Agenda for the day

1. **NCC status, strategy and targets**
   Tomas Carlsson, CEO and Susanne Lithander, CFO

2. **Our business**
   - Business Area Managers
   - Tomas Carlsson
   - Susanne Lithander

3. **Q&A**
Presenters

Tomas Carlsson
CEO

Susanne Lithander
CFO, Head of Finance and DOS

Henrik Landelius
Building Sweden

Catarina Molén-Runnäs
Building Nordics

Joachim Holmberg
Property Development

Kenneth Nilsson
Infrastructure

Ylva Lagesson
Industry

Maria Grimberg
Communications & IR
October 2018: Setting a new baseline

- Comprehensive business review
- Result impacted by SEK 1.6 bn in revaluations and write downs
- Need for change but healthy core
Our starting point 2018

- Low margins
- No growth
- Using too much capital
- Negative surprises
In 2018 we launched a 3-step roadmap

1. **Stabilize**
   - Business review
   - Action plan

2. **Improve profitability**
   - Operating model
   - Strategic direction

3. **Next step**
   - Build on improved performance
First phase done: Stabilized

Organisation and team
• Balanced organization
• Many new appointments

Exit or divest non-performing business
• ViaSafe
• Road Services DK/FI/SE
• Smaller exits and divestments across the business

Improved processes and training
• New processes for tenders
• NCC Academy

Turn-around
• Working with low performers
2018: Uneven performance

All Business Areas and all Countries represented
2020: We have reduced the tail

EBIT% vs. Revenue (MSEK)
Fewer units under 2% EBIT

Percentage of Net Sales, units according to EBIT% (rolling 12 months)

<table>
<thead>
<tr>
<th></th>
<th>201809</th>
<th>201812</th>
<th>201903</th>
<th>201906</th>
<th>201909</th>
<th>201912</th>
<th>202003</th>
<th>202006</th>
<th>202009</th>
<th>202010</th>
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</thead>
<tbody>
<tr>
<td>More than 3.5%</td>
<td>51</td>
<td>44</td>
<td>25</td>
<td>21</td>
<td>22</td>
<td>17</td>
<td>22</td>
<td>32</td>
<td>40</td>
<td>41</td>
</tr>
<tr>
<td>2.0-3.5%</td>
<td>52</td>
<td>29</td>
<td>48</td>
<td>30</td>
<td>43</td>
<td>54</td>
<td>56</td>
<td>51</td>
<td>40</td>
<td>23</td>
</tr>
<tr>
<td>Less than 2.0%</td>
<td>50</td>
<td>51</td>
<td>52</td>
<td>48</td>
<td>48</td>
<td>43</td>
<td>54</td>
<td>56</td>
<td>51</td>
<td>29</td>
</tr>
</tbody>
</table>

Legend:
- EBIT >3.5%
- EBIT 2-3.5%
- EBIT <2%
Profitability improving

R12 Ebit margin %

Q318  Q418  Q119  Q219  Q319  Q419  Q120  Q220  Q320
-1,9   -1,3   -1,3   -1,4   1,5   2,2   2,7   2,8   2,9
Strong cashflow

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK Bn</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Cash flow before financing

R12
Focus now: Consistent better earnings

Improve profitability
Started process to establish joint operating model and strategic direction

Next step
Building on improved performance and operating model
Too long with subpar margins and no real growth

Margins in the contracting business, 2000-2020
A common pattern in the industry
Just doing more of the same is not the solution
Our questions

What is our core?

What are the benefits of being a large company and how do we get them?

Where should we focus our efforts to get competitive advantage?

How do we operate to get more consistent – and higher – performance?
A comprehensive process to align the company around what we need to change

- Workshops Apr 2019
- LC2019 Sep, Oslo
- LC2020 Apr, Digital
- LC2020 Sep, Hybrid
The construction process

Long term demand. Positive impact

The complex process

The finished product

Proud of the product but passionate about the process

The idea

The product
The complexity of the construction process
Managing the complexity of the construction process

A knowledge-based company

A culture based on shared values and behaviors
Our construction scope covers all our three businesses

Different business logics but with important interconnections and dependencies
A Nordic company – large, but local

Growth potential: 15%

Growth potential: 14%

Growth potential: 13%

Stronghold: 58%

Local, where profitable

Share of net sales 2019
Value to customers

Proactive construction experts realizing complex projects with our customers
Complexity drives value

The knowhow on how to manage the complexity of a construction process is at the core of our business model.

