

## Interim report for second quarter and first half of 2019

Photo: Water Tower, Helsingborg, Sweden

### Change process continuing – large order backlog

#### Second quarter 2019

- Orders received amounted to SEK 16,070 M (13,834)
- Net sales totaled SEK 14,610 M (14,349)
- Operating profit amounted to SEK 411 M (452)
- Profit after financial items totaled SEK 380 M (427)
- Profit after tax was SEK 322 M (341)
- Earnings per share after dilution were SEK 2.85 (3.12)
- Restructuring costs amounted to approximately SEK 20 M

#### First half of 2019

- Orders received amounted to SEK 31,572 M (31,355)
- Net sales totaled SEK 26,044 M (25,244)
- Operating profit was SEK 59 M (88)
- Profit after financial items totaled SEK 9 M (55)
- Profit after tax was SEK 8 M (45)
- Earnings/loss per share after dilution were SEK -0.03 (0.39)

Group, SEK M	2019	2018	2019	2018	Jul. 18-	2018
	Apr.-Jun.	Apr.-Jun.	Jan.-Jun.	Jan.-Jun.	Jun. 19	Jan.-Dec.
Orders received	16,070	13,834	31,572	31,355	62,058	61,842
Order backlog	63,027	58,741	63,027	58,741	63,027	56,837
Net sales	14,610	14,349	26,044	25,244	58,146	57,346
Operating profit/loss	411	452	59	88	-793	-764
Profit/loss after financial items	380	427	9	55	-895	-849
Net profit/loss for the period	322	341	8	45	-787	-750
Profit/loss per share after dilution, SEK	2.85	3.12	-0.03	0.39	-7.43	-7.00
Cashflow from operating activities	-889	-1,430	-834	-2,014	804	-375
Cashflow before financing	-1,109	-1,710	-1,249	-2,525	119	-1,157
Net cash +/-net debt -	-6,352	-3,084	-6,352	-3,084	-6,352	-3,045

For definitions of key figures, see [www.ncc.group/Investor-relations/Financial-data/Financial-definitions](http://www.ncc.group/Investor-relations/Financial-data/Financial-definitions)

Figures for the current quarter when applying IAS 17 Leases instead of IFRS 16 Leases are shown in a proforma income statement and balance sheet as well as cash flow. The operations of Road Services are reported separately in this interim report in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, see accounting principles on page 16.

## CEO Tomas Carlsson comments

In the second quarter, NCC continued to work systematically with our change process. We are making good progress with many ongoing projects and initiatives, even though it will take time before we see concrete results in all parts of the operations.

The favorable and stable market has continued for all our business areas. Despite the slowdown in the housing market, NCC's orders received for housing projects has remained high. In Sweden, rental units accounted for most orders received for housing.

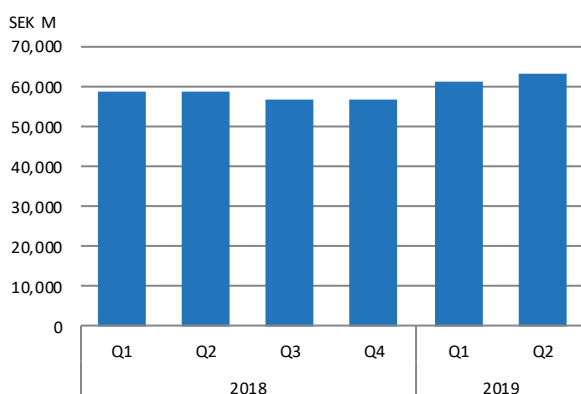
Overall, orders received increased year-on-year, mainly driven by very strong orders received in Building Nordics and Infrastructure. The total order backlog is NCC's highest to date.

Efforts to turn earnings around in the Infrastructure business area are continuing. This is a long-term process. Orders received increased year-on-year and the result was strengthened, partly due to the positive impact of settled disputes, primarily in Norway. The prudent profit recognition in projects continues to impact the operating result.

In the Building Sweden business area, orders received in the second quarter were lower year-on-year. The difference was mainly because no large projects orders were booked in the quarter, but we see continued favorable opportunities and many projects in advanced stages of the sales pipeline.

The Building Nordics business area posted a strong quarter with highly robust orders received of SEK 6.2 billion. These included three major housing projects in Denmark with a total order value of just over SEK 3.4 billion: Kronløbsøen, Nicolinehus and a housing project in Tuborg Havn in Hellerup. NCC has been working on these projects for some time and can now register these among orders in the same quarter.

### Order backlog



The stable performance of the Industry business area continued. Volumes were slightly lower year-on-year, partly due to the discontinuation of unprofitable production and the demand from a few individual projects.

In business area Property Development one new property development project commenced during the quarter comprising a large e-commerce warehouse for ICA Sweden. One project was recognized in profit. On September 1, we will welcome Joachim Holmberg as new head of the business area.

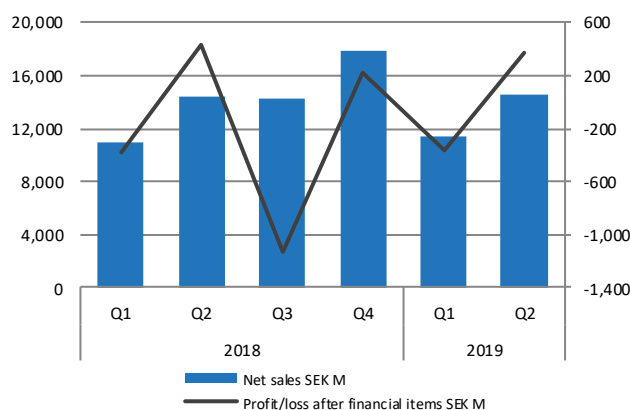
At this time last year, I had initiated a review of the company, which subsequently led to a robust action program in the autumn and a different view of risk.

In a market with many opportunities, our focus now is on choosing the right projects with the right level of risk in a disciplined manner. We have improved our internal processes and are putting profitability before growth across the entire business. Our journey of change has only just begun, and we are mobilizing to build a strong foundation for long-term stable and profitable future growth.

### Tomas Carlsson, President and CEO

Solna, July 19, 2019

### Net sales and result after financial items



# Group performance

## Second quarter and first half of 2019

### Market

Market conditions were generally favorable also in the second quarter. The economies of the Nordic countries were stable.

Demand for schools, hospitals and homes for the elderly was strong, driven by growing cities and the demographic trend. Despite a slowdown from high levels, the market for housing, and demand for renovation and refurbishment, remained favorable.

Public-sector infrastructure initiatives are fueling the Nordic infrastructure market, resulting in a continued strong market in Norway and Sweden.

In the industrial segment, a strong civil engineering market is driving demand for asphalt and stone materials in Norway and Sweden.

Low yield requirements from investors and high demand for new premises that are modern and sustainable, primarily in major city areas, are providing favorable market conditions in the Nordic property market.

### Orders received and order backlog

Orders received amounted to SEK 16,070 M (13,834) in the second quarter, and to SEK 31,572 M (31,355) during the first half-year. The higher orders received during the quarter were mainly attributable to three large housing projects in Denmark, totaling just over SEK 3.4 billion: Kronløbsøen, Nicolinehus and housing units in Tuborg Havn. Changes in exchange rates had a positive impact of SEK 421 M (408) on orders received.

The Group's order backlog was SEK 63,027 M (58,741) at the end of the quarter, an increase that is mainly due to higher orders received in Building Nordics. Changes in

exchange rates impacted the order backlog by SEK 869 M (1,301).

### Net sales and earnings

Net sales amounted to SEK 14,610 M (14,349) in the second quarter, and to SEK 26,044 M (25,244) during the first half-year. The increase in net sales during the quarter was attributable to Building Nordics, Property Development and Industry. Changes in exchange rates had a positive impact of SEK 241 M (330) on sales.

NCC's operating profit amounted to SEK 411 M (452) for the second quarter and to SEK 59 M (88) for the first half-year. Operating profit was impacted by costs for turnaround activities and the ongoing divestment of operations in Road Services.

Net financial items for the January-June period amounted to SEK -50 M (-34). Net financial items declined SEK 20 M due to additional lease liabilities in accordance with IFRS 16 Leases.

### Cash flow

Cash flow before financing was SEK -1,249 M (-2,525). The improvement was attributable to higher cash flow from operating activities, which amounted to SEK -834 M (-2,014). Business area Industry has a seasonably low cash flow in the second quarter. At the end of the period, total cash and cash equivalents amounted to SEK 726 M (752).

At June 30, the Group's net debt amounted to SEK -6,352 M (-3,084). The increase was mainly due to the new accounting policy, IFRS 16 Leases, and higher pension debt in the second half of 2018. The Group has a strong financial position and, in absolute terms, a low level of indebtedness.

