

Year-end report January 1 – December 31, 2016

Peter Wågström
President and CEO

Mattias Lundgren
CFO

SCA, Mölndal

NCC Q4 2016

- Healthy orders received, increased order backlog
- Weak result in construction business
- Strong performance from Industry
- Property Development as expected

Citybanan, Stockholm

Q4 2016

Orders received

SEK 16.3 BN
(15.7)

Net sales

SEK 16.5 BN
(16.3)

Order backlog

SEK 47.9 BN
(41.5)

Profit after financial items

SEK 630 M
(622)

January - December 2016

Orders received

SEK 56.5 BN
(51.5)

Net sales

SEK 52.9 BN
(53.1)

Order backlog

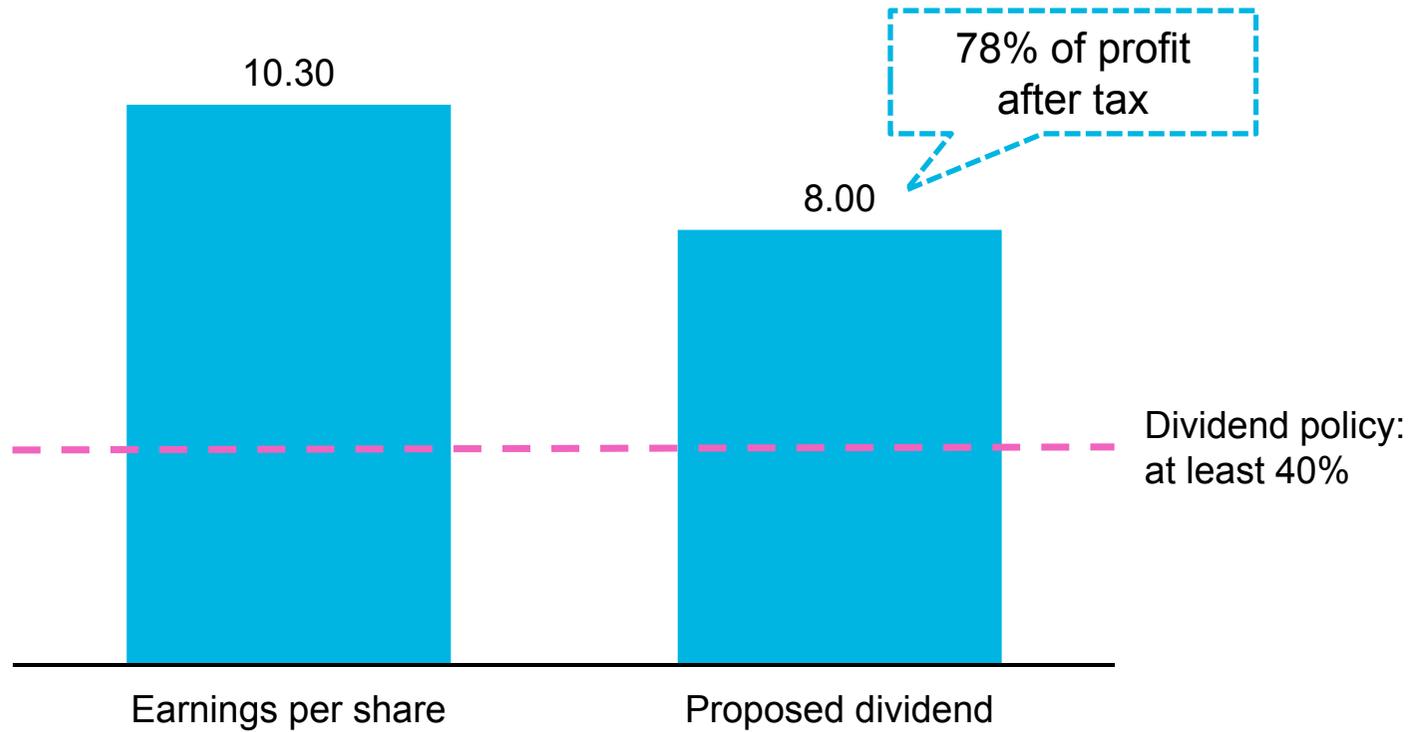
SEK 47.9 BN
(41.5)

Profit after financial items

SEK 1,341 M
(1,623)

Earnings per share and dividend 2016

SEK



Dividend – divided into two payments

Proposed record dates

3 SEK, April 7, 2017

5 SEK, November 6, 2017



Bus bridge, Malmö

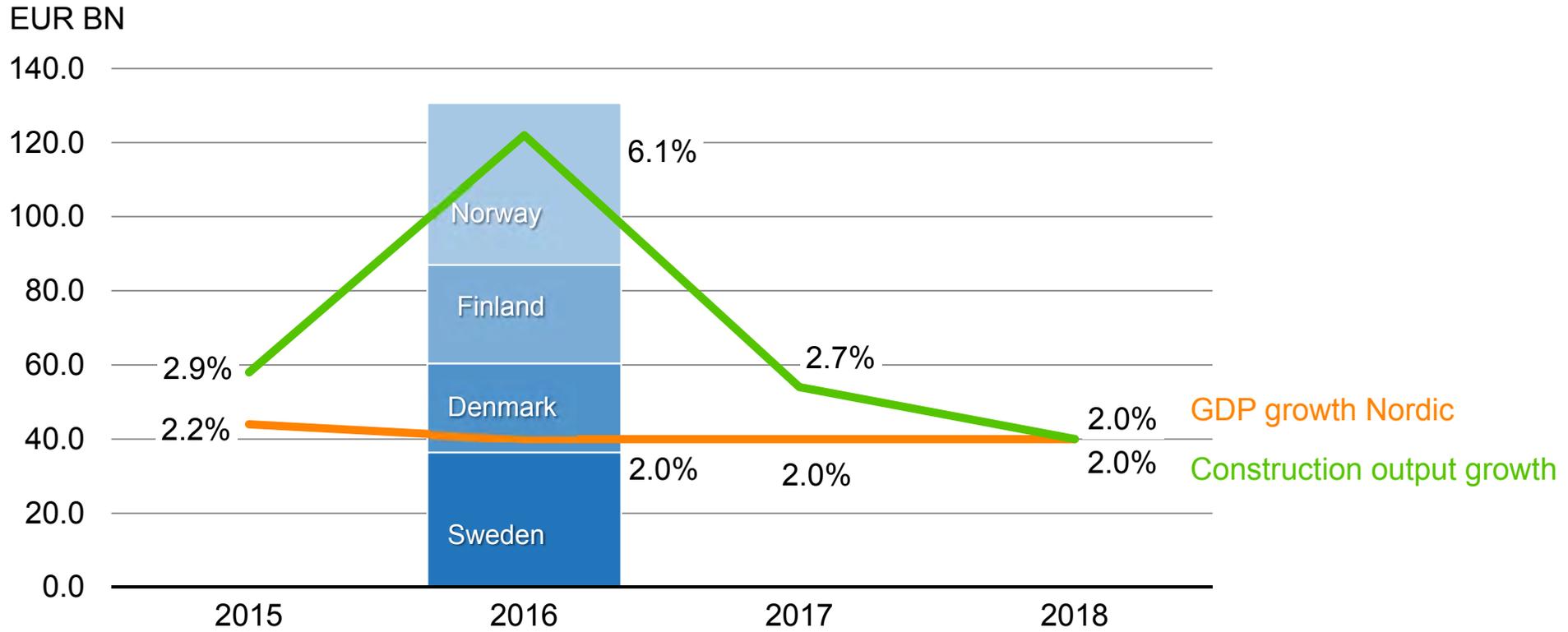
Nordic construction market outlook



Hercules H-huset, Örebro

Nordic construction market

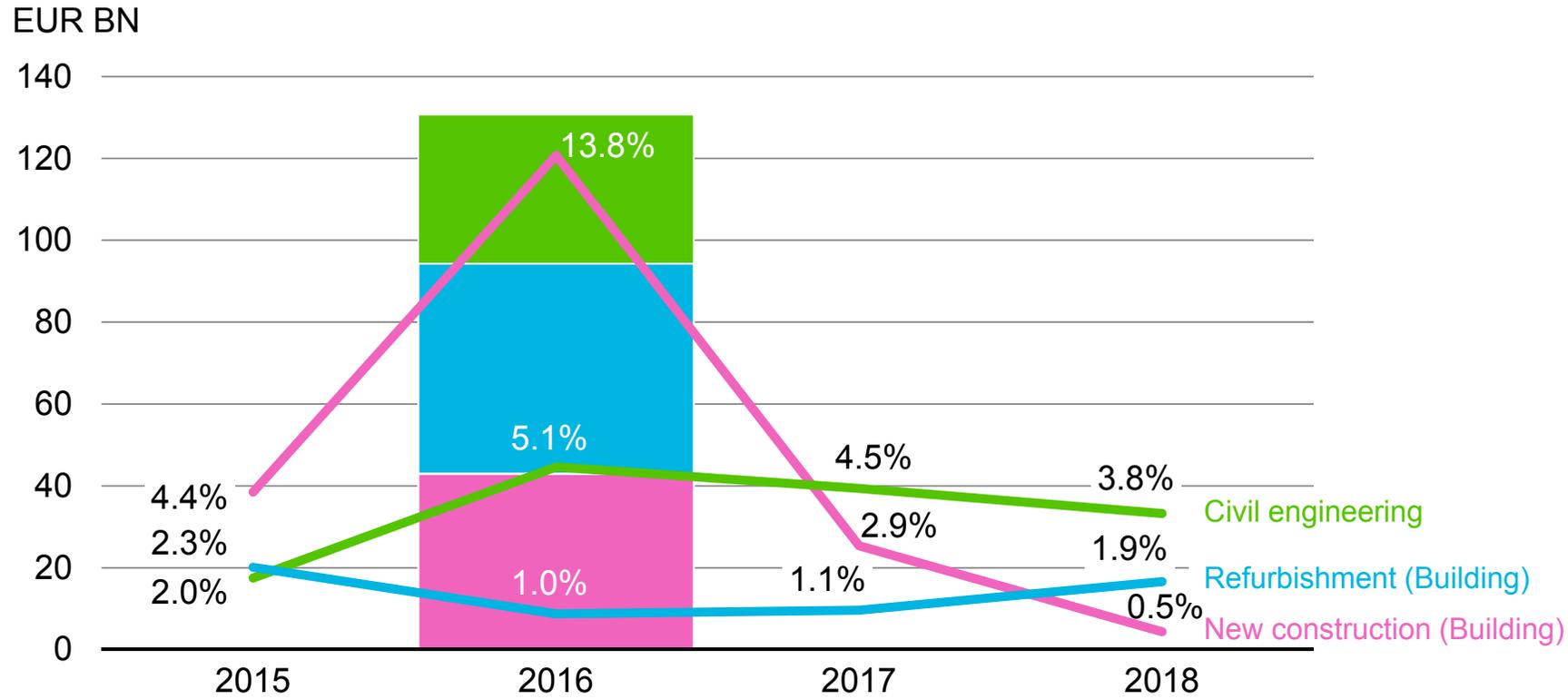
Higher growth in construction volume than GDP 2016



