Press release

2022-09-26

Update on NCC’s earnings

NCC’s operating profit for the third quarter will be negatively impacted by the economic situation, driven primarily by the asphalt operations in the Industry business area. Unrelated to this, a small number of residential projects in Sweden will also be subject to impairment as a result of inadequate project management.

“The majority of our projects and businesses are performing well despite strong inflation and economic turbulence. However, the asphalt operations have faced major challenges since we have been unable to fully offset increased costs during the third quarter despite drastic price increases toward our customers. We also have individual construction projects where project management has been inadequate,” says Tomas Carlsson, President and CEO of NCC.

Industry business area
Rising costs, primarily for energy, and the resulting lower volumes are having an impact on the asphalt operations, most clearly in Denmark and Norway. NCC has raised its prices for its customers, but this has not fully offset the cost increases. This will have a negative impact on earnings for the remainder of the year.

Earnings in the business area are also impacted by the need for additional pension payments to the pension foundation for the Swedish companies to compensate for the increase in debt, mainly because changed discount rate and lower equity value in the pension foundation due to declining stock markets.

Overall, NCC estimates that the Industry business area will report an operating result of around zero for full-year 2022. Operating result for the January–June period was SEK -65 M.

The business area has a comprehensive action plan in place to continue to manage high costs by conversion of asphalt plants, adaptation of capacity and extensive dialogue with customers.

Contracting operations
Third-quarter earnings for 2022 in the Building Sweden business area will be charged with impairments of SEK 120 M related to a small number of residential projects in the Stockholm region. This is due to inadequate project management in the individual projects, and not to the economic situation.

In contracting operations in general (Building Sweden, Building Nordics and Infrastructure business areas) there continues to be a certain amount of pressure on margins as a result of the drastic cost increases, which cannot always be fully offset in prices to customers.

Property Development business area
For purely administrative reasons, the planned profit recognition of the sale of land in

Järva Krog to Aros Bostad, refer to press release of November 3, 2021, will be postponed to either the fourth quarter of 2022 or the first quarter of 2023.

Repurchase program

Despite the items affecting cash flow above, NCC expects a favorable cash flow for the rest of the year. The ongoing share repurchase program will continue as planned. As of September 23, NCC’s holdings were 7,127,463 own Series B shares out of a maximum of 10,843,582.

Teleconference for investors and analysts today at 10:00 a.m.

At 10:00 a.m. CEST today, September 26, NCC invites investors and analysts to a teleconference. CEO Tomas Carlsson and CFO Susanne Lithander will participate in the meeting, which can be followed via the link below as well as by telephone, where it also will opportunity to ask questions. If you would like to have an individual meeting, please contact Maria Grimberg.

Link to audiocast:	https://ncc-live-external.creo.se/conference-call
Participation by telephone:	SE: +46 8 505 100 31 UK: +44 207 107 06 13 US: +1 631 570 56 13

All other information related to the third quarter of 2022 will be presented in conjunction with the publication of NCC’s interim report for the third quarter and the January–September 2022 period on November 1, 2022.

For further information, please contact:

Maria Grimberg, Head of Communication and IR, +46 70 896 12 88
Tove Stål, Head of Group External Relations NCC, +46 76 521 61 02

NCC’s media line: +46 8 585 519 00, press@ncc.se, NCC’s Media bank

This is the type of information that NCC AB is 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 26, 2022 at 8.30 a.m..CEST.

About NCC. NCC is one of the leading construction companies in the Nordics. Based on its expertise in managing complex construction processes, NCC contributes to a positive impact of construction for its customers and society. Operations include commercial property development, building and infrastructure project contracting, and asphalt and stone materials production. In 2021, NCC had sales of about SEK 53 bn and 13,000 employees. NCC’s shares are listed on Nasdaq Stockholm.