

Interim Report, January–December 2002

- Profit after financial items, excluding items affecting comparability, amounted to SEK 1,005 M (loss 465), in line with the previously forecast.
- Financial position strengthened by positive cash flow. Net debt reduced by SEK 4.5 billion to SEK 5.8 billion (10.3) and the equity/assets ratio improved to 22 percent (19).
- A cash dividend of SEK 2,75 (2,25) per share is proposed.
- In addition to the cash dividend, a spin-off of Altima shares is also proposed whereby each multiple of ten NCC AB shares will qualify for one Altima share.

	Oct-Dec		Jan-Dec	
	2002	2001 (pro forma) ¹⁾	2002	2001 (pro forma) ¹⁾
Orders received, SEK M	11,428	13,781	43,098	50,647
Net sales, SEK M	13,046	13,963	45,165	47,521
Operating profit/loss, SEK M	583	-2,432	1,820	-1,536
excl. items affecting comparability ²⁾	583	-714	1,519	137
Profit/loss after financial items, SEK M	437	-2,581	1,306	-2,130
excl. items affecting comparability ²⁾	437	-866	1,005	-465
Earnings per share, SEK	2.45	-24.10	7.95	-21.60
excl. items affecting comparability ²⁾	2.45	-7.25	5.85	-5.25
Return on equity, %			11	Neg
excl. items affecting comparability ²⁾			8	Neg

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

2. Items affecting comparability for 2002 pertain to the capital gain of SEK 301 M on the sale of NVS. In the figures for 2001, earnings from NVS are regarded as an item affecting comparability.

Comments by the CEO Alf Göransson:

“Our action program, Turnaround, generated results in 2002. Most business areas reported a favorable trend in terms of operating profit. The negative exception was the performance of Construction Norway. The Group’s full-year profit of SEK 1,005 M after net financial items, excluding the capital gain on the sale of NVS, was in line with the forecast issued at the end of 2001.

“We strengthened our financial position. Net indebtedness was reduced by SEK 4.5 billion to SEK 5.8 billion and the equity/assets ratio improved to 22 percent (19). A positive cash flow of SEK 5.1 billion (neg: 0.7) was reported for the year, as a result of favorable cash flow from operations and the sale of NVS and managed properties.

“During 2002, NCC succeeded in taking the first steps towards sustainable profitability, the goal for which is a return on equity of 15 percent. The current year will also be characterized by consolidation, stabilization and efficiency-enhancing measures, which have become even more necessary as a result of NCC’s assessment that the Nordic construction market will not grow in either 2003 or 2004. In view of the weaker market prospects and high vacancy rates for office projects, NCC’s property-development operations are being slimmed.

“The streamlining of NCC continues and we have decided to spin off shares in the subsidiary Altima to NCC shareholders around the end of 2003, assuming that the Annual General Meeting approves the Board’s proposal. Following this spin-off, operations will be focused even more intently on the Group’s core business, at the same time as net debt will be reduced. I am convinced that Altima’s growth prospects will increase if it operates as an independent company.”

GROUP

Pro forma

As of January 1, 2002, the NCC Group's organizational structure is divided into ten reporting business areas. None of the earnings figures presented below include items affecting comparability. All comparative figures at the business area level are presented pro forma. The comments pertain to pro forma results in accordance with the new structure and the changed accounting principles for Property Development. Detailed information about the pro forma accounts was provided in the interim report for January–March 2002.

Orders received and order backlog

Orders received by the NCC Group during 2002 amounted to SEK 43.1 billion (50.6). Proprietary property-development projects accounted for SEK 699 M (2,388) of total orders received and proprietary housing-development projects for SEK 3,750 M (2,931). Orders received in 2001 included SEK 2.3 billion for the now divested NVS. Excluding NVS and proprietary projects, orders received declined by 10 percent during 2002, compared with 2001.

Excluding NVS, orders received in the fourth quarter were SEK 1.8 billion lower than in the year-earlier period. The downturn in orders received during the fourth quarter and during the full year was mainly attributable to NCC Construction Sweden and NCC Construction Denmark, as a result of the phase-out of operations, a more restrictive project-tendering policy and more stringent profitability requirements, as well as weaker market conditions. The order backlog on December 31 was approximately SEK 27.8 billion (30.6), with the decrease due mainly to the lower order bookings.

Net sales and earnings

Consolidated net sales in 2002 totaled SEK 45,165 M (47,521). Excluding sales of real estate projects, net sales amounted to SEK 41,270 M (45,532).

