

# NCC 2016-2020 – profitable growth

Peter Wågström  
CEO

**This strategy period  
– what have we achieved so far?**

# Strategy 2012–2015

Profitable growth

Customer focus

Market leader

Costs

One NCC

Housing

Sustainability

Industrial



≥ double GDP growth rate

Construction and civil engineering



≥ double GDP growth rate

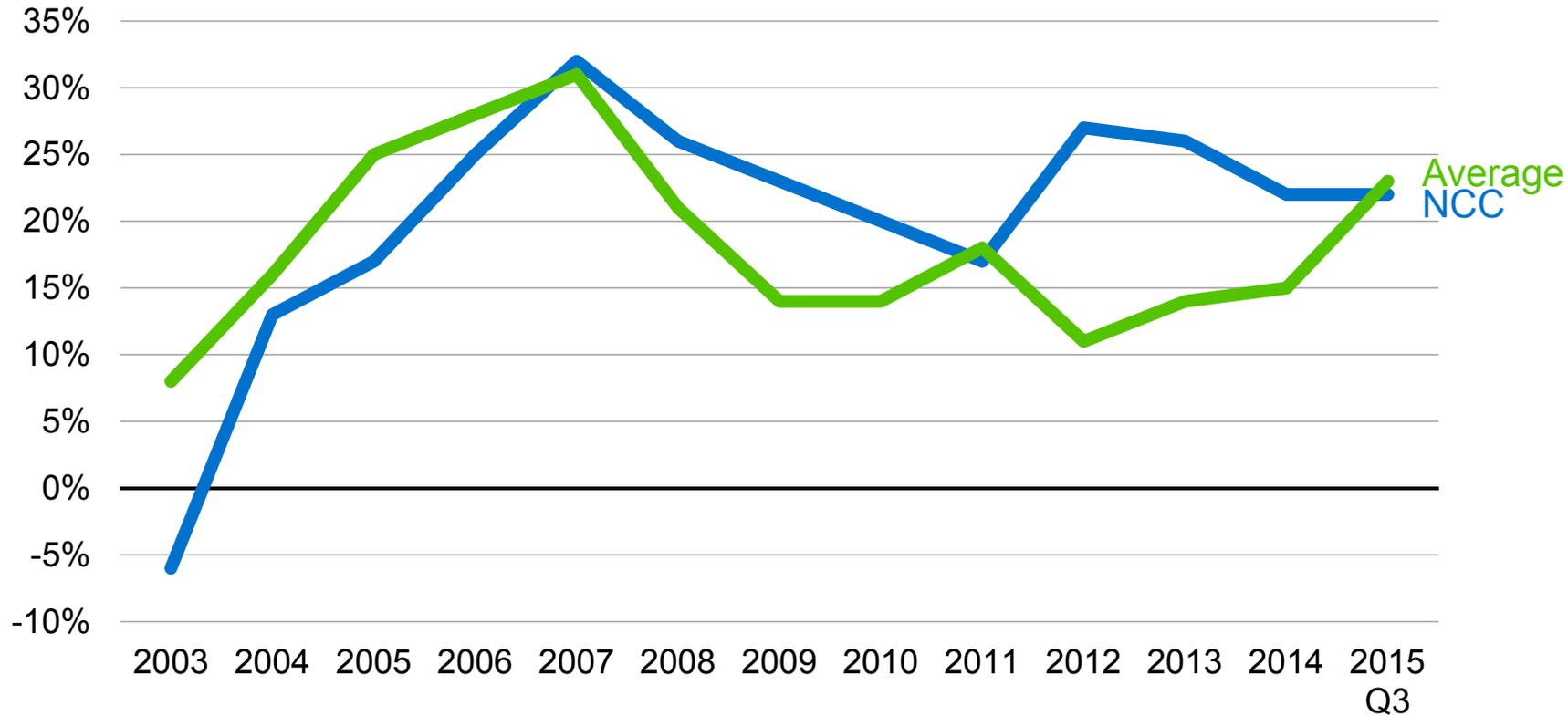
Development



≥ 7,000 housing units

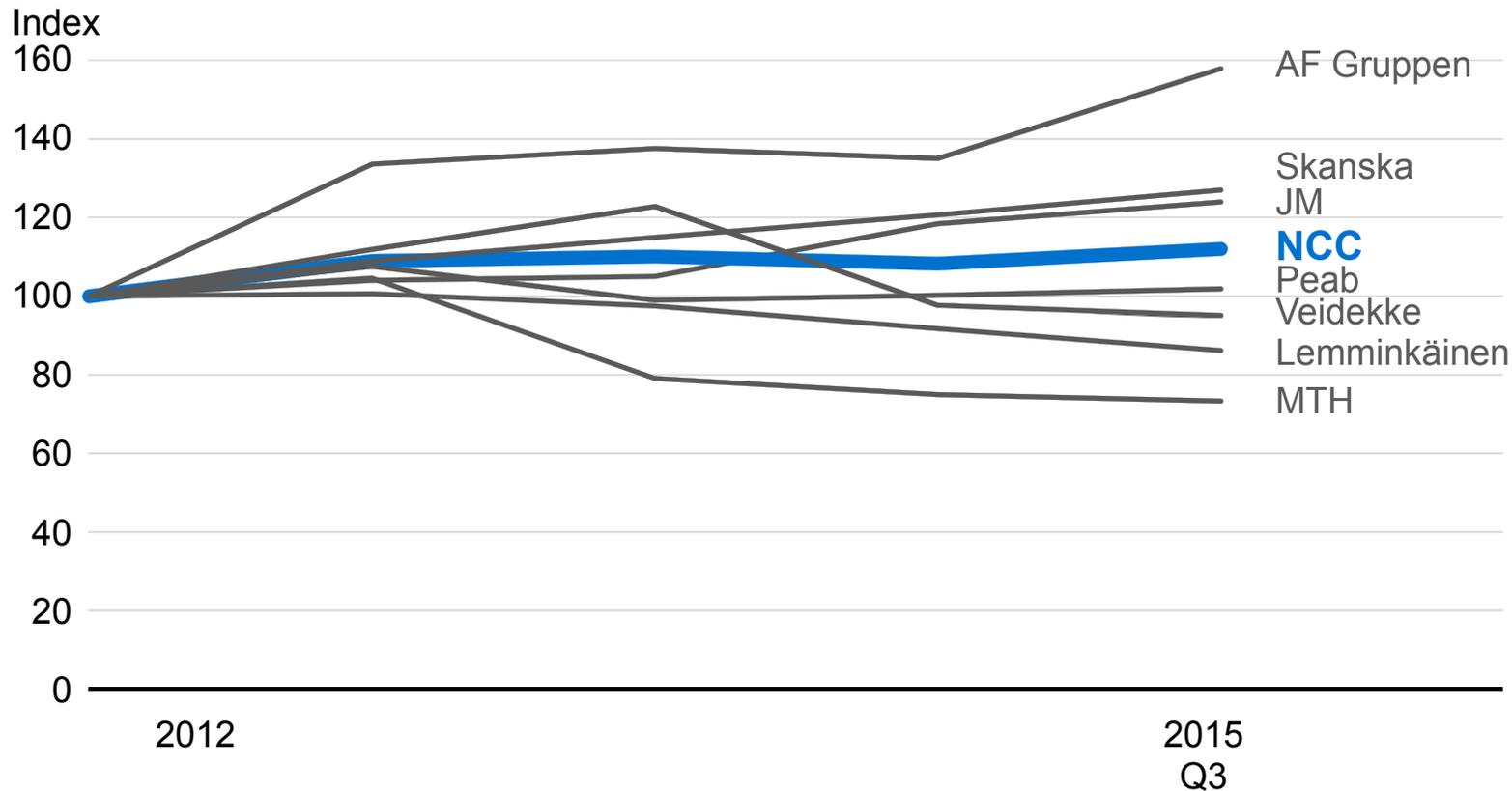
# OK profitability...

