

## Peter Wågström's speech at the Annual General Meeting,

April 13, 2011

**Mr. Chairman, esteemed shareholders, ladies and gentlemen,**

Tomorrow will be my first day at work as the President and Chief Executive Officer of NCC. An NCC that, in many respects, is a leader in the Nordic region. An NCC whose progress and advancement over the past 10 years has been superb. The company has gone from being the bottom of its class to a position at the very forefront of development. Naturally, my intention is for us to *retain* the leading positions that we have – and to *capture* leading positions in areas that we for some reason do not currently hold.

I was appointed President and Chief Executive Officer in December, and during the first months of this year I have had the privilege of shadowing Olle Ehrlén in his work to become acquainted with my new job. I have participated in all internal Board meetings, reviews with various business areas and I have also immersed myself in the organization, gone out and met people and learned more about the operations. There are still a few areas that I am less familiar with, and I will initially devote much of my time to understanding all issues of central importance.

But what has struck me the most during these first few months of getting to know our operations, is what an incredibly broad range of skills and competencies the company possesses, and what enthusiasm and commitment there is in the company. You can feel it in the air that our employees really enjoy working here!

Olle spoke about the relay team and handing over the baton. I have been a member of this relay team over the past few years and been involved in shaping the Group's long-term strategy that is based on customers, costs and competence, focusing on sustainable development – first as the President of NCC Property Development and more recently as the President of NCC Housing.

### **A path has been clearly laid**

A path has been clearly laid out for NCC to follow – one that I will continue along. What I will devote particular energy to in the immediate future is our customers, and why customers should choose NCC. We aim to be the customers' first choice, and this will be a central and prioritized issue.

A key component in becoming the number one choice for customers is grouping together and showing customers everything that we can do and want to offer. We have been talking about "One NCC" internally in the company for a long time, to make it clear that we need to capitalize on the economies of scale in our Group. If I play with this concept a little, I get "A Unified NCC" – an NCC that shows our customers the strength that we have when we combine all of our competencies and experience in important society-building projects.

This is the Triangeln project in Malmö that Olle mentioned in his address, and it is a clear example of how – from planning, project engineering, contracting, leasing and sale to a long-term investor – value is created not only for NCC but also for tenants, the investors and society at large.

I will talk more about this subject in the future, and it is too early for me to present a policy to you today. After all, I haven't taken office yet.

### **Long-term, sustainable and profitable growth**

However, I would like to say a few words about NCC's long-term strategy. It all starts with growth – growth combined with profitability. Long-term, sustainable – and profitable growth. In this area, I would like to look at six key issues for our road ahead.

We intend to grow – and to *grow profitably*. It is easy to grow in terms of volumes in our industry, but this frequently has an adverse impact on profitability. We aim to be profitable in everything we do – and this entails prioritizing profitability ahead of volume.

*Lower costs* are a prerequisite for organic growth. We are measured by our prices and we need to work continuously on our costs. This involves coordinating purchasing, identifying new work methods and developing new processes and construction methods.

We aim to be a *leading player* in markets in which we operate and that we know well. Being a leader can mean a lot of things – the most profitable in our class but also holding a strong market position in our business areas. We can see that we have scope to become stronger in, for example, residential construction in Norway and in civil engineering operations in Finland. The acquisition of Destia's asphalt paving business just the other week, is another example.

We are *one* company with a contracting operations and developing activities. When we group them all together under one umbrella – such as the Triangeln project – the output of our competencies is greater than the sum of its parts. We are one company – with three types of businesses.

There are strong synergies between the contracting operations and our development activities in Housing and Property Development. And there are equally as powerful synergies between contracting and our industrial business, Roads. But we are one company. One NCC.

We intend to leverage the Group synergies that exist – some of these synergies can be seen in support functions and also between different business areas.

And finally – the most important issue of all. By focusing on the customer, we aim to strengthen our position in the value chain. Everything that we do should create value for our customers. This is an area where NCC can become even better. We need to meet and understand customers, and make sure that the business results are favorable for all parties.

### **Values**

I would like to state how important it is for me to be involved in developing a corporate culture and ensuring that we have values in place that guide us in our daily work.

NCC embodies the values of honesty, respect and trust. These are our core values. When doing business with NCC, customers should feel that we are focused, that we take responsibility for what we do and that we proceed in a simple, straightforward manner. This was one of the reasons why I was attracted to working for NCC seven years ago. It is

incredibly important in our relationships with customers and also in how we behave as an attractive employer.

We will focus on customers. We will not make things difficult or complicated – it should be easy to do business with NCC. And we will demonstrate that we are a responsible and innovative society builder.

Thank you.