

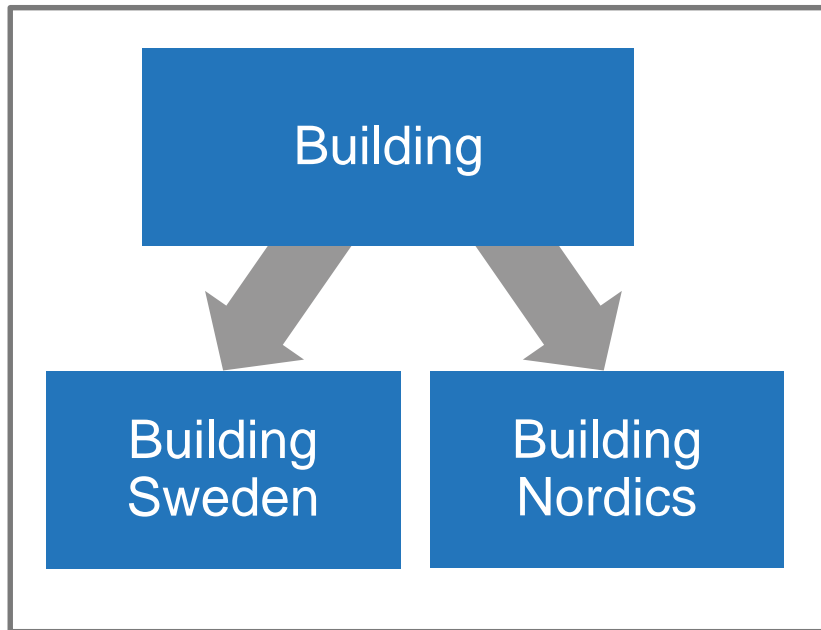
The road ahead

Tomas Carlsson
CEO

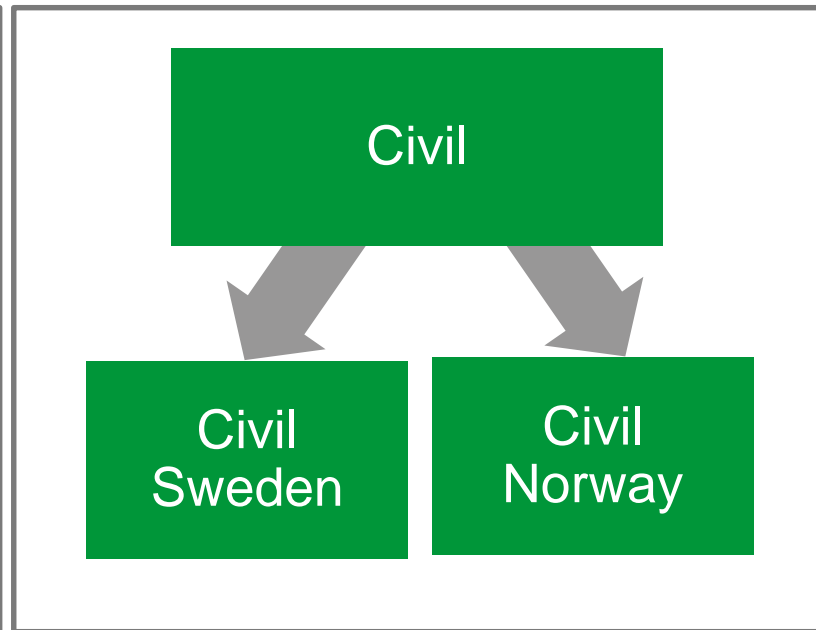
Action plan

- 1** Organisation and team
- 2** Exit or divest non-performing business
- 3** Turn-around plans
- 4** Improved processes and training

