

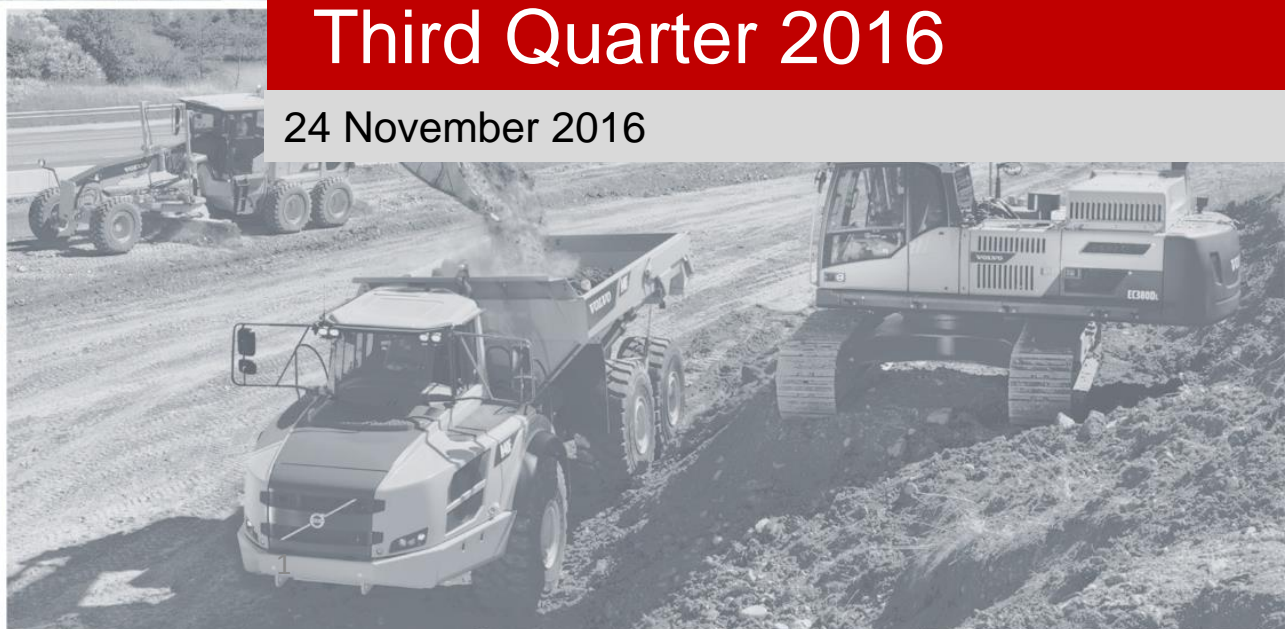


FERRONORDIC
machines



Third Quarter 2016

24 November 2016



Third Quarter

- ◇ GDP for 2016 still expected to be negative despite slight improvement in economy.
 - ◇ GDP forecasts for 2017 mostly positive
- ◇ However, the general uncertainty in the market and lack of financing continue to depress the demand.
- ◇ Decrease in market for new construction equipment continued to slow down.
 - ◇ But the market during first nine months is still 7-10% lower than same period last year
- ◇ Ferronordic Machines delivered a solid quarter in terms of both revenue and profitability.
 - ◇ Revenue up 9%
 - ◇ Doubling of net income
 - ◇ Positive earnings per ordinary share (i.e. calculated after dividends on preference shares)



Third Quarter (cont'd)

- ◇ We see a pick-up in our customers' machine utilization.
 - ◇ This has a positive effect on our aftermarket sales and should further contribute to the existing pent-up demand to renew the machine population in Russia.
- ◇ In July, Ferronordic Machines was appointed the official distributor for Dressta bulldozers and pipelayers all over Russia.
- ◇ In September, we signed an agreement with Rottne Industri AB under which we will become the official distributor for Rottne forestry machines all over Russia.
- ◇ We are optimistic about the future of our business as the long-term fundamentals in the Russian construction equipment market remain strong.



Important events

- ◇ On 10 October 2016, an extraordinary general meeting of the shareholders in Ferronordic Machines AB was held at the company's office in Stockholm. In accordance with the board's proposal, the meeting resolved to pay on the company's preference shares in an amount of SEK 55 per preference share, corresponding to a total dividend payment of SEK 27.5m. The dividend was paid on 28 October 2016.
- ◇ The customer claim of RUB 103m (SEK 13.6m) that Ferronordic Machines LLC received in April 2016 has still not been resolved by the court of first instance. Ferronordic Machines rejects the claim. Nothing has appeared during the court proceedings that would make Ferronordic change its estimation of the outcome of the claim. Nevertheless, the amount of the claim was classified as contingent liabilities at the end of the quarter.



