

NCC Construction Sweden

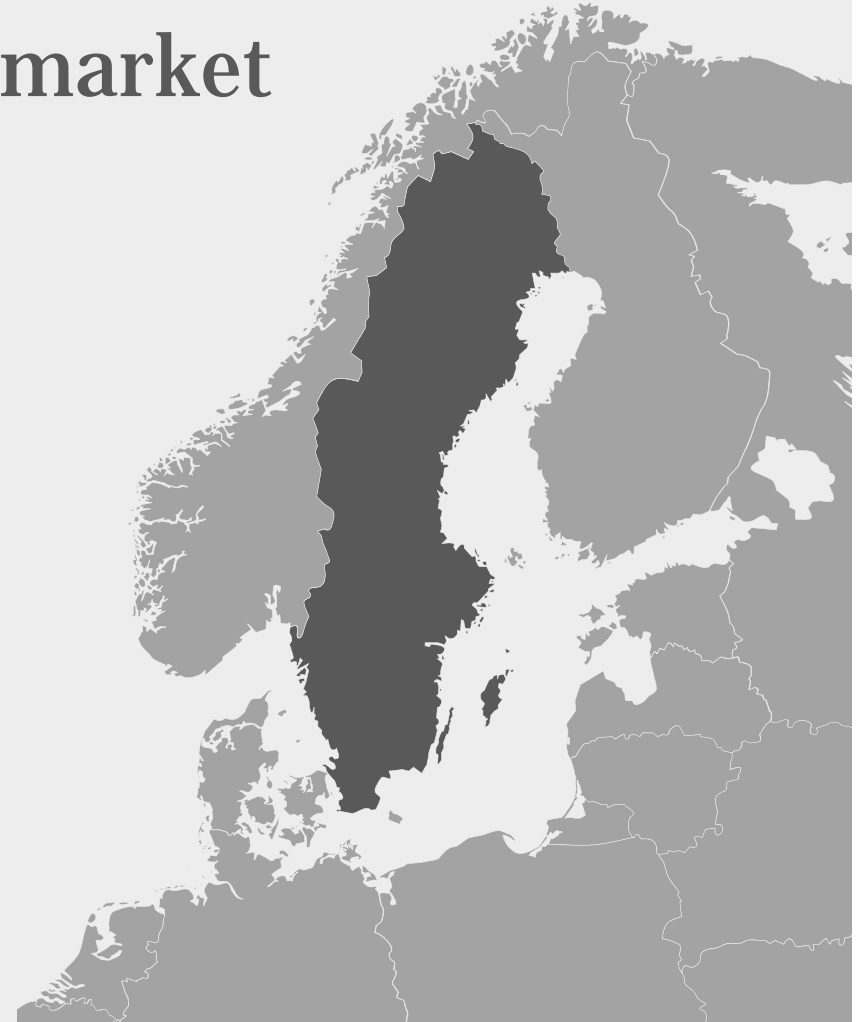
Heading for a stronger market position

Svante Hagman
Business Area Manager
NCC Construction Sweden

Strong position in the Swedish market

NCC Construction Sweden

- Sales of SEK 21.5 billion
- Operating profit SEK 637 M
- 7,500 employees
- Residentials, offices, industrial premises, other buildings, roads, civil-engineering structures and other infrastructure
- Thousands of projects, both large and small



Cutting-edge skills and local presence

New organization from January 2014

- Specialized in five segments
 - Land and Industrial Construction, Civil Engineering, Buildings, Residential and Partnering
- This will lead to:
 - Increased customer focus when meeting different business logics
 - The power of development work being moved closer to the business operations
 - Stronger local presence



