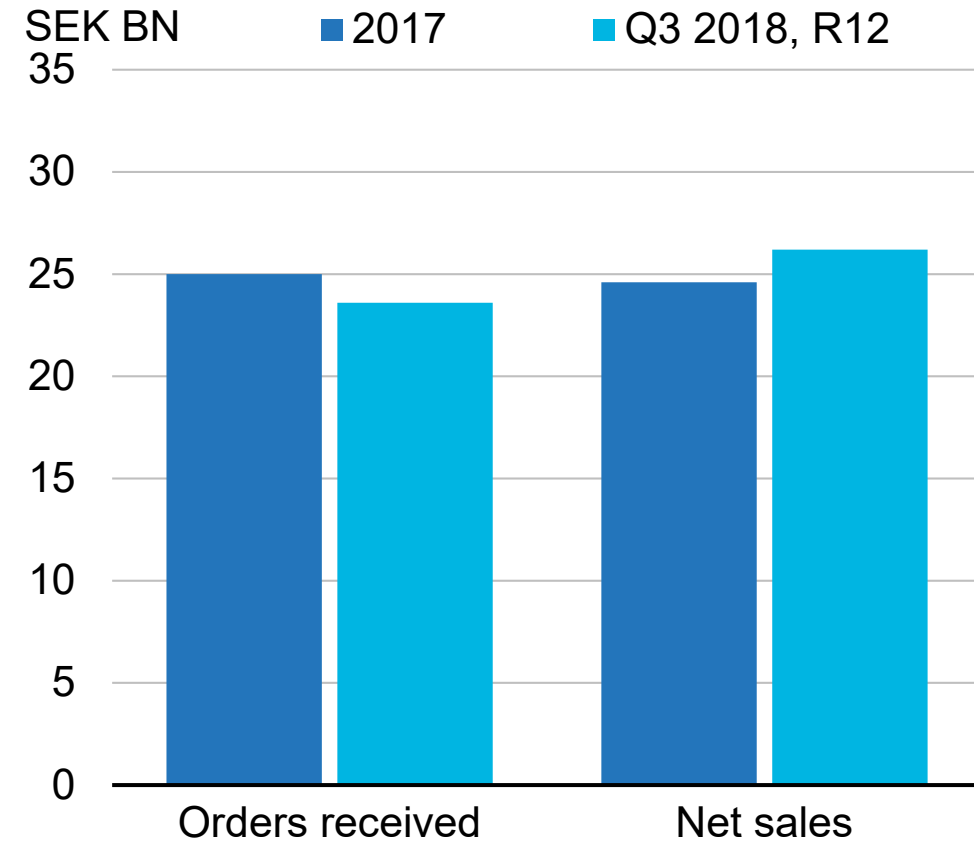
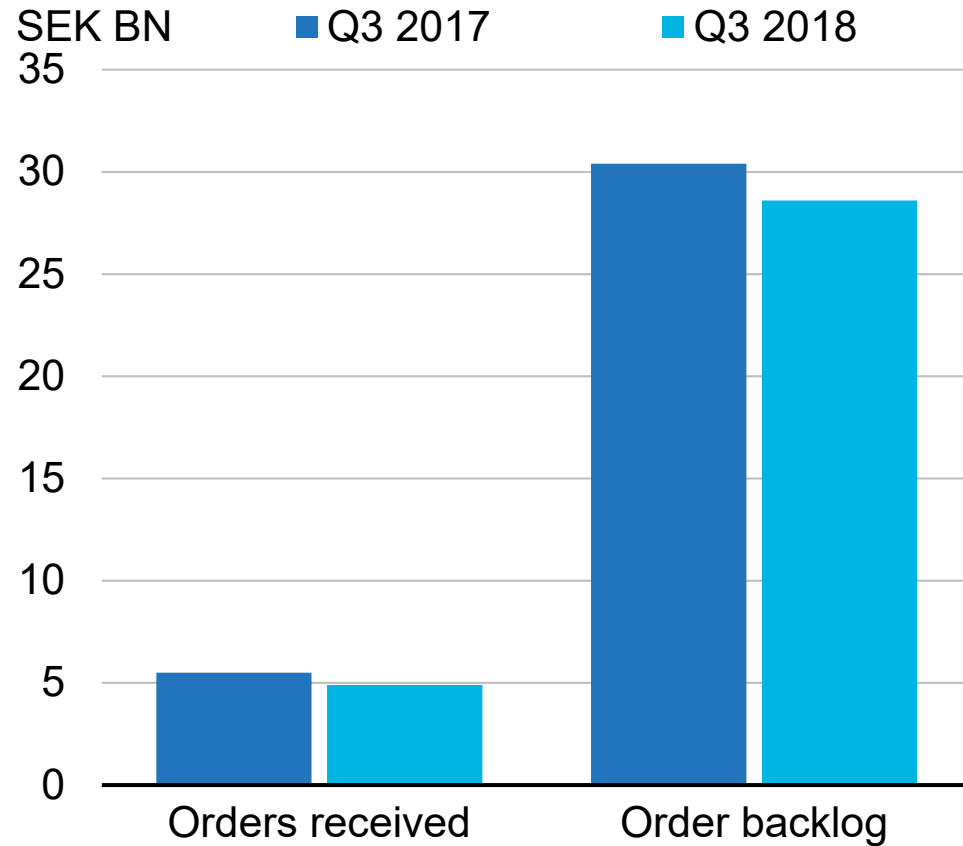


- Concreting works on the Loenga-Ekebergåsen line
- Customer: Bane NOR
- Order value: SEK 275 million

