

Stable profitability and healthy cash flow - lower orders received

“Orders received were impacted by selective tendering, more projects in early stages and variation between quarters. Operating profit is stable,” says Tomas Carlsson, President and CEO of NCC.

- Orders received were lower but the reasons vary between the business areas. Selective tendering with a focus on profitability, shifts in the project portfolio toward more projects in early stages and a natural variation between the quarters
- Operating profit on a par with prior years. Higher margin for the Group and in three of the five business areas. Sales were lower for the quarter, with this trend led primarily by Building Sweden and Property Development
- Cash flow from operating activities was significantly stronger than in the preceding year
- The Board of Directors has proposed a dividend of SEK 2.50 per share for 2019, read more on page 13
- Ylva Lagesson new Head of business area Industry and plan to improve profitability in the business area announced on November 5

Third quarter 2020

- Orders received amounted to SEK 9,026 M (12,769)
- Net sales totaled SEK 12,820 M (13,951)
- Operating profit was in line with the preceding year and totaled SEK 567 M (568)
- Profit after financial items totaled SEK 549 M (536)
- Profit after tax was SEK 488 M (459)
- Earnings per share after dilution were SEK 4.53 (4.21)

January-September 2020 period

- Orders received amounted to SEK 37,215 M (44,340)
- Net sales totaled SEK 39,017 M (39,995)
- Operating profit increased during the period to SEK 981 M (626)
- Profit after financial items totaled SEK 922 M (545)
- Profit after tax was SEK 839 M (467)
- Earnings per share after dilution were SEK 7.78 (4.17)

Group, SEK M	Q3		Jan-Sep		R 12 Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020	2019
Orders received	9,026	12,769	37,215	44,340	50,922	58,048
Order backlog	54,821	61,658	54,821	61,658	54,821	57,800
Net sales	12,820	13,951	39,017	39,995	57,256	58,234
Operating profit/loss	567	568	981	626	1,651	1,296
Operating margin, %	4.4	4.1	2.5	1.6	2.9	2.2
Profit/loss after financial items	549	536	922	545	1,560	1,184
Net profit/loss for the period	488	459	839	467	1,246	875
Profit/loss per share after dilution, SEK	4.53	4.21	7.78	4.17	11.70	8.09
Cashflow from operating activities	77	-682	591	-1,516	4,321	2,214
Cashflow before financing	-63	-814	350	-2,063	3,925	1,512
Net cash +/-net debt -	-5,052	-8,124	-5,052	-8,124	-5,052	-4,489

For definitions of key figures, see <https://www.ncc.com/investor-relations/ncc-share/financial-definitions/>

CEO Tomas Carlsson comments

We have now closed the third quarter, marking not only the end of the nine-month period but also the time during which the entire world has had to manage the coronavirus pandemic and its effects. NCC's operations continue to function effectively and we have been able to continue working during the year on our long-term development program.

It remains difficult to make any certain assessments of the long-term implications of the coronavirus pandemic for NCC. In commercial properties, above all, we can see signs of more protracted decision-making processes, which could have an impact moving forward.

Orders received during the quarter were lower – but this cannot be regarded as a consequence of the corona pandemic or a general economic downturn. The reasons vary between our business areas. These mainly include selective tendering, shifts in the project portfolio toward projects in early stages and the consequences of an earlier high level of orders received during the year and – in Denmark and Finland – during the preceding year. All business areas have an order backlog that exceeds net sales.

During the third quarter, the operating margin improved, but net sales declined. Operating profit for the Group for the quarter was in line with the preceding year. Lower activity in Building Sweden and no property sales are the factors behind the lower net sales.

Cash flow remains strong and significantly better than in prior years.

The Infrastructure business area had a strong quarter and the margin increased. The project portfolio is now better than previously, with more profitable projects. We are focusing intently on profitability and risk management, and an effect of this is that we have more early involvement projects than previously. The effects of this can be seen in orders received, since these projects are not registered among orders until later in the process. In the Norwegian infrastructure market, we are being selective in order to secure profitability. In July, we signed agreements to sell Road Services in Denmark, Finland and Sweden.

The Building Sweden business area reported operating profit in line with the preceding year. Net sales were lower than in the preceding year. This was an anticipated effect of lower orders received last year, but also somewhat lower activity than usual in July and August, before returning to a normal level in September. The margin improved.

Profitability in the Building Nordics business area is stable. Orders received in this area were also lower year-on-year,



primarily in Finland, where several major projects were registered among orders in the preceding year. The order backlog remains high.

No projects were recognized in profit within the Property Development business area in this quarter. One project was started in Finland, of which three quarters has been let. Letting was on approximately the same level as during the second quarter. The level of activity was affected by the uncertainty in the economy.

The result in the Industry business area was somewhat higher year-on-year. The asphalt operations noted normal volumes, while stone materials operations reported lower volumes year-on-year. The business area has stable performance over many years but we see potential to boost profitability. A plan for this has been developed and Ylva Lagesson has been appointed as new head of the business area.

In summary, NCC's profitability developed positively, as the measures we have worked on for a few years gain increasing impact. The market conditions in the Nordic countries are fundamentally favorable and while it is too early to draw any definite conclusions, we are seeing signs that the market going forward is slowing down somewhat due to the coronavirus pandemic. We continue to maintain a strong focus on profitability ahead of volume and on developing the company with clear processes, efficient organization, skills development and customer focus to address the market.

Tomas Carlsson, President and CEO
Solna, November 5, 2020

Group performance

Third quarter and the January–September 2020 period

Market

Prior to the coronavirus pandemic, there were some signs of a slight decline in certain submarkets. There is still considerable uncertainty regarding the effects that the coronavirus pandemic will have on the global and Nordic economies and thus on the long-term market conditions for NCC. In the most recent quarter, we noted signs of longer decision-making processes, which could have an impact on the Group moving forward. In the main, NCC is impacted by the general economic situation and the GDP trend.

The underlying long-term market conditions for construction and civil engineering operations in the Nordic region remain positive. There is continued demand for public buildings, such as schools, hospitals and retirement homes, driven by growing cities and the demographic trend. The demand for housing has been at a stable level for some time. In general, demand for renovation and refurbishment is healthy. Longer decision-making processes impact the commercial property development market.

Public-sector infrastructure initiatives are fueling the Nordic infrastructure market, resulting in a continued strong market in Norway and Sweden. Demand for asphalt and stone materials in Norway and Sweden is stable, driven by a strong civil engineering market.

Net sales and earnings

Net sales amounted to SEK 12,820 M (13,951) in the third quarter and to SEK 39,017 M (39,995) for the first nine months. Net sales were lower in all of the business areas during the quarter. Changes in exchange rates had an impact of SEK -475 M (375) on sales.

Operating profit amounted to SEK 567 M (568) in the third quarter and to SEK 981 M (626) for the first nine months. Operating profit improved in Building Sweden, Infrastructure and Industry. Building Nordics' operating profit was in line with the preceding year. Property Development did not recognize any projects in profit in the third quarter.

During the January–September period, operating profit was positively impacted by Property Development's recognition of the K12 office project in Sweden, but also by the underlying improvement in Building Nordics and Infrastructure. Because NCC is the principal tenant of the K12 property, approximately 40 percent of the result from the sale was eliminated at Group level to be allocated over a ten-year period, in compliance with IFRS 16.

Net financial items for the period were SEK -60 M (-81). The improvement is attributable to lower other net debt.