Share of NCC in total

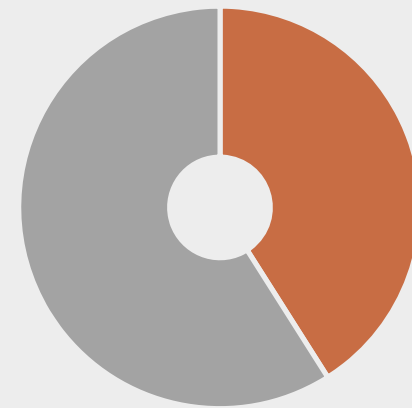
NCC Construction Sweden, 2013



37% of consolidated sales



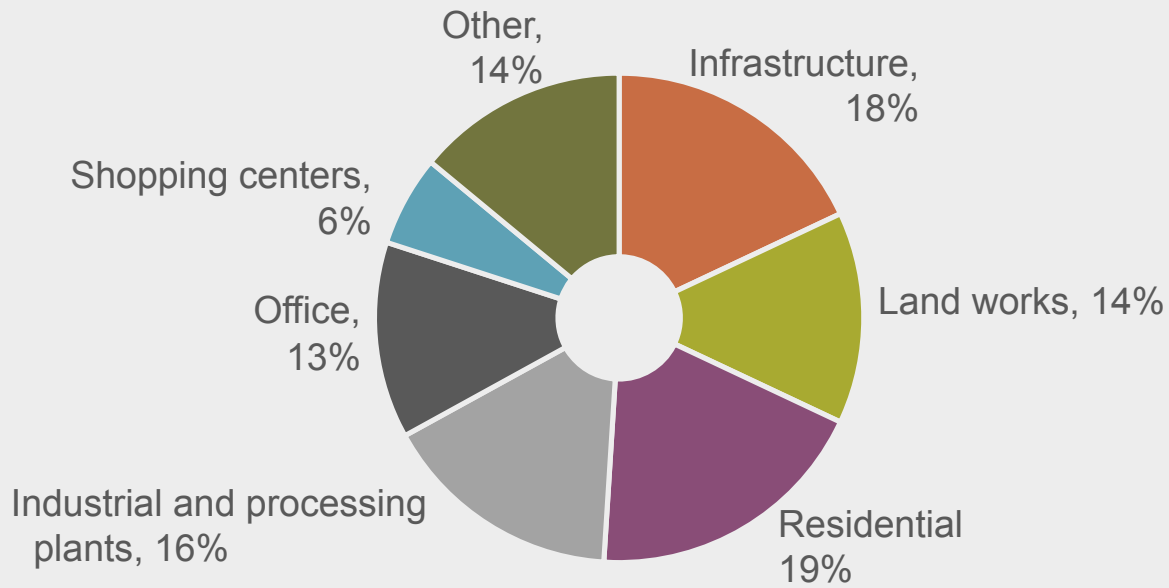
24% of operating profit



41% of number of employees

Well balanced product mix

NCC Construction Sweden, 2013



Share of net sales 2013



Top three priorities



Workplace safety



Increase profitability

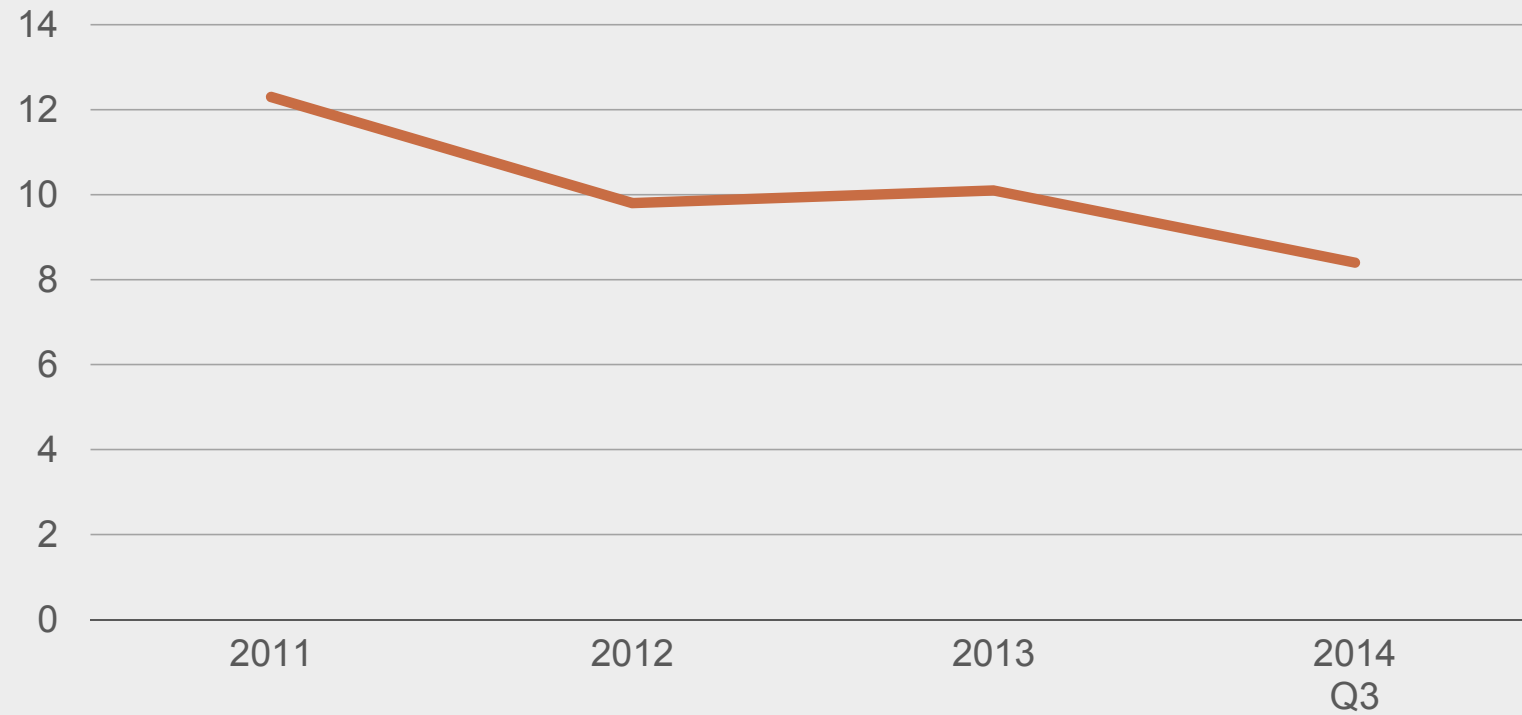


Sustainability

Downward trend in accident frequency

NCC Construcion Sweden

Number of accidents resulting in one day or more of absence from work per million worked hours