The Group's operating profit (EBIT) for 2002 was SEK 1,820 M (loss: 1,536), including a capital gain of SEK 301 M from the divestment of NVS during the first-quarter of 2002. The figure for 2001 included items affecting comparability amounting to a loss of SEK 1,740 M, which derived from restructuring costs, changed accounting principles and the write-down of goodwill, as well as operating profit of SEK 67 M from NVS. Excluding items affecting comparability, operating profit amounted to SEK 1,519 M (137). The improvement was mainly attributable to the Turnaround action program, which proceeded as planned during the year, and a reduced need for write-downs and provisions.

Profit after financial items (EBT) for 2002 amounted to SEK 1,005 M (loss: 465), excluding items affecting comparability. Net financial items amounted to an expense of SEK 514 M (expense: 602). The improved financial net was mainly attributable to a reduction in net indebtedness.

Full-year profit after taxes for 2002 amounted to SEK 821 M (loss: 2,269), corresponding to earnings of SEK 7.95 (loss: 21.60) per share. Tax costs for the year were adversely affected by the fact that, as a precautionary measure, tax loss carryforwards, particularly for Norwegian operations, were not included at their full value.

During the fourth quarter, operating profit (EBIT) amounted to SEK 583 M (loss: 714), excluding items affecting comparability. The main factors underlying the improvement in fourth-quarter earnings compared with a year earlier were the action program and a reduced need to write down projects. All units showed favorable earnings for the fourth quarter. NCC Construction Sweden, NCC Construction Denmark and NCC Roads, meaning the operations that underwent the most comprehensive restructuring during 2002, noted the largest earnings improvements.

Profit after financial items during the fourth quarter amounted to SEK 437 M (loss: 866), excluding items affecting comparability. Net financial items amounted to an expense of SEK 146 M (expense: 152). Although the reduction in net indebtedness had a favorable impact on the financial net, this was partly

offset by increased interest expense in Germany and the fact that interest expense linked to provisions for ongoing tax processes were charged against the financial net for the fourth quarter.

Investments and financing

Cash flow before financing during the year was positive in an amount of SEK 5,120 M (negative: 746). The restructuring costs charged against the fourth quarter of 2001 had an adverse effect of approximately SEK 1 billion on cash flow during the year.

On December 31, 2002, NCC's net indebtedness (interest-bearing liabilities less liquid assets less interest-bearing receivables) amounted to SEK 5,819 M (10,306), a decrease of SEK 4,487 M. The main factor affecting net indebtedness was the sale of properties during the second quarter. Very strong cash flow from operations and a reduction in working capital, particularly towards the end of the year, also had a favorable impact on cash flow.

The equity/assets ratio on December 31 was 22 percent (19).

The investment rate was consciously reduced during 2002 and the need for a restrictive approach to investments was further accentuated by the gradual weakening of the Nordic construction market during the latter part of the year.

Gross investment were distributed as follows:

SEK M	Jan.-Dec. 2002	Jan.-Dec. 2001
Investments in real estate	330	326
Machinery and equipment	999	1,334
Other investments in fixed assets	333	609
Total investments in fixed assets	1,662	2,269
Property-development projects	1,439	2,819
Housing projects	1,525	860
Total development projects	2,964	3,679
Total gross investments	4,626	5,948

COMMENTS BY MARKET AND SEGMENT

The Nordic market for construction investments has shown stable, albeit modest, growth during recent years. NCC estimates that no growth will occur in the Nordic construction market in either 2003 or 2004. One factor that all the Nordic countries have in common is that demand for commercial space, such as office, retail and hotel premises, declined during 2002 and is expected to remain weak in 2003 and 2004. Vacancy rates were at historically high levels at the beginning of 2003. Due to weaker market interest, NCC adopted a highly cautious approach to the start-up of new property-development projects during 2002, an approach that will remain unchanged during 2003. The weaker economic performance being shown by several countries has increased uncertainty regarding the demand for new housing. However, the civil engineering market is expected to grow in a number of countries during the years immediately ahead.

NCC Construction

In Sweden, the economic slowdown has adversely affected demand in several segments. Demand for buildings and industrial construction declined during 2002, while uncertainty regarding housing demand increased. On the other hand, infrastructure programs and public-sector investments in the health care and educational sectors rose during the year. Due to the weaker market conditions, orders received by **NCC Construction Sweden** decreased to SEK 15,927 M (21,333) during the year. Proprietary projects started up during 2002 decreased to SEK 2,343 M (4,170). Other reasons for the decrease in orders included the phase-out of certain operational units during the year, while the more selective project-tendering policy applied by NCC resulted in the Group abstaining from bidding for projects where the risk level was considered excessive in relation to the potential results. The order backlog on December 31, 2002 was SEK 9.5 billion (11.1).

