

NCC-GROUP

Interim report January-September 2001

	July-Sept		Jan-Sept		12-month	
	2001	2000 (Pro forma) ¹⁾	2001	2000 (Pro forma) ¹⁾	Oct 00 -Sept 01 (Pro forma)	Jan-Dec 2000 (Pro forma) ¹⁾
Orders received, SEK M	11 623	9 841	36 866	32 567	50 615	46 316
Net sales, SEK M	12 239	10 303	32 717	29 012	44 513	40 808
Operating profit, SEK M	530	621	896	1 721	1 596	2 421
excl. items affecting comparability	530	527	896	809	1 596	1 509
Profit after financial items, SEK M	323	529	451	1 472	1 042	2 063
excl. items affecting comparability	323	435	451	560	1 042	1 151
Earnings per share, SEK						
excl. items affecting comparability	1.70	2.70	2.50	3.45	6.50	7.45
Return on equity, %						
excl. items affecting comparability					7.4	8.4

1) For information about pro forma figures, see page 2.

- Third-quarter operating profit amounted to SEK 530 M (527) was charged with a total of SEK 120 M for write-downs of fixed assets and restructuring costs.
- Most of the operations conducted by NCC Contracting and NCC Housing in the Nordic region are developing favorably.
- A comprehensive action program will result in considerable write-downs, provisions and restructuring costs in the fourth quarter. As a result, a full-year loss after financial items is expected.
- A new Group structure is to be implemented at the beginning of 2002.

Comments by Chief Executive Officer Alf Göransson:

“The NCC Group’s profitability has been unsatisfactory for a long time and has not reached up to the Company’s own targets for the past six years. Our overheads are too high, our tied-up capital is excessive and we have a number of loss-making operations that are experiencing financial and structural problems. This situation must be rectified.

Since major changes are required in order to resolve the problems, a comprehensive action program is currently being formulated in stages. One aspect of this process is the implementation of a comprehensive risk analysis. Most of the costs for the measures concerned will be charged against fourth-quarter earnings, and considerable write-downs, provisions and restructuring costs are expected. As a result, it is anticipated that the Group will report a full-year loss for 2001, after financial items.

As of January 1, 2002, the NCC Group will operate in accordance with a new structure. The new organization will enable us to improve our focus on customers by increasing the degree of geographic responsibility and emphasizing the importance of our customers’ value chain. In addition, the structure will be simplified by reducing the number of decision-making levels, thus accelerating the decision process and cutting overhead costs.”

NCC has a strong market position and key parts of its core operations in the Nordic region are showing a favorable business trend. By focusing on its core operations, and after a targeted action program has been



defined and implemented, NCC has excellent potential to achieve profitability that is better and more stable than the level shown to date.

GROUP

Pro forma

The acquisition of Rieber Roads, which became effective on November 1, 2000, is included pro forma for full-year 2000. This mainly affects NCC Industry. In order to facilitate comparisons with previous years, comparative figures (pro forma) are presented for the Group and each business area as if the changes had been implemented on January 1, 2000.

Orders received and order backlog

Orders received by the NCC Group during July – September 2001 amounted to SEK 11,623 M (9,841), up 18 percent compared with the corresponding period of 2000. Adjusted for currency effects, the increase was 11 percent. Proprietary property-development projects accounted for SEK 692 M (0) of total orders received. Proprietary housing-development projects accounted for SEK 170 M (209).

Order received during January – September amounted to SEK 36,866 M, up 13 percent compared with the corresponding period of 2000. Adjusted for currency effects, the increase was 5 percent. Proprietary property-development projects accounted for SEK 2,083 M (1,114) of orders received during January – September and proprietary housing-development projects for SEK 1,883 M (2,218). The order backlog on September 30 was approximately SEK 31 billion, a rise of 19 percent compared with approximately SEK 26 billion at year-end 2000. Currency effects accounted for about SEK 1.7 billion of the increase in the order backlog.

Net sales and earning

Consolidated net sales during July – September 2001 amounted to SEK 12,239 M (10,303), up 19 percent compared with the year-earlier period. Sales during January – September 2001 totaled SEK 32,717 M, 13 percent higher than in the year-earlier period.

The Group's operating profit (EBIT) for July – September 2001 amounted to SEK 530 M, compared with SEK 527 M in the year-earlier period, excluding items affecting comparability (pension refunds from Alecta). Earnings were charged with SEK 120 M resulting from write-downs of asset values in tunneling operations and from costs for downsizing the Corporate Office. The increase in earnings that resulted from the higher sales was mainly offset by losses incurred by civil engineering operations in Norway, Denmark and Poland, plus higher selling and administrative costs.

The Group's operating profit (EBIT) for the first nine months of 2001 amounted to SEK 896 M, compared with SEK 809 M in the year-earlier period, excluding items affecting comparability.

Profit after financial items for July – September 2001 totaled SEK 323 M compared with SEK 435 M in the year-earlier period, excluding items affecting comparability. Net financial items amounted to an expense of SEK 207 M (expense: 92). The deterioration in net financial items was due to an increase in tied-up capital. Net financial items include exchange-rate effects corresponding to an expense of SEK 18 M. The term exchange-rate effects refers to the impact that changes in various currencies have on ongoing financial reporting within the NCC Group as a result of conversion into Swedish krona. In total, exchange-rate effects had a negative impact of SEK 26 M on third-quarter profit after financial items.