Safety at the worksite – the most important issues

Safety culture

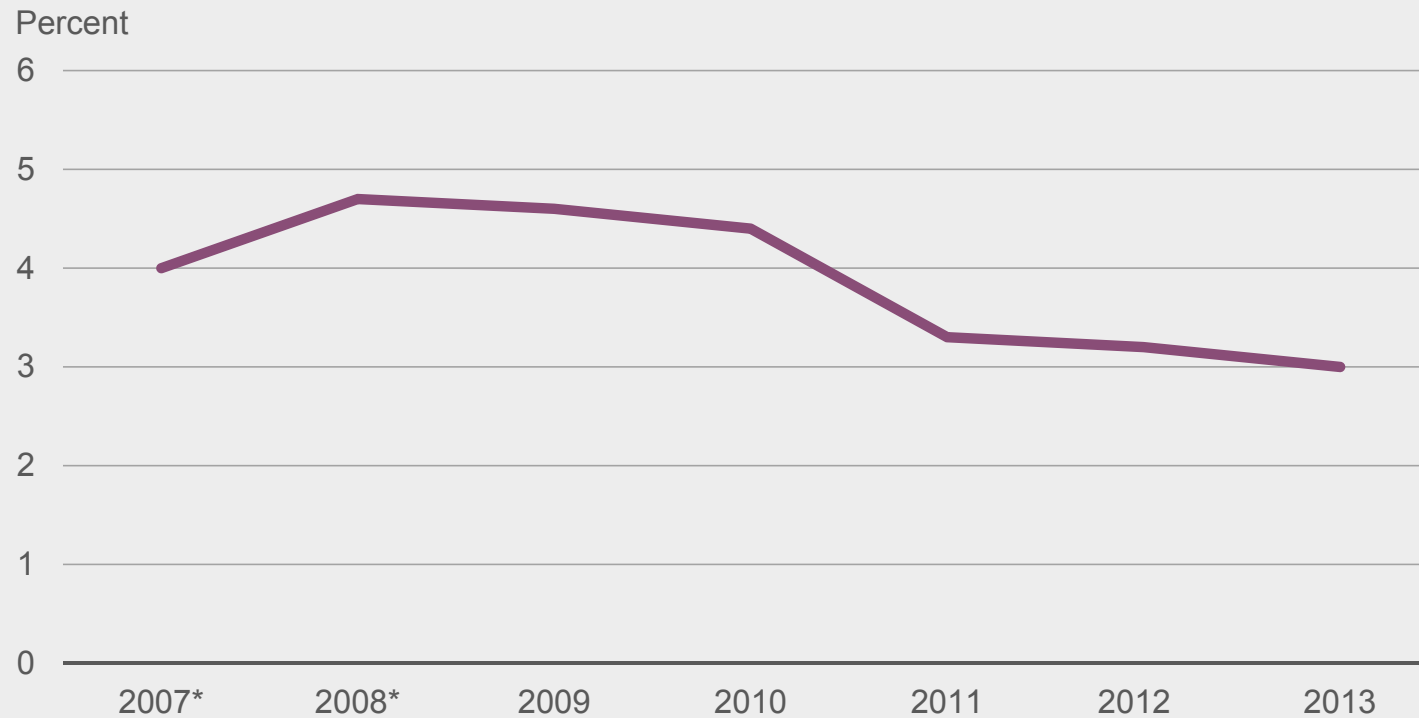
Attitudes and
behaviors

Prioritized
high-risk areas

Increasing profitability

Operating margin – EBIT

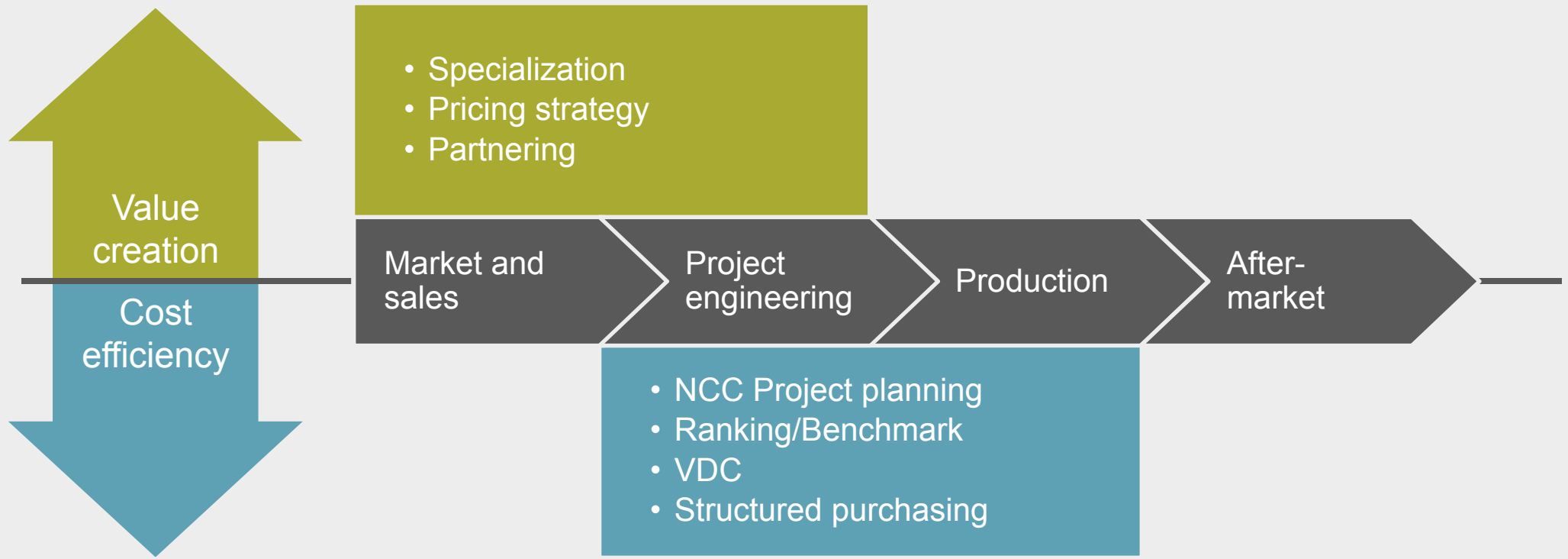
NCC Construction Sweden



* Excl. NCC Housing



Key principles for increased profitability



