Statement by the Board pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act regarding the Board's motion concerning distribution of unappropriated earnings, as well as the repurchase of own shares

The nature, scope and risks of the business

The nature and scope of the business are stipulated in the Articles of Association and the 2018 Annual Report. The activities conducted by the company do not entail any risks other than those that arise or can be anticipated to arise within the industry, or those risks that are generally associated with operating a business. In terms of significant events during the year, refer to the Report of the Board of Directors. After year-end, no events have occurred that affect the company's ability to pay a dividend or to repurchase own shares.

The financial position of the company and the Group

The financial position of the company and the Group on December 31, 2018 is described in the 2018 Annual Report. The Annual Report also specifies the accounting policies that have been applied in valuing assets, provisions and liabilities. According to the proposed distribution of unappropriated earnings, the Board proposes that the AGM approve a dividend of SEK 4.00 per share, divided into two payments, whereby SEK 2.00 will be paid on the first date of payment in April and SEK 2.00 will be paid on the second date of payment in November. The Board's proposal entails a reduction in the dividend by half compared with previous year.

As described in the Annual Report, the company's financial objective is to generate a healthy return to shareholders under retained financial stability. Consolidated loss after tax for the year was SEK 756 million, excluding non-controlling interests. At December 31, 2018, the Group's shareholders' equity was SEK 2,931 million excluding non-controlling interests, entailing an equity/assets ratio of 11 percent. During the year, net debt rose by SEK 2,896 million to SEK 3,045 million and net debt/EBITDA amounted to 1.6 at December 31, 2018. This is in line with NCC's financial objectives, according to which net debt (excl. pension debt)/EBITDA is to be lower than 2.5. For definitions, refer to the Annual Report (p. 101).

The company's financial performance was therefore weak in 2018, but the Board is of the opinion that the company has a solid foundation to satisfy its obligations in the short and long term.

Justification of the motions

In reference to the above and to other information that has been brought to the Board's attention, the Board is of the opinion that a comprehensive assessment of the company's and the Group's financial position leads to the conclusion that the dividend, as well as the repurchase of own shares, is justified in view of the demands that the nature, scope and risks in the business place upon the size of the company's and the Group's shareholders' equity and the funding requirements, liquidity and position in general of the company's and Group's operations.

Solna, March 2019

Board of Directors of NCC AB

#105188