Source: Euroconstruct and NCC

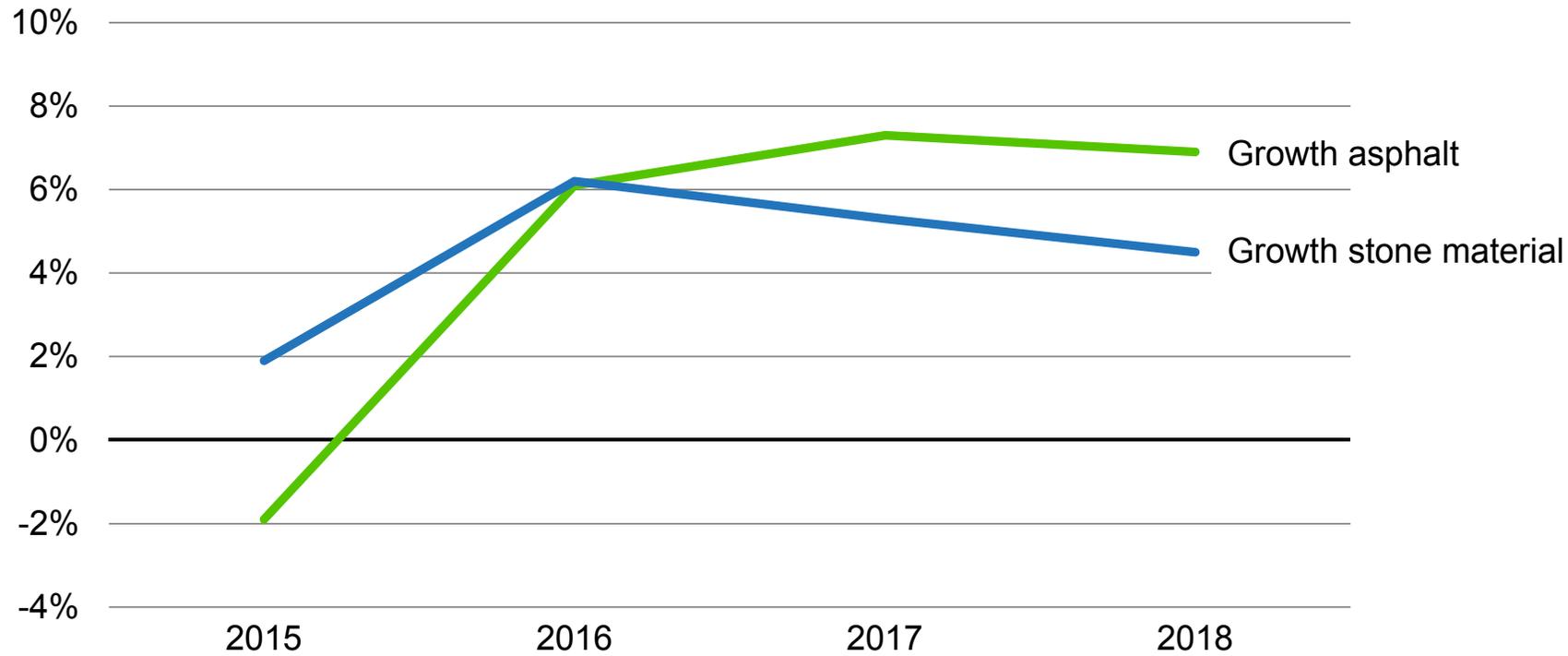
Nordic construction market

Construction volume by segment



Source: Euroconstruct and NCC

Market outlook – asphalt and stone material



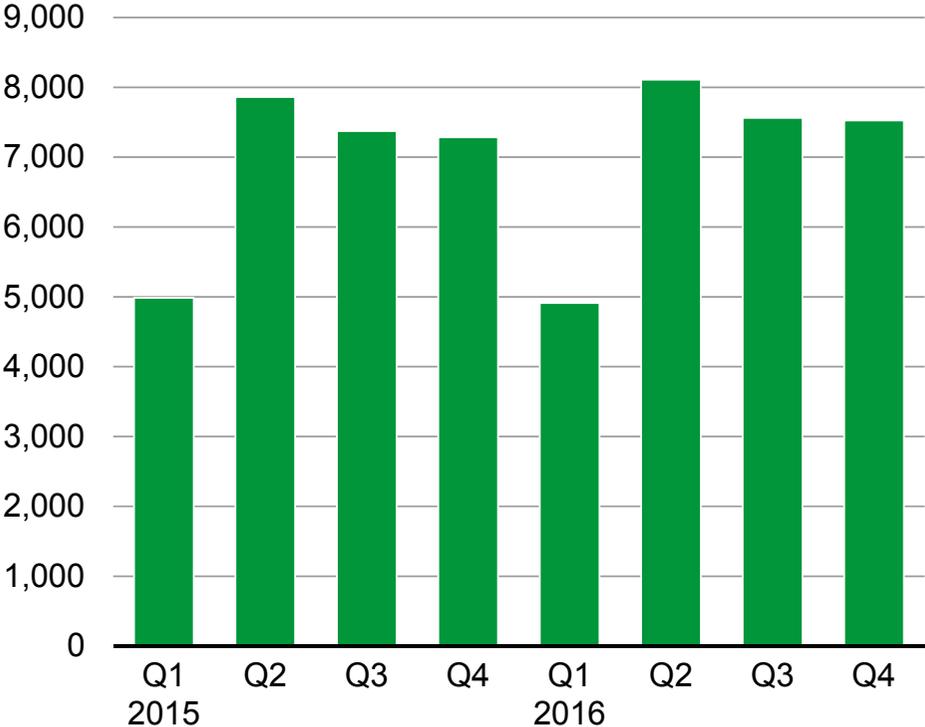
Source: Euroconstruct and NCC

NCC Industry

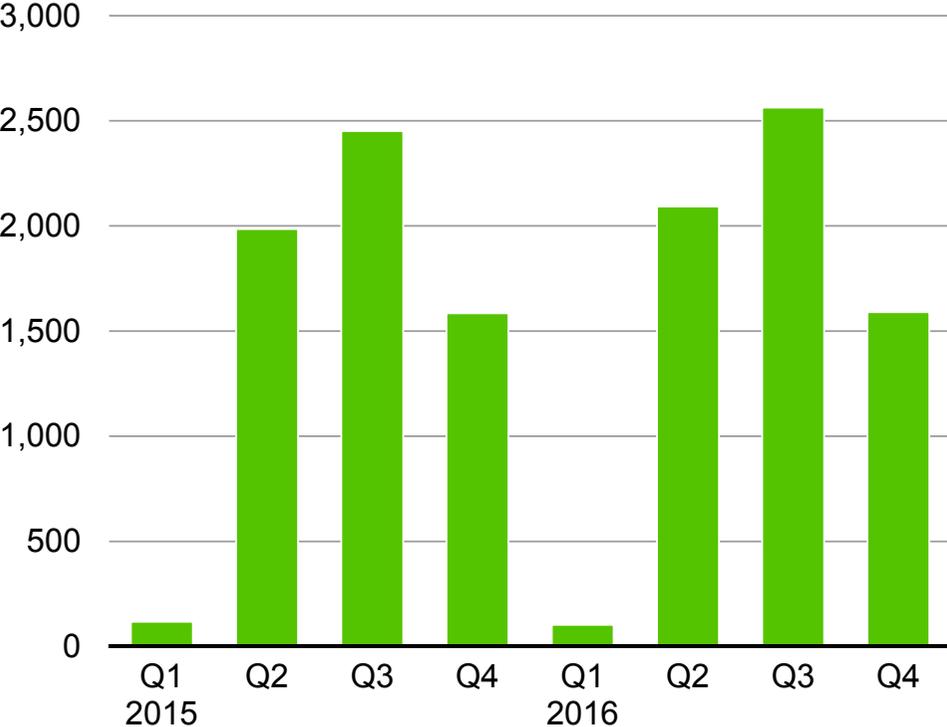
Porskjærvej, Galten, Denmark

Slightly higher volumes in Q4 year-on-year

Stone material sold, thousands of tons



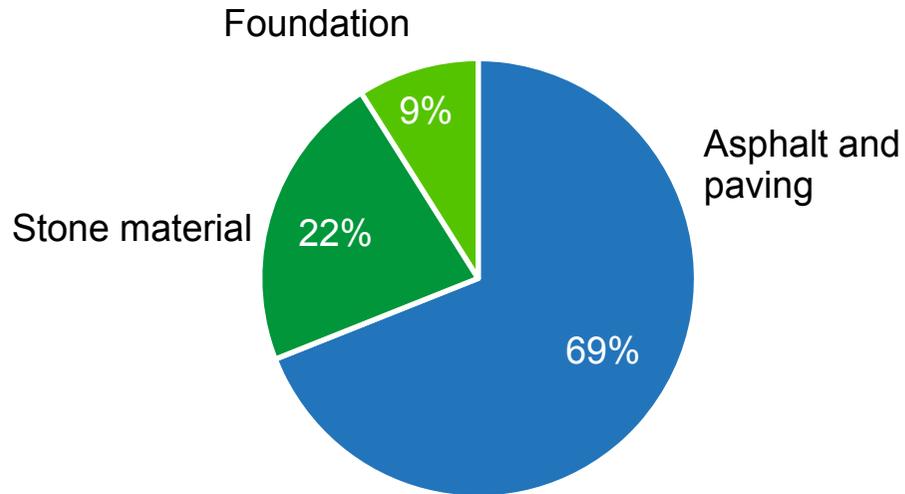
Asphalt sold, thousands of tons



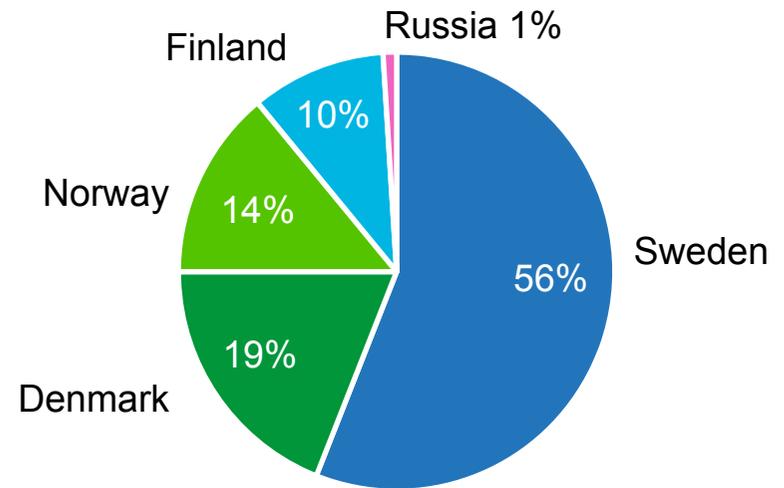
Net sales January - December 2016

NCC Industry

Product mix



Geographical distribution



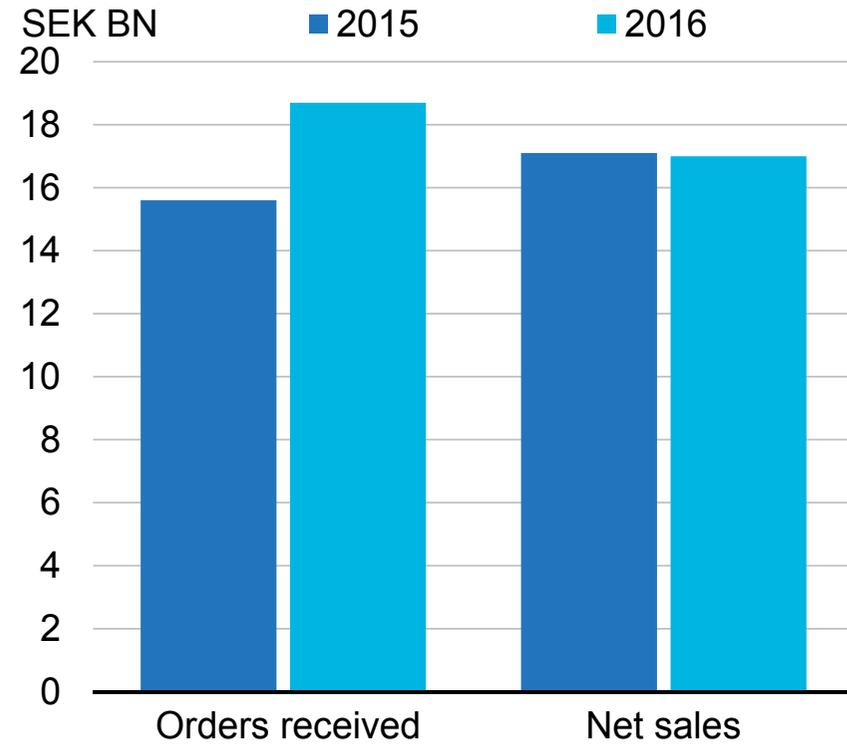
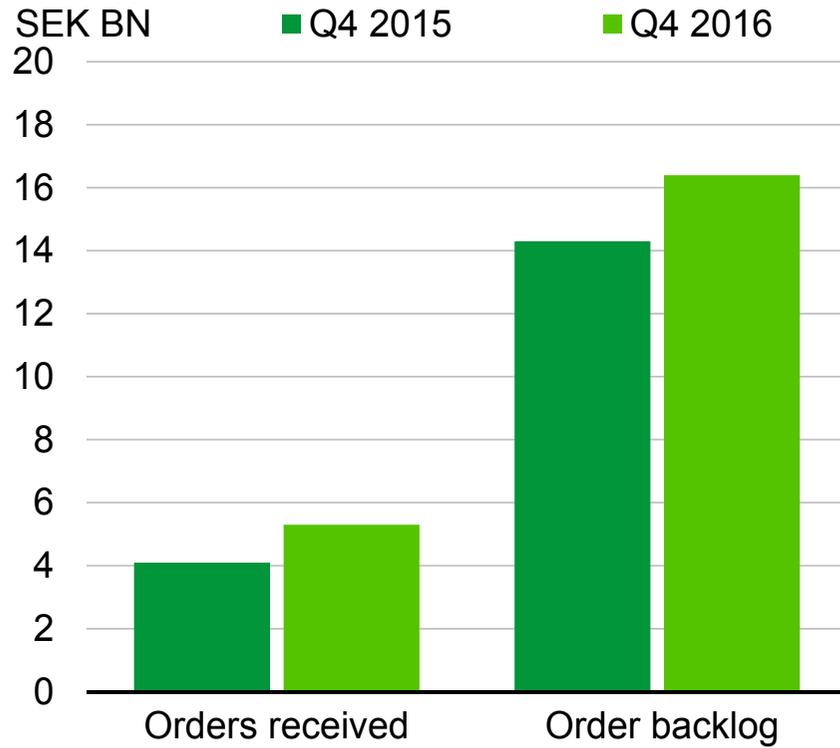
NCC Infrastructure



Gertrud Fjernvarmetunnel, Danmark

Higher orders received

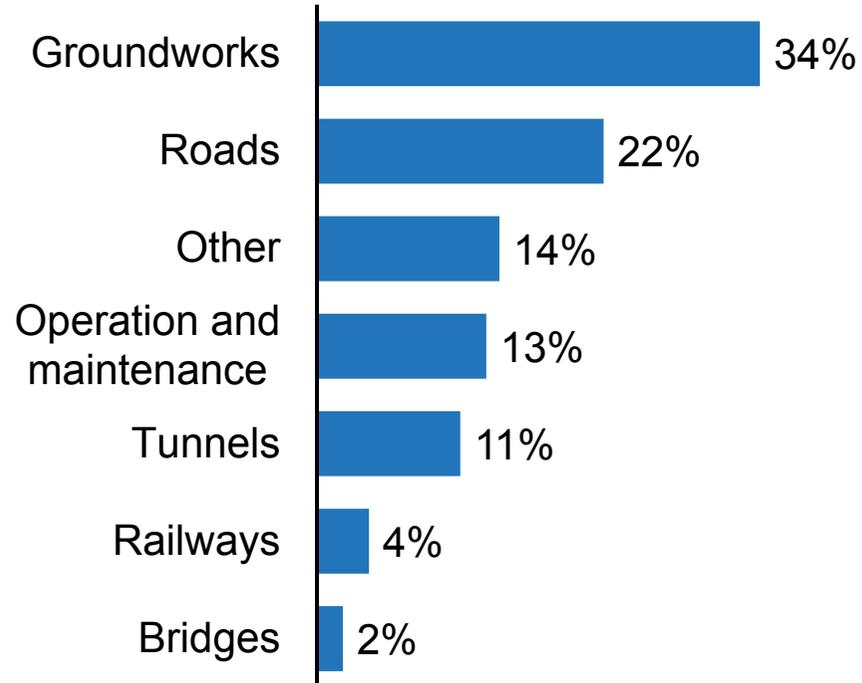