Actions for increasing profitability

Short term

Activities for improving earnings

Short term – examples

Major projects
7-point program

Support, analysis
and actions for
projects < SEK 50M

Cash flow focus

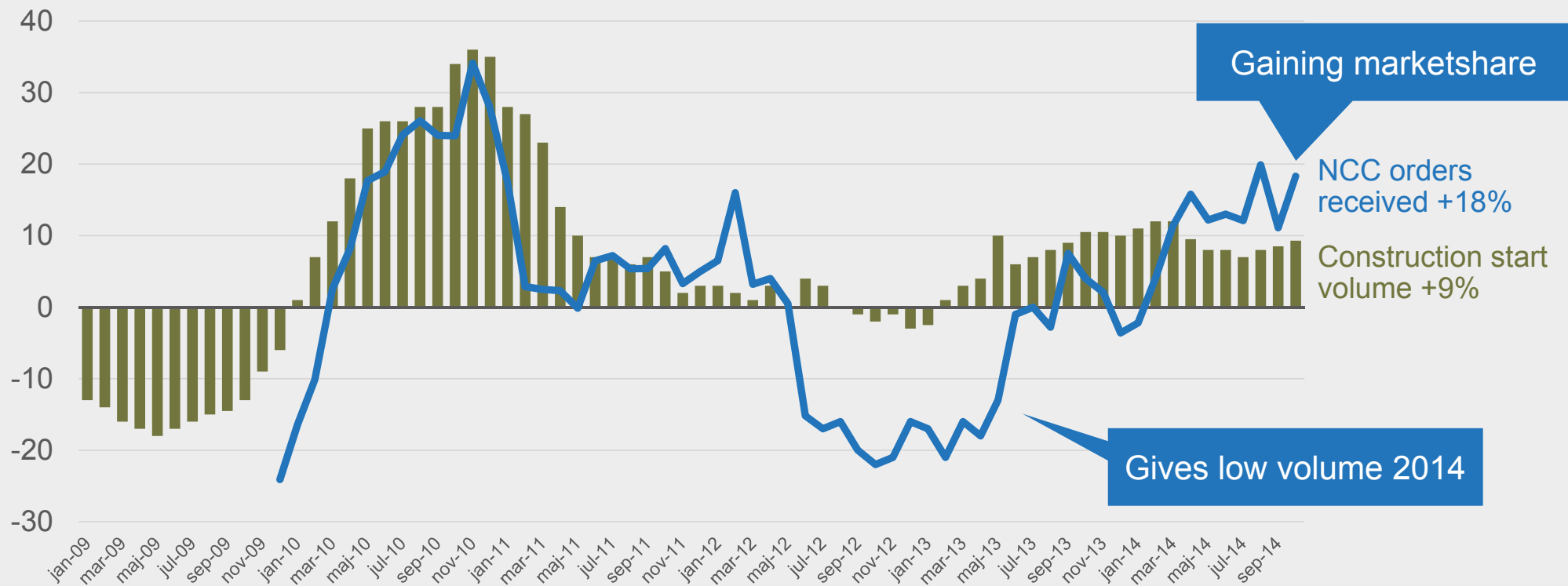
Immediate actions
for units showing
low profitability



