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Preference share issue of SEK 400 million in Ferronordic Machines

Investor presentation, October 2013






Carnegie

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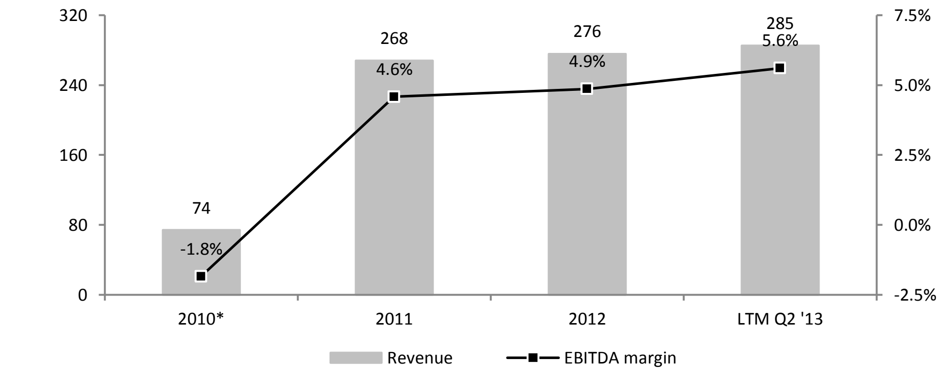
Introduction

- Official authorized distributor for Volvo Construction Equipment (VCE) in Russia since June 2010
- Distribution portfolio expanded to include other brands such as Volvo Trucks (aftermarket), Volvo Penta, Logset, Holms
- Revenue during the last 12-month period1) amounted to EUR 285 million and EBITDA of EUR 16.0 million
- Strong management team led by Lars Corneliusson, Erik Eberhardson and Anders Blomqvist and experienced board of directors
- Pro forma for a SEK 400m (EUR 45m) issuance, net debt will decrease from EUR 40.6 million to a net cash position of EUR 3.7 million and equity ratio will increase from 6% to 37% (before transaction costs) as of 30 June 2013

Growth development (2010-2013 Q2)

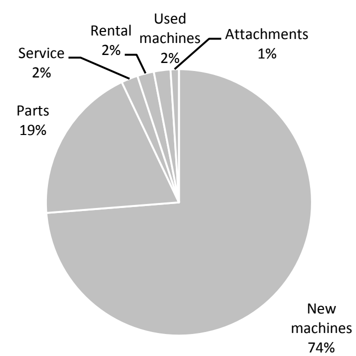
	End of 2010	End of Q2 2013
Employees	326	705
Revenue	EUR 127m2)	EUR 285m
Outlets	12	71
Market size3)	~8,000	~21,000
Brands	VOLVO VCE	VOLVO VCE Trucks Penta HOLMS LOGSET

Sales and EBITDA development (2010 – Q2 2013 LTM)

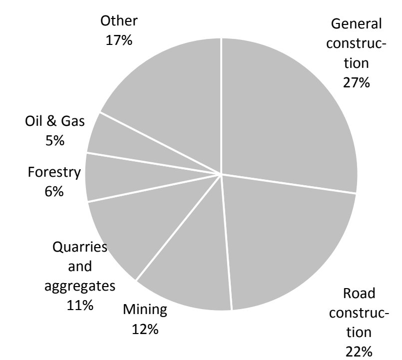


**) 2010 figures correspond to the 7-month period June-December 2010*

Revenue per segment



Revenue per customer type



Note: Revenue per segment correspond to 2012, while revenue per customer type also include the first six months in 2013

1) LTM Q2 '13
2) Annualized 7-month figures for the period June – December 2010
3) Market size excluding Chinese and Russian manufacturers

Preference share terms in brief [1)]

Issuer	Ferronordic Machines AB (publ)
Issue size	SEK 400 million with a maximum size of SEK 500 million
Issue price	SEK 1,000 per preference share
Voting rights	Each preference share carries a one tenth (1/10) voting right
Dividend	SEK 100 per year, with semi-annually payments of SEK 50 per preference share in addition to any Outstanding Amount (as defined below). The preference shares have no right to receive additional dividends. Newly issued preference shares under this proposed issue will receive the first payment of SEK 50 per preference share with the record date 25 April, 2014. As of the first record date after the AGM in 2016, the preference dividend amount will increase by SEK 10 per annum until the shares are either redeemed or until and including the first record date after the AGM in 2023 when it becomes fixed at SEK 180 per year
Yield	10.0% initial annual dividend yield based on an issue price of SEK 1,000.00 per preference share (equal to 10.25% in effective yield)
Failure to distribute dividends	If no dividends or dividends of less than SEK 50 per preference share and half-year are paid[2)], any unpaid portion of the dividends will be added to the outstanding amount (the "Outstanding Amount"). The Outstanding Amount shall be adjusted upwards by a rate equivalent to an annual interest rate of 20%. Adjustment shall be made from the semi-annually payment date until full dividends are received by the holders of preference shares. No dividend may be made to the holders of ordinary shares before the holders of preference shares have received full payment of any Outstanding Amount
Redemption amount - Exchange option to ordinary shares or cash redemption	**Exchange alternative:** In connection with an IPO the preference shareholder has a possibility to exchange the preference share to ordinary shares. Each preference share will entitle the holder to subscribe for an amount of ordinary shares corresponding to SEK 575 divided by 50% of the price per each ordinary share offered in the IPO. (Practically, the value in the exchange then corresponds to 1,150[3)].) This right is combined with a lock-up of up to three months. The exchange into ordinary shares at these terms implies a discount of approximately 13% to the IPO price (excluding compensation for accrued dividend and outstanding amount, if any). After 25 October 2014, the amount used for exchange into ordinary shares will start to increase by SEK 5 per month until 25 January 2016, when the value to be used in an exchange will equal SEK 650, which would imply a discount of 23% to the IPO price (excluding compensation for accrued dividend and outstanding amount, if any). **Cash redemption:** In the event that a preference shareholder does not wish to participate in the exchange offer, the Company has the right, at its sole discretion, to redeem the relevant preference shares at a later stage at SEK 1,050 (excluding compensation for accrued dividend and Outstanding Amount, if any) up until 25 October 2014, after which the redemption premium will increase by SEK 10 every month up until 25 January 2016 when the redemption price will be fixed at SEK 1,200 (excluding compensation for accrued dividend and Outstanding Amount).
Liquidation	The preference shares have priority over ordinary shares to an amount per preference share of SEK 1,200 plus any Outstanding Amount
Miscellaneous	The terms of the preference shares will be governed by the Issuer's Articles of Association. Amendments to the terms and conditions of the preference shares require i) a resolution by the general meeting from shareholders representing at least two-thirds of the votes cast and the shares represented at the general meeting and ii) that the owners of at least half of the total amount of outstanding preference shares and nine-tenths of the preference shares represented at the general meeting agree to such amendments

Illustration of redemption price

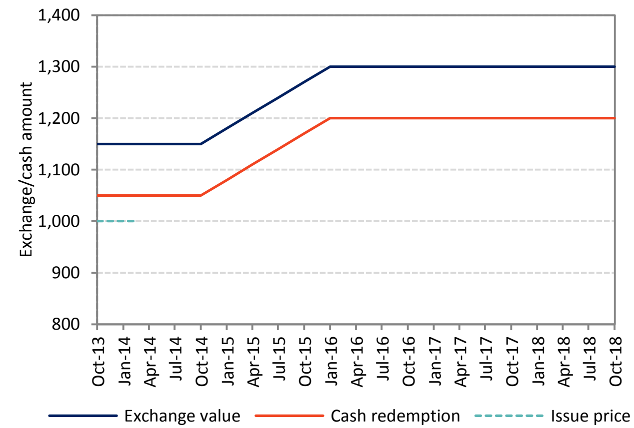
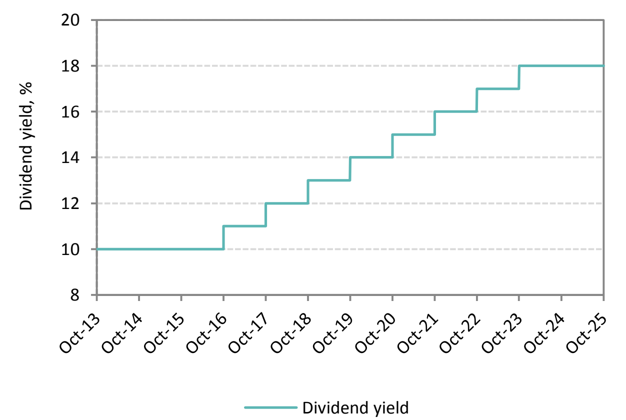


Illustration of dividend yield



1) This is only a brief overview of the main terms. The complete terms can be found in the Company's articles of association, which will be registered with the Swedish Companies Registration Office within short and are available at the Company, and should be thoroughly reviewed for an understanding of the terms and conditions for the preference shares and the exchange option before making any investment decisions to invest in the preference shares

2) The issuer can only pay dividend in accordance with the limitations in the Swedish Corporate Act (Sw. Aktiebolagslagen). These include i.e. that the Parent company must have enough unrestricted equity and that the general meeting resolves on a dividend.