Agreement with Dressta

- ◇ On 14 July, Ferronordic Machines was appointed the official distributor of Dressta bulldozers and pipelayers in all of Russia.
- ◇ The partnership adds a full range of crawler bulldozers and crawler pipelayers to our product offering.
- ◇ Dressta is a global manufacturer of dozers and pipelayers, based in Poland. With a heritage of cooperation and licensing agreements with International Harvester Company and Clark Equipment, Dressta has nearly 70 years of experience in designing and manufacturing bulldozers and other construction equipment.
- ◇ Ferronordic Machines also takes over responsibility for the aftermarket support of the existing machinery population of Dressta bulldozers and pipelayers in Russia.



Agreement with Rottne

- ◇ On 19 September 2016, Ferronordic Machines AB entered into an agreement with Rottne Industri AB under which the company will become the official distributor of Rottne forestry equipment all over Russia.
- ◇ The product range includes a complete program of forwarders and harvesters.
- ◇ As part of the cooperation, Rottne will develop a new series of forwarders and harvesters for the Russian market, equipped with Volvo Penta engines.
- ◇ The appointment becomes effective in December upon the termination of Ferronordic Machines LLC's current distribution agreement with Logset Oy.
- ◇ Ferronordic Machines expects the sales of Rottne products to commence during the first quarter of 2017.
- ◇ The appointment will not affect the results of this year.



Dr. Martin Leach

- ◇ Ferronordic Machines' board member Dr. Martin Leach passed away on 1 November 2016.
- ◇ Dr. Martin Leach was a member and vice chairman of the board since the company's foundation in 2010.
- ◇ During the last years, Dr. Martin Leach was also the chairman of the board's audit committee.
- ◇ Following the passing of Dr. Martin Leach, the board consists of six members.
- ◇ The board intends to choose a new chairman for its audit committee as soon as possible.



Q3 2016 Profit & Loss

SEK MM	Q3 2016	Q3 2015	% Change SEK	% Change RUB
Total Units	157	194	(19%)	(19%)
Revenue	406	373	9%	11%
Gross Profit	96	93	3%	5%
% Margin	23.7%	25.0%		
EBITDA	45	45	0%	2%
% Margin	11.2%	12.1%		
EBIT*	40	37	7%	9%
% Margin	9.8%	10.0%		
Net Income*	34	22	52%	55%
Net Debt/(Cash)	(77)	(41)		

* Excludes amortization of transaction related intangibles.

- ◇ Total sold units down 19%
 - ◇ New units sold down 33%
 - ◇ Used units sold up 27%
- ◇ Revenue increased 9% (11% increase in rubles)
 - ◇ Sales of equipment decreased 1% in rubles
 - ◇ Aftermarket sales increased 21% in rubles
- ◇ Reduction in total operating expenses
 - ◇ 10% decrease vs. Q3 2015
- ◇ Similar operating profit margin
- ◇ Net financial income
- ◇ Strong increase in net income
- ◇ Positive earnings per ordinary share