Time from order to sale
is longer today

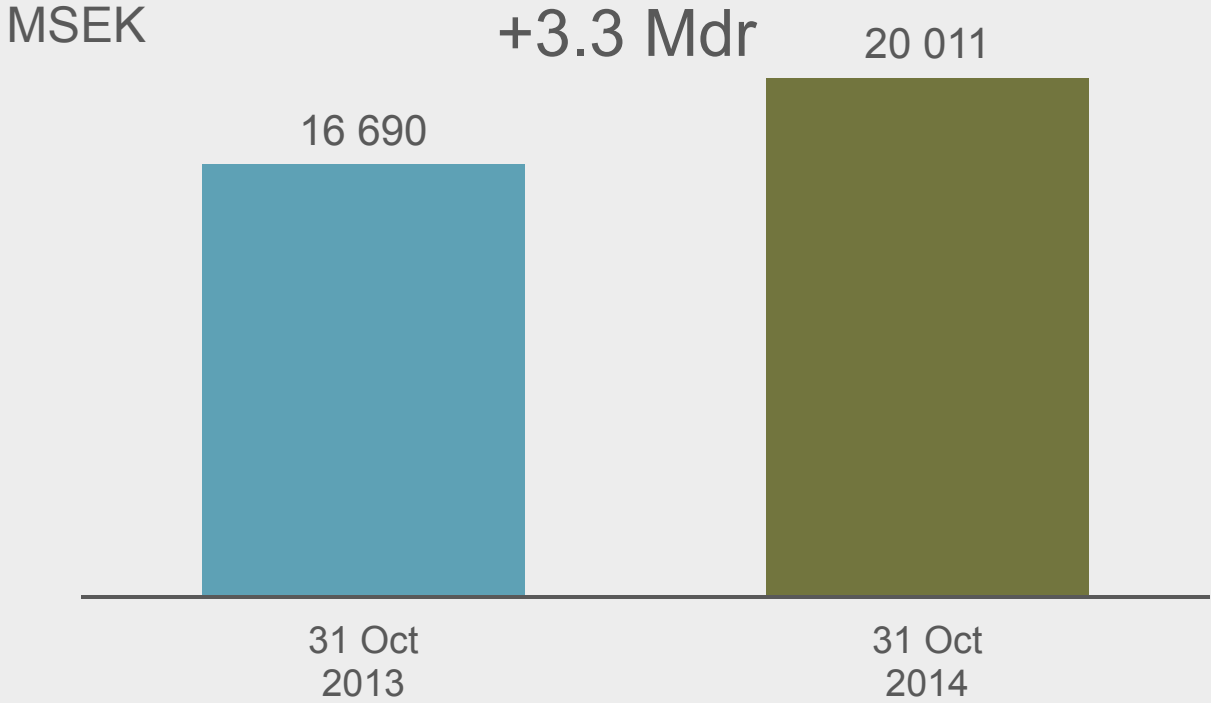
Orders received better than market 2014

Orders received vs construction start volume in Sweden months



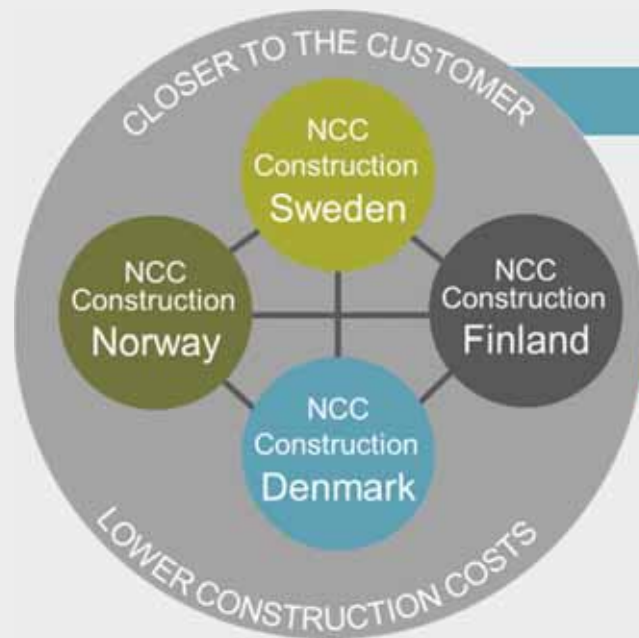
Source: Sverige Bygger AB, volume rolling 12 months

Going forward with a stronger order backlog



Cooperation across national borders

Nordic cooperation between Construction units



Purpose:

- Synergies between Construction units

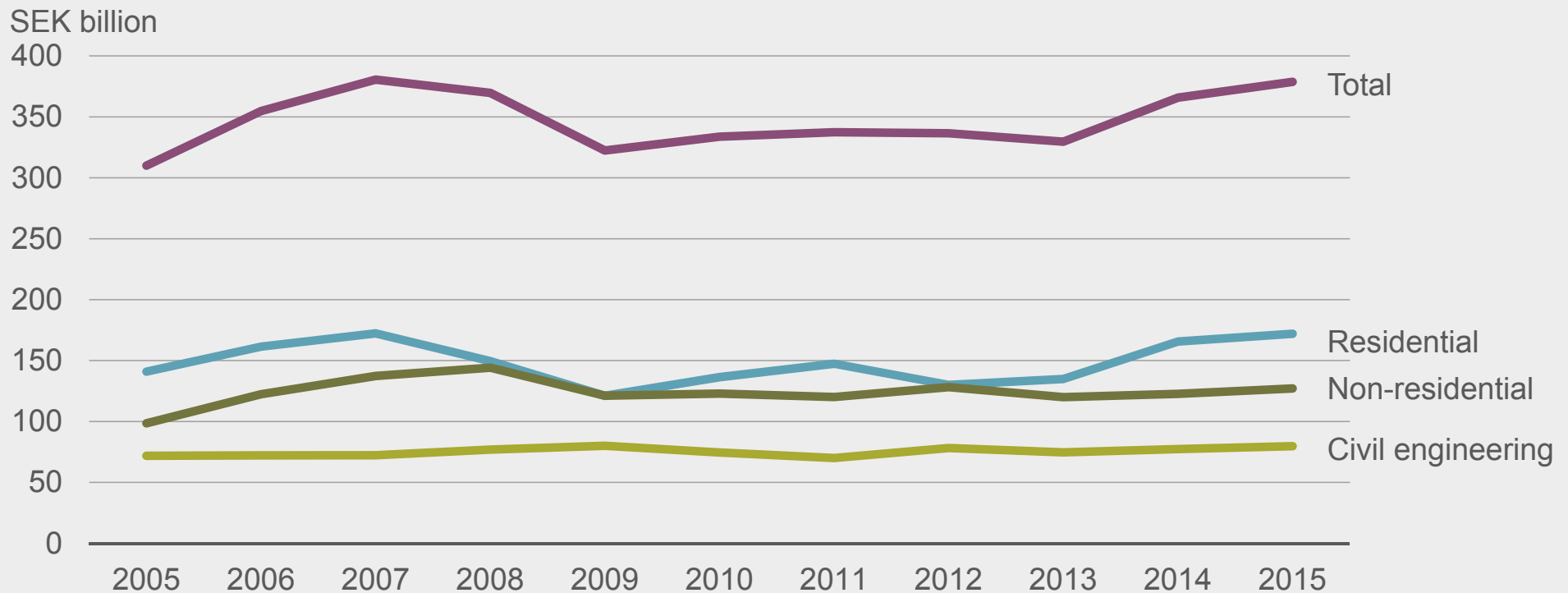
Examples of areas of cooperation

- Management systems and risk management
- VDC, Project studio
- IT management
- Large civil projects in cooperation

