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Wide-ranging action program to boost NCC's profitability

NCC's newly appointed President and CEO, Alf Göransson, is currently initiating a comprehensive action program aimed at radically improving the Group's profitability.

"Profitability within NCC has been unsatisfactory for some time now, having failed to meet the Group's own targets for the past six years," says Alf Göransson. "Our tied-up capital is too high, our overheads are excessive compared with our main competitors in the Nordic region and we have a number of loss-making operations with structural problems. At the same time, NCC has a strong market position and key parts of our core operations in the Nordic region are showing a favorable business trend. 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."

NCC's vision of being the industry leader in the Nordic and Baltic Sea region is being revised. In the future, operations will increasingly focus 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 enhance the Group's profitability and reduce the level of risk, compared with a strategy aimed at continued geographic expansion. Shorter term, 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.

"Our vision is focused on the customer and we must have the courage to take this even further. We must remain a step ahead of our competitors in our areas of focus," says Alf Göransson.

Our vision is that the customer should be able to expect a bit more from NCC when it comes to developing future environments for work, living and communications. We shall operate as a young, exciting company with customer focus, simplicity and responsibility.

Beginning in the New Year, a new corporate structure will be introduced within NCC, with the aim of substantially reducing administrative and sales costs. The first measures have already been taken by reducing the corporate office from 84 to 30 positions. In addition, the new organization will lead to improved customer focus as a result of the increased allocation of responsibility according to geographic boundaries and the emphasis on our customers' value chain. The structure will be simplified by reducing the number of decision-making levels, in order to accelerate the decision-making process.

NCC AB

Postal address
SE-170 80 SOLNA

Visiting address
Vallgatan 3, SOLNA

Contact
Tel: +46 8 585 510 00
Fax: +46 8 85 77 75
www.ncc.se

VATno.
(publ) Reg.no SE556034517401
Solna, Sweden

Beginning on January 1, 2002, the structure of the NCC Group will be as follows:

NCC Contracting & Housing – includes the present NCC Contracting and NCC Housing, NCC Telecom and NCC Service. Paving and part of Highway Maintenance will be transferred to NCC Roads, and major civil engineering projects in the Nordic region will be transferred to NCC International Projects. The operations will be organized geographically, with country and regional presidents. Overheads will be reduced through a more cost-effective structure with fewer levels and therefore shorter decision-making routes.

NCC International Projects – includes all international contracting operations and major civil engineering projects in the Nordic region. Operations will focus on specialist segments within civil engineering.

NCC Roads – includes the present operations in the areas of aggregates, asphalt, paving, parts of road maintenance, road markings and readymix concrete – in other words, most of the former NCC Industry. Since all of the above operations are parts of the same value chain, interesting opportunities will be created for increasing the scope of NCC's undertakings.

NCC Property Development – will continue operations in accordance with the present model.

Altima – machinery operations for the entire Group will be concentrated in a separate company named Altima, with the aim of expanding machinery rental operations focused on external customers.

The Corporate Office has been downsized to 30 employees. The CFO and the heads of the Human Resources, Corporate Communications and Legal Affairs staffs report directly to the CEO. Heads of the staffs Finance, Financial & Business Control and IT report to CFO.

“The downsizing of the Corporate Office has already been implemented, and we will install the new staff at a single location as soon as this is feasible, in order to ensure a straightforward, nonbureaucratic work method,” Alf Göransson continues. “We are now starting a process whose aim is that the organization and staffing within the countries and business areas concerned will be adapted to the new structure. Unfortunately, the changes will mean that there will not be room in the new organization for a certain number of employees. It is therefore important that the task will be completed as rapidly as possible.”

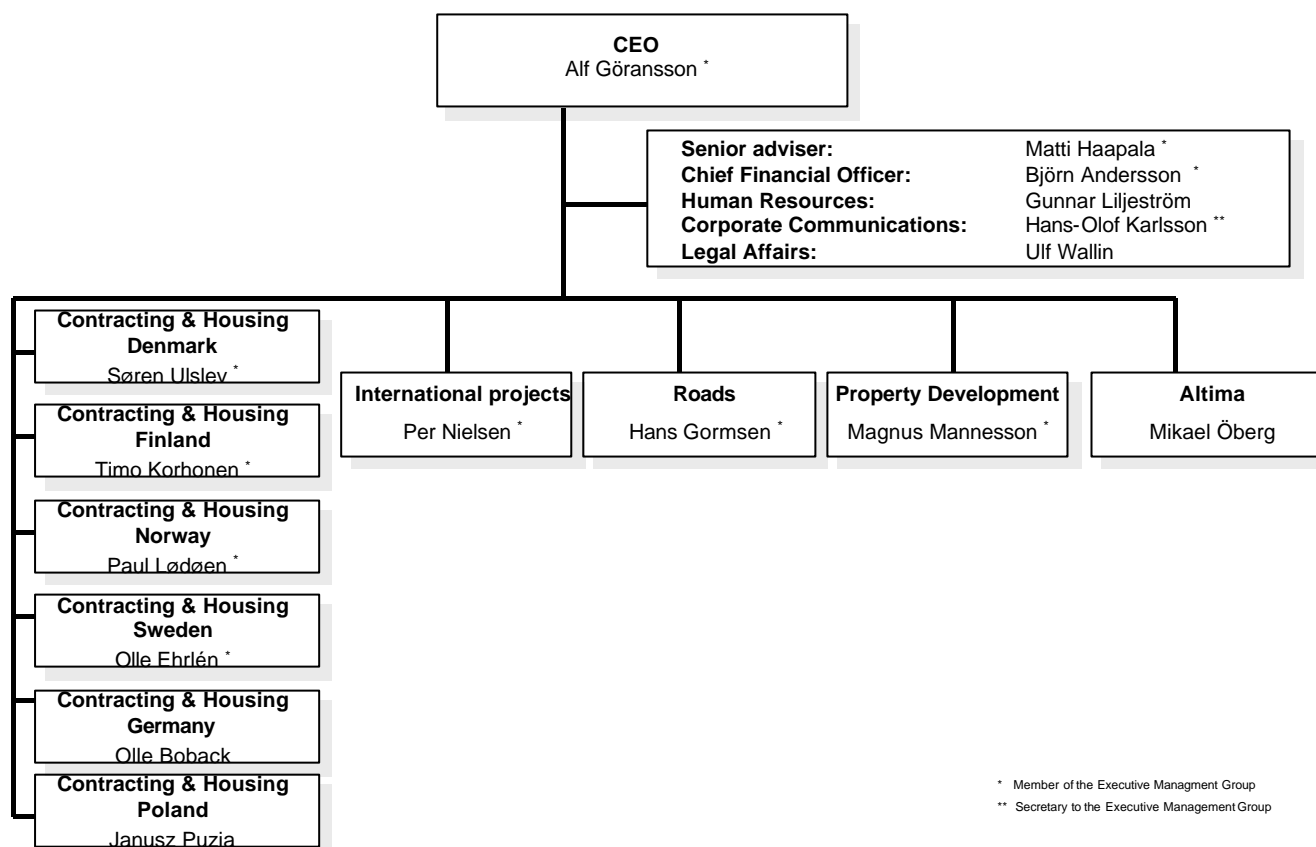
The new corporate structure is shown in the appendix.

For further information, please contact:

Alf Göransson, President, NCC AB, tel. +46 8-585 51150

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

Appendix



NCC AB

Postal address
SE-170 80 SOLNA

Visiting address
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Contact
Tel: +46 8 585 510 00
Fax: +46 8 85 77 75
www.ncc.se

VATno.
(publ) Reg.no SE556034517401
Solna, Sweden