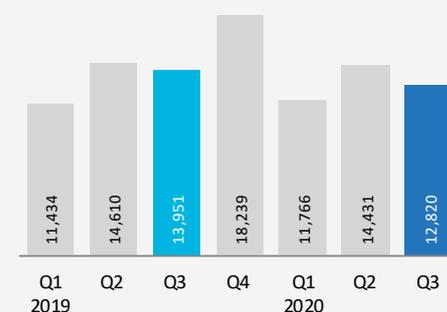
Orders received,
Jan-Sep SEK M

37,215

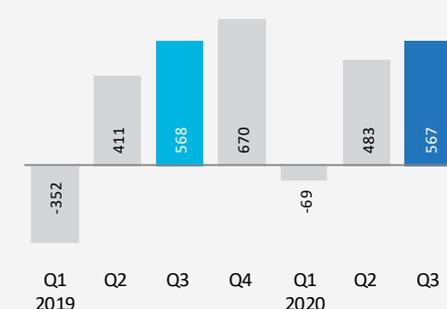
Net sales,
Jan-Sep SEK M

39,017

Net sales, SEK M



Operating profit, SEK M



Cash flow

Cash flow for the quarter before financing was SEK -63 M (-814). The improvement was mainly due to lower working capital as a result of better management of accounts receivable in several business areas. The cash flow for the January–September period before financing was SEK 350 M (-2,063). Cash flow from the sale of K12 in the first quarter and improved working capital were the main reasons. Total cash and cash equivalents at the end of the period amounted to SEK 2,156 M (1,813).

At September 30, the Group's net debt amounted to SEK -5,052 M (-8,124). This decrease is due, in all significant respects, to substantially improved cash flow from operating activities. The positive effects were offset by a higher lease liability. Excluding lease liability and pension debt, the company's net debt at the end of the quarter was SEK -175 M (-3,021).

At September 30, the Group's total assets amounted to SEK 29,589 M (32,586). The decrease in total assets of SEK 3 billion was largely attributable to a decrease in accounts receivable and lower current interest-bearing liabilities, as well as a decrease in invoiced revenues not worked up.

The average maturity period for interest-bearing liabilities, excluding pension debt and lease liabilities, was 31 months (27) at the end of the quarter. At September 30, 2020, NCC's unutilized committed lines of credit totaled SEK 3.7 billion (3.7), with an average remaining maturity of 13 months (24).

Capital employed

At September 30, 2020, capital employed amounted to SEK 11,404 M (12,749). The decline was primarily attributable to the reduction in accounts receivable. The Infrastructure and Building Sweden business areas account for the largest decline in accounts receivable. Return on capital employed for the most recent 12-month period was 15 percent (9).

Financial targets and dividend policy

NCC has established three financial targets at Group level: operating margin $\geq 4\%$, return on equity $\geq 20\%$ and net debt < 2.5 times EBITDA.

On a rolling twelve-month basis, NCC has an operating margin of 2.9 percent. The return on equity was 41 percent, and net debt was 0.08 times EBITDA.

NCC's dividend policy is to distribute at least 40 percent of after-tax profit for the year. At the Annual General Meeting on April 1, 2020, the Meeting resolved, due to the prevailing uncertainty in society due to the coronavirus, not to pay any dividend for 2019. On September 30, 2020, NCC's Board of Directors announced, following a new assessment of the situation in society and the company's financial position, that it proposes a dividend of SEK 2.50 per share. This corresponds to 31 percent of after-tax profit for 2019. An Extraordinary General Meeting will be held on November 12, 2020, to resolve on the Board's proposal.

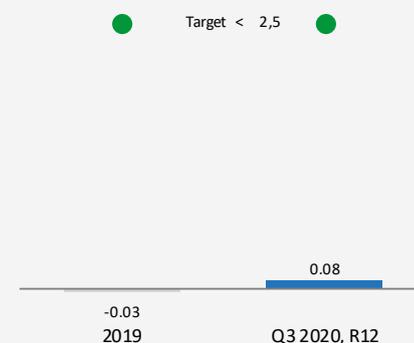
Operating margin



Return on equity



Net debt/EBITDA



Net debt excludes pension debt and lease liability. EBITDA refers to operating profit according to the income statement, with reversal of depreciation and impairment losses.

Safety

Safety is a high priority area at NCC, and we have a vision of zero accidents. The accident frequency rate during the third quarter of 2020 was at a slightly lower level than the third quarter of 2019 but higher than 2019 as a whole.

The importance of our work with health and safety and the goal of reaching zero accidents cannot be overestimated. We are continuing to develop our work method with support and initiatives for all managers at all levels, the development of methods and more focused resources and activities on units with high accident rates.

On September 2, Awareness Day was held for the tenth consecutive year at NCC. All operations down tools at the same time to discuss occupational health and safety and to conduct joint exercises. Our theme this year was Safe Behavior. It is an opportunity for NCC to highlight and promote systematic safety work in the form of, for example, daily safety briefings and the obligation to take a Time Out if anything feels unclear or unsafe.

Accident frequency rate¹⁾



¹⁾Accident frequency rate: Worksite accidents resulting in one or several days of absence from work per million worked hours.

Floraskolan in Skellefteå, Sweden



The Flora school (Floraskolan) in Skellefteå has room for 1,000 pupils from pre-school up to year nine. The building encompasses 14,000 square meters with a façade of wood and hot-dip galvanized steel plate with glass sections for light common areas.

Order status

Third quarter and the January–September 2020 period

Orders received and order backlog

Orders received in the third quarter amounted to SEK 9,026 M (12,769). There were several reasons for the decline, which vary between the business areas. Selective tendering with a focus on profitability affected orders received in Infrastructure and also generated more early involvement projects, which impact orders received as they are registered later. For Building Sweden and Building Nordics, we are seeing effects of variation between quarters due to prior major projects, which were registered earlier in the year and during the preceding year.

Changes in exchange rates impacted orders received by SEK -354 M (518).

For the January–September period, orders received amounted to SEK 37,215 M (44,340). A comparison with the preceding year is affected by Building Nordics' Danish operations, which registered several major housing projects among orders in the second quarter of 2019, valued at a total of SEK 3.4 billion.

The Group's order backlog amounted to SEK 54,821 M (61,658) at the end of the third quarter. Changes in exchange rates had an impact of SEK -514 M (1,047) on order backlog.



Examples of orders and contracts during the third quarter

- NCC Building Sweden is to construct 400 apartments for Scandinavian Property Group in Bålsta. The order is worth SEK 450 M
- NCC Building Sweden and Salem Municipality are to build Fågelsången school and sports hall. The order is worth SEK 320 M
- NCC Infrastructure continues to work on constructing a new quay at Inre hamnen in Norrköping. The order is worth SEK 260 M
- NCC Infrastructure is rebuilding national highway 50 to increase traffic safety in Ludvika. The order is worth SEK 240 M
- NCC Building Sweden is constructing Gullåkraskolan school in Staffanstorp. The order is worth SEK 200 M
- NCC Building Sweden is to construct 124 apartments in Haninge for Stena Fastigheter. The order is worth SEK 165 M
- NCC Property Development has sold the Keilianiemi Next property in Espoo to a fund that is managed by the German company, Warburg-HIH Invest Real Estate. The property will be ready at the end of 2021

NCC Infrastructure

Third quarter and the January–September 2020 period

Orders received and order backlog

Orders received by NCC Infrastructure during the third quarter amounted to SEK 2,922 M (4,466). For the first nine months of the year, orders received amounted to SEK 10,353 (12,733). Orders received were lower in Norway and Sweden, mainly due to selective tendering with a focus on profitability.