Profit after financial items during the first nine months of the year amounted to SEK 451 M (1,472).

Investments and financing

Cash flow, before investments, during July – September was positive in an amount of SEK 53 M. Cash flow during the year-earlier period amounted to SEK 1,726 M.

Accumulated cash flow before investments for the January – September period was negative in an amount of SEK 1,692 M, while cash flow in the corresponding period of the preceding year was positive in an amount of SEK 1,411 M.

The Group's gross investments in real estate during July – September amounted to SEK 924 M (1,006), of which property development projects accounted for SEK 640 M (569) and housing projects for SEK 276 M (305). The Group's gross investments in other fixed assets amounted to SEK 289 M (237).

The Group's gross investments in real estate during January – September amounted to SEK 3,119 M (3,617), of which property-development projects accounted for SEK 2,268 M (1,996) and land intended for housing projects for SEK 748 M (1,099). The Group's gross investments in other fixed assets during the same period amounted to SEK 1,360 M (1,166).

Cash flow after investments during July – September was negative in an amount of SEK 277 M. Cash flow during the corresponding period of the preceding year, which was not based on pro forma accounts, was positive in an amount of SEK 1,833 M.

On September 30, 2001, NCC's net indebtedness (interest-bearing liabilities less liquid assets less interest-bearing receivables) amounted to SEK 10,535 M (8,098). The change was due mainly to an increase in capital tied up in housing and property-development projects. At year-end 2000, net indebtedness totaled SEK 8,118 M.

On September 30, 2001, the equity/assets ratio was 24 percent (28), compared with 27 percent at year-end 2000. Approximately 1 percentage point of the change derived from application of the RR10 accounting principle (see page 8).

CASH FLOW ANALYSIS *	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Oct 00-	Jan-Dec
SEK M	2001	2000	2001	2000	Sept -01	2000
Funds provided from operations	-146	688	-886	989	-1 091	784
Change in working capital	199	1 038	-806	422	-1 733	-505
Operating capital	53	1 726	-1 692	1 411	-2 824	279
Investments	-330	107	-584	-1 194	-2 025	-2 635
Cashflow before financing	-277	1 833	-2 276	217	-4 849	-2 356
Funds generated externally	848	-1 025	2 532	-142	4 835	2 161
Net change in liquid assets	571	808	256	75	-14	-195
Liquid assets opening balance	1 947	1 638	2 207	2 371	2 446	2 371
Exchange-rate difference in liquid assets	39		94		125	31
Liquid assets at the end of the period	2 557	2 446	2557	2 446	2 557	2 207

* Cash flow during 2000 has not been computed on a pro forma basis.

BUSINESS AREAS

As of January 1, 2001, NCC is divided into six business areas: NCC Contracting, NCC Housing, NCC Property Development, NCC Industry, NCC Telecom and NCC Service. As a result of this change, a larger proportion of what were previously Group-wide costs are now allocated to the various business areas.

NCC Contracting

The market for construction investments in the Nordic and Baltic Sea region has shown stable, albeit modest, growth during recent years, although the trends within different countries have varied sharply. Generally speaking, demand is favorable in growth regions, such as the Nordic capitals, but much weaker in other areas. NCC estimates that construction investments in the Nordic region will remain essentially unchanged in 2001, compared with the preceding year, and will weaken in 2002. However, uncertainty regarding the future trend has increased.

Orders received by NCC Contracting during July-September 2001 totaled SEK 7,668 M (6,294), up 22 percent compared with the year-earlier period. The main increases in orders received were noted in Norway and Sweden. Orders received during the first nine months of the year rose 13 percent to SEK

25,900 M. The order backlog on September 30, 2001 was SEK 24 billion, 19 percent higher than the year-end figure of SEK 20 billion.

Net sales during July-September 2001 rose by 24 percent to SEK 8,628 M (6,966). The increase, which derived mainly from the favorable order situation during the past 12 months, was attributable to all parts of the Nordic market.

Operating profit (EBIT) for July-September amounted to SEK 16 M (91). The earnings decline compared with the year-earlier period was due to a write-down of assets in tunneling operations and losses incurred by civil engineering operations in Denmark, Norway and Poland. NCC's participation in the associated company A-Train amounted to a loss of SEK 7 M (loss: 11). When the previous expectation that A-Train's passenger volume would increase during the autumn failed to materialize, due to a downturn in air traffic, expectations were revised, whereby it is now estimated that it will take several years before A-Train makes a positive contribution to profit.