3) To secure that there will be enough unrestricted equity to carry out the exchange, the exchange amount as well as the subscription price has been divided by two

Investment attractions 1(2)

Attractive market with strong underlying growth drivers	• Russia is the world's largest country, it has Europe's largest population, and it is one of the world's richest countries in terms of natural resources • Solid GDP growth, 2012e–2018e CAGR of around 3.6 per cent • Inadequate road network and infrastructure rankings highlight investment need going forward, with several major construction projects planned/ongoing (Sochi Winter Olympics 2014, FIFA World Cup 2018) and infrastructure investments expected to double in 2013e compared to 2008 • The Russian construction equipment is underpinned by huge investment needs • Old and inefficient machinery fleets throughout Russia
Attractive market position and strong partnership with the No. 1 brand in Russia	• Volvo CE is one of the world's largest manufacturers of construction equipment with a competitive product portfolio and perceived as a premium brand with loyal customers • Volvo CE is the number one brand within CE in Russia with competitive market shares in key premium segments • FNM has strong commitment and support from Volvo CE • Official authorized dealer on the Russian market • New (SEK 350 million) Volvo CE factory in Kaluga opened in May 2013 with FNM currently as only customer
Experienced management team and Board of Directors	• FNM has a Swedish top management who are highly experienced and have played a large role in Volvo's establishment in Russia since the 90's • Lars Corneliusson – Managing Director for Volvo Vostok in Russia for 12 years • Erik Eberhardson – President VCE in CIS and one of few foreigners to have led a large Russian corporation (OJSC GAZ) • Experienced Board of directors led by Per-Olof Eriksson, former CEO of Sandvik

Investment attractions 2(2)

Strong growth track record with improving margins and cash flow generation	• Compelling and proven business model with strong financial track record
	  • Sales growth from EUR 127m[1)] in 2010 to EUR 285m in H1 2013 LTM
	  • EBITDA margin have increased from 4.6 per cent in 2011 to 5.6 per cent H1 2013 LTM
	• The expanding dealership network supports the growing machine population with high level of spare parts availability and fast repair and service from mechanics
	  • Recurring spare parts and services share of gross profit increasing
	• Solid LTM pro forma as per 30 June 2013, debt service coverage including preference share dividend

Ownership structure	• Swedish founders and well known Swedish investors, including Mellby Gård (Rune Andersson), Öresund, Creades and AltoCumulus • The founders and the other current shareholders have the intention to list the Company’s ordinary shares on NASDAQ OMX Stockholm during 2014
Potential equity upside	• The exchange feature enables a possibility for the preference shareholder to participate in a future IPO at a discount to the share price in the IPO offering • The discount starts at 13% (excluding accrued dividend and Outstanding amount, if any) up until 12 months after the issue and increases over the next 15 months to 23% (excluding accrued dividend and Outstanding amount, if any)

1) Annualized 7 month figures for the period June – December 2010

Potential investor concerns and mitigating factors

	Potential concerns	Mitigants
Russian exposure	× Corporate governance and ethical concerns × Political influence and associated risks	✓ FNM is a Swedish company with Swedish governance ✓ Annual compliance audit by external independent firm
Volvo dependency	× What happens when the initial term of the dealer agreement expires? × Risk of deteriorating terms/relationship with Volvo × Volvo CE product risk – risks relating to Volvo's offering	✓ FNM integrated with both its customers and Volvo ✓ Volvo works with distributors in 95% of its markets ✓ FNM's large network and employee base challenging to replace ✓ Possible to diversify in terms of brands
Short track-record	× Limited track-record, both financially and operationally	✓ Volvo has had a strong presence in Russia long before FNM ✓ Management has excellent Russia/CIS Volvo experience ✓ Strong overall track-record since inception
Management risk	× Dependency on top management	✓ Management ownership aligns interests ✓ In recent years, the management team has grown and several people have been added to increase competence and experience ✓ Insignificant turnover in top management
Underlying demand and expansion plans	× Cyclicality and weaker development of the road and the general construction industries × Execution risks in the Company's expansion plans	✓ Infrastructure standard remains significantly behind western countries – investments are core for economic growth ✓ Gross profits from spare parts/services create a buffer for absorbing fixed costs ✓ Well tested concept with good track record

For further comprehensive risk factors please see appendix "Risk Factors"

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MAIN BOOK	APPENDIX

Defining FNM's market

FERRONORDIC machines

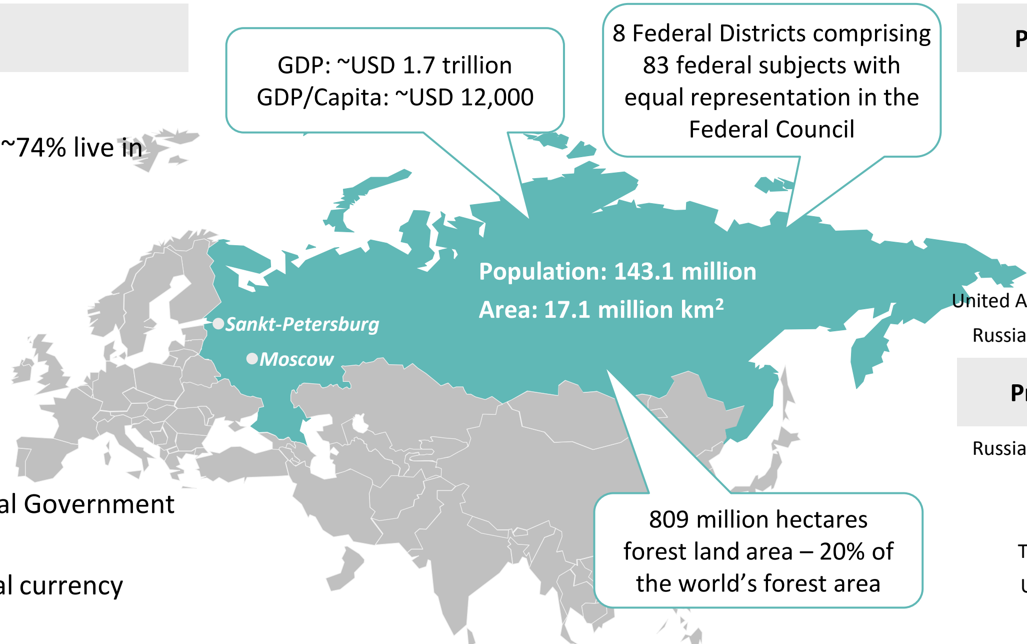
FNM's market						
Addressable market	High quality (new and used) Construction Equipment ("CE")		Parts and attachments	Maintenance and repair services	Rental of CE machines	
Geographic market	Russia					
Areas of use for CE	Construction activities			Operational activities		
Customer / end user activities	Road construction	General construction	Oil and gas	Mining	Quarries and aggregates	Forestry

FNM is active in the Russian market for imported high quality construction equipment. Construction equipment is primarily used for infrastructure- and heavy construction but also used in operational activities in the mining, quarry and forestry sectors

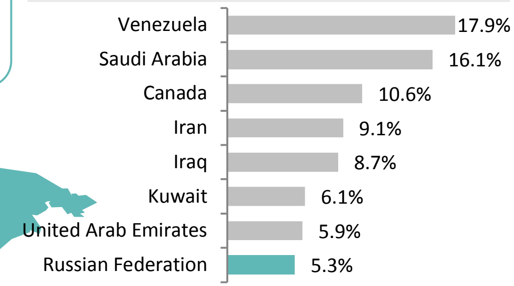
Russia is the largest country in the world…

Key facts

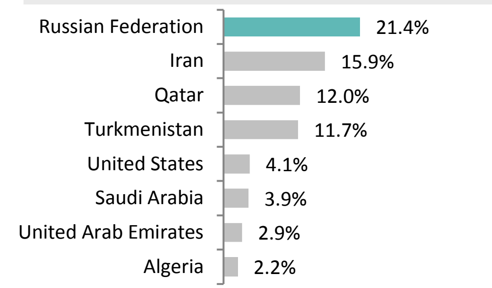
- Capital: Moscow
- Population of ~143.1 million of which ~74% live in urban areas
- Area:
  - ~2x the size of Canada
  - ~5x the size of India
  - ~38x the size of Sweden
- Rich on forest, oil and minerals
  - World's largest forest land
  - Approx. 52% of revenues for Federal Government relates to oil and gas
- Approx. USD 500 billion in international currency reserves
- In 2012, Russia entered WTO



Proved reserves of oil (% of total)



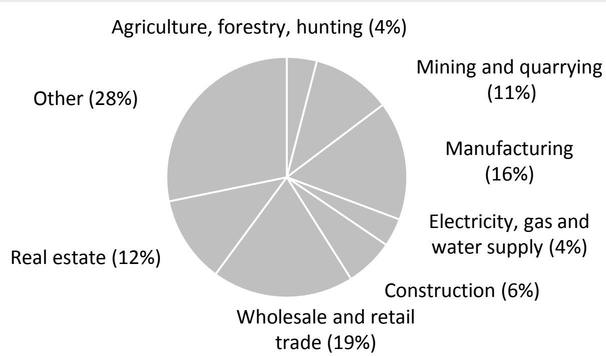
Proved reserves of gas (% of total)



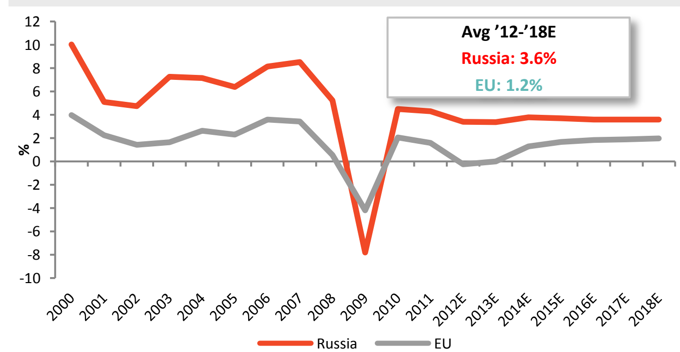
Major geographical regions

Region	Population (m)	Main use of CE machines
Central	38.4	Road and general construction
Northwest	13.6	Forestry industries, construction
South	23.4	Residential construction, oil & gas
Volga	29.9	Industrial production
Urals	12.1	Oil and gas extraction
Siberia	19.3	Mineral and metal extraction
Far East	6.3	Gold, diamond, oil and gas extraction

GDP breakdown (approximate split, FY 2011)



Russian GDP-growth



Source: UNECE, IMF, British Petroleum and Rosstat

Main areas of use for construction equipment

	Equipment mainly used for construction activities			*Equipment also used for operational activities*		
Activity	**Road construction**	**General construction and other[1)]**	**Oil and Gas**	**Mining**	**Quarry and aggregates**	**Forestry**
Relevant areas of use	• Construction of new roads • Upgrading of existing roads • Maintenance and repairs of roads	• Heavy industry • Utilities • Residential construction • Non-residential construction	• Oil and gas infrastructure • Site construction (e.g. refineries) • Maintenance of infrastructure	• Infrastructure • On-site construction and maintenance • Operational uses	• Extraction and production of raw material for road and general construction	• Site construction and maintenance • Harvesting • Off-road transport
Main geographical areas	• All of Russia	• All of Russia	• Volga • Urals	• Northwestern • Siberia • Far East	• Northwestern • South • Siberia	• Northwestern • Siberia
Example products						
Portion of FNM sales	**~22%**	**~44%**	**~5%**	**~12%**	**~11%**	**~6%**

- ***Construction equipment is used in a wide range of construction activities and also in certain operational activities***
- ***Total size of construction output in Russia is approximately USD 84 billion[2)], and is estimated to increase by 7% real CAGR '12-'15 (nominal CAGR 15%)***

1) Other areas of use (total 17%) include agriculture and landscaping, demolition, industrial material handling, and recycling and waste
2) Corresponding to EUR 61 billion and RUB 1.7 trillion

