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Lower first-quarter earnings for NCC

NCC's earnings for the first quarter, which is a seasonally weak period, will be weaker this year than in the year-earlier period. The decline is due to such factors as the weak business climate in 2009 when few development projects were started and when tenders were subject to severe price competition. Market conditions for 2011 are favorable. Orders received during the first quarter are at a healthy level and the order backlog increased approximately SEK 3 billion during the quarter. This news will be presented in CEO Olle Ehrlén's address to the Annual General Meeting today, April 13.

In his address, Olle Ehrlén will give an account of operations in 2010, but will also present the following comments regarding the market scenario in 2011 and the early part of the year.

"The construction industry is late in the economic cycle and our order backlog still contains a number of contracts signed during tough times. As a result of upturn in the economy, we are experiencing cost pressure in several markets and for several products. This situation had limited effects during 2010 – but we noted its impact on margins in early 2011, primarily for NCC Construction Sweden.

"Due to this factor, combined with another severe winter with a great deal of snow, which resulted in higher production costs, as well as few handovers of profit-generating development projects, we have had a difficult start to 2011. However, NCC increased the number of proprietary housing starts during 2010, which will have a positive effect on earnings later this year.

"The market situation in 2011 is favorable. Orders received in the first quarter were healthy. They were admittedly lower than in the year-earlier period but exceeded worked-up revenues, whereby the order backlog rose about SEK 3 billion during the quarter."

The entire presentation will be available on NCC's website, www.ncc.se/AGMmaterial after the close of the Annual General Meeting.

NCC's interim report for the first quarter of 2011 will be published on May 5.

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All of NCC's press releases are available on www.ncc.se

NCC is one of the leading construction and property development companies in the Nordic region. NCC had sales of SEK 49 billion in 2010, with 17,000 employees.

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