Return on equity 2003-R12 Q3 2015



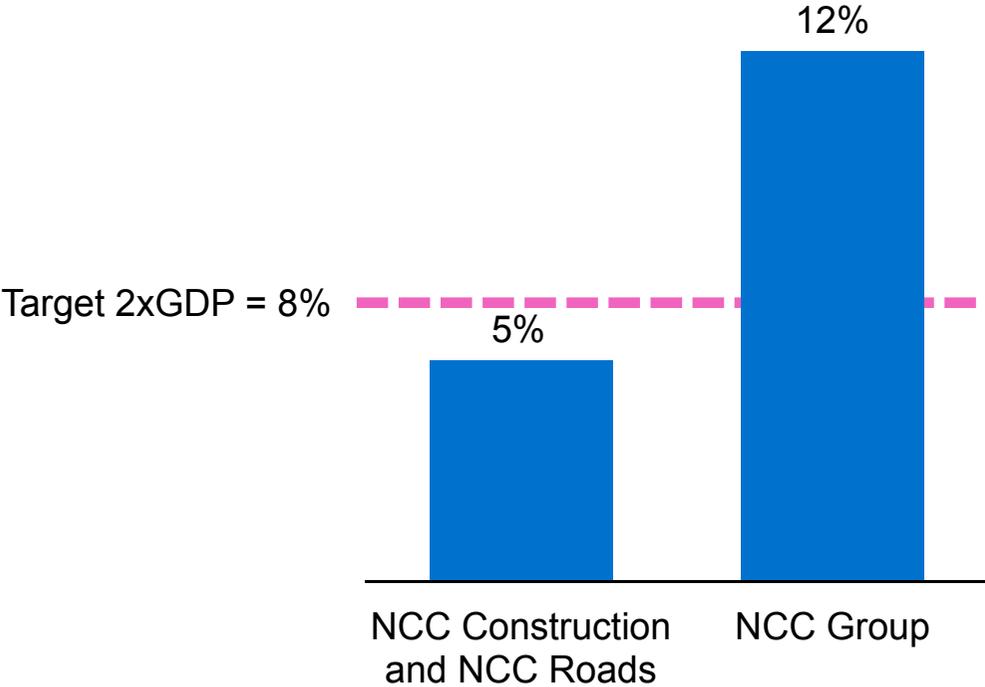
# ...but not enough growth

Revenue growth 2012 – R12 Q3 2015

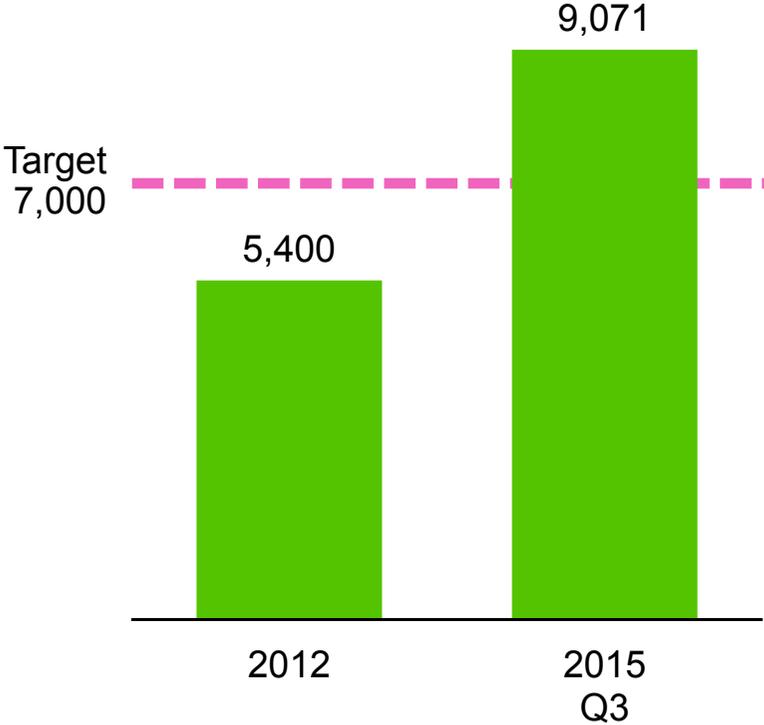


# Status NCC growth 2012 - R12 Q3 2015

Growth rate

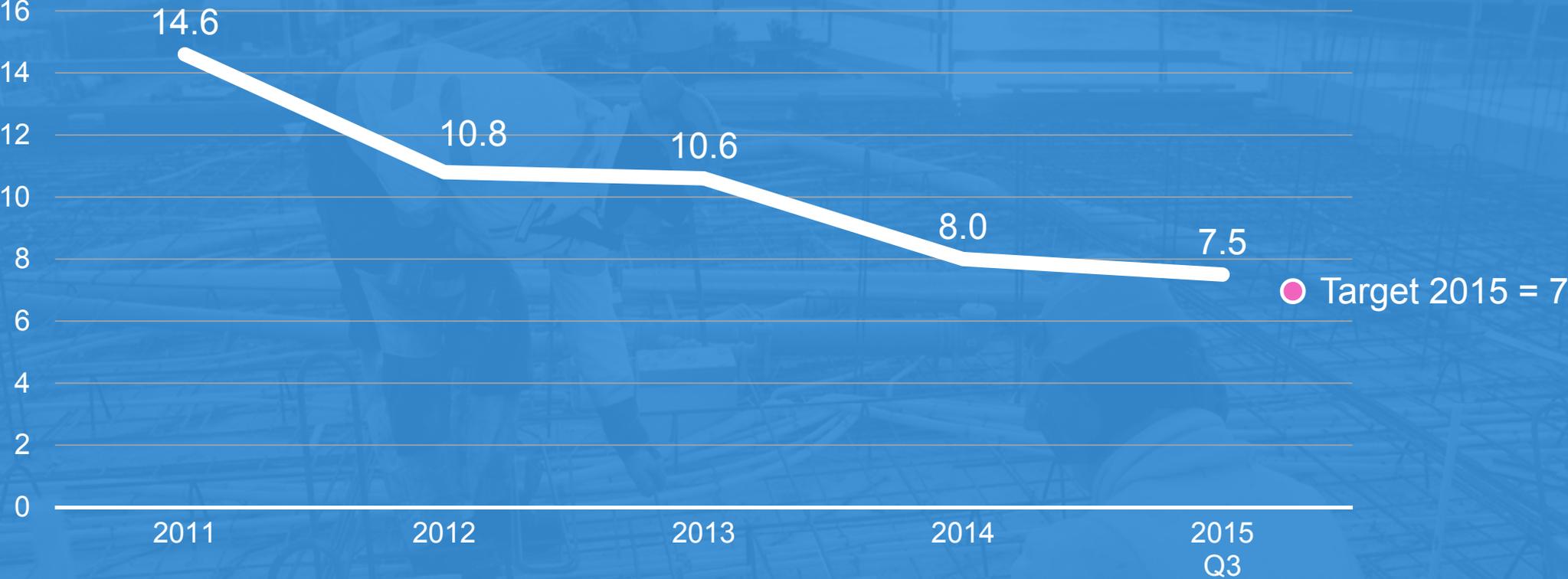


No. of housing units under production

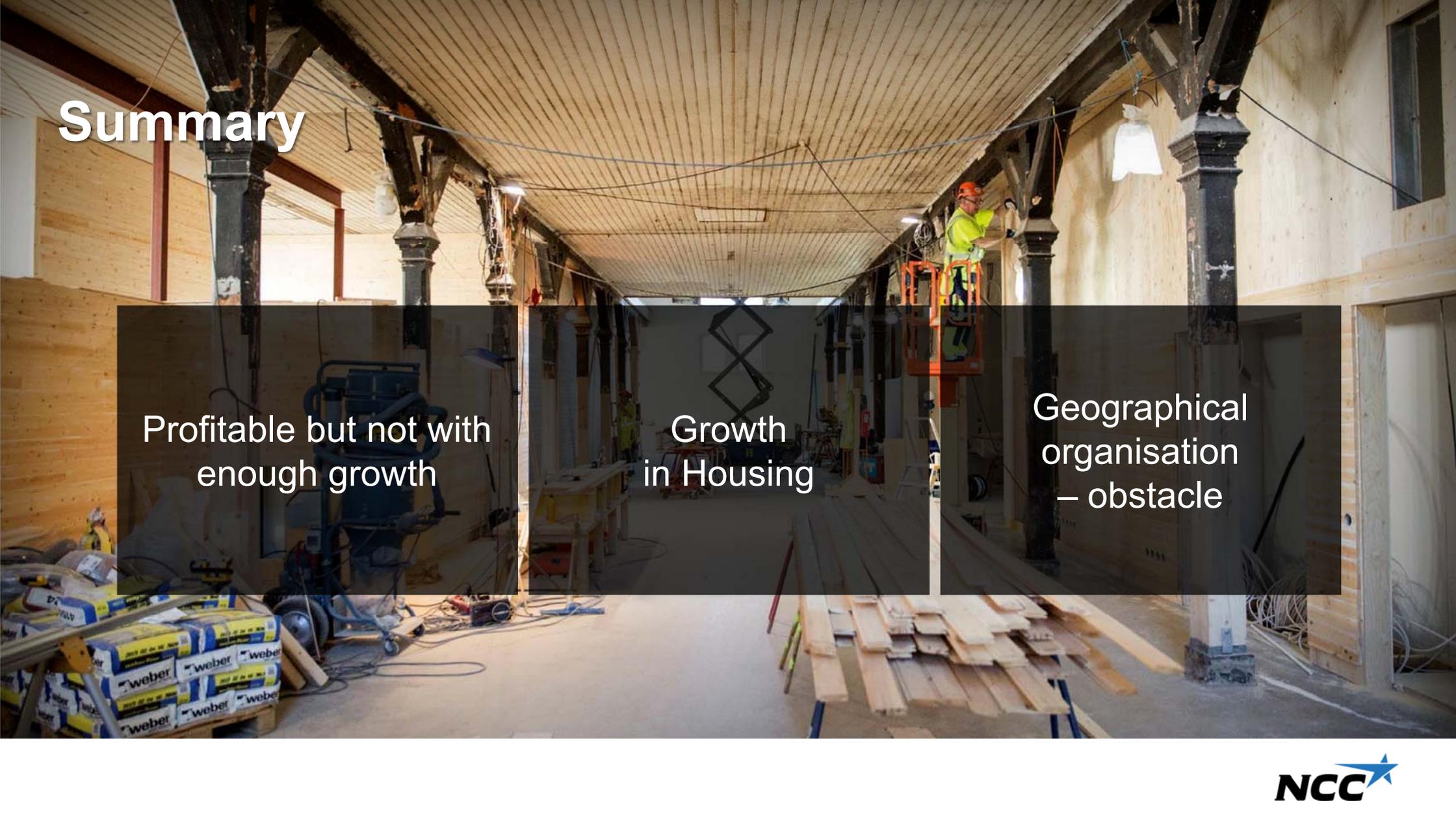