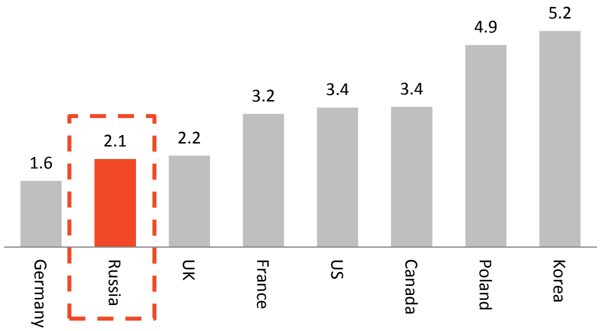
Significant need to improve infrastructure, both roads…

The general quality of infrastructure in Russia is poor

- The bulk of the infrastructure was built during the Soviet era
- As much as 40% of roads do not meet regulatory requirements according to Rosavtodor
- Russia ranks 136 of 144 in terms of road quality (World Economic Forum, Global Competitiveness Report 2012-13)
- Only 63% of airports have paved runways and of these, 70% were built more than 40 years ago (PMR Publications)
- The average age of port facilities in Russia is 30 years and they are operating at ~90% capacity utilisation on average (PMR Publications)
- Approximately ~35% of the gap between labour productivity in Russia and in the OECD can be explained by the infrastructure sector (World Economic Forum)

Relatively low infrastructure investments historically

Average public investment 2006-2011 (% of GDP)

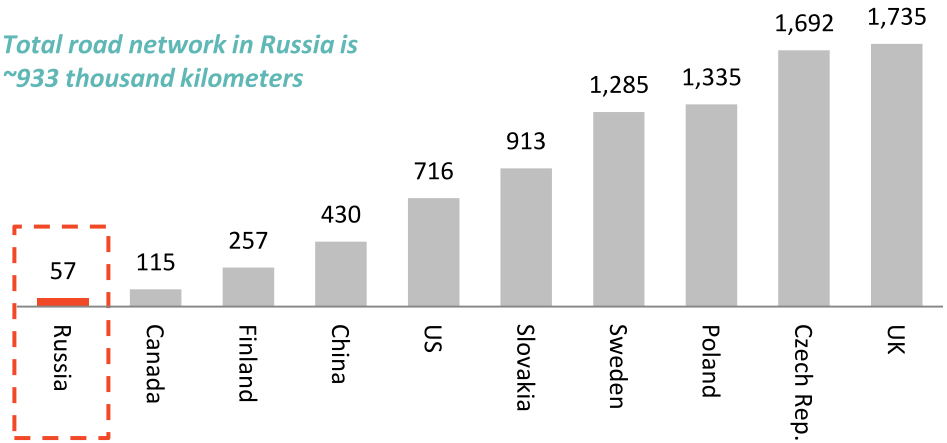


Source: OECD

Road density in Russia is relatively low…

Road density (km per '000 sq. km land area)

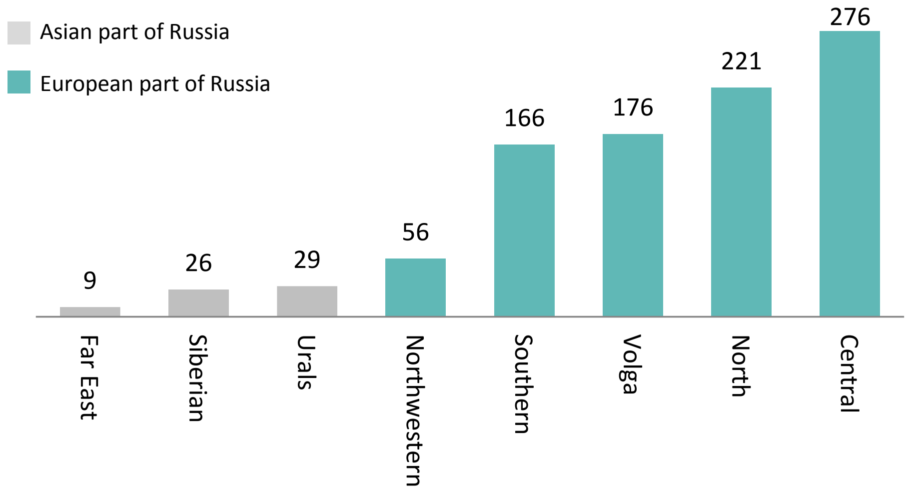
Total road network in Russia is ~933 thousand kilometers



Source: World Bank and FNM calculations

… and there are large difference between Federal Districts

Road density (km per '000 sq. km land area)

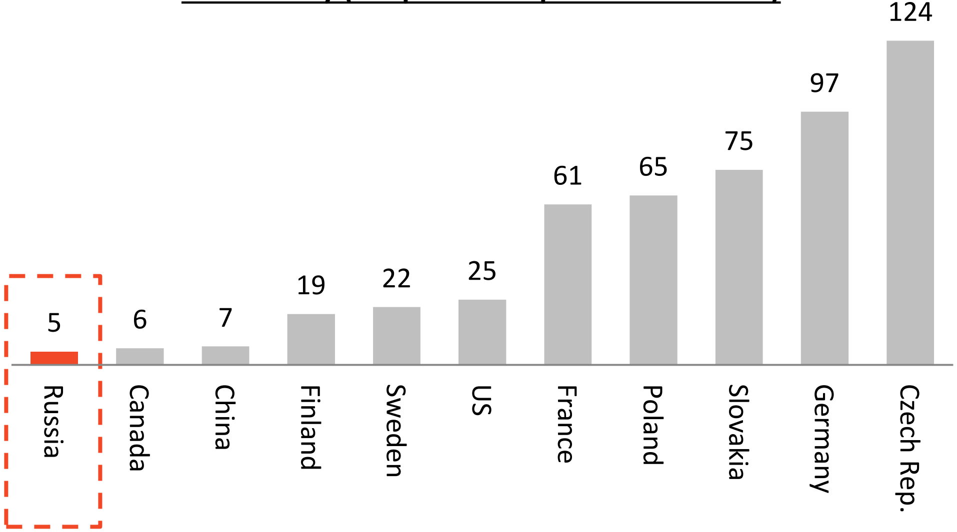


Source: PMR Publications, Rosstat and FNM calculations

…and a more extensive railway network

Rail density in Russia is also relatively low…

Rail density (km per '000 sq. km of land area)



Source: World Bank and FNM calculations

85 thousand km of railway of which ~50% is electrified

Railways account for ~42% of freight transportation (second place after roads)

… but the times they are a-Changin'

Railway Transport Development Strategy until 2030	▪ Stipulates EUR ~95 billion of investments in new railways by 2030 ▪ Revision is expected in 2013 – could imply that initiatives should be completed by 2020 instead ▪ If completed – 80 out of 83 federal subjects would have access to the railway network
RZD (Russian Railways)	▪ One of the largest rail carriers in the world ▪ Investment program 2013-2015 of EUR ~25 billion ▪ Stable finances with EUR ~35-40 billion in authorized capital and has an investment grade credit rating
Large projects are planned	▪ Baikal-Amur and Trans-Siberian railways: – Investments of EUR ~20 billion by 2030 to extend and improve the above railways ▪ FIFA World Cup 2018: – Investments of EUR ~20 billion in new infrastructure and stations – Also discussions for a high speed train connecting the host cities with an estimated investment need of EUR ~125 billion ▪ Moscow metro – Moscow plans to invest up to EUR ~20 billion on new metro stations in 2012-2020

There is a significant need for expanding the Russian road as well as railroad network since improved infrastructure will be an important part in Russia's continued economic development

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The FNM business concept

The dealership value chain

VCE

Current share of revenue: 96%

Other OEM

Current share revenue: 4%

Trucks
Penta
RESCHKE
LOGSET
HOLMS
CEDE GROUP AB

- Training
- Marketing
- Branding

Import and delivery

VCE manufactures and imports construction equipment and spare parts into Russia and delivers to FNM

FNM

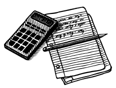
FERRONORDIC machines

Equipment sales

Attachments

Spare parts

Repair and maintenance



Other services

FNM has a complete offering – a one-stop-shop for the construction equipment users

Customers

Strategic and financial objectives

Ferronordic Machines' vision is to be regarded as the leading service and sales company within its business areas in the CIS markets

Strategic objectives	Financial objectives
• Leadership within the market for construction equipment • Geographical expansion of current product portfolio • Expansion into related business areas such as other machinery and commercial vehicles • Extract synergies in dealer network infrastructure development and support functions	• "Best in class" growth and margin • Revenue from aftermarket 40% • Absorption rate of 1.0x (gross profit from aftermarket shall cover 100% of fixed operating expenses)

Strategic cornerstones

Customer orientation

- Leading service and product availability
- Tailored service and repair programs
- Financial services offerings
- Developed trade-in system
- Fleet & Residual value management
- Rental fleets

Build on strong brand – Volvo CE

- World's 3rd largest manufacturer of construction equipment
- Building on No. 1 brand position in Russia
- Broad range of equipment for road-, general construction, oil- and gas, mining and civil engineering companies
- Development through additional strong brands

Superior infrastructure

- High density network – many points of presence, less "show-off buildings"
- Mobile workshops and service vans/trucks
- Well equipped, purpose-built facilities in select locations
- Infrastructure to be used for other brands

Operational excellence

- Implementation of best practices and processes
- Leading IS/IT systems
- Close cooperation with manufacturers
- Get the right people to do the right job right
- Continuous improvement of processes

Volvo CE in Russia and FNM

Volvo Construction Equipment and FNM

- Volvo CE has been present in Russia since 2002
- FNM became the authorized distributor for Volvo CE in Russia in 2010
  - Volvo's decision to divest the distribution of Volvo CE branded products in Russia was in line with the overall Volvo CE distribution strategy
  - Volvo CE has its own distribution network in only around 5 per cent of the countries in which Volvo CE is represented
  - Volvo CE believes that in almost all cases, well financed independent dealers are more entrepreneurial, reactive and better able to invest in their territories than equipment manufacturers
  - The strategy also frees up capital for VCE to invest in developing and supporting products and services
- In 2013, Volvo CE opened a production plant for excavators in Russia
  - The future potential of this important market is the main reason for VCE's industrial presence in Russia
  - As a result of this investment and VCE's commitment to Russia, the customers will have access to improved machine availability and better customer support.

Volvo CE has the number one brand image position in Russia

- "Q3:2.Please tell me whether you agree or disagree in the following statement: "I like this brand" Association scores converted into a scale 0-100 where best brand = 100)"

Note: Relative positions not according to scale
Source: Volvo Construction Equipment Brand Track Survey 2011

DESCRIPTION OF AGREEMENT WITH VOLVO

FNM and Volvo signed an initial dealer agreement in June 2010 (subsequently replaced by an amended dealer agreement in July 2012) by which Volvo appointed FNM the official dealer of Volvo CE machines, parts and after-sales services in the entire territory of Russia. The dealer agreement is valid until 27 April 2016 after which the agreement will continue for an indefinite period with 180 days notice – in line with the standard contract terms for Volvo dealers and customary in the industry.