NCC Building

Healthy order backlog

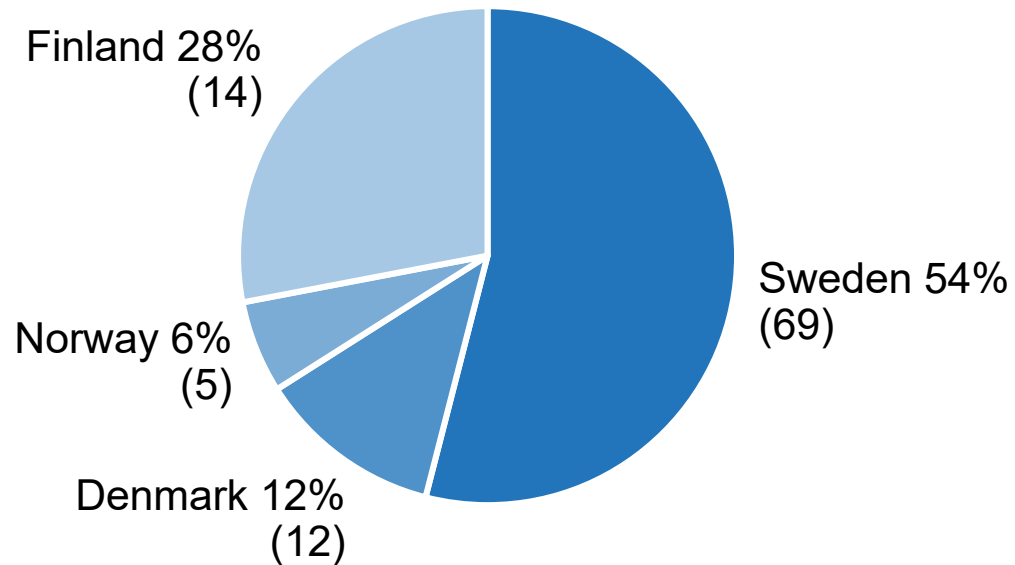
NCC Building



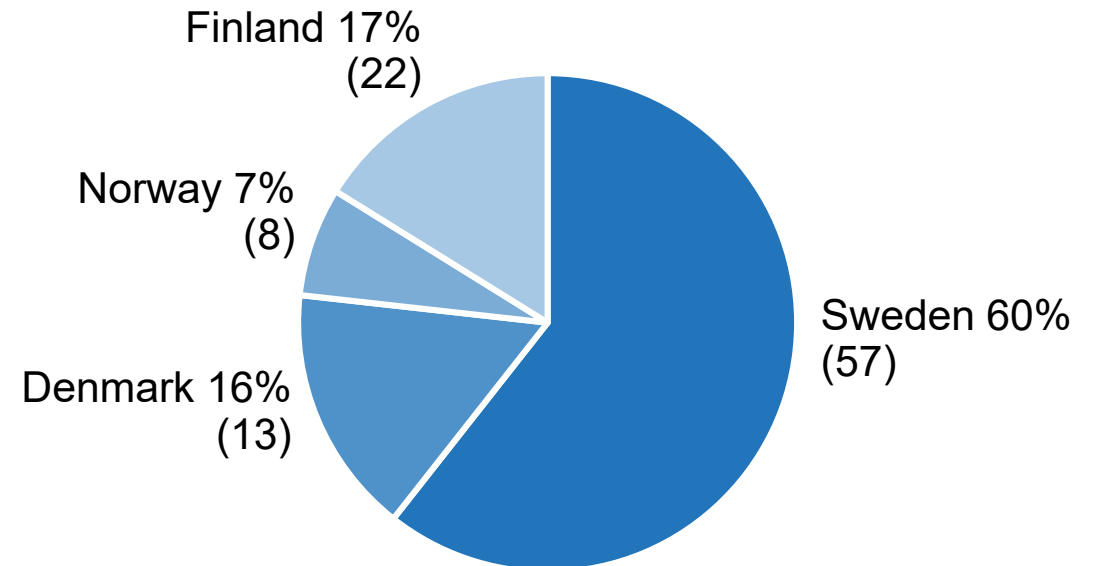
Geographical distribution Jan - Sep 2018

NCC Building

Orders received



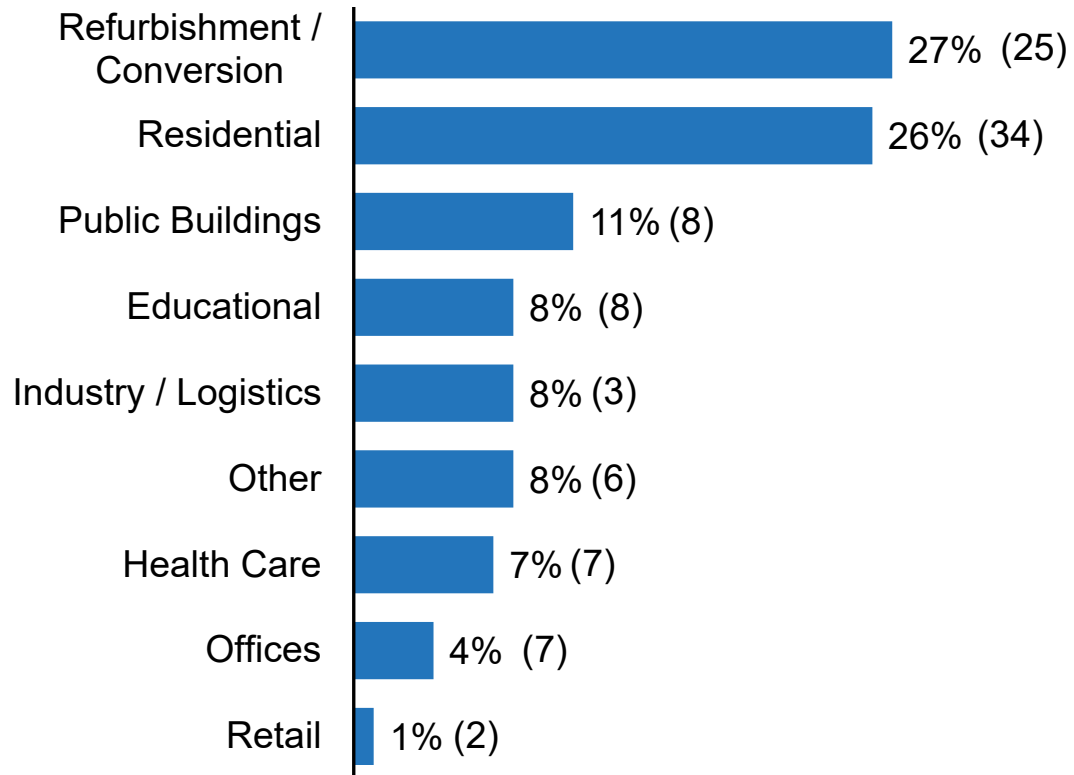
Net sales



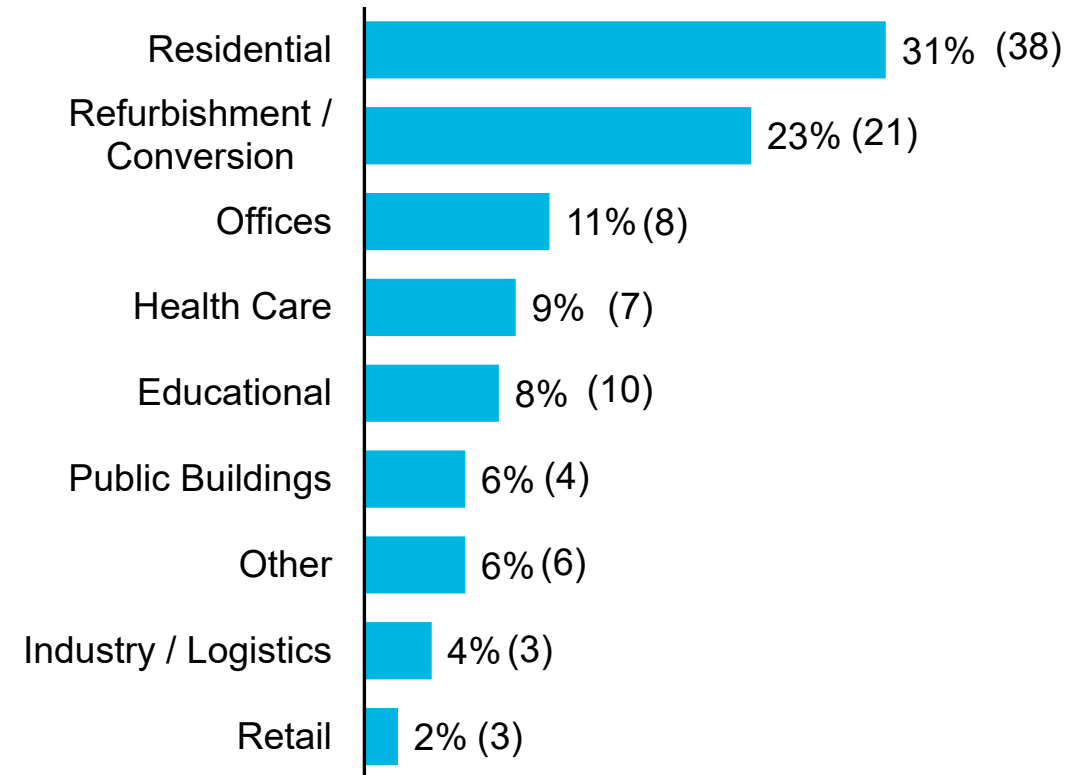
Product mix Jan - Sep 2018

NCC Building

Orders received



Net sales



Project example

Attractive apartments in Hellerup, Denmark

- 50 apartments in an attractive location in Hellerup
- Customer: Danica Pension
- Order value: SEK 520 million