A degree of complexity leverages our strengths.
Recognizing that we are a knowledge-based company

Build knowledge  Share knowledge  Be data-informed
Focus areas

Build a knowledge-based company and a culture based on shared values and behaviors

Be proactive towards customers in managing complexity and build on our expertise and experience

Invest in IT, digitalization and in becoming data-informed

Leverage our construction process expertise and develop the core construction process
Live by our star behaviors

Leverage our construction expertise

Be a data informed company

Unrivaled cost management

Development initiatives

IT backbone

NCC Academy

Integrate the supply chain

Build great business
Our strategic direction

1. Our core competence is the construction process

2. We are a knowledge-based company – striving to be data-informed

3. Being large, but local, is a value multiplier and differentiator

4. Going to market together and collaborating well is essential

5. A degree of complexity leverages our strengths

6. A common operating model

Decentralized within a clear framework. More than the sum of many small companies
### How will we create shareholder value?

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is our core?</td>
<td>Managing the complexity of the construction process</td>
</tr>
<tr>
<td>What are the benefits of being a large company and how do we get them?</td>
<td>Common operating model</td>
</tr>
<tr>
<td>Where should we focus our efforts to get competitive advantage?</td>
<td>Large but local in the Nordics Leverage full scope of capabilities</td>
</tr>
<tr>
<td>How do we operate to get more consistent – and higher – performance?</td>
<td>Common operating model</td>
</tr>
</tbody>
</table>
## Current financial targets

<table>
<thead>
<tr>
<th>Target</th>
<th>Operating margin</th>
<th>Return on equity</th>
<th>Net debt</th>
<th>Dividend policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-1.3%</td>
<td>-18%</td>
<td>N/A*</td>
<td>4.00 SEK per share*</td>
</tr>
<tr>
<td>2019</td>
<td>2.2%</td>
<td>32%</td>
<td>0x</td>
<td>2.50 SEK/share</td>
</tr>
<tr>
<td>R12 Sep 2020</td>
<td>2.9%</td>
<td>41%</td>
<td>0.08x</td>
<td></td>
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</table>

*Negative result makes comparison with dividend policy not applicable*
## New financial targets

<table>
<thead>
<tr>
<th>Target</th>
<th>Earnings Per Share, SEK</th>
<th>Net debt</th>
<th>Dividend policy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>EPS should be at least 16 SEK 2023.</strong></td>
<td><strong>&lt; 2.5 x x EBITDA</strong></td>
<td><strong>≥ 40% of result after tax</strong></td>
</tr>
<tr>
<td>2018</td>
<td>-7</td>
<td>N/A*</td>
<td>4.00 SEK per share*</td>
</tr>
<tr>
<td>2019</td>
<td>8</td>
<td>0x</td>
<td>2.50 SEK/share</td>
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<tr>
<td>R12 Sep 2020</td>
<td>11.7</td>
<td>0.08x</td>
<td></td>
</tr>
</tbody>
</table>

*Negative result. Also makes comparison with dividend policy not applicable*
NCC Building Sweden

Henrik Landelius
Head of NCC Building Sweden
NCC Building Sweden

• Geographically present all over Sweden
• 3,000 employees
• 500 ongoing projects
• Customers evenly distributed between public and private
• Strong market position
• Margins improving and strong order backlog
• Growing within prioritized market segments
Leading position in prioritized segments

Healthcare  Education  Swimming  Residential  Offices
Margins improving and strong order backlog

Orders received Q1-Q3

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders received</th>
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</thead>
<tbody>
<tr>
<td>2019</td>
<td>8,634</td>
</tr>
<tr>
<td>2020</td>
<td>10,625</td>
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</table>

