



Capital Markets Day 2018
12 June 2018





Agenda

09:00

Company presentation

09:45

Digital distribution

Presentation of Ferronordic's work for increased digitalization

10:15

Our greatest asset

Presentation of Ferronordic's employees and HR strategy

10:45

Swedish company with Russian business

Presentation of Ferronordic's corporate governance and compliance program

11:15

Coffee break

11:30

Russia today and tomorrow

12:15

End of program



Lars Corneliusson
President and CEO

Company presentation

The business

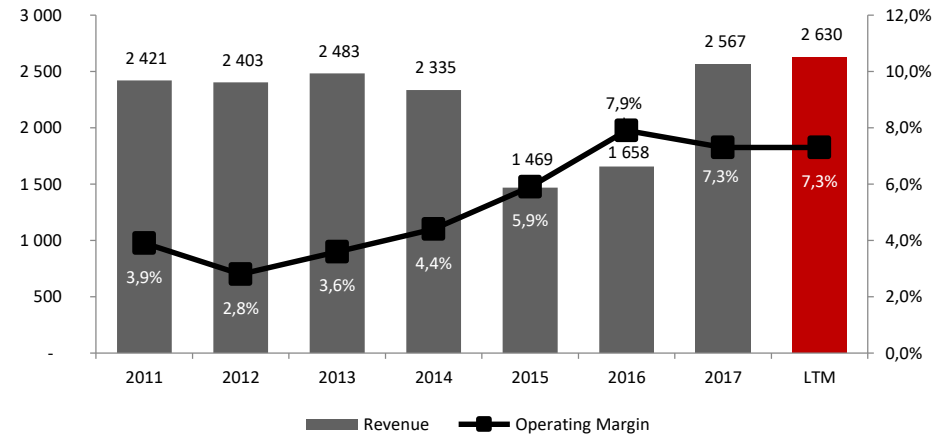


Introduction to Ferronordic

Overview

- » Official dealer of Volvo Construction Equipment in all of Russia since 2010
- » Authorized dealer of Terex Trucks (2014), Dressta (2016), Rottne (2016) and Mecalac (2017) in all of Russia
- » Aftermarket dealer for Volvo Trucks and Renault Trucks, and dealer for Volvo Penta in selected regions
- » Distribution and sales of new and used construction equipment, sales of parts, as well as providing services and technical support
- » Core focus on Volvo CE brand, a high-quality construction equipment manufacturer and the No. 1 brand in Russia
- » Ordinary shares listed on Nasdaq Stockholm

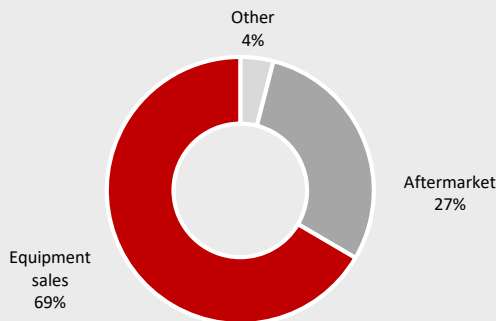
Financial development



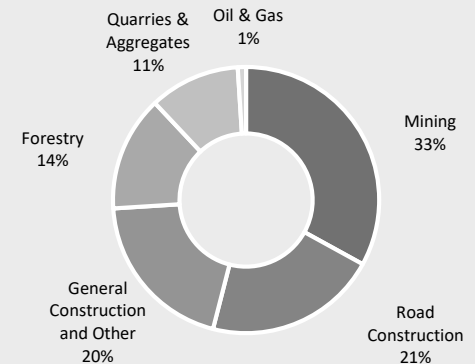
Development

	Start	Q1 2018
Employees	~160	855
Revenue (SEKm)	1,184 ¹⁾	2,630
Outlets	6	77

Revenue per segment (LTM)



New machine revenue per customer type (2017)



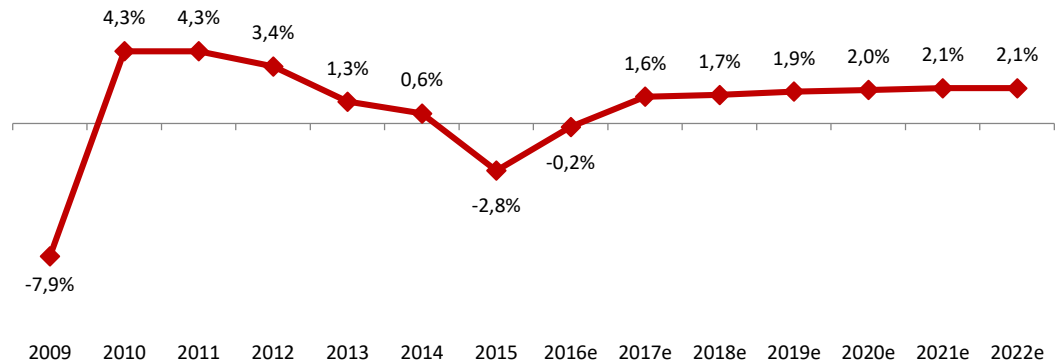
1) 2010 annualized.

A huge market at the edge of recovery

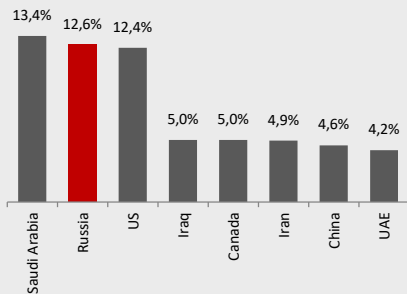
Russia at a glance

- » Capital: Moscow
- » Population: ~144 million¹⁾
- » Area: 16.4 million sq. km¹
 - ~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
 - A significant portion of the Federal Government income relates to oil and gas
- » Approx. USD 379 billion²⁾ in international currency reserves plus USD 81 billion in gold

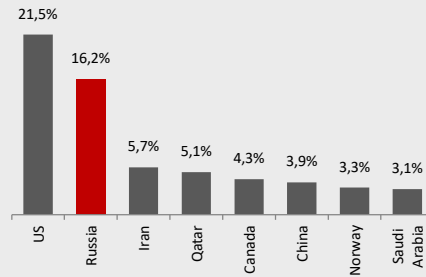
GDP growth in Russia⁵⁾



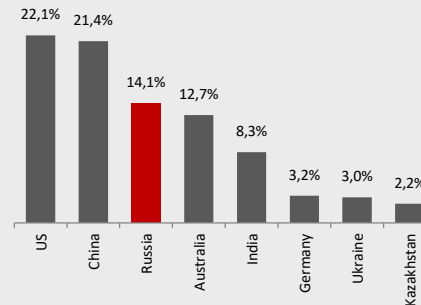
Oil production (% of total)³⁾



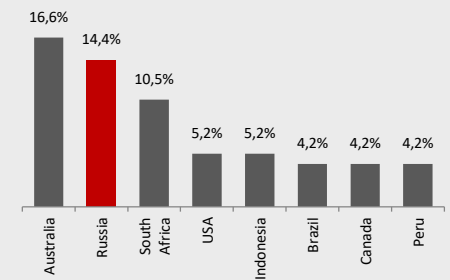
Natural gas production (% of total)³⁾



Coal reserves (% of total)³⁾



Gold reserves (% of total)⁴⁾

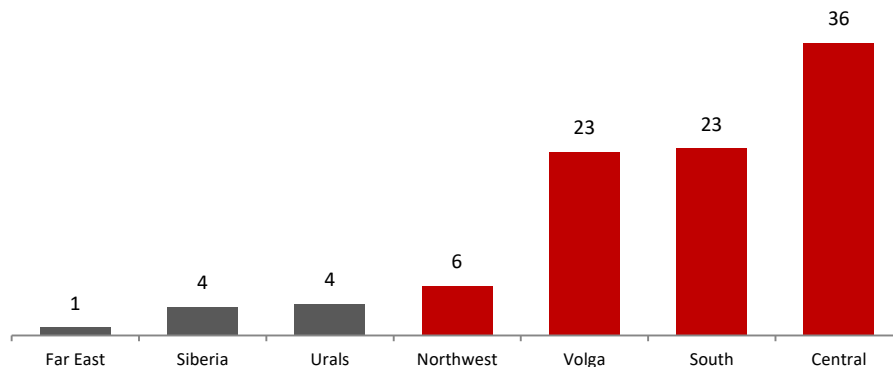
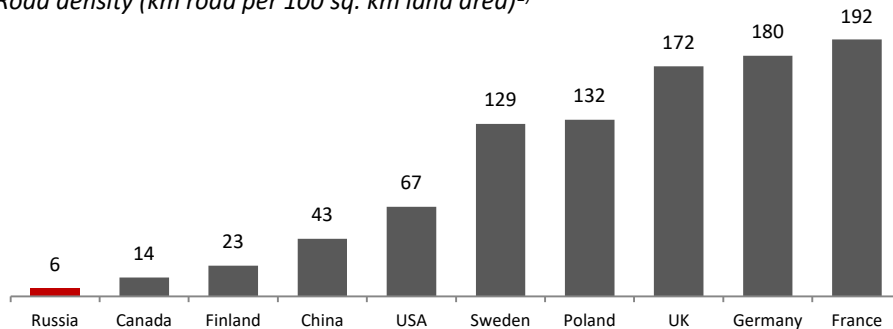


Sources: 1) World Bank. 2) The Central Bank of the Russian Federation. 3) BP Statistical Review of World Energy, June 2017. 4) U.S. Geological Survey, Mineral Commodity Summaries, January 2017. 5) Including the World Bank, IMF, OECD and CEEMEA Business Group.

