



INFORMATION FROM NCC

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NCC acquiring Rieber's 'Roads' business unit for about SEK 2 bn. Becoming clear leader in asphalt and crushed products in Nordic Region

NCC is acquiring Rieber & Son's 'Roads' business unit which has sales of slightly more than NOK 2.2 billion, with good profitability and strong market positions in a large part of the Nordic Region. With the acquisition, NCC is strengthening its leading role in Denmark and, with a single stroke, is also becoming a leading player in Norway and Finland. Together with NCC's already very strong position in Sweden, the transaction makes the company the clear leader in asphalt and crushed-rock products in the Nordic Region. The acquired operations will be integrated in NCC's Business Area Industry, with resulting substantial synergy gains. In addition, the acquisition is creating a critical mass that will enable strong expansion in the fast-growing markets in Poland and the Baltic States. The purchase price amounts to approximately SEK 2 billion for a debt-free business and the transaction is subject to the usual due diligence proceedings.

"In contrast to the contracting business, asphalt and crushing can be compared with industrial operations," Jan Sjöqvist, NCC's president, says. "The profitability is generally good and substantial synergies can be achieved by creating a solid structure in which strong market positions result in reducing costs directly and further improving profitability. As a result of the acquisition NCC is gaining strong positions in all domestic markets, amounting to a third of the asphalt market and one seventh of the crushed-rock products market in the Nordic countries. Thus, in a Nordic perspective, we are becoming twice as large as our closest competitor."

The Norwegian company Rieber & Son's Roads business area, which has 2,300 employees, had sales of NOK 2.2 billion in 1999, with earnings of NOK 135 M. The largest sector is Asphalt, with sales of NOK 1.6 billion, including the following subsidiaries: Nodest in Norway, Phoenix in Denmark, and Interasfaltti in Finland. The Stone Division, with gravel, crushed-rock and natural stone, had sales of NOK 360 M and the Highway Safety unit, with road-marking and traffic signs, had sales of NOK 230 M. Also included is an expansive asphalt and crushed-rock products operation in Poland and the Baltic States.

In Denmark, the merger of NCC Industri and Phoenix, will give NCC slightly more than 40 percent of the market. NCC Industri has no asphalt operations of its own in Norway but will acquire a 23 percent share of the market through its acquisition of Nodest. In Finland, NCC has a

NCC AB Corporate Communications

Postal address
S-170 80 SOLNA
Sweden

Visiting address
Vallgatan 3

Ph. Int. (switchboard)
+46 8 655 20 00
Telefax
+46 8 85 77 75

Hans-Olof Karlsson, Senior Vice President
Ph. Int. (direct): +46 8 655 22 79
Mobile: +46 70 547 12 50
Residence: +46 8 38 11 56

E-mail: info@ncc.se
Internet: www.ncc.se



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50 percent holding in Valtatie, which together with Interasfaltti will have a market share of approximately 20 percent.

"We are buying a profitable and successful business that is well managed and which, together with our present industrial operations, will create a very strong industrial structure in the Nordic Region," Jan Sjöqvist notes. "This will also improve our ability to compete in the contracting field at the same time that it makes it possible to expand the crusher and concrete operations more rapidly -- in Norway and Finland in particular. Furthermore we will get a valuable contribution to our fast-growing operation in Poland and the Baltic States."

"The Roads business area has great opportunities to continue to develop." says Ulf B. Jespersen, chief executive officer of Rieber & Son. "As a result of the sale to NCC, the company is becoming part of an industrial structure that offers the best conditions for realizing these opportunities."

When the full effects of synergies have been achieved, the acquisition is expected to yield a "durable" increase of approximately SEK 100 M in NCC's earnings. The return on additional capital employed is expected to exceed 12 percent.

Following the due diligence proceedings, it is expected that the purchase agreement can be signed in mid-September, with NCC taking over the business on November 1, subject to approval by supervisory authorities.

For additional information, please call:

Jan Sjöqvist, President of NCC. Tel.: 08-655 22 78

Hans Kjellgren, Manager-Industrial Business Area. Tel.: 08-655 21 94

Bo Friberg, Manager-Business Development. 08-655 23 53 or 070-621 04 40.

This and earlier press releases are available on the Internet: www.ncc.se

NCC AB **Corporate Communications**

Postal address
S-170 80 SOLNA
Sweden

Visiting address
Vallgatan 3

Ph. Int. (switchboard)
+46 8 655 20 00
Telefax
+46 8 85 77 75

Hans-Olof Karlsson, Senior Vice President
Ph. Int. (direct): +46 8 655 22 79
Mobile: +46 70 547 12 50
Residence: +46 8 38 11 56

E-mail: info@ncc.se
Internet: www.ncc.se