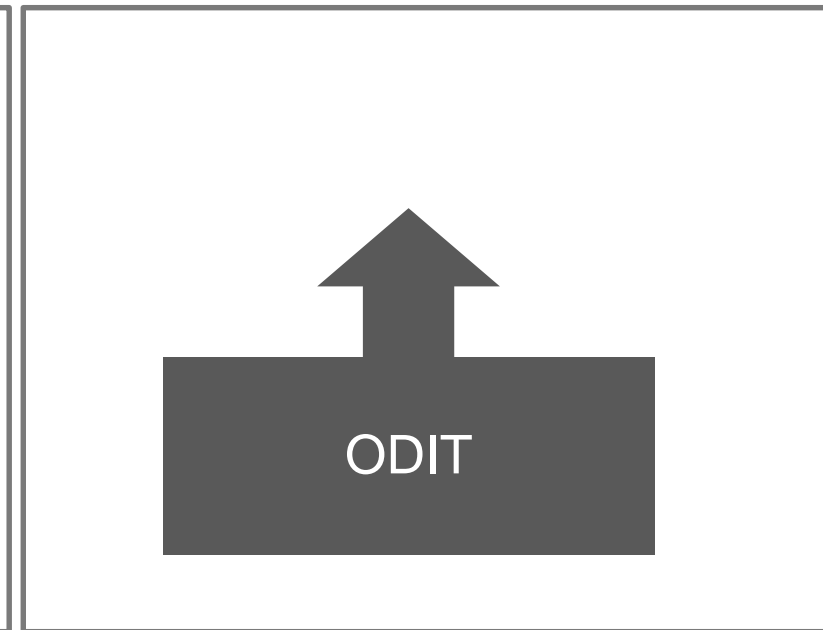
A flatter and more transparent organization