Significant need to improve infrastructure

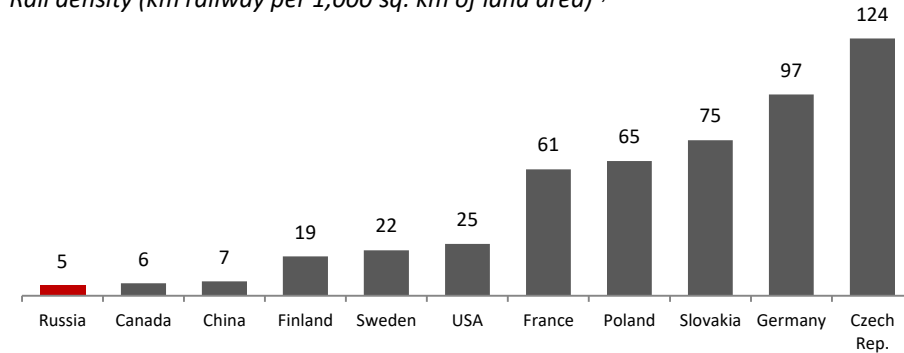
Road density in Russia is low

Road density (km road per 100 sq. km land area)¹⁾



Rail density is also low

Rail density (km railway per 1,000 sq. km of land area)²⁾



- » The market for construction equipment is expected to capitalize on the long-term growth in Russia
- » An important driver will be the need to improve its aging infrastructure, the bulk of which was built in the Soviet era and needs to be upgraded
 - Russia is ranked 114 out of 137 countries in terms of road quality³⁾
- » The improvement and expansion of the road network are expected to be important parts of the country's continued economic development
- » Several major construction projects are planned or ongoing
 - In order to carry out these projects, the existing population of construction equipment in Russian must grow significantly

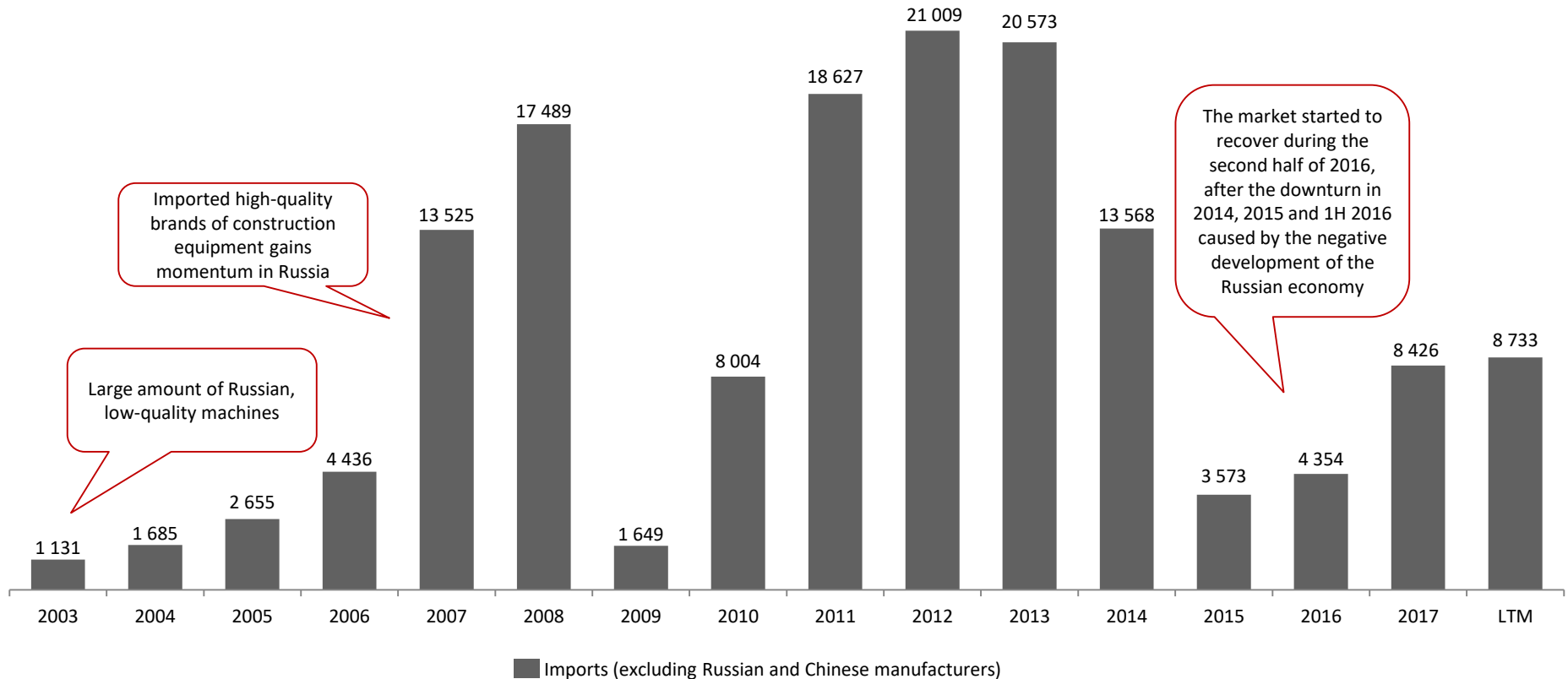
Improved infrastructure will be an important part in Russia's continued economic development

Sources: 1) World Bank. 2) Rosstat. 3) Global Competitiveness Report 2017-2018

Pent-up demand

Imports of construction equipment to Russia (units)















THE MARKET FOR IMPORTED CONSTRUCTION EQUIPMENT IS STILL YOUNG – SALES OF PREMIUM BRANDS IN RUSSIA ONLY TOOK OFF IN 2006/2007



Source: Russian import statistics provided by Volvo CE.

Note: Excludes Russian and Chinese manufacturers, bulldozers, rigid dump trucks and forestry machines.

Brand and product overview

Brand							
Example product							
Year	2010	2012	2014	2014	2016	2016	2017
Product	Full VCE range	Aftermarket	Own labelled diesel generators (gensets)	Dump trucks and rigid haulers	Bulldozers and pipe layers	Forwarders and harvesters	Backhoe loaders
Area	All of Russia	10 locations	All of Russia	All of Russia	All Russia	All of Russia	All of Russia
~80% of 2017 revenue		~16% of 2017 revenue					

Wide range of construction equipment, leveraging Ferronordic's countrywide network

Focus on aftermarket

Aftermarket sales

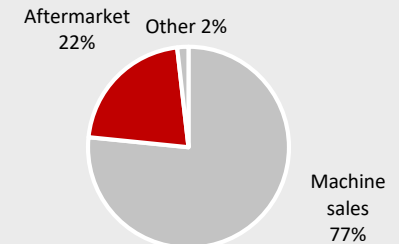
- » Proactive and competitive offering of customer service and spare parts supply, based on real-time data from the existing machine population and long experience in the industry
- » Proprietary system in place where signals from Volvo CE's telematics system, CareTrack are transformed into proposed sales actions (for both machine and aftermarket sales) that are automatically uploaded to the mobile phones of the sales staff
- » Ferronordic's presence in all Russian regions allows for fast delivery of parts and excellent customer support
- » Aftermarket revenue of SEK 701m in 2017 compared to SEK 502m in 2015

Offering

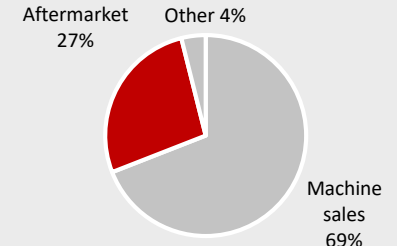
- » Spare parts delivery
- » Telematics - through CareTrack; fuel efficiency control, operator efficiency, fleet management
- » Operator training
- » Preventive maintenance service
- » Planned and unplanned repair
- » Overhaul
 - Providing new life to older machines
- » Diagnostics of machines
- » Remanufacturing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