EBIT-margin 2.7% (2.5%)

Net sales Q1-Q3

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1-Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>32%</td>
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<tr>
<td>Residential</td>
<td>19%</td>
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<tr>
<td>Refurbishment/Conversion</td>
<td>26%</td>
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<tr>
<td>Public Buildings</td>
<td>14%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
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</table>

Orders received Q1-Q3

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1-Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>9%</td>
</tr>
<tr>
<td>Refurbishment/Conversion</td>
<td>14%</td>
</tr>
<tr>
<td>Public Buildings</td>
<td>28%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
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</table>
Building Better Business

1. Portfolio management and customized customer journeys
2. Design to cost and business acumen
3. Being large, but local, and the customers' first choice
4. Leveraging sales through strong collaboration
5. Keep delivering in large and complex projects
Leveraging our expertise

1. Improving productivity
   • Platforms and standardized methods
   • Virtual Design and Construction

2. Competence development
   • Project and Site Manager assessments
   • Cost and contract management

3. Improved value added from purchasing
   • Early involvement
   • Specialization in selected areas
Reducing impact – adding new business
Cornerstones to build from

- Climate calculations
- Choices of materials and structure
- Circular construction
- Sustainable sites
- Transportation
- Energy efficiency
Summary

- Developing in prioritized segments
- Method for turnaround of underperformance solid
- Margins improving and strong order backlog
- Developing better business
- Continuously improving productivity
- Sustainability development with customers
NCC Building Nordics
Denmark, Finland and Norway

2,400 employees

More than 250 ongoing projects

Islands Brygge, Havnestad
We Land Helsinki
Valle Wood, Norge
Our scope

Net sales

Order backlog

Segment*

*Orders received Jan-Sep
Continuous improvements

2018
- New business area
- Three different turn-around needs
- Relatively strong markets
- Profitability before growth
- New leadership and business culture

2020
- Very strong backlog
- Carefully selected projects
- Continued focus on increased margins

The future
- Customer focus
- Early involvement
- Cost control
- Sharing knowledge
- A new generation of leaders
Strong backlog – improving margins
Our market situation

**Current market situation**

- NCC
- Other

**Opportunities**

- Refurbishment market is growing
- Public sector is growing
- There is room for growth
Different starting points and different geographies
What does good look like

**Finland**
Stabilize and maintain market position

**Norway**
Restart

**Denmark**
Growth potential

<table>
<thead>
<tr>
<th>Country</th>
<th>Market Share (%)</th>
<th>Net Sales (mloc)</th>
<th>EBIT-margin (%)</th>
</tr>
</thead>
</table>

- **Finland**: Stabilize and maintain market position
- **Norway**: Restart
- **Denmark**: Growth potential
Dedicated to building the future

Do good and be good at the same time!
• Providing our sustainability knowledge and experience in projects
• Our competence in building sustainable solutions
• We shall give the customer better possibilities regarding environment, sustainability and energy targets

We embrace diversity
• Competence is key
• Discrimination is never ok
Looking forward
Looking forward

- We have significantly improved our business with improved earnings and very strong backlog
- We are ready for profitable growth
- We will benefit from sharing our knowledge
NCC Property Development

Joachim Holmberg
Heed of Property Development
About Property Development

• A focused and specialized business area with 100 employees
• Operating in close collaboration with NCC Building
• Active in the Nordic capitals and major cities
• Developing offices in attractive locations
Key actions to strengthen the business

• Strong management, new key recruitments
• Stabilize portfolio in Finland
• Build stronger pipeline
• Leverage the internal collaboration
Current Nordic portfolio

Norway
1 ongoing project in Oslo

Denmark
2 ongoing projects in Copenhagen and Aarhus

Finland
3 ongoing projects in Helsinki and Espoo

Sweden
8 ongoing projects in Stockholm, Gothenburg

Current Nordic portfolio

Ongoing
~230 000 sqm

10%

12%

16%

62%
Ongoing lettable space

Lettable space, sqm

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</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>150,000</td>
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<td>150,000</td>
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<tr>
<td>Finland</td>
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<tr>
<td>Norway</td>
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<td>Sweden</td>
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<td>Letting ratio</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
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</tbody>
</table>
Masthuggskajen, Gothenburg