The restructuring of Construction Sweden that began towards the end of 2001 has been implemented as planned, resulting in lower administrative costs and reduced business volumes, since unprofitable activities have been phased out. Operating profit (EBIT) for the year amounted to SEK 406 M (125), with the improvement due primarily to effects of the action program. Earnings during the fourth quarter rose to SEK 197 M (86), mainly as a result of lower overhead costs and a higher margin on construction projects.

In Denmark, the market for building construction declined during the year, while civil engineering investments rose slightly. Demand for housing projects increased, as a result of low interest rates combined with considerable housing needs. Orders received by **NCC Construction Denmark** amounted to SEK 5,377 M (7,915). Operating profit (EBIT) improved to SEK 144 M (loss: 26), mainly because of the reduction in administrative costs resulting from the action program implemented during 2002, the phase-out of unprofitable civil engineering operations in western Denmark and a more selective project-tendering policy. The operating margin in the fourth quarter was affected favorably by the fact that several major projects moved past the zero-recognition level and were thus able to recognize profits for the value that was worked up.

In Finland, activity in the office construction sector declined during the year, while demand for housing remained buoyant, which had a favorable impact on **NCC Construction Finland**. Orders received during 2002 rose to SEK 4,954 M (4,255) and operating profit (EBIT) improved to SEK 226 M (149), as a result of the buoyant conditions in the housing market.

In Norway, demand for commercial premises declined during the year, while demand in the civil engineering market increased slightly. Orders received by **NCC Construction Norway** rose to SEK 4,658 M (4,036), mainly as a result of a number of major projects secured during the latter part of the year. The operating result (EBIT) was a loss of SEK 359 M (loss: 331). The reasons underlying the loss were inadequate costing, poor project control and weak management, which resulted in write-downs of contracting and housing projects being charged against third-quarter earnings. A new management team appointed during the year focused on improving routines for following up projects, ensuring the realism of final-status forecasts and establishing procedures for applying a more selective tendering policy. Executives corresponding to two-thirds of the previous management team have left the company. In addition, the number of salaried employees has been reduced from about 850 to 650.

The German market remained sluggish in 2002, which adversely affected **NCC Construction Germany**, whose order backlog decreased to SEK 610 M (807). The decrease was due partly to the application of more stringent profitability requirements, combined with the Group's focus on reducing the capital tied up in ongoing projects. Operating profit (EBIT) of SEK 47 M (loss: 263) was reported for the year, which derived largely from the income recognition of a number of major projects during the fourth quarter.

The operations of **NCC Construction Poland** are being downsized as planned. As of January 1, 2003, the remaining operations are part of NCC International Projects (see page 8). The Polish orders received by NCC Construction during 2002 pertained to the subsidiary Hydrobudowa. The operating profit (EBIT) of SEK 34 M (loss: 19) reported for the year was in all essential respects attributable to Hydrobudowa.

NCC International Projects

Orders received by **NCC International Projects** rose during 2002 to SEK 2,474 M (1,885). During the fourth quarter, orders were received for a further expansion of the Singapore subway system and for a bedrock tunnel for railway services in Trollhättan. The order backlog on December 31 was SEK 4,726 M (3,860). Operating profit (EBIT) amounted to SEK 66 M (loss: 191).

NCC Property Development

NCC Property Development's operating profit (EBIT) for 2002 amounted to SEK 700 M (714). The earnings were mainly attributable to the second-quarter sale of 40 properties (managed properties and projects) to Whitehall Funds, which are property funds managed by Goldman Sachs International. The total purchase price of SEK 3,950 M yielded a capital gain of SEK 430 M. NCC Property Development's sales during 2002 amounted to SEK 4,150 M (2,328).



Property development

The sales volume for the year amounted to SEK 3,895 M (1,989), resulting in operating profit of SEK 351 M (363). The second-quarter sale to Whitehall Funds comprised a sales volume of slightly more than SEK 1.2 billion that generated a capital gain of about SEK 170 M. The single largest transaction during the fourth quarter of 2002 was the sale of the West Gate project in Warsaw for SEK 588 M, which generated a healthy capital gain.

Project costs for construction-initiated projects totaled SEK 4.6 billion (6.9) on December 31, 2002. Costs incurred in all initiated projects amounted to SEK 3.3 billion (4.2), corresponding to 72 percent (61) of the total project costs. Although the leasing rate of 40 percent (45) was unchanged compared with the third quarter, it was adversely affected by the sale of a number of projects with high occupancy rates during the fourth quarter. This was partly offset by the leasing of one-third of the Frösunda Front project during the period.

The portfolio of construction-initiated and planned projects totaled SEK 16.8 billion on December 31, 2002. The projects added since September had reached an advanced phase and a highly restrictive approach is being applied to the initiation of construction in new projects.

