

## Press release

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### **Impairment of Norwegian infrastructure project and lower sales in NCC Building's Danish and Finnish operations in third quarter of 2017**

**NCC is impairing an infrastructure project in Norway and lower year-on-year sales in the Danish and Finnish construction operations are impacting profit in the NCC Building business area. NCC's operating profit is expected to amount to approximately SEK 400 million (503) for the third quarter.**

The impairment relates to the Björnegård Tunnel and will impact profit by SEK 150 million in the third quarter. The order for the Björnegård Tunnel project was secured in the fourth quarter of 2014 with production scheduled to take place between 2015 and 2019. In addition to the impairment, the effect of weak order intake in civil engineering in Norway has resulted in a deterioration in profit due in part to a lower production outcome as well as fixed capacity costs. The Infrastructure business area's operating profit is expected to be negative in the third quarter.

NCC has allocated additional resources to reinforce project management in Norway.

Orders received for the NCC Infrastructure business area in the January-August period amounted to SEK 13.9 billion (12.1).

Göran Landgren, former Business Area Manager at NCC, has been appointed Interim Business Area Manager for NCC Infrastructure as of September 25. In parallel, Svante Hagman, the current Business Area Manager, will transition to another role in the Group.

The lower level of sales in the NCC Building business area is largely attributable to the Finnish and Danish operations, where the order backlog has declined and this is now impacting the work-up rate. New project orders have been secured but these will not yield an effect during the year.

Orders received for the NCC Building business area in the January-August period amounted to SEK 15.7 billion (17.7).

Construction operations in Sweden and in both the NCC Building and NCC Infrastructure business areas are continuing to perform favorably with a healthy level of orders received and profitability.

The NCC Industry business area is performing well. Year-on-year operating profit is expected to be higher for the January-September period, but somewhat lower than the preceding year for the third quarter.

The NCC Property Development business area is expected to record a break-even result in the third quarter, given that only a small logistics project was recognized in profit.

NCC's operating profit for the third quarter is expected to amount to approximately SEK 400 million (503).

NCC will perform the customary impairment testing of goodwill in conjunction with the third-quarter report. NCC's goodwill amounts to approximately SEK 1,800 million, of which about SEK 40 million is directly attributable to NCC Infrastructure's Norwegian operations.

"I regret to note that we must once again recognize an impairment loss on an infrastructure project in Norway. Moreover, we have recorded lower sales in the Danish and Finnish construction operations in the Building business area. The construction operations in Sweden, in both Building and Infrastructure, are performing well and in line with our plans. The outlook for NCC's markets is favorable and we have a high order backlog to work up," says Peter Wågström, President and CEO.

A teleconference will be held today, Monday, September 25 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 +49 211 971 900 86 (DE).

All other information related to the third quarter of 2017 will be presented in NCC's interim report for January-September 2017 on October 26, 2017.

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This is the type of information that NCC could 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 September 25, 2017 at 8:00 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 construction, property development and infrastructure in Northern Europe, with sales of SEK 53 billion and 16,000 employees in 2016. The NCC share is listed on Nasdaq Stockholm.