NCC Infrastructure



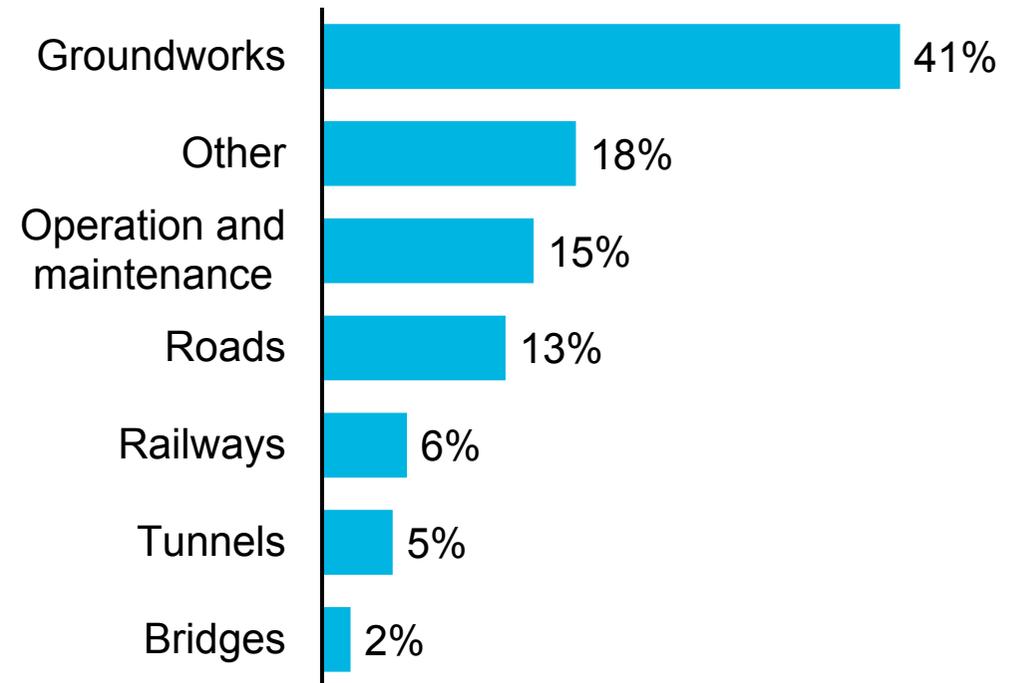
Product mix Jan. - Dec. 2016

NCC Infrastructure

Orders received



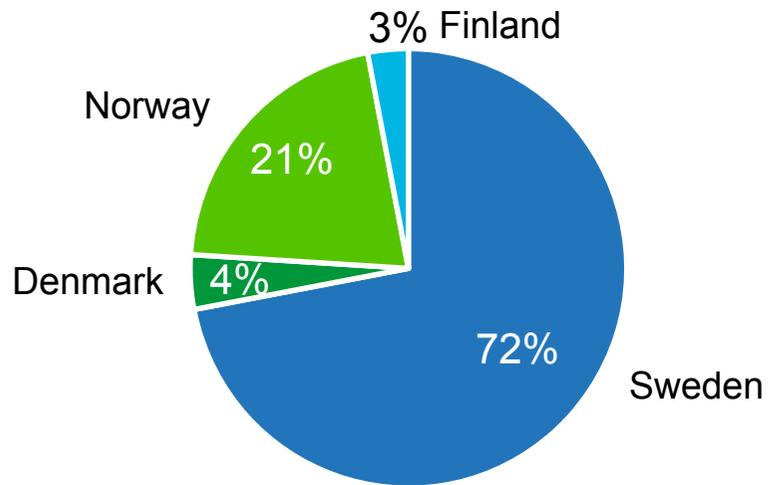
Net sales



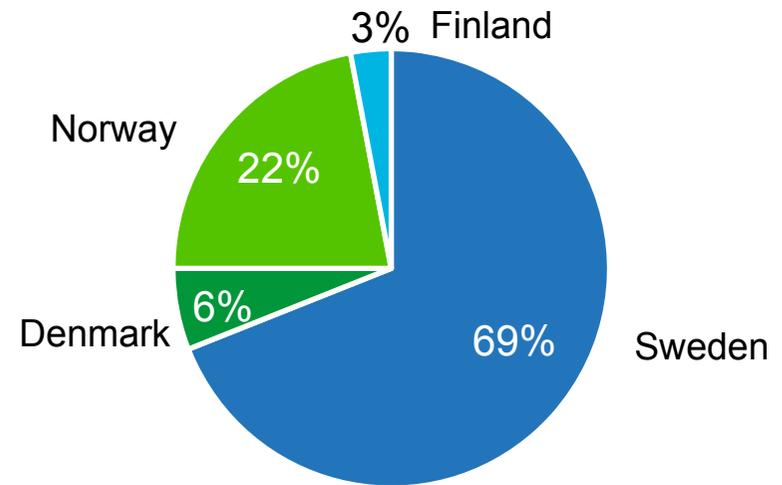
Geographical distribution Jan. - Dec. 2016

NCC Infrastructure

Orders received



Net sales



Project example

Eysturoy tunnel and Sandoy tunnel, Faroe Islands.



- Two road tunnels in the Faroe Islands
- Order value
 - First tunnel SEK 1.5 billion
 - Second tunnel SEK 1.2 billion
- Option for the customer to cancel the second tunnel



Project example

Jordal Amfi sports arena



- Nye Jordal Amfi sports arena in Oslo, Norway
- Customer: City of Oslo's Municipal Undertaking for Culture and Sports Facilities
- Order value SEK 445 million

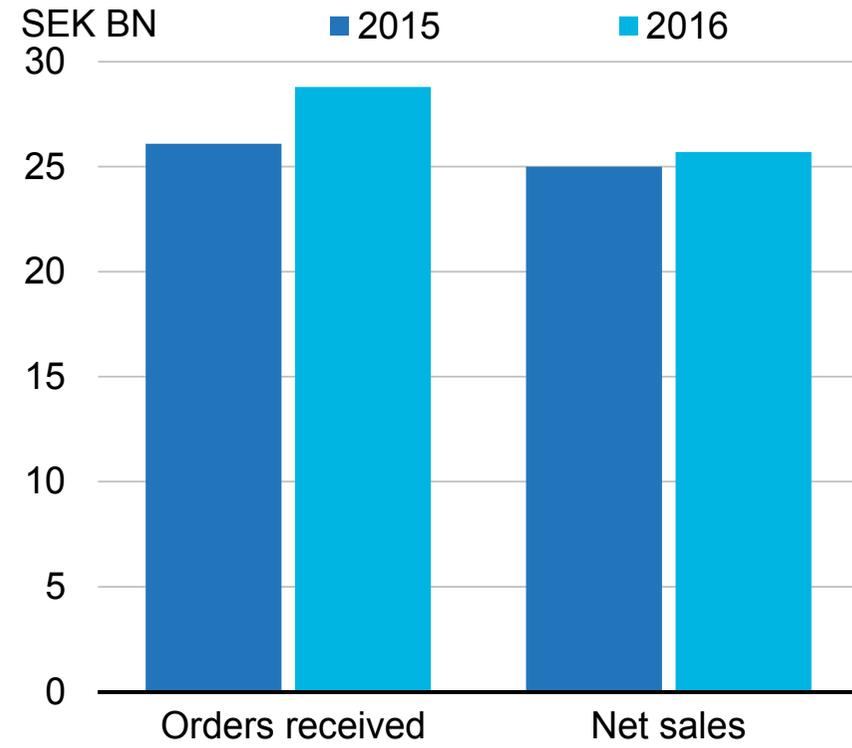
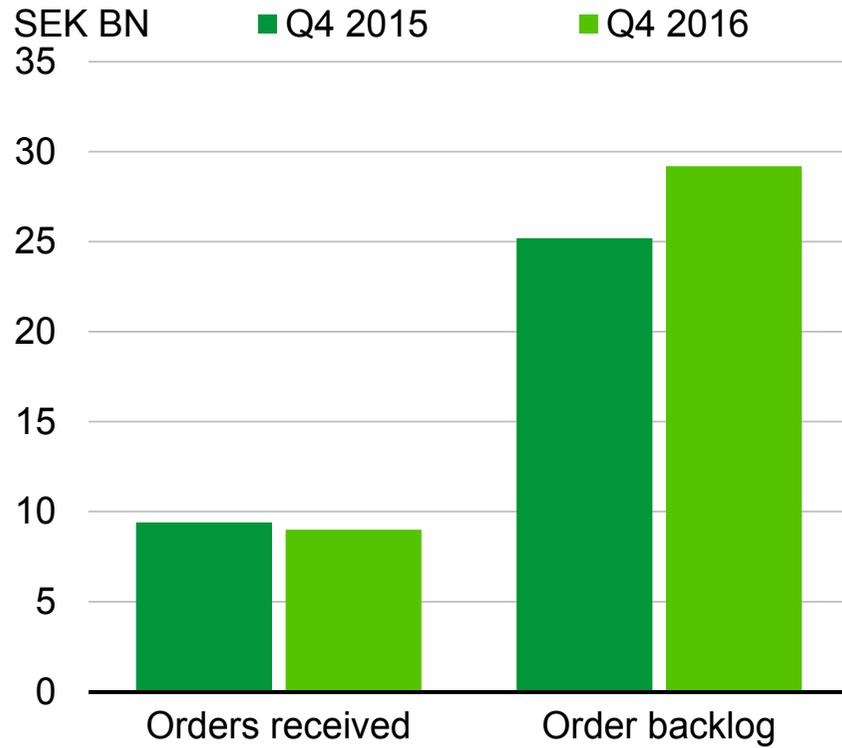
NCC Building