Business area



Division

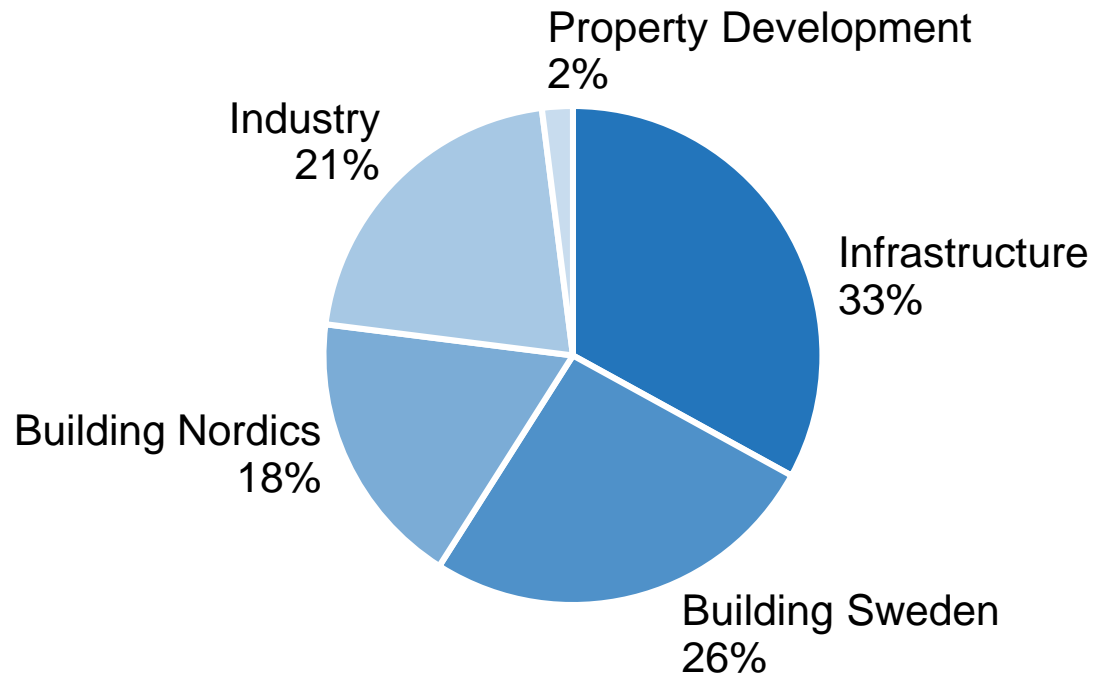


Operational development and IT

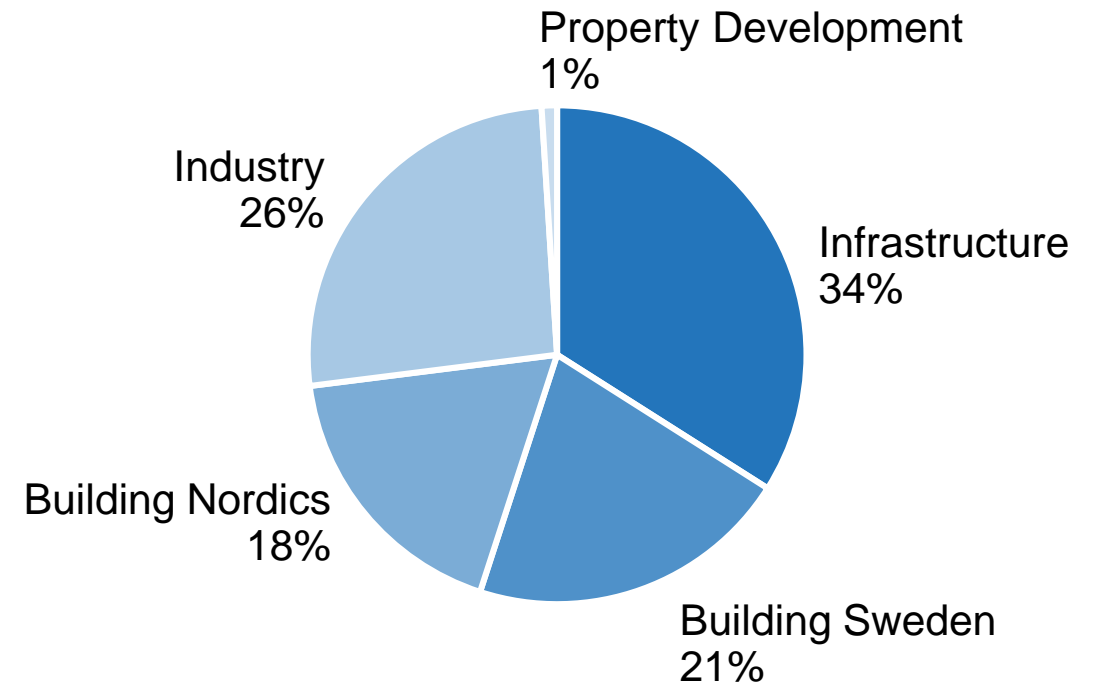
Balanced Business Areas

Jan-Sep 2018

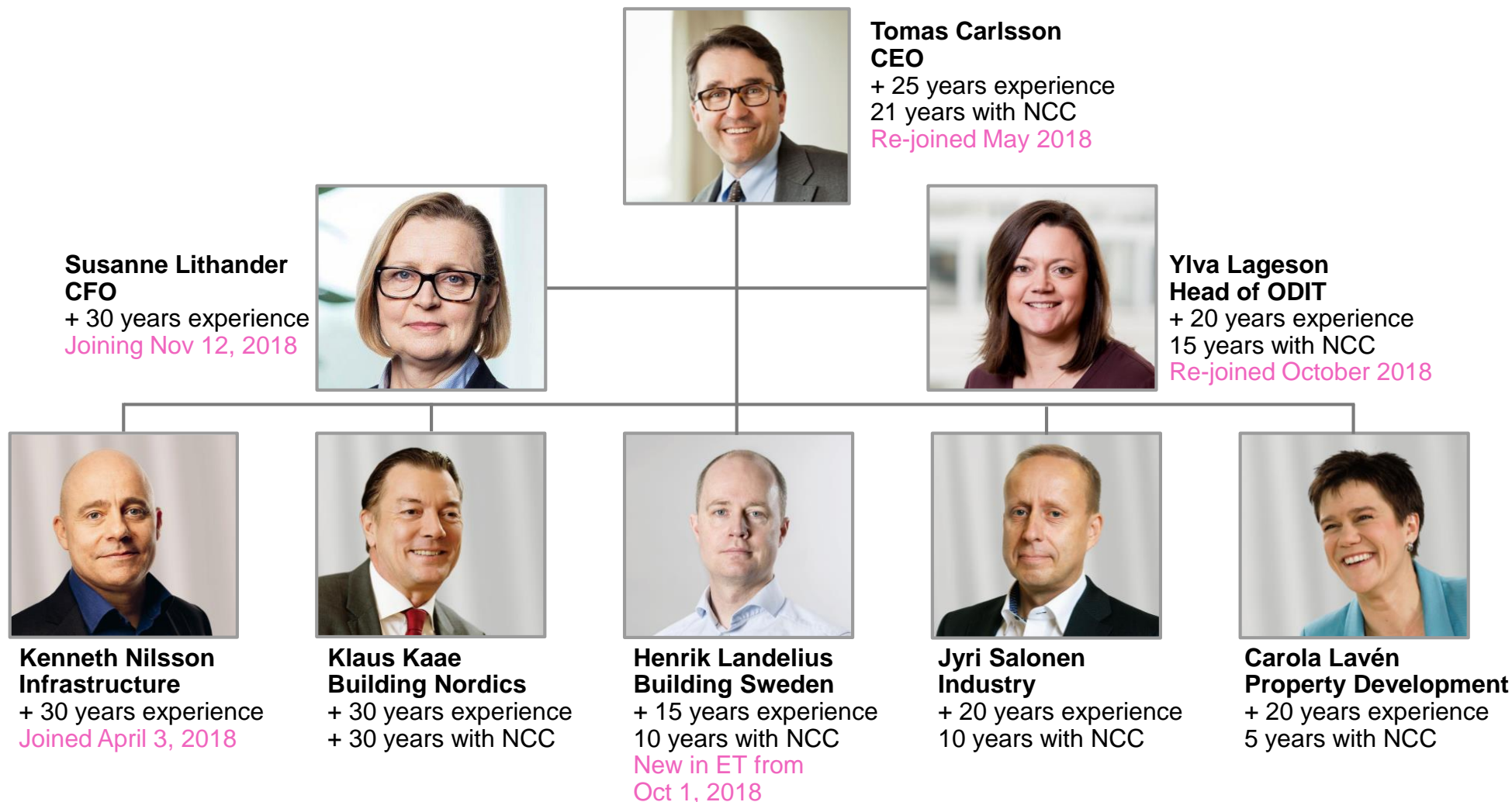
Net sales



Employees



New Executive team



4/8
new in 2018

+90
years at NCC

+100
years outside NCC

Appointments in key roles

- Senior Management Team
 - Ann-Marie Hedbeck, Head of Legal and Risk
 - Marie Reifelt, Head of HR
 - Harri Savolainen, Head of Purchasing
 - Head of Communications, recruitment underway
- Other key appointments
 - Fredrik Vernersson, Head of Strategy
 - Erik Nerell, Business Support to the CEO

Several key appointments in the Business Areas

- 3 new division heads
- More than 10 new department heads
- Business Support
BA Infrastructure
- Business support
BA Building Sweden
- Project Council Building Nordics,
all divisions

Action plan

1

Organisation and team



2

Exit or divest non-performing business

3

Turn-around plans

4

Improved processes and training

Exit Road Services

- Long service-contracts in Sweden, Denmark, Norway and Finland
- Ca 650 employees, revenues approx. SEK 2.5 Bn
- Low profitability for several years
- Few synergies with other parts of NCC
- Strong fundamentals for the right owner:
Stable cash-generator and non-cyclical

NCC has decided to explore the potential to divest the business and the process has been initiated.

