

# OFFICIAL NOTIFICATION OF THE ANNUAL GENERAL MEETING OF NCC AB (publ)

Welcome to NCC AB's Annual General Meeting (AGM)  
Wednesday April 11, 2018 at 4:30 p.m. (CET)  
Location: Grand Hôtel, Vinterträdgården, Royal's entrance,  
Stallgatan 6, Stockholm.  
Registration at the Meeting will begin at 3:30 p.m. (CET) when light  
refreshments will be served.

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## Participation

To be entitled to participate in the business of the AGM, shareholders shall:

- \* be registered in the share register maintained by Euroclear Sweden AB on Thursday, April 5, 2018, and
- \* notify their intention to attend the AGM by Thursday, April 5, 2018.

Shareholders whose shares are held in the name of a trustee with a bank or a stockbroker must re-register the shares in their own name at Euroclear Sweden AB to be entitled to participate in the Meeting. Such registration, which may be done on a temporary basis, should be requested from the trustee in ample time prior to April 5, 2018.

Notification can be made by regular mail to NCC AB c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, via NCC's [www.ncc.se](http://www.ncc.se) website or by telephone to +46 8 402 92 54. Notification should include name, personal identification number (corporate registration number), address, telephone number and the number of any assistants (no more than two). If participation is to be based on a power of attorney, such a document must also be submitted in connection with notification of intention to attend the AGM. A power of attorney form is available on the Group's [www.ncc.se/arsstamma2018](http://www.ncc.se/arsstamma2018) website.

Entry cards, which are to be presented at the entrance to the meeting premises, will be sent by regular mail as of April 6, 2018.

## Proposed agenda

1. Opening of the Meeting.
2. Election of Chairman of the Meeting.
3. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
4. Approval of the agenda.
5. Election of two officers, in addition to the Chairman, to verify the minutes.
6. Determination of whether the Meeting has been duly convened.

7. Presentation of the annual report and the auditors' report, and the consolidated financial report and auditors' report on the consolidated financial report.
8. The Address by the CEO and any questions related to the CEO's Address, as well as the Chairman of the Board's account of the work conducted by the Board.
9. Motions concerning the adoption of the income statement and balance sheet, and of the consolidated income statement and consolidated balance sheet.
10. Motions concerning the disposition to be made of the Company's profit or loss as shown in the balance sheet adopted by the Meeting.
11. Motions concerning the discharge of the Members of the Board and the CEO from personal liability for their administration during the 2017 fiscal year.
12. Motions concerning the number of members of the Board to be elected by the AGM.
13. Determination of the fees to be paid to the Board members and auditor.
14. Election of members of the Board and Chairman of the Board.
15. Election of auditor.
16. Election of members of the Nomination Committee and of the chair of the Nomination Committee.
17. Motion regarding guidelines for determining salary and other remuneration of the Executive Management Group (EMG).
18. Motion regarding a long-term performance-based incentive program plus the purchase and transfer of own shares.

## Motions

The Nomination Committee and the Board of Directors have respectively made the following motions.

**Item 2:** The Nomination Committee proposes that Chairman of the Board Tomas Billing be elected chairman of the meeting.

**Item 10:** The Board proposes that a dividend of SEK 8.00 be paid per share for the 2017 fiscal year divided between two payment occasions. April 13, 2018 is proposed as the record date for the first payment of SEK 4.00 and November 5, 2018 as the record date for the second payment of SEK 4.00.

**Item 12:** Eight regular Board members.

**Item 13:** It is proposed that board fees be paid in a total amount of SEK 4,600,000, distributed so that the Chairman of the Board receives SEK 1,100,000 and each other board member receives SEK 500,000. The proposed fees for the Chairman and per board member are unchanged.

It is proposed that fees be paid to members of the Audit Committee remain unchanged, whereby the chair of the Committee will receive SEK 175,000 and each other member will receive SEK 125,000. It is proposed that a special fee be payable to members of the Project Committee, whereby the chair of the Committee will receive SEK 125,000 and other member will receive SEK 100,000.

The auditors will be remunerated in return for approved invoices.

**Item 14:** The following are proposed as Members of the Board: reelection of Tomas Billing, Carina Edblad, Viveca Ax:son Johnson, Ulla Litzén, Birgit Nørgaard, Geir Magne Aarstad and Mats Jönsson, and election of Agneta Langemar Olsson. It is proposed that Tomas Billing be elected Chairman of the Board. Information on the proposed members is available on NCC's [www.ncc.se](http://www.ncc.se) website.

**Item 15:** It is proposed, in accordance with the Audit Committee's recommendation, that the registered auditing firm PricewaterhouseCoopers AB (PwC) be reelected auditor of the company, with Håkan Malmström as Auditor-in-Charge. PwC is to be elected until the close of the 2019 AGM.