NCC Contracting		Quartal values				Jan-Sept		12-months	
SEK M	Q3:01	Q3:00	Q4:00	Q1:01	Q2:01	2001	2000	Oct 00- Sept 01	Jan-Dec 2000
Orders received, SEK M	7 668	6 294	10 992	8 856	9 376	25 900	23 007	36 892	33 999
Order backlog, remaining to be earned, SEK M	24 021	17 879	20 195	22 733	24 677	24 021	17 879	24 021	20 195
Net sales, SEK M	8 628	6 966	9 147	6 508	8 242	23 378	19 775	32 524	28 921
Operating profit (EBIT), SEK M	16	91	- 59	- 110	20	-74	-9	- 133	- 68
Operating margin (EBIT) (%)	0.2	1.3	-0.6	-1.7	0.2	-0.3	0.0	-0.4	-0.2
Net margin (%)	0.3	1.6	-0.3	-1.5	0.6	-0.1	0.3	-0.2	0.1
Operating profit (EBIT), excl. BOT, SEK M	28	109	-30	-96	26	-41	69	-72	39
Operating margin (EBIT), excl. BOT, (%)	0.3	1.6	-0.3	-1.5	0.3	-0.2	0.3	-0.2	0.1
Net margin, excl. BOT, (%)	0.5	1.9	0.0	-1.3	0.7	0.1	0.7	0.0	0.4
Return on capital employed (%)								4.1	4.8

NCC Housing

The Nordic market for residential construction has been favorable during 2001, particularly in metropolitan areas. In Stockholm, the supply side has increased slightly, but demand has remained strong, resulting in relatively stable price levels. Market conditions in Oslo and Copenhagen have also been favorable, despite a sharp drop in residential construction in Denmark as a whole during 2001. In Helsinki the weakening noted earlier this year was accentuated during the third quarter. As a result of softer market conditions in Germany (Berlin/Brandenburg), as noted in the first half of the year, supply was reduced and prices appear to have stabilized. The market trend also remained weak in Poland (Warsaw).

Orders received during July-September 2001 rose by 53 percent to SEK 1,358 M (885). Increases were mainly noted in markets outside Sweden, particularly in Denmark. The order backlog on September 30, 2001 was approximately SEK 5.7 billion, compared with SEK 5.0 billion at year-end.

During the third quarter, the number of total-package housing starts was 521. At September 30, 2001, NCC Housing owned development rights corresponding to approximately 20,800 housing units, an increase of about 4,100 compared with year-end 2000. Two thirds, or 13,900, of these development rights were in Sweden, with the Stockholm region accounting for slightly more than half, or 7,700.

Net sales during July-September amounted to SEK 1,384 M (1,030). This 34-percent sales increase was mainly attributable to Denmark. Adjusted for currency effects, the increase was 23 percent.

Operating profit (EBIT) during July-September amounted to SEK 66 M (13). The increased earnings derived mainly from improved results in Denmark, Norway and Finland.

NCC Housing		Quartal values				Jan-Sept		12-months	
SEK M	Q3:01	Q3:00	Q4:00	Q1:01	Q2:01	2001	2000	Oct 00- Sept 01	Jan-Dec 2000
Orders received, SEK M	1 358	885	1 884	2 160	1 216	4 734	4 171	6 618	6 055
Order backlog, remaining to be earned, SEK M	5 672	4 837	5 023	5 802	5 463	5 672	4 837	5 672	5 023
Net sales, SEK M	1 384	1 030	1 785	1 401	1 562	4 347	3 581	6 132	5 366
Operating profit (EBIT), SEK M	66	13	78	53	61	180	129	258	207
Operating margin (EBIT) (%)	4.8	1.2	4.4	3.8	3.9	4.1	3.6	4.2	3.9
Net margin (%)	-1.1	0.6	3.9	2.0	2.7	1.2	2.4	2.5	2.9
Return on capital employed (%)								9.5	10.9

NCC Property Development

Uncertainty regarding the general economic trend has affected developments in the European real estate market. Generally speaking, the rental market has declined at a greater rate than the investor market. The sluggish state of market conditions in Nordic capitals that was noted during the second quarter was accentuated during the third quarter, particularly in Stockholm and to some extent in Helsinki. The weaker market conditions have resulted in a more cautious approach to the start-up new projects. In several markets, however, the downturn is from a relatively high level.

Sales within NCC Property Development during July–September 2001 totaled SEK 173 M (203) and mainly derived from rental revenue from managed properties. Operating profit (EBIT) amounted to SEK 158 M (122).

NCC Property Development		Quartal values				Jan-Sept		12-months	
SEK M	Q3:01	Q3:00	Q4:00	Q1:01	Q2:01	2001	2000	Oct 00- Sept 01	Jan-Dec 2000
Property development									
- Sales revenues	538	1 021	1 451	366	430	1 334	1 577	2 785	3 028
- Book value	-372	-1 004	-1 253	-226	-287	-885	-1 349	-2 138	-2 602
- Sales expenses	-16	34	-4	8	-3	-11	-20	-15	-24
- Other operating expenses	-47	-3	-27	-20	-22	-89	-35	-116	-62
- Associated and other companies	2	4	33	1	8	11	6	44	39
Profit, property development	105	52	200	129	126	360	179	560	379
Sales of managed properties									
- Sales value	11	235	1 179	38	522	571	994	1 750	2 173
- Book value	-7	-230	-863	-29	-384	-420	-997	-1 283	-1 860
- Sales expenses	-7	-7	-35	-5	-4	-16	-31	-51	-66
- Associated and other companies			45	9	3	12	113	57	158
Profit, managed properties sales	-3	-2	326	13	137	147	79	473	405
Managed properties									
-Operating net	77	100	80	79	74	230	302	310	382
- Administrative costs	-21	-28	-97	-29	-30	-80	-94	-177	-190
- Associated and other companies			-4				4	-4	
Profit, managed properties	56	72	-21	50	44	150	212	129	192
Operating profit NCC Property Development	158	122	505	192	307	657	470	1 163	976
Net financial items	-23	-67	-58	-46	-12	-81	-138	-140	-204
Profit after net financial items NCC Property Development	135	55	447	146	295	576	332	1 022	772
Return on capital employed (%)								12.1	10.7