Portalgatan, Uppsala

Higher order backlog

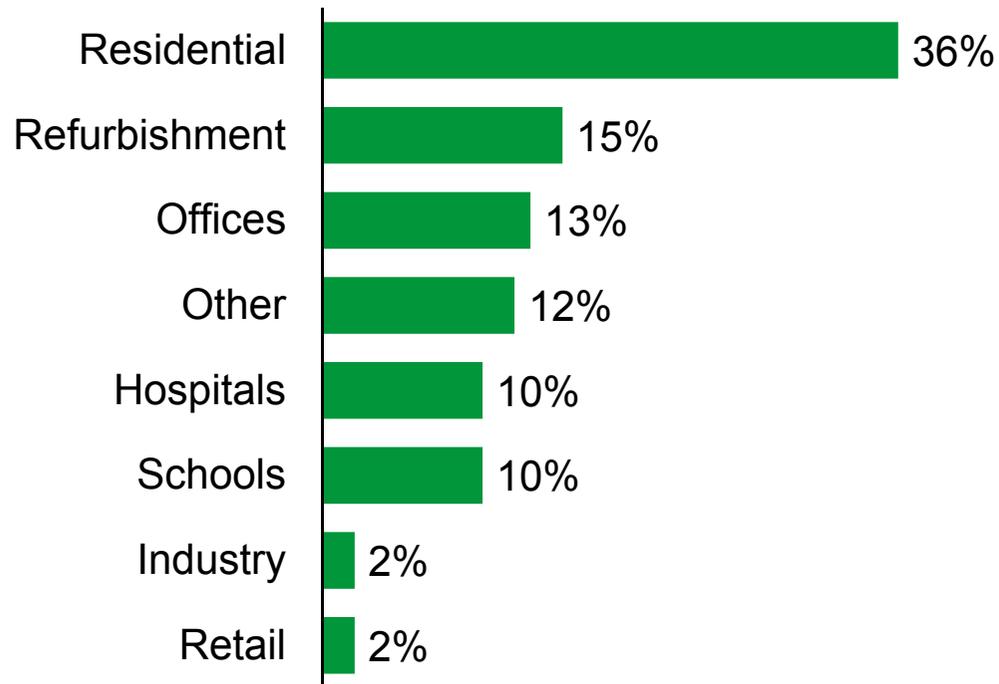
NCC Building



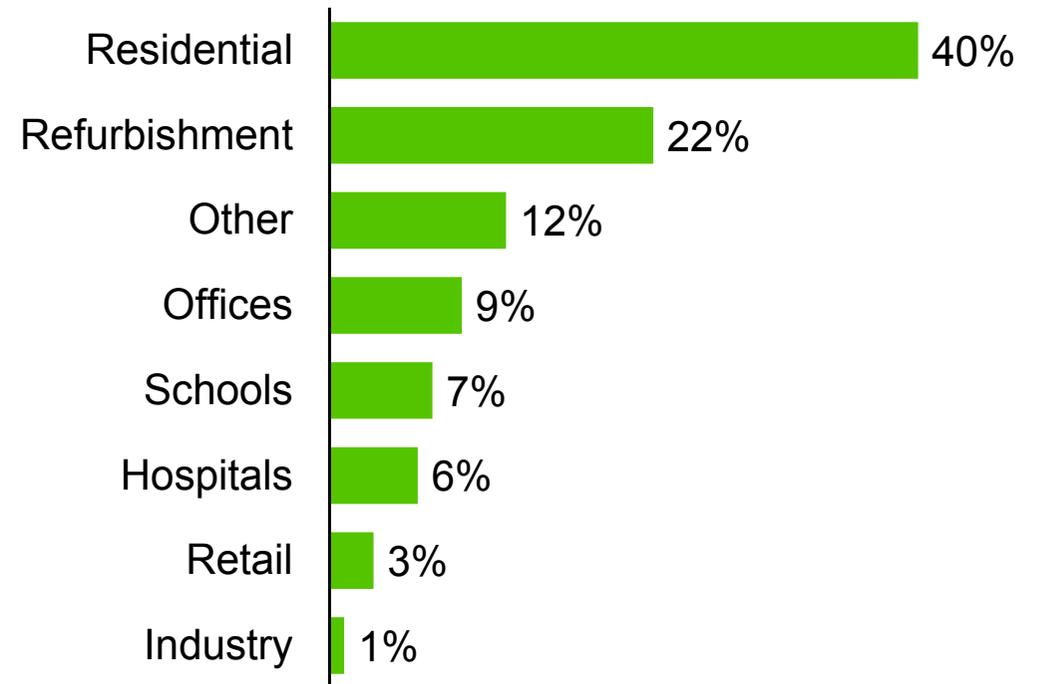
Product mix Jan. - Dec. 2016

NCC Building

Orders received



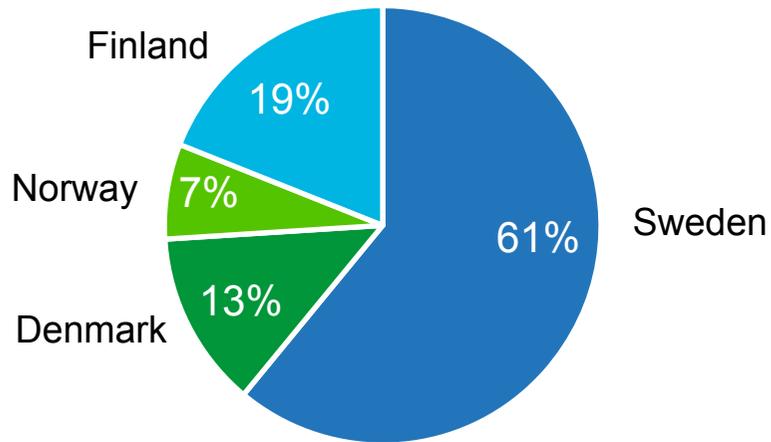
Net sales



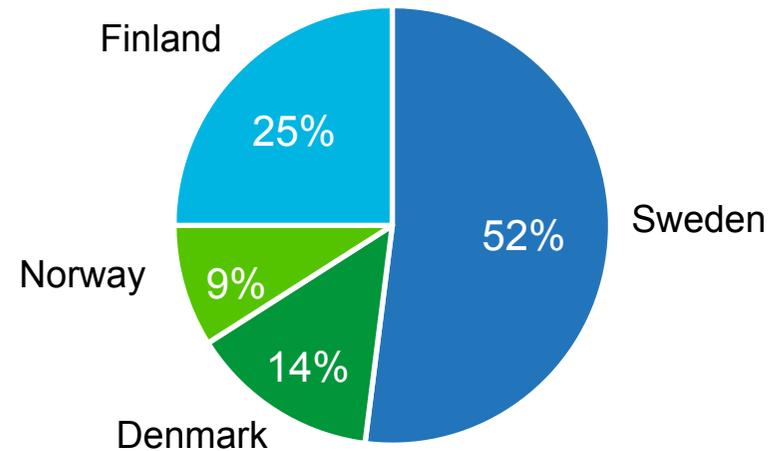
Geographical distribution Jan. - Dec. 2016

NCC Building

Orders received



Net sales



Project example

Novozymes Innovation Campus

- Modern campus – center for biotechnology research and business development, north of Copenhagen, Denmark
- Customer: biotech company Novozymes
- Order value: SEK 865 million

Project example

“Humanisten” – new Faculty of Arts



- New Faculty of Arts at the University of Gothenburg
- Customer: Akademiska Hus
- Order value: SEK 484 million

