

NCC COMPANIES

FINLAND &

NEIGHBOURING AREAS

# 2008

IN BRIEF



# WHAT HAPPENED IN 2008

## PEOPLE, EVENTS, PHENOMENA...

- Timo U. Korhonen was appointed Chairperson of RT, the Confederation of Finnish Construction Industries and Harri Mäkiäho from Optiplan won the international architecture contest arranged by the Sundsvall centre of arts and theatre.
- According to a survey conducted by the international real estate and finance magazine, Euromoney, NCC Property Development is the best property development company in the Nordic countries.
- NCC achieved the top position in all areas addressed in a construction company image survey aimed at home buyers.
- Implemented by NCC, the new Turku Main Library was rewarded for its skilled, demanding architectural and structural design and high-quality implementation as the best concrete construction project in 2007.
- The housing service provider VVO and NCC signed a collaboration agreement on the development of the Malminiitty area in Vantaa.
- NCC Property Development became the first Finnish company to receive the EU's GreenBuilding Partner status.
- NCC signed cooperation agreements on the construction of approximately 1,200 rental units on plots owned by it.

## FINANCIAL INFORMATION

### Key indicators

#### **NCC Finland: construction, property development, asphalt and mineral aggregate, Baltic operations**

- Turnover approx. EUR 950 million
- Personnel approx. 3,000

#### **NCC Construction Group in 2008 (2007):**

- Turnover: EUR 810 million (EUR 803 million)
- Personnel on 31 Dec. 2008: 2,567
- Operating profit: EUR 10.6 million (EUR 46.9 million)
- Operating profit rate: 1.3% (5.8%)
- Profit before extraordinary items and taxes: EUR 2.1 million (EUR 44.2 million)
- Unrecognised order backlog: EUR 477 million (EUR 680 million)
- Return on investment: 5.3% (32.6%)
- Return on equity: 1.2% (31.2%)
- Apartments completed: 1,973 (2,290)
- Developer-contracted apartments completed: 1,015 (1,182)

In total, nearly EUR 12 million was written down in the financial statement for design costs, unsold apartments and plots, among other things.

The NCC Construction Group comprises NCC Construction Ltd, Optiplan Oy, and subsidiaries in St. Petersburg (Russia), Estonia, Lithuania, and Latvia.

The **NCC Group** generated a turnover of approximately EUR 6 billion and operating profit of EUR 231 million. Construction accounted for EUR 4.9 billion, Property Development for EUR 222 million, and Roads for 1.2 billion Euros. The best results were reported by property development and construction operations in Sweden and Norway. The NCC Group employs, on average, approximately 20,000 people, more than 3,000 of whom work in Finland.

**NCC Construction Ltd's** in Finland and its subsidiaries generated a turnover of EUR 810 million, which is 6.8 million more than in the previous year. Profit before extraordinary items and taxes was EUR 2.1 million, having been EUR 44.2 million a year earlier. The unrecognised order backlog at year-end was EUR 477 million. 53% of the domestic order backlog is located in the Helsinki Metropolitan region. In total, nearly EUR 12 million was written down in the financial statement for design costs, unsold apartments and plots, among other things. The design agency **Optiplan's** share in the turnover was EUR 10 million. The organisation of NCC Construction Ltd was changed early in 2009 so that housing unit development and construction were separated.

**NCC Property Development Oy's** figures are included in the consolidated financial statements and are not published separately. NCC Property Development develops and sells commercial premises in all Nordic countries and in the Baltic region. It has several

office, commercial premises, and logistics projects underway, totalling approximately EUR 640 million.

The figures of **NCC Roads Oy** are included in the Roads business sector in the consolidated financial statements.

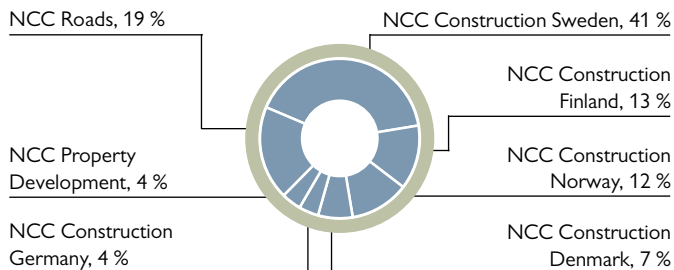
**Future prospects** in the construction industry are bleak. The stagnation in housing construction and investment activity and the decreasing order backlog have led to personnel cuts. State remedies, especially the investments in increasing rental housing unit production, renovation, and the initiation of various infrastructure projects, will facilitate the launch of new projects.

