Setting a new baseline for a strong and profitable NCC

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CEO
Our news today

• 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
Conclusions

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
Business Review Process from May to September

Project, department and division level
- Projects
- Departments
- Divisions

Business area level
- BA Management review and documentation
- Internal expert groups
- External expert opinions

NCC Group
- Comprehensive review ensuring application of consistent risk framework and standards

Projects – properties for development – other assets

Meeting with teams, customers and other stakeholders to form an opinion
## Insights

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<td>Project management and cost control</td>
<td>Managing identified back-log. Structural initiatives to improve project management and cost control going forward</td>
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Revaluations: Financial drivers

SEK M

- Claims/warranties: 693
- Development properties: 365
- Write downs: 225
- Restructuring: 75
- Other revaluations: 207

Financial driver
NCC business

Contracting
- Infrastructure
- Building Sweden
- Building Nordics

Industry
- Medium permanent organization
- Significant turnover
- Slightly higher margin
- Fixed assets

Investments
- Small organization
- Small turnover
- High margin
- Current assets

Management
- Large temporary organization
- Medium permanent organization
- Small organization

Value creation
- High turnover
- Small margin
- Low capital employed
- Significant turnover
- Slightly higher margin
- Fixed assets

Business
- Risk / logistics
- Utilization
- Investments

Profit recognition
- PoC (Percentage of completion)
- PoC, sales
- Completed project
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