# Workplace accidents have decreased by 50% since 2011

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



# Summary



Profitable but not with  
enough growth

Growth  
in Housing

Geographical  
organisation  
– obstacle

**Ann-Sofie Danielsson**  
**CFO**



# Spin-off Housing

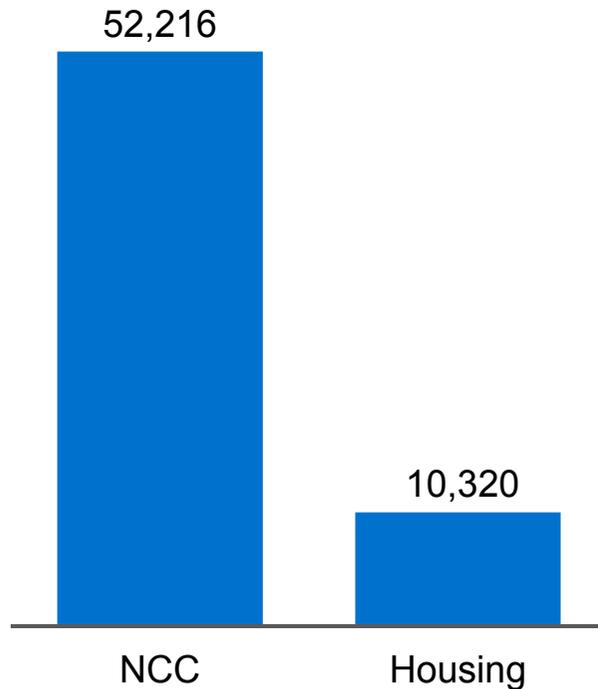
- Increased customer focus
- Increased specialization
- Growth opportunities for both companies