The order backlog decreased year-on-year due to lower orders received in the Norwegian and Swedish operations and totaled SEK 18,141 M (22,002).

Net sales and earnings

Sales were lower and amounted to SEK 3,956 M (4,213) in the third quarter. During the first nine months of the year, net sales increased somewhat to SEK 12,258 M (12,054). The higher sales during the first nine months were attributable to the Swedish operations.

Operating profit was SEK 110 M (46) in the third quarter and SEK 240 M (135) for the first three quarters. The improved operating profit in the Swedish operations was attributable to higher volumes and a better project portfolio with higher margins, and in the Norwegian operations to an improved project portfolio, with a higher margin despite lower volumes.

	Q3		Jan-Sep		R 12	Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020	2019	2019
NCC Infrastructure, SEK M							
Orders received	2,922	4,466	10,353	12,733	14,221	16,601	
Order backlog	18,141	22,002	18,141	22,002	18,141	20,389	
Net sales	3,956	4,213	12,258	12,054	17,629	17,425	
Operating profit/loss	110	46	240	135	318	212	
Financial target:¹⁾							
Operating margin, %	2.8	1.1	2.0	1.1	1.8	1.2	

¹⁾ Target: operating margin \geq 3.5%

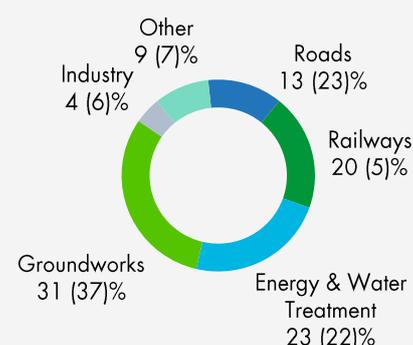
Since operations in the Road Services division are to be divested, they have been recognized separately since the fourth quarter of 2018. NCC has signed agreements on the sale of these operations in Sweden, Finland and Denmark. The limited operations that will then remain in Norway will be recognized under the Other and eliminations segment.

	Q3		Jan-Sep		R 12	Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020	2019	2019
NCC Road Services, SEK M							
Orders received	404	388	1,522	1,505	1,634	1,617	
Order backlog	2,824	3,481	2,824	3,481	2,824	2,816	
Net sales	455	592	1,413	1,889	2,148	2,624	
Operating profit/loss	-31	4	-41	5	-26	20	

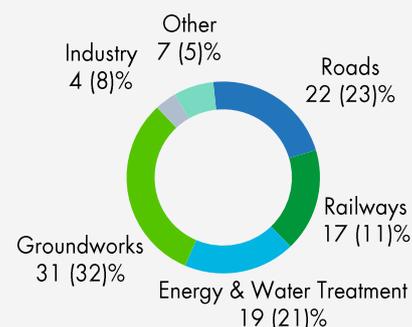
Share of net sales Jan-Sep

32%

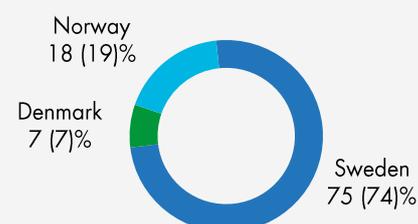
Orders received Jan-Sep



Net sales Jan-Sep



Net sales Jan-Sep



NCC Building Sweden

Third quarter and the January–September 2020 period

Orders received and order backlog

Orders received amounted to SEK 2,438 M (3,687) in the third quarter and to SEK 10,625 M (8,634) for the January–September period. Public buildings accounted for the largest proportion of orders received for the January–September period and included an order from Region Sörmland for SEK 2.4 billion in the first quarter. Slightly more than three-quarters of orders received for housing consisted of rental units. The share of refurbishment/conversion declined for the January–September period, but orders received in SEK were higher year-on-year.

The order backlog increased to SEK 17,602 M (16,717) at the end of the quarter.

Net sales and earnings

Net sales amounted to SEK 2,735 M (3,192) in the third quarter. The lower net sales was an effect of lower orders received in the preceding year. During July and August, net sales were somewhat lower, but were normal in September. For the January–September period, net sales were SEK 9,583 M (10,587). Public buildings and housing accounted for more than half of net sales.

Operating profit amounted to SEK 78 M (75) in the third quarter and to SEK 255 M (261) for the January–September period. Year-on-year, the earnings were positively impacted by higher project margins, but negatively impacted by lower volumes. The preceding year's operating profit for the first nine months of the year was negatively impacted by a provision in the second quarter for fines and legal costs related to a district court decision regarding the Rågården project.

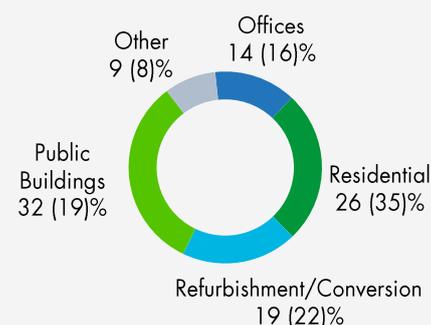
NCC Building Sweden, SEK M	Q3		Jan-Sep		R 12 Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020	2019
Orders received	2,438	3,687	10,625	8,634	14,732	12,741
Order backlog	17,602	16,717	17,602	16,717	17,602	16,561
Net sales	2,735	3,192	9,583	10,587	13,848	14,851
Operating profit/loss	78	75	255	261	359	364
Financial target: ¹⁾						
Operating margin, %	2.9	2.4	2.7	2.5	2.6	2.5

¹⁾ Target: operating margin ≥ 3.5%

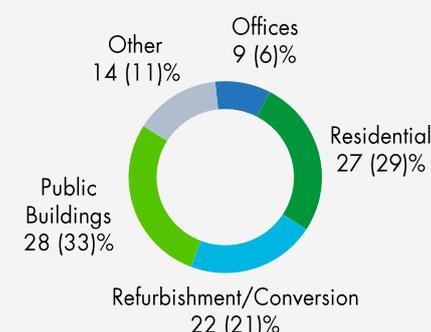
Share of net sales Jan-Sep

22%

Orders received Jan-Sep



Net sales Jan-Sep



NCC Building Nordics

Third quarter and the January–September 2020 period

Orders received and order backlog

Orders received declined and amounted to SEK 1,247 M (2,683) in the third quarter and to SEK 6,674 M (13,079) for the January–September period. The comparison with the preceding year is affected by the fact that several major projects were registered in Finland in the third quarter of the preceding year. A comparison with the January–September period of the preceding year is affected by Building Nordics' Danish operations, which registered several major housing projects among orders in the second quarter of 2019, valued at a total of SEK 3.4 billion. Public buildings accounted for less than a third of the total orders received during the first nine months of the year, followed by Offices, which corresponded to just under a quarter of orders received.

The order backlog declined to SEK 13,671 M (16,694) at the end of the quarter but remains at a high level.

Net sales and earnings

Net sales amounted to SEK 2,795 M (2,914) in the third quarter and to SEK 8,792 M (8,284) for the January–September period. The decline in the quarter was primarily attributable to the Finnish operations, while the increase for the January–September period was driven by the Danish operations.

Operating profit amounted to SEK 50 M (53) in the third quarter and to SEK 162 M (132) for the January–September period. The higher earnings for the January–September period were primarily attributable to the higher net sales in the Danish operations.