The drastically decreased number of new housing construction projects, as well as the availability of labour forces, will be genuine problems when the economy picks up again. According to a survey conducted by the Technical Research Centre of Finland (VTT), the annual need for new construction will remain at the level of 30,000 new housing units until 2015. Current estimates indicate that only 14,000 new housing units will begin construction in 2009.

For more information on the NCC Group, see [www.ncc.se](http://www.ncc.se)  
For more information on NCC Finland, see [www.ncc.fi](http://www.ncc.fi)

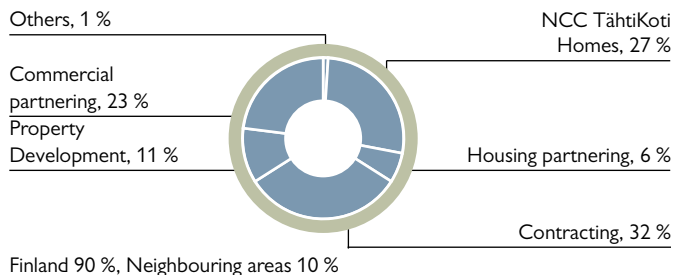
#### SALES BY BUSINESS AREA (%)

##### NCC GROUP



#### NET SALES BY BUSINESS

##### NCC Construction Ltd, including Baltic Countries and St. Petersburg



# ENVIRONMENTAL WORK WITH ENERGY SAVINGS

NCC's environmental efforts are based on identifying and managing the key environmental aspects. The key focus areas comprise enhanced energy efficiency in buildings, ensuring good indoor climate and soil cleanliness, efficient use of materials, and appropriate sorting and utilisation of waste. High energy efficiency calls for good design solutions and high construction quality. In terms of sustainable development, the environmental impacts of a building throughout its life-cycle should be taken into account. NCC has developed the Estimodel calculation tool and the related EkoKonsepti service concept for optimising life-cycle properties. Asumisen koulu ("lessons in living") events are arranged for private customers to teach them how to utilise the various features of their homes properly. Completed buildings can also be added to the remote monitoring system.

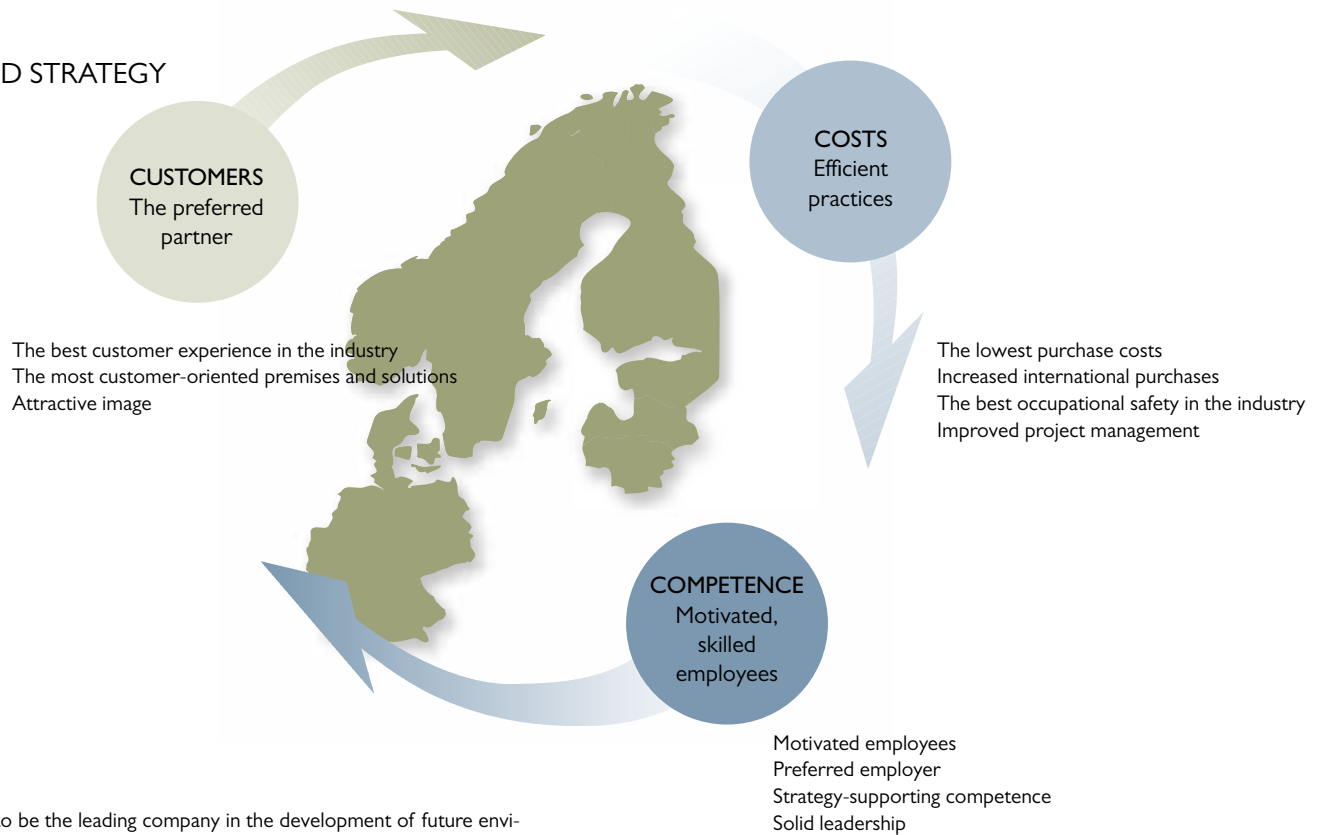
In the past few years, there has been a lot of discussion on **climate change** and the energy efficiency of buildings. In response to this