Project example

School in Norrköping, Sweden

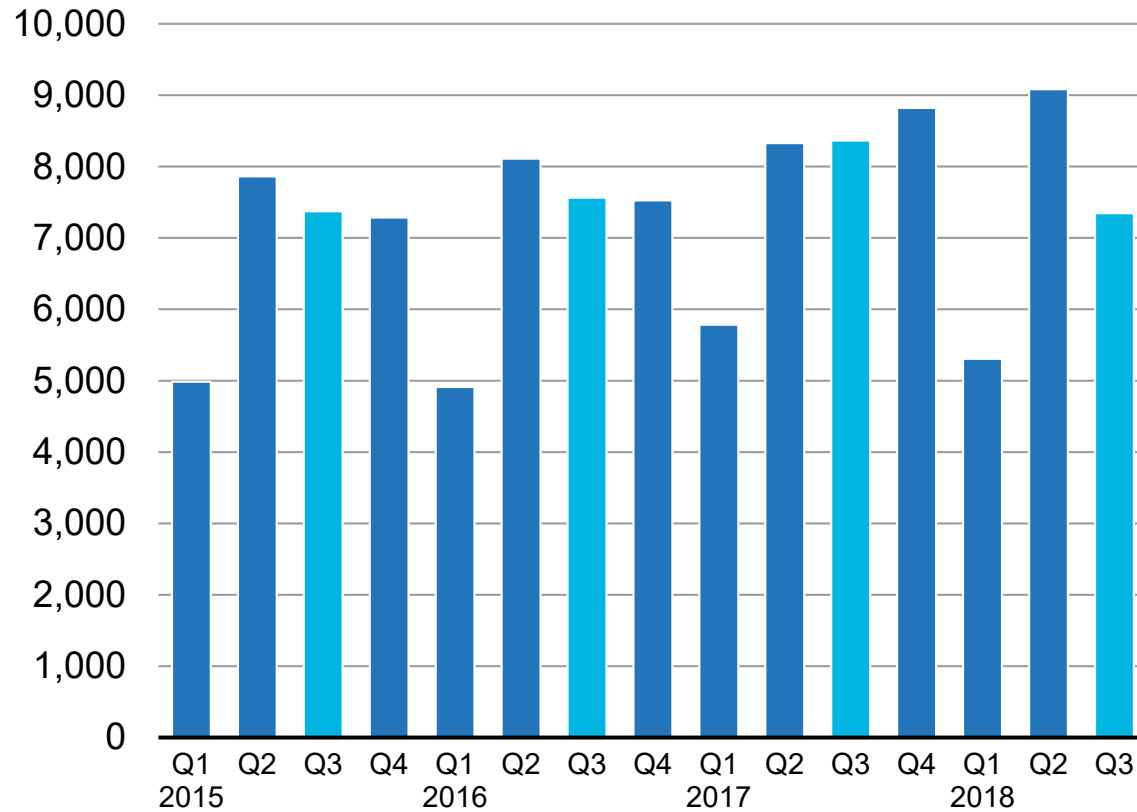


- Classrooms, kitchen, outdoor facilities and sports hall
- Customer: Norrevo Fastigheter
- Order value: SEK 165 million