Division Road Services will be carved out of BA Infrastructure and reported as a Non-core asset from Q4 2018



Action plan

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Turn-around Civil Norway

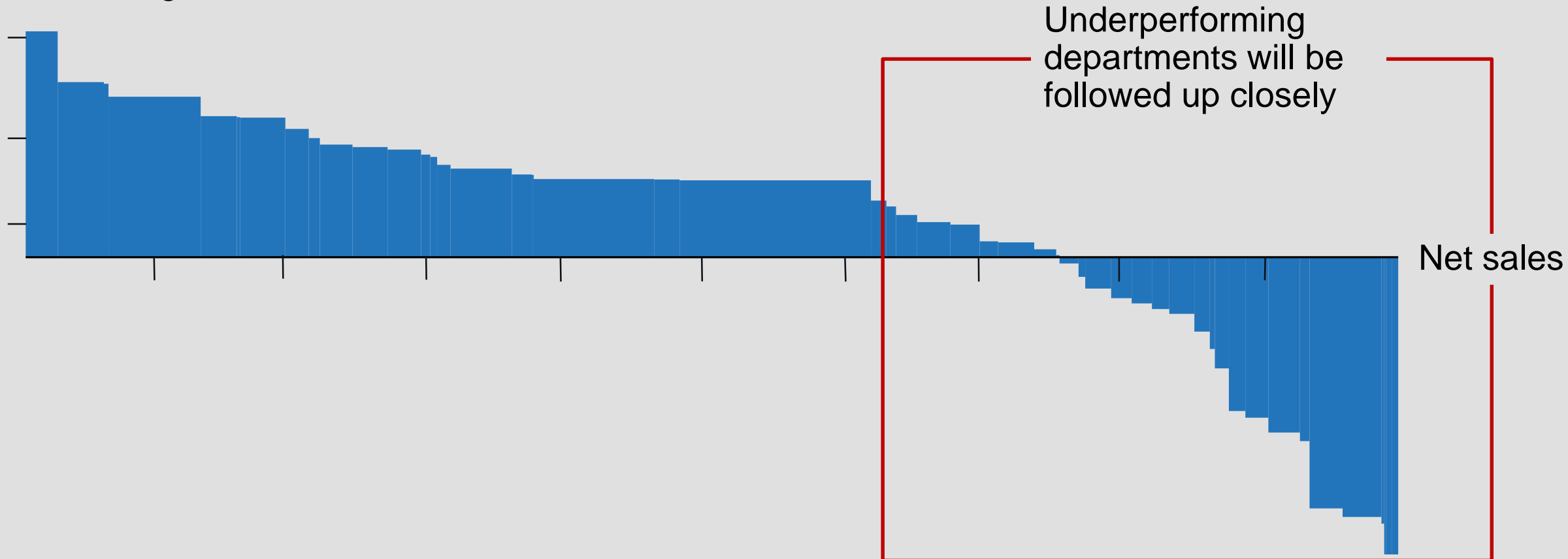
- Strong market potential – largest infrastructure market in the Nordics
- New division creates transparency and a more focused organization
- New Head of Division Civil Norway since May 2018
- Two new department heads
- Problem projects identified and isolated
- New Business Risk Manager appointed in the BA to support tendering

Turn-around Building Nordics

- New business area since 1 Oct
- Three different turn-around needs
- Finland – secure profitable tenders and reduce claims
- Denmark – solve isolated problems in part of the business
- Norway – managing legacy projects
- New management in all three markets
- Markets are relatively strong

Turn-around activities for non-performing

EBIT margin



Net sales and EBIT % Jan-Aug 2018

Action plan

1

Organisation and team



2

Exit or divest non-performing business



3

Turn-around plans



4

Improved processes and training

Improved processes and project management

Tendering

- Screening, reviewing and approving tender decisions
- Organisation
- Improve assessment of projects risks and unexpected costs based on track record
- Coordination function