Share of sales

Share of sales 2013



Share of sales 2017



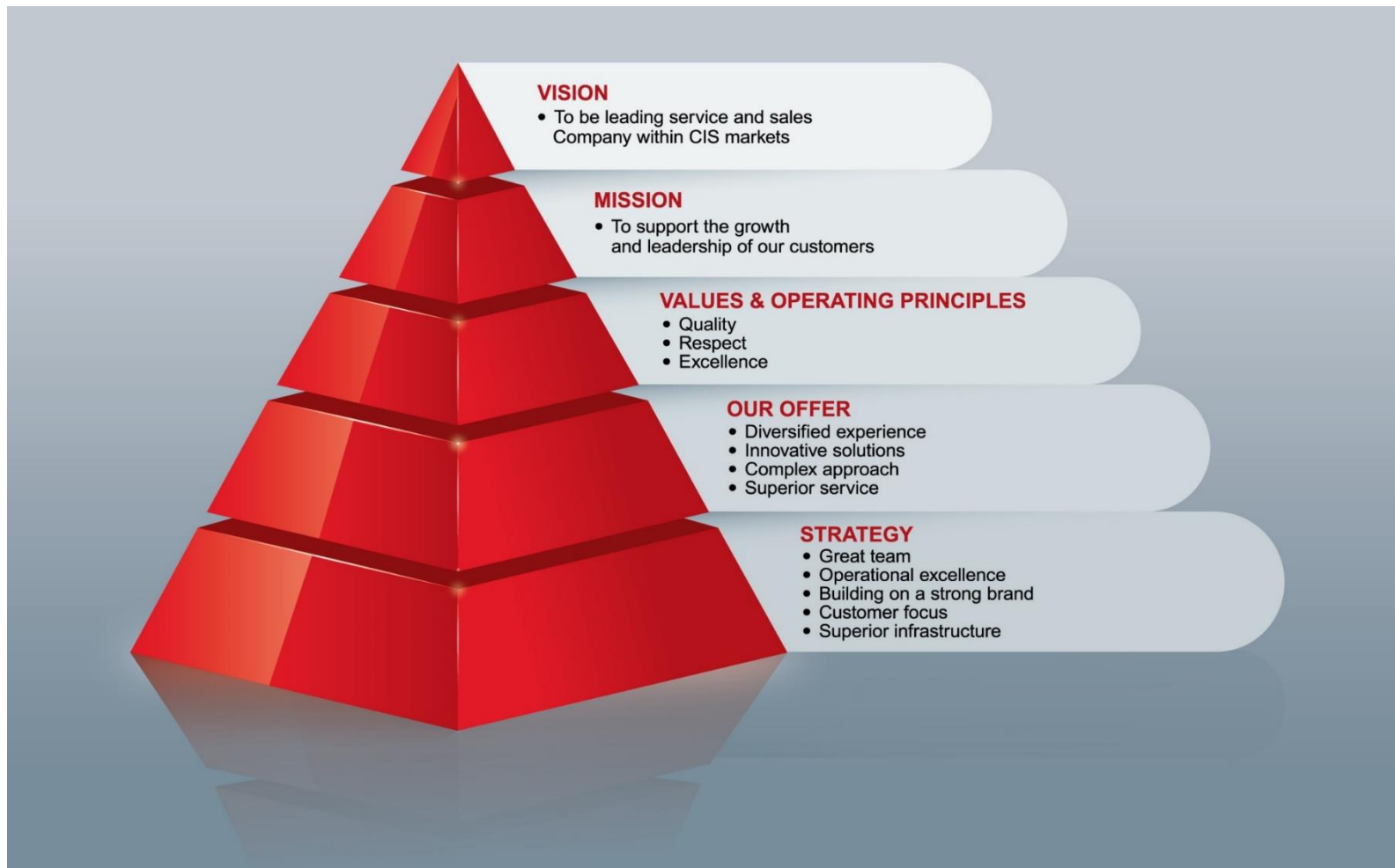
Ferronordic has a strong focus on the commercialization of the aftermarket with a widespread outlet network which enables customer proximity and parts availability

Nationwide coverage



★ (77) Ferronordic outlets as of March 31, 2018

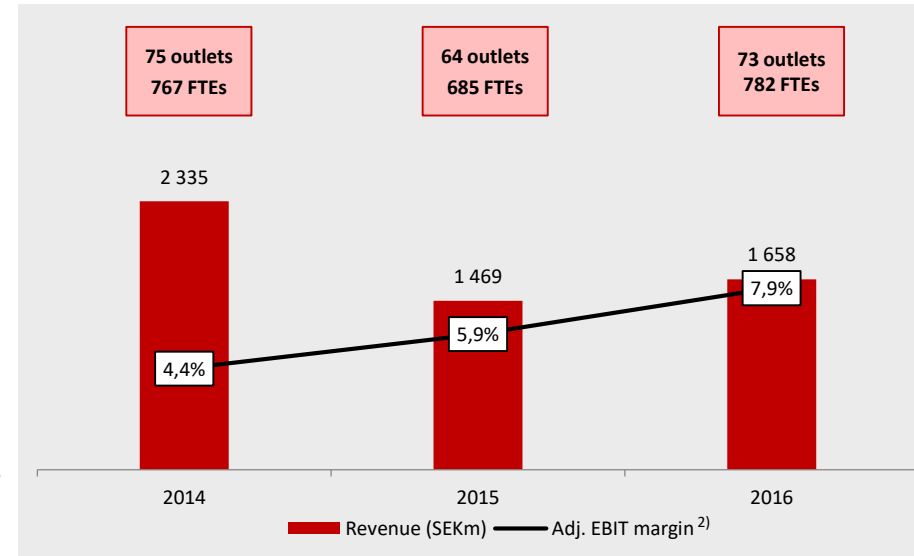
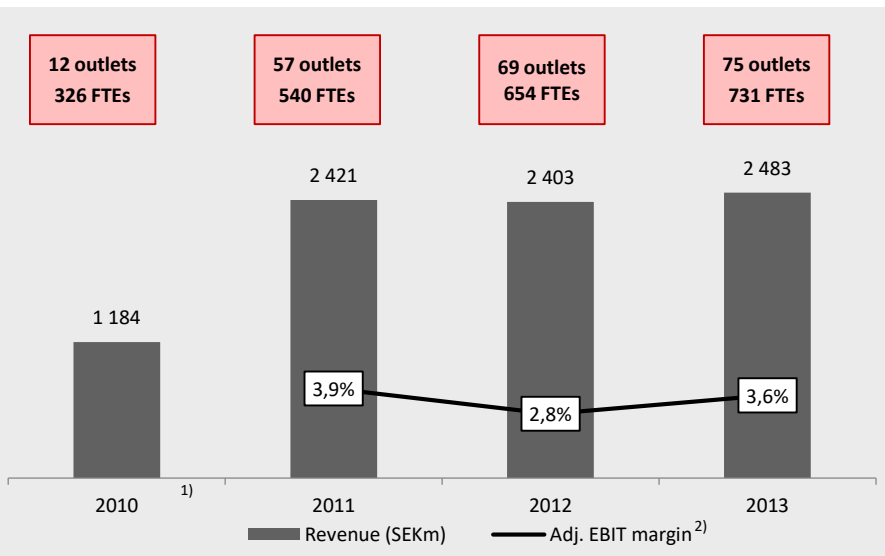
Fundamental principles