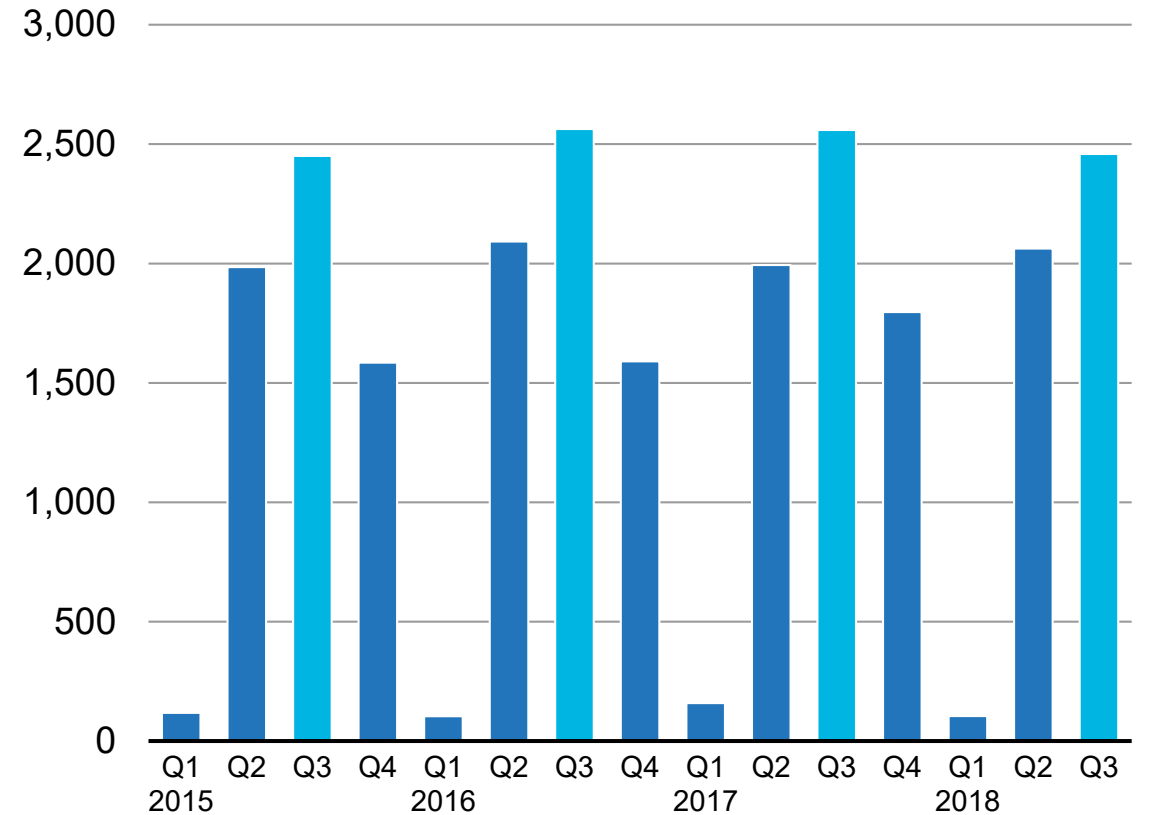
NCC Industry

Lower volumes in Q3

Stone material sold, thousands of tons



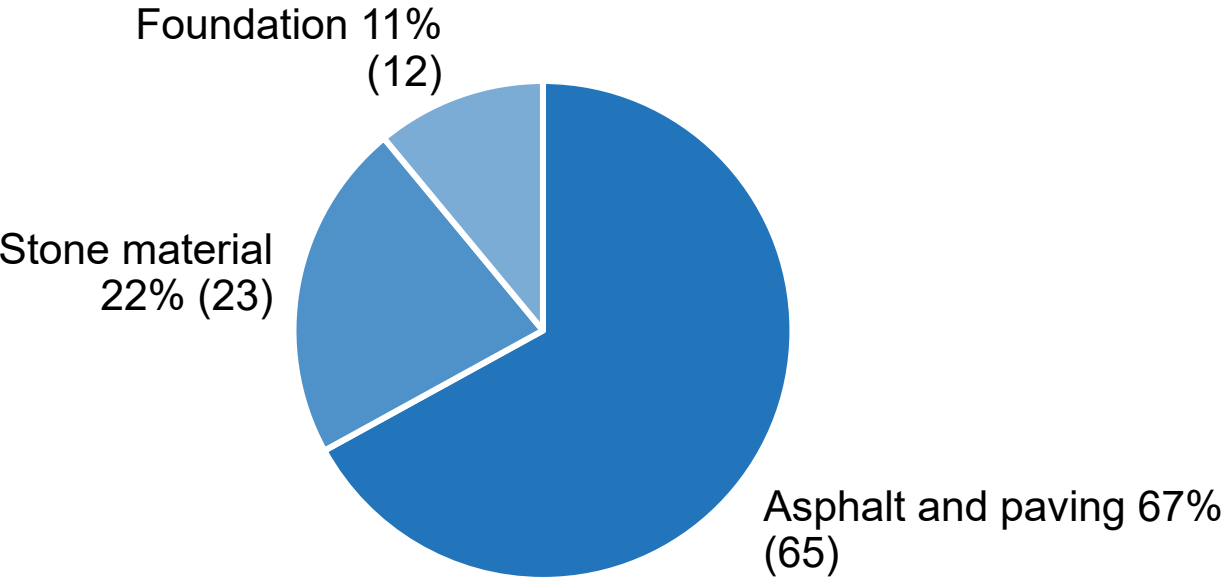
Asphalt sold, thousands of tons



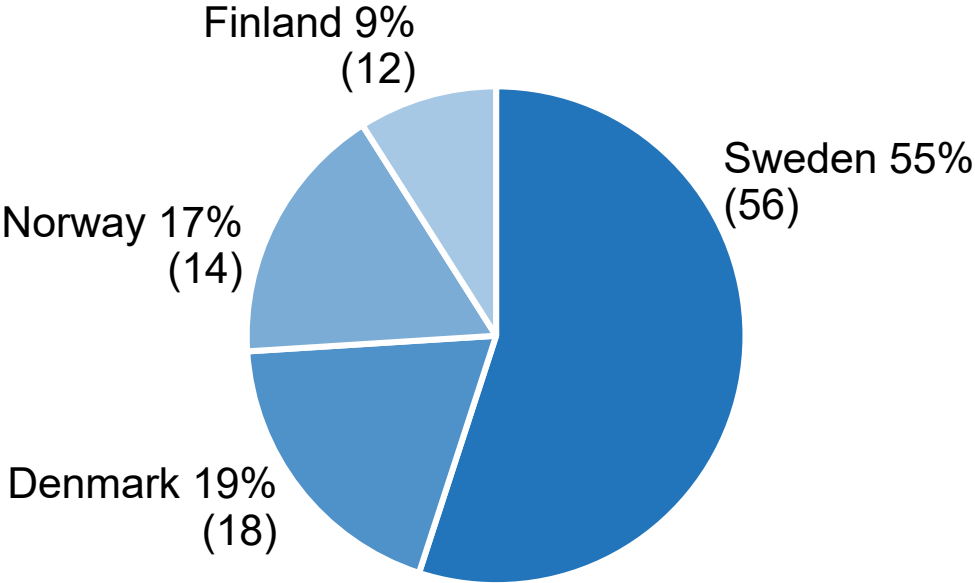
Solid base, strongest parts Sweden and Asphalt

Net sales Jan-Sep 2018

Product mix



Geographical



NCC Property Development

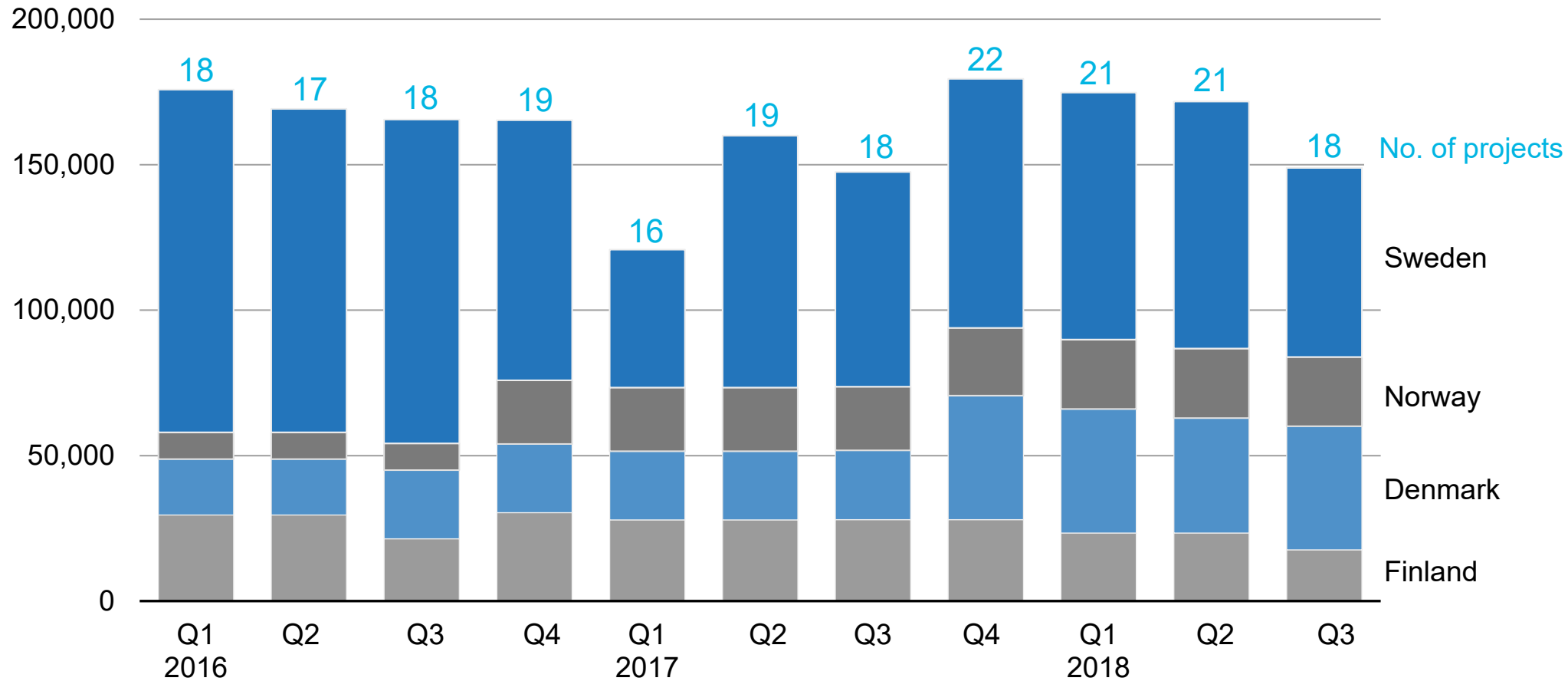
Profit recognized projects

Project	Type	Location	Lettable area, sqm.
Alberga E	Office	Helsinki, Finland	5,800
Mölndal Galleria, 50%	Retail	Gothenburg, Sweden	13,100
Arendal 3	Logistics	Gothenburg, Sweden	6,800