	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Net debt, SEK M				
Net debt, opening balance	-3,045	-149	-3,084	-149
- Cash flow from operating activities	-834	-2,014	805	-375
- Cash flow from investing activities	-415	-511	-686	-782
Cash flow before financing	-1,249	-2,525	119	-1,157
Leasing - IFRS 16-effect	-1,743		-1,743	
Acquisition/Sale of treasury shares	-19	-11	-19	-11
Change of provisions for pensions	-90	-9	-953	-872
Currency exchange differences in cash and cash equivalents	28	42	-6	8
Paid dividend	-234	-433	-665	-864
<i>Net cash + /net debt - closing balance</i>	<i>-6,352</i>	<i>-3,084</i>	<i>-6,352</i>	<i>-3,045</i>
- Whereof provisions for pensions	-2,369	-1,416	-2,369	-2,279
- Whereof leasing according to IFRS 16	-1,894		-1,894	
- Whereof other netdebt	-2,089	-1,668	-2,089	-766

At June 30, the Group’s total assets amounted to SEK 30,579 M (30,312). Total assets for the period include the new accounting policy IFRS 16 Leases. IAS 17 Leases has been applied for the comparative period; refer also to the “Condensed consolidated balance sheet.”

At the end of the quarter, the average maturity period for the interest-bearing liabilities, excluding pension debt according to IAS 19 and lease liabilities according to IFRS 16 Leases, was 21 months (25). At June 30, 2019, NCC’s unutilized committed lines of credit totaled SEK 3.7 billion (3.6), with an average remaining maturity of 27 (38) months.

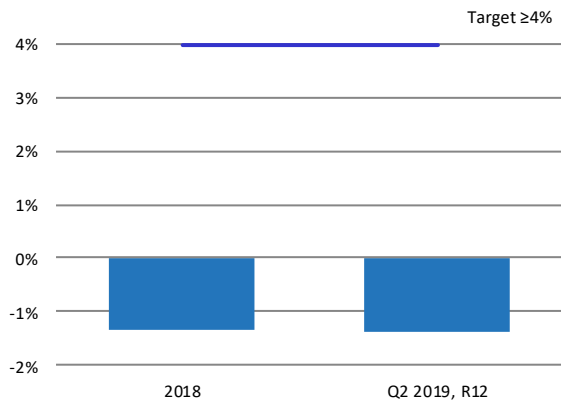
**Capital employed**

At June 30, capital employed amounted to SEK 10,091 M (9,268). The increase was attributable to the adoption of IFRS 16 Leases, lower accounts receivable and lower interest-free liabilities. Return on capital employed was -9 percent (5) during the first half-year.

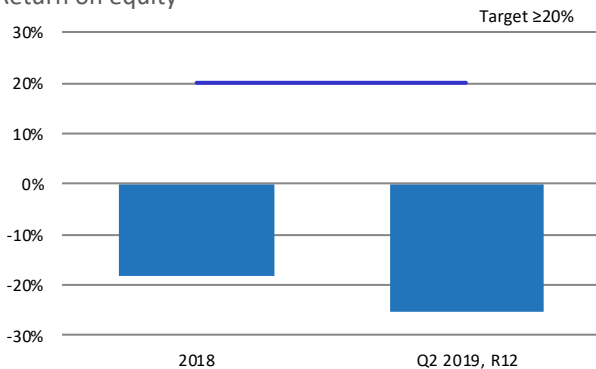
**Financial targets**

NCC has established the following financial targets at Group level: return on equity ≥20%, operating margin ≥4%, net debt <2.5 times EBITDA. NCC’s dividend policy is to distribute at least 40 percent of after-tax profit for the year.

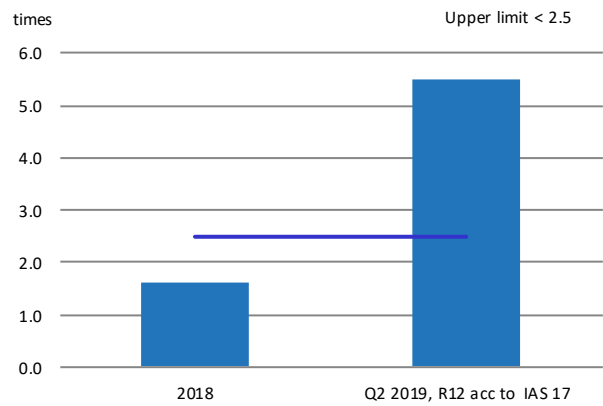
**Operating margin**



**Return on equity**



**Net debt/EBITDA:**



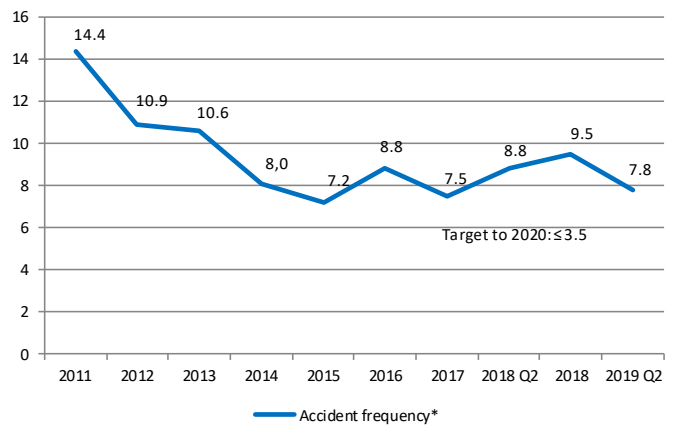
Net debt excludes pension debt and lease liability in accordance with IFRS 16 Leases. EBITDA refers to operating profit according to the income statement, with reversal of depreciation and impairment according to Notes 2 and 3.

NCC has not yet achieved its financial targets and lies above the limit for net debt/EBITDA, which was strongly impacted by the negative result delivered by the Group last year. The Group still has a strong financial position and, in absolute terms, a low level of indebtedness.

**Safety**

Safety is a high priority and NCC has a zero vision with respect to worksite accidents. The accident frequency rate\* for the second quarter was lower than in the preceding quarter and the year-on-year quarter, and for full-year 2018. An improved and systematic way of working, where best practice and successfully tested methods have been utilized across the Group, has led to a lower rate of accidents. Units with historically high accident rates have received support to reduce the number of accidents. In conducting its safety work, NCC has prioritized measures to reduce serious accidents.

**Accident frequency**



\*Accident frequency: Worksite accidents resulting in several days of absence from work per million worked hours.

# NCC Infrastructure

## Second quarter and first half of 2019

### Orders received and order backlog

In the second quarter, orders received increased in all divisions. In total for the business area, orders received rose to SEK 3,428 M (2,738) in the second quarter. For the first half-year, orders received amounted to SEK 8,267 M (11,022), where the year-on-year difference was attributable to registration of the Centralen project (SEK 4.7 billion) in Gothenburg among orders in the first quarter of 2018.

The order backlog increased to SEK 21,770 M (20,161) at the end of the quarter.

### Net sales and earnings

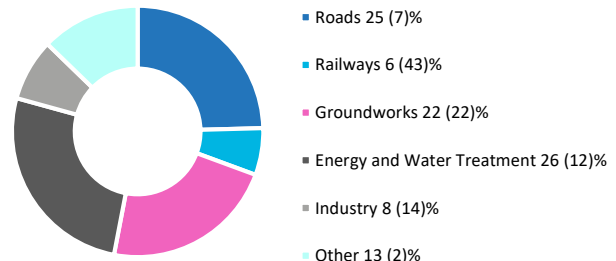
Net sales amounted to SEK 4,192 M (4,325) in the second quarter, and to SEK 7,841 M (7,913) for the first half-year. The slightly lower sales were partly due to completion of the Next Generation project, a board facility on behalf of Billerud Korsnäs, during the spring.

Operating profit was SEK 81 M (26) in the second quarter, and SEK 89 M (69) for the first half-year. The improvement includes a positive impact of SEK 45 M on earnings generated by the settlement of disputes primarily in Norway. Adjusted for this the operating profit was SEK 36 M. Compared with the second quarter of 2018, operating profit was impacted by a higher level of zero recognition, meaning no recognition of earnings in early-stage projects where the risks in these projects are difficult to assess. Due to impairment losses on projects toward the end of 2018, the work-up rate in these projects generated a lower margin.

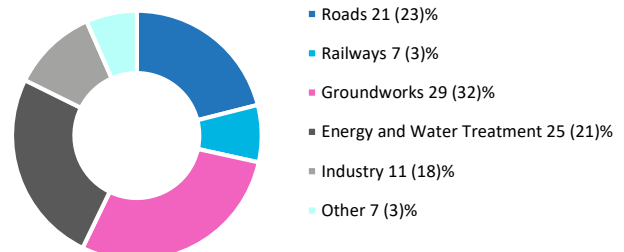
Operating margin was 1.9 (0.6) percent but adjusted for reversed reservations the operating margin was 0.9 percent.

