

**Press Release**  
**Stockholm, 23 August 2017**

**Ferronordic Machines AB (publ)**  
**Interim Report January - June 2017 and updated financial objectives, including dividend policy**

*ANOTHER STRONG QUARTER WITH CONTINUED RAPID GROWTH*

**SECOND QUARTER 2017**

- Revenue increased by 94% (57% increase in rubles) to SEK 785m (SEK 405m)
- Operating profit increased to SEK 62m (SEK 26m)
- Operating margin was 7.9% (6.4%)
- EBITDA amounted to SEK 67m (SEK 36m)
- The result for the period amounted to SEK 51m (SEK 20m)
- Earnings per ordinary share increased to SEK 3.61 (SEK 0.66)
- Cash flow from operating activities amounted to SEK 147m (SEK 81m)

**JANUARY - JUNE 2017**

- Revenue increased by 87% (46% increase in rubles) to SEK 1,335m (SEK 715m)
- Operating profit increased to SEK 100m (SEK 43m)
- Operating margin was 7.5% (6.0%)
- EBITDA amounted to SEK 112m (SEK 63m)
- The result for the period amounted to SEK 80m (SEK 34m)
- Earnings per ordinary share increased to SEK 5.21 (SEK 0.84)
- Cash flow from operating activities amounted to SEK 184m (SEK 125m)

<b>SEK M</b>	<b>2017 Q2</b>	<b>2016 Q2</b>	<b>2017 6M</b>	<b>2016 6M</b>
Revenue	785	405	1,335	715
EBITDA	67	36	112	63
Operating profit	62	26	100	43
Result for the period	51	20	80	34
Net Debt/(Cash)	(293)	(178)	(293)	(178)

**COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:**

- The Russian market for new construction equipment continued to recover during the quarter. Similar to the first quarter, the market during the second quarter grew by over 90% compared to the same period last year.
- Our own business continues to develop well, too. Revenue during the quarter grew by almost 100% while bottom line more than doubled. Despite a gross margin drop of almost 5%-points, we managed to leverage our organisation and increase the operating margin to 8%. We also achieved another quarter with strong cash generation. While the recovery is expected to continue through the year, we do not expect the growth to be as exceptional during the rest of the year, particularly in comparison with the strong profitability we had during the third quarter last year.
- The revenue during the last twelve months now amounts to SEK 2.3bn, which is only SEK 0.2bn less than our highest revenue ever of SEK 2.5bn in 2013, and this despite the market being less than 40% (last twelve months) of what it was in 2013. Even more importantly, our adjusted EBIT for the last twelve months is SEK 179m, compared to an adjusted EBIT of SEK 89m in 2013. This shows how our organisation has developed and improved its efficiency.
- We also continue to implement our strategy to expand through complimentary products. In August, we were appointed the official distributor for Mecalac backhoe loaders in Russia, a premium product that comes with both equal and unequal sized wheels, enabling us to address a market twice the size as we were able to address before.
- Given that the market and the company's result develop stronger than expected, the Board has decided to revise the financial objectives. The objective will now be to triple the revenue from 2016 to 2021, while keeping an EBIT margin of 7-9%. At the same time, the Board has adopted a dividend policy according to which the ambition should be to distribute at least 25% of the result to the ordinary shareholders (after dividends to preference shareholders).
- To maintain the high growth and support the company's continued expansion, the Board and the company have decided to continue the preparations for a listing of the ordinary shares on Nasdaq Stockholm. The listing will also give our preference shareholders the right to convert preference shares into ordinary shares. The listing is expected to take place during the second half of 2017.

**About Ferronordic**

Ferronordic is the authorized dealer of Volvo Construction Equipment and Terex Trucks in Russia. It is also the official distributor of Dressta and Rottne in Russia. In certain parts of Russia, Ferronordic has also been appointed aftermarket dealer for Volvo and Renault Trucks and dealer for Volvo Penta. The company began its operations in 2010 and has expanded rapidly across Russia. The company is well established in all federal districts with approximately 75 outlets and more than 800 employees. The vision of Ferronordic is to be regarded as the leading service- and sales company in the CIS markets. The preference shares of Ferronordic Machines AB are listed on Nasdaq First North Premier. The company has appointed Avanza Bank AB as its Certified Advisor. [www.ferronordic.com](http://www.ferronordic.com)

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This information is information that Ferronordic Machines AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act (2007:528). The information was submitted for publication on 23 August 2017, 11:00 CET.