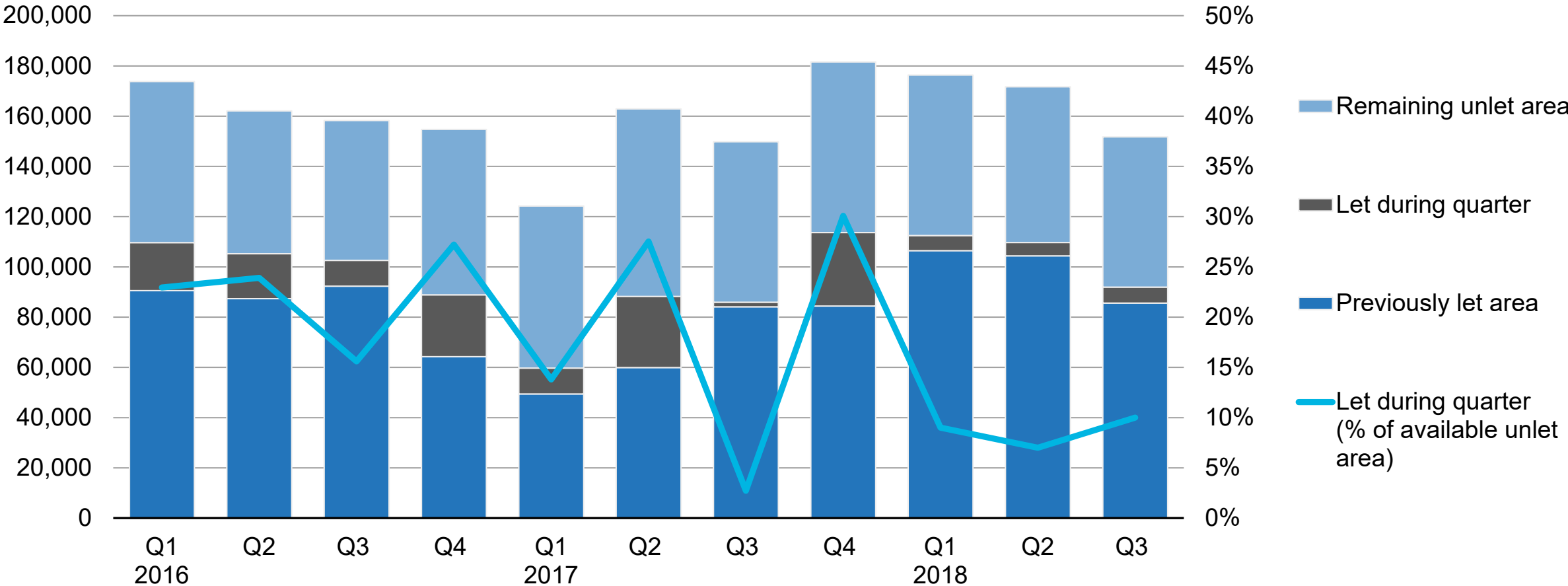
Property portfolio

Leasable space, sqm, in ongoing or completed projects not recognized in profit

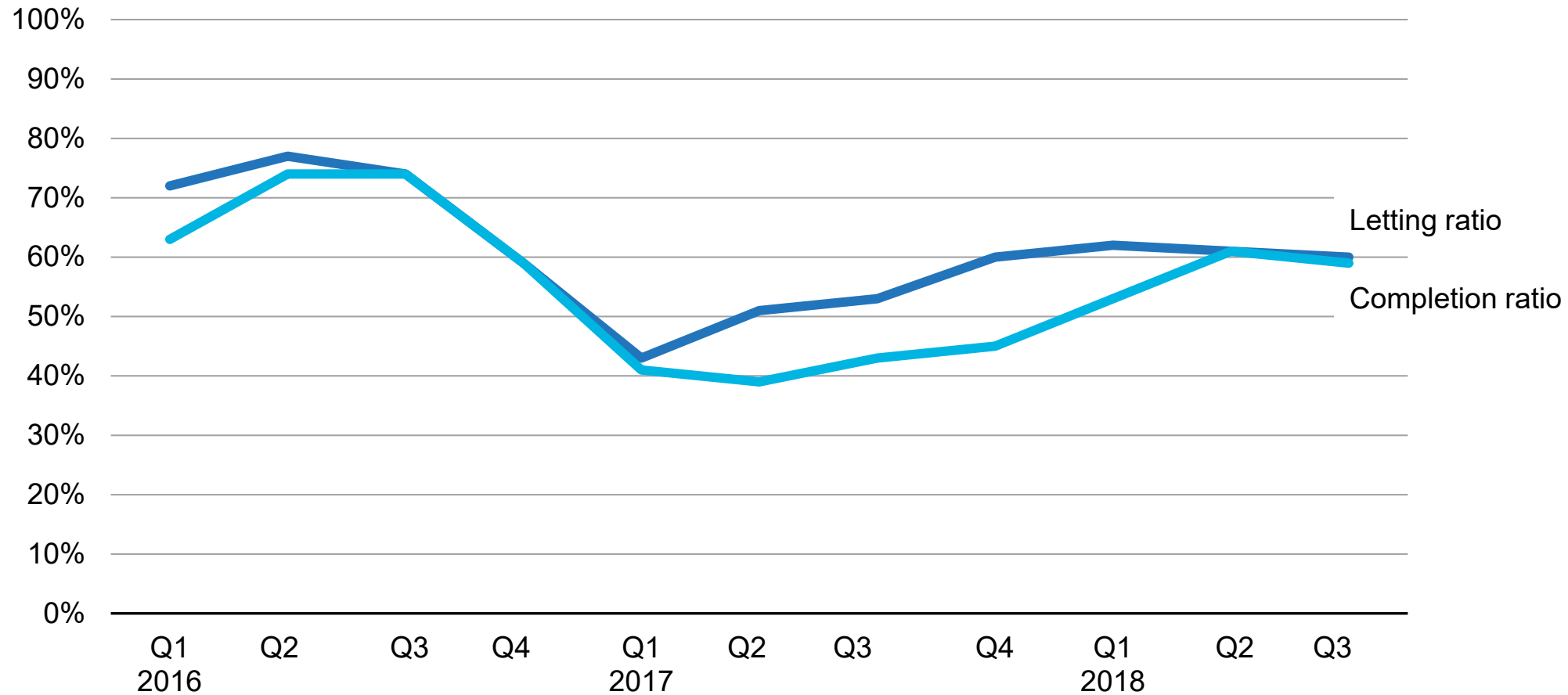


6,400 sqm leased in the quarter

Leased floor space, sqm



Property portfolio



Project example

Bromma Blocks in Bromma, Sweden

- Approx. 50,000 sqm offices, retail and hotel
- Approx. 20,000 sqm leased to Maxi ICA supermarket and a Biz Apartment hotel
- Investment of SEK 2.5 billion
- Completion 2021



Mattias Lundgren
CFO

Income statement

SEK M	Jul-Sep 2018	Jul-Sep 2017	Oct 17- Sep 18	Jan-Dec 2017
Net sales	14,269	13,075	55,786	54,441
Gross profit	-402	908	1,949	3,981
Selling and administrative expenses	-661	-550	-2,993	-2,933
Cost ratio	4.6%	4.2%	5.4%	5.4%
Other	-46	4	-20	26
EBIT	-1,108	364	-1,063	1,075
Financial items	-24	-25	-79	-91
EBT	-1,133	339	-1,142	983
Tax	179	-55	229	-106
Profit for the period	-955	283	-913	877

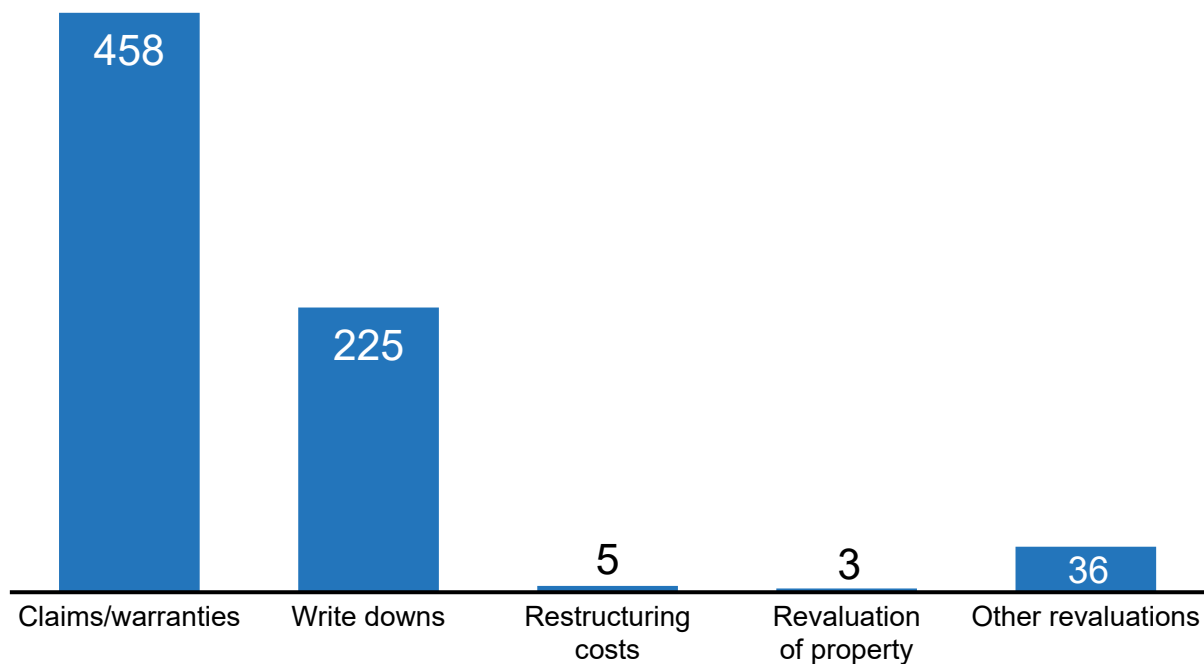
EBIT per business area

SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
NCC Infrastructure	-883		
NCC Building	-107		
NCC Industry	283		
NCC Property Development	-326		
Other and eliminations	-75		
EBIT	-1,108		

SEK M	Jul-Sep 2018	Jul-Sep 2017
NCC HQ etc.	-122	12
Internal gains	13	-10
Other Group adjustment	34	-64
Other and eliminations	-75	-62