The winner of Sweden Green Building Awards “2020 Citylab-project”
Improving EBIT and ROCE
Market

• Investor appetite is solid
• Low interest rates
• Growing cities
• Tenant hesitant
Our focus going forward

- Capital areas and larger growing cities
- Offices in strong locations (hubs with public transports)
- Building strong project pipeline
- Follow the market development and risk exposures closely
- Improve capital efficiency
Summary

- Strong management in all countries
- New offices with the right profile is an attractive investment
- Strong collaboration
- Multiple business models
- Building strong pipeline
Sustainability targets

Tomas Carlsson
CEO
Sustainability a key part of the construction process

- Invest in understanding what our customers and stakeholders really want and need from us
- Use our skills and expertise to develop, propose and excel in more sustainable solutions where they matter most
- Focus on the most important areas and collaborate with our stakeholders to find solutions
## Current sustainability targets

### Health & safety

**Target 2020:**
- Accident frequency (LTIF1) $\leq$ 3.5
- Our vision is zero accidents

**Outcome 2019:**
- Accident frequency: **7**

### Climate & energy

**Target 2020:**
- 50% reduction of CO$_2$ emissions, compared with 2015

**Outcome 2019:**
- 37% reduction

### Materials & waste

**Target 2020:**
- 70% of NCCs waste is reused or material recycled by ton waste/MSEK turnover decreases

**Outcome 2019:**
- 56%

### Social inclusion

**Target 2020:**
- No gender should represent a higher share of a team than 70%
- No age group should represent a higher share of a business area than 70%
- Diversity target is to mirror society

**Outcome 2019:**
- 45% (41/89 teams fulfill target)
- 100% All BA’s fulfill target
- 46%

### Compliance

**Culture:** Our aim is a compliant culture in NCC, having a very active compliance work.

**Perception:** We track all employees perception of our compliance culture in Pulse with the aim to significantly increase the perception value during the strategy period.

**Transparency:** We disclose our number of Tell Me matters and Ask Me questions in our annual report.
New sustainability targets – setting a clear focus and direction

Health & safety

New target
LTIF4 (accidents with more than four days of absence) rate 3.0 for 2022

We will change our group target to focus on the serious accidents, ie LTIF4. This is also reflected in the long term incentive program for management.

Climate & energy

NCCs target is to be climate neutral 2045

New target
60% reduction ton CO$_2$e (scope 1 and 2) per SEK M turnover 2030 (baseline 2015)
This is an extension in time of our current climate target

New target
50% reduction ton CO$_2$e relative to bought volumes of the largest scope 3 contributors within NCC until 2030
Scope 3 stands for the majority of the emissions from our construction operations. Targeting the four largest contributors to NCC construction operations scope 3, Concrete, steel, asphalt and transports.
Going forward

• Internal targets for other focus areas
• Specific targets for all business areas for all focus areas
NCC Infrastructure

Kenneth Nilsson
Head of NCC Infrastructure
Our scope

Roads and railways

Groundworks

Water and energy

Heavy industrial

4,400 employees

1,200 ongoing projects

550 customers

*Hercules not included in figures
Our operations

Net sales, Jan - Sep 2020
Underlying market strong and growing

**Sweden**
- Growth rate 2.8% (2021), 3.5% (2022)
- Many large projects, primarily related to railroads
- Concentration around Stockholm
- Strong international competition for large projects

**Norway**
- Growth rate 12.9% (2021), 11.0% (2022)
- Many large projects, primarily related to roads
- Concentration around Oslo
- Strong international competition for large projects

Source: Euroconstruct, June 2020
Overall priority

Profitability before volume
Key actions to reach stability

Ensure right organization and team
• Reorganization from 2 to 5 divisions
• Specialized organization for large projects
• Closed down unprofitable parts of organization
• Divestment of Road Services and Via safe