Property development

The sales volume within property development operations during July–September amounted to SEK 538 M (1,021), resulting in operating profit of SEK 105 M (52), after administrative costs and other items. The largest transaction during the period was the sale of the Lysaker Torg property in Oslo, which comprised a sales volume of SEK 496 M and yielded a gain of SEK 81 M. In addition to this transaction, a few minor sales were implemented.

Construction-initiated and construction-approved projects amounted to SEK 7.7 billion on September 30 in terms of total project costs. Costs incurred to date in all initiated and approved projects amount to SEK 4.3 billion, corresponding to 56 percent of the total project costs. The leasing rate was 46 percent, the same level as at midyear. Compared with the preceding quarter, the portfolio was mainly affected by the sale of Lysaker Torg, which was fully leased but not fully completed.

Total project costs for construction-initiated projects that will be completed within 18 months amounted to SEK 5.7 billion on September 30, 2001. The completion rate for these projects is 66 percent and the leasing rate 54 percent. The total portfolio of construction-initiated and planned projects on September 30 amounted to SEK 17.2 billion, compared with SEK 16.4 billion on June 30.

Sales of managed properties

During July–September, managed properties with a total sales value of SEK 11 M (235) were sold, resulting in a loss of SEK 3 M (loss: 2). On September 30, the book value of managed properties was SEK 4.2 billion (5.1).

Property management

Rental revenues during July–September totaled SEK 136 M (155). The decline in rental revenues was a direct effect of the reduced volume of managed properties. The operating net was SEK 77 M (100) and the visible yield 7.1 percent (7.4).

On September 30, the vacancy rate in terms of floor space in the portfolio of wholly owned properties was 6 percent (6), unchanged compared with the end of the second quarter.

NCC Industry

NCC Industry is the largest player in the Nordic market for asphalt and aggregates. The asphalt market in Denmark and Norway stabilized during January–September and prices improved, which is in line with the expectations NCC noted in connection with the acquisition of Rieber Roads. However, price hikes during 2001, due to increased oil prices, have led to a reduction in volumes in the Danish asphalt market.

NCC Industry's net sales during July–September rose 15 percent to SEK 2,592 M (2,263). Approximately half of the increase was attributable to exchange-rate effects. The remainder derived mainly from newly started operations in Finland, Norway and New Markets (Baltic countries, Poland and St. Petersburg).

Operating profit (EBIT) during July–September amounted to SEK 418 M (326). The improvement was mainly attributable to a continued strong business trend for machinery operations, improved conditions in the asphalt market and synergies resulting from the acquisition of Riebers Roads, which were in line with expectations. Exchange-rate effects of SEK 25 M had a favorable impact on earnings.

NCC Industry		Quartal values				Jan-Sept		12-months	
SEK M	Q3:01	Q3:00	Q4:00	Q1:01	Q2:01	2001	2000	Oct 00-Sept 01	Jan-Dec 2000
Orders received, SEK M	2 533	2 260	1 853	1 022	2 292	5 847	5 137	7 700	6 990
Order backlog, remaining to be earned, SEK M	179	68	108	114	230	179	68	179	108
Net sales, SEK M	2 592	2 263	1 809	940	2 178	5 710	5 100	7 519	6 909
Operating profit (EBIT), SEK M	418	326	207	- 288	261	391	293	598	500
Operating margin (EBIT) (%)	16.1	14.4	11.4	-30.7	12.0	6.9	5.7	8.0	7.2
Net margin (%)	13.5	12.2	8.1	-36.3	9.1	3.6	2.8	3.9	4.2
Return on capital employed (%)								9.9	10.0

NCC Telecom

NCC Telecom conducts operations in two business units: Mobile Networks (build-out of GSM and UMTS networks) and Broadband Networks (build-out of fixed broadband networks).

In Sweden, work on the build-out of third-generation mobile networks (UMTS or 3G) has begun. During 2001, NCC has concluded two agreements covering 3G build-out in Sweden, one with Tele2 in May and the other with 3G Infrastructure Services (3GIS) after the end of the report period. The build-out process in the Nordic region is taking longer than expected, due to a generally cautious approach in the telecom sector, whereby the volumes offered for tender are smaller than expected. NCC's Broadband Networks unit is in the build-up phase. As a consequence of these factors, NCC has revised its assessment of market growth and volumes in the telecom sector. Accordingly, volumes in the years immediately ahead are now expected to be lower than previously estimated.

Orders received by NCC Telecom during July–September totaled SEK 23 M (43).