challenge, NCC has initiated the GREEN NCC development project, which aims to develop energy-efficient solutions for housing, offices, commercial premises, and renovation. The first low-energy houses – later on, even passive houses – will be constructed in Espoo.

**NCC Property Development** became the first Finnish company to receive the EU's GreenBuilding Partner status. This recognition is awarded to companies that commit to developing commercial property with energy consumption levels 25% below the national regulations. The first GreenBuilding project will take place at the Airport Plaza Business Park in Aviapolis, Vantaa. The energy-saving goals can be met by focusing on windows, air proofness of the building jacket, heat recovery, and intelligent building solutions. The design agency Optiplan has been actively involved in the GreenBuilding development work. In the future, NCC will implement all of its developer-contracted office projects in accordance with these requirements.

*Green Living, Green Working,*

## VISION AND STRATEGY

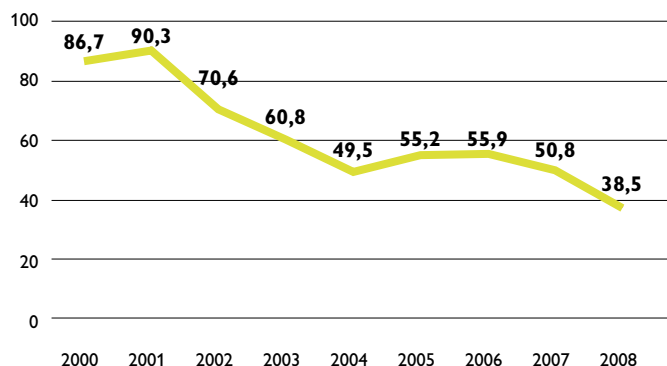


NCC's vision is to be the leading company in the development of future environments for working, living and communication. NCC's overriding goal is to have the industry's highest production efficiency and the best employees and thereby be able to develop the most attractive customer offerings. Strategic focus areas are customers, costs and competence.

# Green Shopping, Green Renovation

# INVESTMENTS IN THE COMPETENCE AND WELL-BEING OF EMPLOYEES

Accident frequency



Value development in constructing companies

VALUES	Sweden	Denmark	Finland	Norway	Germany
Honesty	▲	▲	▲	▼	▼
Trust	▲	▲	▲	▼	▼
Respect	▲	▲	▲	▼	▼
Focus	▲	▲	▲	▲	▼
Simplicity	▲	▲	▲	▲	▼
Responsibility	▲	▲	▲	▲	▼

PERSONNEL SURVEY 2008

NCC's success is based on the competence and motivation of its employees. These qualities are being supported by several ongoing development projects.

**Approximately 140 people** participated in the Tähtiasiakkuus ("star customer account") programme in which customers were interviewed to find out their expectations. The lessons learned from this 18-month programme have been implemented in all units. The fifth class of participants completed the business management training, and production management training was complemented with a section focusing on renovation.