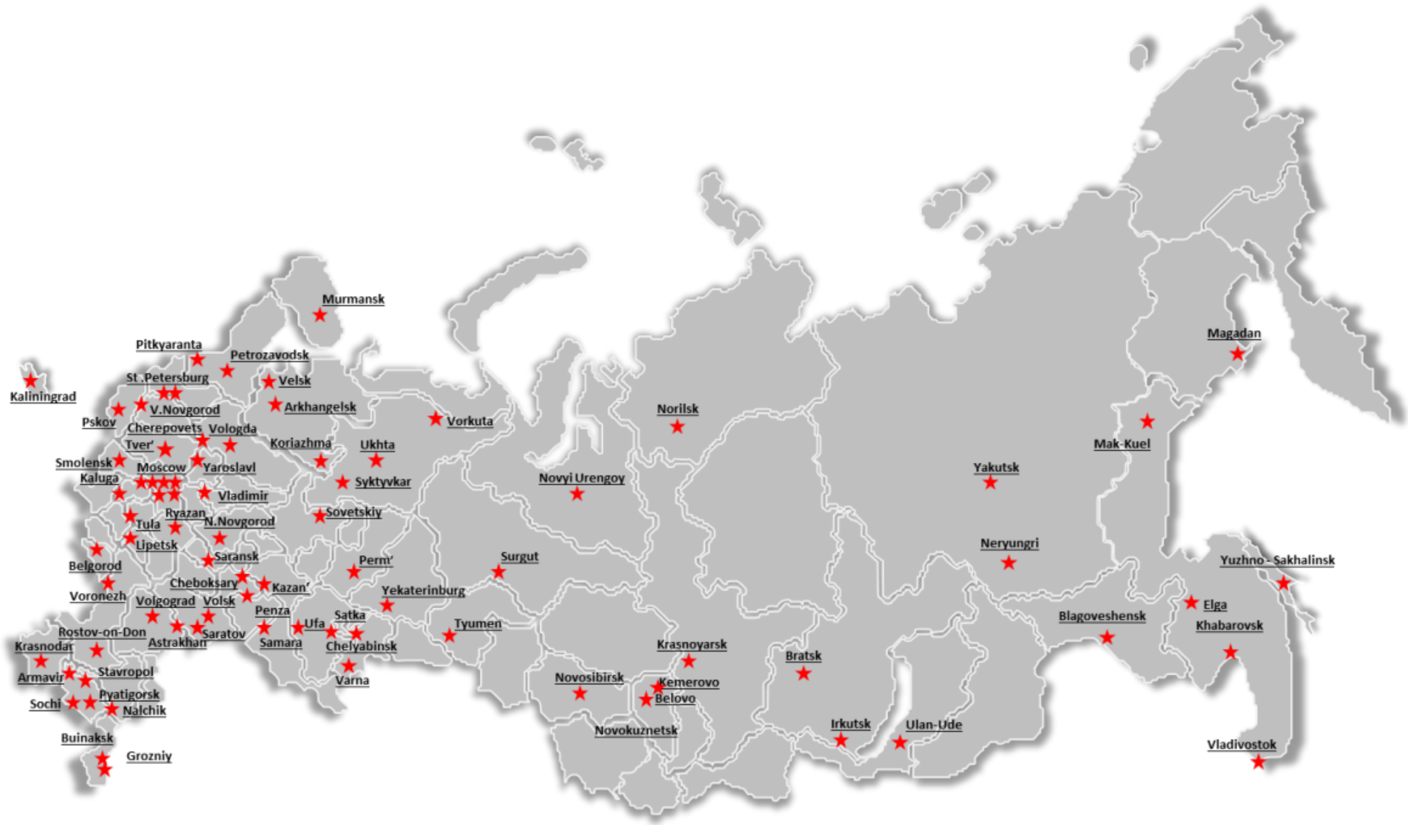
FNM is free to extend its product offering to include products that complement Volvo's products.

Volvo continues to import the machines and parts to Russia; FNM buys and sells all products inside Russia.

It is at the core of Volvo CE's global distribution strategy, including Russia, to appoint external dealers, typically the only ones in their respective territories. Like Ferronordic Machines, dealers are handpicked based on Volvo CE's evaluation of management's ability to increase sales and grow Volvo's market share in the relevant region. In exchange for being appointed a VCE dealer, dealers, including Ferronordic Machines, make substantial investment commitments to VCE to open new and develop existing dealer outlets.

FNM’s network

FNM has 75 points of presence throughout Russia

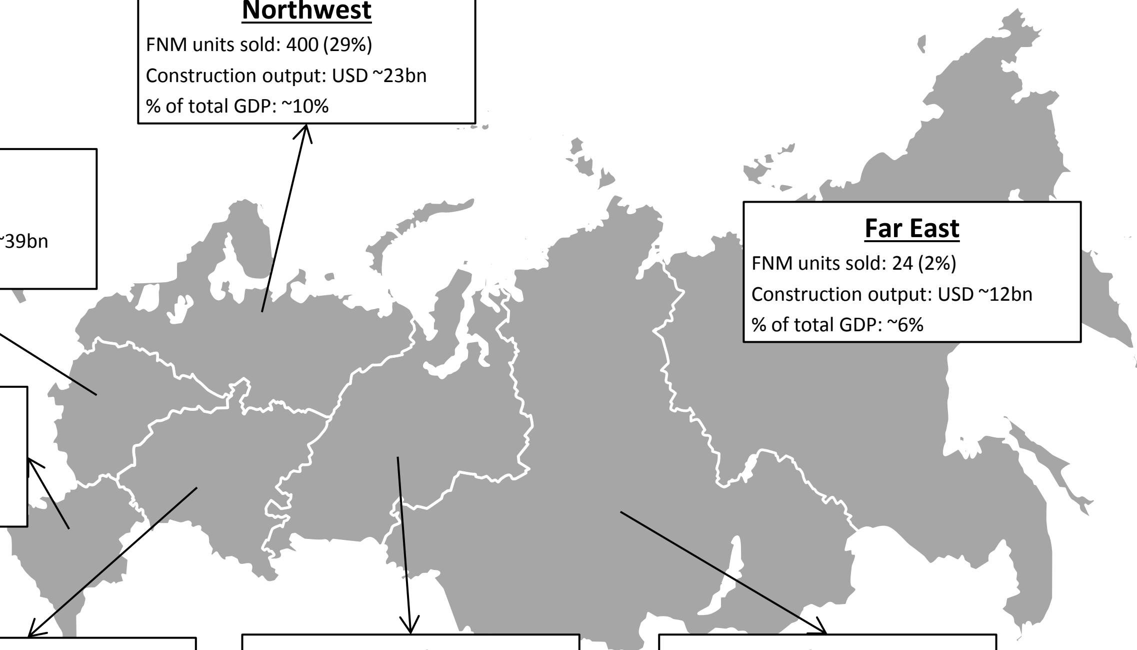


FNM has 17 facilities with more than 10 employees / facility

4 categories of points of presence

Owned dealer facility		▪ Medium- to large sized purpose built facility which include service and repair workshop areas, warehouse, offices and machine display areas ▪ 2 owned facilities in operations, a 2,382 sqm facility in eastern Moscow and a 2,620 sqm facility in Arkhangelsk ▪ 2 owned land plots for construction in near time
Rented dealer facility		▪ For shortening time-to-market, FNM initially often rents a facility ▪ Facilities' standards vary from basic to purpose-built and may have a purchase option ▪ 65 rented facilities in operation
Customer based service depot		▪ To support large fleets of machines on a customer site, FNM is able to quickly organize a modular service depot based on a air-filled hangar and/or container concept ▪ This solution can also be used as temporary solution for FNM's construction sites ▪ FNM has 5 customer based outlets in operation
Home based mechanic	N/A	▪ Mechanics working from home in remote locations or before a rented facility is identified ▪ 3 home based mechanics in operation

Geographical footprint



Market potential[1)]

Region	Market potential
Central	~25%
Northwest	~12.5%
South	~12.5%
Volga	~50%
Urals	
Siberia	
Far East	

- *In 2010, 82% of FNM's units sold came from Northwest and Central regions, which currently have ~40% of the construction output in Russia*
- *However, FNM is expanding its operations continuously to capitalize on the large projects in the regions east of the Ural mountains, of e.g. infrastructure development and extraction of minerals*
- *The 82% of units sold in NW and CTR had decreased to 58% in 2012 and was 51% in H1 2013*
- *This clearly shows how successful FNM is pursuing its strategy*

- FNM units sold are 2012 figures (share of total in brackets)
- Note that an additional 79 units were sold to Key accounts, subdealers and other (not attributable to any region)
- Construction output are figures from PMR Publications

1) Market potential are FNM's estimates of the regions' shares of the Russian market going forward

Selection of machines in FNM's equipment portfolio

Product type	Example product	Units sold 2012
Backhoe loaders	 EUR ~ 65-80k	571
Excavators	 EUR ~ 130 - 520k	384
Articulated haulers	 EUR ~ 320-600k	138
Wheel loaders	 EUR ~ 200-650k	82
Road construction equipment	 EUR ~ 60 - 390k	126
Skid steer loaders	 EUR ~ 40k	35

Focus on soft products

FNM is focused on a life-cycle approach – the cycle is ongoing

Pre-sale services

- Fleet management services
  - Simulation of projects
  - Consultancy on optimal fleet and specification composition
- Application engineering and consultancy
- Operator training
- Financial solutions
  - Via Volvo Finance or other institutions
- Rental offerings
- Insurance
- Logistics

Operating services

- Spare parts delivery
- Telematics - through Care-Track; fuel efficiency control, operator efficiency, fleet management
- Operator training
- Preventive maintenance service
- Planned and unplanned repair
- Overhaul
  - Providing new life to older machines
- Diagnostics of machines
- Remanufacturing of vital parts

Service level during the operating life will depend on customers' service contracts

After-use services

- Consultancy on residual value management
- Trade-in of used machines
- Sales of used machines

FNM provides an outstanding level of customer service due to high level of professionalism and industry experience – as well as a large outlet network which enables customer proximity

Management and Board of Directors

Management

Lars Corneliusson
Co-owner of Ferronordic Machines AB, President and CEO of Ferronordic Machines LLC
More than 15 years experience from the truck and automotive industries in Russia. For 12 years Managing Director of Volvo Vostok and President of Volvo Trucks in Russia

Erik Eberhardson
Co-owner and Executive Vice Chairman of Ferronordic Machines AB, Head of Business Development of Ferronordic Machines LLC
More than 15 years experience from the truck and automotive industries in the CIS countries. Previously President and CEO of OJSC GAZ and President of Volvo CE in the CIS countries. Board member of Lindab AB

Anders Blomqvist
Co-owner and Chief Financial Officer of Ferronordic Machines AB
12 years of investment banking experience in London, Chicago and New York. Has worked for both Credit Suisse First Boston and HSBC Bank. Previously CFO and COO at Emeyu LLP

Henrik Carlborg
Head of legal
Over 10 years of legal experience specialized in corporate finance, private equity, real estate and general commercial law in Sweden and Russia. Previously Partner at Hannes Snellman, senior legal positions in Mannheimer Swartling and White & Case.