Net sales during July–September amounted to SEK 53 M (38), which derived mainly from the continued build-out of existing GSM networks Sweden and Denmark.

NCC Telecom reported an operating loss (EBIT) of SEK 27 M (profit: 3) for July–September. The loss was due to tendering expenses and delays in production starts.

NCC Telecom		Quartal values				Jan-Sept		12-months	
SEK M	Q3:01	Q3:00	Q4:00	Q1:01	Q2:01	2001	2000	Oct 00-Sept 01	Jan-Dec 2000
Orders received, SEK M	23	43	48	173	37	233	160	281	208
Order backlog, remaining to be earned, SEK M	135	117	14	158	157	135	117	135	14
Net sales, SEK M	53	38	90	58	38	149	113	239	203
Operating profit (EBIT), SEK M	- 27	3	- 13	- 18	- 33	-78	2	- 91	- 11
Operating margin (EBIT) (%)	-49.3	7.2	-14.7	-31.0	-87.7	-52.1	1.4	-38.1	-5.9
Net margin (%)	-55.9	7.6	-13.3	-31.5	-88.7	-54.9	1.8	-27.6	-4.9

NCC Service

NCC Service has two units: Building Services and Facility Management. Operations are conducted in Sweden.

Orders received by NCC Service during July–September amounted to SEK 253 M (296).

NCC Service reported an operating loss (EBIT) of SEK 28 M (loss: 4) for July–September. The earnings deterioration derived mainly from restructuring costs connected to the closure of a number of Building Services units in northern Sweden, due to a weak profit trend.

NCC Service		Quartal values				Jan-Sept		12-months	
SEK M	Q3:01	Q3:00	Q4:00	Q1:01	Q2:01	2001	2000	Oct 00- Sept 01	Jan-Dec 2000
Orders received, SEK M	253	296	331	397	400	1 050	911	1 381	1 242
Order backlog, remaining to be earned, SEK M	237	169	154	207	264	237	169	237	154
Net sales, SEK M	279	305	346	355	349	983	811	1 329	1 157
Operating profit (EBIT), SEK M	- 28	- 4	10	1	- 6	-33	-10	- 23	
Operating margin (EBIT) (%)	-10.2	-1.5	2.9	0.3	-1.6	-3.4	-1.2	-1.7	
Net margin (%)	-10.4	-2.1	2.7	0.0	-1.3	-3.4	-1.8	-0.1	-0.4

OTHER

NVS

NVS, Nordisk Värme Sana, is a wholly owned subsidiary active in the market for heating and plumbing installations. Orders received during the third quarter rose to SEK 472 M (415) and operating profit (EBIT) of SEK 14 M (15) was reported.

Parent Company

The Parent Company reported invoiced sales of SEK 4,978 M (5,864) during the third quarter and of SEK 15,393 M (17,812) for the January–September period. After net financial items, a loss of SEK 45 M (profit: 333) was reported for the third quarter and a loss of SEK 172 M (profit: 1,581) for the January–September period. The average number of employees was 11,058 (11,686).

NCC AB's repurchase of own shares

The Annual General Meeting on April 3, 2001 provided the Board with renewed authorization to repurchase a maximum of 10 percent of the total number of NCC shares. The main objective of repurchases is to cover commitments under the option program that has been established for approximately 200 senior executives.

Since the original repurchase authorization was granted at the 2000 Annual General Meeting, NCC has repurchased 3,474,589 Series B shares at an average price of SEK 73.64, corresponding to 3.2 percent of the total number of shares. No shares were repurchased during the third quarter.

Accounting principles

The financial statements comply with the Financial Accounting Standards Council's recommendations.

The balance sheet at December 31, 2000 has been adapted to the Financial Accounting Standards Council's Recommendation RR 9, Income Taxes. Application of the recommendation resulted in an adjustment of shareholders' equity at December 31, 2000, as shown in the item describing changes in shareholders' equity (see page 14).

NCC applies the Financial Accounting Standards Council's RR10 recommendation, which was introduced in 2001 for the reporting of contracting assignments. As a result of the recommendation, such balance-sheet items as "worked up/non-invoiced" and "invoiced/not worked up" are booked in gross amounts on a project-by-project basis. Projects for which worked-up revenues exceed invoiced revenues are reported as current assets, while projects for which invoiced revenues exceed worked-up revenues are reported as a current interest-free liability. This increases seasonal fluctuations in the NCC Group's total assets.

For a more detailed account of the accounting principles and definitions applied in this interim report, reference is made to NCC's Annual Report for 2000.



New President and Chief Executive Officer

Alf Göransson became President and Chief Executive Officer of NCC on September 17.

Downsizing of Corporate Office

As an initial step in the review of the Group's strategy and organization, staffing of NCC's Corporate Office in Solna has been reduced from slightly more than 80 employees to 30 employees. The Finance, Financial & Business Control and IT corporate staffs now report to the Chief Financial Officer (CFO) and the Purchasing and Environment/Quality corporate staffs have been phased out completely at Group level. Negotiations in accordance with the Swedish Codetermination in Industry Act were concluded at the end of October.