### Product mix

#### Orders received Jan.-Jun.



#### Net sales Jan.-Jun.



NCC Infrastructure, SEK M	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Orders received	3,428	2,738	8,267	11,022	18,517	21,271
Order backlog	21,770	20,161	21,770	20,161	21,770	21,037
Net sales	4,192	4,325	7,841	7,913	16,864	16,936
Operating profit/loss	81	26	89	69	-723	-743
<b>Financial target:</b>						
Operating margin, % <sup>1)</sup>	1.9	0.6	1.1	0.9	-4.3	-4.4

<sup>1)</sup> Target: operating margin  $\geq$  3.5%

NCC has decided to divest the Road Services operation. The division is therefore presented separately from the fourth quarter of 2018.

NCC Road Services, SEK M	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Orders received	268	1,003	1,117	2,216	2,510	3,609
Order backlog	3,679	3,957	3,679	3,957	3,679	3,749
Net sales	635	665	1,297	1,371	2,781	2,855
Operating profit/loss	6	25	1	-30	-219	-251

# NCC Building Sweden

## Second quarter and first half of 2019

### Orders received and order backlog

Housing units accounted for more than one-third of orders received during the quarter and, together with Renovation/Refurbishment, represented the largest proportion of orders received. Overall, orders received declined to SEK 2,368 M (3,111) in the second quarter, and to SEK 4,947 M (6,788) in the first half-year.

The order backlog declined and amounted to SEK 16,261 M (18,422) at the end of the quarter, due to lower orders received.

### Net sales and earnings

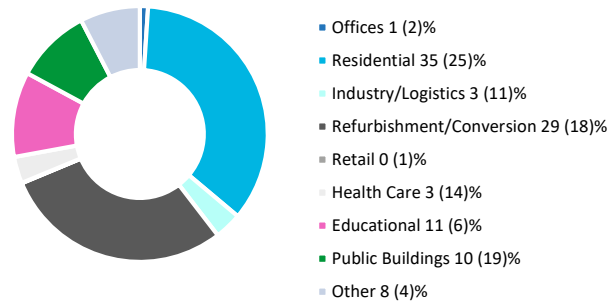
Net sales amounted to SEK 3,726 M (4,057) in the second quarter, and to SEK 7,394 M (7,706) for the first half-year, which was slightly lower year-on-year. The work-up rate in Housing and Renovation/Refurbishment was in line with the preceding year for just over half of net sales.

Operating profit amounted to SEK 76 M (147) in the second quarter and to SEK 185 M (258) for the first half-year. Compared with the year-on-year quarter, the result was impacted by a more cautious approach to risk.

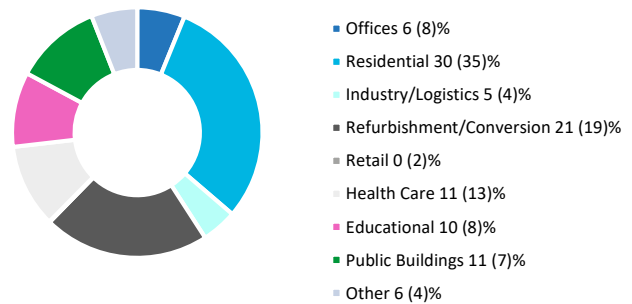
Operating profit was negatively impacted by a provision of SEK 37 M for penalty and court costs relating to a ruling by a District Court regarding the Rågården project in Building Sweden. Adjusted for this amount, operating profit would have been SEK 113 M and the operating margin would have been 3.0 percent. The Infrastructure business area also set aside a minor provision for the Rågården project.

### Product mix

#### Orders received Jan.-Jun.



#### Net sales Jan.-Jun.



NCC Building Sweden, SEK M	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Orders received	2,368	3,111	4,947	6,788	13,234	15,075
Order backlog	16,261	18,422	16,261	18,422	16,261	18,709
Net sales	3,726	4,057	7,394	7,706	15,389	15,701
Operating profit/loss	76	147	185	258	381	453
<b>Financial target:</b>						
Operating margin, % <sup>1)</sup>	2.0	3.6	2.5	3.3	2.5	2.9

<sup>1)</sup> Target: operating margin  $\geq$  3.5%

# NCC Building Nordics

## Second quarter and first half of 2019

### Orders received and order backlog

Orders received for Building Nordics increased to SEK 6,210 M (3,349) in the second quarter, and to SEK 10,396 M (5,264) for the first half-year. The increase was mainly due to higher orders received in the Danish operations, through three major registered project orders – Kronløbsøen for SEK 1.5 billion, Nicolinehus for SEK 1.4 billion and a housing project in Tuborg Havn for SEK 0.5 billion. In the second quarter, orders received increased for housing projects and now represent the largest segment for the first half-year.

At the end of the period, the order backlog amounted to SEK 16,738 M (11,501).

### Net sales and earnings

Net sales increased to SEK 2,803 M (2,571) in the second quarter, and to SEK 5,370 M (4,870) for the first half-year. The increase was mainly attributable to Finland, which is the largest market in terms of sales.

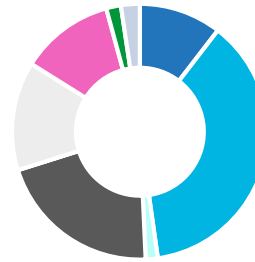
Building Nordics' net sales during the first half-year largely comprised housing production and renovation, mainly in Denmark and Finland.

Operating profit was SEK 46 M (34) for the second quarter, and SEK 80 M (45) for the first half-year.

The result for the quarter was higher than in the preceding year, mainly due to increased sales and better project margins. All countries delivered a positive operating result for the quarter, but the year-on-year improvement was attributable to Norway and Finland.

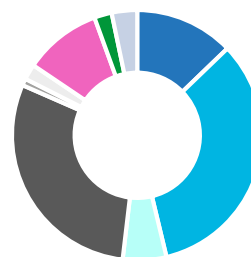
### Product mix

Orders received Jan.-Jun.



- Offices 10 (7)%
- Residential 37 (29)%
- Industry/Logistics 2 (3)%
- Refurbishment/Conversion 21 (39)%
- Retail 0 (0)%
- Health Care 14 (1)%
- Educational 12 (12)%
- Public Buildings 2 (0)%
- Other 2 (9)%

Net sales Jan.-Jun.



- Offices 13 (16)%
- Residential 33 (28)%
- Industry/Logistics 6 (3)%
- Refurbishment/Conversion 30 (28)%
- Retail 1 (2)%
- Health Care 2 (4)%
- Educational 10 (10)%
- Public Buildings 2 (3)%
- Other 3 (6)%

	2019	2018	2019	2018	Jul. 18-	2018
NCC Building Nordics, SEK M	Apr.-Jun.	Apr.-Jun.	Jan.-Jun.	Jan.-Jun.	Jun. 19	Jan.-Dec.
Orders received	6,210	3,349	10,396	5,264	16,362	11,229
Order backlog	16,738	11,501	16,738	11,501	16,738	11,313
Net sales	2,803	2,571	5,370	4,870	11,253	10,753
Operating profit/loss	46	34	80	45	-192	-227
<b>Financial target:</b>						
Operating margin, % <sup>1)</sup>	1.6	1.3	1.5	0.9	-1.7	-2.1

<sup>1)</sup> Target: operating margin  $\geq$  3.5%

# NCC Industry

## Second quarter and first half of 2019

### Net sales and earnings

Net sales increased slightly year-on-year to SEK 3,721 M (3,625) in the second quarter, and to SEK 4,985 M (4,791) for the first half-year. The increase in the second quarter was attributable to higher activity in the Swedish and Norwegian asphalt operations.

Operating profit was SEK 322 M (324) in the second quarter, while the result for the first half-year was SEK -63 M (-87). Operating profit for the quarter improved in Hercules Norway due to the restructuring completed last year.

Operating profit declined due to lower volumes in the stone materials operations, but this was partly offset by an improved product mix during the quarter. Compared with the preceding year, volumes were affected by the discontinuation of unprofitable production as well as some individual projects.

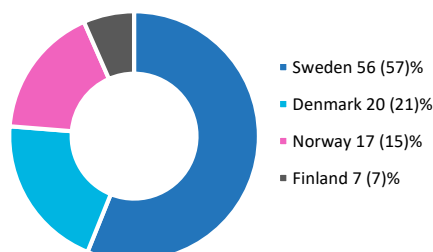
An improved margin in the asphalt operations largely offset some of the lower volumes in the asphalt operations during the quarter. During the first half-year, the operating result improved in Hercules but weakened in the stone materials operations.

