NCC Industry

Jyri Salonen
Head of NCC Industry
NCC Industry offering

• Asphalt
• Paving services
• Stone materials – from crushed rock to dried sand
• Foundation work, piling, retaining structures
• Manufacturing of concrete piles and steel reinforcement
NCC Industry in brief

- Market leader in the Nordics
- 4,000 employees
- More than 300 production units
- 31,300 thousand tons stone material 2017
- 6,500 thousand tons asphalt 2017
Solid base, strongest parts Sweden and Asphalt
Net sales Jan-Sep 2018

Product mix
- Stone material 22%
- Foundation 11%
- Asphalt and paving 67%

Geographical
- Sweden 55%
- Norway 17%
- Denmark 19%
- Finland 9%
A leading market position in a strong market

• Market leader in the Nordics

• Positive effects from strong Nordic infrastructure and building market

• Trends affecting particularly Asphalt:
  – Increased public funding for roads
  – Ambition to decrease road maintenance backlog
  – Larger contracts in Sweden and Norway
  – Somewhat slower market in Denmark

• Demand for stone materials and foundation works boosted by strong building and infrastructure markets mainly in Sweden and Norway
NCC Industry
Jan-Sep 2018

- Net sales: SEK 9,092 M (8,554)
- EBIT: SEK 196 M (435)

- Three underperforming departments
- Effect on Q3 results from closing units and exiting Russia
- Temporary volume decrease in Foundation Sweden this season
- Stone business overall delivers as expected
- Asphalt Sweden very strong results. Norway well on track
## Ongoing action plan to improve profitability in three departments

<table>
<thead>
<tr>
<th>Asphalt Finland</th>
<th>Asphalt Denmark</th>
<th>Foundation Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New management</td>
<td>• New management</td>
<td>• New management</td>
</tr>
<tr>
<td>• Organizational restructuring and rightsizing</td>
<td>• Organizational restructuring and rightsizing</td>
<td>• Organizational restructuring and rightsizing</td>
</tr>
<tr>
<td>• Stationary asphalt plant close downs</td>
<td>• Close down of unprofitable activities</td>
<td>• Loss making unit in North closed down</td>
</tr>
<tr>
<td>• New strategy utilizing ultra mobile plants</td>
<td>• Increased use of reclaimed asphalt</td>
<td>• Acquisition end 2017 to enhance market position and scale</td>
</tr>
<tr>
<td>• Reduction of machinery</td>
<td>• Reduction of machinery</td>
<td>• Reduction of machinery</td>
</tr>
<tr>
<td>• Centralization of tender selection and pricing</td>
<td>• Centralization of tender selection and pricing</td>
<td>• Centralization of tender selection and pricing</td>
</tr>
<tr>
<td>• New processes in place for risk management and project steering</td>
<td>• New processes in place for risk management and project steering</td>
<td>• New processes in place for risk management and project steering</td>
</tr>
</tbody>
</table>
Summary

• Q3 result affected by isolated non performing units and shut down cost for unprofitable business

• Actions already taken with future effect and further focused remediation plans in place for underperformers

• Solid base business, market continues to be strong