Project Management and cost control

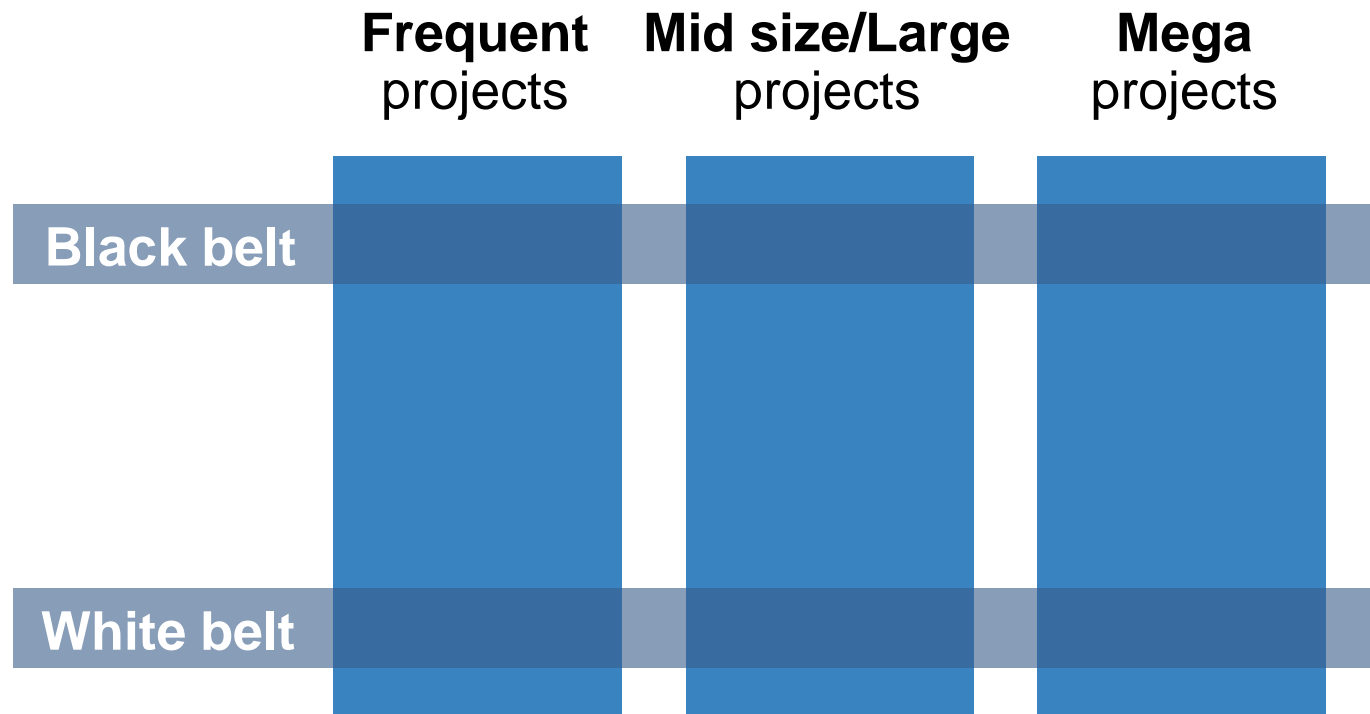
- Early Warning System on business area level
- Ensure sufficient headroom for foreseeable risks
- Improved project management

Claims and warranties

- New and uniform methodology for estimating claim outcomes and warranty provisions
- Improve documentation throughout the process
- In larger projects, more external experts and second opinions

NCC Project Management Academy

Securing key competence now and in the future



Guiding principles

- Best practice and role models
- Direct impact
- Transfer of learnings

Summary: Plan to improve profitability

1	Organisation and team	Effective organization – strong team	
2	Exit or divest non-performing business	Road services, some businesses in Industry, property and land, rightsizing office locations	
3	Turn-around	Civil Norway, Building Nordics, single departments in other Business Areas	
4	Improved processes and training	Work towards a common operational model. Structured processes for follow-up of tenders and project. Training.	

Profitability before volume



Reduced number of objectives

**Operating
Margin**

$\geq 4.0\%$

**Net
Indebtedness**

$< 2.5 \times \text{EBITDA}$

**Return on
Equity**

$\geq 20\%$

Dividend policy $\geq 40\%$ of profit after tax

New baseline

- Build on our strong and healthy core
- Focus on projects, customers and geographies where NCC can deliver value
- Lower risk profile in the projects
 - not less ambitious in our business
- Clear main objectives:
Restore profitability and better consistency

My message to the organisation now

- Professional partner to our customers and stakeholders
- Most attractive employer in the industry
- Profit and quality before growth