

Press release**Stockholm, Sweden, 16 April 2014****Ferronordic Machines AB publishes 2013 annual report and announces new financial targets**

Ferronordic Machines has today published its annual report for 2013. In connection with the publication of the annual report, new financial targets are announced. In the annual report, Lars Corneliusson, President and CEO of Ferronordic Machines, is stating the following:

“During 2013 Ferronordic Machines generated all-time high revenue of EUR 286.6 million. Compared to 2012 this represents a 4% increase in reporting currency and a 10% increase in rubles. EBITDA for 2013 was EUR 18.8 million excluding one-off expenses, an increase of 40% compared to 2012. The company delivered over 1,500 units during 2013, an all-time high. For the third year in a row we managed to increase the total number of machines delivered compared to the year before, in a market that has been fairly flat during this period.”

He continues:

“We have built a strong organization all over Russia with over 70 sales and/or service outlets and over 730 employees. We have an organization that is well prepared to capture the long-term growth potential which exists in the Russian market”, says Lars Corneliusson.

The Board of Directors of Ferronordic Machines has also decided to define new financial targets

“Ferronordic Machines’ strategic objective is to be leading in the market for construction equipment by geographic expansion of the current product portfolio and expansion into related business areas, such as other types of machinery and commercial vehicles. We will also extract synergies in our dealer network infrastructure development and support functions. On the basis of these strategic objectives the Board of Directors has decided to introduce new financial targets, which we believe are well-aligned with Ferronordic Machines’ ambition level”, says Per-Olof Eriksson, Chairman of the Board.

The Group’s financial targets are:

- Double-digit revenue growth in SEK (CAGR over a five-year period)
- EBIT margin of 6-8% (within a five-year period)
- Net debt to EBITDA of 0-2 times (over a business cycle)
- Absorption rate of 1.0x within a five-year period (gross profit from aftermarket shall cover 100% of fixed operating expenses)

About Ferronordic Machines

Ferronordic Machines is the authorized dealer of Volvo Construction Equipment in Russia. The company began its operations in June 2010 and has expanded rapidly across Russia and is today well established in all federal districts with over 70 outlets and over 700 employees. In addition to distributing and providing aftermarket support to Volvo Construction Equipment machines, the company has also been appointed aftermarket dealer for Volvo Trucks as well as dealer for Volvo Penta in certain parts of Russia. The company has also signed up some other high quality brands such as LogSet and several attachment manufacturers. The vision of Ferronordic Machines is to be regarded as the leading service- and sales company in the CIS markets.

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