**NCC offers** its personnel comprehensive occupational health-care and also has operations that support extensive leisure time sport activities. New on-site morning exercise instructors were trained. Early rehabilitation and rehab activities continued, as did the 50+ programme for clerical employees. The voluntary pension insurance policy taken out for technical employees during the previous financial period was expanded to cover all clerical employees, a total of about 600 people.

**Our long-term efforts** for enhanced occupational safety were reflected in the indicators for 2008. NCC also achieved good results in different contests revolving around occupational safety. For example, in the "Safely in the 21st century" -contest covering the Uusimaa region, NCC was ranked as the best housing construction company and won the trophy presented by the Occupational Health and Safety Inspectorate of Uusimaa. NCC's construction site safety level indexes with residential blocks of flats, office buildings, and public buildings, as well as renovation projects, were close to one hundred.

**At year-end 2008**, NCC Construction and its subsidiaries employed 2,567 people. On average, Finnish NCC companies employed more than 3,000 people. Due to the halt in apartment sales and the reduction in the order backlog, it was necessary to reduce the personnel through temporary dismissals, lay-offs, and pension and other arrangements at year-end.

**In 2008**, NCC offered training and summer jobs to 416 students, providing them with the opportunity to acquaint themselves with the construction industry and career prospects at NCC. A children's Construction School was arranged in the summer of 2008. Forty children participated in this one-week school to learn crafts.



NCC★

# CUSTOMER ACCOUNT MANAGEMENT – CONSTRUCTION PRODUCTS AND SERVICES

## MANY RECIPES FOR CONSTRUCTION

**About to construct a new building? Renovate?** Is your property no longer attractive, is its energy consumption at a high level, or does it offer unsatisfactory profits? The most important thing is to jointly determine the project's goals, schedules, and costs. To support the decision-making, NCC also offers the EkoKonsepti service concept that enables finding the alternatives with the most advantageous life-cycle costs.

## DEMAND FOR RENOVATION

**NCC's professional specialists are prepared to take full responsibility** for the renovation project, including project planning, condition surveys, design activities, and high-quality renovation. If necessary, we can also take responsibility for the maintenance. Housing companies' renovation projects can be problematic for residents, but NCC has achieved high grades – even 10/10 – in customer satisfaction surveys. Constructing lifts in old buildings enhances their livability. Thorough facade renovation increases apartment resale value.

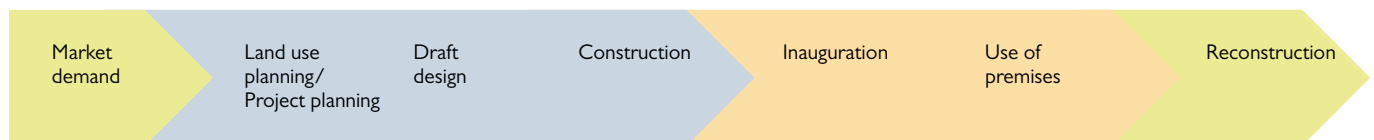
NCC has renovated a number of residential buildings, as well as many well-known Finnish public buildings, such as the National Theatre, the Design Museum, the Senate Building, Finlandia Hall, and the Finnish Museum of Natural History.

## SOLID PLAYER IN HOUSING CONSTRUCTION

Tens of thousands of NCC TähtiKoti homes have been constructed across Finland. Surveys indicate that NCC has high customer satisfaction rates both in terms of product quality and customer service. The demand for privately financed housing units has decreased, and the focus has shifted towards rental apartments that are being constructed on plots owned by NCC as joint projects with cooperation partners.

Early in 2009, **NCC's housing unit development and construction were separated**. NCC Housing is responsible for the plot acquisition, city planning, project development, design, residential development, marketing, and sales of NCC TähtiKoti homes. The buildings are constructed by construction units across Finland.

## Property life cycle/value chain





European Chemicals Agency, Helsinki  
PHOTO: MIKAEL LINDÉN

# CUSTOMER ACCOUNT MANAGEMENT – PROPERTY DEVELOPMENT PRODUCTS AND SERVICES

NCC OFFERS A WIDE RANGE OF SERVICES FOR BUSINESSES  
NCC Property Development Oy is the company in charge of property development projects in the NCC Group. Its services include **the rental of future office and commercial premises and the sales of productive property development targets** to Finnish and international investors. NCC Property Development Finland also has an office in Riga, Latvia.