Onur Gucum
Commercial Director
Over 15 years of experience in Construction Equipment. Had various international project and operational assignments with Volvo including Russia. Previously Chief Operational Officer in Zeppelin, Caterpillar dealer in Russia.

Nadia Arzumanova
HR Director
Over 10 years of combined HR and business experience. Has worked in BP and Shell focused on HR General and Organizational Development. Previously acted on business side in Sales, Marketing and Purchasing.

Board of Directors

Per-Olof Eriksson
Chairman of the Board
Board member of Investment AB Öresund and Biotage. Previously CEO of Sandvik and Seco Tools

Marika Fredriksson
Director
CFO Vestas Wind Systems. Previously SVP and CFO of Gambro, Autoliv and Volvo CE

Martin Leach
Vice Chairman
Chairman Magma Group. Previously chairman and CEO of GAZ International and CEO of Ford of Europe and Maserati

Tom Jörning
Director
MD of Volvo Trucks (CEE)

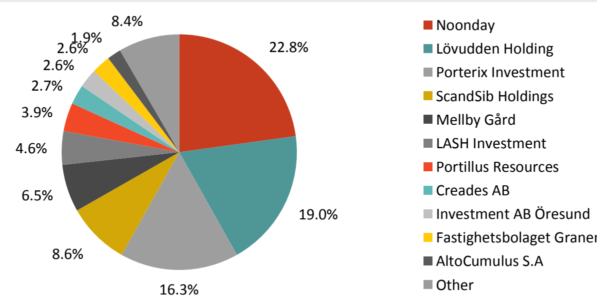
Magnus Brännström
Director
CEO of Oriflame

Kristian Terling
Director
Managing Director of Houlihan Lokey. Previously various positions within Credit Suisse, Handelsbanken and Merrill Lynch

Erik Eberhardson
Vice Chairman
See management

Lars Corneliusson
Director
See management

Ownership structure



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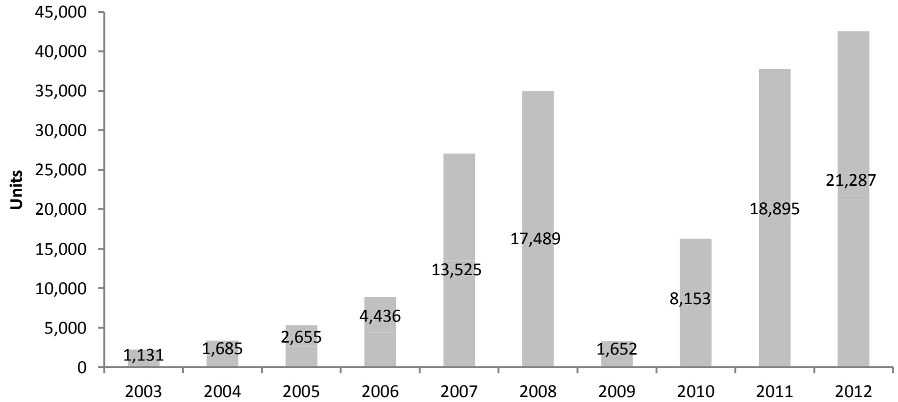
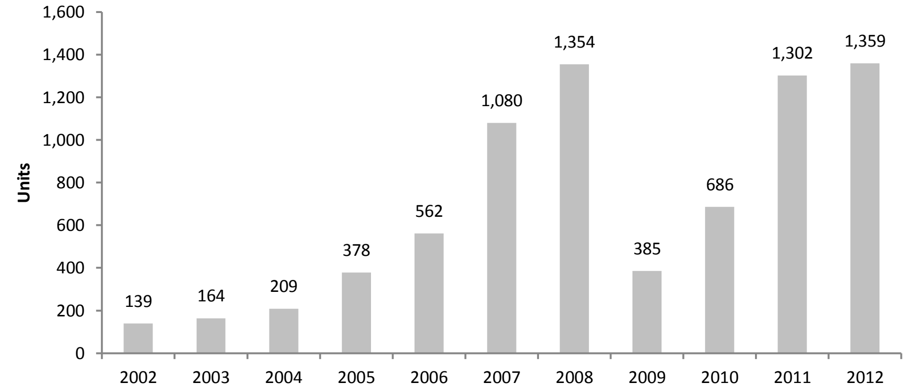
Historical sales development

Russian CE market – import statistics and estimates



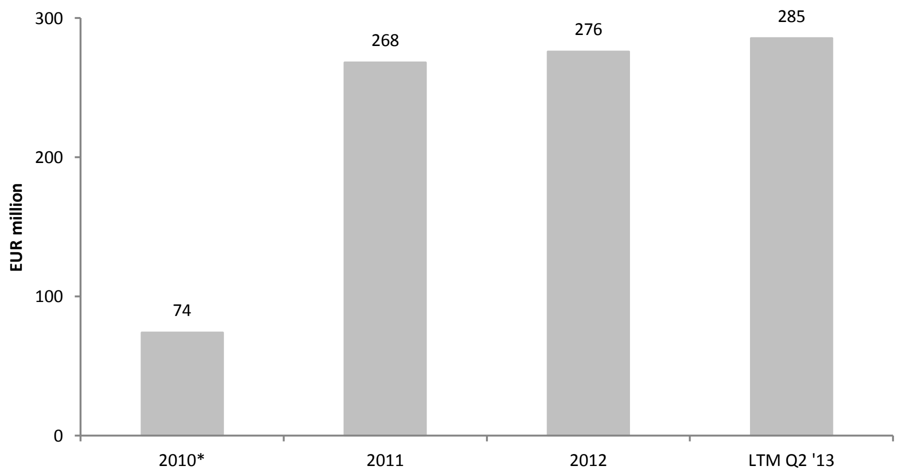
Source: Import statistics (excluding Chinese manufacturers)

Volvo CE and FNM – VCE units sold



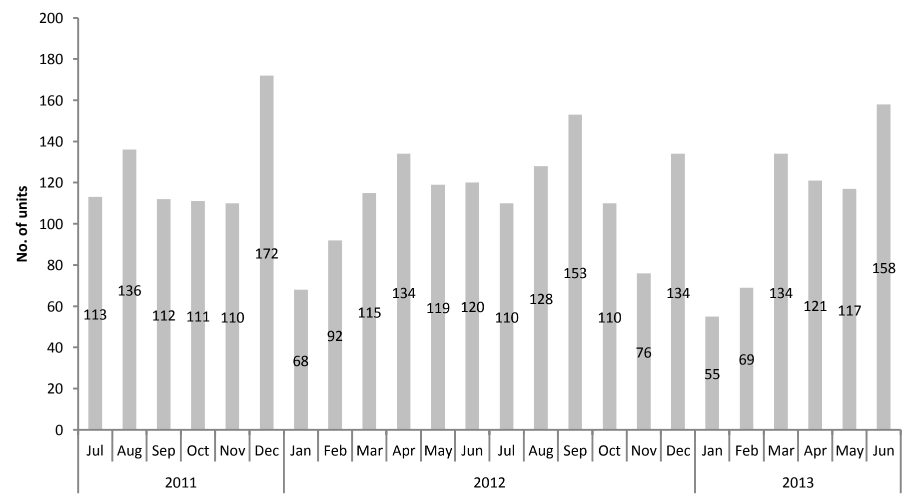
Source: Ferronordic Machines estimates
Note: Units sold 2002–May 2010 refer to Volvo CE; units sold Jun 2010–2012

FNM sales development



Source: Ferronordic Machines *) 2010 figures correspond to the period June-December 2010*

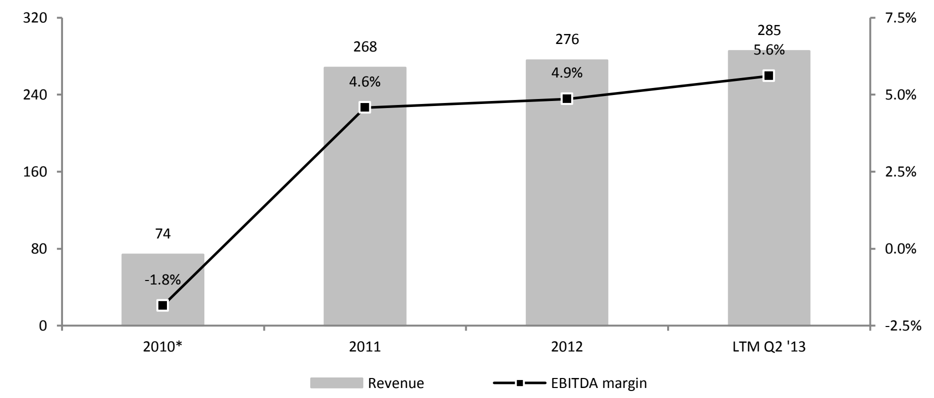
VCE units sold last two years



Source: Ferronordic Machines

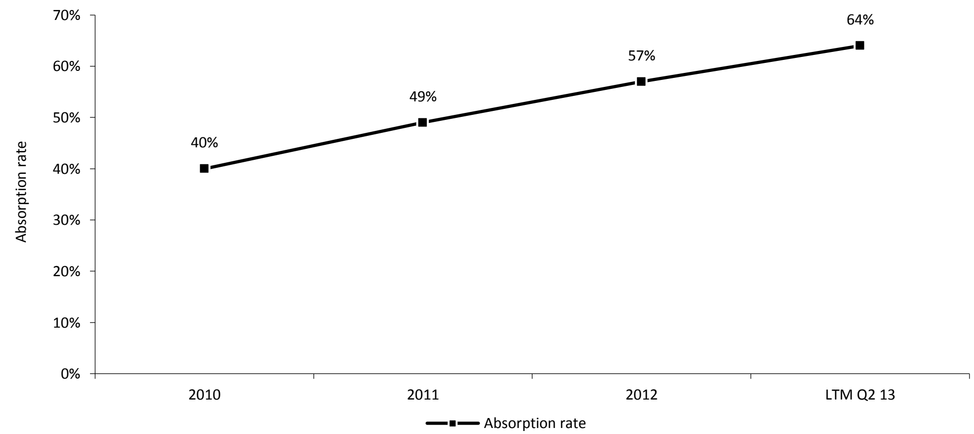
Historical EBITDA and cash flow development