### Capital employed

Capital employed increased seasonally to SEK 6.4 billion, an increase of SEK 1.5 billion, both as a result of the transition to IFRS 16 Leases and increased working capital.

### Geographical breakdown

Net sales Jan.-Jun.



NCC Industry, SEK M	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Orders received	3,991	4,106	7,362	6,972	13,333	12,943
Order backlog	5,487	5,380	5,487	5,380	5,487	3,092
Net sales	3,721	3,625	4,985	4,791	13,162	12,968
Operating profit/loss	322	324	-63	-87	375	350
Capital employed	6,397	5,733	6,397	5,733	6,397	4,902
Stone materials, tons <sup>1)</sup>	7,999	9,083	13,215	14,389	28,101	29,275
Asphalt, tons <sup>1)</sup>	1,904	2,063	2,070	2,168	6,317	6,415
<b>Financial targets:</b>						
Operating margin, % <sup>2)</sup>	8.6	8.9	-1.3	-1.8	2.8	2.7
Return on capital employed, % <sup>3)</sup>					6.7	7.1

1) Sold volume

2) Target: operating margin  $\geq$  4%

3) Target: return on capital employed  $\geq$  10%



# NCC Property Development

## Second quarter and first half of 2019

### Net sales and earnings

Net sales amounted to SEK 321 M (115) in the second quarter, and to SEK 732 M (400) for the first half-year. One project was recognized in profit during the second quarter – Brunna 4 in Sweden. In the year-earlier period, one project was recognized in profit in Denmark.

Operating profit was SEK 40 M (-16) in the second quarter, and SEK 21 M (0) for the first half-year. Earnings from profit-recognized projects, sales of land and previous sales contributed to the result for the first half-year. In the preceding year, the result was derived from two profit-recognized projects and one sale of land.

### Property projects

One project was recognized in profit during the second quarter – Brunna 4 in Sweden. A total of four projects were recognized in profit during the first half-year.

In the second quarter, the construction of a logistics project commenced, Arendal 4 in Sweden. During the first half-year, the construction of three projects commenced.

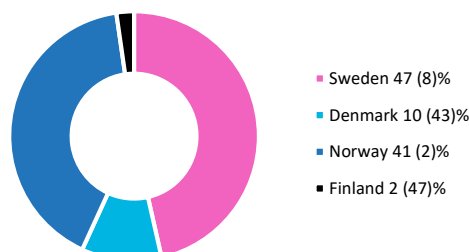
The Multihuset project in Sweden was divested during the quarter and is expected to be completed and recognized in profit during the fourth quarter of 2019.

Letting amounted to 59,400 square meters (11,400) for the first half-year, including 28,400 square meters (5,300) in the second quarter.

At the end of the second quarter, 17 projects (21) were either ongoing or completed but not yet recognized in profit. The costs incurred in all projects amounted to SEK 4.6 billion (2.9), corresponding to a total completion rate of 47 percent (61). The letting rate was 57 percent (61). The operating net amounted to SEK 16 M (23) for the first half-year, and to SEK 9 M (12) in the second quarter.

### Geographical breakdown

Net sales Jan.-Jun.



### Capital employed

Investments in ongoing projects increased capital employed, which totaled SEK 5.5 billion at the end of the quarter, up SEK 0.8 billion compared with the first quarter of 2019.

NCC Property Development, SEK M	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Net sales	321	115	732	400	2,490	2,157
Operating profit/loss	40	-16	21	0	-160	-181
Capital employed	5,534	4,985	5,534	4,985	5,534	4,314
<b>Financial targets:</b>						
Operating margin, % <sup>1)</sup>	12.5	-13.9	2.9	0	-6.4	-8.4
Return on capital employed, % <sup>2)</sup>					-6.0	-3.9

1) Target: operating margin  $\geq$  10%

2) Target: return on capital employed  $\geq$  10%

# NCC Property Development

## Property development projects as of 2019-06-30 1)

### Ongoing Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Completion ratio, %	Lettable area (sqm)	Letting ratio, %
Flintholm 2	Office	Copenhagen	Q4 2019	88	9,300	100
Frederiks Plads 2	Office	Århus		24	17,000	56
CH Vallenbaek 4.2	Other	Vallensbæk		61	5,300	46
<b>Total Denmark</b>				<b>50</b>	<b>31,600</b>	<b>68</b>
Fredriksberg B	Office	Helsinki		45	6,500	20
Fredriksberg C	Office	Helsinki		44	4,600	0
<b>Total Finland</b>				<b>45</b>	<b>11,100</b>	<b>11</b>
Valle View	Office	Oslo		21	22,500	69
<b>Total Norway</b>				<b>21</b>	<b>22,500</b>	<b>69</b>
Arendal 4	Logistics	Gothenburg		16	8,600	100
K11	Office	Solna		73	12,200	2
K12	Office	Solna		82	21,700	94
Kineum Gårda	Office	Gothenburg	2)	38	21,300	76
Multihuset	Other	Malmö	Q4 2019	91	19,800	60
Bromma Blocks	Office	Stockholm		27	52,300	40
<b>Total Sweden</b>				<b>46</b>	<b>135,900</b>	<b>58</b>
<b>Total</b>				<b>44</b>	<b>201,100</b>	<b>57</b>

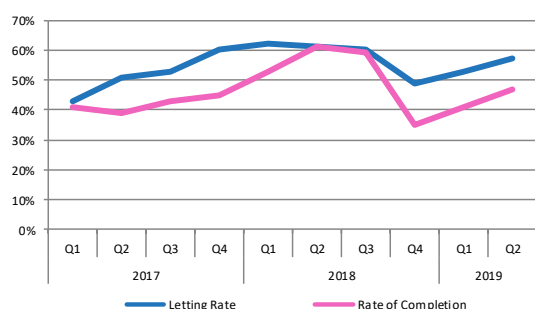
### Completed Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Lettable area (sqm)	Letting ratio, %
Skejby CH Alfa	Office	Århus	Q3 2019	6,300	36
CH Vallenbaek 4.1	Office	Vallensbæk		7,000	60
Viborg Retail II+III	Retail	Viborg		900	0
Zleep Hotel	Other	Århus	Q3 2019	3,200	100
<b>Total Denmark</b>				<b>17,400</b>	<b>59</b>
<b>Total Finland</b>				<b>0</b>	<b>0</b>
Valle 1	Office	Oslo		7,700	90
<b>Total Norway</b>				<b>7,700</b>	<b>90</b>
<b>Total Sweden</b>				<b>0</b>	<b>0</b>
<b>Total</b>				<b>25,100</b>	<b>70</b>

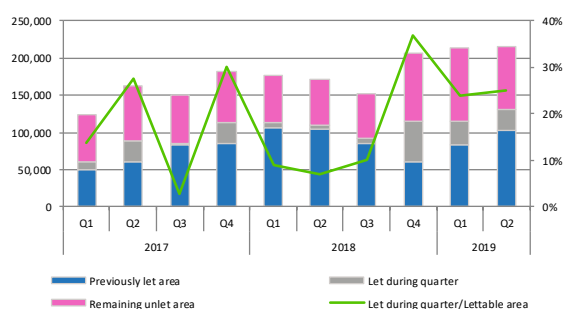
1) The table refers to ongoing or completed property projects that have not yet been recognized as revenue. In addition to these projects, NCC also focuses on rental (rental guarantees / additional purchase) in eight previously sold and revenue recognized property projects, a maximum of approximately 50 MSEK.

2) The project comprises rentable area of an existing building of approximately 16,000 square meters and an additional building right about 30,000 square meters of office space. The project is carried out together with Platzer, a Swedish listed real estate company, in a half-owned company. The information in the table refers to NCC's share of the project.

## Property projects



## Letting



## Other

### Significant risks and uncertainties

An account of the risks to which NCC may be exposed is presented in the 2018 Annual Report (pages 17-19). This description remains relevant.

### Related-party transactions

Related parties are NCC's subsidiaries, associated companies and joint arrangements. In the second quarter, related-party sales amounted to SEK 16 M (518) and purchases to SEK 11 M (9). In the first half-year, sales amounted to SEK 26 M (1,049) and purchases to SEK 16 M (13).

### Seasonal effects

NCC Industry's operations and certain operations in NCC Building and NCC Infrastructure are impacted by seasonal variations due to cold weather. Earnings in the first quarter are normally weaker than the rest of the year.

### Repurchase of shares

NCC AB holds 402,050 Series B treasury shares to meet its obligations pursuant to long-term incentive programs.

### New accounting policies

NCC has applied IFRS 16 Leases as of January 1, 2019. Read more on page 17.

### Other significant events

Joachim Holmberg will become new head of the NCC Property Development business area at the latest by September 1, 2019. He will be coming to NCC from Skanska, where he has been responsible for commercial property development in Skanska Sweden. For more information, refer to [www.ncc.se](http://www.ncc.se).