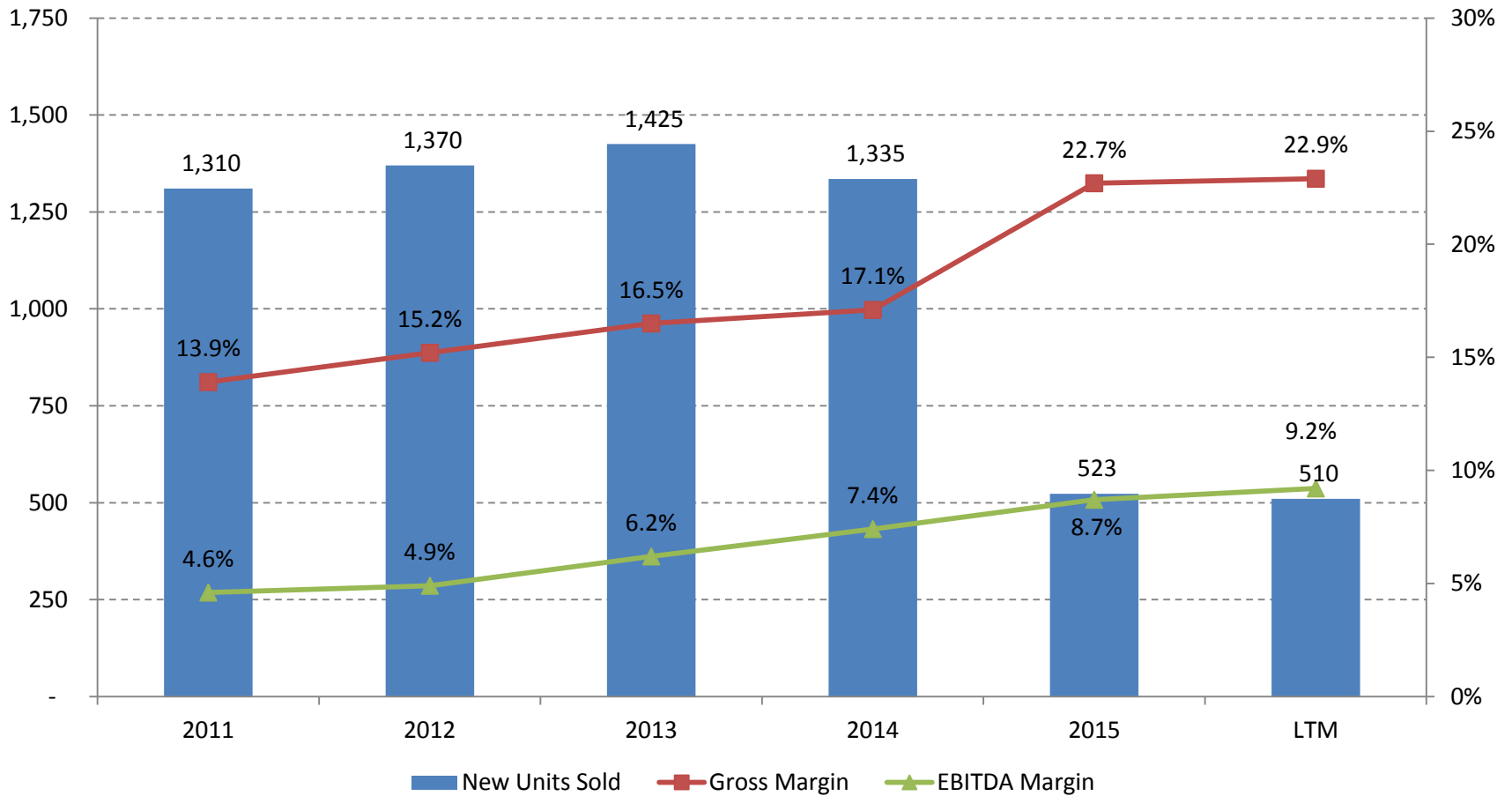
9M 2016 Profit & Loss

SEK MM	9M 2016	9M 2015	% Change SEK	% Change RUB
Total Units	517	524	(1%)	(1%)
Revenue	1 121	1 068	5%	21%
Gross Profit	264	248	6%	23%
% Margin	23.5%	23.2%		
EBITDA	108	97	12%	30%
% Margin	9.7%	9.1%		
EBIT*	92	63	47%	72%
% Margin	8.2%	5.9%		
Net Income*	75	36	109%	147%
Net Debt/(Cash)	(77)	(41)		

* Excludes amortization of transaction related intangibles.

- ◇ Total sold units decreased 1%
 - ◇ New units sold down 4%
 - ◇ Used units sold up 3%
- ◇ Revenue increased 5% (21% increase in rubles)
 - ◇ Sales of equipment increased 19% in rubles
 - ◇ Aftermarket sales increased 22% in rubles
- ◇ Reduction in total operating expenses
 - ◇ 12% decrease vs. 9M 2015
- ◇ Increased operating profit margin
- ◇ Net financial income
- ◇ More the doubling of net income
- ◇ Positive earnings per ordinary share

Margin improvement despite weak market



Balance Sheet

SEK MM	Q3 2016	Q3 2015	2015
Cash & Cash Equivalent	101	148	175
Debt	-	96	86
Financial leases	25	12	8
Net debt	(77)	(41)	(82)
Working capital	181	145	97
<i>% of Revenue</i>	<i>12%</i>	<i>9%</i>	<i>7%</i>
Shareholders Equity	417	368	322
Total Assets	916	869	808
<i>Equity/Assets</i>	<i>46%</i>	<i>42%</i>	<i>40%</i>

