

Press Release
Stockholm, 22 February 2018

Ferronordic Machines AB (publ)
Year-end Report January - December 2017

CONTINUED GROWTH BUT AT SLOWER PACE

FOURTH QUARTER 2017

- Revenue increased by 13% (13% in rubles) to SEK 606m (SEK 537m)
- Operating profit increased to SEK 38m (SEK 21m; adjusted SEK 39m*)
- Operating margin was 6.2% (3.9%; adjusted 7.3%*)
- EBITDA amounted to SEK 46m (SEK 45m)
- The result for the period amounted to SEK 28m (SEK 16m; adjusted SEK 31m*)
- Earnings per ordinary share increased to SEK 0.52 (SEK 0.22)
- Cash flows from operating activities amounted to SEK -141m (SEK 121m)

JANUARY - DECEMBER 2017

- Revenue increased by 55% (37% in rubles) to SEK 2,567m (SEK 1,658m)
- Operating profit increased to SEK 187m (SEK 104m; adjusted SEK 132m*)
- Operating margin was 7.3% (6.3%; adjusted 7.9%*)
- EBITDA amounted to SEK 214m (SEK 154m)
- The result for the period amounted to SEK 151m (SEK 84m; adjusted SEK 106m*)
- Earnings per ordinary share increased to SEK 8.06 (SEK 3.03)
- Cash flows from operating activities amounted to SEK 148m (SEK 141m)

SEK M	2017 Q4	2016 Q4	2017 12M	2016 12M
Revenue	606	537	2 567	1 658
EBITDA	46	45	214	154
Operating profit	38	21	187	104
Result for the period	28	16	151	84
Adjusted EBIT*	38	39	187	132
Adjusted result*	28	31	151	106
Net Debt/(Cash)	(312)	(173)	(312)	(173)

* Adjusted amounts exclude amortization of transaction-related intangible assets until May 2016 and write-downs of non-current assets during the fourth quarter 2016.

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- The market for new machines continued to recover during the quarter. Compared to the fourth quarter and the full year 2016, the market for our Volvo CE product range grew by 51% and 72%, respectively.
- Our own revenue during the quarter amounted to SEK 606m, which was an increase of 13% compared to the fourth quarter 2016. Revenue was negatively affected by certain lost and postponed deals.
- Operating profit for the quarter amounted to SEK 38m, which was higher than the reported operating profit for the fourth quarter 2016 but slightly less than the adjusted EBIT for the same period 2016. This was primarily due to the lost and postponed deals, a lower gross margin and certain one-off write-offs and expenses.
- Despite a somewhat weaker ending of the year, I can conclude that 2017 was a good year for Ferronordic. With regard to both revenue and result we delivered our highest figures ever. Revenue amounted to SEK 2.6 billion, which was an increase of 55% compared to the previous year. The operating profit amounted to SEK 187m, which was an increase of 42% compared to the adjusted EBIT for the previous year.

- Otherwise the fourth quarter was busy. In October the company's ordinary shares were listed on Nasdaq Stockholm. At the same time we carried out a capital raising of approx. SEK 200m and a conversion of most of the company's preference shares to ordinary shares. In November, a cash redemption of additional preference shares was made. At the same time we continued to develop the company and to realize our strategy. During the quarter we started the sale of backhoe loaders from Mecalac.
- As regards dividends on the company's ordinary shares, the Board will propose that the AGM resolve on a dividend in the amount of SEK 1.73 per ordinary share. In addition, immediately upon the conclusion of the AGM, the Board intends to decide upon a mandatory cash redemption of all remaining preference shares.
- As regards the future market development we are continuously optimistic. The need to upgrade the infrastructure in Russia, and to increase and renew the machine population in the country, is still great. As regards the coming 12 months, most forecasts predict that Russia's economy will continue to recover and it is reasonable to assume that the construction equipment market will do the same. However, even if the market is still at a low level, we do not expect that the market will grow as much during 2018 as it did during 2017.

About Ferronordic

Ferronordic is the authorized dealer of Volvo Construction Equipment, Terex Trucks, Dressta, Mecalac and Rottne in Russia. In certain parts of the country, 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 74 outlets and more than 800 employees. Ferronordic's vision is to be regarded as the leading service and sales company in the CIS markets. The ordinary shares in Ferronordic Machines AB (publ) are listed on Nasdaq Stockholm. The preference shares in the company are listed on Nasdaq First North Premier. The company has appointed Avanza Bank AB as its Certified Advisor. 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. The information was submitted for publication on 22 February 2018, 08:45 CET.