NCC Infrastructure

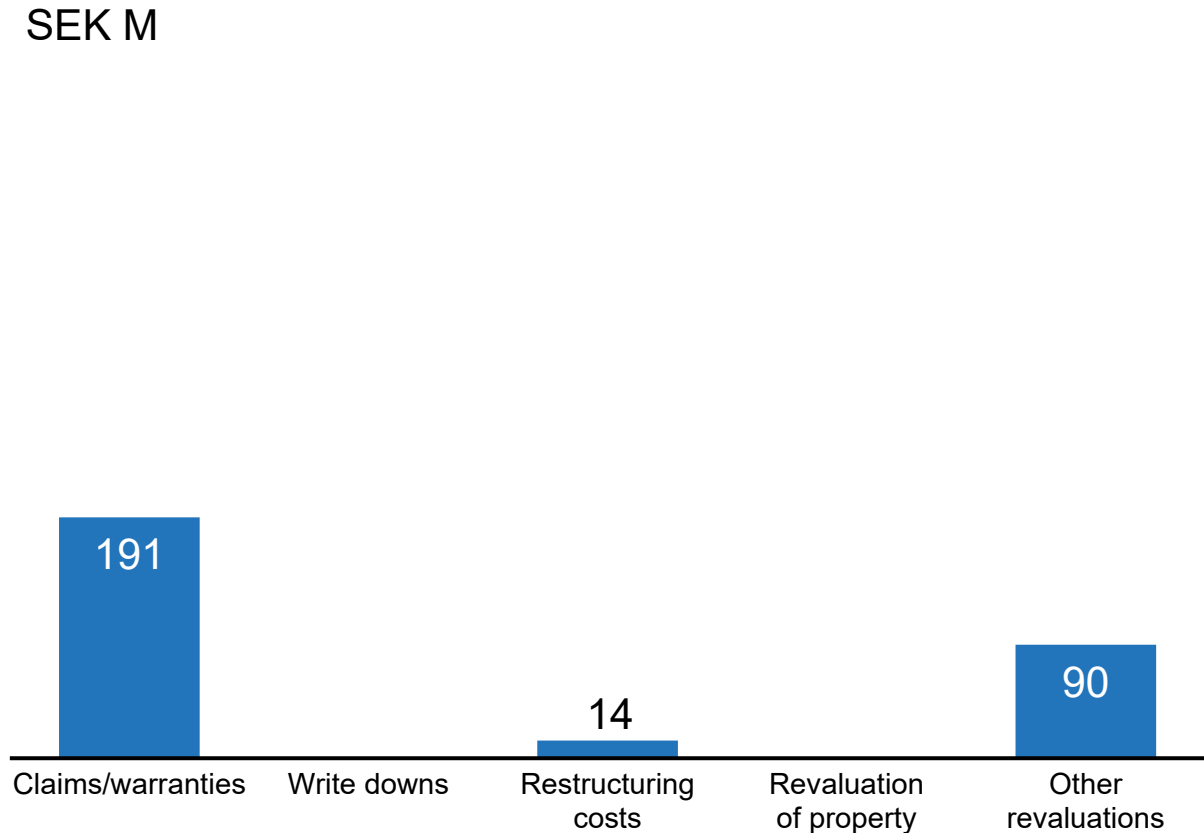
SEK M



SEK M	Jul-Sep 2018	Jul-Sep 2017	Oct 17-Sep 18	Jan-Dec 2017
Net sales	4,515	4,472	19,914	18,490
EBIT	-883	-65	-980	-198
Of which revaluation	-727	-150	-727	-150
EBIT margin, %	-19.6	-1.4	-4.9	-1.1

NCC Building

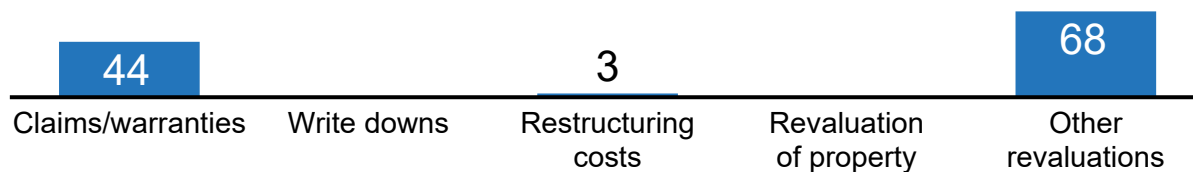
SEK M



SEK M	Jul-Sep 2018	Jul-Sep 2017	Oct 17-Sep 18	Jan-Dec 2017
Net sales	6,101	5,319	26,214	24,622
EBIT	-107	89	371	409
Of which revaluation	-295	-	-295	-
EBIT margin, %	-1.8	1.4	1.4	1.7

