NCC 2016-2020 – profitable growth

Peter Wågström
CEO
This strategy period – what have we achieved so far?
# Strategy 2012–2015

## Profitable growth

<table>
<thead>
<tr>
<th>Customer focus</th>
<th>Market leader</th>
<th>Costs</th>
<th>One NCC</th>
<th>Housing</th>
<th>Sustainability</th>
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<tbody>
<tr>
<td><strong>Industrial</strong></td>
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<tr>
<td>≥ double GDP growth rate</td>
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<tr>
<td><strong>Construction and civil engineering</strong></td>
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<td>≥ double GDP growth rate</td>
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<tr>
<td><strong>Development</strong></td>
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<tr>
<td>≥ 7,000 housing units</td>
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</table>
OK profitability...
Return on equity 2003-R12 Q3 2015
…but not enough growth
Revenue growth 2012 – R12 Q3 2015
Status NCC growth 2012 - R12 Q3 2015

Growth rate

- NCC Construction and NCC Roads: 5%
- NCC Group: 12%

Target 2xGDP = 8%

No. of housing units under production

- 2012: 5,400
- 2015 Q3: 9,071

Target 7,000
Workplace accidents have decreased by 50% since 2011.

Work-related accidents leading to absence of one or more days from ordinary duties per one million hours worked.

Target 2015 = 7
Summary

Profitable but not with enough growth

Growth in Housing

Geographical organisation – obstacle
Ann-Sofie Danielsson
CFO
Spin-off Housing

- Increased customer focus
- Increased specialization
- Growth opportunities for both companies
NCC without Housing
R12 Q3 2015

SEK M

Net sales

NCC: 52,216
Housing: 10,320

EBIT

NCC: 1,626
Housing: 864

Cash flow

NCC: 1,938
Housing: 415
Capital structure – principles

• Split assumptions
  – Land held for future development and capitalized developing costs – 100% equity
  – Remaining equity to NCC
• No cash dividend if NCC Housing is distributed to shareholders
Capital structure NCC Q3 2015

SEK BN

Total assets: 40.9
Capital employed: 19.2
Capital structure New NCC
If spin off Q3 2015

SEK BN

Total assets: 23.8
Capital employed: 7.9
Capital structure New Housing
If spin off Q3 2015

SEK BN

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>17.1</td>
</tr>
<tr>
<td>Capital employed</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>5.3</td>
</tr>
<tr>
<td>Net debt, where of loans in Finnish housing companies and Swedish tenant owner associations, 3.1</td>
<td>3.1</td>
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</tbody>
</table>

NCC
Schedule

NCC Housing as a stand alone company January 1, 2016

Board of Director's dividend proposal January 28, 2016

Shareholders decision on dividend at Annual general meeting April 12, 2016

Listed on Nasdaq Stockholm 2016
Next strategy period
2016-2020
Mega trends

- Urbanization
- Sustainability
- Globalization
- War for talent
- New technology
Strategy 2016 – 2020
Profitable growth

Renew our industry and provide superior sustainable solutions
Strategy 2016 – 2020
Profitable growth

Renew our industry and provide superior sustainable solutions
One NCC

Renew our industry and provide superior sustainable solutions

People

Take advantage of our scale, competences and customer base to add value
Four specialized Nordic business areas

- NCC Industry
- NCC Infrastructure
- NCC Building
- NCC Property Development
My team from January 1 2016

- **CEO**
  - Peter Wågström

- **CFO**
  - Mattias Lundgren

- **General Counsel**
  - Håkan Broman

- **Corporate Relations**
  - Ann Lindell Saeby

- **Purchasing**
  - Peter Gjörup

- **NCC Industry**
  - Jyri Salonen

- **NCC Infrastructure**
  - Svante Hagman

- **NCC Building**
  - Klaus Kaae

- **NCC Property Development**
  - Carola Lavén
People – culture and change management

Agile organization
High performing people
Leadership
Winning culture
Must win battle: 
Operational Excellence

- Technical competence
- Our way of working
- Digitalization/VDC
- Purchasing

Renew our industry and provide superior sustainable solutions
Must win battle: **Market Excellence**

- **Customer’s first choice**
- **Growth areas**
- **Sustainable customer offers**
- **Value delivery**

Operational excellence

Renew our industry and provide superior sustainable solutions

People

Investment initiatives

One NCC
Some potential growth areas

Infrastructure

Refurbishment
Must win battle:
Investment Initiatives

- Acquisitions
- Concessions
- Balanced project development portfolio

Renew our industry and provide superior sustainable solutions

Operational excellence
Market excellence
One NCC
People
Investment initiatives
Profitability and growth gives possibility for expansion

Renew our industry and provide superior sustainable solutions
## Financial objectives NCC Group 2016-2020

<table>
<thead>
<tr>
<th>Profit</th>
<th>Growth</th>
<th>Return on shareholders’ equity</th>
<th>Debt</th>
<th>Equity/assets ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT margin &gt; 4%</td>
<td>Net sales average yearly growth 5%</td>
<td>&gt; 20%</td>
<td>Net indebtsness &lt; 2.5 times EBITDA</td>
<td>&gt; 20%</td>
</tr>
</tbody>
</table>

NCC’s dividend policy is to distribute yearly at least 40% of after-tax profit to the shareholders.
Financial objectives 2016-2020
NCC Business Areas

Industry
NCC Industry
Average yearly
ROCE > 10%
EBIT > 4%

Construction and Civil Engineering
NCC Infrastructure
EBIT > 3.5%

NCC Building

Development
NCC Property
Development
Average yearly
ROCE > 10%
EBIT > 10%
Safety objectives

Target for 2015: ≤7

Target from 2016: ≤5

Target to 2020: 50% reduction of accidents, compared to 2015

Our vision is zero accidents

Work-related accidents leading to absence of one or more days from ordinary duties per one million worked hours
Sustainability objective and focus areas

50% reduction of CO₂ emissions in 2020, compared to 2015
Strategy 2016 – 2020
Profitable growth

Renew our industry and provide superior sustainable solutions
No1. in the Nordics

Profit and volume

Customers' first choice

Talents' first choice