Market outlook for 2015

Construction investments

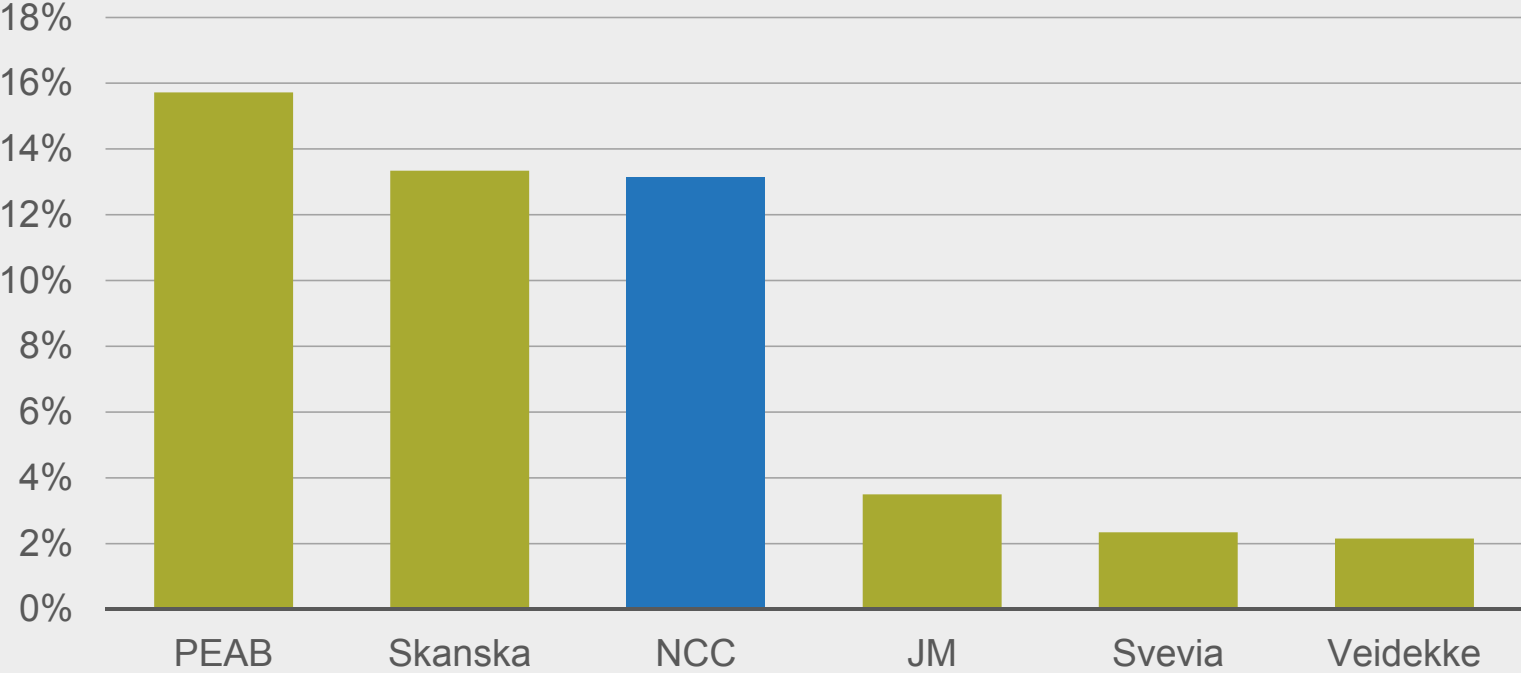
Forecast from the Swedish Construction Federation



Sweden - a consolidated market

Total construction market

Market share based on volume of construction cost for past 3 years until June 2014