Strategic development

2010-2013: Phase I – establishing the platform

2014-2016: Phase II – streamlining to handle market decline

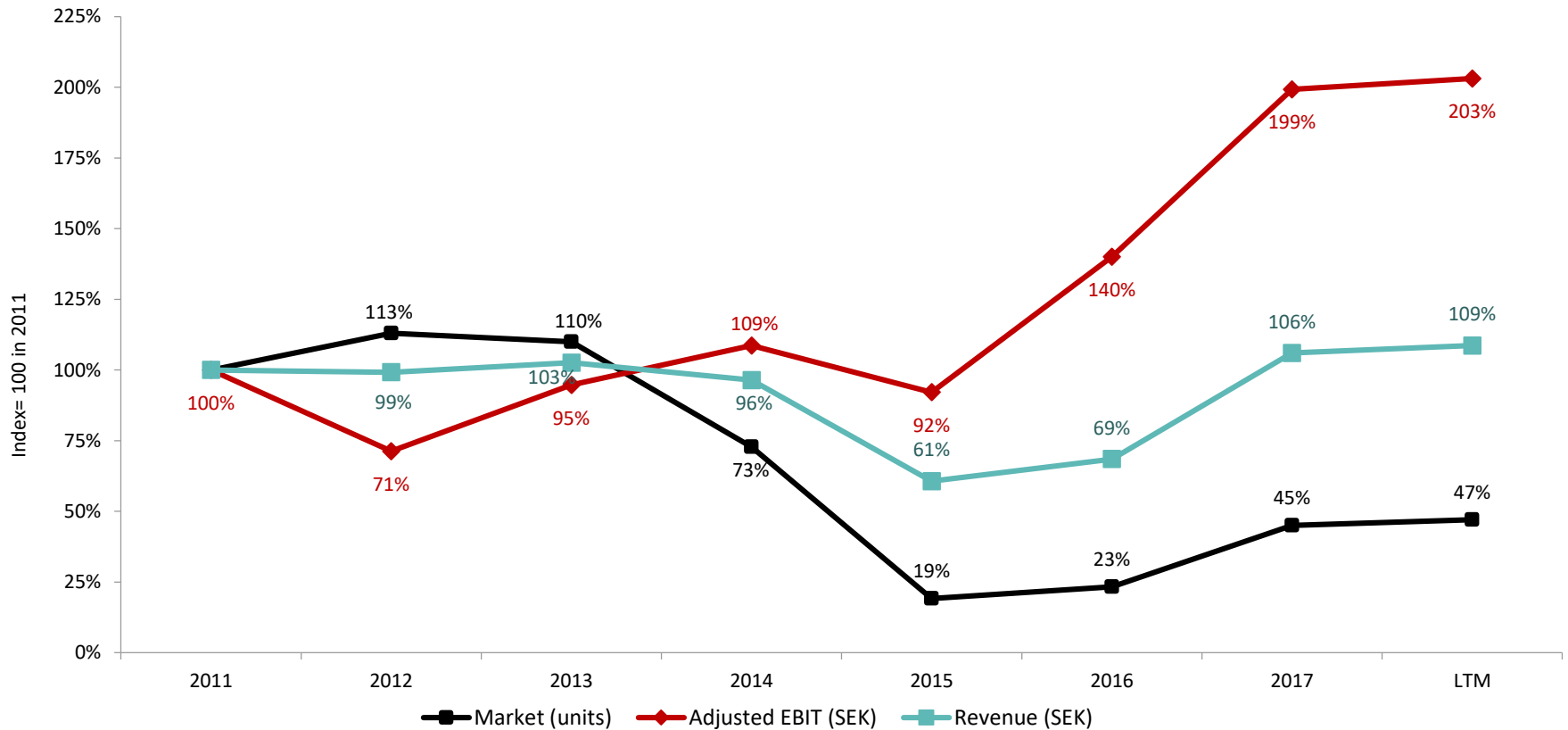


- ✓ Acquisition of Volvo CE's Russian distribution business
- ✓ Establish countrywide platform
- ✓ Network expansion
- ✓ Focus on building market awareness and gaining market share
- ✓ Develop aftermarket offering
- ✓ Processes and procedures put in place

- ✓ Increased aftermarket focus
- ✓ Selling out rental fleet
- ✓ NWC efficiency focus
- ✓ Reduction of unprofitable outlets
- ✓ People allocation shifting resources
- ✓ Adding new brands and services

1) Annualized 2) Adj. EBIT defined as: Reported EBIT excluding amortization of transaction related intangibles and writedowns of intangible and tangible assets in Q4 2016.

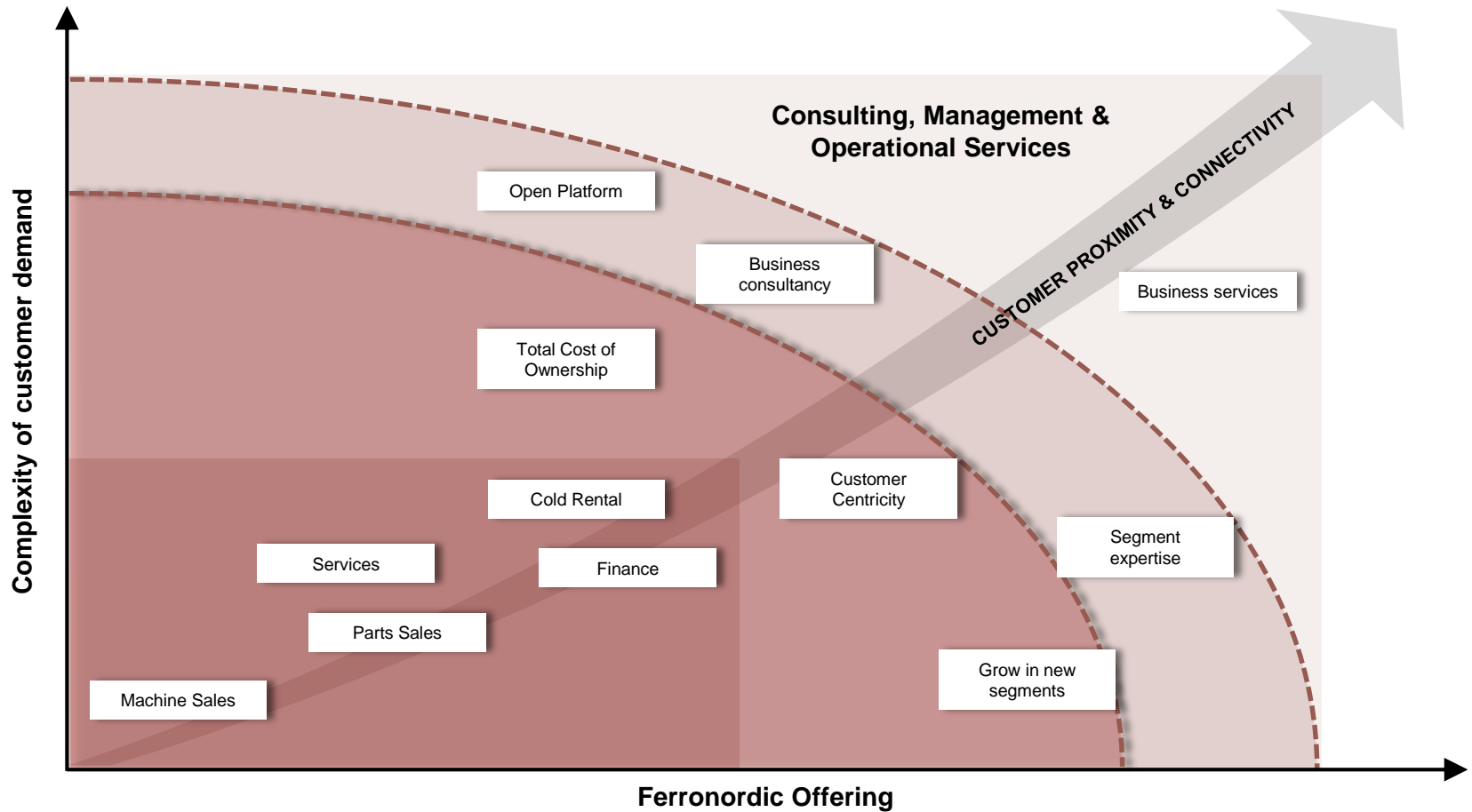
Strong development despite low market volumes



Note: Adjusted EBIT exclude one-off expenses in Q4 2016 and amortization of transaction related intangibles until May 2016.

Market data based on Russian import statistics and excludes machines imported from China, bulldozers, forestry machines and rigid dump trucks.








Moving towards stronger customer integration



As customers mature, their demand becomes more complex – Ferronordic is well positioned to satisfy this demand and lead this development within construction equipment

Contracting services

Integrating with our customers

	Traditional method	Outsourcing method: Contracting Services
Machine		
Parts	 or the customer	
Service	 or the customer	
Operators	Provided by: The customer	Provided by: 
Payments	Cost of machine, parts and service	Volume based (per tonne, cubic meter, etc.)

- » Part of our strategy of becoming further integrated in our customers' business
- » Ferronordic supplies and maintains machines as well as provides the customers with machine operators to carry out specific tasks
- » At present, the customers primarily comprise mining companies who outsource the excavation and transportation of ore and earth at their mining sites
- » Payment based on volume transported
- » Outsourcing is common in the mining industry in other parts of the world, particularly Australia and South Africa
- » Still relatively underdeveloped business in Russia, but expected to grow
- » Ferronordic may extend similar services to customers in other industries in the future

Strategic objectives

Leadership in the market for construction equipment

Expansion into related business areas, such as other types of machinery and commercial vehicles

Geographic expansion of current product portfolio

Extract synergies in dealer network and support functions



Outlook – CEO comment

“In consideration of the recent recovery of the Russian economy, we are optimistic about the development of the Russian construction equipment market. Although the market is still a rather low level, we do not believe that the market will grow as strongly in 2018 as it did during 2017. As regards the future of our business in a longer perspective, we are also optimistic, as the long-term fundamentals in the Russian construction equipment market remain strong.”