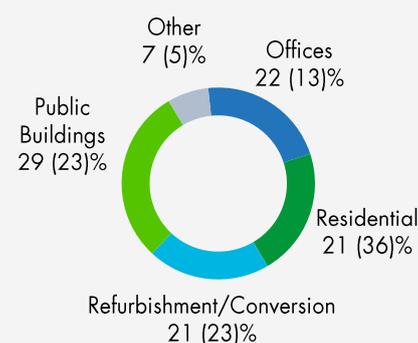
NCC Building Nordics, SEK M	Q3		Jan-Sep		R 12	Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020		2019
Orders received	1,247	2,683	6,674	13,079	9,674		16,080
Order backlog	13,671	16,694	13,671	16,694	13,671		15,807
Net sales	2,795	2,914	8,792	8,284	12,277		11,769
Operating profit/loss	50	53	162	132	261		231
Financial target:¹⁾							
Operating margin, %	1.8	1.8	1.8	1.6	2.1		2.0

¹⁾ Target: operating margin ≥ 3.5%

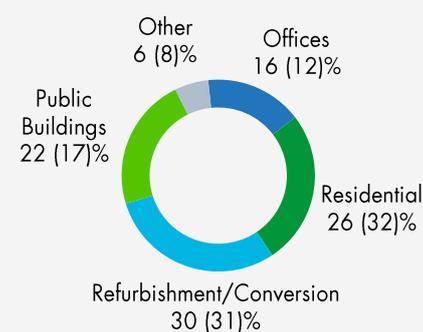
Share of net sales Jan-Sep

20%

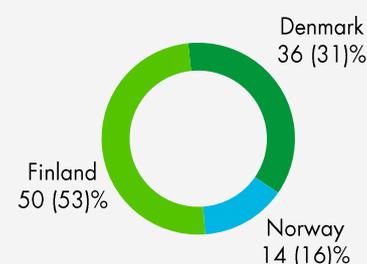
Orders received Jan-Sep



Net sales Jan-Sep



Net sales Jan-Sep



NCC Industry

Third quarter and the January–September 2020 period

Orders received

Orders received amounted to SEK 2,399 M (2,450) in the third quarter, and to SEK 9,489 M (9,812) for the January–September period. Orders received were lower in asphalt operations, mainly in Denmark, which registered several large orders last year. During the January–September period, Hercules increased its orders received, while the orders received by the stone materials operation were somewhat lower.

Net sales and earnings

Net sales amounted to SEK 4,101 M (4,311) in the third quarter and to SEK 8,969 M (9,296) for the January–September period.

Volumes in asphalt operations were at the same level as the year-earlier period, but net sales were adversely impacted by the low price of bitumen. In Hercules and the stone materials operation, net sales were in line with the preceding year.

The operating profit amounted to SEK 395 M (387) in the third quarter and to SEK 290 M (324) for the January–September period. The higher operating profit for the third quarter was mainly attributable to improved operating profit for the asphalt operations. The lower operating profit for the January–September period was primarily attributable to lower volumes in the Swedish stone materials operation.

Capital employed

Capital employed rose seasonally at the end of the third quarter compared with the end of 2019 but was lower than at the end of the third quarter of the preceding year due to lower capital tied up in fixed assets and lower working capital.

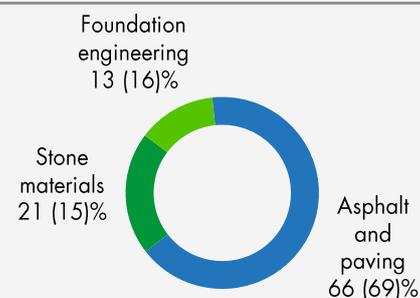
NCC Industry, SEK M	Q3		Jan-Sep		R 12	Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020		2019
Orders received	2,399	2,450	9,489	9,812	12,529		12,852
Order backlog	3,402	3,631	3,402	3,631	3,402		2,967
Net sales	4,101	4,311	8,969	9,296	12,643		12,971
Operating profit/loss	395	387	290	324	478		511
Capital employed	5,825	6,393	5,825	6,393	5,825		5,507
Stone materials tons, sold volume	6,938	7,880	20,923	21,095	28,168		28,339
Asphalt tons, sold volume	2,503	2,518	4,615	4,588	6,126		6,100
Financial targets: ¹⁾							
Operating margin, %	9.6	9.0	3.2	3.5	3.8		3.9
Return on capital employed, %					8.3		9.0

¹⁾ Targets: operating margin ≥ 4%, return on capital employed

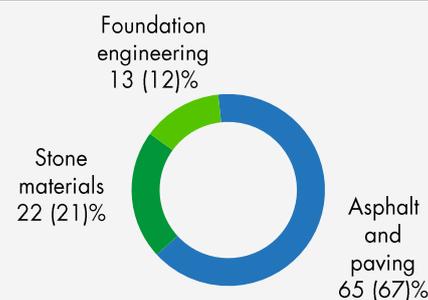
Share of sales Jan-Sep

21%

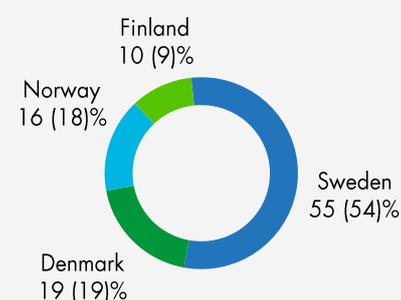
Orders received Jan-Sep



Net sales Jan-Sep



Net sales Jan-Sep



NCC Property Development

Third quarter and the January–September 2020 period

Net sales and earnings

Net sales amounted to SEK 18 M (335) in the third quarter and to SEK 2,274 M (1,067) for the January–September period.

Operating loss amounted to SEK -11 M (profit: 19) in the third quarter and to profit of SEK 380 M (39) for the January–September period. No projects were recognized in profit during the quarter, which led to a negative operating result, despite the positive contribution from gains from earlier sales and reversals of provisions made earlier for project costs. The January–September period was positively impacted by the recognition of three office projects in profit: K12 i Sweden, and Fredriksberg B and Fredriksberg C in Finland.

In the preceding year, the result for the third quarter was derived from two projects recognized in profit, one sale of land and gains from earlier sales.

Property projects

Construction on one project commenced during the quarter: the Fredriksberg D office project in Finland. Construction on a total of three projects commenced during the January–September period. The Next project was divested in the third quarter and is expected to be recognized in profit during the fourth quarter of 2021.

Letting in the January–September period totaled 37,400 square meters (86,100), of which 11,900 square meters (26,600) in the third quarter.

At the end of the third quarter, 15 projects (19) were either ongoing or completed but not yet recognized in profit. The costs incurred in all projects amounted to SEK 5.0 billion (5.0), corresponding to a total completion rate of 51 percent (41). The letting rate was 58 percent (53). Operating net amounted to SEK -2 M (16) in the third quarter and to SEK 7 M (32) for the January–September period.

Capital employed

The capital employed amounted to SEK 5,793 M (6,107) at the end of the quarter.