At the end of 2002, NCC and Vasakronan agreed that completion of their equally owned project Kista Science Tower would be postponed from mid-2003 to February 2004. As a result, the option agreement between the parties regarding the purchase/sale of the remaining half cannot be exercised until June 1, 2004, at the earliest. According to the agreement, the purchase consideration will be based on a market valuation conducted when the option is exercised. NCC has concluded that there is no need to reduce the value of the project.

Sales of managed properties

Managed properties in an amount of SEK 3,025 M (943) were sold during the year, resulting in a total gain of SEK 253 M (161). The second-quarter sale to Whitehall Funds, which comprised a sales volume of approximately SEK 2.7 billion, accounted for most of the sales. Sales of managed properties during the fourth quarter were limited.

In connection with the preparation of the year-end accounts, an independent valuation of NCC's Swedish real estate portfolio was commissioned. According to this valuation, the year-end market value of managed properties in Sweden was SEK 1.1 billion, which exceeded the book value by approximately SEK 200 M. The surplus value at the end of 2001 was SEK 750 M. The decrease in surplus value in the portfolio of managed properties was due to the weaker market conditions and the extensive number of property sales during the year.

Rental revenues from managed properties totaled SEK 301 M (522) during the year. The operating net was SEK 134 M (301). The decline was due to the reduced portfolio of managed properties, combined with extensive maintenance work conducted during the second half of the year.

On December 31, the vacancy rate in terms of floor space in the portfolio of wholly owned properties was 8.5 percent (6.0). The increase was due to reduced leasing to Ericsson in Kista and the implemented sales of fully leased managed properties. Most of the vacancy rate derives from the Borgarfjord 2:1 and 2.2 properties in Kista, which have a major impact because the portfolio of managed properties has been reduced. Due to leasing activities conducted during the fourth quarter, however, the vacancy rate in the Borgarfjord properties was reduced in relation to the preceding quarter.

NCC Roads

NCC Roads' business performance in 2002 was better than in the preceding year.

Net sales for 2002 increased, as a result of growth in most units. Higher sales volumes for paving operations in Finland and New Markets (Poland and Baltic countries), combined with favorable weather conditions in southern Sweden and Denmark during the fourth quarter, accounted for most of the sales increase.



Operating profit (EBIT) during 2002 increased to SEK 373 M (242). Earnings in 2001 were charged with restructuring costs and write-downs. For comparable units (adjusted for nonrecurring items in 2002 and 2001), earnings improved by nearly 30 percent. Cost savings resulting from the integration of asphalt production and paving operations, as well as reduced overhead costs resulting from the new organization introduced at the beginning of 2002, were the main reasons for the earnings improvement. The higher volumes within paving operations boosted earnings in Finland and New Markets, while earnings from Danish operations improved during the fourth quarter.

Altima

Altima is a wholly owned subsidiary in which all of the NCC Group's machinery-rental operations are concentrated. Altima's sales declined by 10 percent during the year to SEK 1,390 M (1,545), mainly as a consequence of the reduced sales within NCC Construction Sweden, Altima's largest customer. The reduced sales to NCC were partly offset by an increase in external sales. Despite the drop in sales, Altima's operating profit remained unchanged compared with the preceding year at SEK 158 M (158). NCC AB's Board of Directors proposes that the shares in Altima be spun off to NCC shareholders (see below).

OTHER

Parent Company

Parent Company sales totaled SEK 16,177 M (18,936) in 2002. Profit after financial items amounted to SEK 2,187 M (loss: 1,627). The average number of employees was 8,329 (11,607).

Formation of pension foundation (PRI Foundation)

At a Board meeting held on December 19, 2002, it was decided that a pension foundation would be formed for all parts of the NCC Group in Sweden. The Foundation's function will be to secure all pension commitments connected to the general pension plan and all other pension obligations. Members of the Foundation's Board have been appointed by the employer and employees. The Foundation will be established before the end of the first quarter.

NCC AB's repurchase of own shares

The Annual General Meeting on April 3, 2002 provided the Board with renewed authorization to repurchase a maximum of 10 percent of the total number of NCC shares. Following the repurchase of 2,560,800 shares in June 2002, no further shares have been repurchased. Since the original repurchase authorization was granted at the 2000 Annual General Meeting, NCC has repurchased 6,035,389 Series B shares at an average price of SEK 73.35, corresponding to 5.6 percent of the total number of shares. Excluding the repurchased shares, the number of shares outstanding is 102,400,433. The Board proposes that it be re-authorized to make decisions regarding the purchase of Series B NCC shares in a number that may not exceed 10 percent of the total number of Company shares at any point in time. Share purchases must be effected via Stockholmsbörsen at a price per share that is within the band of share prices registered at each particular time. The reasons for repurchasing shares are to adjust the NCC's capital structure.