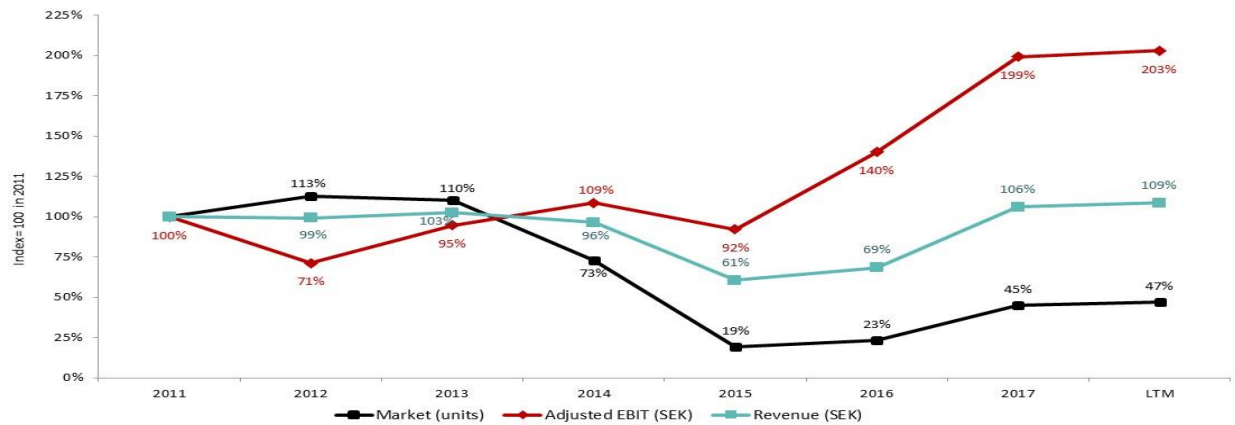




Anders Blomqvist
CFO

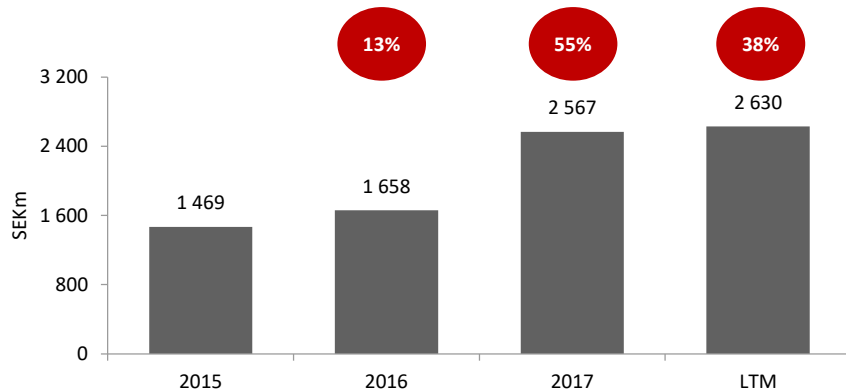
Company presentation

The financials



Revenue development

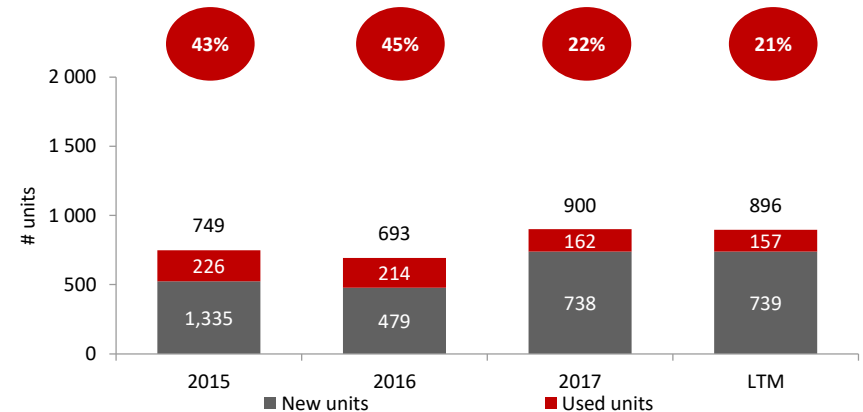
Revenue



- » LTM - revenue increased by 38% (33% in RUB)
 - 11% increase in Q1 2018 (19% in RUB)
- » 2017 - revenue increased by 55% (37% in RUB)
 - Equipment sales increased 72%
 - Aftermarket revenue increased 24%
- » 2016 - 13% revenue growth (21% in RUB)
 - Equipment sales increased 10%
 - Aftermarket revenue increased by 13%

● YoY growth (%)

New and used units sold

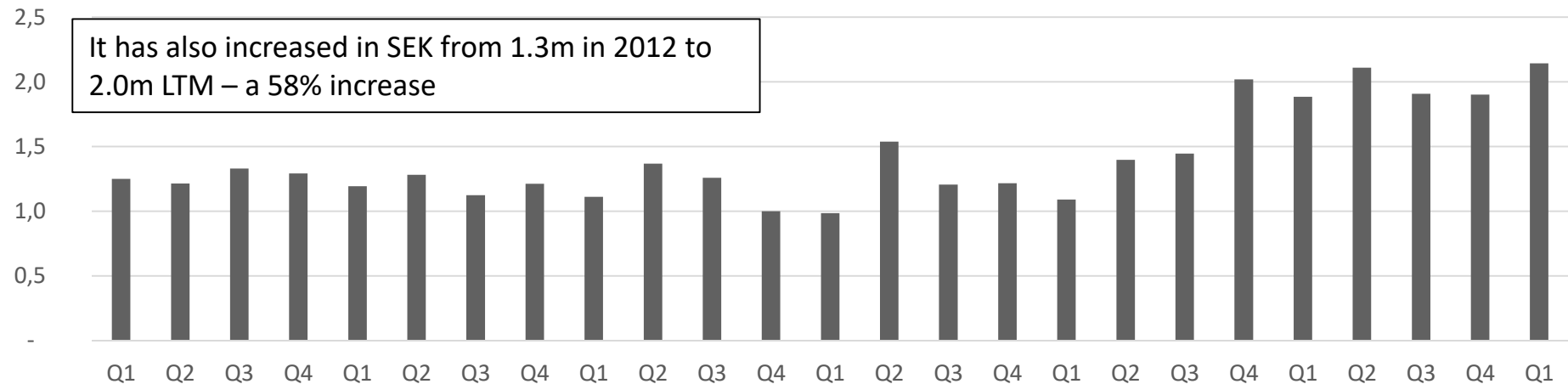
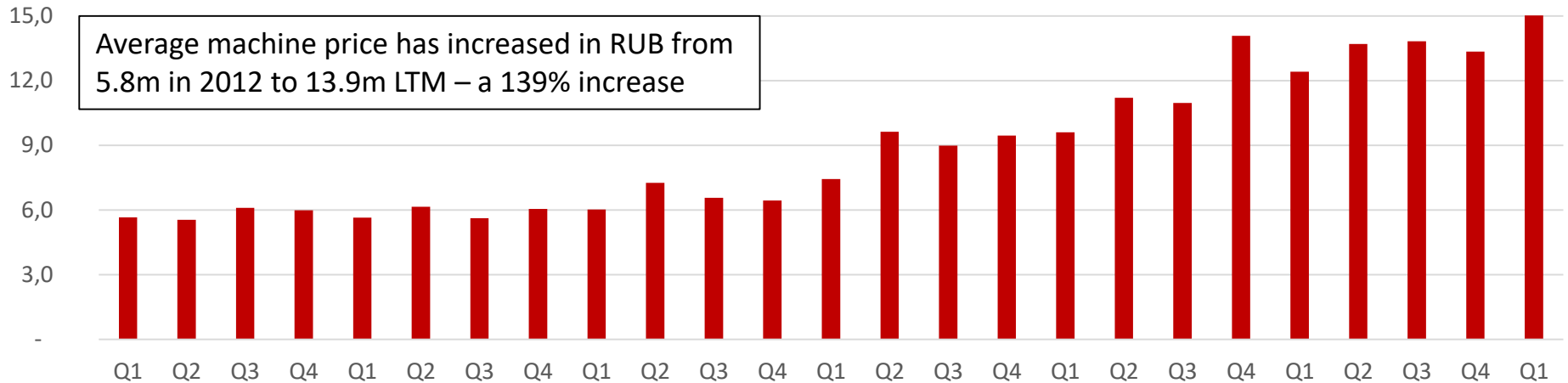


- » LTM - new units sold increased by 46%
 - 22% increase in new units sold in Q1 excluding BHL and gensets
- » 2017 - new units sold increased by 54%
 - Used units sold decreased by 24%
- » 2016 - total number of units sold decreased by 7% to 693 units
 - New units sold decreased 8% and used units sold decreased 5%
- » Clear shift in product mix towards larger machines during the last few years
 - Average revenue per machine has increased from SEK 1.2m in 2014 to SEK 2.0m in LTM

● Share of used units to new units (%)

Average machine price has increased

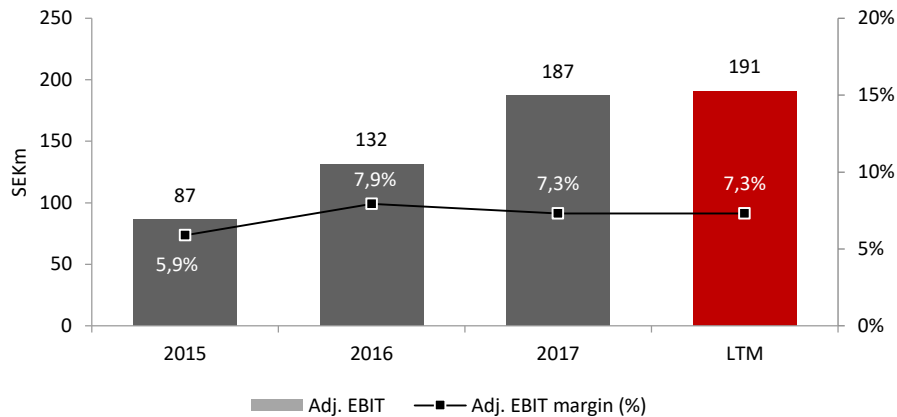
2012 to Q1 2018



Note: Average machine price calculated as total equipment sales (new, used and attachments) divided by total units sold (new and used).