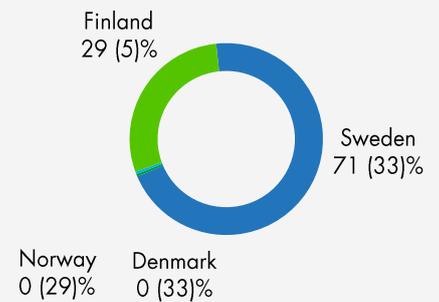
NCC Property Development, SEK M	Q3		Jan-Sep		R 12	Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020	2019	2019
Net sales	18	335	2,274	1,067	4,263	3,056	
Operating profit/loss	-11	19	380	39	654	313	
Capital employed	5,793	6,107	5,793	6,107	5,793	4,935	
Financial targets : ¹⁾							
Operating margin, %	-58.5	5.6	16.7	3.7	15.3	10.2	
Return on capital employed, %					12.2	6.2	

¹⁾ Targets: operating margin ≥ 10%, return on capital employed ≥ 10%

Share of sales Jan-Sep

5%

Net sales Jan-Sep

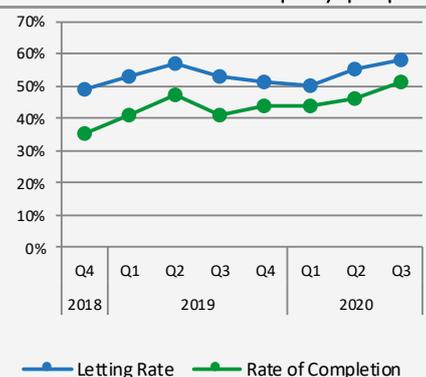


Letting¹⁾



¹⁾ Total letting also includes property sold earlier and property projects recognized earlier in profit, where NCC works with letting.

Property projects



NCC Property Development

Property development projects as of 2020-09-30

Ongoing Property development projects ¹

Project	Type	Location	Sold, estimated recognition in profit	Completion ratio, %	Lettable area (sqm)	Letting ratio, %
Frederiks Plads 2	Office	Århus		57	17,400	70
Omega CH	Office	Århus		42	8,900	62
Total Denmark				53	26,300	68
Fredriksberg D	Office	Helsinki		5	8,500	73
Hatsina Office 1	Office	Esbo	Q3 2021	39	18,400	53
Next	Office	Esbo	Q4 2021	35	10,000	100
Total Finland				28	36,900	71
Valle View	Office	Oslo	Q1 2021	72	23,600	63
Total Norway				72	23,600	63
Kineum Gårda ²	Office	Gothenburg		56	21,300	80
K11 ³	Office	Solna		67	12,900	31
Björkö Skola	Other	Gothenburg	Q4 2020	78	3,500	100
Bromma Blocks	Office	Stockholm		59	51,500	48
Arendal 4	Logistics	Gothenburg	Q4 2020	92	17,400	100
Våghuset	Office	Gothenburg		38	11,000	33
Brick Studios	Office	Gothenburg		34	16,200	29
Bettorp	Other	Örebro	Q4 2021	21	6,900	100
Total Sweden				54	140,700	53
Total				51	227,500	58

Completed Property development projects

Project	Type	Location	Sold, estimated recognition in profit	Completion ratio, %	Lettable area (sqm)	Letting ratio, %
Viborg Retail II+III	Retail	Viborg			900	0
Total Denmark					900	0

1) The tables 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 thirteen previously sold and revenue recognized property projects, a maximum of approximately SEK 110 M.

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.

3) Since quarter 1 2020, a detached garage which is under construction is included.

Other

Significant risks and uncertainties

The risks to which NCC may be exposed are presented in the 2019 Annual Report (pages 20–22). This assessment still applies.

The effects of the coronavirus pandemic could also affect NCC. NCC could be impacted by the availability of labor due to restrictions on travel and freedom of movement, as well as access to and delays to materials deliveries as a result of disruptions to production or supplies. The credit risk could also be impacted. In general, NCC follows the GDP trend and could be affected by a downward trending economy and falling GDP, as well as uncertainty that has resulted in longer decision-making processes, which is a risk for NCC.

The company Nynas, which is one of the primary suppliers of bitumen for asphalt manufacturing in the Nordic region, announced during the fourth quarter of 2019 that it is in the process of company reorganization. This still applies. If Nynas were to cease deliveries, it would have a negative impact in the short to medium term on the entire asphalt market in the Nordic region, including NCC's asphalt operations. This risk remains, even if measures to reduce the risk have been taken and deliveries during the quarter have functioned which has reduced the short term risk.

Related-party transactions

Related parties are NCC's subsidiaries, associated companies and joint arrangements. Related-company sales in the third quarter amounted to SEK 9 M (22) and purchases to SEK 13 M (4). In the January–September period, sales amounted to SEK 23 M (48) and purchases to SEK 13 M (20).

Seasonal effects

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

Repurchase of shares

NCC AB holds 764,267 Series B treasury shares to meet its obligations pursuant to long-term incentive programs.

Other significant events

During the quarter, NCC signed an agreement on the sale of the Road Services operations in Denmark to the company Arkil A/S and an agreement to divest the Road Services operations in Sweden and Finland to Mutares.

Some limited operations remain within Road Services in Norway. These operations, once the above divestments have been completed, will be recognized under Other and eliminations in the Group and no longer in the Infrastructure business area.

Dividend

NCC's Annual General Meeting on April 1, 2020, resolved not to pay any dividend for 2019 due to the prevailing uncertainty in society as a result of the coronavirus.

On September 30, 2020, NCC's Board of Directors announced, following a new assessment of the situation in society and the company's financial position, that it proposes a dividend of SEK 2.50 per share. An Extraordinary General Meeting will be held on November 12, to resolve on the Board's proposal. For more information, refer to www.ncc.se.

Reporting occasions and financial calendar

Extraordinary General Meeting	November 12, 2020
Capital Markets Meeting	November 18, 2020
Q4 and Year-end report 2020	January 28, 2021
Annual General Meeting	March 30, 2021
Q1	April 28, 2021
Q2 and Jan–Jun period	July 16, 2021
Q3 and Jan–Sep period	October 27, 2021

Events after the close of the quarter

Impact of the coronavirus pandemic

During the period from the close of the quarter until the date of this interim report, there were no new material effects from the coronavirus pandemic.

Divestment of Road Services

The divestment of Road Services in Sweden and Finland to Mutares was closed on November 4, 2020.

Changes to the management team

The following changes in the Executive Team and in the Senior management team were presented on November 5, 2020.

Ylva Lagesson has been appointed to new head of business area Industry. She is today a member of the Executive Team and head of DOS (Development & Operational Services). Previous head of business area Industry, Jyri Salonen, will in connection with this leave NCC.

Susanne Lithander, CFO and Head of Finance, will in addition to this role also take on the role of Head of DOS. These units will be merged.

In the Senior management team, Harri Savolainen, Head of Purchasing, will leave NCC for a role outside the company. Klaus Kaae will be interim Head of Purchasing until a recruitment is concluded.

Auditor's review report

Introduction

NCC AB (publ), Corp. Reg. No. 556034-5174

We have reviewed the condensed interim financial information (interim report) for NCC AB (publ) for September 30, 2020 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, November 5, 2020

PricewaterhouseCoopers AB

Ann-Christine Hägglund

Authorized Public Accountant

Auditor in Charge

Erik Bergh

Authorized Public Accountant

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Note 1	Q3		Jan-Sep		R 12 Okt-Sep	Jan-Dec
		2020	2019	2020	2019	2019/2020	2019
Net sales		12,820	13,951	39,017	39,995	57,256	58,234
Production costs	Note 2, 3	-11,653	-12,831	-35,972	-37,391	-52,714	-54,134
Gross profit		1,167	1,120	3,045	2,604	4,542	4,101
Selling and administrative expenses	Note 2, 3	-603	-558	-2,069	-1,982	-2,898	-2,811
Other operating income/expenses	Note 3	3	6	5	5	7	6
Operating profit/loss		567	568	981	626	1,651	1,296
Financial income		6	6	28	29	32	34
Financial expense ¹⁾		-24	-37	-88	-110	-123	-146
Net financial items		-19	-32	-60	-81	-91	-112
Profit/loss after financial items		549	536	922	545	1,560	1,184
Tax		-61	-77	-83	-78	-313	-309
Net profit/loss		488	459	839	467	1,246	875
Attributable to:							
NCC's shareholders		488	455	839	451	1,261	873
Non-controlling interests			5		16	-15	2
Net profit/loss for the period		488	459	839	467	1,246	875
Earnings per share							
Before and after dilution							
Net profit/loss for the period, SEK		4.53	4.21	7.78	4.17	11.70	8.09
Number of shares, millions							
Total number of issued shares		108.4	108.4	108.4	108.4	108.4	108.4
Average number of shares outstanding before and after dilution during the period		107.7	107.9	107.8	108.0	107.8	108.0
Number of shares outstanding at the end of the period		107.7	107.9	107.7	107.9	107.7	107.9