### Dividends

NCC's Annual General Meeting (AGM) on April 9, 2019 resolved to approve a dividend of SEK 4.00 per share, divided into two payments. The first dividend of SEK 2.00 per share was paid out in April. The second dividend of SEK 2.00 will be paid out on November 5, 2019.

### Reporting occasions

Interim report, Jan-Sep 2019	October 28, 2019
Interim report Jan-Dec 2019	January 30, 2020

# Signatures

The Board of Directors and the CEO provide their assurance that the interim report gives a true and fair view of the Parent Company's and the Group's operations, position and results and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Solna, July 19, 2019

Tomas Billing  
*Chairman of the Board*

Geir Magne Aarstad  
*Board member*

Viveca Ax:son Johnson  
*Board member*

Alf Göransson  
*Board member*

Mats Jönsson  
*Board member*

Angela Langemar Olsson  
*Board member*

Ulla Litzén  
*Board member*

Birgit Nørgaard  
*Board member*

Karl-Johan Andersson  
*Board member*  
*Employee representative*

Karl G Sivertsson  
*Board member*  
*Employee representative*

Harald Stjernström  
*Board member*  
*Employee representative*

Tomas Carlsson  
*President and CEO*

This report is unaudited.

## Condensed consolidated income statement

SEK M	Note 1	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.	Proforma excl IFRS 16 2019 Jan.-Jun. <sup>2)</sup>
Net sales		14,610	14,349	26,044	25,244	58,146	57,346	26,044
Production costs	Note 2, 3	-13,473	-13,196	-24,560	-23,749	-56,017	-55,205	-24,568
<b>Gross profit</b>		<b>1,137</b>	<b>1,153</b>	<b>1,484</b>	<b>1,495</b>	<b>2,129</b>	<b>2,140</b>	<b>1,476</b>
Selling and administrative expenses	Note 2, 3	-730	-712	-1,423	-1,415	-2,883	-2,875	-1,427
Other operating income/expenses	Note 3	4	12	-2	9	-39	-29	-2
<b>Operating profit/loss</b>		<b>411</b>	<b>452</b>	<b>59</b>	<b>88</b>	<b>-793</b>	<b>-764</b>	<b>47</b>
Financial income		5	8	23	32	26	36	23
Financial expense <sup>1)</sup>		-37	-33	-72	-65	-128	-121	-52
<b>Net financial items</b>		<b>-32</b>	<b>-25</b>	<b>-50</b>	<b>-34</b>	<b>-102</b>	<b>-85</b>	<b>-30</b>
<b>Profit/loss after financial items</b>		<b>380</b>	<b>427</b>	<b>9</b>	<b>55</b>	<b>-895</b>	<b>-849</b>	<b>18</b>
Tax		-58	-86	-1	-10	108	99	-3
<b>Net profit/ loss</b>		<b>322</b>	<b>341</b>	<b>8</b>	<b>45</b>	<b>-787</b>	<b>-750</b>	<b>14</b>
<b>Attributable to:</b>								
NCC's shareholders		308	337	-4	43	-803	-756	3
Non-controlling interests		14	4	11	2	16	6	11
<b>Net profit/loss for the period</b>		<b>322</b>	<b>341</b>	<b>8</b>	<b>45</b>	<b>-787</b>	<b>-750</b>	<b>14</b>
<b>Earnings per share</b>								
Before and after dilution								
Net profit/loss for the period, SEK		2.85	3.12	-0.03	0.39	-7.43	-7.00	0.03
<b>Number of shares, millions</b>								
Total number of issued shares		108.4	108.4	108.4	108.4	108.4	108.4	108.4
Average number of shares outstanding before and after dilution during the period		108.0	108.1	108.0	108.1	108.0	108.1	108.0
Number of shares outstanding at the end of the period		108.0	108.0	108.0	108.0	108.0	108.0	108.0

<sup>1)</sup> Whereof interest expenses for the period Jul.-18-Jun.-19, amounting to SEK 109 M and for the period Jan.- Dec. 2018 amounting to SEK 102 M.

## Consolidated statement of comprehensive income

SEK M	Note 1	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.	Proforma excl IFRS 16 2019 Jan.-Jun. <sup>2)</sup>
<b>Net profit/loss for the period</b>		<b>322</b>	<b>341</b>	<b>8</b>	<b>45</b>	<b>-787</b>	<b>-750</b>	<b>14</b>
<b>Items that have been recycled or should be recycled to net profit/loss for the period</b>								
Exchange differences on translating foreign operations		31	41	75	137	28	90	75
Change in hedging/fair value reserve			-9		-36	5	-30	
Cash flow hedges		-13	43	12	35	-54	-30	12
Income tax relating to items that have been or should be recycled to net profit/loss for the period		3	-8	-2		10	12	-2
		<b>20</b>	<b>68</b>	<b>85</b>	<b>137</b>	<b>-11</b>	<b>41</b>	<b>85</b>
<b>Items that cannot be recycled to net profit/loss for the period</b>								
Revaluation of defined benefit pension plans		-38	62	-38	34	-889	-818	-38
Income tax relating to items that can not be recycled to net profit/loss for the period		8	-14	8	-8	191	175	8
		<b>-30</b>	<b>49</b>	<b>-30</b>	<b>27</b>	<b>-699</b>	<b>-643</b>	<b>-30</b>
<b>Other comprehensive income</b>		<b>-9</b>	<b>117</b>	<b>55</b>	<b>164</b>	<b>-710</b>	<b>-602</b>	<b>55</b>
<b>Total comprehensive income</b>		<b>312</b>	<b>458</b>	<b>63</b>	<b>209</b>	<b>-1,497</b>	<b>-1,352</b>	<b>69</b>
<b>Attributable to:</b>								
NCC's shareholders		298	454	52	207	-1,513	-1,358	58
Non-controlling interests		14	4	11	2	16	6	11
<b>Total comprehensive income</b>		<b>312</b>	<b>458</b>	<b>63</b>	<b>209</b>	<b>-1,497</b>	<b>-1,352</b>	<b>69</b>

<sup>2)</sup> The quarter shows how the income statement would have looked if NCC had still applied IAS 17 instead of IFRS 16.

## Condensed consolidated balance sheet

SEK M	Note 1	2019 Jun. 30	2018 Jun. 30	2018 Dec. 31	Proforma exkl IFRS 16 2019 Jun. 30 <sup>2)</sup>
<b>ASSETS</b>					
Fixed assets					
Goodwill		1,914	1,947	1,861	1,914
Other intangible assets		381	408	339	381
Right-of-use assets		1,762	457	493	517
Owner-occupied properties		902	878	915	902
Machinery and equipment		2,588	2,662	2,559	2,588
Long-term holdings of securities		124	120	119	124
Long-term interest-bearing receivables		199	713	195	199
Other long-term receivables		25	29	119	25
Deferred tax assets		781	288	531	779
<b>Total fixed assets</b>		<b>8,676</b>	<b>7,501</b>	<b>7,133</b>	<b>7,428</b>
Current assets					
Right-of-use assets		51			
Properties held for future development		1,287	1,927	1,633	1,287
Ongoing property projects		3,211	2,034	2,292	3,211
Completed property projects		578	727	308	578
Participations in associated companies		261		226	261
Materials and inventories		1,068	878	902	1,068
Tax receivables		284	735	146	284
Accounts receivable		9,672	10,271	9,629	9,672
Worked-up, non-invoiced revenues		1,926	2,961	1,276	1,926
Prepaid expenses and accrued income		1,633	1,786	1,418	1,710
Current interest-bearing receivables		270	204	163	270
Other receivables		524	534	608	524
Short-term investments <sup>1)</sup>		10	10	72	10
Cash and cash equivalents		716	742	1,197	716
Assets held for sale		413			265
<b>Total current assets</b>		<b>21,904</b>	<b>22,811</b>	<b>19,868</b>	<b>21,782</b>
<b>Total assets</b>		<b>30,579</b>	<b>30,312</b>	<b>27,001</b>	<b>29,210</b>
<b>EQUITY</b>					
Share capital		867	867	867	867
Other capital contributions		1,844	1,844	1,844	1,844
Reserves		13	24	-72	13
Profit/loss brought forward, including current-year profit/loss		-191	1,764	292	-183
<b>Shareholders' equity</b>		<b>2,533</b>	<b>4,499</b>	<b>2,931</b>	<b>2,541</b>
Non-controlling interests		10	14	17	10
<b>Total shareholders' equity</b>		<b>2,543</b>	<b>4,513</b>	<b>2,948</b>	<b>2,551</b>
<b>LIABILITIES</b>					
Long-term liabilities					
Long-term interest-bearing liabilities		2,191	1,529	1,342	1,352
Other long-term liabilities		40	25	8	40
Provisions for pensions and similar obligations		2,369	1,416	2,279	2,369
Deferred tax liabilities		490	623	297	490
Other provisions		2,442	1,832	2,563	2,442
<b>Total long-term liabilities</b>		<b>7,533</b>	<b>5,424</b>	<b>6,488</b>	<b>6,694</b>
Current liabilities					
Current interest-bearing liabilities		2,846	1,810	1,051	2,450
Accounts payable		5,190	5,537	5,164	5,190
Tax liabilities			110		
Invoiced revenues not worked-up		7,159	7,371	6,311	7,159
Accrued expenses and prepaid income		3,404	3,127	3,452	3,404
Provisions		45	23	68	45
Other current liabilities		1,526	2,397	1,520	1,526
Liabilities attributable to assets held for sale		334			192
<b>Total current liabilities</b>		<b>20,503</b>	<b>20,375</b>	<b>17,566</b>	<b>19,966</b>
<b>Total liabilities</b>		<b>28,037</b>	<b>25,799</b>	<b>24,054</b>	<b>26,660</b>
<b>Total shareholders' equity and liabilities</b>		<b>30,579</b>	<b>30,312</b>	<b>27,001</b>	<b>29,210</b>