Profitability development

Adj. EBIT

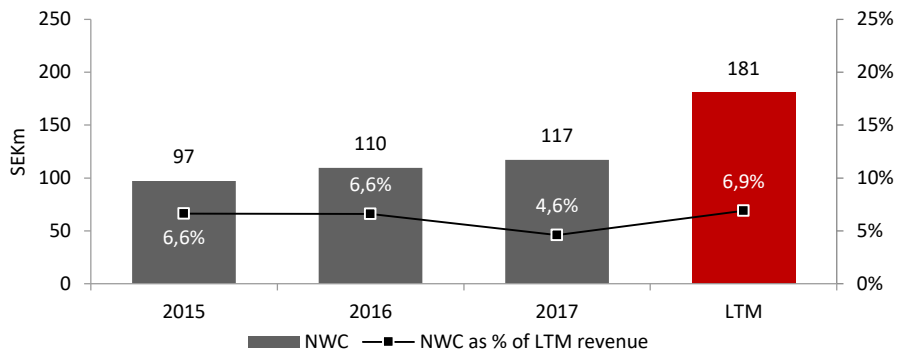


Comments

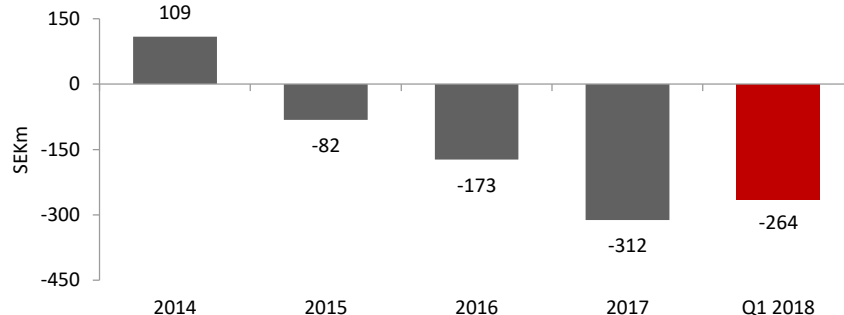
- » EBIT has increased significantly last few years
 - EBIT margin has increased from 4.4% in 2014 (adjusted) to 7.3% in LTM
- » EBIT margin within our financial objectives, despite seeing margin pressure the last year or so
- » In 2016, Adj. EBIT grew 52% and the Adj. EBIT margin reached 7.9%
 - Mainly due to increasing gross profit and lower general and administrative expenses
- » In 2015, Adj. EBIT decreased 15% but the Adj. EBIT margin increased to 5.9%
 - Primarily driven by lower revenue
 - Offset by higher gross margin and lower expenses
- » Ferronordic has a strong operational platform that is capable of selling (and providing aftermarket services for) more machines as the market recovers, without adding much new resources

Efficient capital usage

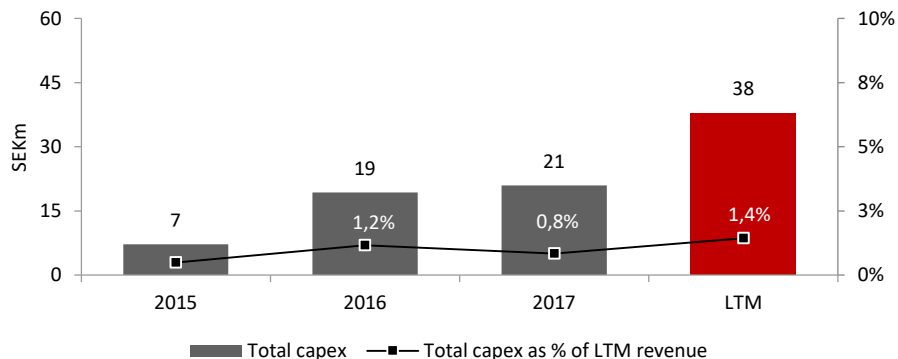
NWC Development



Net debt/(cash) development



Capital expenditure development



Comments

- » During recent years, Ferronordic has maintained a high focus on increasing its working capital efficiency, which coupled with low investment needs have resulted in a strong cash flow generation
- » Given the strong market recovery in 2017 as well as the company's focus on working capital management, working capital was negative part of 2017
- » Limited capital usage as almost all facilities are rented
 - Capex higher in Q1 2018 given investments in service vans and cars
- » Ferronordic has been able to decrease leverage during the last few years to a net cash position

Financial objectives and dividend policy

GROWTH

- Triple the revenue from 2016 to 2021

MARGIN

- EBIT margin of 7-9%

LEVERAGE

- Net debt to EBITDA of 0-2x (over a business cycle)

DIVIDEND POLICY

- The ambition should be that at least 25% of the result should be distributed to the ordinary shareholders
- The Board will take several factors into consideration when proposing the level of dividend including the requirements of the articles of association, the Group's expansion opportunities, its financial position and other investment needs



Onur Gucum
Commercial Director

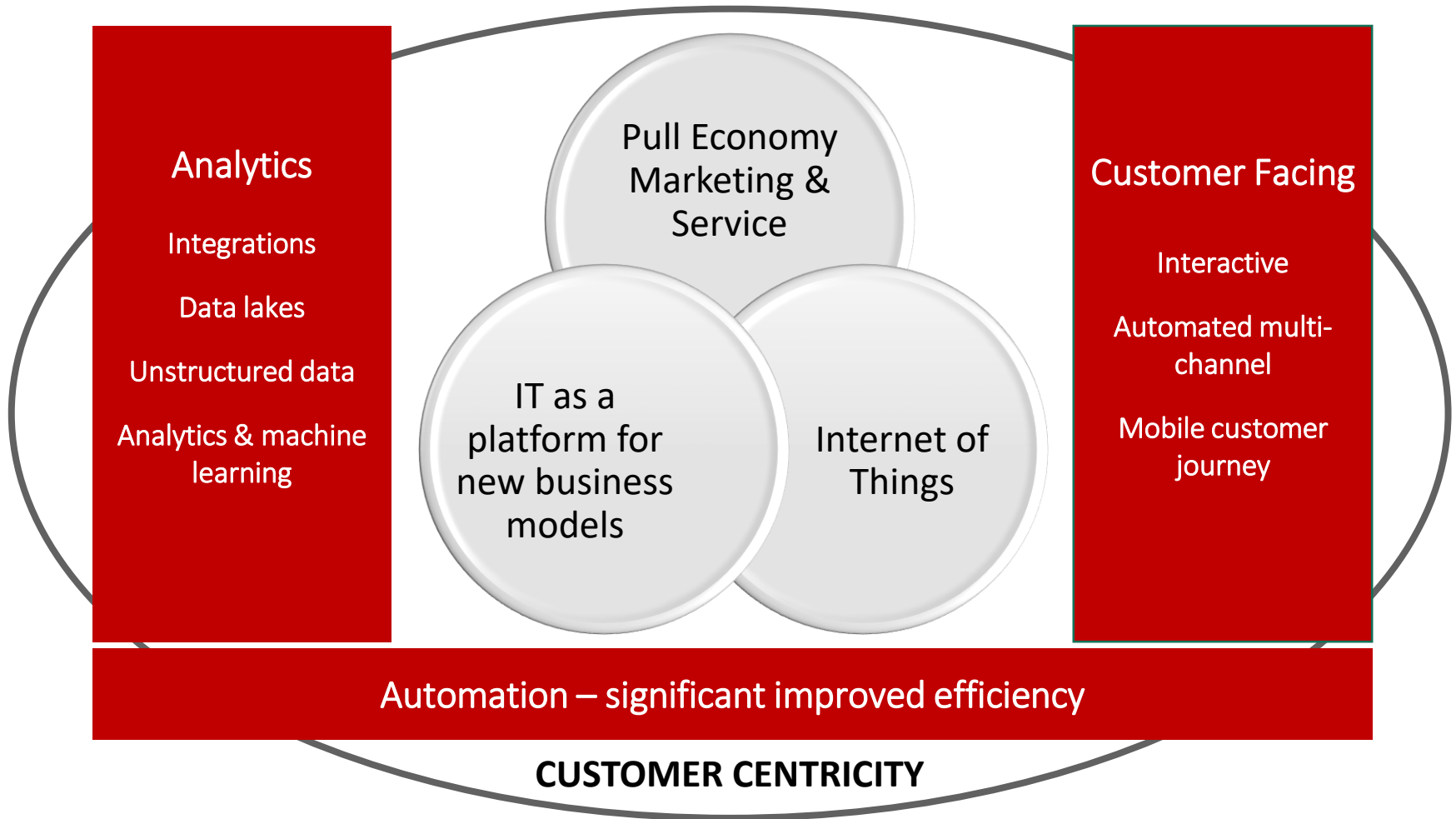
Digital distribution

Presentation of Ferronordic's work for increased digitalization



Main trends

What drives digitalization?