# NCC without Housing

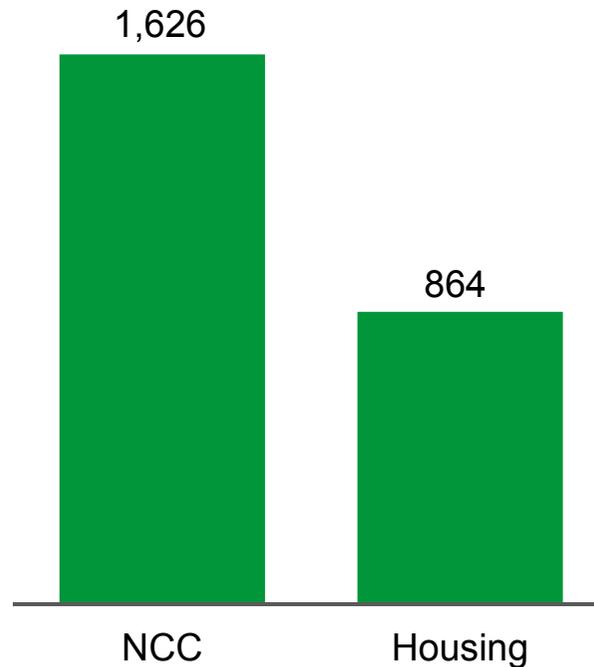
R12 Q3 2015

SEK M

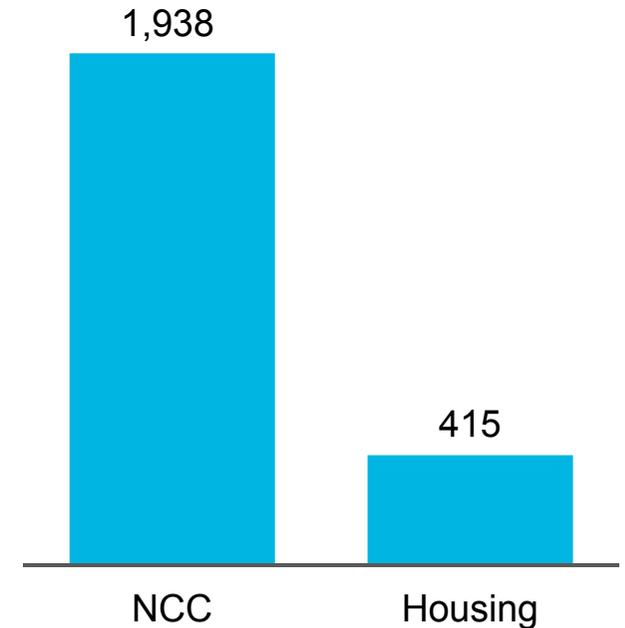
## Net sales



## EBIT



## Cash flow

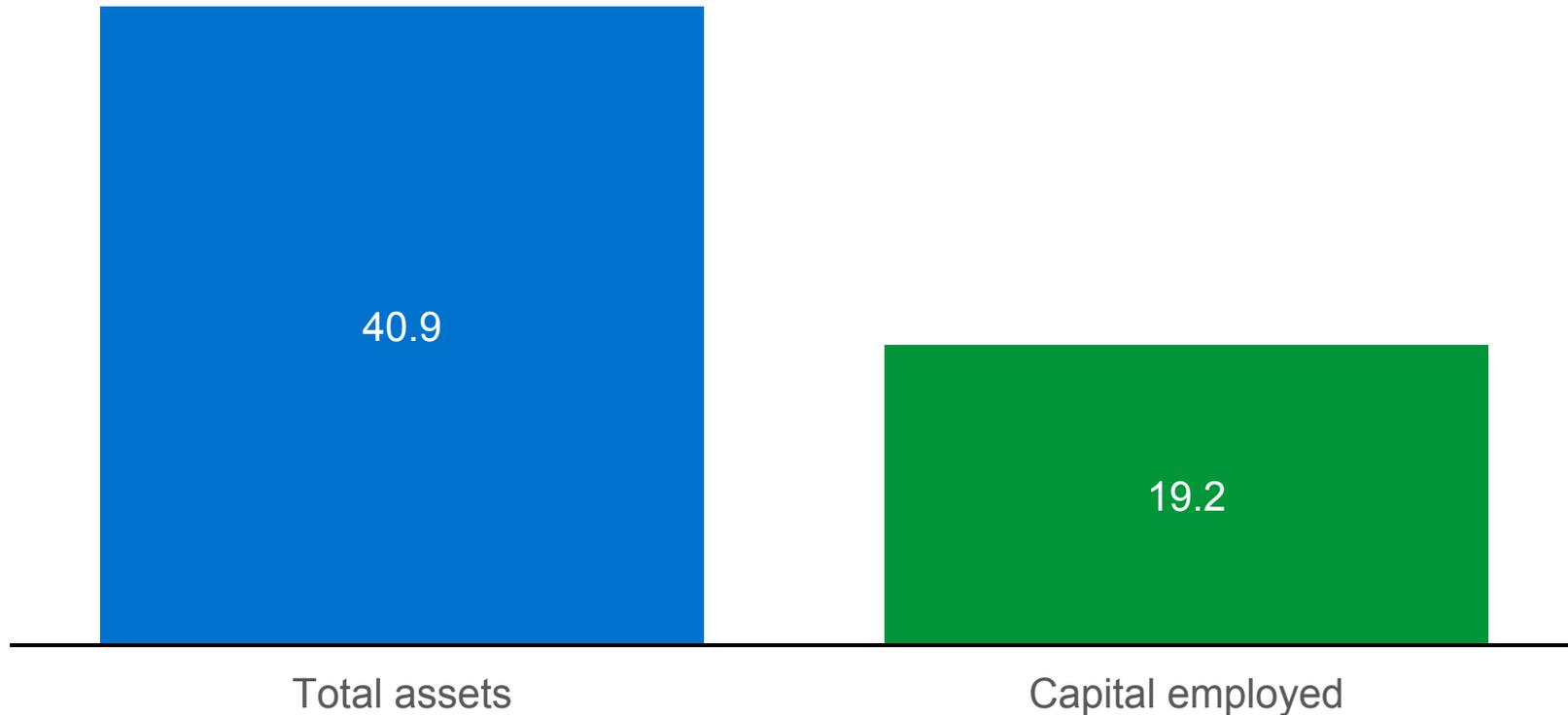


# Capital structure – principles

- 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