¹⁾ Whereof interest expenses for the period Oct 19-Sep 20 SEK, 106 M and Jan-Dec 19 SEK 126 M.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note 1	Q3		Jan-Sep		R 12 Okt-Sep	Jan-Dec
		2020	2019	2020	2019	2019/2020	2019
Net profit/loss for the period		488	459	839	467	1,246	875
Items that have been recycled or should be recycled to net profit/loss for the period							
Exchange differences on translating foreign operations		9	28	-17	103	-77	43
Cash flow hedges		9	-19		-7	15	8
Income tax relating to items that have been or should be recycled to net profit/loss for the period		-2	4		2	-3	-2
		16	13	-17	98	-65	49
Items that cannot be recycled to net profit/loss for the period							
Revaluation of defined benefit pension plans		322	-858	177	-896	630	-443
Income tax relating to items that can not be recycled to net profit/loss for the period		-69	184	-38	192	-135	95
		253	-675	139	-704	496	-348
Other comprehensive income		269	-662	122	-607	430	-299
Total comprehensive income		757	-203	961	-139	1,677	576
Attributable to:							
NCC's shareholders		757	-208	961	-156	1,691	574
Non-controlling interests			5		16	-15	2
Total comprehensive income		757	-203	961	-139	1,677	576

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	Note 1	Sep 30 2020	Sep 30 2019	Dec 31 2019
ASSETS				
Goodwill		1,856	1,925	1,893
Other intangible as sets		345	368	368
Right-of-use as sets	Note 4	1,909	1,714	1,579
Owner-occupied properties		867	935	894
Machinery and equipment		2,397	2,570	2,516
Long-term holdings of securities		114	116	114
Long-term interest-bearing receivables		93	198	144
Other long-term receivables		26	25	34
Deferred tax as sets		697	775	524
Total fixed as sets		8,305	8,625	8,065
Right-of-use as sets	Note 4	30	53	51
Properties held for future development		1,525	1,511	1,391
Ongoing property projects		4,452	3,950	3,042
Completed property projects		4	349	936
Participations in associated companies		294	263	263
Materials and inventories		1,028	1,015	993
Tax receivables		251	341	50
Accounts receivable		7,276	9,788	8,674
Worked-up, non-invoiced revenues		2,076	2,008	1,260
Prepaid expenses and accrued income		994	1,711	1,516
Current interest-bearing receivables		208	270	226
Other receivables		714	436	555
Short-term investments ¹⁾		184	10	63
Cash and cash equivalents		1,822	1,803	2,416
As sets held for sale		427	454	392
Total current as sets		21,285	23,961	21,826
Total as sets		29,589	32,586	29,890
EQUITY				
Shareholders' equity		3,985	2,330	3,044
Non-controlling interests			15	
Total shareholders' equity		3,985	2,345	3,044
LIABILITIES				
Long-term interest-bearing liabilities		3,768	3,856	3,568
Other long-term liabilities		78	48	52
Provisions for pensions and similar obligations		2,738	3,251	2,840
Deferred tax liabilities		443	367	170
Other provisions		2,527	2,516	2,777
Total long-term liabilities		9,554	10,039	9,407
Current interest-bearing liabilities		807	3,169	796
Accounts payable		4,424	4,768	4,275
Tax liabilities		10		100
Invoiced revenues not worked-up		5,584	7,204	6,254
Accrued expenses and prepaid income		3,218	3,193	3,767
Provisions		13	36	24
Other current liabilities		1,498	1,546	1,878
Liabilities attributable to as sets held for sale		494	287	344
Total current liabilities		16,050	20,203	17,439
Total liabilities		25,604	30,242	26,846
Total shareholders' equity and liabilities		29,589	32,586	29,890

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

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Sep 30, 2020			Sep 30, 2019		
	Shareholders' equity	Non-controlling interests	Total shareholders' equity	Shareholders' equity	Non-controlling interests	Total shareholders' equity
Opening balance, January 1 st	3,044		3,044	2,931	17	2,948
Total comprehensive income	961		961	-156	16	-139
Dividend				-432	-18	-450
Sale/Acquisition of treasury shares	-34		-34	-19		-19
Performance based incentive program	14		14	6		6
Closing balance	3,985	0	3,985	2,330	15	2,345

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK M	Q3		Jan-Sep		R 12	Jan-Dec
	2020	2019	2020	2019	Okt-Sep 2019/2020	2019
OPERATING ACTIVITIES						
Profit /loss after financial items	549	536	922	545	1,560	1,184
Adjustments for items not included in cash flow	325	475	1,002	1,007	1,695	1,700
Taxes paid	-82	-65	-345	-227	-228	-110
Cash flow from operating activities before changes in working capital	792	947	1,579	1,326	3,027	2,774
Divestment of property projects	-44	250	1,683	793	3,006	2,116
Gross investments in property projects	-551	-964	-2,241	-2,307	-3,215	-3,281
Cash flow from property projects	-595	-714	-558	-1,514	-209	-1,165
Other changes in working capital	-121	-914	-430	-1,328	1,503	605
Cash flow from operating activities	77	-682	591	-1,516	4,321	2,214
INVESTING ACTIVITIES						
Acquisition/Sale of subsidiaries and other holdings	2	18	11	20	-16	-7
Acquisition/Sale of tangible fixed assets	-131	-106	-236	-503	-405	-671
Acquisition/Sale of other fixed assets	-10	-44	-16	-63	25	-23
Cash flow from investing activities	-140	-132	-241	-547	-396	-701
Cash flow before financing	-63	-814	350	-2,063	3,925	1,512
FINANCING ACTIVITIES						
Cash flow from financing activities	-191	1,902	-754	2,643	-3,705	-308
Cash flow during the period	-254	1,089	-404	580	220	1,204
Cash and cash equivalents at beginning of period	2,231	717	2,416	1,197	1,803	1,197
Effects of exchange rate changes on cash and cash equivalents	-5	-3	-39	26	-50	15
Cash and cash equivalents at end of period ¹⁾	1,972	1,803	1,972	1,803	1,972	2,416
Short-term investments due later than three months	184	10	184	10	184	63
Total liquid assets at end of period	2,156	1,813	2,156	1,813	2,156	2,478

¹⁾ Road Services cash is included with SEK 150 M.