<sup>1)</sup> Includes short-term investments with maturities exceeding three months, see also cash-flow statement.

<sup>2)</sup> Show s how the balance sheet would have looked if NCC had still applied IAS 17 instead of IFRS 16.

## Condensed changes in shareholders' equity, Group

SEK M	Jun. 30, 2019			Jun. 30, 2018		
	Shareholders' equity	Non-controlling interests	Total shareholders' equity	Shareholders' equity	Non-controlling interests	Total shareholders' equity
<b>Opening balance, January 1<sup>st</sup></b>	<b>2,931</b>	<b>17</b>	<b>2,948</b>	<b>5,167</b>	<b>12</b>	<b>5,179</b>
Total comprehensive income	52	11	63	207	2	209
Dividend	-432	-18	-450	-865		-865
Sale/Acquisition of treasury shares	-19		-19	-11		-11
Performance based incentive program	2		2	1		1
<b>Closing balance</b>	<b>2,533</b>	<b>10</b>	<b>2,543</b>	<b>4,499</b>	<b>14</b>	<b>4,513</b>

If the principles for accounting for pensions, IAS 19, applied before 1 January 2013, had been used, the equity would have been SEK 2,852 M higher and net debt SEK 2,369 M lower at June 30 2019.

## Condensed consolidated cash flow statement

SEK M	2019	2018	2019	2018	Jul. 18-	2018	Proforma excl IFRS 16 2019 Jan.-Jun.
	Apr.-Jun.	Apr.-Jun.	Jan.-Jun.	Jan.-Jun.	Jun. 19	Jan.-Dec.	
<b>OPERATING ACTIVITIES</b>							
Profit / loss after financial items	380	427	9	55	-895	-849	19
Adjustments for items not included in cash flow	280	-126	532	-7	2 176	1 637	187
Taxes paid	-65	-118	-162	-259	44	-53	-162
<b>Cash flow from operating activities before changes in working capital</b>	<b>595</b>	<b>183</b>	<b>379</b>	<b>-211</b>	<b>1 325</b>	<b>735</b>	<b>44</b>
Divestment of property projects	114	69	543	259	1 721	1 436	543
Gross investments in property projects	-705	-603	-1 343	-1 149	-2 796	-2 602	-1 343
Other changes in working capital	-892	-1 080	-414	-914	555	55	-414
<b>Cash flow from changes in working capital</b>	<b>-1 483</b>	<b>-1 614</b>	<b>-1 214</b>	<b>-1 803</b>	<b>-520</b>	<b>-1 110</b>	<b>-1 214</b>
<b>Cash flow from operating activities</b>	<b>-889</b>	<b>-1 430</b>	<b>-834</b>	<b>-2 014</b>	<b>804</b>	<b>-375</b>	<b>-1 169</b>
<b>INVESTING ACTIVITIES</b>							
Acquisition/Sale of subsidiaries and other holdings	1	-25	2	-11	75	62	2
Acquisition/Sale of tangible fixed assets	-209	-240	-397	-472	-726	-802	-397
Acquisition/Sale of other fixed assets	-13	-14	-20	-28	-34	-42	-20
<b>Cash flow from investing activities</b>	<b>-221</b>	<b>-280</b>	<b>-415</b>	<b>-511</b>	<b>-686</b>	<b>-782</b>	<b>-415</b>
<b>Cash flow before financing</b>	<b>-1 109</b>	<b>-1 710</b>	<b>-1 249</b>	<b>-2 525</b>	<b>119</b>	<b>-1 157</b>	<b>-1 584</b>
<b>FINANCING ACTIVITIES</b>							
<b>Cash flow from financing activities<sup>1)</sup></b>	<b>937</b>	<b>-261</b>	<b>741</b>	<b>163</b>	<b>-139</b>	<b>-717</b>	<b>1 076</b>
<b>Cash flow during the period</b>	<b>-172</b>	<b>-1 971</b>	<b>-508</b>	<b>-2 362</b>	<b>-20</b>	<b>-1 874</b>	<b>-508</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>883</b>	<b>2 675</b>	<b>1 197</b>	<b>3 063</b>	<b>742</b>	<b>3 063</b>	<b>1 197</b>
Effects of exchange rate changes on cash and cash equivalents	6	39	28	42	-6	8	28
<b>Cash and cash equivalents at end of period</b>	<b>716</b>	<b>742</b>	<b>716</b>	<b>742</b>	<b>716</b>	<b>1 197</b>	<b>716</b>
Short-term investments due later than three months	10	10	10	10	10	72	10
<b>Total liquid assets at end of period</b>	<b>726</b>	<b>752</b>	<b>726</b>	<b>752</b>	<b>726</b>	<b>1 269</b>	<b>726</b>

<sup>1)</sup> Of the total determined dividend SEK 432 M, SEK 216 M has been paid in April 2019 and SEK 216 M in November 2019.

Cash flow before financing has been positively affected by the introduction of IFRS 16. The impact on the total cash flow for the period is intangible.

<sup>2)</sup> Shows how the cash flow would have looked if NCC had still applied IAS 17 instead of IFRS 16.

## Parent Company condensed income statement

SEK M	Note 1	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Net sales		38	41	71	81	164	174
Selling and administrative expenses		-94	-81	-174	-158	-393	-376
<b>Operating profit</b>		<b>-56</b>	<b>-40</b>	<b>-103</b>	<b>-76</b>	<b>-229</b>	<b>-202</b>
Result from financial investment							
Result from participations in Group companies		332	435	332	435	-311	-208
Result from other financial fixed assets				13	12	13	12
Result from financial current assets				2	1	2	
Interest expense and similar items		-9	-5	-19	-10	-56	-47
<b>Result after financial items</b>		<b>268</b>	<b>390</b>	<b>226</b>	<b>361</b>	<b>-581</b>	<b>-445</b>
Appropriations						545	545
Tax		21	9	33	-5	-62	-101
<b>Net profit/loss for the period</b>		<b>289</b>	<b>399</b>	<b>259</b>	<b>356</b>	<b>-98</b>	<b>-1</b>

The Parent Company consists primarily of head office functions plus a branch in Norway. Net sales pertain to charges to Group companies. The average number of employees was 62 (52).

Total approved dividends to shareholders amounted to SEK 432 M, of which SEK 216 M was paid in April and SEK 216 M will be paid in November 2019.

## Parent Company condensed balance sheet

SEK M	Note 1	2019 Jun. 30	2018 Jun. 30	2018 Dec. 31
<b>ASSETS</b>				
Fixed assets				
Intangible fixed assets		3	38	
Tangible fixed assets		53	12	24
Financial fixed assets		5,587	4,751	5,571
<b>Total fixed assets</b>		<b>5,642</b>	<b>4,801</b>	<b>5,595</b>
Current assets				
Current receivables		292	407	875
Treasury balances in NCC Treasury AB		174	630	161
<b>Total current assets</b>		<b>467</b>	<b>1,037</b>	<b>1,036</b>
<b>Total assets</b>		<b>6,109</b>	<b>5,838</b>	<b>6,631</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity		2,699	3,251	2,891
Provisions		8	9	8
Long term liabilities		2,046	2,046	2,045
Current liabilities		1,356	531	1,687
<b>Total shareholders' equity and liabilities</b>		<b>6,109</b>	<b>5,838</b>	<b>6,631</b>



# Notes

## Note 1. Accounting policies

### Group

This interim report has been compiled pursuant to IAS 34 Interim Financial Reporting. The interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of prevailing accounting standards issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the EU.