SIGNIFICANT EVENTS AFTER PERIOD END

Negotiations regarding sale of NVS

Negotiations are under way regarding the sale of NVS.

Investigation by Competition Authority

On Wednesday, October 24, the Swedish Competition Authority initiated an investigation of the asphalt operations conducted by NCC and a number of other Swedish building contractors. According to the Competition Authority, there is reason to suspect that the companies have violated Subsection 6 of the Swedish Competition Act by, among other activities, by engaging in cooperation regarding tenders and the dividing-up of markets. The investigation coincided with a decision by the Public Prosecution Office in Linköping to prosecute seven former NCC employees due to charges of serious fraud against NCC. NCC had filed the charges against the employees in March 2001. In August, the Norwegian Competition Authority initiated an investigation of several major companies in the Norwegian contracting sector, including NCC Norway. No results of the investigations have been published to date.

New Group structure and business orientation as of January 1, 2002

NCC's profitability is lower than that of its major Nordic competitors and it has not reached up to the Group's own target for the past six years. One of the reasons is that, in relation to sales revenues, the Group's selling and administrative costs are higher than those of its competitors. Another reason is that a number of operations are generating losses. Capital tied up in operations is too high and the proportion of managed properties is relatively large. In addition, excessive importance has been attached to achieving growth, based on NCC's vision of being the sector leader in the Nordic and Baltic Sea region. This approach is currently being revised, in order to increase the focus on profitability.

In the future, operations will focus increasingly on adding value, expanding NCC's undertaking and covering a larger portion of our customers' value chain, primarily in the Nordic market. In the long term, this approach is expected to increase the Group's profitability and reduce the level of risk, compared with a strategy aimed at continued geographic expansion. In a more short-term perspective, profitability and a positive cash flow will be assigned priority, in precedence to volume growth. Future growth will be restricted to those operations that are based on a profitable and competitive core business.

A new Group structure will be implemented on January 1, 2002 (also see separate press release), with the aim of significantly reducing selling and administrative costs. The first measure has already been implemented in the form of the downsizing of the Corporate Office from 84 to 30 positions. In addition, the new organization will improve the focus on customers, through an increased allocation of geographic responsibility and a greater focus on our customers' value chain. The structure will be simplified by reducing the number of decision-making levels and thus accelerating the decision-making process.

The present Contracting, Housing, Telecom and Service business areas will be merged in a single organization, in which geographic domicile will be the determining organizational factor. This will re-



sult in the formation of NCC Contracting & Housing units in Sweden, Norway, Denmark, Finland, Germany and Poland. The Property Development business area will retain its current structure. A new business area – NCC Roads – will be formed and will include the present operations in the areas of aggregates, asphalt, paving, parts of road maintenance, road markings and ready-mix concrete – in other words, most of the former NCC Industry. Major Nordic and international civil engineering projects will be organized in NCC International Projects. NCC's machinery operations will be concentrated in a separate company marketed under its own name, with the aim of further developing machinery rental activities focused on customers other than NCC.

As of the New Year, NCC's Corporate Management will consist of the CEO, country presidents, the presidents of NCC Roads, NCC Property Development and NCC International Projects and the CFO.

NCC has a strong market position and key parts of its core operations in the Nordic region are showing a favorable business trend. By focusing on its core operations, and after a targeted action program has been defined and implemented, NCC has excellent potential to achieve profitability that is better and more stable than the level shown to date.

The NCC Group will continue to report financial results in accordance with the current structure until the end of 2001. The new structure will become effective as of the first quarter of 2002.

Solna, November 8, 2001

Alf Göransson
President and Chief Executive Officer

NCC's year-end report on operations in 2001 will be published on February 12, 2002.

AUDITORS' EXAMINATION REPORT

We have reviewed this interim report and in this connection have followed the recommendation issued by FAR. A review is substantially more limited than an audit. Nothing has come to light that indicates that the interim report does not fulfill the requirements of the Stock Exchange Act and the Annual Accounts Act.

Solna, November 8, 2001

Thomas Jansson
Authorized Public Accountant

Bo Ribers
Authorized Public Accountant

If you have any questions, please contact:

Björn Andersson, Chief Financial Officer (Tel: +46-8-585 520 40, or +46-70-627 65 92);

Hans-Olof Karlsson, Senior Vice President Corporate Communications (Tel: +46-8-585 522 79, or +46-70-547 12 50); or

Annica Gerentz, Investor Relations Manager (Tel: +46-8-585 522 04, or +46-70-398 42 09, annica.gerentz@ncc.se).

An English-language telephone press conference will be held between 2.00 and 2.30 p.m. In order to participate in this conference, call +44 (20) 8781 0576 and state "NCC" five to ten minutes before the start of the conference. Information material regarding the telephone press conference will be downloadable from the ncc.se website as of approximately 1.30 p.m. It will also be possible to listen to the conference in real time at www.ir.ncc.se. For those who intend to read the report in an electronic



format, click the following link:

<http://acc.activate.net/teleconferenceregister/genesysuk/default.asp?name=340583&date=11/8/01>

An information meeting will be held at 7.45 a.m. on November 9, at Operaterassen, Stockholm. Notification of attendance should be sent by e-mail to traffar@fti.se or marjo.hultgren@ncc.se. The presentation will be made in Swedish and a recorded version will be provided on www.ncc.se. Swedish and English versions of the presentation material will be downloadable from www.ir.ncc.se as of approximately 9.00 a.m.