Cash Flow

SEK MM	Q3 2016	Q3 2015	9M 2016	9M 2015
Cash flow from:				
Operating Activities	(104)	183	20	161
<i>of which change in working capital</i>	<i>(145)</i>	<i>142</i>	<i>(67)</i>	<i>78</i>
Investing Activities	5	(1)	5	4
Cash Flow before Financing Activities	(100)	182	25	165
Financing Activities	(1)	(53)	(125)	(182)
Cash Flow (before FX fluctuations)	(101)	129	(100)	(17)

Outlook – CEO comment

“Because of the continuously weak economic situation in Russia, we do not expect the market for new machines to show any material increase within the near future. On the other hand, the customers’ machine utilization is now increasing for the first time in several quarters, which should contribute to increase the pent-up demand to renew the machine population even further. All in all, we continue to be optimistic about the future of our business as the long-term fundamentals in the Russian construction equipment market remain strong.”

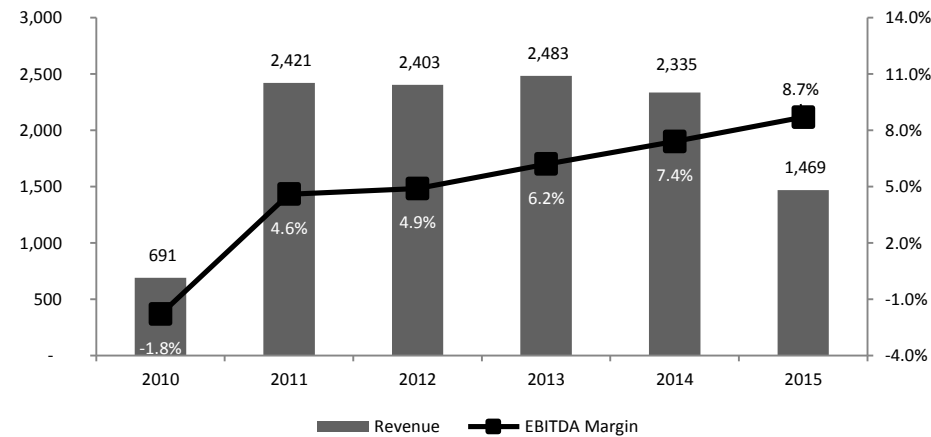


Ferronordic Machines overview

Overview

- Authorized dealer of Volvo Construction Equipment, Terex Trucks and Dressta in Russia
- Distribution and sales of new and used construction equipment, sales of parts as well as providing services and technical support
- Core focus is the Volvo CE brand, a high-quality construction equipment manufacturer and the number one brand in Russia
- Distribution portfolio expanded to include other brands such as Volvo and Renault Trucks (aftermarket) and Volvo Penta.

Financial development (SEKm)

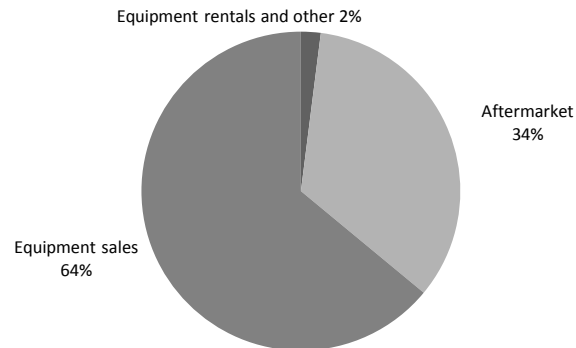


Development

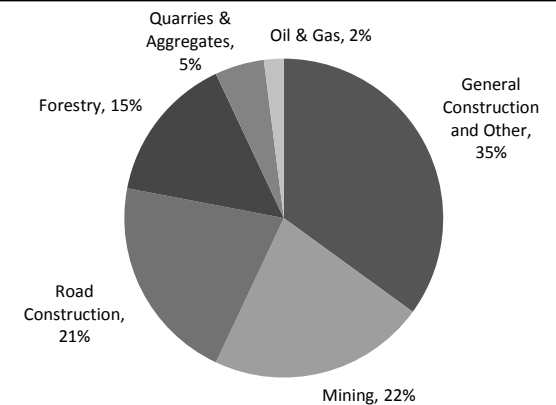
	2010	Q3 2016
Employees	326	776
Revenue (SEK M)	1 184 ⁽¹⁾	1 487
Outlets	12	67

(1) Annualized

Revenue per segment 2015



Revenue per customer type 2015



Market demand drivers