Background of digitalization in Ferronordic

- » Develop a sustainable and innovative dealership business model in line with “main trends”
 - **Retain** existing customers
 - Increase **efficiency** and sales **effectiveness**
 - Attract **new customers**
 - **Differentiate** from the competition
 - Turn above points into **profitable** and **sustainable** business growth

- » Too much technology and digitalization without clear vision and strategy may create waste of resources and complexity

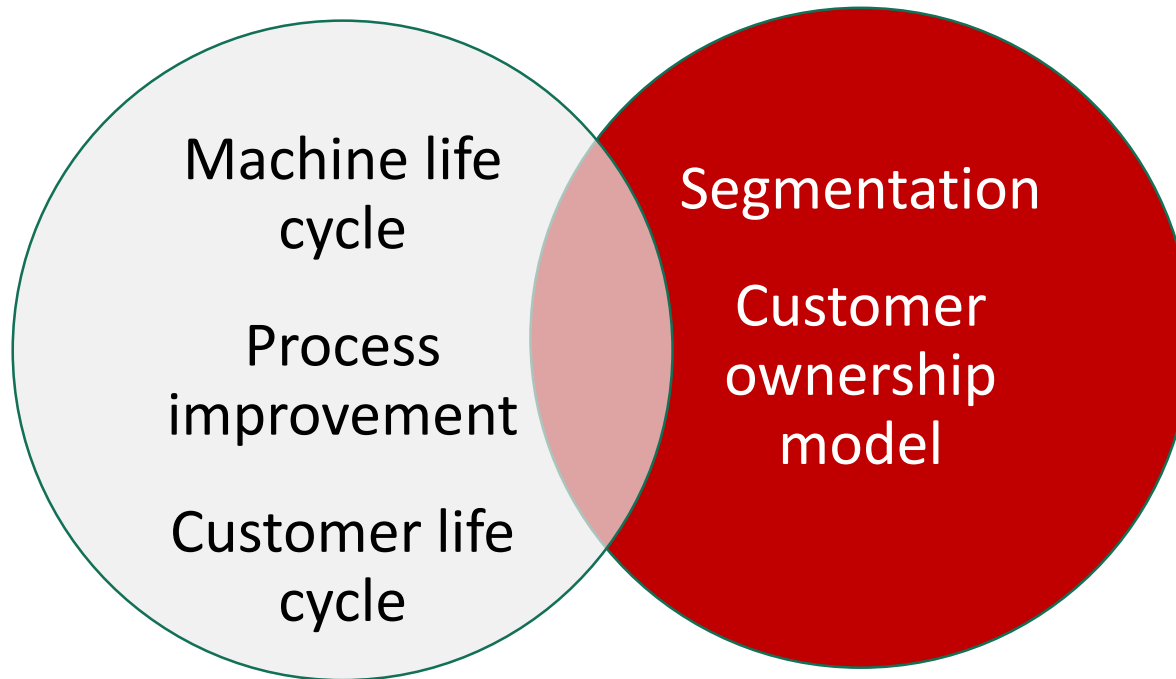
- » Ferronordic has a solution that **incorporates strategy, organization and technology**

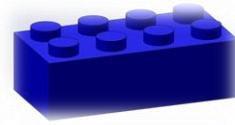
Background of digitalization in Ferronordic