Conversion of Series A to Series B shares

At the 1996 Annual General Meeting, it was decided that a new paragraph be added to the Articles of Association enabling holders of Series A shares to convert their Series A shares into Series B shares. During 2002, 860,383 (653,264) Series A shares were converted into Series B shares. During January 2003, a further 402,370 Series A shares were reregistered as Series B shares. On February 11, 2003, the total number of NCC shares was 102,400,423 divided into 60,529,751 Series A shares and 47,906,071 Series B shares. As a result of conversions effected in January, NCC became a subsidiary of Nordstjernan AB at that time.

Proposed dividend

The Board proposes that a cash dividend of SEK 2.75 (2.25) be paid per share. The proposed record date for dividends is April 15, 2003. If the Annual General Meeting approves the Board's proposal, it is estimated that payment of the dividend, under the auspices of VPC, will commence on April 22, 2003.

In addition to the cash dividend of SEK 2.75, the Board proposes that the Annual General Meeting approve a cash-in-kind dividend in the form of all of the shares in Altima Group AB in accordance with the following. Each multiple of ten NCC AB shares will qualify for one share in Altima Group AB. All of the shares in Altima Group AB will carry the same voting rights. As a result of the spin-off of Altima Group AB, unrestricted shareholders' equity in NCC AB will be reduced by at most SEK 550 M. The Board also proposes that it be authorized by the Annual General Meeting to make decisions regarding more detailed conditions for the spin-off of the shares in Altima Group AB, such as deciding the record date for the spin-off. It is estimated that the spin-off will be effected around the end of 2003. Altima's Board of Directors intends to apply for a listing of the Altima shares on Stockholmsbörsen. A prospectus covering the listing of the Altima shares will be published in ample time prior to the initial listing date.

Altima, which is one of the leading machinery-rental companies in the Nordic region, offers machinery and equipment to customers in the construction, industrial and public sectors. The company had sales of SEK 1,390 M (1,545) in 2002, resulting in operating profit of SEK 158 M (158). NCC companies accounted for approximately 70 percent of total sales. Altima is active via 59 customer centers in Sweden, Denmark, Norway, Finland, the Baltic countries and St. Petersburg in Russia. In addition to the rental of machinery and equipment, Altima offers supplementary services, such as servicing, technical advice and customer-specific turnkey undertakings. The company has 1,057 employees and is headquartered in Gothenburg.

NCC has successfully developed Altima into one of the leading machinery rental firms in the Nordic market. By enabling Altima to operate as an independent company, the spin-off of Altima to NCC's shareholders will improve Altima's prospects of developing and expanding in the machinery rental market. From NCC's viewpoint, the spin-off will release resources that enable the Group to further sharpen its focus on its core business.

Further information about Altima and the spin-off will be distributed in connection with the notice convening the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at 4:30 p.m. on April 10, 2003, at the Grand Hotel, Stockholm, Sweden. More detailed information regarding formal notification of attendance at the Meeting will be provided in the Annual Report, which will be distributed to shareholders during the second half of March 2003, and will also be available on the NCC Group's website, www.ncc.info.

Nomination Committee

Nominations to the Board fall within the framework of the Nomination Committee's duties. The Nomination Committee consists of Viveca Ax:son Johnson, Johan Björkman and Erik Åsbrink, chairman. The Chairman of the NCC Board, Tomas Billing, has served as a co-opted member of the Committee, but with no voting right.

Long-term strategic orientation established

Since autumn 2001, NCC's strategic orientation has involved a focus on operations in the Nordic market, assigning priority to profitability ahead of volume, concentrating business around profitable core activities and reducing the financial risk. Longer term, growth is a prerequisite for stable profitability. The strategic orientation to be pursued by the Group in future was formulated and agreed by NCC's Group Management and Board of Directors during 2002.

Sharper focus on Nordic region

The overall strategic orientation involves a focus on markets and segments in which NCC has its principal strengths and competencies. With few exceptions, this will entail a continued focus on the Nordic market. NCC had already decided to exit the Polish building and housing market and, as of January 1, 2003, all civil engineering operations in Poland, which consist mainly of the subsidiary Hydrobudowa, are concentrated in NCC International Projects. NCC intends to divest its shareholding in Prinz, a Polish civil

engineering company. However, Poland and the Baltic countries (New Markets) continue to be potential growth markets for NCC Roads.