.

INCOME STATEMENT							
SEK M	July-Sept. 2001	July-Sept. 2000 Pro forma	Jan.-Sept. 2001	Jan.-Sept. 2000 Pro forma	Oct.00- Sept.01	Jan.-Dec. 2000 Pro forma	Jan.-Dec. 2000
Net sales 1)	12 239	10 303	32 717	29 012	44 513	40 808	38 728
Production and management costs	-10 985	-9 063	-29 559	-26 062	-40 042	-36 545	-34 641
Gross profit	1 254	1 240	3 158	2 950	4 471	4 263	4 087
Selling and administrative costs	-881	-779	-2 777	-2 454	-3 950	-3 627	-3 457
Refund of Alecta contributions		94		912		912	912
Result from sales of properties	133	22	479	167	952	640	640
Result from participations in associated companies	22	37	27	24	26	23	23
Result from sales of participations in Group companies		-1			-1	-1	-1
Result from sales of participations in associated companies	8	9	15	123	163	271	271
Revaluation of properties	-6	-1	-6	-1	-65	-60	-60
Operating profit	530	621	896	1 721	1 596	2 421	2 415
Result from other financial fixed assets	169	97	367	68	540	241	241
Result from financial current assets	74	88	65	199	128	262	262
Interest expenses and similar items	-450	-277	-877	-516	-1 222	-861	-765
Profit/loss after financial items	323	529	451	1 472	1 042	2 063	2 153
Tax on the income for the year 2)	-140	-177	-179	-460	-343	-624	-651
Minority interests	-8	-1	-12	-4	-12	-4	-4
Net profit/loss for the year	175	351	260	1 008	687	1 435	1 498

- 1 Net sales of Contracting Operations are reported in accordance with the percentage of completion method and are matched by earned revenues during the period. These revenues are reported in pace with the rate of completion of building project in the Company. For real estate operations, net sales correspond to rental revenues, interest subsidies, etc. For other operations, net sales corresponds to invoicing for the year.
- 2 Full tax has been taken into account.

BALANCE SHEET			
SEK M	30 Sept. 2001	30 Sept. 2000 Pro forma	31 Dec. 2000
Managed properties	4 410	5 287	4 557
New constructions in progress	5 366	4 008	3 897
Buildings and land	1 136	930	1 155
Tangible and intangible fixed assets	6 733	6 391	6 570
Share and participations	1 313	1 213	1 160
Properties held for future development	2 964	2 599	3 152
Material and Inventories	821	679	722
Interest-bearing receivables	1 858	1 350	1 389
Interest-free receivables	14 123	10 458	11 884
Liquid assets	2 557	2 433	2 207
Total assets	41 281	35 348	36 693
Shareholders' equity	9 844	9 966	9 971
Minority interests	54	23	20
Interest-bearing liabilities and provisions	14 950	11 879	11 714
Interest-free liabilities and provisions	12 869	10 995	12 355
Project invoicing not yet worked up	3 564	2 485	2 633
Total shareholders' equity and liabilities	41 281	35 348	36 693
Assets pledged	2 506		1 626
Contingent liabilities	6 843		6 137

Net sales and operating profit by business area												
SEK M	Net sales						Operating profit (EBIT)					
	July- Sept 2001	July- Sept 2000	Jan- Sept 2001	Jan-Sept 2000	Oct 00- Sept 01	Jan-Dec 2000	July- Sept 2001	July- Sept 2000	Jan- Sept 2001	Jan-Sept 2000	Oct 00- Sept 01	Jan-Dec 2000
NCC Contracting	8 628	6 966	23 378	19 775	32 524	28 921	16	91	-74	- 9	-133	- 68
NCC Housing	1 384	1 030	4 347	3 581	6 132	5 366	66	13	180	129	258	207
NCC Property development	173	203	621	618	910	907	158	122	657	470	1 163	976
NCC Industry	2 592	2 263	5 710	5 100	7 519	6 909	418	326	391	293	598	500
NCC Telecom	53	38	149	113	239	203	- 27	3	- 78	2	- 91	- 11
NCC Service	279	305	983	811	1 329	1 157	- 28	- 4	- 33	- 10	- 23	
Total	13 109	10 805	35 188	29 998	48 653	43 463	603	551	1 043	875	1 772	1 604
NVS	463	397	1 479	1 226	2 015	1 762	14	15	45	38	65	57
Other items and eliminations 1)	-1 333	- 899	-3 950	-2 212	-6 155	-4 417	- 87	- 39	- 192	- 104	- 241	- 152
	12 239	10 303	32 717	29 012	44 513	40 808	530	527	896	809	1 596	1 509
Non recurring items 2000, Refund of Alecta contributions								94		912		912
Group	12 239	10 303	32 717	29 012	44 513	40 808	530	621	896	1 721	1 596	2 421