The first NCC Business Park project was implemented more than twenty years ago. NCC keeps developing new solutions to ensure that the business premises increase the user company's attractiveness, competitiveness, personnel well-being and productivity. At their best, business premises are a strategic tool for company management and an investment in the future. New office premises are being developed in Helsinki, Vantaa, Espoo and Tampere.

**NCC Property Development's Shopping Centre Unit** develops and implements shopping centres, retail parks, shopping malls, and individual outlets to help the trade chains and their customers meet in the desired way. In order to achieve this, shopping centres must have a good location, the correct store concept, and an attractive mix of companies. NCC's Shopping Centre Unit operates on a nationwide basis in Finland and in close co-operation with the corresponding units in other Nordic countries.

**An active development leader**, NCC, conducts research and benchmarking of the changing trends in office and commercial premises' environments, for example, in its joint projects with Finnish and international operators.

## **Offices, commercial premises and logistics centres under development**

### *Vantaa*

Offices: Airport Plaza3, Aviata and Formica  
Commercial premises: Tammisto Retail Park

### *Espoo*

Offices: Alberga and Elegia  
Commercial premises: Kauklahti Shopping Centre

### *Helsinki*

Offices: Mannerheimintie, Munkkivuori and Origo

### *Hämeenlinna*

Offices: Keinusaari  
Commercial premises: Hämeenlinna Shopping Centre

### *Elsewhere in Finland*

Offices: Pilot Oulu

Commercial premises: Eteläportti Shopping Centre Jyväskylä, Levänen Retail Park Kuopio, Home Center Turku, Laune Retail Park Lahti, Joensuu Retail Park (phase 3) ja Riihimäki Shopping Centre

### *Latvia/Riga*

Commercial premises: Dreilini Retail Park  
Logistics: Kekava Logistics Park

For more information, see [www.ncc.fi](http://www.ncc.fi)

## **The following real estate deals were made in 2008:**

Lielähti Retail Park sold to Ilmarinen Mutual Pension Insurance Company  
Grani Shopping Centre (phase 2) sold to Tapiola Real Estate Ltd  
Airport Plaza Business Park Vivace sold to SEB Immobilien-Investment GmbH  
Falcon Business Park Tinnu sold to Aberdeen Nordic Fund I SICAV (Aberdeen)  
Tulli Business park, first three phases, sold to UBS (D) Euroinvest Immobilien fund  
Polaris Business Park Vega, joint project by NCC and Palmberg, sold to IVG Institutional Funds.



Falcon Business Park, Espoo  
PHOTO: SINI PENNANEN

# OPTIPLAN DESIGNS, ROAD CONSTRUCTS CARRIAGEWAYS



## OPTIPLAN OFFERS COMPREHENSIVE DESIGN SERVICES

**Optiplan** provides its customers with comprehensive design services including architectural, structural, and HEPAC design for residential and office buildings and renovation projects. The increasing number of renovation projects also generates increasing needs for comprehensive service ranging from condition surveys to design, development, supervision, and implementation. Optiplan has offices in Helsinki, Turku, and Tampere.

ROAD, YARD, PARKING LOT, ENTIRE HARBOUR AREA...

**NCC Roads** constructs, repairs, and maintains roads, yards, parking areas, harbours, terminals, airports, and waste management areas – sites that need to be durable, stable, and supportive. In addition, NCC Roads offers products used in infrastructure construction, underneath and around the structures and in various other targets. The business covers the entire delivery chain from manufacture of stone material and asphalt to paving and road construction and maintenance services.

NCC Roads handles separate projects of paving, road maintenance, and land construction as well as overall contracting. Its operations are based on efficient, project-oriented procedures with which NCC assumes responsibility for all phases, from design to implementation. The work entails hectic winter maintenance with the prediction of weather conditions as an important element, as well as the maintenance of structures and surfaces that are easier to perceive in advance.

Vuosaari harbour



# BEAUTIFUL, LASTING, USEFUL...

As the first construction company in Finland, NCC decided to compile and implement an **architecture policy programme**. The idea of the programme is to assess our own competencies on a regular basis. The first evaluation round focused on such criteria as the architectural quality of the project, the level of meeting the client's needs, and the fluency of cooperation between the parties in different phases of the project. Aspects taken into account in the evaluation:

- The building's appearance and impact on the city image
- Usability
- Durability
- Achieving the financial goals.