The interim report has been prepared pursuant to the same accounting policies and methods of calculation as the 2018 Annual Report (Note 1, pages 30-36), with the exception of IFRS 16 Leases, which has been applied as of January 1, 2019. The impact of the implementation of IFRS 16 Leases on the financial statements is described below under the heading IFRS 16 Leases.

### IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The assets and liabilities attributable to the transfer of Road Services, which will take place in the third quarter of 2019, will be reported as separate line items as either an asset or a liability.

### IFRS 16 Leases

IFRS 16 Leases is applied as of January 1, 2019. IFRS 16 Leases replaces the previous standard IAS 17 Leases. NCC has elected to implement the standard according to the modified retrospective approach, which entails that identified leases have not been restated retrospectively, meaning that they have had no impact on comparative figures for periods prior to 2019.

The application of IFRS 16 Leases entails that NCC recognizes right-of-use assets with the associated lease liability for vehicles, heavy production machinery, leased premises and site leaseholds/land leases. The balance sheet has been expanded to include lines for right-of-use assets recognized under tangible fixed assets and current assets. The associated lease liability is included in current and non-current interest-bearing liabilities. Right-of-use assets, except for land leases/site leaseholds, are depreciated over the term of the lease. The costs for these leases have been recognized in profit or loss as depreciation and interest expense, respectively. The lease payment is divided into an interest component and a depreciation component. The operating result has been impacted positively and net financial items have been impacted negatively. In conjunction with the implementation of IFRS 16 Leases, cash flow from operating activities has increased and cash flow from financing activities has decreased.

When discounting future lease payments for most of the vehicles and heavy machinery leased by the Group, NCC has used the interest rate implicit in each lease as the discount rate. For other types of lease payments recognized in accordance with IFRS 16 Leases, which mainly include leased premises and site leaseholds, the incremental borrowing rate of the individual lessee is used as the

discount rate. The incremental borrowing rate of the individual lessee is based on the lessee's financial strength, the country and the term of the lease in question.

The table below shows the impact, on both the asset and liability side, of the transition from the recognition of finance leases according to IAS 17 Leases to the recognition of right-of-use assets according to IFRS 16 Leases.

<b>Right-of-use assets</b>	SEK M
Initial value for financial leasing	493
Reversed residual value	-190
Additional right-of-use assets	1,684
<i>Total additional right-of-use assets</i>	<u>1,494</u>
<b>Right-of-use assets as of January 1, 2019</b>	<b>1,987</b>
<b>Financial commitment for right-of-use assets</b>	
Initial commitment for financial leasing	493
Additional commitment	1,494
Prepaid leasing fees	-80
<b>Interest bearing liability as of January 1, 2019</b>	<b>1,907</b>
- <i>whereof short-term</i>	610
- <i>whereof long-term</i>	1,297

### Parent Company

The Parent Company has prepared its interim report pursuant to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The interim report for the Parent Company was been prepared in accordance with the same accounting policy and methods of calculation as the Annual Report for 2018 (Note 1, pages 30-36) except that the Parent Company applies the exemption in RFR 2 and recognizes all lease commitments as operating leases.

## Note 2. Depreciation/amortization

SEK M	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Other intangible assets	-15	-15	-28	-30	-63	-65
Owner-occupied properties <sup>1)</sup>	-81	-10	-156	-18	-178	-40
Machinery and equipment <sup>2)</sup>	-254	-173	-499	-338	-842	-681
<b>Total depreciation</b>	<b>-349</b>	<b>-198</b>	<b>-684</b>	<b>-386</b>	<b>-1,083</b>	<b>-785</b>

<sup>1)</sup> Of which depreciation of right-of-use assets SEK 126 M (0).

<sup>2)</sup> Of which depreciation of right-of-use assets SEK 219 M (29).

## Note 3. Impairment losses

SEK M	2019 Apr.-Jun.	2018 Apr.-Jun.	2019 Jan.-Jun.	2018 Jan.-Jun.	Jul. 18- Jun. 19	2018 Jan.-Dec.
Properties held for future development					-130	-130
Completed property projects					-240	-240
Managed properties	-12		-13		-16	-3
Machinery and equipment	-1		-8		-10	-2
Goodwill within NCC Infrastructure					-36	-36
Other intangible assets					-41	-41
<b>Total impairment expenses</b>	<b>-13</b>	<b>0</b>	<b>-21</b>	<b>0</b>	<b>-473</b>	<b>-453</b>

## Note 4. Right-of-use assets

SEK M	2019 Jun. 30	2018 Jun. 30	2018 Dec. 31
<b>Koncernen</b>			
Owner-occupied properties	775		
Machinery and equipment	1,136	457	493
Land leases	50		
<b>Total right-of-use assets</b>	<b>1,961</b>	<b>457</b>	<b>493</b>

## Note 5. Segment reporting

SEK M

April - June 2019	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>1)</sup>	
Net sales, external	3,514	2,598	4,951	3,236	309	14,607	3	14,610
Net sales, internal	212	205	-124	484	11	789	-789	
Net sales, total	3,726	2,803	4,827	3,721	321	15,396	-786	14,610
Operating profit	76	46	88	322	40	571	-160	411
Net financial items								-32
Profit/loss after financial items								380

April - June 2018	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>1)</sup>	
Net sales, external	3,846	2,330	4,894	3,176	103	14,349		14,349
Net sales, internal	210	241	97	449	12	1,010	-1,010	
Net sales, total	4,057	2,571	4,990	3,625	115	15,358	-1,010	14,349
Operating profit	147	34	51	324	-16	540	-87	452
Net financial items								-25
Profit/loss after financial items								427

SEK M

January -June 2019	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>2)</sup>	
Net sales, external	6,939	5,005	9,184	4,204	709	26,041	3	26,044
Net sales, internal	455	365	-46	782	23	1,579	-1,579	
Net sales, total	7,394	5,370	9,138	4,985	732	27,620	-1,576	26,044
Operating profit	185	80	90	-63	21	313	-254	59
Net financial items								-50
Profit/loss after financial items								9

January -June 2019	NCC Building		NCC	NCC	NCC	Total	Other and	Group
	Sweden	Nordics	Infrastructure	Industry	Property Development	segments	eliminations <sup>2)</sup>	
Net sales, external	7,272	4,457	9,071	4,067	375	25,242	2	25,244
Net sales, internal	434	414	213	724	25	1,809	-1,809	
Net sales, total	7,706	4,870	9,284	4,791	400	27,051	-1,807	25,244
Operating profit	258	45	40	-87	0	255	-167	88
Net financial items								-34
Profit/loss after financial items								55

<sup>1)</sup> The figures for the quarter include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK -94 M (-50). Further, the figures for the quarter includes eliminations of internal profits of SEK -44 M (-27) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group (including pensions and leasing) amounting SEK -22 M (-10).

<sup>2)</sup> The figures for the period include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK -140 M (-107). Further, the figures includes eliminations of internal profits amounting of SEK -55 M (-29) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group (including pensions and leasing) amounting SEK -59 M (-31).

## Geographical areas

SEK M	Net sales		Orders received	
	2019	2018	2019	2018
	Jan.-Jun.	Jan.-Jun.	Jan.-Jun.	Jan.-Jun.
Sweden	16,010	16,183	15,627	20,619
Denmark	3,190	3,447	8,329	3,275
Finland	3,232	2,531	3,860	4,430
Norway	3,613	3,083	3,756	3,030
Total	26,044	25,244	31,572	31,355

## Note 6. Fair value of financial instruments

In the tables below, disclosures are made concerning how fair value has been determined for the financial instruments that are continuously measured at fair value in NCC's balance sheet. When determining fair value, assets have been divided into three levels. No transfers were made between the levels during the period.

In level 1, measurement complies with the prices quoted on an active market for the same instruments. Derivatives in level 2 comprise currency forward contracts, interest-rate swaps, oil forward contracts and electricity forward

contracts used for hedging purposes. The measurement to fair value of currency forward contracts, oil forward contracts and electricity forward contracts is based on accepted models with observable input data such as interest rates, exchange rates and commodity prices. The measurement of interest-rate swaps is based on forward interest rates based on observable yield curves. In level 3, measurement is based on input data that is not observable in the market.