NCC Industry

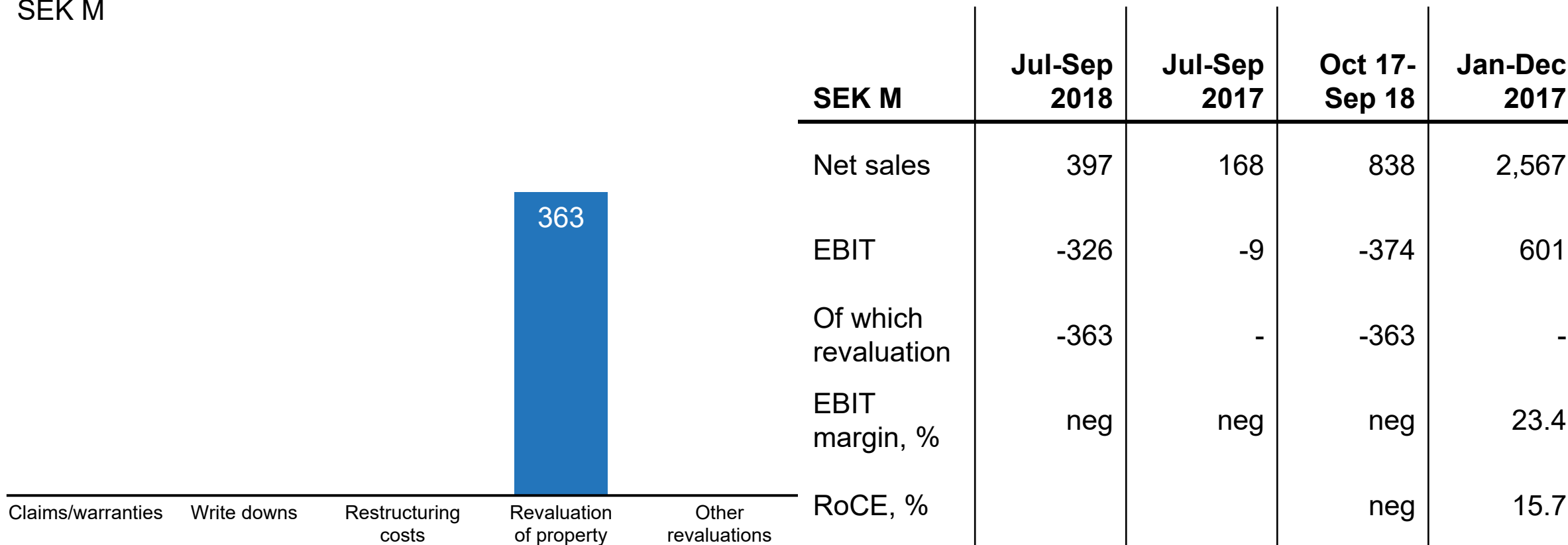
SEK M



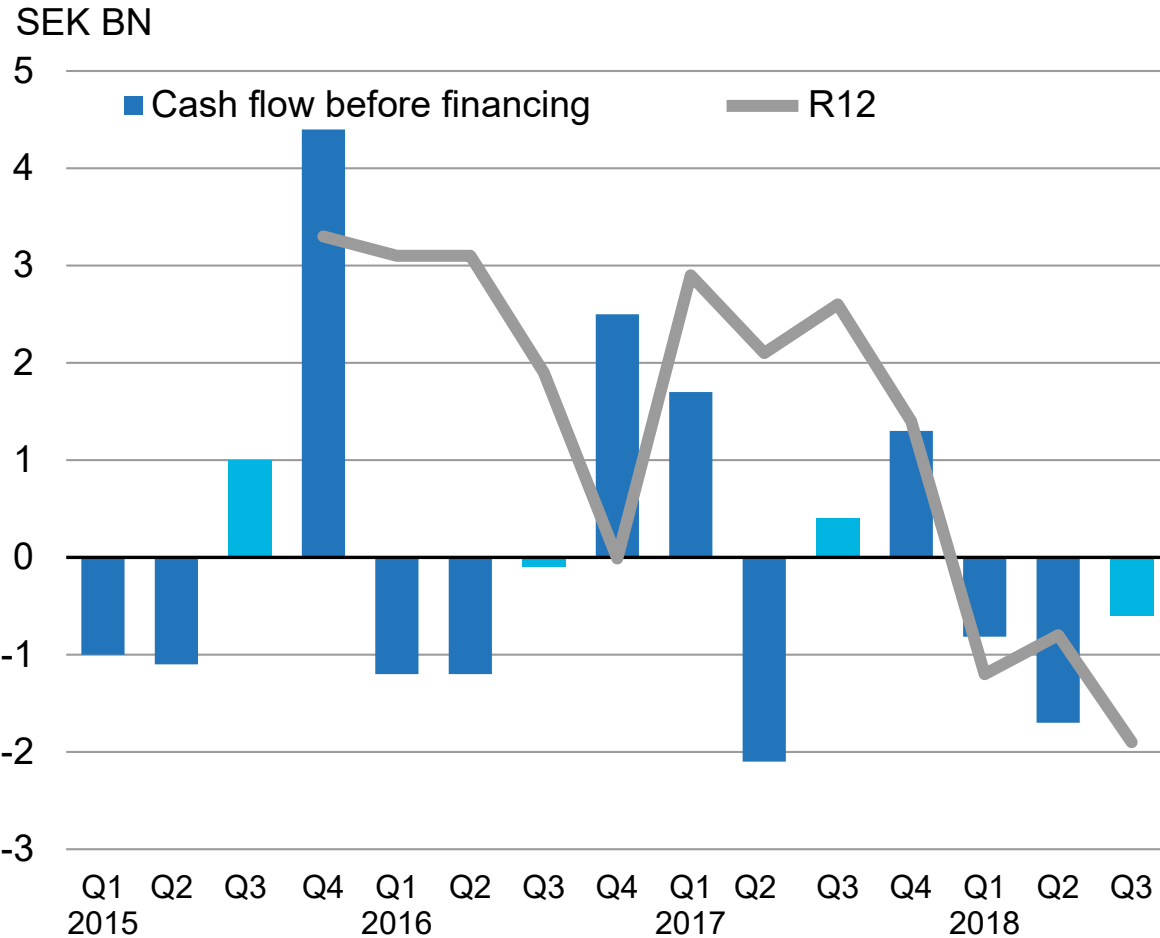
SEK M	Jul-Sep 2018	Jul-Sep 2017	Oct 17-Sep 18	Jan-Dec 2017
Net sales	4,301	4,051	12,931	12,393
EBIT	283	409	338	577
Of which revaluation	-115	-	-115	-
EBIT margin, %	6.6	10.1	2.6	4.7
RoCE, %			6.9	13.1

NCC Property Development

SEK M



Cash flow



SEK M	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
From operating activities	142	477	1,664
From property projects	-55	-269	478
Other working capital	-508	468	17
Investing activities	-152	-233	-797
Cash flow before financing	-574	443	1,361