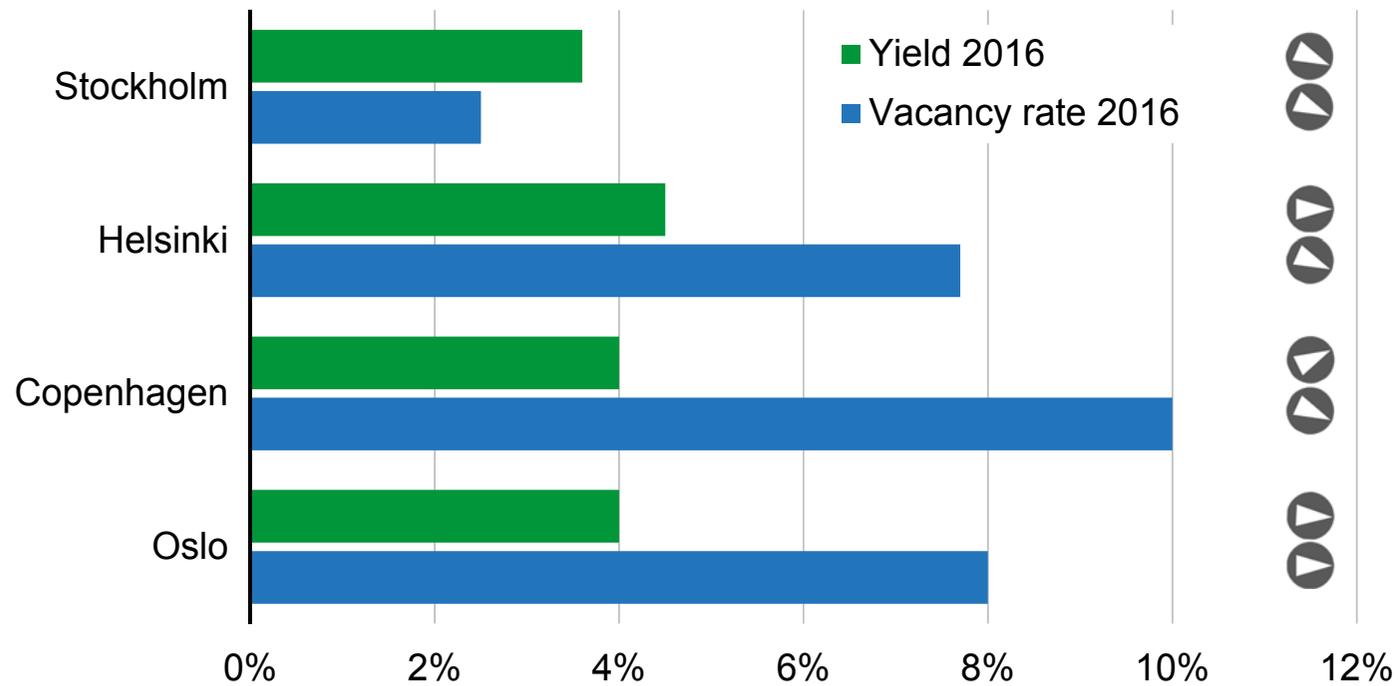
NCC Property Development



Torsplan 2, Stockholm

Property market outlook – offices

CBD



Source: Newsec, NCC



Lysaker Polaris, Oslo

Project profit recognized in Q4

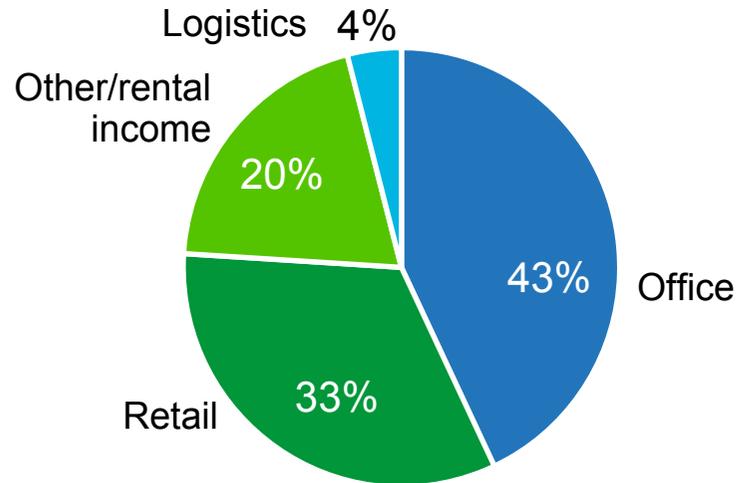
Project	Type	Location	Purchase price, SEK M	Lettable area, sqm.	Letting ratio
SCA	Office	Möln dal, Sweden	868	25,000	100%
Tornby Arendal 2	Retail Logistics	Linköping, Sweden Gothenburg, Sweden	370	9,400 9,700	100% 100%



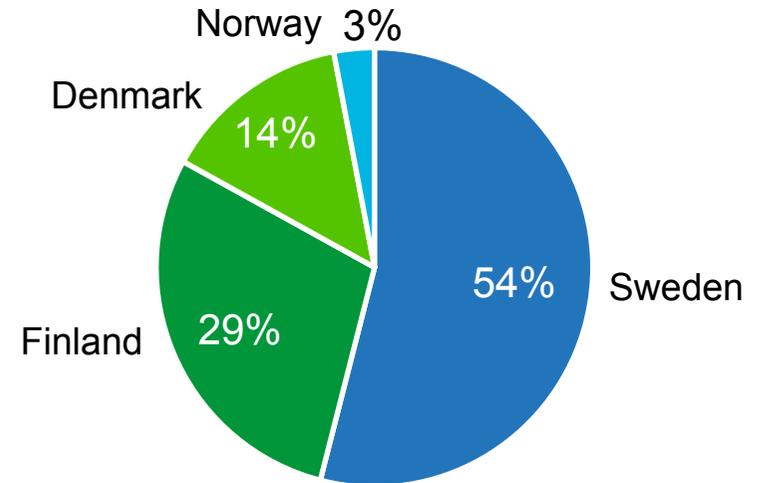
Net sales Jan. - Dec. 2016

NCC Property Development

Product mix



Geographical distribution



Project starts in Q4

Project	Type	Location	Lettable area, sqm	Letting ratio
Multihuset	Other	Malmö, Sweden	19,800	52%
Fredriksberg 1	Office	Helsinki, Finland	9,000	0%
Lysaker PP11	Office	Bærum, Norway	6,400	76%
Valle 1	Office	Oslo, Norway	6,300	0%

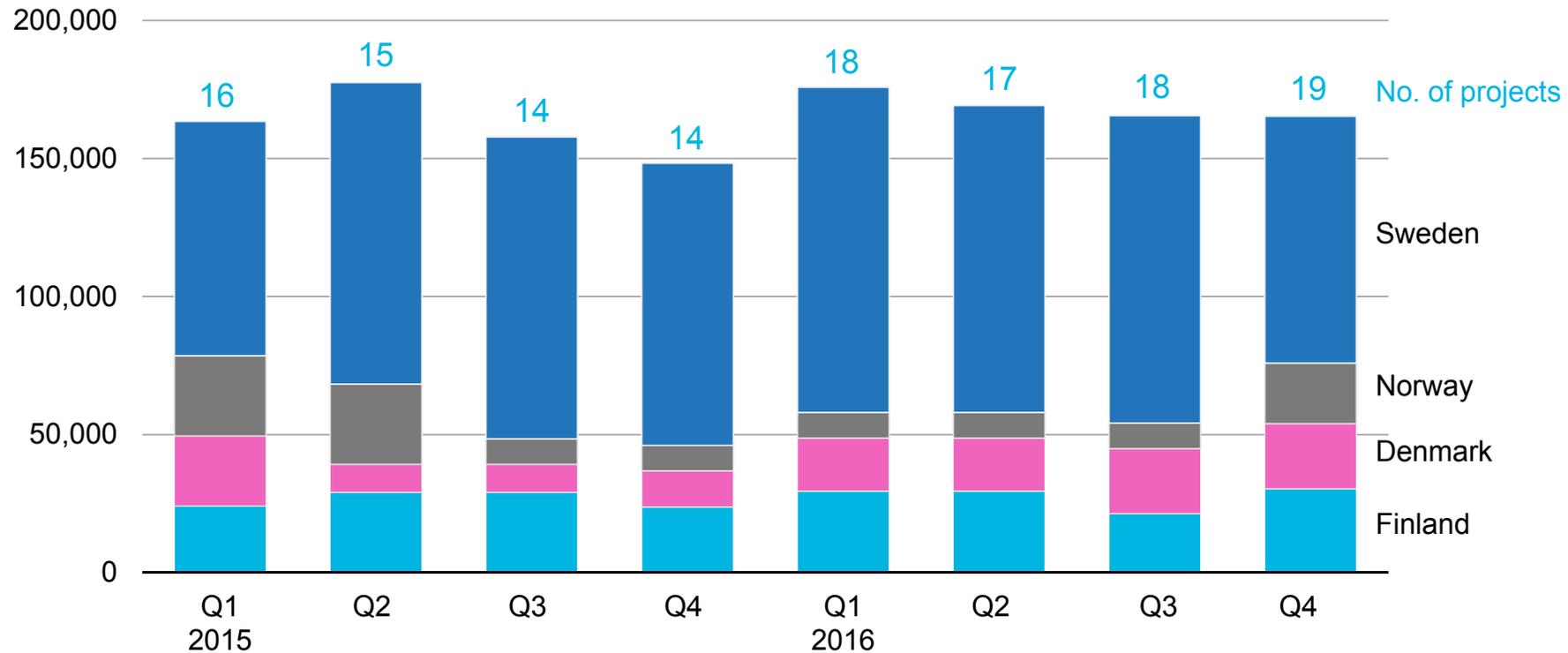


Valle Wood (Valle 1), office project in Oslo

- Norway's largest commercial building in solid wood
- BREEAM excellent
- Order value: NOK 190 million

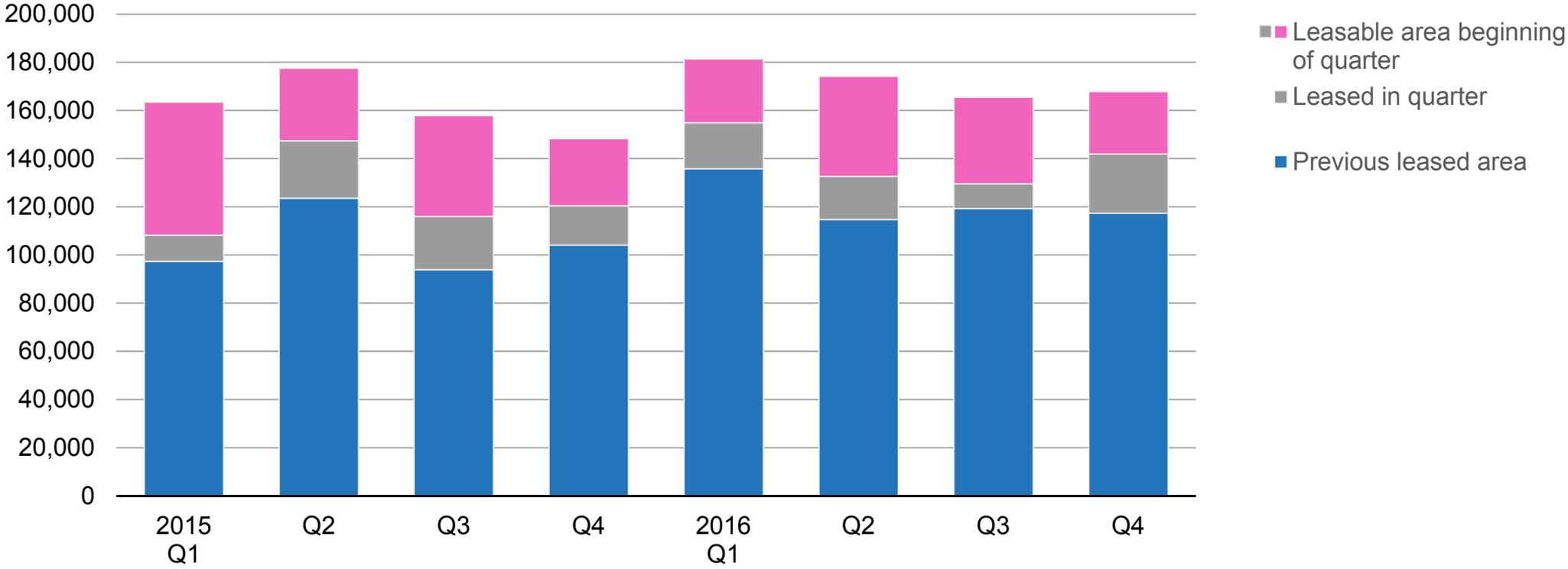
Property portfolio

Leasable space, sqm, in ongoing or completed projects not recognized in profit



24,600 sqm leased in the quarter

Leased floor space, sqm





Mattias Lundgren
CFO

IFU Arena, Uppsala

Spinoff of Bonava – effects on the financial statement

Accounting policy IFRS 5

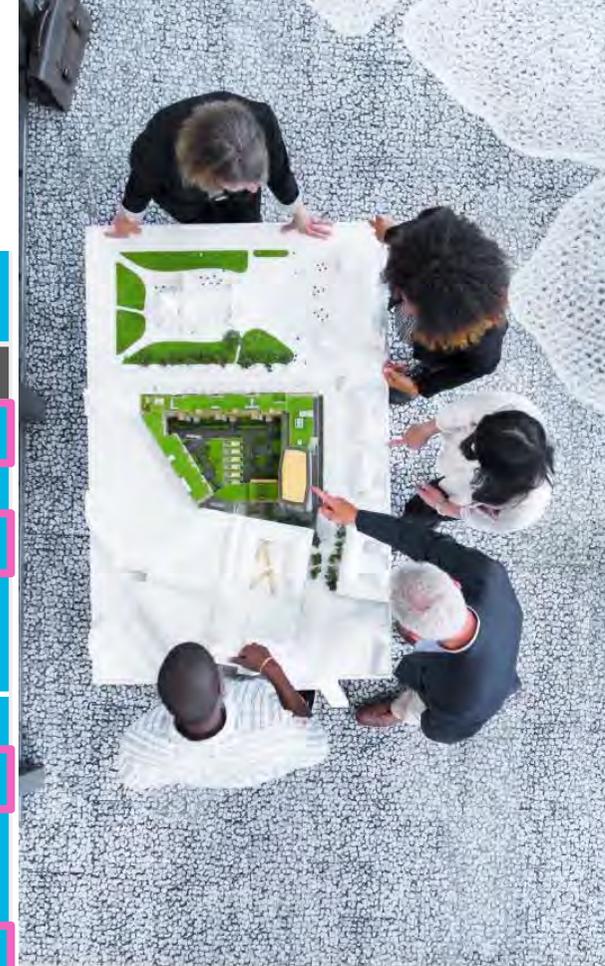
- Bonava is recognized net on a single line under operations being discontinued in the income statement
- In cash flow, Bonava's profit after net financial items is recognized separately, following which Bonava as a whole is included