NCC International Projects will also focus its operations on the Nordic market and the Baltic Sea region, in order to reduce its risks and strengthen the synergies with other NCC units. This means that the relative importance of projects in more distant markets will diminish. New projects outside already established markets will only be considered if they involve connections with Nordic aid projects or require leading-edge expertise in the civil engineering sector.

Property-development projects outside the Nordic region are being completed and divested. In the future, NCC Property Development will focus on major cities in the Nordic region, which means that its operations in Poland, Hungary, Germany and Belgium will be phased out. However, since the market prospects for property development are weak throughout the Nordic region, a slimming of activities has been initiated. A reorganization of the business area is under way, in order to increase the efficiency of operations and adapt them to the prevailing market conditions.

Focus on core business

The concentration towards core business continues. NVS, the installation services company, was sold during 2002 and efforts to optimize the structure of concrete operations continue. Altima, NCC's machinery-rental company, will be spun off to NCC shareholders around the end of 2003, assuming the Annual General Meeting approves the Board's proposal. A spin-off of Altima will result in a streamlining of NCC, while generating value for shareholders.

Changed and industrialized construction process

NCC has begun strategic work aimed at reducing total construction costs, which is considered of vital importance to NCC's fundamental ability to achieve increased competitiveness and growth. The cornerstones in the Group's long-term efforts to change the construction process will be:

- Sharpening the customer focus of operations and developing projects that provide the best possible quality.
- Applying the partnering concept to create a form of cooperation that ensures that all stakeholders in a project become partners rather than parties. The partners work together on an "open-books" basis and agree on joint incentives for reducing the total cost of projects.
- Industrializing the construction process, in order to reduce construction costs and cut construction time. This will be achieved through a significant increase in the proportion of prefabricated and ready-to-assemble units, whereby the construction sites of the future will increasingly resemble assembly sites. The Good Life, NCC's winning entry in the competition arranged by the Swedish Association of Municipal Housing Companies, with the aim of generating ideas for the construction of apartments for people with normal incomes, is an initial step in this direction.
- Changing planning, purchasing and logistics in order to break conservative structures and thus make flows in the construction process more efficient, while reducing the number of intermediate levels.

Outlook for the year 2003

In a long-term perspective, the market for construction investments approximately tracks the trend of general economic growth, as reflected in the gross domestic product. However, NCC has concluded that the Nordic construction market will not grow in either 2003 or 2004. Demand for offices and other buildings is slackening in all the Nordic countries, while uncertainty regarding residential construction has increased and varies sharply among the different countries and regions. NCC's long-term profitability objectives are to achieve a return on equity of 15 percent after tax and an equity/assets ratio of 30 percent. NCC is not issuing an earnings forecast for 2003.



ACCOUNTING PRINCIPLES

NCC's financial statements comply with the Swedish Financial Accounting Standards Council's recommendations. The new accounting principles that became effective on January 1, 2002 have not affected the accounts.

Changed accounting principles for NCC Property Development

As of January 1, 2002, the classifications of properties within NCC Property Development have been changed. The reclassification also affects the layout of the income statement. A detailed account of the changed accounting principles was presented in the interim report for January–March 2002.

Solna, February 11, 2003

Alf Göransson
President and Chief Executive Officer

NCC's report on operations during the first quarter of 2003 will be published on May 8, 2003.

If you have any questions, please contact: Björn Andersson, Chief Financial Officer (Tel: +46-8-585 520 40, or +46-70-627 65 92); or Annica Gerentz, Investor Relations Manager (Tel: +46-8-585 522 04, or +46-70-398 42 09, annica.gerentz@ncc.se).

An information meeting for mass media and capital market representatives will be held on February 11, between 2.00 and 3.00 p.m. at Inforum, Vallgatan 5 (next to NCC's Head Office at Vallgatan 3). The presentation will be made in Swedish and a recorded version will be provided on NCC's corporate website: www.ncc.info.

An English-language telephone conference will be held on February 11, between 4.00 and 4.30 p.m. In order to participate in this conference, call +44 (0) 20 7165 0125, five to ten minutes before the start of the conference and state "NCC." It will also be possible to listen to a recorded version of the telephone conference on +44 (0) 20 8288 4459, access code 314812.

The telephone conference can also be followed on the Internet in real time at NCC Group's website www.ncc.info. For those who intend to read the report in an electronic format, click the following link: <http://62.210.134.37/static/ncc/11022003>.

Swedish and English versions of the presentation material for the information meeting and telephone conference will be downloadable from NCC's www.ncc.info website.