Group financial objectives

Reduced number of objectives

**Operating
Margin**

$\geq 4.0\%$

**Net
Indebtedness**

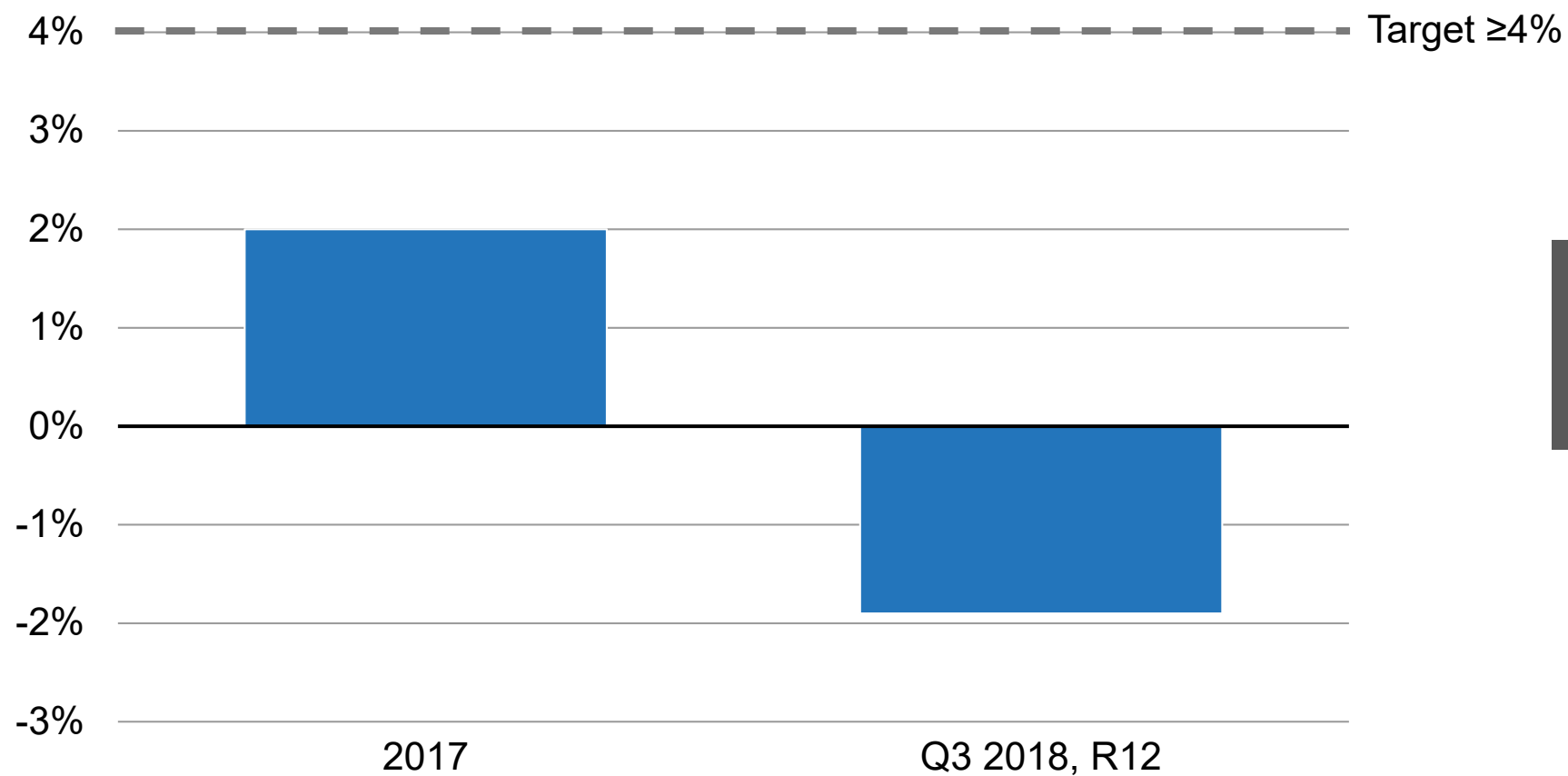
$< 2.5 \times \text{EBITDA}$

**Return on
Equity**

$\geq 20\%$

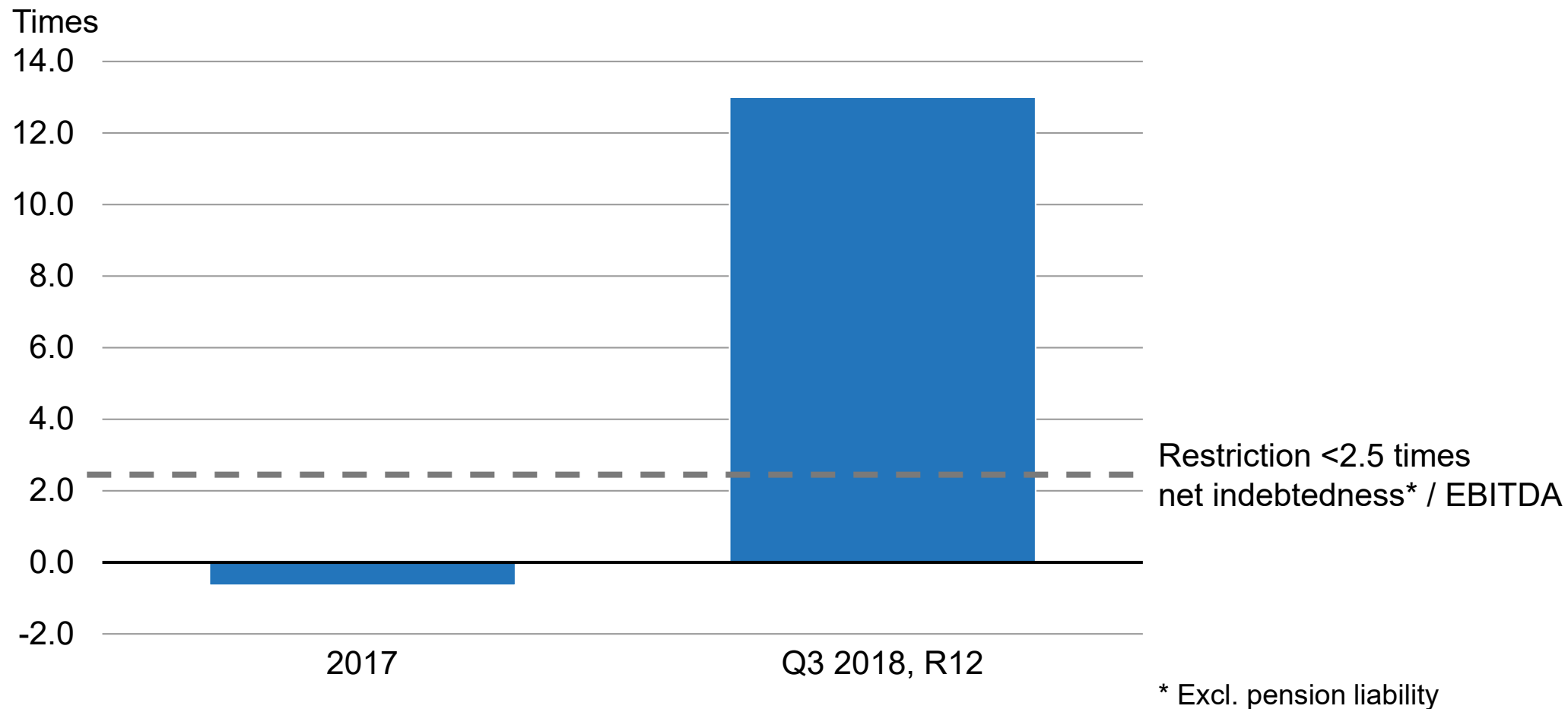
Dividend policy $\geq 40\%$ of profit after tax

EBIT margin

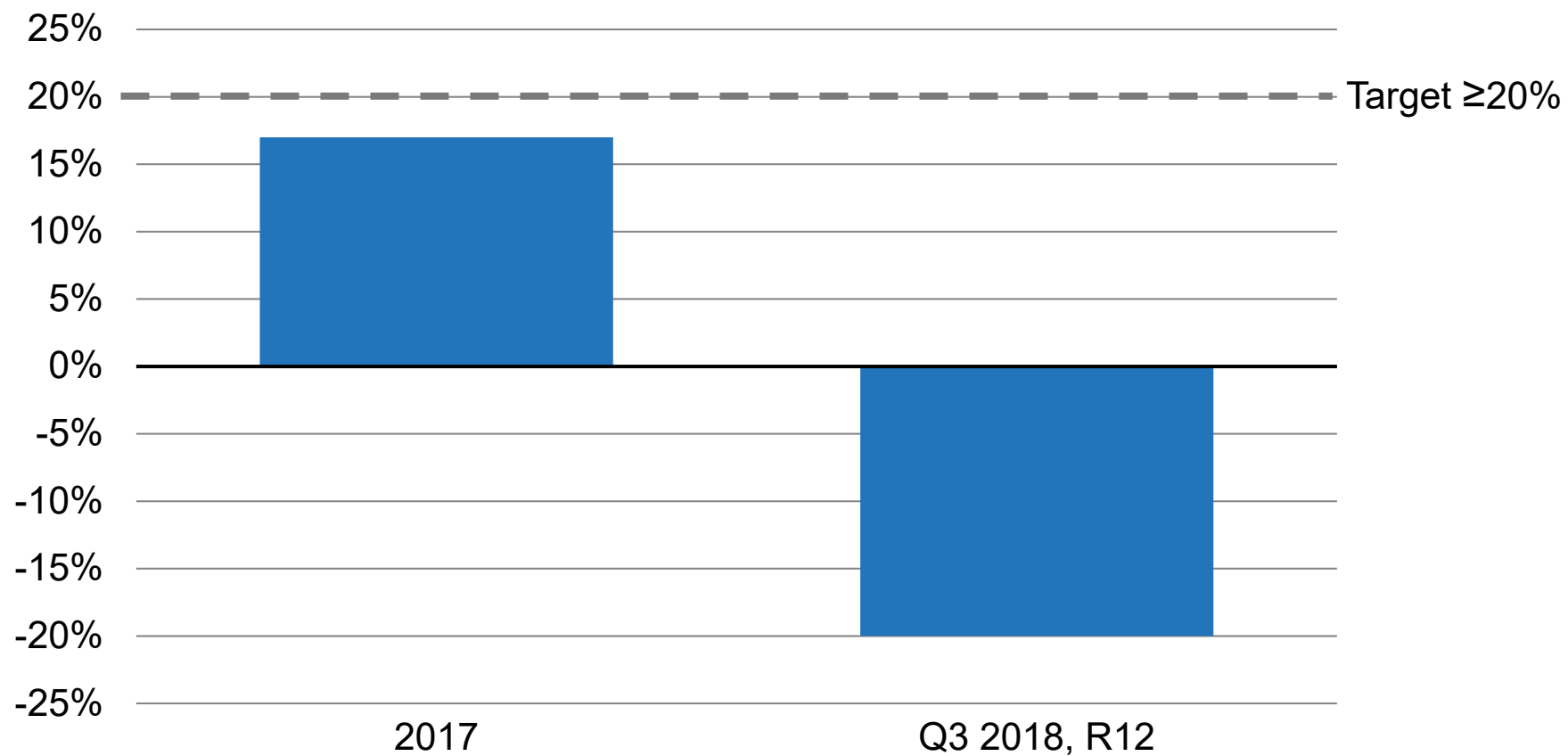


All comparative figures for 2017 according to IFRS15

Net indebttness* / EBITDA



Return on shareholders' equity



Tomas Carlsson
CEO

Strong positive drivers in the market

- Large infrastructure projects in Norway and Sweden
- Still a generally strong demand in building
- Demographics drives demand for schools, hospitals and elderly care around our cities
- Growing cities and population growth
- Nordic economies stable with reasonable growth projections

New baseline

- Build on our strong and healthy core
- Focus on projects, customers and geographies where NCC can deliver value
- Lower risk profile in the projects
 - not less ambitious in our business
- Clear main objectives:
Restore profitability and better consistency



Contact information and calendar

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Financial Calendar 2019

January 30	Year end report 2018
April 9, 2019	Annual General Meeting
April 29, 2019	Interim report Jan-Mar
July 19, 2019	Interim report Jan-Jun
October 28, 2019	Interim report Jan-Sep