EBITDA development



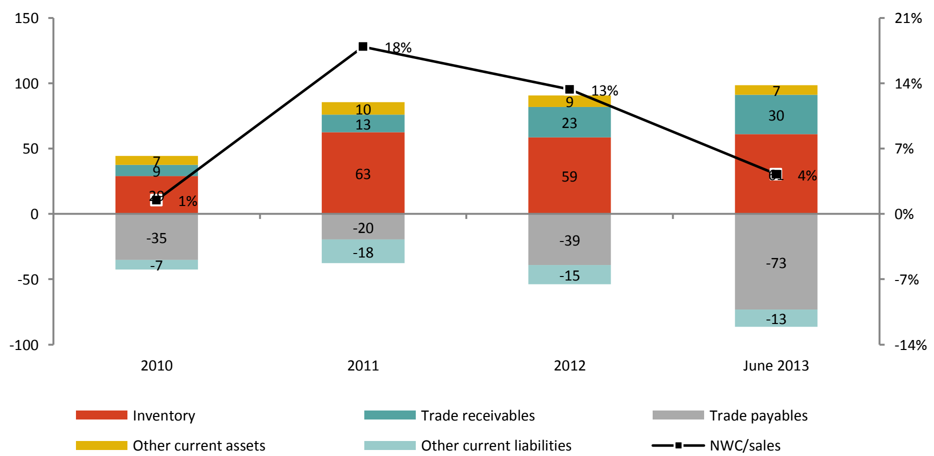
Source: Ferronordic Machines

Absorption rate



Source: Ferronordic Machines

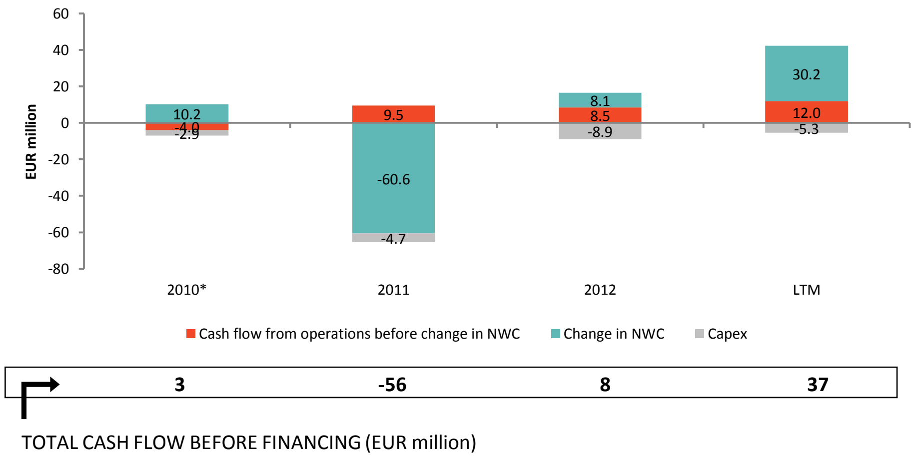
Net working capital



Source: Ferronordic Machines

**) 2010 figures correspond to the period June-December 2010*

Cash flow before financing



Source: Ferronordic Machines

Financial statements

Income statement

EUR million	2011	2012	LTM
Revenue	268.0	275.8	285.4
Cost of sales	-229.3	-230.8	-236.1
Gross profit	**38.7**	**45.0**	**49.2**
SG&A	-25.4	-30.9	-32.4
Other income and expenses	-1.0	-0.7	-0.8
EBITDA	**12.3**	**13.4**	**16.0**
D&A	-1.9	-5.7	-7.3
EBIT (adj.)	**10.4**	**7.7**	**8.7**
Amortization of transaction-related intangibles	-4.5	-4.6	-4.6
EBIT (reported)	**5.9**	**3.1**	**4.1**
Finance costs, net	-5.2	-9.6	-9.9
Net foreign exchange losses	-2.5	-0.4	-1.4
EBT	**-1.7**	**-6.9**	**-7.2**
Income tax	0.0	1.1	1.1
Net income	**-1.8**	**-5.8**	**-6.0**
Net income (adj.)*	**5.2**	**-0.8**	**0.0**

Cash flow

EUR million	2011	2012	LTM
Cash flow from operating activities	12.7	13.5	15.8
Net interest and tax paid and other	-3.2	-5.0	-3.8
Change in net working capital and provisions	-60.6	8.1	30.2
Capital expenditure	-4.7	-8.9	-5.3
Cash flow from financing acitivites	48.4	-0.9	-33.4
Cash flow during the period	**-7.3**	**6.8**	**3.5**

** Net income adjusted for net unrealized foreign exchange losses and amortization of transaction related intangibles*
Source: Ferronordic Machines

Balance sheet

EUR million	Dec '11	Dec '12	Jun '13
Intangibles	20.3	16.5	13.4
PP&E	18.0	27.3	24.9
Other non-current assets	0.9	1.3	1.3
Total non-current assets	**39.2**	**45.1**	**39.6**
Inventory	62.6	58.7	61.1
Trade and receivables	22.8	31.7	37.1
Other current assets	0.2	0.3	0.4
Cash	12.4	19.2	12.4
Total current assets	**98.0**	**109.9**	**111.0**
Total assets	**137.2**	**155.0**	**150.6**
Loans and borrowings	43.5	45.6	0.0
Financial leases	5.6	6.9	4.2
Other non-current liabilities	4.2	2.8	1.5
Total non-current liabilities	**53.3**	**55.4**	**5.7**
Loans and borrowings	24.0	27.3	45.2
Trade and other payables	34.0	50.5	81.4
Financial leases	2.3	3.2	3.6
Other current liabilities	3.6	3.4	5.0
Total current liabilities	**63.9**	**84.5**	**135.2**
Total equity	**20.0**	**15.1**	**9.7**
Total equity and liabilities	**137.2**	**155.0**	**150.6**
Net debt	63.0	63.9	40.6
Net gearing	3.1x	4.2x	4.2x
Equity to assets	14.6%	9.8%	6.5%
Net debt/EBITDA	5.1x	4.8x	2.5x

Pro-forma balance sheet and key ratios

Pro-forma balance sheet post new debt and preference share issue

Profit & Loss EUR million	LTM	LTM pro forma pref. EUR 45m
Revenue	**285.4**	**285.4**
EBITDA	**16.0**	**16.0**
EBIT (adj.)	**8.7**	**8.7**
EBIT (rep.)	**4.1**	**4.1**
Net finance cost	-9.9	-4.5
FX gain/loss	-1.4	-1.4
Pre-tax income	**-7.2**	**-1.8**
Tax	1.1	1.1
Net income	**-6.0**	**-0.6**
Net income (adj.)	**0.0**	**5.4**

Balance sheet EUR million	30 June '13*	30 June '13 pro forma pref. EUR 45m
Non-current assets	39.6	39.6
Other current assets	98.6	98.6
Cash	12.4	13.4
Total assets	**150.6**	**151.6**
Equity	**9.7**	**55.8**
Other non-current liabilities	5.7	5.7
Loans and borrowings	45.2	0.0
Current liabilities	90.0	90.0
Total liabilities	**140.9**	**95.7**
Total equity and liabilities	**150.6**	**151.6**
Net debt	40.6	-3.7

Key ratios	LTM	LTM pro forma pref. EUR 45m
Equity to assets	6.5%	36.8%
Net gearing	4.2x	-0.1x
Net debt/EBITDA	2.5x	-0.2x
Interest coverage ratio	1.6x	3.6x

- Key credit metrics will improve as a consequence of the contemplated transaction
- Provided EUR 45.2m preference share issue (@ 10% dividend yield), the equity ratio would pro forma improve from 6% to 37%
- Net debt / EBITDA would pro forma also decrease substantially from 2.5x down to -0.2x and thus well below the sufficient level for a stock listing which is c. 2.0x
- In addition the P&L would pro forma improve substantially as dividends are not included in the P&L

** Normalized net debt approximately EUR 55 million*

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Summary

Attractive market with strong underlying growth drivers

Attractive market position and strong partnership with the No. 1 brand in Russia

Experienced management team and Board of Directors

Strong growth track record with improving margins and cash flow generation

Strong ownership structure

Potential equity upside

Please see Executive Summary section for further details on Investment Attractions

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MAIN BOOK	APPENDIX

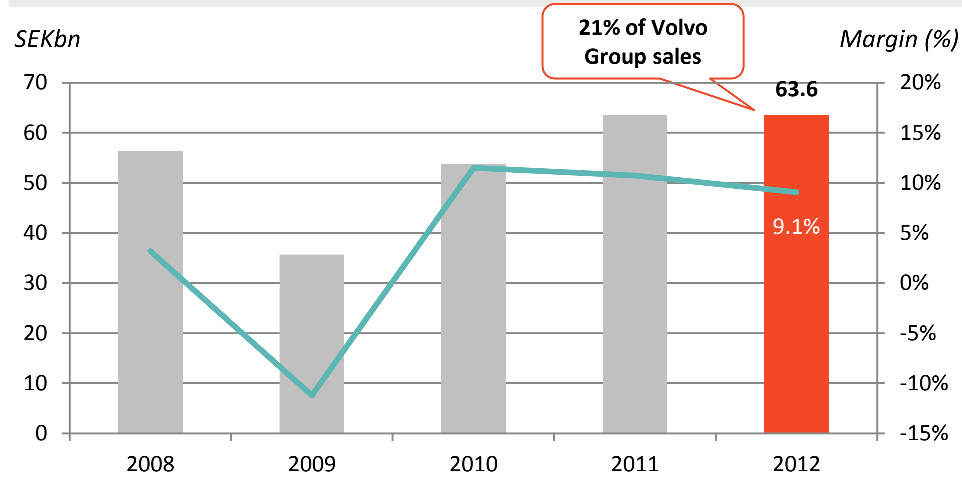
Volvo Construction Equipment

Volvo Construction Equipment ("Volvo CE")

- Volvo CE was founded in 1832 in Eskilstuna, Sweden
- The world's 4th largest manufacturer of construction equipment[1]
  - Currently the world's largest manufacturers of articulated haulers and wheel loaders and one of the largest manufacturers of excavation equipment, road development machines and compact construction equipment
- Products are offered through proprietary and independent dealerships around the world
- Volvo CE has 14,800 employees globally
- Strong BRIC engagement with two new factories deployed, one in Russia and one in India
  - Technology centre in China for the development of products and components primarily for emerging markets
- The co-operation with Shandong Lingong Construction Machinery Co. ("SDLG") in 2006 gave additional width to the Volvo CE offering by adding value machines for emerging markets in general and with a significant brand advantage in China specifically
- The acquisition of the road development division from Ingersoll Rand, contributed to Volvo CE's presence in heavy equipment for road construction and soil compaction