**Item 16:** The Nomination Committee proposes that the AGM elect Viveca Ax:son Johnson (representing Nordstjernan), Johan Strandberg (Analyst at SEB Fonder) and Anders Oscarsson (equity manager at AMF/AMF Fonder), with Viveca Ax:son Johnson as Chair.

**Item 17:** The Board of Directors' motion entails that the guidelines for determining salaries and other remuneration paid to the EMG as adopted at the 2017 AGM are largely to continue to be applied but be adjusted if the motion under Item 18 is adopted by the AGM.

**Item 18:**

### **A. Long-term performance-based incentive program**

#### **The program in brief**

The Board proposes that the AGM resolve to introduce a long-term performance-based incentive program for senior executives and key personnel within the NCC Group ("**LTI 2018**"). In all significant respects, the structure of the program complies with the long-term performance-based incentive program adopted by the AGM on April 5, 2017. The Board is of the opinion that incentive programs of this type benefit the company's long-term development. The purpose of LTI 2018 is to ensure a focus on the company's long-term profitability and to minimize the number of worksite accidents.

It is proposed that LTI 2018 encompass a total of approximately 180 participants within the NCC Group. LTI 2018 is a three-year performance-based program under which the participants will be allotted, free of charge, performance-based share awards that provide entitlement to Series B shares and to performance-based synthetic shares that provide entitlement to cash remuneration in accordance with the terms, conditions and principles described below.

In view of the introduction of LTI 2018, the maximum short-term variable remuneration payable to the CEO and other members of the EMG will be adjusted downwards by 10 percentage points. For other participants in LTI 2018, the maximum short-term variable remuneration will be reduced by 5 or 10 percentage points.

#### **Terms and conditions for share awards and synthetic shares**

Share awards and synthetic shares are subject to the following terms and conditions:

- Share awards and synthetic shares will be allotted free of charge a certain time after the AGM.
- Share awards or synthetic shares may not be transferred or pledged.
- Each share award provides the holder with entitlement, free of charge, to receive one Series B share in the company three years after allotment of the share award ("**the Vesting Period**").
- Following the Vesting Period, each synthetic share will entitle the holder to receive cash payment corresponding to the price of the NCC Series B share at the date of payment.
- A prerequisite for entitlement to receive shares on the basis of share awards or receive cash payment on the basis of synthetic shares, subject to certain exceptions, is that the participant is still employed by the NCC Group on the day of the 2021 AGM.
- In order to equate the participants' interests with those of the shareholders, the company will compensate the participants should total dividends paid during the 2018, 2019 and 2020 fiscal years and in total during the Vesting Period exceed the level stipulated in NCC's dividend policy. Compensation will take the form of a cash amount corresponding to the portion of the dividends during the Vesting Period that when considered on the whole exceeds NCC's dividend policy. Dividend compensation pertains to the shares and synthetic shares allotted to the participant.
- The number of share awards and synthetic shares encompassed by LTI 2018 is to be converted in the event that changes occur in NCC's capital structure, such as a bonus

- issue, merger or consolidation of shares, new issue, reduction of the share capital or similar measures.
- Share awards or synthetic shares may be issued by the company or other Group companies.
  - A prerequisite for entitlement to receive shares on the basis of share awards and payment in accordance with synthetic shares is that the performance targets for LTI 2018 have been satisfied pursuant to the terms and conditions specified below.

### **Performance targets**

The performance-based share awards and the performance-based synthetic shares are to be divided according to the various performance targets encompassed by LTI 2018. The performance targets focus on NCC's long-term profitability ("Performance Target 1") and on minimizing the number of occupational accidents in the Group ("Performance Target 2").

Of each participant's allotment of share awards and synthetic shares, two thirds will pertain to Performance Target 1 and one third will pertain to Performance Target 2. The allotment of Series B shares and the size of the payment that each participant will receive will depend, firstly, on the category to which the participant belongs and, secondly, achievement of the established performance targets as described below:

*Performance Target 1:* This target pertains in part to NCC's aggregated operating margin (EBIT margin) for the period 2018-2020 compared with the target interval of 2.5 to 4.0 percent. The number of share awards and synthetic shares providing entitlement to payment depends on the degree of target fulfillment within the target interval. If the ceiling is achieved, each share award will provide entitlement to one share and each synthetic share will provide entitlement to cash payment corresponding to one share. If the threshold is not achieved, the share awards will not provide entitlement to any shares and no payment will be made in respect of the synthetic shares. Within the range, allotment/payment will occur linearly.