CONDENSED CONSOLIDATED NET DEBT

Net debt, SEK M	Jan-Sep		R 12 Okt-Sep Jan-Dec	
	2020	2019	2019/2020	2019
Net debt, opening balance	-4,489	-3,045	-8,124	-3,045
- Cash flow from operating activities	591	-1,516	4,321	2,214
- Cash flow from investing activities	-241	-547	-396	-701
Cash flow before financing	350	-2,063	3,925	1,512
Leasing - IFRS 16-effect	-942	-1,817	-1,067	-1,942
Acquisition/Sale of treasury shares	-34	-19	-34	-19
Change of provisions for pensions	102	-972	514	-561
Currency exchange differences in cash and cash equivalents	-39	26	-50	15
Paid dividend		-234	-216	-450
Net cash + /net debt - closing balance	-5,052	-8,124	-5,052	-4,489
- Whereof provisions for pensions	-2,738	-3,251	-2,738	-2,840
- Whereof leasing debt according to IFRS 16.	-2,139	-1,852	-2,139	-1,732
- Whereof other net cash/net debt	-175	-3,021	-175	83

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Nöte 1	Q3		Jan-Sep		R 12 Ökt-Sep	Jan-Dec
		2020	2019	2020	2019	2019/2020	2019
Net sales		12	38	43	109	179	246
Selling and administrative expenses		-58	-77	-190	-251	-283	-344
Operating profit		-45	-38	-147	-142	-103	-98
Result from participations in Group companies		100	-37	1,154	295	1,341	482
Result from other financial fixed assets				10	13	10	13
Result from financial current assets				3	2	4	3
Interest expense and similar items		-5	-9	-24	-28	-38	-42
Result after financial items		50	-85	995	140	1,213	358
Appropriations						577	577
Tax		10	3	36	36	-102	-102
Net profit/loss for the period		60	-82	1,031	176	1,688	833

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 52 (59).

PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Nöte 1	Sep 30 2020	Sep 30 2019	Dec 31 2019
ASSETS				
Tangible fixed assets			56	3
Financial fixed assets		4,572	5,554	4,562
Total fixed assets		4,572	5,610	4,565
Current receivables		310	347	1,123
Treasury balances in NCC Treasury AB		508	46	164
Total current assets		818	393	1,287
Total assets		5,391	6,002	5,852
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity		4,294	2,622	3,281
Provisions		6	8	6
Long term liabilities		608	2,047	803
Current liabilities		483	1,325	1,761
Total shareholders' equity and liabilities		5,391	6,002	5,852

The total resolved dividend to shareholders amounted to SEK 0 million (432) due to the uncertainty prevailing in society due to the coronavirus.

The company has called an Extraordinary General Meeting on November 12, to which the Board of Directors has proposed a dividend of SEK 2.50 per share.

Notes

NOTE 1. ACCOUNTING POLICIES

This interim report has been compiled pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the EU.

The interim report has been prepared pursuant to the same accounting policies and methods of calculation as the 2019 Annual Report (Note 1, pages 32–38). Any new supplementary standards or interpretations did not affect this financial report to any discernible extent.

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

The assets and liabilities attributable to the sale of the operations in Road Services are recognized on separate lines on the asset and liability sides, respectively.

Parent Company

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

The interim report for the Parent Company has been prepared in accordance with the same accounting policies and methods of calculation as the Annual Report for 2019 (Note 1, pages 32–38) 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	Q3		Jan-Sep		R 12 Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020	2019
Other intangible as sets	-19	-15	-47	-44	-62	-59
Owner-occupied properties ¹⁾	-91	-84	-259	-240	-345	-327
Machinery and equipment ²⁾	-241	-253	-733	-752	-1,001	-1,020
Total depreciation	-351	-352	-1,038	-1,036	-1,408	-1,407

¹⁾ Of which depreciation of right-of-use assets SEK 227 M (196)

²⁾ Of which depreciation of right-of-use assets SEK 324 M (332)

NOTE 3. IMPAIRMENT LOSSES

SEK M	Q3		Jan-Sep		R 12 Okt-Sep	Jan-Dec
	2020	2019	2020	2019	2019/2020	2019
Owner-occupied properties			-9	-13	-9	-13
Machinery and equipment				-8		-8
Other intangible as sets					-1	-1
Total impairment losses	0	0	-9	-21	-10	-22

NOTE 4. RIGHT-OF-USE ASSETS

SEK M			
Koncernen	Sep 30 2020	Sep 30 2019	Dec 31 2019
Owner-occupied properties	1,058	719	717
Machinery and equipment	851	995	862
Land leases	30	53	51
Total right-of-use assets	1,939	1,767	1,630

NOTE 5. SEGMENT REPORTING

SEK M

	NCC Infrastructure	NCC Building Sweden	NCC Building Nrdics	NCC Industry	NCC Property Development	Total segments	Other and eliminations ¹⁾	Group
Q3 2020								
Net sales, external	4,269	2,393	2,463	3,678	16	12,820		12,820
Net sales, internal	141	342	332	422	2	1,239	-1,239	
Net sales, total	4,410	2,735	2,795	4,101	18	14,059	-1,239	12,820
Operating profit	79	78	50	395	-11	592	-25	567
Net financial items								-19
Profit/loss after financial items								548

	NCC Infrastructure	NCC Building Sweden	NCC Building Nrdics	NCC Industry	NCC Property Development	Total segments	Other and eliminations ¹⁾	Group
Q3 2019								
Net sales, external	4,492	2,856	2,666	3,615	321	13,951		13,951
Net sales, internal	313	336	248	696	14	1,606	-1,606	
Net sales, total	4,805	3,192	2,914	4,311	335	15,557	-1,606	13,951
Operating profit	50	75	53	387	19	583	-15	568
Net financial items								-32
Profit/loss after financial items								536

	NCC Infrastructure	NCC Building Sweden	NCC Building Nrdics	NCC Industry	NCC Property Development	Total segments	Other and eliminations ²⁾	Group
January - September 2020								
Net sales, external	13,284	8,502	7,807	7,670	2,266	39,530	-513	39,017
Net sales, internal	387	1,081	985	1,299	8	3,760	-3,760	
Net sales, total	13,671	9,583	8,792	8,969	2,274	43,289	-4,273	39,017
Operating profit	200	255	162	290	380	1,288	-307	981
Net financial items								-60
Profit/loss after financial items								922

	NCC Infrastructure	NCC Building Sweden	NCC Building Nrdics	NCC Industry	NCC Property Development	Total segments	Other and eliminations ²⁾	Group
January - September 2019								
Net sales, external	13,676	9,795	7,671	7,819	1,031	39,992	3	39,995
Net sales, internal	267	792	613	1,477	36	3,185	-3,185	
Net sales, total	13,943	10,587	8,284	9,296	1,067	43,177	-3,182	39,995
Operating profit	140	261	132	324	39	896	-269	626
Net financial items								-81
Profit/loss after financial items								545

¹⁾ The figures for the quarter include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK 17 M (-7). Further, the figures for the quarter includes eliminations of internal profits of SEK -35 M (16) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group, totalling SEK -7 M (-24). These items primarily correspond to pensions and in 2020 also leasing, when the rules on sale and leaseback are applied.

²⁾ The figures for the period include among others NCC's head office and results from small subsidiaries and associated companies, totalling SEK -75 M (-149). Further, the figures includes eliminations of internal profits amounting of SEK -52 M (-39) and other Group adjustments, mainly consisting of differences of accounting policy between the segments and the Group, totalling SEK -180 M (-82). These items primarily correspond to pensions and in 2020 also leasing, when the rules on sale and leaseback are applied.