SEK M	Jun. 30, 2019				Jun. 30, 2018				Dec. 31, 2018			
	1	2	3	Total	1	2	3	Total	1	2	3	Total
Financial assets measured at fair value through profit and loss												
Short-term investments	10			10	10			10	72			72
Derivative instruments		21		21		1		1		127		127
Derivative instruments used in hedge accounting		31		31		96		96		34		34
Financial assets measured at fair value through other comprehensive income												
Equity instruments			74	74			82	82			77	77
<b>Total assets</b>	<b>10</b>	<b>52</b>	<b>74</b>	<b>136</b>	<b>10</b>	<b>97</b>	<b>82</b>	<b>189</b>	<b>72</b>	<b>161</b>	<b>77</b>	<b>310</b>
Financial liabilities measured at fair value through profit and loss												
Derivative instruments		10		10		133		133		4		4
Derivative instruments used in hedge accounting		34		34		74		74		51		51
<b>Total liabilities</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>207</b>	<b>0</b>	<b>207</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>55</b>

In the tables below, disclosures are made concerning fair value for the financial instruments that are not recognized at fair value in NCC's balance sheet.

SEK M	Jun. 30, 2019		Jun. 30, 2018		Dec. 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing receivables - amortized cost	199	201	713	714	195	196
Long-term interest-bearing liabilities	2,191	2,192	1,529	1,532	1,342	1,343
Current interest-bearing liabilities	2,846	2,846	1,810	1,814	1,051	1,051
Interest bearing liabilities attributable to assets held for sale	142					

For other financial instruments recognized at amortized cost – accounts receivables, current interest-bearing receivables, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities – the fair value does not materially deviate from the carrying amount. The effect of IFRS 16 leases on short and long-term interest-bearing liabilities is SEK 577 M and SEK 1,175 M, respectively, and SEK 142 M on interest-bearing liabilities attributable to assets held for sale.

## Note 7. Pledged assets, contingent liabilities and guarantee obligations

SEK M	2019	2018	2018
	Jun. 30	Jun. 30	Dec. 31
<b>Group</b>			
Assets pledged	1,903	467	503
Contingent liabilities and guarantee obligations <sup>1)</sup>	576	602	602
<b>Parent company</b>			
Contingent liabilities and guarantee obligations <sup>1)</sup>	21,574	18,999	19,678

1) Among these, NCC AB has sureties which are indemnified by Bonava AB based on the Master Separation Agreement. Bonava is working on formally replacing these sureties with other forms of collateral in a gradual process, which means that this item will decline further over time. In addition, NCC AB has received guarantees from credit insurance companies for the remaining outstanding commitments on behalf of now wholly owned Bonava companies.

# Summary of key figures

	2019 <sup>6)</sup>	2018 <sup>3)</sup>	Jul 18- <sup>6)</sup>	2018	2017 <sup>3)</sup>	2017	2016	2015	2014
	Apr.-Jun.	Apr.-Jun.	Jun 19	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.	Jan.-Dec.
<b>Profitability ratios</b>									
Return on shareholders equity, % excl profit from dividend of Bonava <sup>1)</sup>	-25	7	-25	-18	17	18	19	26	22
Return on shareholders equity, % incl profit from dividend of Bonava <sup>1) 5)</sup>	-25	7	-25	-18	17	18	118	26	22
Return on capital employed, % excl profit from dividend of Bonava <sup>1)</sup>	-9	5	-9	-9	12	13	13	17	14
Return on capital employed, % incl profit from dividend of Bonava <sup>1) 5)</sup>	-9	5	-9	-9	12	13	63	17	14
<b>Financial ratios at period-end</b>									
EBITDA % excl profit from dividend of Bonava	5.3	4.5	1.3	0.8	3.3	3.6	4.7	6.2	5.8
EBITDA % incl profit from dividend of Bonava <sup>5)</sup>	5.3	4.5	1.3	0.8	3.3	3.6	17.0	6.2	5.8
Interest-coverage ratio, times excl profit from dividend of Bonava <sup>1)</sup>	-6.0	3.6	-6.0	-6.0	8.5	9.8	6.6	7.1	6.4
Interest-coverage ratio, times incl profit from dividend of Bonava <sup>1) 5)</sup>	-6.0	3.6	-6.0	-6.0	8.5	9.8	31.1	7.1	6.4
Equity / asset ratio, %	8	15	8	11	19	20	22	25	23
Interest bearing liabilities/total assets, %	25	16	25	17	15	15	16	24	26
Net cash +/- net debt -, SEK M	-6,352	-3,084	-6,352	-3,045	-149	-149	-222	-4,552	-6,836
Debt / equity ratio, times	2.5	0.7	2.5	1.0	0.0	0.0	0.0	0.5	0.8
Capital employed at period end, SEK M	10,091	9,268	10,091	7,619	9,174	9,523	9,585	19,093	18,935
Capital employed, average	8,814	9,187	8,814	8,780	9,138	9,418	13,474	18,672	18,531
Capital turnover rate, times <sup>1)</sup>	6.6	5.9	6.6	6.5	6.0	5.8	4.1	3.3	3.1
Share of risk-bearing capital, %	10	17	10	12	21	22	24	25	23
Closing interest rate, % <sup>7)</sup>	0.9	1.5	0.9	1.3	2.0	2.0	2.6	2.8	2.8
Average period of fixed interest, years	0.5	0.3	0.5	0.5	0.6	0.6	0.9	0.9	1.1
<b>Per share data</b>									
Profit/loss after tax, before and after dilution, SEK excl profit from dividend Bonava	2.85	3.12	-7.43	-7.00	8.07	9.29	11.61	19.59	17.01
Profit/loss after tax, before and after dilution, SEK incl profit from dividend Bonava <sup>5)</sup>	2.85	3.12	-7.43	-7.00	8.07	9.29	73.81	19.59	17.01
Cash flow from operating activities, before and after dilution, SEK	-8.22	-13.24	7.44	-3.47	19.97	19.97	10.88	37.65	12.47
Cash flow before financing, before and after dilution, SEK	-10.27	-15.83	1.10	-10.71	12.59	12.59	-0.05	30.88	5.32
P / E ratio excl profit from dividend Bonava <sup>1)</sup>	-22	51	-22	-20	19	17	19	13	15
P / E ratio incl profit from dividend Bonava <sup>1) 5)</sup>	-22	51	-22	-20	19	17	3	13	15
Dividend, ordinary, SEK			4.00	4.00	8.00	8.00	8.00	3.00	12.00
Dividend yield, %				2.9	5.1	5.1	3.5	1.1	4.9
Shareholders' equity before dilution, SEK	23.45	41.64	23.45	27.13	47.81	51.04	51.39	89.85	82.04
Shareholders' equity after dilution, SEK	23.45	41.64	23.45	27.13	47.81	51.04	51.39	89.85	82.04
Share price / shareholders' equity, %	686	358	686	508	329	308	439	293	301
Share price at period-end, NCC B, SEK	160.95	148.95	160.95	137.80	157.30	157.30	225.40	263.00	246.80
<b>Number of shares, millions</b>									
Total number of issued shares <sup>2)</sup>	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
Treasury shares at period-end	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.6
Total number of shares outstanding at period-end before dilution	108.0	108.0	108.0	108.0	108.1	108.1	108.1	107.9	107.8
Average number of shares outstanding before dilution during the period	108.0	108.1	108	108.1	108.1	108.1	108.1	107.9	107.8
Market capitalization before dilution, SEK M <sup>4)</sup>	17,382	16,086	17,382	14,896	16,997	16,997	24,325	28,369	26,574
<b>Personnel</b>									
Average number of employees	15,309	16,610	15,309	16,290	17,762	17,762	16,793	17,872	17,669

1) Calculations are based on the rolling 12 month period.

2) All shares issued by NCC are common shares.

3) The amounts are adjusted for change in accounting policy regarding IFRS 15.

4) Market value December 2016 excludes NCC's residential business, Bonava. Including Bonava the market value amounts to SEK 39,563 M.

5) The profit arising from the dividend of Bonava was SEK -31M and SEK 6,724 M in the full year 2017 and 2016.

6) IFRS 16 has not had any material effect on key ratios regarding return on employment and equity.

7) Refers to interest-bearing liabilities excluding pension liabilities according to IAS 19 and leases according to IFRS 16.

For definitions of key figures, see [www.ncc.group/investor-relations/financial-data/financial-definitions](http://www.ncc.group/investor-relations/financial-data/financial-definitions).

# Contact information

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Information meeting

NCC's President and CEO Tomas Carlsson and Chief Financial Officer Susanne Lithander will present the interim report at a teleconference on July 19 at 9:00 a.m. (CET). The presentation will be held in English.

The presentation can be followed via audiocast or by phone. Presentation material for the teleconference will be available at [www.ncc.se/ir](http://www.ncc.se/ir) from 8:30 a.m. (CET).

**Link to audiocast:** <https://ncc-live-external.creo.se/190719>

**To participate by phone:** To participate by phone, please call one of the following numbers five minutes prior to the start of the conference.

Sweden: +46 8 505 583 56

UK: +44 3333 009 265

US: +1 833 526 8383

This is the type of information that NCC is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact persons set out above, on July 19, 2019, at 7:10 a.m. CET.



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