

Press release

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Impairment losses for projects in Norway

The management teams of the new business areas NCC Building and NCC Infrastructure have analyzed NCC's Norwegian construction and civil engineering operations, which has resulted in the recognition of impairment losses totaling SEK 290 million in the third quarter. NCC's operating profit for the third quarter is estimated at SEK 503 million (720) for the Group, net sales at SEK 13.6 billion (13.3) and orders received at SEK 12.6 billion (10.1).

NCC's Norwegian construction and civil engineering operations, which account for just over 11 percent of NCC's sales, have demonstrated poor profitability for a number of years. As of January 1, 2016, NCC's construction and civil engineering operations have been reorganized into two Nordic business areas: NCC Building and NCC Infrastructure. The management teams of the new business areas have now analyzed the Norwegian parts of the operations, which has resulted in the recognition of impairment losses for projects in the third quarter. The operating result for these business areas is thereby estimated to stand at close to zero in the quarter.

Inadequate project management is the underlying reason for the impairment losses, which largely relate to completed and delivered projects. Within the scope of the new business area structure, NCC has allocated resources to strengthen project management activities in Norway.

"I can say that our turnaround in Norway is taking longer than expected, but we now have the right organization and processes in place. We have also allocated resources to improve project management in Norway. In addition, we are also currently reviewing the Group's overhead costs. However, orders received and the market outlook were some of the bright spots in the quarter. Orders received for NCC increased by 25 percent in the third quarter compared with the year-earlier period," says Peter Wågström, President and CEO of NCC.

A teleconference will be held today, Friday, October 14, at 9:00 a.m. NCC's President and CEO, Peter Wågström, and CFO, Mattias Lundgren, will respond to questions. To participate in this teleconference, call +46 8 519 993 55 (SE), +44 203 194 05 50 (UK), +1 855 269 26 05 (US) or +49 692 222 339 83 (DE).

All other information related to the third quarter of 2016 will be presented in NCC's interim report for January-September 2016 on October 28, 2016.

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This is the type of information that NCC is be obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact person set out above on October 14, 2016 at 7:30 a.m. CET.

About NCC Our vision is to renew our industry and provide superior sustainable solutions. NCC is one of the leading companies in the Nordics within construction, infrastructure and property development, with sales, excluding Bonava, of SEK 53 billion and 16,000 employees in 2015. The NCC share is listed on NASDAQ Stockholm.