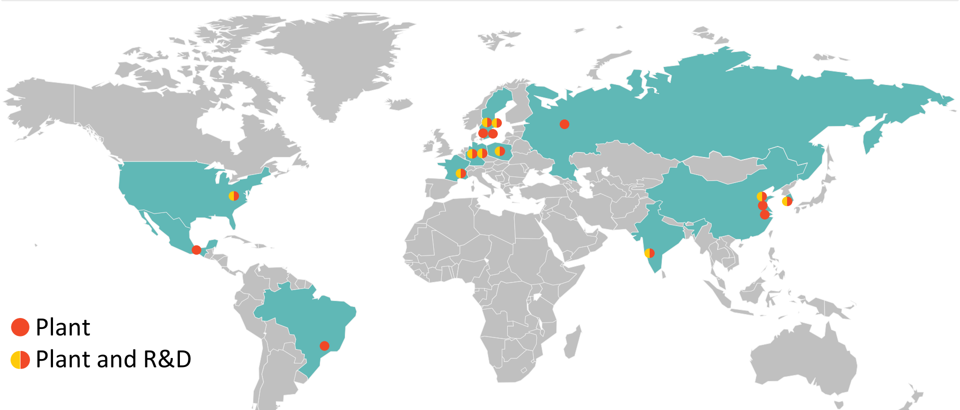
Source: Volvo annual reports

Net sales and operating margin



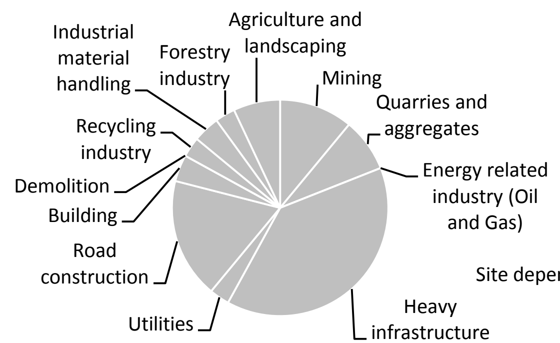
Source: Volvo annual reports

Manufacturing site locations



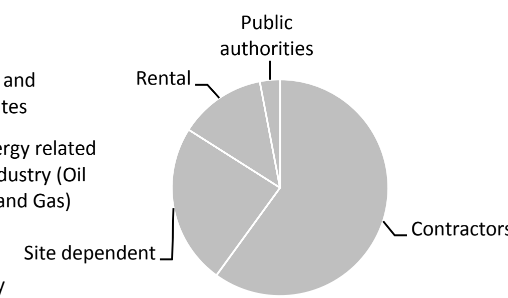
Volvo CE's products and services are offered in more than 125 countries

Industry segments



Source: Volvo annual reports

Customer types



Product snapshot

Wheel loaders

- Wheel loaders have a front mounted square wide buckets. The bucket can be replaced with for example a fork or a hydraulically-opening "clamshell" bucket
- Wheel loaders are commonly used to move material from ground level onto a dump truck or into an open trench excavation

Backhoe loaders

- A backhoe loader is a tractor fitted with a shovel or bucket on the front and a small backhoe on the back
- Due to their versatility and relatively small size, backhoe loaders are commonly used in urban engineering and small construction projects
- The backhoe bucket can be replaced with powered attachments such as a breaker, grapple, auger, or a stump grinder

Excavators

- Excavators consist of a backhoe, a bucket, and a cab on a rotating platform. The cab sits on top of an undercarriage with either tracks or wheels
- Excavators can be used for e.g. digging trenches, material handling, forestry work, demolition and heavy lifting
- An excavator’s movement and functions are accomplished through the use of hydraulic fluid

Articulated haulers

- An articulated hauler is a piece of heavy equipment used to transport loads over rough terrain
- The machine consists of two basic units – the tractor and the rear section, called the hauler or trailer section, which contains the dump body
- An articulated hauler uses hydraulic cylinders to turn the front frame independent of the rear frame
- Volvo CE invented the articulated hauler, and introduced the first machine in 1968

Road construction

- Volvo CE acquired the road development division from Ingersoll-Rand, a world-leading manufacturer of heavy equipment for road construction and soil compaction, in 2007
  - MOTOR GRADERS: construction machines with a long blade used to create a flat surface
  - PAVERS: engineering vehicles used to lay asphalt on roadways
  - MILLING EQUIPMENT: machines that grind up asphalt from roads
  - PIPE LAYERS: machines used to lift pipes into trenches
  - COMPACTORS: engineering vehicles used to compact soil, gravel, concrete, or asphalt

Customer support

- Provides maintenance and repair services and spare parts to Volvo machine owners
- Customer support agreements in four levels – White, Blue, Silver and Gold
- Genuine Volvo parts and Volvo lubricants
- Do-it-yourself care kits

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Risk factors 1(4)

Risks related to the Company

INVESTMENTS IN EMERGING MARKETS	Investors in companies holding assets and operating in emerging markets such as Russia should be aware that these markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Investors should also note that emerging markets such as Russia are subject to rapid change and that the information set out in the Material may become outdated quickly. These risks are applicable to any investment in Russia and are not specific to certain investments. Investments in Russia are suitable only for investors in a position to understand these risks and able to take the potential economic loss. As Russia is still an emerging economy, investments in Russia are subject to excessive fluctuations in value and performance and are influenced by other factors beyond the control of the Company that may have an adverse effect on the Company's market value. Political instability, both on a local and a federal level, could negatively affect the value of the Company's operations.
POLITICAL AND LEGAL ENVIRONMENT	With respect to Russia and other CIS member states, there is a risk of nationalization, expropriation or confiscatory taxation, new impositions, withholding or other taxes on dividends, interest, capital gains or other income, political changes, state intervention, government regulations, amendments in policies and legislation, social instability or diplomatic complication (including war) which could adversely affect the economies of such countries or the value of the Company's operations in such countries. For example, Russia is still developing the legal framework required to support a market economy. Many commercial laws and regulations in Russia are relatively new and have been subject to discretionary interpretation. As a result, their application can be unpredictable. The Group's business is subject to federal laws and decrees, as well as orders and regulations issued by the Russian President, the Government, the federal ministries and the Central Bank of Russia, which are, in turn, complemented by regional and local rules and regulations. Inconsistencies between the federal laws, decrees, orders and regulations issued by the Russian President, the Government and federal ministries and regional and local laws, rules and regulations create juridical uncertainties. In addition, judicial precedents generally have no binding effect on subsequent decisions. Not all legislation and court decisions are readily available to the public or organized in a manner that facilitates understanding. Enforcement of court orders can in practice be very difficult. All of these factors make judicial decisions difficult to predict and effective redress uncertain. Additionally, court claims and governmental prosecutions may be used in furtherance of what some perceive to be political aims. The Russian legal system may therefore have an adverse impact on the Company's business, financial condition and results.
FINANCIAL GROUPS SEEKING TO OBTAIN CONTROL THROUGH ECONOMIC OR POLITICAL INFLUENCE	Well-funded, well-connected financial groups and so-called "oligarchs" have, from time to time, sought to obtain operational control and/or control over minority interests in attractive businesses in Russia by means that have been perceived as relying on economic or political influence or government connections. The Company may be subject to such efforts in the future and, depending on the political influence of the parties involved, the Company's ability to prevent such efforts may be limited.
RUSSIAN BANKING AND FINANCIAL SYSTEM	Russia's banking- and other financial systems are less well developed and regulated than in some more developed markets, and Russian legislation relating to banks and bank accounts is subject to varying interpretations and inconsistent application. Russian banks generally do not meet international banking standards, and the transparency of the Russian banking sector lags behind international norms. As a result, the Russian banking sector remains subject to periodic instability. Another banking crisis, or the bankruptcy or insolvency of banks through which the Company receive or hold funds, may result in the loss of the Company's deposits or adversely affect the Company's ability to complete banking transactions in Russia, which could have an adverse impact on the Company's business, financial position and results.
RUSSIAN TAX SYSTEM	There have been significant changes to the Russian taxation system in recent years as the authorities have gradually replaced legislation regulating the application of major taxes such as corporate income tax, VAT, corporate property tax and other taxes with new chapters of the Russian tax code. Russian tax authorities have also been aggressive in their interpretation of tax laws and their many ambiguities, as well as in their enforcement and collection activities. Technical violations of contradictory laws and regulations, many of which are relatively new and have not been subject to extensive application or interpretation, can lead to penalties. Many companies must negotiate their tax bills with tax inspectors who may demand higher taxes than applicable law appears to provide. The Company's tax liability may become greater than the estimated amount that have been expensed to date and paid or accrued on the balance sheets. Any additional tax liability, as well as any unforeseen changes in Russian tax laws, could have an adverse impact on the Company's business, financial position and results.
INFRASTRUCTURE	The physical infrastructure of Russia largely dates back to Soviet times and has not been adequately funded and maintained over the past decades. Particularly affected are the rail and road networks, power generation and transmission assets, communication systems and building stock. Road conditions throughout Russia are poor, with many roads not meeting minimum quality requirements. The deterioration of these physical infrastructures harm the national economy, disrupts the transportation of goods and supplies, increases the cost of doing business in Russia and can interrupt the Company's business operations. Any reorganisation regarding infrastructure may result in increased charges and tariffs in order to provide capital for the anticipated investment needed to repair, maintain and improve these systems which could have an adverse impact on the Company's business, financial position and results.