The jury evaluated a total of 12 targets, both residential buildings and office premises.

The first place among residential buildings was awarded to As. Oy Pasaatituuli designed by Arkkitehtitoimisto Lahdelma ja Mahlamäki in Vuosaari, Helsinki, and the best office project was the Tapiola healthcare centre designed by Brunow & Maunula Architects, for which NCC has a 25-year maintenance contract.

Tapiola Healthcare Centre designed by Brunow & Maunula Architects.

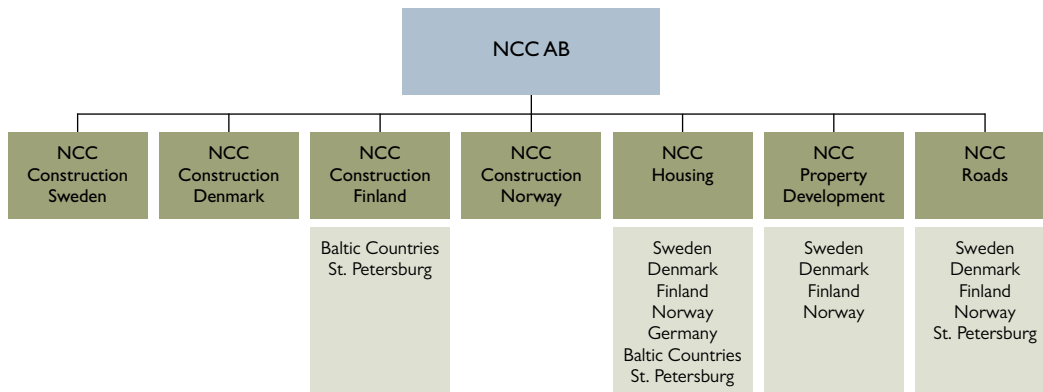


Housing Company Pasaatituuli in Helsinki, designed by Arkkitehtitoimisto Lahdelma ja Mahlamäki.