Source: Sverige Bygger

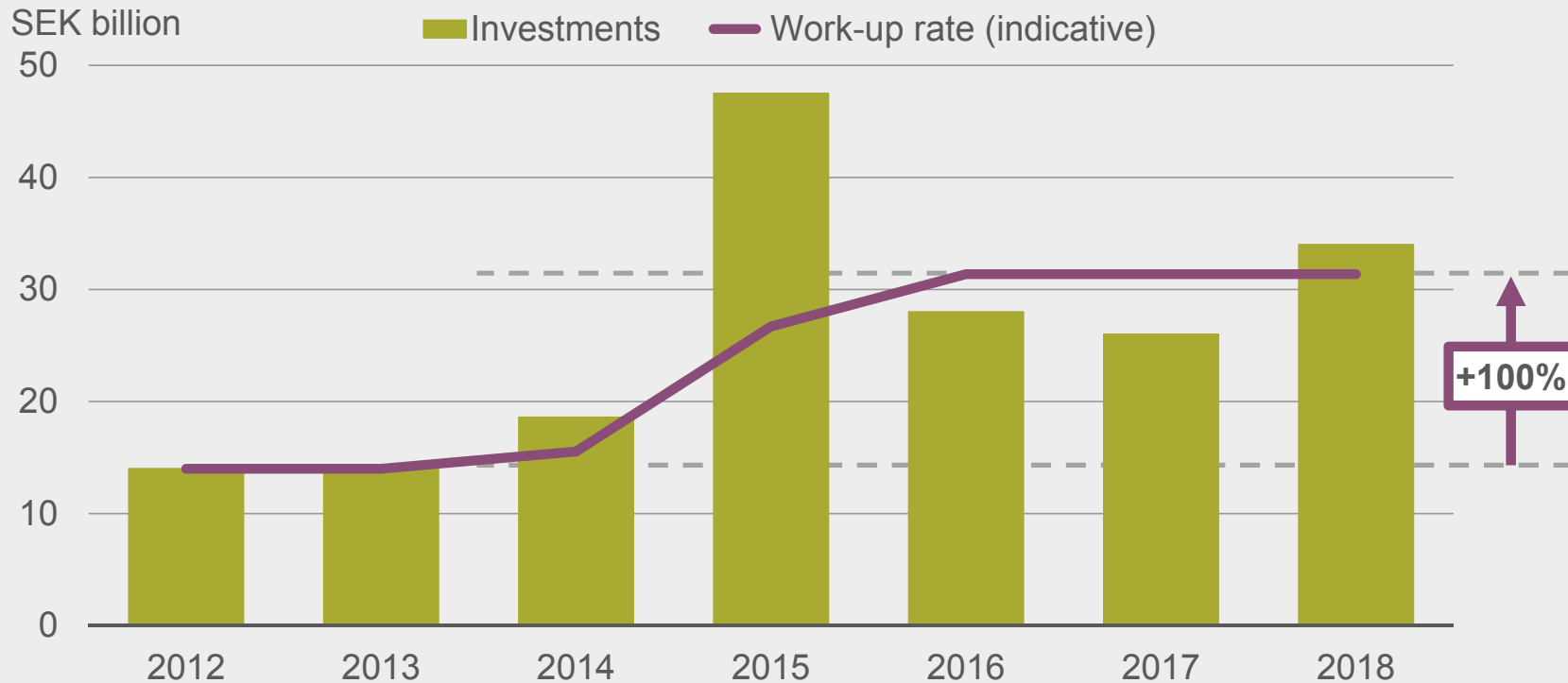
Stable demand for non-residential construction

- High demand for hospitals
- Public investments (schools, swimming and sport facilities) are driving building construction
- Continued strong demand for new office projects



Expected 100% increase in infrastructure investments

Swedish Transport Administration's assessment of its own projects



Source: Swedish Transport Administration

2014-11-25

NCC AB

Public sector drives demand 2015

Land works & civil engineering

- Civil engineering will continue to grow by 3-4% in 2015.
- The private sector is currently displaying high growth in:
 - Electricity, gas and thermal power stations
 - Waterworks and sewage works
 - Transport-related investments
- Swedish government's infrastructure investments will not recover until next year with more investments in both roads and railways

Summary civil engineering sector

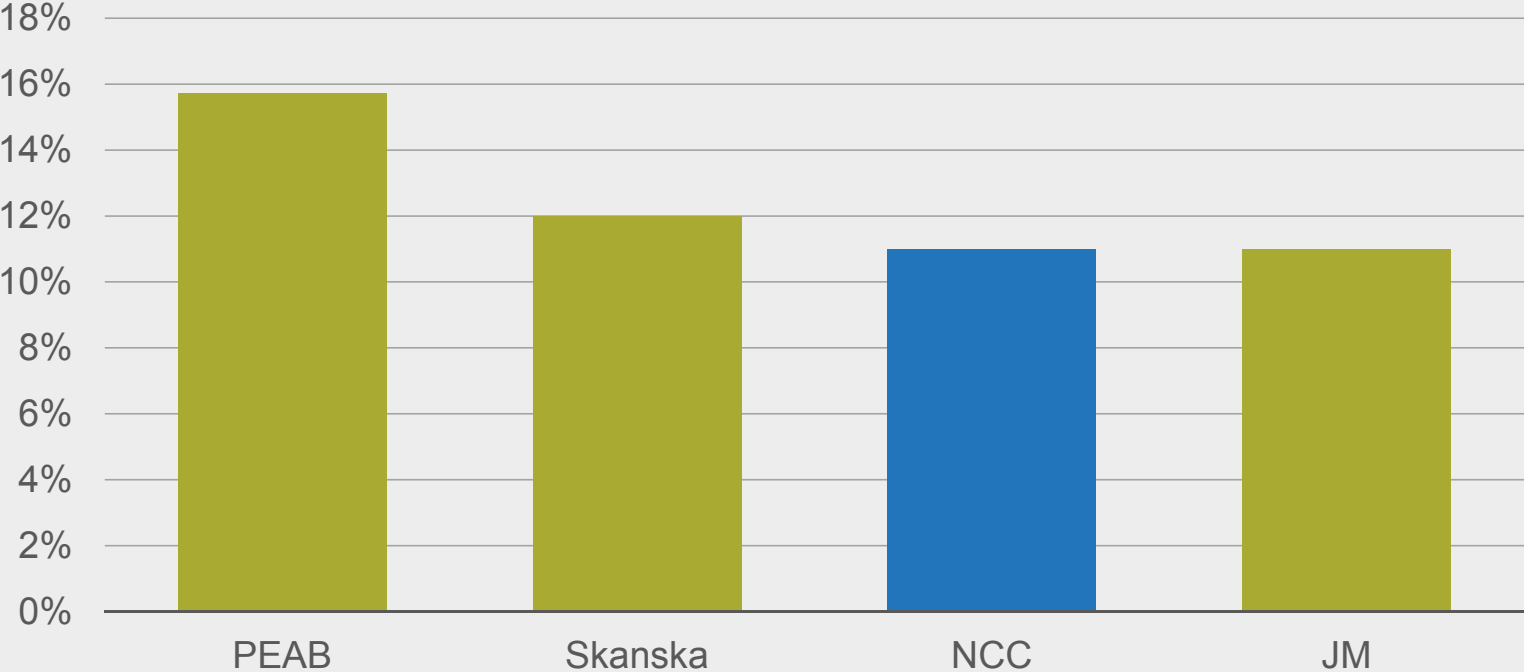
Private sector: +1% (2015)