INCOME STATEMENT				
SEK M	Oct.-Dec. 2002	Pro forma Oct.-Dec. 2001	Jan.-Dec. 2002	Pro forma Jan.-Dec. 2001
Net sales	13,046	13,963	45,165	47,521
Production and management costs	-11,624	-13,492	-40,950	-43,711
Gross profit	1,422	471	4,215	3,810
Selling and administrative costs	-870	-1,216	-3,157	-4,004
Result from managed properties	24	102	103	254
Result from sales of properties	-24	72	322	229
Write-down of properties	-8	-140	-10	-140
Result from participations in associated companies	2	7	10	34
Result from sales of participations in associated companies	36	-2	34	13
Result from sales of participations in Group companies	1	8	2	8
Revaluation of properties		6		
<i>Items affecting comparability</i>				
Result from sale of NVS			301	
Write-down of goodwill		-219		-219
Change in accounting methods		-329		-329
Restructuring costs		-1,192		-1,192
Operating profit/loss	583	-2,432	1,820	-1,536
Result from other financial fixed assets	-3	-72	58	295
Result from financial current assets	92	169	269	234
Interest expenses and similar items	-235	-246	-841	-1,123
Profit/loss after financial items	437	-2,581	1,306	-2,130
Tax on the income for the year	-181	58	-461	-121
Minority interests	-6	-6	-24	-18
Net profit/loss for the year	250	-2,529	821	-2,269

BALANCE SHEET		
SEK M	Dec. 31 2002	Dec. 31 2001
Goodwill	2,538	2,787
Managed properties	1,306	3,895
Buildings and land	1,190	1,071
Tangible and intangible fixed assets	3,186	3,388
Share and participations	1,137	1,228
Property-development projects	4,215	5,477
Properties held for future development	3,358	3,335
Material and Inventories	727	669
Interest-bearing receivables	1,545	1,266
Interest-free receivables	12,296	13,032
Liquid assets	3,717	3,164
Total assets	35,215	39,312
Shareholders' equity	7,597	7,322
Minority interests	83	94
Interest-bearing liabilities and provisions	11,078	14,736
Interest-free liabilities and provisions	16,457	17,160
Total shareholders' equity and liabilities	35,215	39,312
Assets pledged	2,926	1,509
Contingent liabilities	8 159	7,120

CASH FLOW ANALYSIS				
SEK M	Oct.-Dec. 2002	Oct.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001
Profit/loss after financial items	437	-2,581	1,306	-2,130
Adjustments for items not included in cash flow	110	2,883	176	1,546
Funds provided from operations	547	302	1,482	-584
Change in working capital	1,164	3,134	1,330	1,500
Operating capital	1,711	3,436	2,812	916
Investments	-413	-1,906	2,308	-1,662
Cash flow before financing	1,298	1,530	5,120	-746
Funds generated externally	-864	-915	-4,517	1,617
Net change in liquid assets	434	615	603	871
Liquid assets opening balance	3,270	2,557	3,164	2,207
Exchange-rate difference in liquid assets	13	-8	-50	86
Liquid assets at the end of the period	3,717	3,164	3,717	3,164

	Dec. 31 2002	Dec. 31 2001
Reconciliation of shareholders' equity, SEK M		
Opening balance	7,322	9,971
Adjustment due to changed accounting principle		-49
Dividend	-236	-472
Share repurchases	-202	-47
Translation differences	-108	188
Net profit for the year	821	-2,269
Closing balance	7,597	7,322

KEY RATIOS	Jan.-Dec. 2002	Jan.-Dec. 2001
SEK M		
Share data 1)		
Shareholders' equity, SEK	74.20	69.75
Income/loss, SEK excl. dilution	7.95	-21.60
Income/loss excl. items affecting comparability, SEK	5.85	-5.25
Income/loss, SEK, incl. dilution 2)	7.60	-21.60
Income/loss excl. items affecting comparability, SEK	5.60	-5.25
Number of shares		
average during the period, million	103.6	105.0
at the end of the period, million	102.4	105.0
Market price, NCC series B shares SEK	53	70
Ratios		
Return on shareholders' equity, %	11	neg
Return on capital employed %	10	neg
Equity/assets ratio %	22	19
Share of risk-bearing capital, %	24	20
Average interest rate, excl. pension liability %	5.3	5.6
Average period of fixed interest, years	1.3	1.2
Personnel		
Average number of employees	25,554	28,170
Real Estate operations		
Vacancy rate in terms of floor space at the end of the period, %	8.5	6.0
Visible yield, excluding administration costs, %	6.1	7.2

- 1) Calculation of key data is based on the average number of shares during the period.
Income/loss and return on capital are calculated after full tax.
- 2) Dilution effect of option programs. The number of shares after dilution is 108.4 million.