Fläderblomman, Hyllie, Malmö

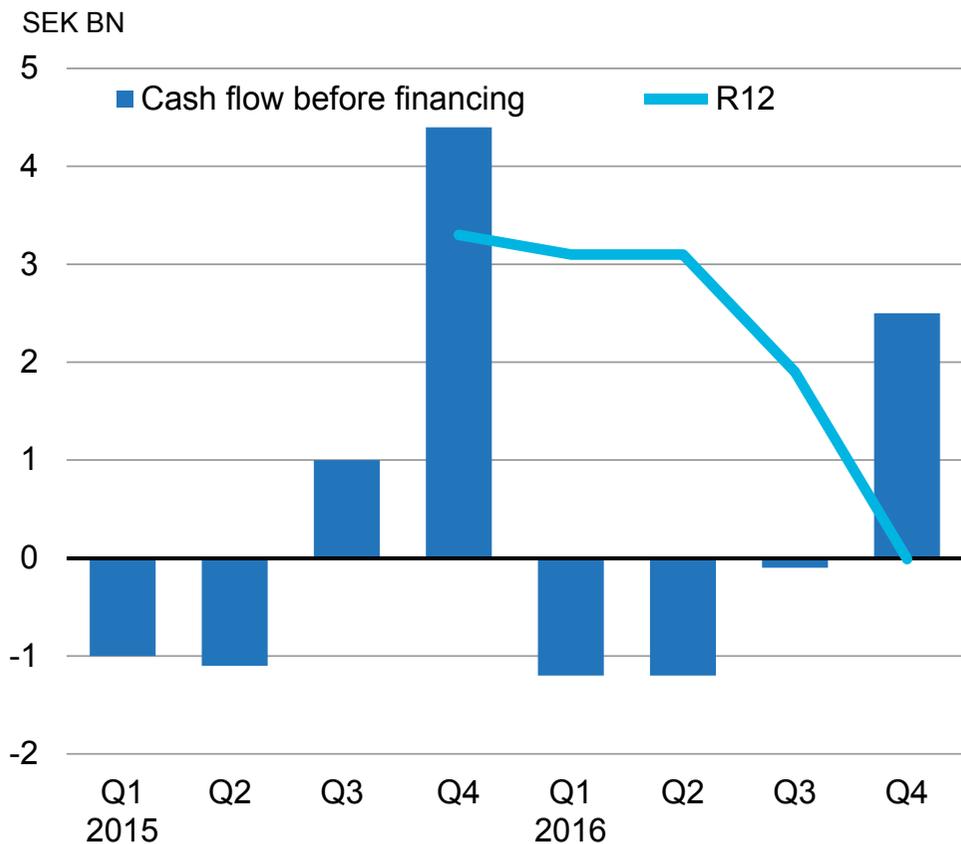
Income statement

SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015	Jan.-Dec. 2016	Jan.-Dec. 2015
Remaining operations				
Net sales	16,519	16,268	52,934	53,116
Gross profit	1,487	1,490	4,450	4,432
Selling and administrative expenses	-823	-835	-2,912	-2,765
Cost ratio	5.0%	5.1%	5.5%	5.2%
Other	-3	-21	-85	-6
Operating profit	661	635	1,453	1,661
Financial items	-31	-13	-112	-39
Profit after financial items	630	622	1,341	1,623
Tax	-98	-104	-225	-302
Profit for the period	532	518	1,116	1,321
Profit/ loss from discontinued operations	-31	723	6,867	798
Profit from remaining and discontinued operations	501	1,241	7,983	2,120



Hyllie, Malmö

Cash flow



SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015	Jan.-Dec. 2016
From operating activities	772	2,204	1,506
From property projects	770	483	506
From housing projects	29	1,887	-606
Other working capital	1,199	-18	-237
Investing activities	-248	-150	-1,181
Cash flow before financing	2,521	4,405	-11

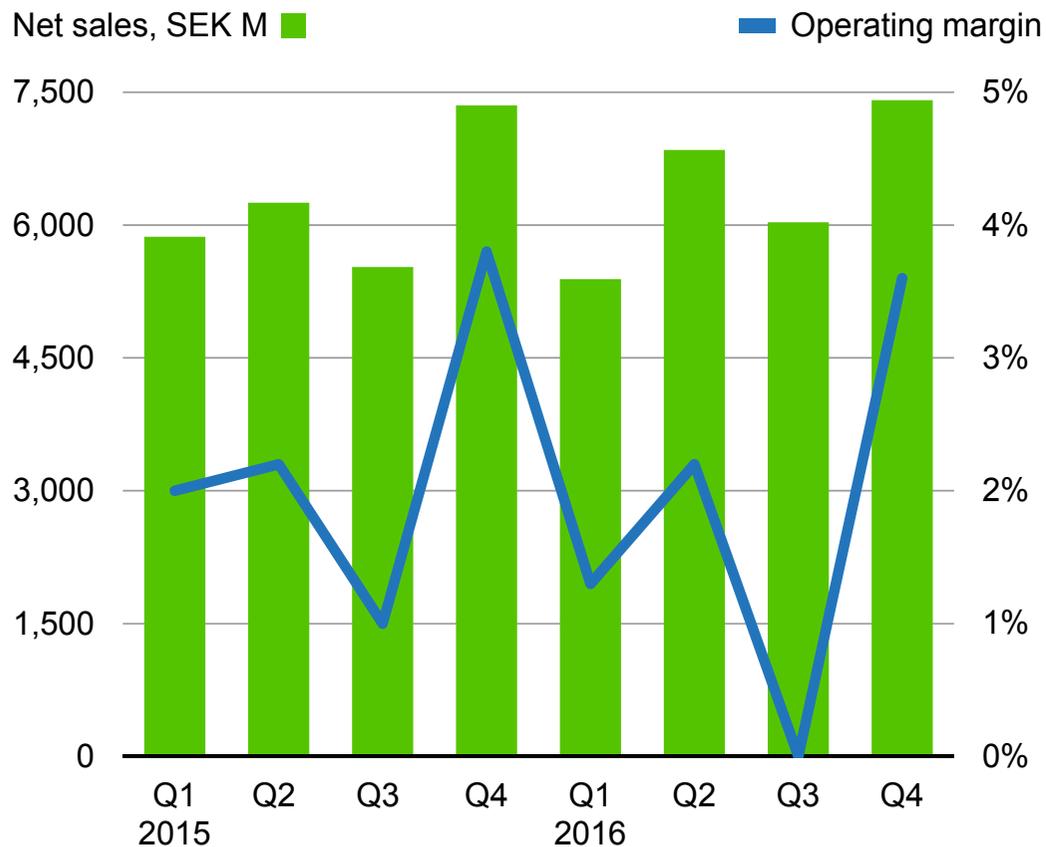
Operating profit/loss per business area

SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015	Jan.-Dec. 2016
NCC Building	268	283	
NCC Infrastructure	77	190	
NCC Industry	126	101	
NCC Property Development	202	28	
Other and eliminations	-11	-139	
Operating profit excl. Bonava (Housing)	661	635	

SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015
NCC HQ and International proj.	-138	-168
Internal gains	9	56
Other Group adjustment (incl. central reserve Norway)	118	-27
Other and eliminations	-11	-139