Geographical areas

SEK M	Net sales		Orders received	
	Jan-Sep			
	2020	2019	2020	2019
Sweden	22,967	23,592	24,504	23,263
Denmark	5,585	5,303	5,214	9,955
Norway	4,921	5,709	3,667	5,471
Finland	5,544	5,390	3,830	5,651
Total	39,017	39,995	37,215	44,340

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	Sep 30, 2020				Sep 30, 2019				Dec. 31, 2019			
	Nivå				Nivå				Nivå			
	1	2	3	Tot	1	2	3	Tot	1	2	3	Tot
Financial assets measured at fair value through profit and loss												
Short-term investments	83			83	10			10	10			10
Derivative instruments		77		77		24		24		56		56
Derivative instruments used in hedge accounting		11		11		18		18		12		12
Financial assets measured at fair value through other comprehensive income												
Equity instruments			68	68			74	74			74	74
Total assets	83	88	68	239	10	42	74	126	10	68	74	152
Financial liabilities measured at fair value through profit and loss												
Derivative instruments		3		3		9		9		60		60
Derivative instruments used in hedge accounting		28		28		33		33		14		14
Total liabilities	0	31	0	31	0	42	0	42	0	74	0	74

In the table 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	Sep 30, 2020		Sep 30, 2019		Dec. 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term interest-bearing receivables - amortized cost	93	94	198	200	144	144
Short-term investments - amortized cost	101	101			52	52
Long-term interest-bearing liabilities	3,768	3,744	3,856	3,856	3,568	3,569
Current interest-bearing liabilities	807	807	3,169	3,169	796	797
Interest-bearing liabilities attributable to assets held for sale	106	106	129	129	133	133

For other financial instruments recognized at amortized cost – accounts receivable, 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.

NOTE 7. PLEDGED ASSETS, CONTINGENT LIABILITIES AND GUARANTEE OBLIGATIONS

SEK M

Group	Sep 30 2020	Sep 30 2019	Dec 31 2019
Assets pledged	539	520	487
Contingent liabilities and guarantee obligations ¹⁾	270	569	594
Parent company			
Contingent liabilities and guarantee obligations ¹⁾	21,150	23,498	21,456

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

	Q3	Q3 R 12	Oct-Sep	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-dec	Jan-dec
	2020	2019	2019/2020	2019	2018	2017 ³⁾	2017	2016	2015
Profitability ratios									
Return on shareholders equity, % excl profit from dividend of Bonava ¹⁾	41	22	41	32	-18	17	18	19	26
Return on shareholders equity, % incl profit from dividend of Bonava ^{1) 5)}	41	22	41	32	-18	17	18	118	26
Return on capital employed, % excl profit from dividend of Bonava ¹⁾	15	9	15	13	-9	12	13	13	17
Return on capital employed, % incl profit from dividend of Bonava ^{1) 5)}	15	9	15	13	-9	12	13	63	17
Financial ratios at period-end									
EBITDA % excl profit from dividend of Bonava	7.2	6.6	5.4	4.7	0.8	3.3	3.6	4.7	6.2
EBITDA % incl profit from dividend of Bonava ⁵⁾	7.2	6.6	5.4	4.7	0.8	3.3	3.6	17.0	6.2
Interest-coverage ratio, times excl profit from dividend of Bonava ¹⁾	13.6	6.7	13.6	9.1	-6.0	8.5	9.8	6.6	7.1
Interest-coverage ratio, times incl profit from dividend of Bonava ^{1) 5)}	13.6	6.7	13.6	9.1	-6.0	8.5	9.8	31.1	7.1
Equity/assets ratio, %	13	7	13	10	11	19	20	22	25
Interest bearing liabilities/total assets, %	25	32	25	25	17	15	15	16	24
Net cash +/net debt -, SEK M	-5,052	-8,124	-5,052	-4,489	-3,045	-149	-149	-222	-4,552
Debt/equity ratio, times	1.3	3.5	1.3	1.5	1.0				0.5
Capital employed at period end, SEK M	11,404	12,749	11,404	10,382	7,619	9,174	9,523	9,585	19,093
Capital employed, average	11,258	9,510	11,258	9,936	8,780	9,138	9,418	13,474	18,672
Capital turnover rate, times ¹⁾	5.1	6.1	5.1	5.9	6.5	6.0	5.8	4.1	3.3
Share of risk-bearing capital, %	15	8	15	11	12	21	22	24	25
Closing interest rate, % ⁶⁾	1.1	0.9	1.1	1.1	1.3	2.0	2.0	2.6	2.8
Average period of fixed interest, years	0.9	0.6	0.9	1.2	0.5	0.6	0.6	0.9	0.9
Per share data									
Profit/loss after tax, before and after dilution, SEK excl profit from dividend Bonava	4.53	4.21	11.70	8.09	-7.00	8.07	9.29	11.61	19.59
Profit/loss after tax, before and after dilution, SEK incl profit from dividend Bonava ⁵⁾	4.53	4.21	11.70	8.09	-7.00	8.07	9.29	73.81	19.59
Cash flow from operating activities, before and after dilution, SEK	0.71	-6.31	40.08	20.50	-3.47	19.97	19.97	10.88	37.65
Cash flow before financing, before and after dilution, SEK	-0.58	-7.53	36.41	14.01	-10.71	12.59	12.59	-0.05	30.88
P/E ratio excl profit from dividend Bonava ¹⁾	14	29	14	19	-20	19	17	19	13
P/E ratio incl profit from dividend Bonava ^{1) 5)}	14	29	14	19	-20	19	17	3	13
Dividend, ordinary, SEK ⁷⁾				2.50	4.00	8.00	8.00	8.00	3.00
Dividend yield, %				1.6	2.9	5.1	5.1	3.5	1.1
Shareholders' equity before dilution, SEK	37.01	21.57	37.01	28.21	27.13	47.81	51.04	51.39	89.85
Shareholders' equity after dilution, SEK	37.01	21.57	37.01	28.21	27.13	47.81	51.04	51.39	89.85
Share price/shareholders' equity, %	442	760	442	543	508	329	308	439	293
Share price at period-end, NCC B, SEK	163.70	164.00	163.70	153.20	137.80	157.30	157.30	225.40	263.00
Number of shares, millions									
Total number of issued shares ²⁾	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
Treasury shares at period-end	0.8	0.4	0.8	0.5	0.4	0.4	0.4	0.4	0.6
Total number of shares outstanding at period-end before dilution	107.7	107.9	107.7	107.9	108.0	108.1	108.1	108.1	107.9
Average number of shares outstanding before and after dilution during the period	107.7	107.9	107.8	108.0	108.1	108.1	108.1	108.1	107.9
Market capitalization before dilution, SEK M ⁴⁾	17,623	17,718	17,623	16,548	14,896	16,997	16,997	24,325	28,369
Personnel									
Average number of employees	14,768	15,545	14,768	15,273	16,523	17,762	17,762	16,793	17,872

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 16.

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

7) The 2019 dividend refers to the Board's proposal for the Extraordinary General Meeting on 12 November 2020.

For definitions of key figures, see <https://www.ncc.com/investor-relations/ncc-share/financial-definitions/>.



This is the type of information that NCC AB 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 below on November 5, 2020 at 6.30 p.m. CET.

Invitation to presentation of the Interim Report for the January – September 2020 period



NCC’s President and CEO Tomas Carlsson and Chief Financial Officer Susanne Lithander will present the interim report by webcast with integrated teleconference on November 6 at 9:00 a.m. (CET). The presentation will be held in English.

Presentation material for the teleconference will be available at www.ncc.se/ir from approximately 8:00 a.m. (CET).

Link to webcast: <https://ncc-live-external.creo.se/201106>

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 50
UK: +44 333 300 9035
US: +1 833 526 8381

Financial calendar



Extraordinary General Meeting	November 12, 2020
Capital Markets Meeting	November 18, 2020
Year-end report Q4, and full-year 2020	January 28, 2021
Annual General Meeting (AGM)	March 30, 2021
Interim report Q1	April 28, 2021

For further information, please contact:



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