Key ratios					
	Jan-Sept 2001	Jan-Sept 2000 Pro forma	Oct 00- Sept 01	Jan-Dec 2000 Pro forma	Jan-Dec 2000
Share data 2)					
Shareholders' equity, SEK	93.80	94.30	93.80		94.40
Income/loss after full tax	2.50	9.40	6.50	13.40	14.00
Income/loss after full tax excl. Non recurring items, SEK					
Dividend, SEK	2.50	3.45	6.50	7.45	8.00
Number of shares average during the period, million					4.50
at the end of the period, million	105.0	107.4	105.4		107.0
Shareholders' equity, SEK	105.0	105.7	105.0		105.7
Ratios					
Return on shareholders' equity after full tax, %			7.0	14.6	15.6
Return on shareholders' equity after full tax, excl. non recurring items, %			7.4	8.4	9.3
Return on capital employed %			8.1	13.8	13.7
Return on capital employed, excl. non recurring items, %			8.4	9.5	9.4
Equity/assets ratio %	24	28	24		27
Equity/assets ratio, excl. non recurring items, %	24	27	24		26
Share of risk-bearing capital, %	26	30	26		30
Share of risk-bearing capital, excl. non recurring items, %					
Average interest rate, excl pension liability %	26	29	26		29
Average period of fixed interest, years	5.7	5.4 ³⁾			5.5
Return on shareholders' equity after full tax, %	1.1	1.7 ³⁾			1.6
Personnel					
Average number of employees	27 685	24 563 ³⁾			25 192
Real Estate operations					
Vacancy rate in terms of floor space at the end of the period,%	6	6			7
Visible yield, excluding administration costs, %	7.1	7.4			7.3

- 1) The higher figure in 2001 compared with 2000 is mainly attributable to increased eliminations of internal profits, as well as restructuring costs expensed in connection with the reduction in the number of positions at the Corporate Office.
- 2) Calculation of key figures is based on the average number of shares during the period.
- 3) Figures are not pro forma.

Reconciliation of shareholders' equity at September 30, 2001		SEK M
Closing balance, December 31, 2000		9 971
Adjustment due to changed accounting principle*		-48
Dividend		-472
Translation differences		192
Net profit for the year		260
Share repurchases		-59
Closing balance, September 30, 2001		9 844

* The changed accounting principle pertains to the switch to reporting of deferred tax in accordance with the Financial Accounting Standards Council's Recommendation RR 9.

INCOME STATEMENT, not pro forma						
MSEK	July-Sept 2001	July-Sept 2000	Jan-Sept 2001	Jan-Sept 2000	Oct 00- Sept 01	Jan-Dec 2000
Net sales 1)	12 239	9 476	32 717	27 211	44 234	38 728
Production and management costs	-10 985	-8 373	-29 559	-24 434	-39 766	-34 641
Gross profit	1 254	1 103	3 158	2 777	4 468	4 087
Selling and administrative costs	-881	-735	-2 777	-2 301	-3 933	-3 457
Refund of Alecta contributions		94		912		912
Result from sales of properties	133	22	479	167	952	640
Result from participations in associated companies	22	37	27	24	26	23
Result from sales of participations in Group companies		-1			-1	-1
Result from sales of participations in associated companies	8	9	15	123	163	271
Revaluation of properties	-6		-6		-66	-60
Operating profit	530	529	896	1 702	1 609	2 415
Result from other financial fixed assets	169	19	367	48	560	241
Result from financial current assets	74	-52	65	36	291	262
Interest expenses and similar items	-450	-30	-877	-247	-1 395	-765
Profit/loss after financial items	323	466	451	1 539	1 065	2 153
Tax on the income for the year 2)	-140	-159	-179	-481	-349	-651
Minority interests	-8	-1	-12	-4	-12	-4
Net profit/loss for the year	175	306	260	1 054	704	1 498

- 1) Net sales of Contracting Operations are reported in accordance with the percentage of completion method and are matched by earned revenues during the period. These revenues are reported in pace with the rate of completion of building project in the Company. For real estate operations, net sales correspond to rental revenues, interest subsidies, etc. For other operations, net sales corresponds to invoicing for the year.
- 2) Full tax has been taken into account.

BALANCE SHEET, not pro forma			
SEK M	30 Sept. 2001	30 Sept. 2000	30 Dec. 2000
Managed properties	4 410	5 287	4 557
New constructions in progress	5 366	4 008	3 897
Buildings and land	1 136	859	1 155
Tangible and intangible fixed assets	6 733	4 640	6 570
Share and participations	1 313	1 127	1 160
Properties held for future development	2 964	2 600	3 152
Material and Inventories	821	510	722
Interest-bearing receivables	1 858	1 335	1 389
Interest-free receivables	14 123	9 764	11 884
Liquid assets	2 557	2 446	2 206
Total assets	41 281	32 576	36 692
Shareholders' equity	9 844	9 494	9 971
Minority interests	54	22	20
Interest-bearing liabilities and provions	14 950	10 131	11 714
Interest-free liabilities and provions	12 869	10 444	12 355
Project invoicing not yet worked up	3 564	2 485	2 633
Total shareholders' equity and liabilities	41 281	32 576	36 693
Assets pledged	2 506		1 626
Contingent liabilities	6 843		6 137