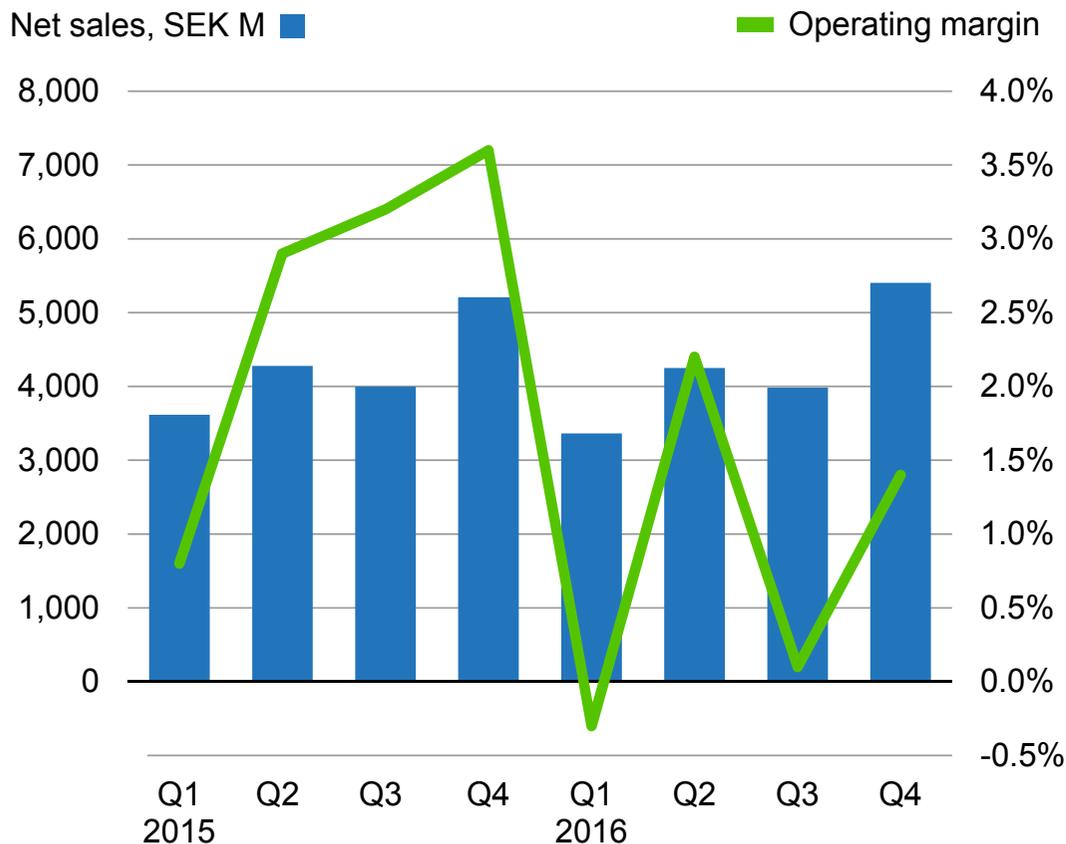
Refurbishment, Fittja, Stockholm

NCC Building



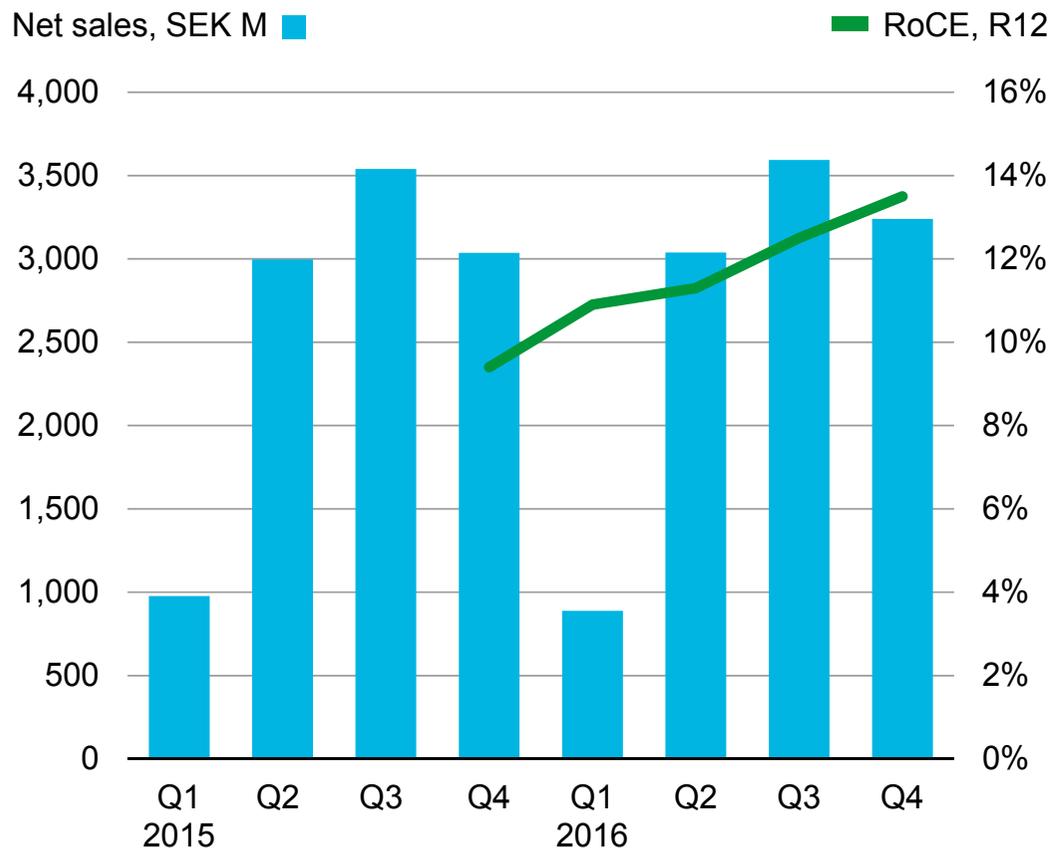
SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015	Jan.-Dec. 2016	Jan.-Dec. 2015
Net sales	7,411	7,353	25,681	25,001
Operating profit	268	283	489	602
Operating margin, %	3.6	3.8	1.9	2.4

NCC Infrastructure



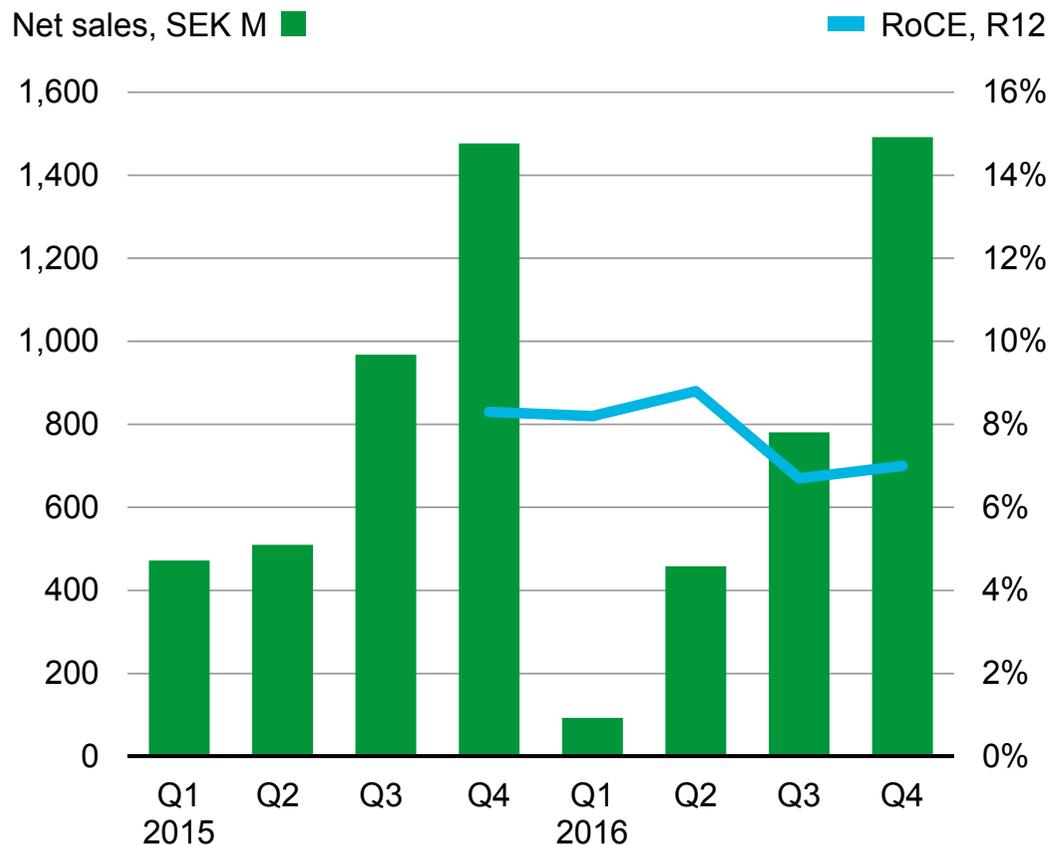
SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015	Jan.-Dec. 2016	Jan.-Dec. 2015
Net sales	5,405	5,209	17,007	17,105
Operating profit	77	190	162	469
Operating margin, %	1.4	3.7	1.0	2.7

NCC Industry



SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015	Jan.-Dec. 2016	Jan.-Dec. 2015
Net sales	3,240	3,058	10,760	10,571
Operating profit	126	101	533	374
Operating margin, %	3.9	3.3	4.9	3.5
RoCE, %			13.5	9.4

NCC Property Development



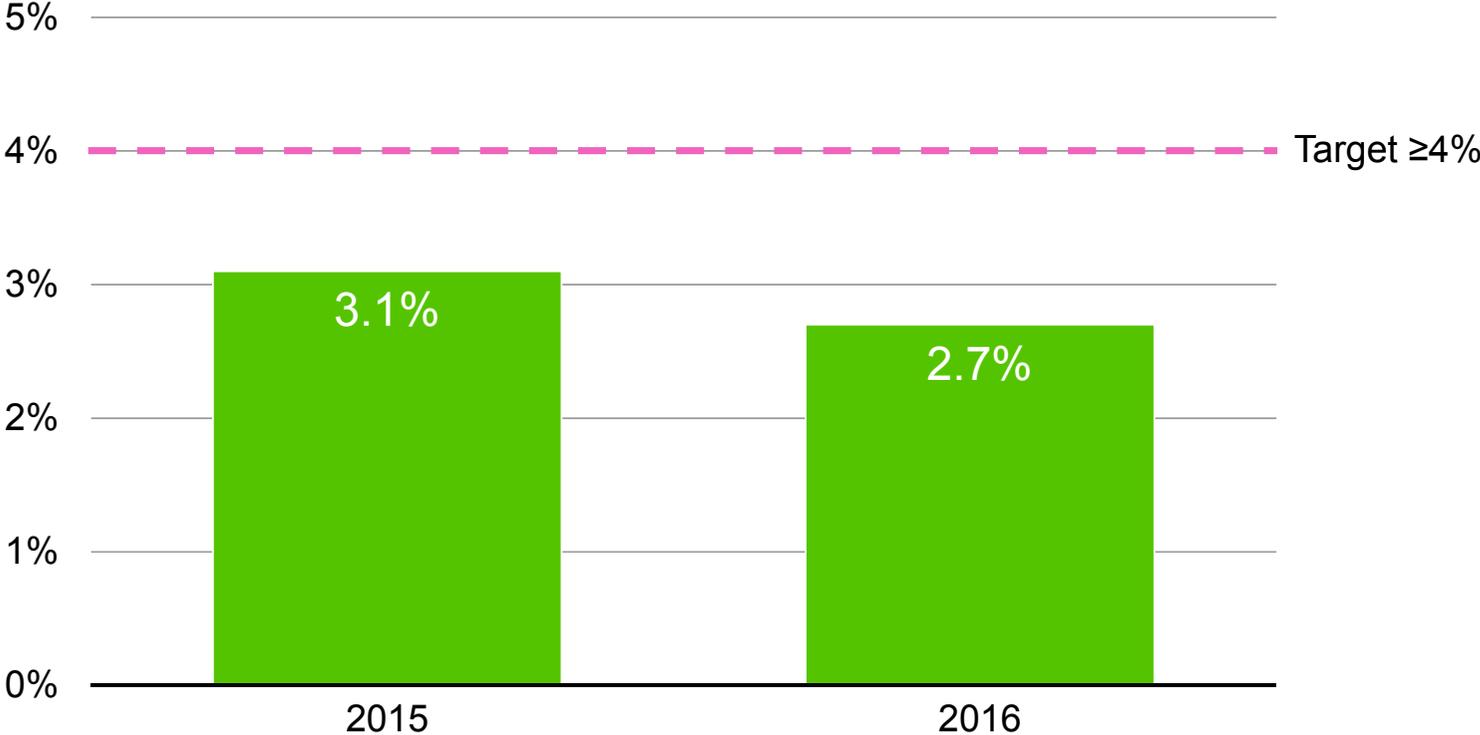
SEK M	Oct.-Dec. 2016	Oct.-Dec. 2015	Jan.-Dec. 2016	Jan.-Dec. 2015
Net sales	1,492	1,477	2,823	3,427
Operating profit	202	200	327	417
Operating margin, %	13.5	13.5	11.6	12.2
RoCE, %			7.0	8.3

