

Press release

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New strategy for profitable growth at NCC

According to NCC's new strategy for profitable growth, the company aims to grow by an average of 5 percent per year and the operating margin will improve from the current figure of about 3 percent to a minimum of 4 percent during the 2016-2020 strategy period.

This was announced at NCC's Capital Markets Day on Thursday.

"We have noted that streamlined, specialized companies have greater opportunities for growth and profitability. With our new specialized Nordic organization, we will become more efficient and increase our profitability. At the same time, we expect to grow by focusing on segments with growth potential, such as large-scale infrastructure projects and refurbishment. Achieving this goal will create conditions for investment in further growth – through acquisitions, for example," says Peter Wågström, President and CEO of NCC.

NCC (excluding Housing) has defined the following strategic objectives for the Group for the 2016-2020 strategy period:

- An operating margin of at least 4 percent during the strategy period
- Average annual sales growth of 5 percent during the strategy period
- Annual return on equity after tax of at least 20 percent
- Net indebtedness of less than 2.5 times EBITDA
- Equity/assets ratio of at least 20 percent
- Reduction of the accident frequency rate by half by 2020 (compared with the 2015 outcome)
- Reduction of NCC's CO₂ emissions by half by 2020 (compared with the 2015 outcome)

Dividend policy: at least 40 percent of profit for the year after tax to be distributed to shareholders.

The following financial objectives apply for the three businesses and business areas:

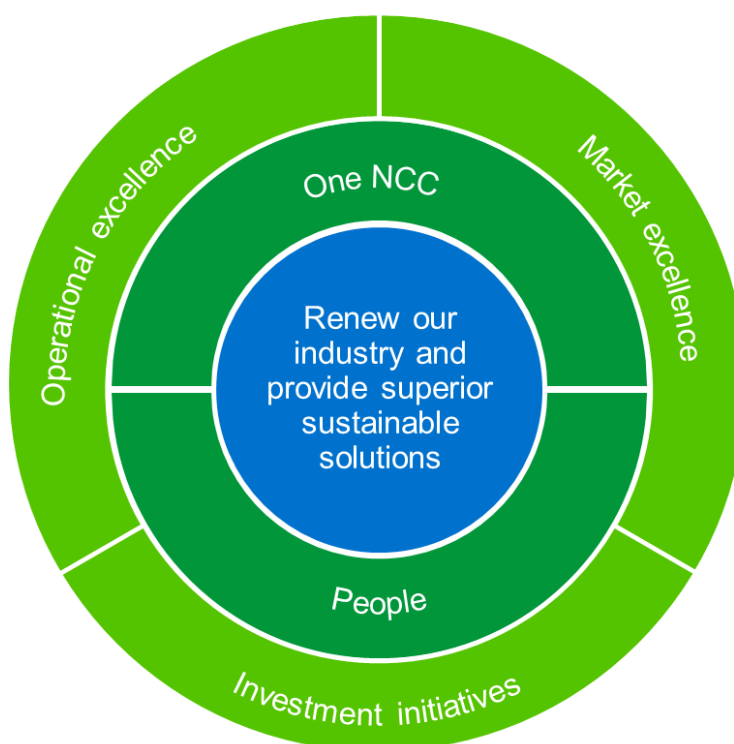
- NCC Industry: Operating margin of at least 4 percent, and average annual return on capital employed of at least 10 percent, during the strategy period
- NCC Building and NCC Infrastructure: Operating margin of at least 3.5 percent per year
- NCC Property Development: Operating margin of at least 10 percent, and average annual return on capital employed of at least 10 percent, during the strategy period

The starting point for the new strategy is NCC's vision to renew our industry and provide superior sustainable solutions. NCC has identified five megatrends that will change the construction and property industry: urbanization, globalization, sustainability,

competition for the best talent and new technologies. These trends present opportunities for both profitability and growth.

NCC intends to realize this potential by continuing to develop our existing strengths, where broad geographic presence, strong expertise in the expected growth segments of building and infrastructure and a strong position, close to the customer, in the value chain work to NCC's advantage.

The strategic initiatives required to achieve this level of ambition can be summarized in three "Must Win Battles" (MWB).



- **Operational excellence:** NCC will increase its focus on strengthening existing expertise by strengthening the company's position close to the customer, improving the efficiency of working methods and processes using LEAN principles, and improving support for digitized information flows.
- **Market excellence:** NCC sees major growth potential in the infrastructure and refurbishment segments, through sales of sustainable lifecycle offerings and by early marketing of these solutions.
- **Investment initiatives:** Provided that the new strategy increases NCC's profitability and growth, there will be investment scope for growth through investments in, for example, company acquisitions, PPP projects and project development.

In order to increase opportunities for profitable growth, NCC, as previously announced, will launch a new Nordic organization at the end of the year. The estimated costs of the reorganization are SEK 200 million, of which about SEK 100 million is expected to be charged against NCC's earnings in the fourth quarter of 2015 and the remaining amount continuously during 2016. The reorganization will generate annual cost savings of about SEK 200 million, but will primarily contribute to increased sales and profitability during the strategy period.

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This is the type of information that NCC could be obligated to disclose pursuant to the Securities Market Act. The information was issued for publication on November 26, 2015 at 7:00 a.m.

About NCC. Our vision is to renew our industry and provide superior sustainable solutions. NCC is one of the leading companies in construction, property development and infrastructure in Northern Europe, with sales of SEK 57 billion and 18,000 employees in 2014. The NCC share is listed on the NASDAQ Stockholm exchange.