Execute profitable projects
• Strengthened staffing of key positions
• Partly implemented Outperform scorecard
• Income: Commercial Managers in large projects
• Costs: Improved way of working with productivity tools, purchasing plan and design management

Win profitable projects
• Improved screening process for project selection
• Implemented assessment of the right tender team and project execution team (key roles)
• Improved processes for risk analysis and contingency

Mitigate underperforming units
• Regions within turnaround program all accept one with positive EBIT
The business is stabilized

EBIT%
Net sales and margin

Net sales, SEK M

Operating margin

0 000 2 000 4 000 6 000 8 000 10 000 12 000 14 000 16 000 18 000 20 000 22 000

2018 2019 R12 Q3 2020

-7,0% -6,0% -5,0% -4,0% -3,0% -2,0% -1,0% 0,0% 1,0% 2,0% 3,0% 4,0%
The road to increased profitability

Continue with our action plan to ensure continued stability
- Secure basic capabilities
- Improve profit short-term

Strategic direction - New actions to improve profitability
- Develop our capabilities
- Improve profit short- and long-term

- Live by our star behaviors
- Leverage our construction expertise
- Be a data informed company
- IT backbone
- Unrivaled cost management
- Integrate the supply chain
- Build great business
- NCC Academy

Development initiatives
Improved productivity - prioritized development area

• Great potential to improve productivity in the construction industry
• 11 areas identified for improved productivity
• Examples include:
  – Be the leader in productivity for selected complex products
    – Improved knowledge sharing
    – Leverage best practice methods and design
Summary

- Business Area EBIT has improved gradually
- Stabilized and improved performance through our action plan

The road to increased profitability
- Market remains strong in all relevant countries
- Continued actions according to action plans
- Actions based on NCC’s strategic direction
Ylva Lagesson
Head of NCC Industry
Our scope

Stone materials  Asphalt production  Paving works
Division Asphalt

〜 2,700 employees in Nordics

Offering

• Production of Asphalt
• Paving Services
• Own asphalt products
  – Active R&D
  – Green Asphalt, which reduces 30% of CO₂ emissions
  – Specialized products for different customers and uses
Division Stone Materials

~ 650 employees in Nordics

Offering

- Different stone materials from crushed rock to dried sand
- Recycling of mineral masses
- Concepts ex
  - Permeable products together with Division Asphalt
  - Machine sand

More than 210 quarries in Nordics
Our operations

Customer mix

- Internal within NCC: 7%
- Central government: 17%
- Municipalities: 24%
- Private customers: 52%

Product mix

- Asphalt: 26%
- Stone: 74%

Geographical distribution

- Sweden: 16%
- Denmark: 10%
- Finland: 19%
- Norway: 55%

Net sales SEK 10,961 M (R12 Q3) – 3,500 employees

*NCC Industry net sales R12 Q3 exkl foundation (Hercules)*
Actions November 2020

1. **Building synergies and cleared out responsibility in Division Asphalt**
   - Delaying organization —> reducing appr. 100 FTE
   - SEK 50 M annual cost savings
   - SEK 65 M restructuring cost Q4 20 and Q1 21

2. **Divest Asphalt Finland**
   - Long term non profitable
   - Detached from rest of NCC

3. **Move Hercules to Infrastructure**
   - Focusing and steering similar business logics
   - Simplifying internal business
Modern technology driving improvement

• Safety and efficiency – Remote and autonomous
• Control and business – Digitally supported paving process
• Control and efficiency – Drones
• Sustainability – Connected and electrified vehicles
• Digital interface to customer – CPOT, a customer platform for maintenance
Responsibility and opportunity in sustainability

- Reduce CO₂ in production – 40% from 2015 to date
- "Smart choices" – easy for the customer
- EPD – Environmental Product Declaration

- Electrifying
- Bio-diversity
- Alternatives to fossil inputs in asphalt
- Green bonds
Summary

- Delayering asphalt organization
- Exit Asphalt Finland
- Similar business logic – focus and scale
- Increased speed in using data and modern technology to leverage business
- Keep front position in sustainability transformation