Group financial objectives

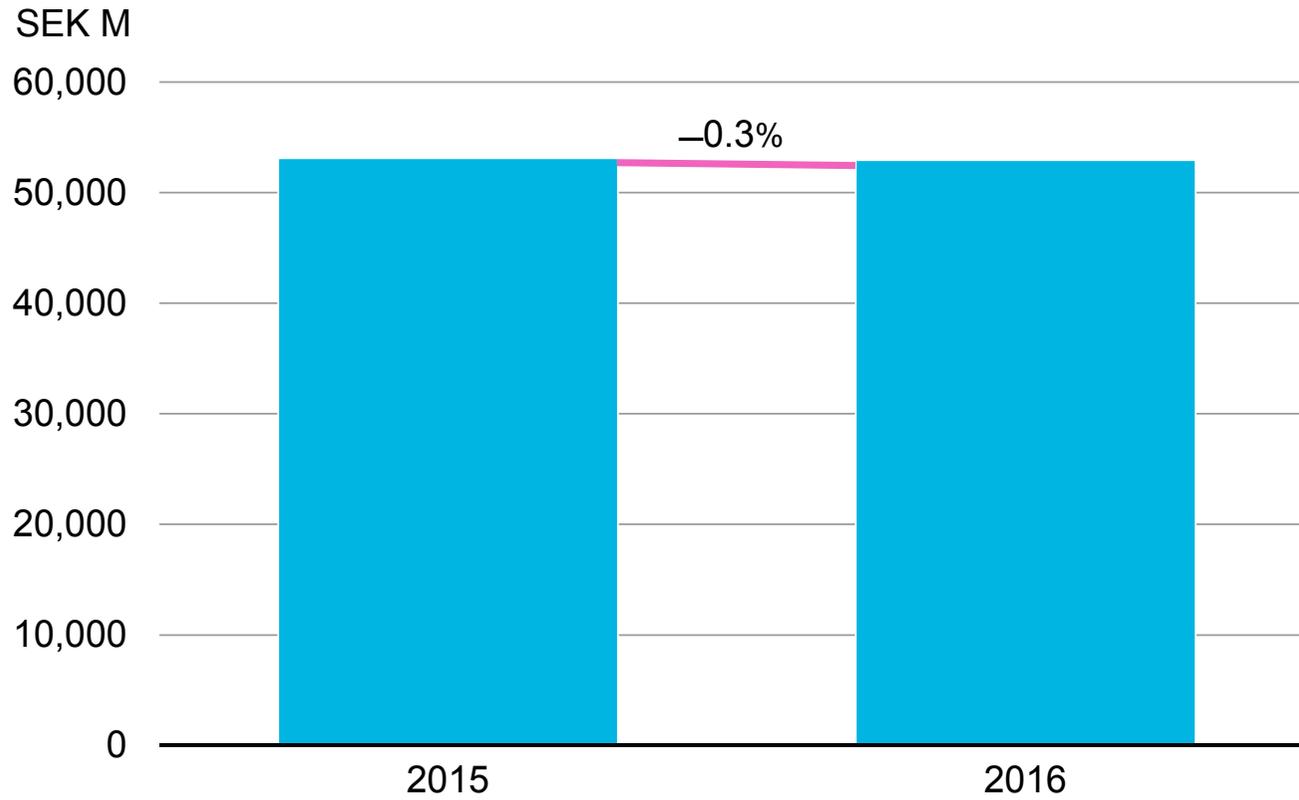


Torsplan 2, Stockholm

Operating margin

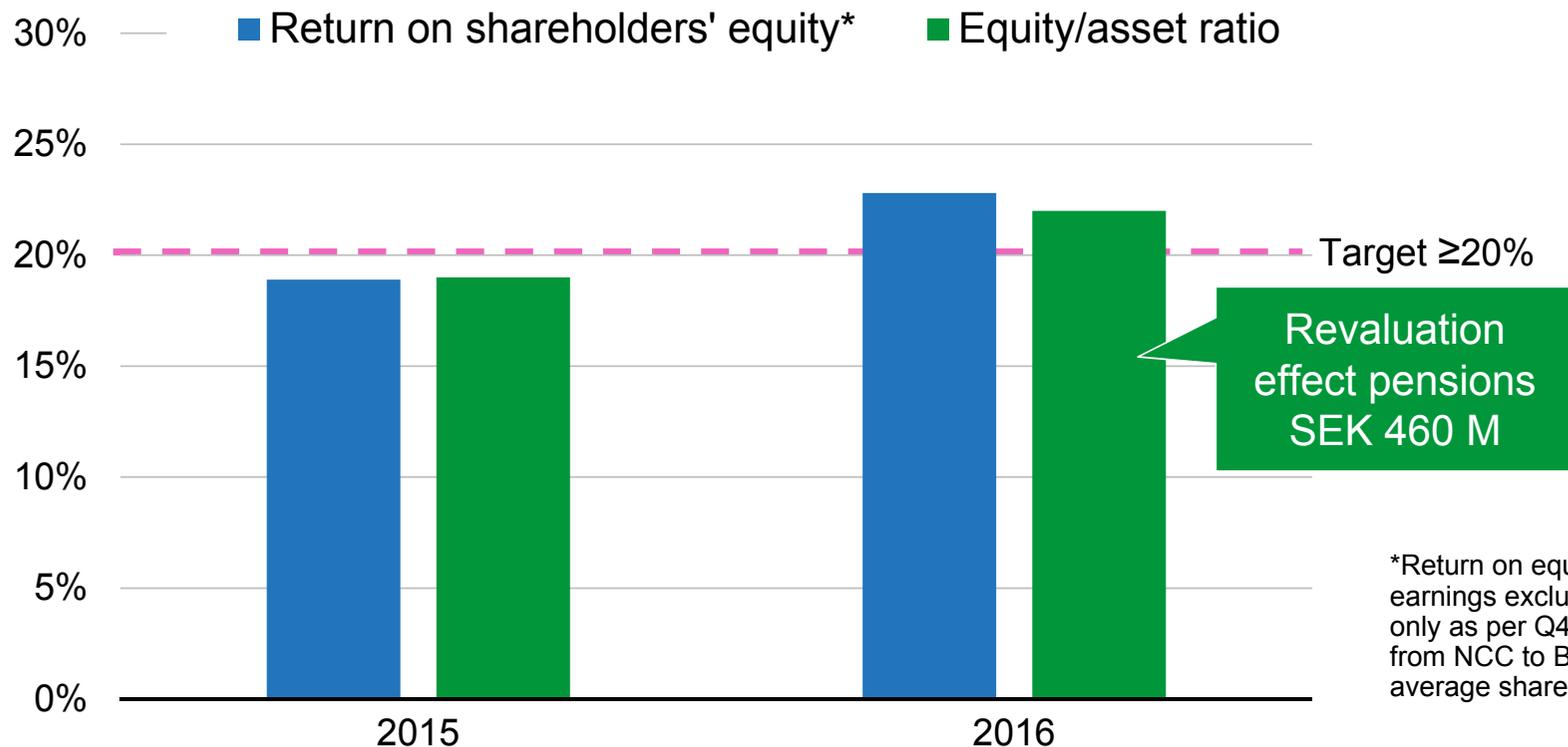


Flat revenue development



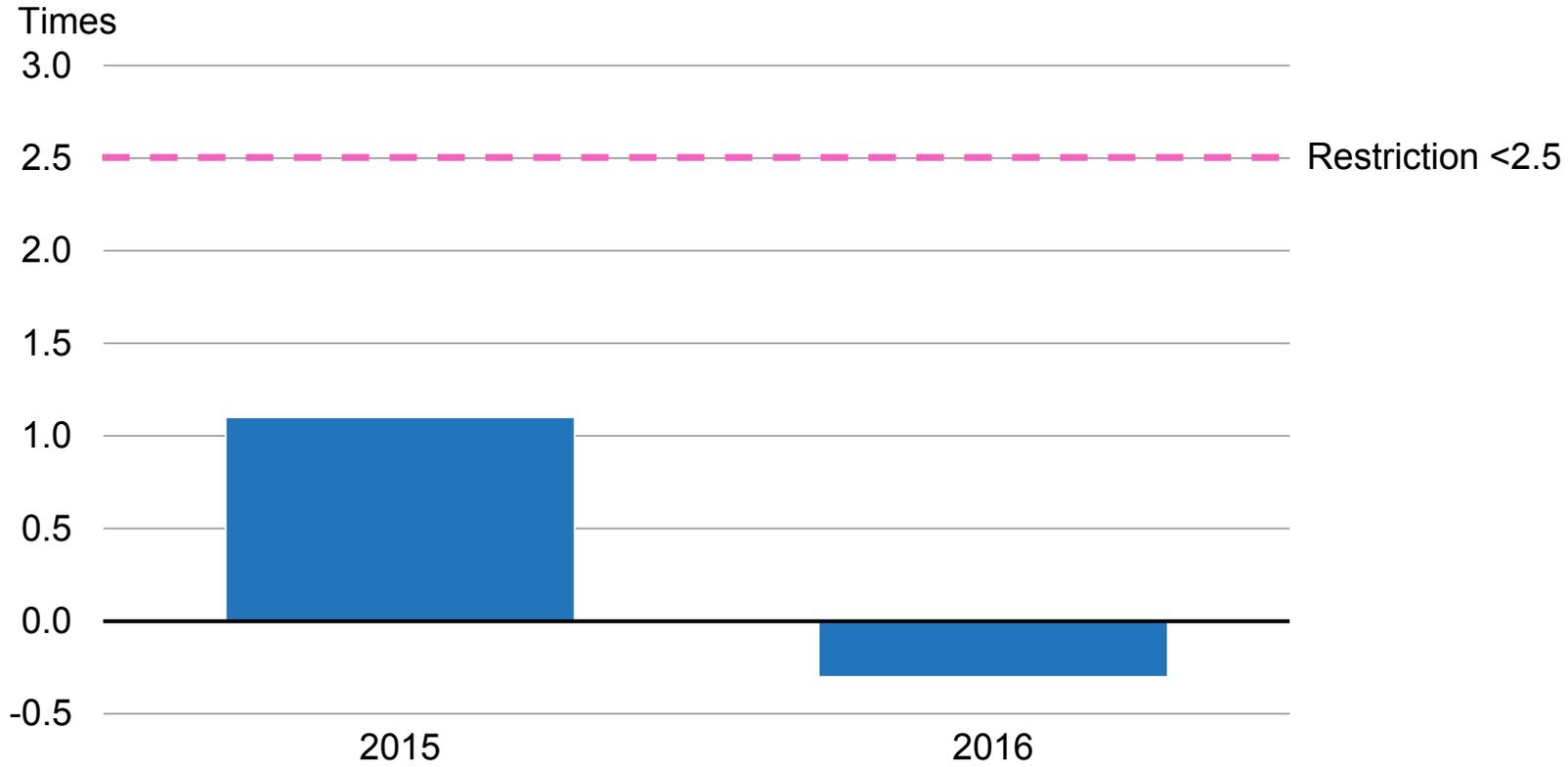
Objective:
5% average annual
revenue growth

Equity/asset ratio and return on shareholders' equity



*Return on equity is calculated based on NCC's earnings excluding Bonava, but equity is adjusted only as per Q4 2015 when the capital contribution from NCC to Bonava was conducted, which affects average shareholders' equity.

Net indebtedness* / EBITDA



* Excl. pension liability



Torsplan 2, Stockholm

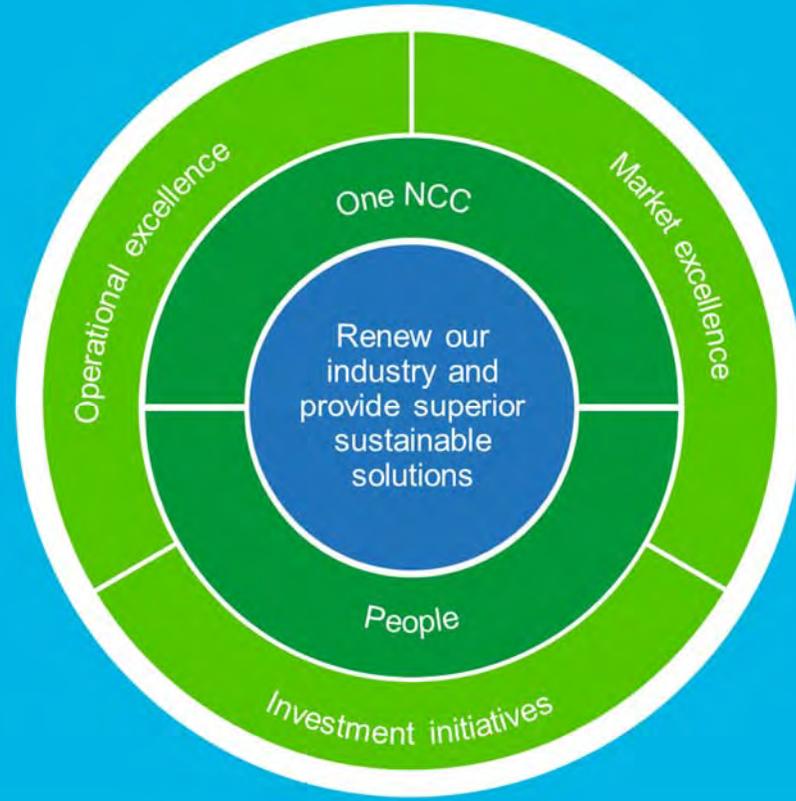
Summary 2016

- New strategy and organization
- Spinoff of Bonava
- Sales in line with last year
- Lower earnings
- Improved orders received
- Higher order backlog
- Favorable market outlook
- Strong financial position



E-roads, Arlanda

Must win battle:
Investment Initiatives



Investment initiatives

- Allocate additional SEK 1 BN 2017 to development
 - Limited exposure to site and sales risks
- Residential development
 - With partners
 - Using design and build competence
 - NCC Building responsible
- Commercial Development
 - With stable long term tenants
 - Extended Nordic scope
 - NCC Property Development responsible



Tranan School, Alby, Sweden

Four apartment buildings in Turku, Finland

- Four apartment buildings with 200 apartments and a parking garage
- NCC has designed and developed the residential project and sells it as a package deal including production
- Customer: Fincap Fund 1 Ky
- Project sale: SEK 260 million





Contact information

IR Manager

Johan Bergman

Tel: +46 (0)70-354 80 35

johan.bergman@ncc.se

Chief Financial Officer

Mattias Lundgren

Tel. +46 (0)70-228 88 81

mattias.l.lundgren@ncc.se