Risk factors 2(4)

Risks related to the Company (cont'd)

INFLATION	A high inflation rate has previously characterised the Russian economy. Certain costs of the Company, such as costs for investments in machinery, equipment and labour, are sensitive to rises in the general price levels. A high inflation rate could increase the Company's costs and the Company may not be able to maintain or increase its margins to cover such costs which could have an adverse impact on the Company's business, financial position and results.
CORPORATE GOVERNANCE	The legislation regarding supervision and corporate governance in Russia provides low protection for minority interests and the legislation regarding fraud and insider abuse is underdeveloped in certain aspects. The concept of directors' fiduciary duties towards a company and its shareholders is also limited in comparison to the same concepts in other jurisdictions. As a consequence the management may undertake significant actions without shareholder approval and the protection against share dilution may also be limited. Furthermore, under Russian law certain senior officers have a legal authority to represent companies and may sign for the company. Consequently, there is a risk that the management of the Company and/or its subsidiaries undertake actions in violation of the Company's interests which could have an adverse impact on the Company's business, financial position and results.
CONSTRUCTION AND INDUSTRIAL SECTOR	The Company's products are principally used in connection with construction and industrial activities. Consequently, an economic downturn, and particularly a weak development of the road and the general construction industries and a decrease in industrial activity may lead to a significant decrease in demand for new and used equipment the Company sells. The Company's business may also be negatively impacted, either temporarily or long-term, by a reduction in spending levels by customers, unfavourable credit markets affecting end-user access to credit, adverse changes in federal and local infrastructure spending, an increase in the cost of construction materials, and an increase in interest rates. Deterioration in the non-residential construction and industrial sectors caused by these or other factors may have an adverse impact on the Company's business, financial position and results.
WEATHER DEPENDENCY	The Company's revenue and earnings follow a weather related pattern of seasonality. Construction and infrastructure activity is constrained in the winter months, especially January and February. A longer and colder winter than normal may therefore have an adverse impact on the Company's business, financial position and results.
LIMITED FINANCIAL HISTORY	The Company's business was previously conducted by AB Volvo within the Volvo Construction Equipment ("VCE") business area and the Company did not receive detailed financial records of the activity of the VCE distribution business in Russia for the periods prior to acquisition. Due to this, and because the Company is recently formed, the Company has a limited notable financial and operational history upon which investors may conjecture on the Company's future performance.
THE DEALER AGREEMENT WITH VOLVO CONSTRUCTION EQUIPMENT	On 27 April 2010, the Company and Volvo Construction Equipment entered into a dealer agreement by which Volvo Construction Equipment appointed the Company its exclusive dealer for Volvo Construction Equipment products in Russia (except for certain specified headquarter customers who buy directly from AB Volvo). In exchange for exclusivity, the Company has undertaken not to sell products or offer services that compete with the products and services of VCE. The products and services sold under the agreement with AB Volvo constitute a majority share of the Company's total revenue. The agreement runs for an initial period of six years and is governed by Russian law. After such initial period the dealer agreement will continue until terminated by either party. There is no guarantee that the agreement will not be terminated or amended with terms affecting the Company's operations and profitability. A termination of the agreement or amendments to the same, for example as a result of changes in competition or other legislation, or the interpretation thereof, would have a material adverse impact on the Company's business, financial position and results.
KEY EMPLOYEES	The Company's success depends to a large extent on its ability to identify, attract and retain qualified and experienced senior management and other key personnel. The Company's ability to attract and retain qualified personnel is dependent on several external factors. Losing a key employee by retirement or to a competitor may cause the loss of critical knowledge not easily replaced and may delay or have an adverse effect on the Company's ability to execute its business plan and strategy and to not be able to meet operational and financial targets. Inability to attract or retain senior management and other key employees may have an adverse impact on the Company's business, financial position and results.
OPERATIONAL RISKS	Operational risk refers to risks relating to the Company's IT- and control system, human errors and natural disasters. The Company's data systems are evaluated, maintained and upgraded continuously. However, defected systems may have an adverse impact on the Group's business, financial condition and results of operations. Furthermore, variations in the economy and public investments may impact the construction equipment sector, which is sensitive to fluctuations, and political decisions may impact the demand for the production of residential- and commercial buildings as well as investments in industry and infrastructure. A negative development of the construction equipment sector or the demand for the Company's products may have an adverse impact on the Company's business, financial position and results. The Company is also expanding its capacity and has plans to continue this expansion. An unforeseen decline in the capacity utilization often results in a loss of revenue which cannot, in the short term, be compensated with a corresponding cost reduction. Such loss of revenue could therefore have an adverse impact on the Company's business, financial position and results.

Risk factors 3(4)

Risks related to the Company (cont'd)

PRICE RISK	VCE and the Company work closely together on monitoring market process and market shares and addressing the prices the Company pays for machines and parts. Unforeseen variations in other input prices and prices charged by VCE constitute a risk for the Company and may have an adverse impact on the Company's business, financial position and results.
COMPETITION	The Company faces competition from several brands that offer a similar product range as the Company. Such brands may have access to superior financing, lower production costs and larger distribution networks etc. The Company may, as a consequence, face increasing competition which may have an adverse impact on its business, financial position and results.
INSURANCE RISK IN RUSSIA	The insurance market in Russia is under development and several insurances which are customary in other countries are not yet available. The Company does not have an adequate business interruption insurance for its manufacturing plants or liability insurance for its real estate or for environmental damages as a consequence of accidents in the Company's real estate or business. Consequently, there is a risk that the loss or destruction of certain assets or that a claim is directed against the Company can have a material adverse impact on the Company's business, financial position or results until the Company has received adequate insurance coverage.
EXPOSURE TO CURRENCY RISKS	The Company generates most revenues and costs in RUB. However, the Company's reporting currency is EUR and the financing of the Company and the interest costs related to the Company's Bonds are in SEK. Therefore, the Company is exposed to currency exchange risk to the extent that the assets, liabilities, revenues and expenses of the Company are denominated in currencies other than EUR. Consequently, there is a risk that increases and decreases in the value of the EUR versus RUB and EUR versus SEK will affect the amount of these items in the Company's consolidated financial statements, even if their value has not changed in the original currency.
LIQUIDITY RISK	The Company may not be able to meet future payment obligations as a consequence of insufficient liquidity. The Company may experience changing results and cash flows for a number of reasons, such as expenditure level, potential conflicts with tax authorities, competitive environment, interest rates and currency fluctuations and general economic situation. It is not guaranteed that the Russian economy will continue its positive development and in case of an economic recession the value of the Company's assets may be adversely affected. In such a scenario, the Company's operating profit, financial position and general standing could be adversely affected and the Company may not be able to meet its financial undertakings.
RISK OF FUNDING	The Company's operation is to a large extent funded by shareholders equity and from the debt capital markets. The risk of funding relates to securing financing, refinancing of outstanding loans or securing additional loans at commercially viable terms at a specific point in time. These factors may infer risk for the Company's business, financial position and ability to meet its financial commitments.
COUNTERPARTY RISKS	Counterparty risk relates to the Company's counterparties ability to meet its obligations. Counterparty risk could adversely affect the Company's operations negatively. In addition, counterparties could act fraudulently and obstruct the Company to carry out its operations. In some circumstances, the Company could be held liable for the act of co- or third party investors. Risk may also arise from liquidity management and securing short and long term credit facilities. Counterparty risk may thus have an adverse effect on the Company's business, financial position and result.
CREDIT RISK	Credit risk arises when a counterparty fail to meet its obligations towards the Company which could have a negative effect on future cash flows. An increase of the Company's concentration of credit risk or counterparties' failure to meet their obligations towards the Company may have an adverse impact on the Company's business, financial position and results.
WHEN LISTED ON NASDAQ OMX STOCKHOLM THE COMPANY WILL BE SUBJECT TO LEGAL AND REGULATORY REQUIREMENTS WHICH MAY INCREASE ITS COSTS	The Company intends to list its shares on NASDAQ OMZ Stockholm in the future. As a company listed on NASDAQ OMX Stockholm or another regulated market, the Company will need to comply with several laws and regulations as well as requirements of the relevant exchange, with which the Company was not previously required to comply with. As a result, the Company will incur legal, accounting and other expenses that the Company did not previously incur. Moreover, complying with these laws, regulations and requirements will occupy a significant amount of the time of the Company's board of directors and senior management, which may adversely affect their ability to manage other elements of the Company's operations.

Risk factors 4(4)

Risks related to the Securities

EQUITY INSTRUMENT	The preference share is an equity instrument. This implies, inter alia, that the preference shareholders are subordinated in relation to the Company's creditors in the event of the Company's bankruptcy or liquidation. Furthermore, the Company may only resolve to pay dividends on the preference shares if there is sufficient unrestricted equity. Consequently, the shareholders' rights to dividends and other economic compensation is subordinated in relation to creditors' rights to, inter alia, interest installments.
SHARE CONVERSION	The preference share is exchangeable into ordinary shares of the Company due to certain regulations in the Company's articles of association. However, the exchange requires that certain events occur, including a listing of the Company's ordinary shares on NASDAQ OMX Stockholm. The exchange furthermore requires that the general meeting of the Company passes certain resolutions, including resolutions to redeem a certain number of preference shares and to issue a certain number of ordinary shares. A resolution to redeem shares also requires that the Company has sufficient unrestricted equity. There are no guarantees that these events occur or that the general meeting of the Company passes, or can pass, the required resolutions. Consequently, there is a risk that the preference shares may not be able to be exchanged into ordinary shares of the Company. The exchange offer will also be subject to a lock-up period during which the investors will have limited possibilities to sell shares.
THE MARKET PRICE OF THE COMPANY'S SHARES MAY FLUCTUATE AND MAY DECLINE BELOW THE ISSUE PRICE	there is no public market for the Company's shares or preference shares. There is no guarantee that an active trading market for the shares will develop or, if developed, will be sustained. The issue price may not be indicative of the market price for the Company's preference shares.
SHAREHOLDERS WITH SIGNIFICANT INFLUENCE	Upon completion of the preference share issue, certain shareholders which have entered into a shareholders agreement (the "Principal Shareholders") will own and control approximately a majority of the shares and votes in the Company. The Principal Shareholders will continue to retain the controlling interest in the Company and will consequently have the power to control the outcome of most matters to be decided by vote at a shareholders' meeting. Such matters include the election of directors, the issuance of additional shares or other equity securities, which may dilute holders of the Company's shares, and the payment of any dividends. The interests of the Principal Shareholders may differ significantly from or compete with the Company's interests or those of the Company's other shareholders and there can be no assurance that the Principal Shareholders will exercise influence over the Company in a manner that is in the best interests of the other shareholders. For example, there could also be a conflict between the interests of the Principal Shareholders of the Company on the one hand, and the interests of the Company or its other shareholders on the other hand with respect to dividend resolution or other fundamental corporate matters. Such conflicts could have a material adverse effect on the Company's business, financial position and results.
DIVIDENDS	According to the Articles of Association of the Company holders of preference shares have preferential right to dividends before dividends are distributed to the holders of ordinary shares. Both the occurrence and amount of future dividends is dependent on, inter alia, the Company's future business, prospects, financial position, results, cash flow, working capital requirements and customary financial and legal restrictions. There are many risks which may have a negative impact on the Company's business and there are no guarantees that the Company will be able to pay dividends in the future. Furthermore, the shareholders cannot, as a general rule, resolve upon higher dividends than what the board of directors has proposed and the general meeting can only resolve on dividends upon request of the minority shareholders under certain conditions. In light of the above, dividends on the ordinary shares, as well as the preference shares, of the Company may be fully or partially absent.