# ORGANISATION 2009

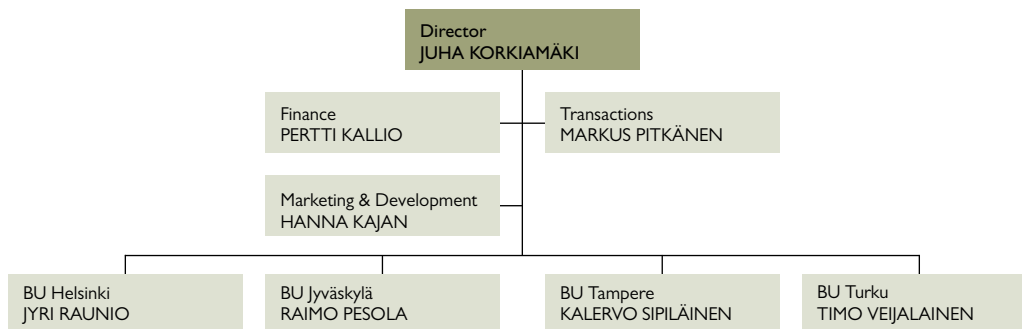
## NCC AB



## NCC HOUSING



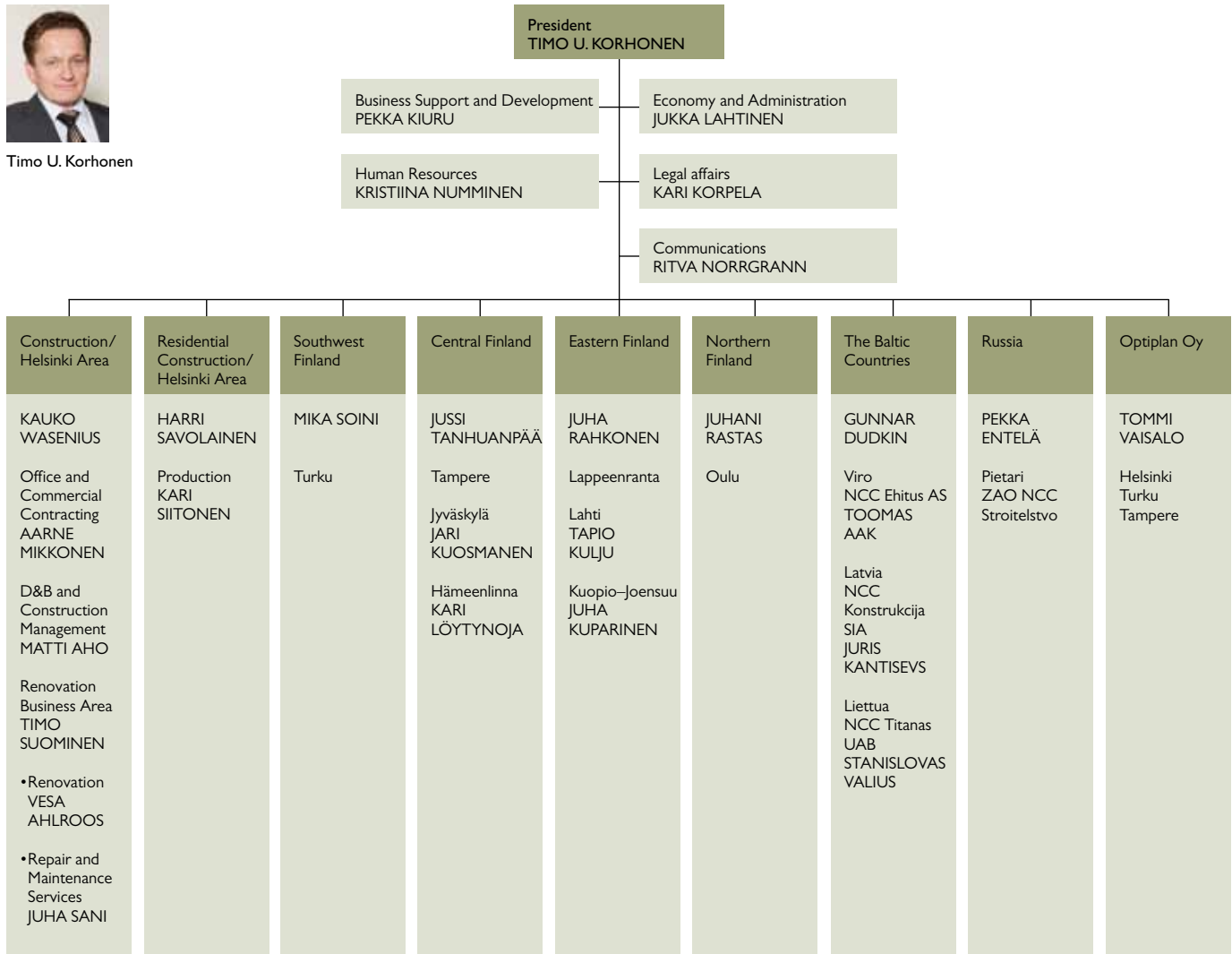
Juha Korkiamäki



## NCC CONSTRUCTION LTD



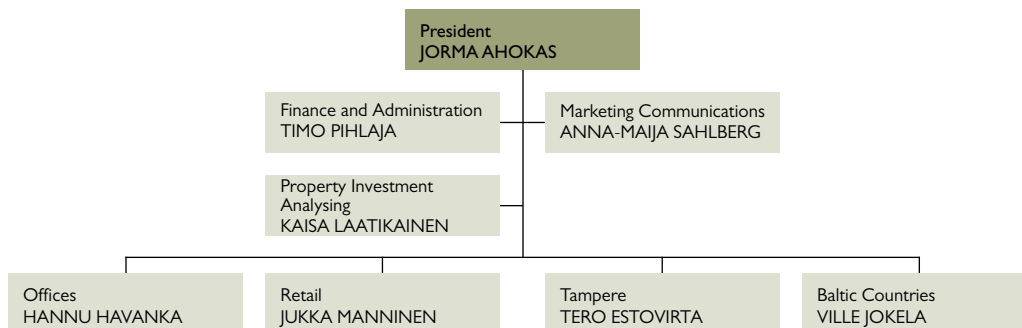
Timo U. Korhonen



## NCC PROPERTY DEVELOPMENT OY



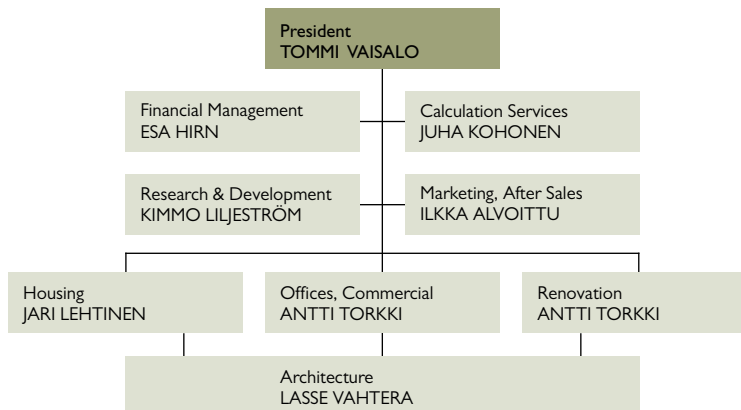
Jorma Ahokas



## OPTIPLAN OY



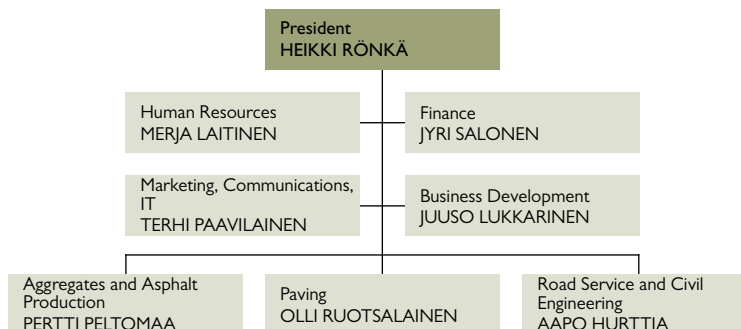
Tommi Vaisalo



## NCC ROADS OY



Heikki Rönkä



## ***New premises for our clients 2008***

### **PARTNERING PROJECTS AND PROJECT MANAGEMENT CONTRACTS**

Rajalla – På gränsen Shopping Centre in Tornio.

Hotel Cumulus in Hakaniemi, Helsinki; KorjausEko repair project as a design & build contract.

Renovating high-quality rental apartments for Sato in St. Petersburg.

Lystilä children's day care centre in Vantaa.

Supreme Court building renovation, the Kolmio hospital for the HUS-Kiinteistöt, the Albert Edelfelt School in Porvoo, renovation of the Finland House, the Sjaelsjo Finland commercial centre in Vantaa

### **CONTRACTS**

Surgical Outpatient Centre for Northern Ostrobothnia Hospital District, Oulu

New building for the Department of Health Science, Tampere

Sokos Centre, Jyväskylä

Renovation of the Paimio-Sauvo main healthcare centre, Turku

Expansion of the Savonlinna Hospital and renovation of the Mertala School, Joensuu

Kartanoranta School and day care centre, Kirkkonummi