*Performance Target 2:* The intention of this target is to contribute to a reduction in the number of occupational accidents and to support NCC's zero vision in terms of the number of occupational accidents. The benchmark that will be used is a well-known standard measurement in the industry. The benchmark will be calculated on the basis of the number of occupational accidents resulting in absence of one or more day from regular work per one million working hours during a specific measurement period. At the end of 2017, NCC's benchmark was 7.5. 100 percent will be allotted/paid should NCC's number of occupational accidents resulting in absence of one or more day from regular work per one million working hours for 2020 be less than 4.5. No allotment will occur should the number of occupational accidents resulting in absence of one or more day from regular work per one million working hours during 2020 exceed 7.0. Within the range, allotment/payment will occur linearly.

EBIT may be adjusted by the Board in order to reduce the allotment/payment should the level of capital employed exceed the level stipulated in the strategy plan adopted by the Board.

The Board will present the rate of achievement of the performance-based targets in the 2020 annual report.

### **Allotment**

The participants are divided into three categories: CEO and other members of the EMG, as well as business area management and other key personnel. The number of share awards and synthetic shares that a participant may be allotted depends on the participants' gross annual salary and the category to which the participant belongs.

For each participant, the Board establishes an allotment value relative to the participant's annual salary. The allotment value is 50 percent of annual salary for the CEO, and 30 percent of annual salary for other members of the EMG. The allotment value for other key personnel is either 15 percent or maximum 30 percent of the annual salary. The share price that is to form the basis for calculating the number of share awards and synthetic shares is to correspond to the average last price paid during a given period of trading. This period comprises the first ten days of trading immediately following the date of the 2018 AGM, a period when the share is traded ex-rights to dividends. The individual allotment value is thereafter divided by the share price in order to arrive at the total number of awards per participant. Thereafter, half of these awards will be allotted in the form of share awards and half in the form of synthetic shares.

Based on the assumption of an average share price of SEK 157.3, participants in the various categories could receive the maximum total of share awards and synthetic shares stated in the table below.

Category	Number of share awards per participant	Number of synthetic shares per participant	Total number of share awards and synthetic shares per category
CEO	12,338, of which 8,225 pertaining to Performance Target 1 and 4,113 pertaining to Performance Target 2	12,338, of which 8,225 pertaining to Performance Target 1 and 4,113 pertaining to Performance Target 2	24,676
Executive Management Group (8 participants)	3,195, of which 2,130 pertaining to Performance Target 1 and 1,065 pertaining to Performance Target 2	3,195, of which 2,130 pertaining to Performance Target 1 and 1,065 pertaining to Performance Target 2	51,120
Members of business area management and key personnel (approx. 171 participants)	863, of which 575 pertaining to Performance Target 1 and 288 pertaining to Performance Target 2	863, of which 575 pertaining to Performance Target 1 and 288 pertaining to Performance Target 2	295,208

### Reasons for the motion

The purpose of LTI 2018 is to ensure a focus on NCC's long-term profitability and to provide prerequisites for retaining and recruiting key personnel. Another aim of LTI 2018 is to provide competitive remuneration and to enhance the community of interests between shareholders and key personnel. An additional reason for LTI 2018 is to minimize the number of worksite accidents in the NCC Group. The synthetic shares will enable the participants to pay the tax resulting from LTI 2018, without having to immediately divest the Series B shares they have been awarded. Against this background, the Board of Directors believes that the introduction of LTI 2018 will have a positive impact on the Group's continued development and that LTI 2018 will thus benefit both the shareholders and the Company.

## **Design and management**

Within the framework of the specified terms, conditions and guidelines, the Board is to be responsible for the more detailed design and management of LTI 2018. The Board is to be entitled to make any adjustments required for LTI 2012 to fulfill special regulations or market conditions outside Sweden. The Board is also to be entitled to introduce other long-term incentive solutions for participants in LTI 2018 active in countries where participation in LTI is not appropriate.

In addition, the Board is to be entitled to make any other adjustments should material changes occur in the NCC Group or its business environment that would entail that the decided terms and conditions for allotment and the opportunity to exercise the share awards or the synthetic shares in accordance with LTI 2018 are no longer be deemed viable. Prior to finally determining allotment of Series B shares on the basis of share awards and payment on the basis of synthetic shares, the Board will assess whether the outcome of LTI 2018 is reasonable. This assessment will be conducted in relation to the company's financial earnings and position, conditions in the stock market and other circumstances. Should the Board not consider the outcome to be reasonable, the number of shares to be allotted and the cash payment will be reduced.

## **Preparation of the motion**

LTI 2018 has been initiated by the Board and formulated in accordance with the guidelines resolved by the 2017 AGM for LTI 2017.

## **Scope and costs of the program**

Assuming a share price of SEK 157.3 and the maximum outcome in accordance with LTI 2018, meaning full achievement of the performance targets in terms of both shares and cash amounts, it is estimated that the cost of LTI 2018, including estimated costs for social security fees, will amount to SEK 75.9 M, corresponding to the value of approximately 0.4 percent of the total number of shares in the company at December 31, 2017.