Public sector: +5% (2015)



Growth potential for residential production

Market share based on volume of construction cost for past 3 years until June 2014



Source: Sverige Bygger

Continued residential growth

- Continued growth, but at slightly lower rate
- Increase in number of building permits past 12 months
- Started housing units 40,000 (+8%) 2015
- Student housing is on the rise
- Continued low interest rates in 2015

Source: Swedish National Board of Housing, Building and Planning

Nov 25, 2014 NCC AB



Summary of trends in 2015

- Anticipated growth in 2015 3.5%
- Continued growth in construction of residential, but at a lower rate 3.9%
- Construction in the Health care segment will drive the building segment 3.6%
- Rate of investment to increase in public-sector civil engineering 3.0%

Source: Forecast from the Swedish Construction Federation, change 2014 to 2015

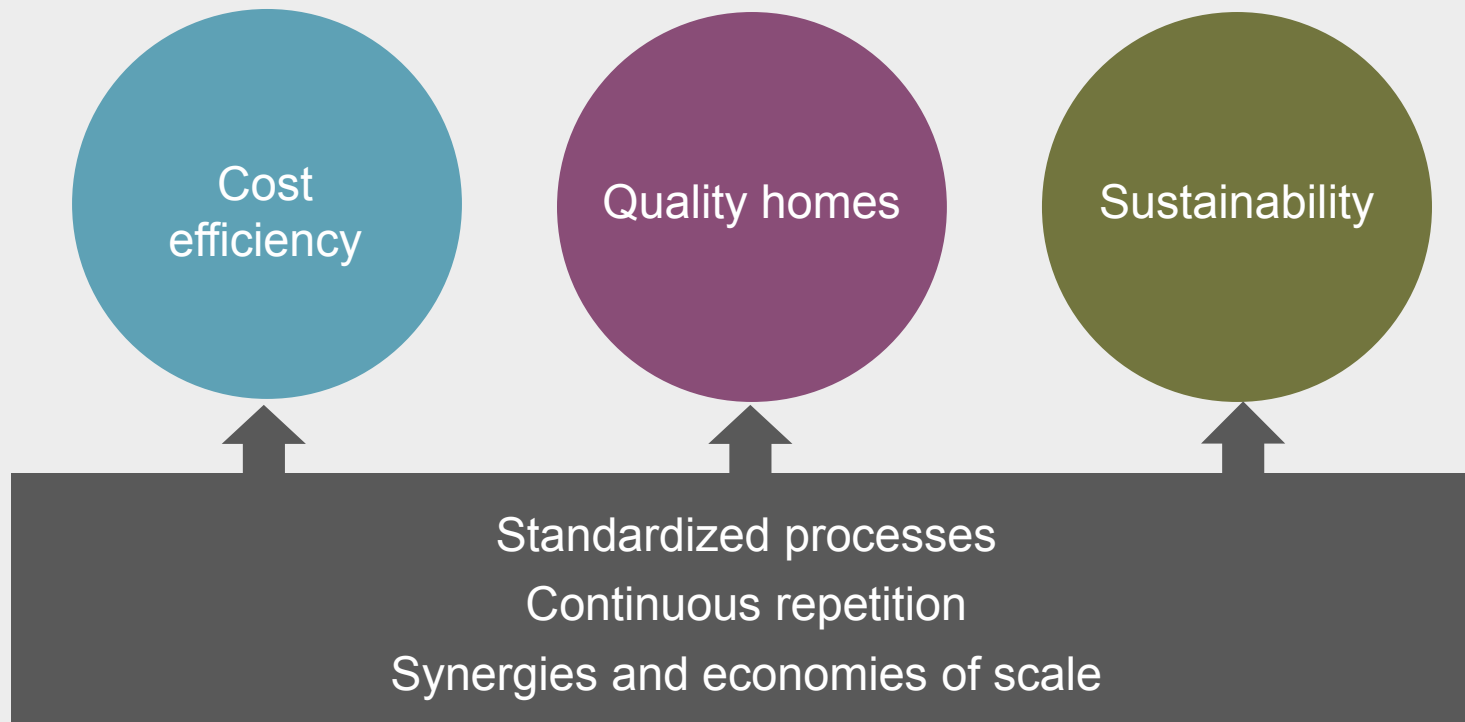


A flexible residential portfolio

The base for a stronger market position



How do we build *attractive homes for more people?*



Residential products well received on the market



NCC Folkboende

1,300 apartments completed or in production since 2010



NCC Design

- Eight projects commenced in 2014
- 750 apartments since concept launched



NCC Urban

350 apartments in Stockholm suburbs as Sundbyberg, Aspudden and Botkyrka during the year



FILM

NCC AB

Meeting different market requirements

Four characteristic products

Urban Flex



Folkboende



Design Duo



Design Quattro



Heading for a stronger market position

Summary

- Short-term actions for increased profitability
- Gaining market share
- Strong residential products meet the market demand
- Value driven growth strategy