### **NCC TÄHTIKOTI HOMES**

Residential buildings in downtown Kauniainen, and Eiranranta and Lautasaari, Helsinki

Värttö in Oulu, Westpark in Turku, Jukola in Lahti, Sammontakojä region in Tampere, Tourula in Jyväskylä, Tammisto in Vantaa, and Nikkilä in Sipoo.

### **OFFICES AND COMMERCIAL PREMISES**

Airport Plaza Business Park, Vantaa

Falcon Business Park and Polaris Business Park, Espoo

Tulli Business Park and Lielaihti Retail Park, Tampere

Lempola Retail Park, Lohja

Joensuu Retail Park, phases 1–2

Tiiriö Big Boxes, Hämeenlinna

### **NCC ROADS**

Paving of the Vuosaari harbour area, land construction for the Talvivaara mining track.





City centre project of Kauniainen



Finnish Museum of Natural History, Helsinki  
PHOTO: MIKAEL LINDEN



Housing Company Eiranrannan Estella, Helsinki



Jokipuisto residential area, Nikkilä, Sipoo  
PHOTO: SUOMEN ILMAKUVA OY



Tourula residential area, Jyväskylä



Housing Company Westparkin Tammi, Turku



Turun Main Library  
PHOTO: PATRIK RASTENBERGER



Rajalla – Pää Gränsen shopping centre, Tornio  
PHOTO: TUOMO YLINÄRÄ



Tulli Business Park, Tampere  
PHOTO: KIMMO TORKKELI



Tulli Business Park, Tampere  
PHOTO: KIMMO TORKKELI



Budget Sport Oulu  
PHOTO: MIKA NIEMELÄ



Hyvinkää Dental Care Centre  
PHOTO: MIKAEL LINDÉN

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