Assuming a share price of SEK 157.3 and target fulfillment of 50 percent, it is estimated that the total cost of LTI 2018, based on the above principles, will be about SEK 37.9 M, including costs for social security fees.

LTI 2018 will be recognized in accordance with IFRS 2, which entails that the share awards will be expensed as personnel costs and accrued over the Vesting Period. It also entails that the fair value of the synthetic shares on the date of allotment will be expensed as personnel costs, accrued over the Vesting Period, and be continuously remeasured at each reporting occasion.

The maximum value that a participant may receive at allotment of Series B shares and cash payment is limited to an amount per share that corresponds to 400 percent of the share price. The share price is calculated on the basis of the average last price paid during a period of ten trading days immediately following the date of the 2018 AGM, a period when the share is traded ex-rights to dividends. Moreover, LTI 2018, including costs for social security fees, can never encompass more than 0.8 percent of the total number of shares in the company.

The annual cost of LTI 2018, including social security fees, is estimated to amount to approximately SEK 25.3 M in accordance with the conditions described above, and to some SEK 75.9 M for the entire three-year period. This cost may be compared with NCC's total personnel costs, including social security fees, of SEK 12,040 M for 2017.



## **B. Purchase of own shares**

The Board proposes to the Annual General Meeting that the Board be authorized on one or several occasions during the period up to the following AGM to make decisions on the purchase of own Series B shares based on the terms and conditions described below. The purpose of the authorization is to secure delivery of Series B shares and to cover costs, including costs for social security fees and payments on the basis of the synthetic shares, in accordance with LTI 2018.

1. The purchases may not exceed 867,487 Series B shares.
2. The shares may be purchased on Nasdaq Stockholm.
3. The shares purchased on Nasdaq Stockholm may only be acquired at a price per share within the registered span of share prices at the particular time, by which is meant the span between the highest price paid and the lowest asked price.
4. The shares are to be paid for in cash.

## **C. Transfer of own shares to the participants of LTI 2018**

In order to secure delivery of Series B shares in accordance with LTI 2018, the Board proposes that the AGM resolve to transfer, free of charge, no more than 300,000 Series B shares to the participants of LTI 2018, in accordance with the terms and conditions for LTI 2018.

The reason for disapplying the shareholders' preferential rights is that the transfer of Series B shares to the program participants is a feature of implementation of LTI 2018 and it is thus adjudged to be beneficial for NCC. The number of shares that may be transferred to the participants of LTI 2018 will be subject to recalculation in accordance with the terms and conditions of LTI 2018.

## **D. Transfer of own shares to cover certain costs pursuant to LTI 2018 and other ongoing LTI programs**

Further a maximum of 500,000 Series B shares will be transferred via Nasdaq Stockholm to cover costs, mainly costs for dividend compensation, social security fees and payments on the basis of the synthetic shares, arising from previously outstanding long-term performance-based incentive programs (LTI 2015, LTI 2016 and LTI 2017) as well as LTI 2018. Transfers under this item, via Nasdaq Stockholm, are to be effected before the next AGM at a price within the registered span of prices for NCC's Series B share at the particular time.

## **Documentation**

The Board of Directors' complete motions concerning Items 17 and 18, and the Board's statement on the motion concerning the profit distribution and the proposed authorization to the Board to repurchase own shares, will be available at the company's office, Vallgatan 3, SE-170 80 Solna, Sweden, and can be sent to shareholders upon request. The documents will also be available on the Group's website [www.ncc.se/arsstamma2018](http://www.ncc.se/arsstamma2018).

The Annual Report, audit report and the auditor's statement on compliance with the AGM's guidelines for salary and other remuneration of senior executives will be made available for the

shareholders at the company's office, address as above, and on the company's website no later than March 21, 2018 and will be sent to shareholders who so request.

### **Information concerning the AGM**

The Board of Directors and the CEO must, if a shareholder so requests and the Board of Directors considers it possible without this resulting in material damage to the company, provide information concerning, firstly, conditions that could influence the assessment of an item on the agenda, secondly, conditions that could influence assessments of the financial condition of the company or subsidiaries and, thirdly, the company's relationship to other Group companies.

### **Majority regulations**

One resolution is required for adoption of the Board's motion under Item 18. For the resolution to be valid, it must be supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the AGM.

### **Other**

For a description of NCC's other share-based incentive programs, reference is made to Note 5 of NCC's 2017 Annual Report.

### **Shares and voting rights**

As of the date of issuance of this official notification, the total number of shares in the company was 108,435,822, representing a total of 228,489,666 voting rights, comprising 13,339,316 Series A shares (10 votes per share) representing 133,393,160 voting rights and 95,096,506 Series B shares (one vote per share) representing 95,096,506 voting rights, including 353,323 own Series B shares, representing 353,323 voting rights. The company is not entitled to vote for own shares.

Solna, March 2018  
NCC AB (publ)  
Board of Directors



**NCC**

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