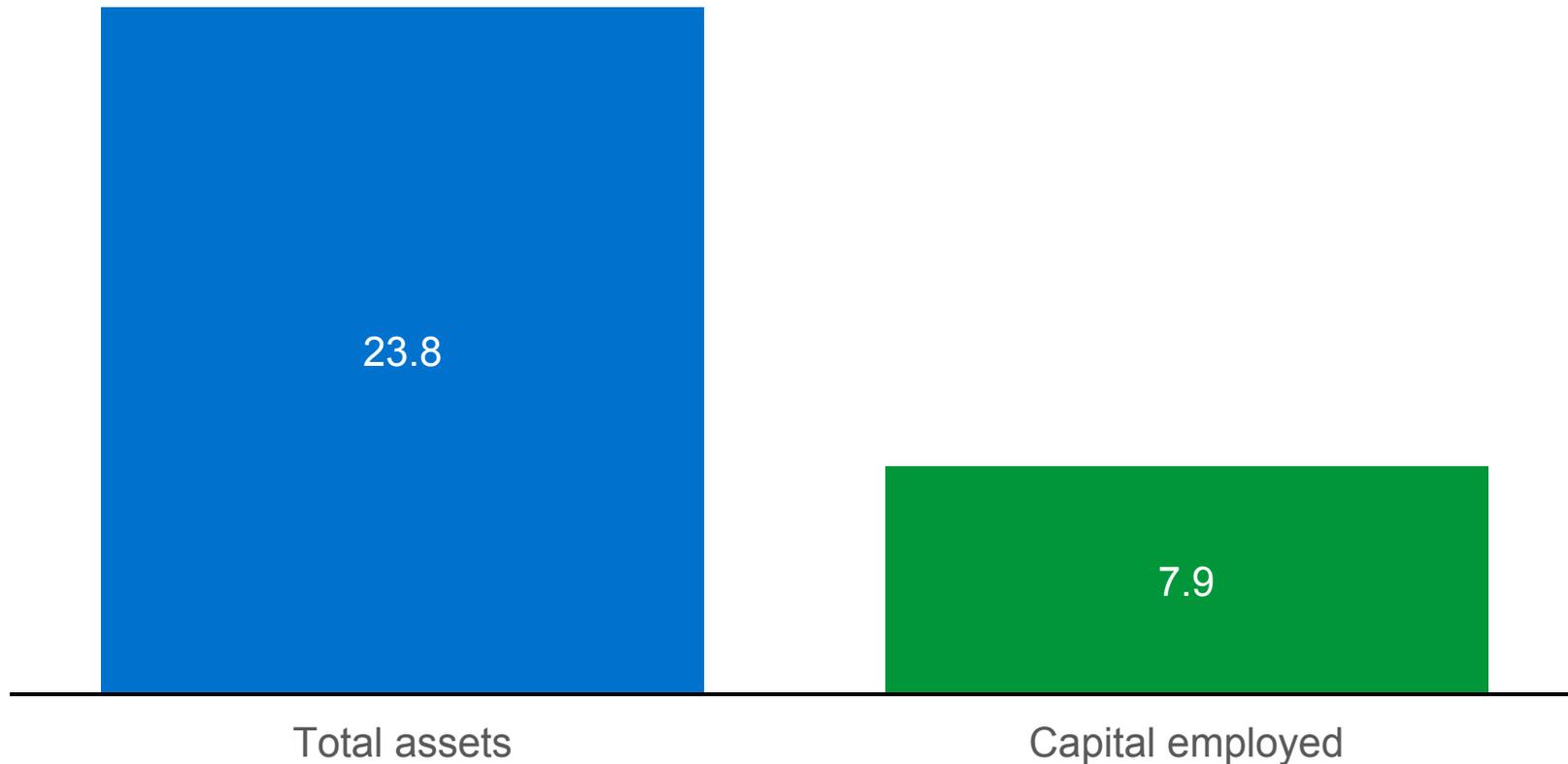
SEK BN



# Capital structure New NCC

If spin off Q3 2015

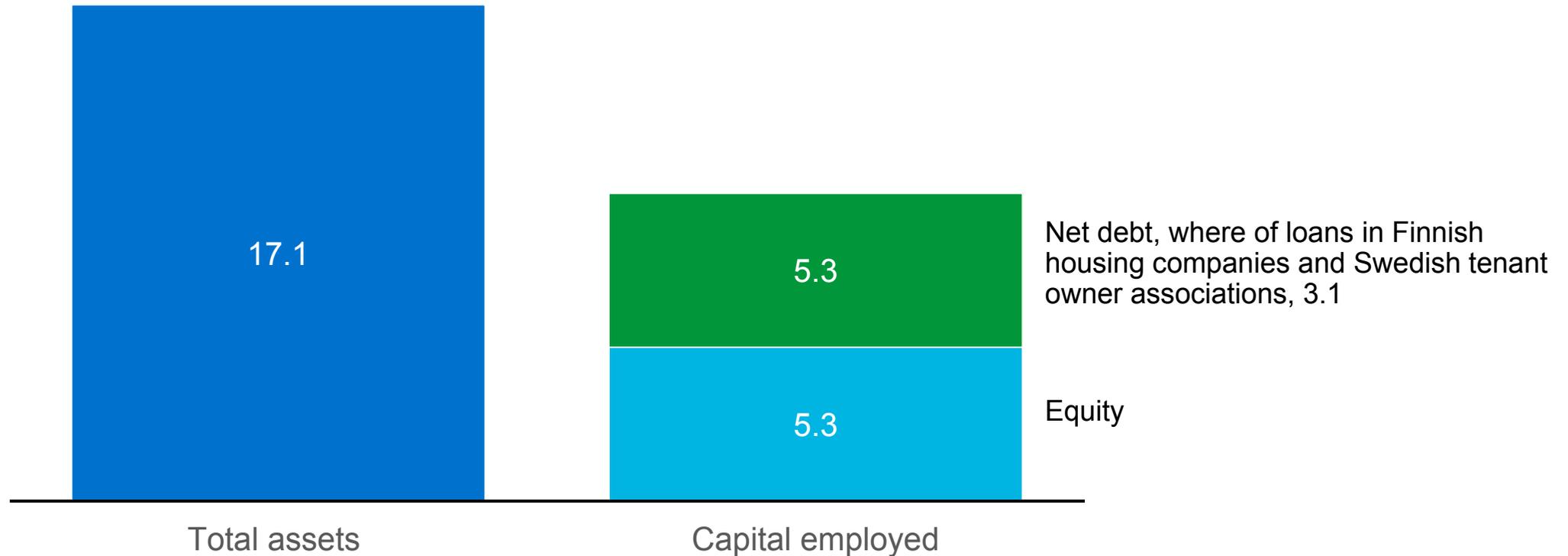
SEK BN



# Capital structure New Housing

If spin off Q3 2015

SEK BN



# Schedule

NCC Housing as a stand alone company January 1, 2016

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

Board of Director's dividend proposal January 28, 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



# Strategy 2016 – 2020

Profitable growth

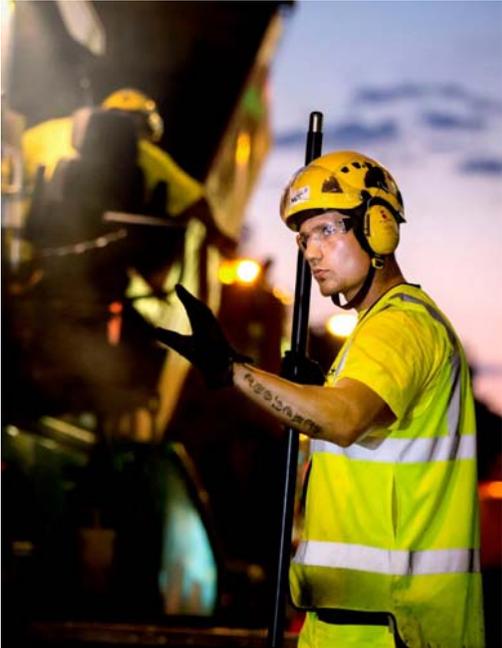
Renew our  
industry and  
provide superior  
sustainable  
solutions

