NCC Building Nordics

Klaus Kaae
Head of NCC Building Nordics
NCC Building Nordics

Scandic Railway Station
Helsinki, FI

Islands Brygge
Copenhagen, DK

Risenga School
Asker, NO
NCC Building Nordics

- Geographically present in Finland, Denmark and Norway
- 2,800 employees
- More than 180 ongoing projects
- Strong focus on prioritized segments in each country

Scandic Railway Station
Helsinki, FI

Islands Brygge
Copenhagen, DK

Risenga School
Asker, NO
Market outlook
NCC Building Nordics

• Strong market in all three countries
• Increasing market within the early involvement projects
• Strong refurbishment market in Denmark & Finland
• Strong public market in Norway
NCC Building Nordics
Jan-Sep 2018

Net sales
- Norway: 18%
- Finland: 42%
- Denmark: 40%

Order received
- Norway: 12%
- Finland: 61%
- Denmark: 27%

Order Backlog
- Norway: 12%
- Finland: 52%
- Denmark: 36%
## NCC Building Nordics
### Jan-Sep 2018

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td><strong>Orders received</strong></td>
<td><strong>Order backlog</strong></td>
<td><strong>EBIT</strong></td>
<td><strong>EBIT-margin</strong></td>
</tr>
<tr>
<td>SEK 7,590 M (7,380)</td>
<td>SEK 7,753 M (5,603)</td>
<td>SEK 11,110 M (9,577)</td>
<td>SEK -153 M (-68)</td>
<td>-2.0% (-0.9 %)</td>
</tr>
</tbody>
</table>
3 Divisions – 3 causes to make a turnaround
NCC Building Nordics

• Division Finland
  – Recovering from split from NCC Housing
  – Recovering from a long list of quality problems in Residential Helsinki

• Division Denmark
  – Problems isolated to one department, Building East
  – Finalizing loss making projects and solving quality problems
  – Increasing numbers of projects in disputes with customers due to design problems

• Division Norway
  – A legacy of old quality problems and disputes
  – A lot of actions done, but we are not there yet!
Turnaround actions
NCC Building Nordics

Residential Helsinki, Finland
- New Head of Department in 2017
- Net sales cut by 45%
- New unit managers moved to the department
- Experienced project managers moved to Residential Helsinki
- Change in risk management
- Bad projects phasing out
- Adaption of cost

Building East, Denmark
- New management team in Building East in 2017
- Net sales cut by 30%
- Change of business unit managers
- Change of project managers
- Root cause analysis and improvement of RM
- Bad projects phasing out
- Adaption of cost

Division Norway
- New management team in 2016
- Net sales cut by 25%
- We introduced risk management and contract boards
- We are restructuring the organization and our way of working
- From competition to early involvement
- Old projects phasing out
- Adaption of cost
Prioritized actions

Right organization and team
- The right management on all levels
- Adapt organization to competitiveness
- Increase education within project- and design management

Select profitable projects
- Prioritize the right projects
- Adherence to existing NCC procedures and risk management guidelines
- Ensure the right competencies in both tender and contract execution
- Ensure right time for execution

Execute profitable projects
- Secure right competencies and sufficient resources throughout the project
- Secure management support
- Be proactive to insure quality, time and budgets
- Improve our ability to identify, analyze and eliminate risks

Action plan for underperforming units
- Separate action plan for all departments with EBIT<2%
Summary
NCC Building Nordics

• Strong core, but parts of BA Building Nordic are underperforming in terms of EBIT
• 3 divisions – 3 different turnarounds
• The different challenges are identified and reevaluated
• Actions taken to finalize old projects
• Plans made to execute turnarounds
• Need for time to recover and build up strength