Net sales and operating profit by business area								
SEK M	Net sales				Operating profit (EBIT)			
	Oct.-Dec. 2002	Oct.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001	Oct.-Dec. 2002	Oct.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001
Construction Sweden	5,183	5,986	17,562	19,147	197	86	406	125
Construction Denmark	1,581	1,990	5,689	7,058	70	-69	144	-26
Construction Finland	1,437	1,340	4,696	4,960	42	-4	226	149
Construction Norway	1,166	1,386	4,260	4,692	13	-301	-359	-331
Construction Germany	224	216	966	945	48	-291	47	-263
Construction Poland	82	320	433	612	11	-9	34	-19
International Projects	508	450	1,360	1,494	39	-161	66	-191
Property Development	1,229	905	4,150	2,328	155	55	700	714
Roads	2,259	2,381	8,341	8,106	25	-41	373	242
Altima	367	401	1,390	1,545	49	0	158	158
Total	14,036	15,375	48,847	50,887	649	-735	1,795	558
Other items and eliminations	-990	-1,914	-3,682	-5,347	-66	21	-276	-421
Items affecting comparability	13,046	13,461	45,165	45,540	583	-714	1,519	137
NVS 1)		590		2,069		22	301	67
Write-down of goodwill						-219		-219
Change in accounting methods		-88		-88		-329		-329
Restructuring costs						-1,192		-1,192
Group	13,046	13,963	45,165	47,521	583	-2,432	1,820	-1,536

1) EBIT 2002, income from sale of NVS

Business Areas	Oct.-Dec. 2002	Oct.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001
Construction Sweden				
Orders received, SEK M	3,981	5,817	15,927	21,333
Order backlog, SEK M	9,532	11,142	9,532	11,142
Net sales, SEK M	5,183	5,986	17,562	19,147
Operating profit (EBIT), SEK M	197	86	406	125
Operating margin (EBIT) (%)	3.8	1.4	2.3	0.7
Construction Denmark				
Orders received, SEK M	1,464	2,710	5,377	7,915
Order backlog, SEK M	4,348	4,820	4,348	4,820
Net sales, SEK M	1,581	1,990	5,689	7,058
Operating profit (EBIT), SEK M	70	-69	144	-26
Operating margin (EBIT) (%)	4.4	-3.5	2.5	-0.4
Construction Finland				
Orders received, SEK M	1,210	1,060	4,954	4,255
Order backlog, SEK M	2,888	2,667	2,888	2,667
Net sales, SEK M	1,437	1,340	4,696	4,960
Operating profit (EBIT), SEK M	42	-4	226	149
Operating margin (EBIT) (%)	2.9	-0.3	4.8	3.0
Construction Norway				
Orders received, SEK M	1,425	-9	4,658	4,036
Order backlog, SEK M	4,115	3,670	4,115	3,670
Net sales, SEK M	1,166	1,386	4,260	4,692
Operating profit (EBIT), SEK M	13	-301	-359	-331
Operating margin (EBIT) (%)	1.1	-21.7	-8.4	-7.1
Construction Germany				
Orders received, SEK M	112	-290	806	341
Order backlog, SEK M	610	807	610	807
Net sales, SEK M	224	216	966	945
Operating profit (EBIT), SEK M	48	-291	47	-263
Operating margin (EBIT) (%)	21.4	-134.7	4.9	-27.8
Construction Poland				
Orders received, SEK M	364	13	833	547
Order backlog, SEK M	860	758	860	758
Net sales, SEK M	82	320	433	612
Operating profit (EBIT), SEK M	11	-9	34	-19
Operating margin (EBIT) (%)	13.4	-2.8	7.9	-3.1
International Projects				
Orders received, SEK M	1,215	977	2,474	1,885
Order backlog, SEK M	4,726	3,860	4,726	3,860
Net sales, SEK M	508	450	1,360	1,494
Operating profit (EBIT), SEK M	39	-161	66	-191
Operating margin (EBIT) (%)	7.7	-35.8	4.9	-12.8
Property Development				
Net sales, SEK M	1,229	905	4,150	2,328
Operating profit (EBIT), SEK M	155	55	700	714
Roads				
Orders received, SEK M	1,754	2,232	8,429	8,331
Order backlog, SEK M	908	839	908	839
Net sales, SEK M	2,259	2,381	8,341	8,106
Operating profit (EBIT), SEK M	25	-41	373	242
Operating margin (EBIT) (%)	1.1	-1.7	4.5	3.0
Altima				
Orders received, SEK M	367	401	1,390	1,545
Net sales, SEK M	367	401	1,390	1,545
Operating profit (EBIT), SEK M	49	0	158	158
Operating margin (EBIT) (%)	13.4	0.0	11.4	10.2