# One NCC



Take advantage of our  
scale, competences  
and customer base  
to add value

# Four specialized Nordic business areas



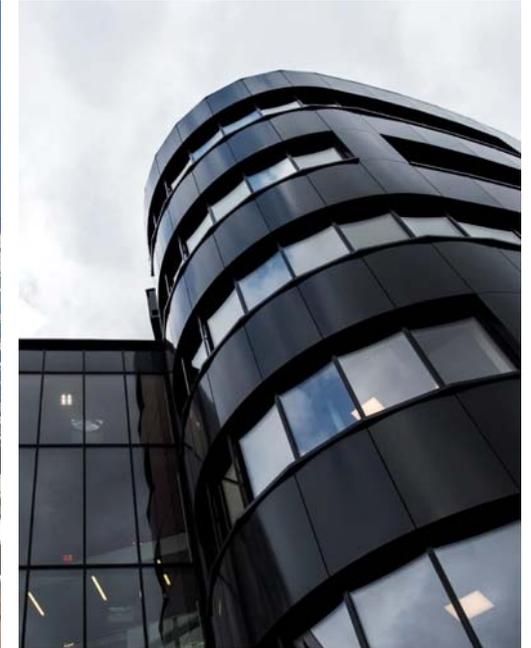
NCC Industry



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:

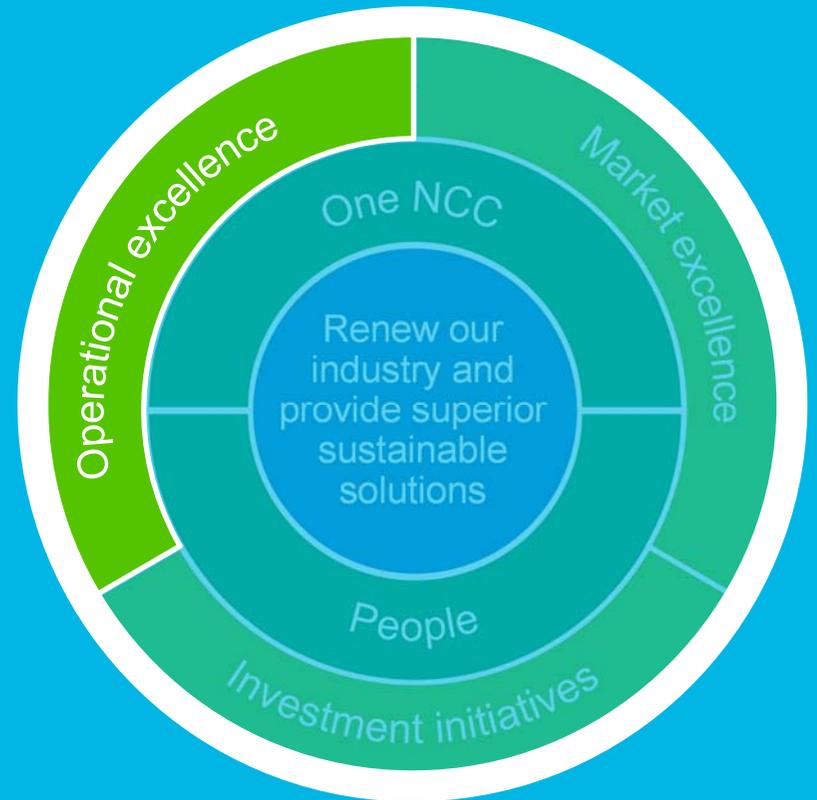
# Operational Excellence

Technical competence

Our way of working

Digitalization/VDC

Purchasing



Must win battle:

# Market Excellence



Customer's first choice

Growth areas

Sustainable customer offers

Value delivery

# Some potential growth areas



Infrastructure



Refurbishment

Must win battle:

# Investment Initiatives

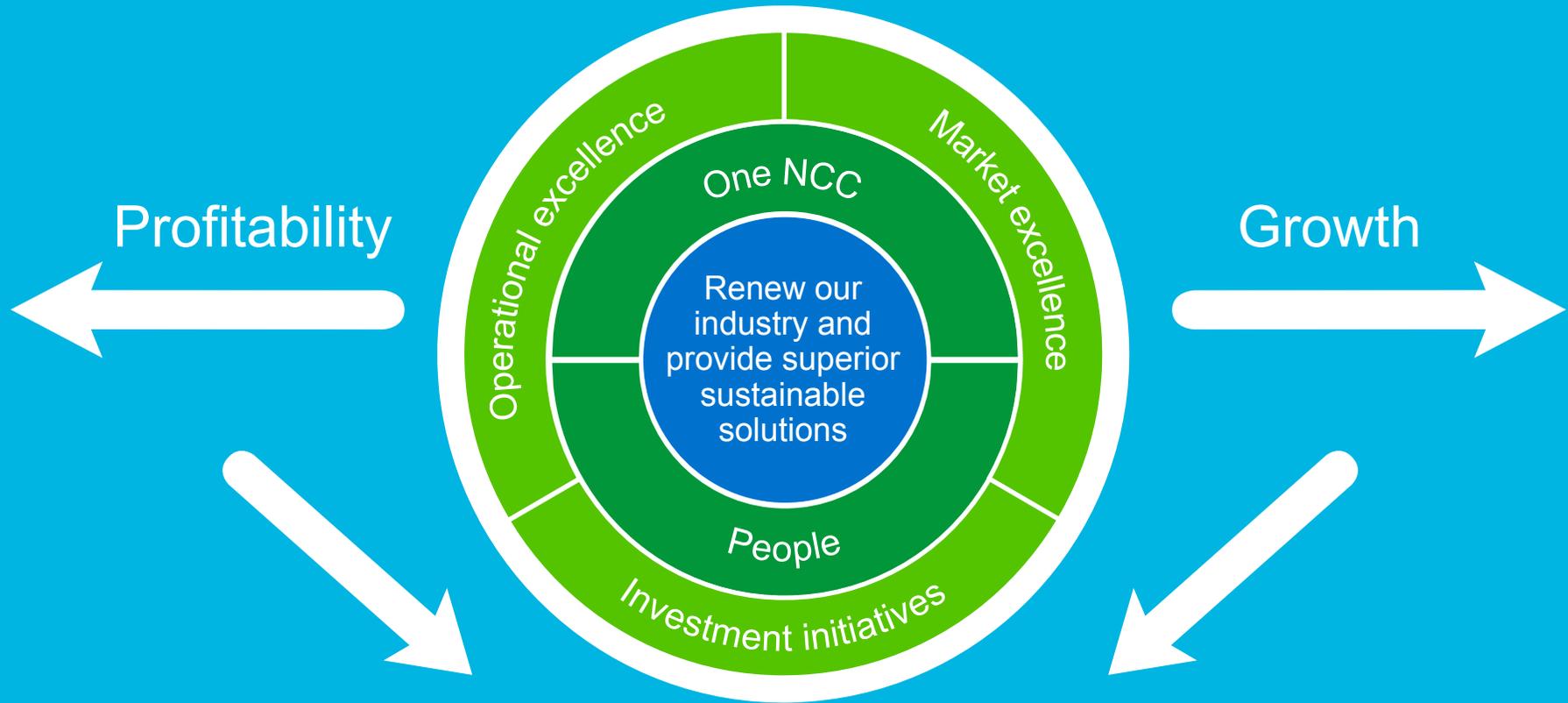


Acquisitions

Concessions

Balanced project  
development portfolio

# Profitability and growth gives possibility for expansion



# Financial objectives NCC Group 2016-2020

## Profit

EBIT margin  
> 4%

## Growth

Net sales  
average yearly  
growth 5%

## Return on shareholders' equity

> 20%

## Debt

Net indebtedness  
< 2.5 times  
EBITDA

## Equity/assets ratio

> 20%

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

*Our vision is*  
**zero accidents**

Target for **2015**  $\leq 7$

Target from **2016**  $\leq 5$

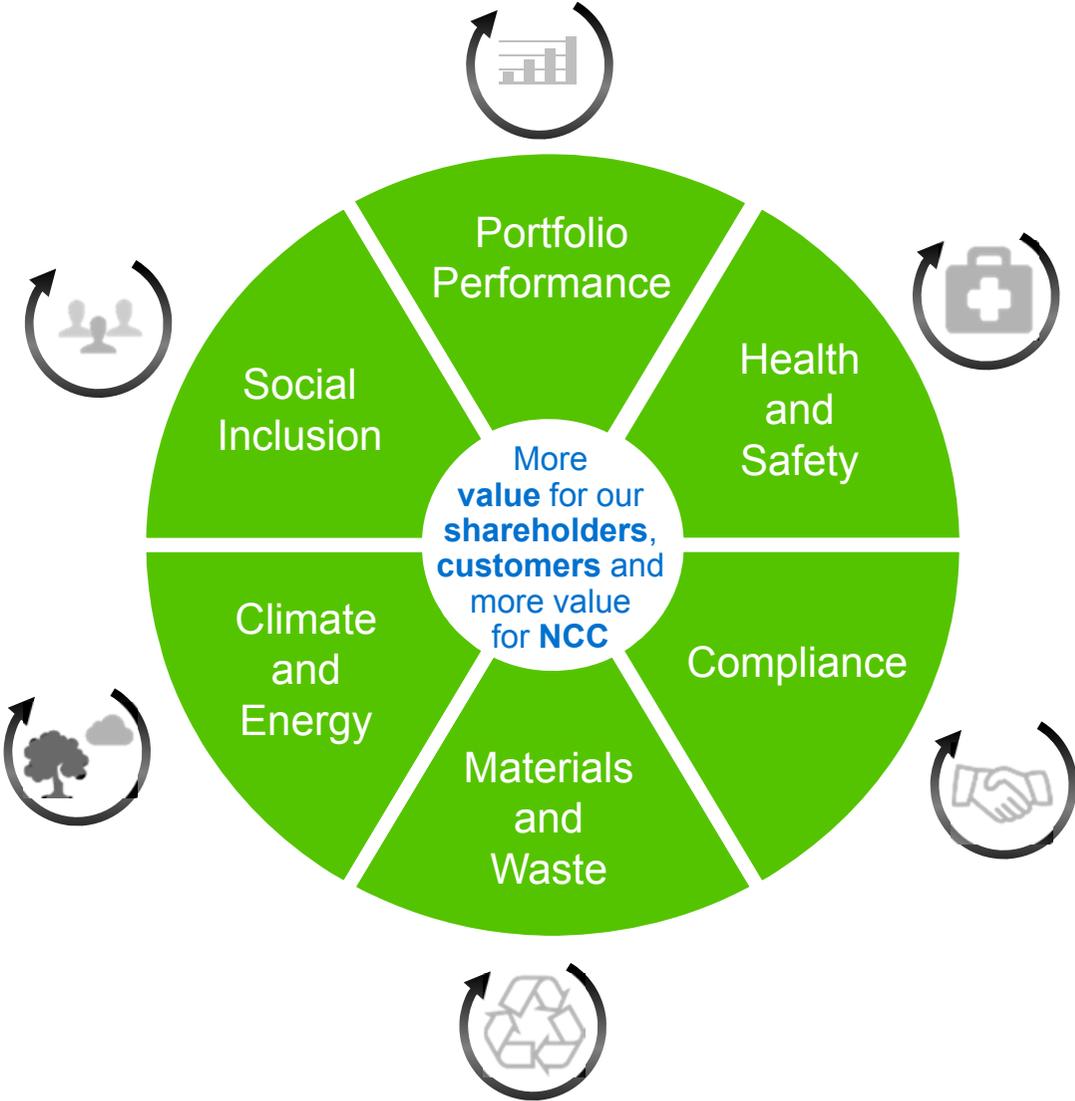
Target to **2020**

50% reduction  
of accidents,  
compared to 2015

*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 CO<sub>2</sub> emissions in **2020**, compared to **2015**



# Strategy 2016 – 2020

Profitable growth





**No1.**  
in the Nordics

Profit and  
volume

Customers'  
first choice

Talents'  
first choice