Ferronordic's customer centricity's main determinants

Effectiveness

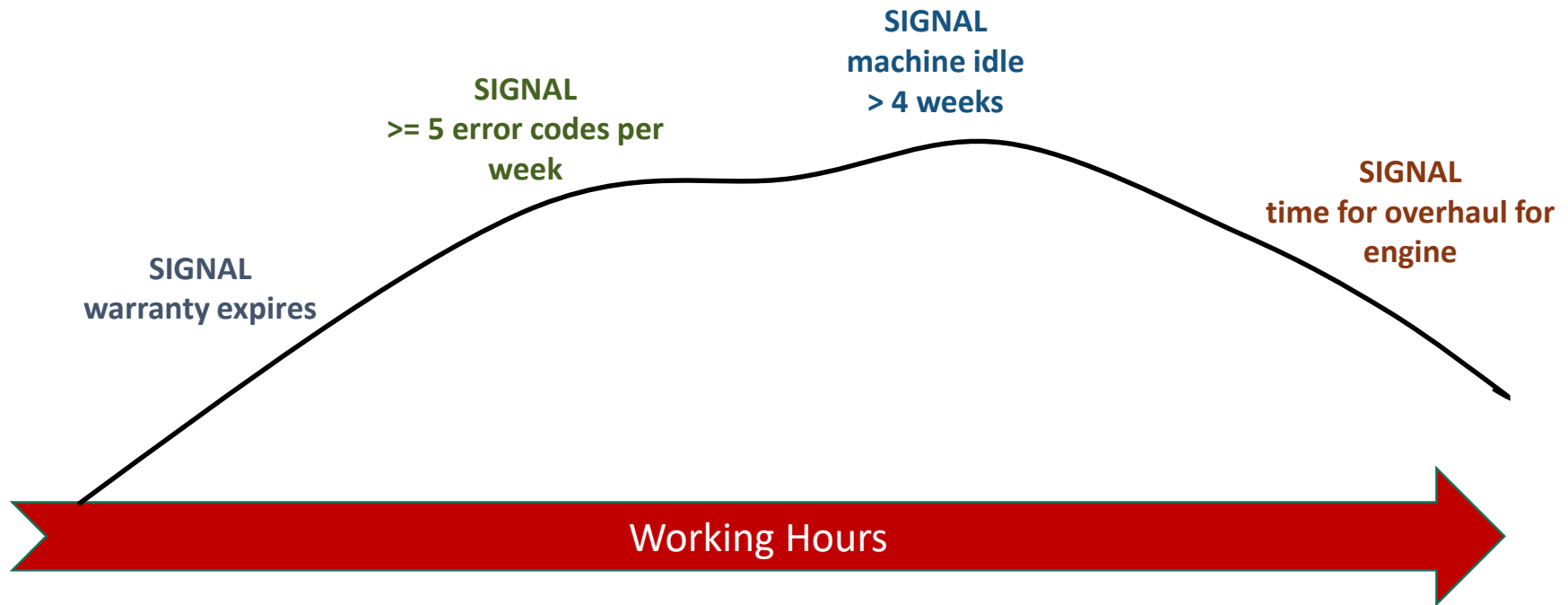
Loyalty





Machine Lifecycle

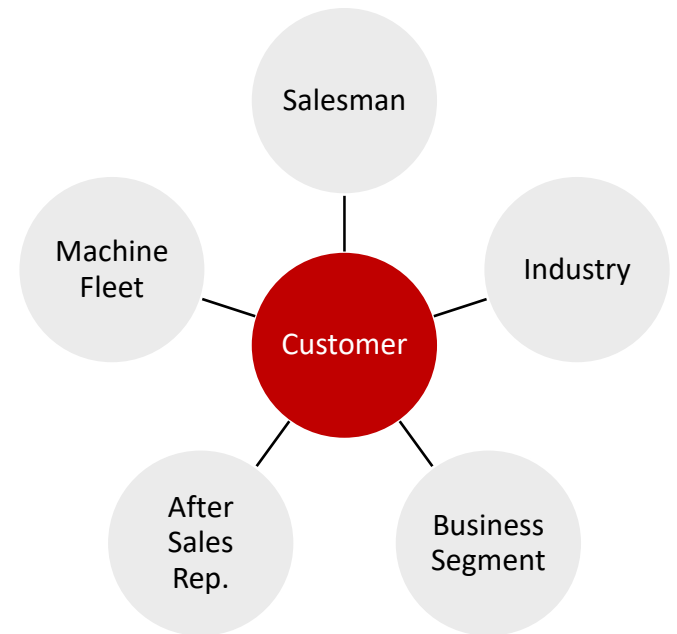
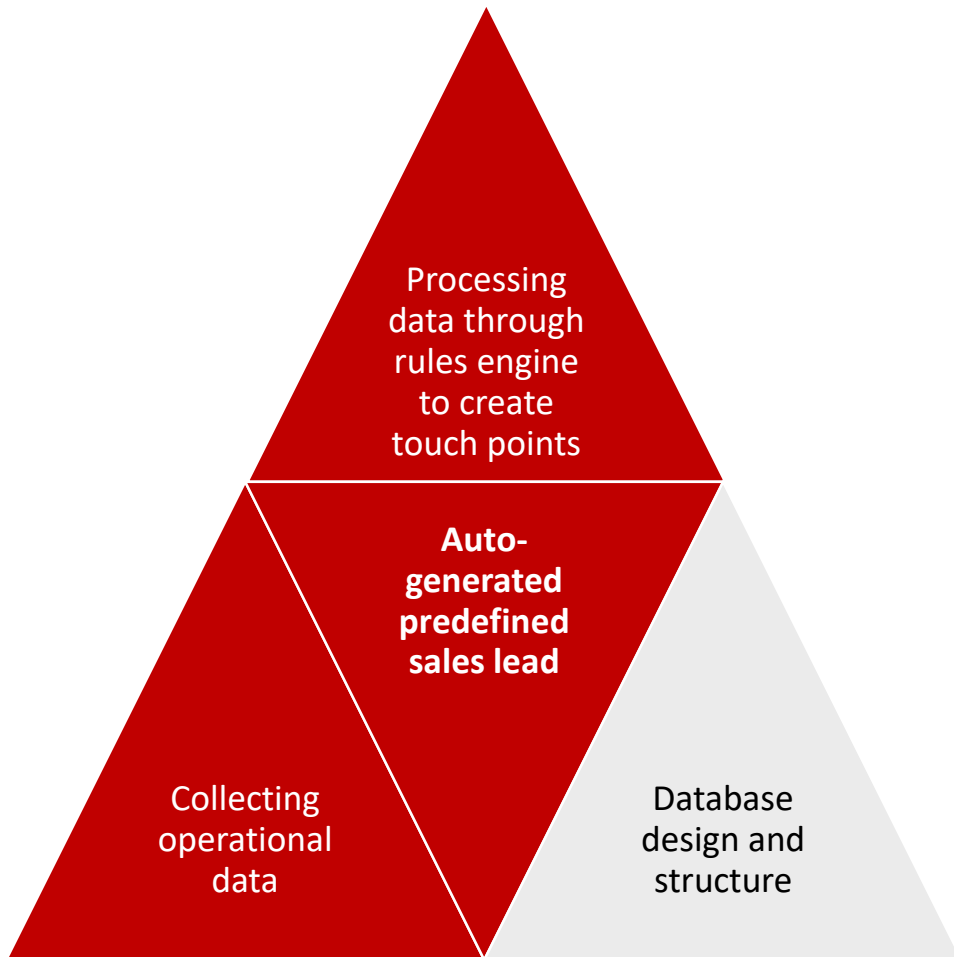
An example





Automated Lead Generation

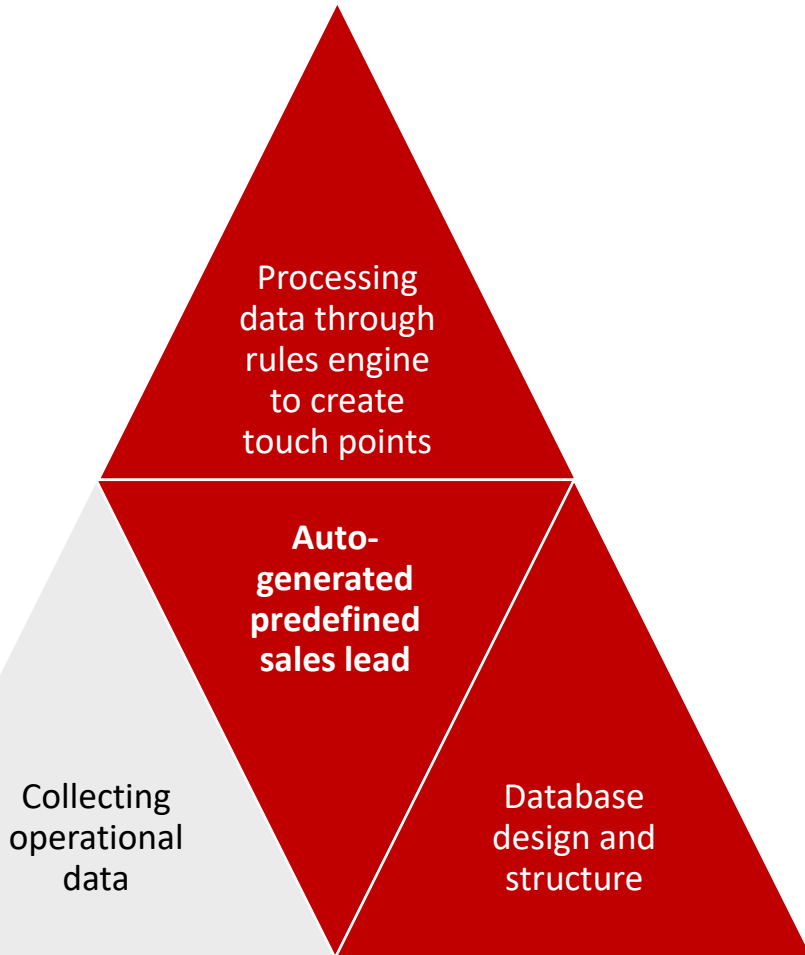
- » Different databases are restructured, cleaned, connected and linked to each other





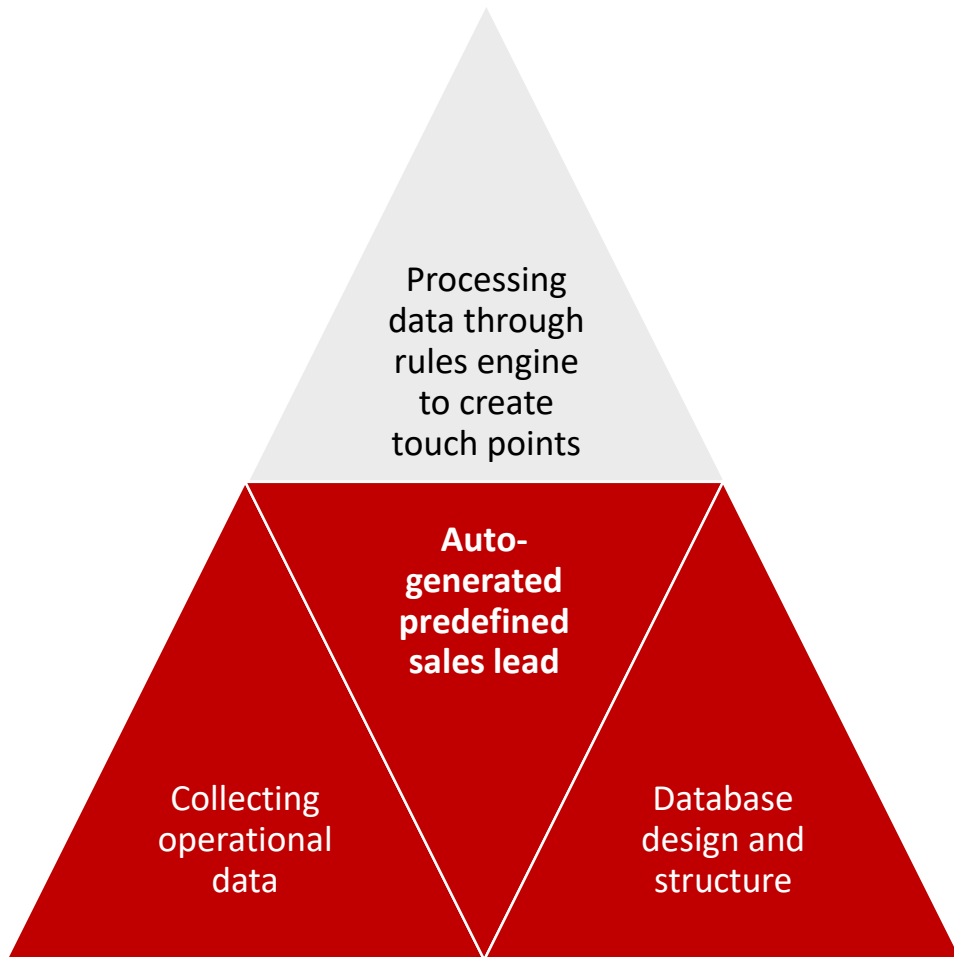
Automated Lead Generation

- » **Built-in sensors in the equipment sends information** to the data warehouse
- » **Operational data, including error codes and GPS location, is collected** from **telematics** systems into Ferronordic servers





Automated Lead Generation



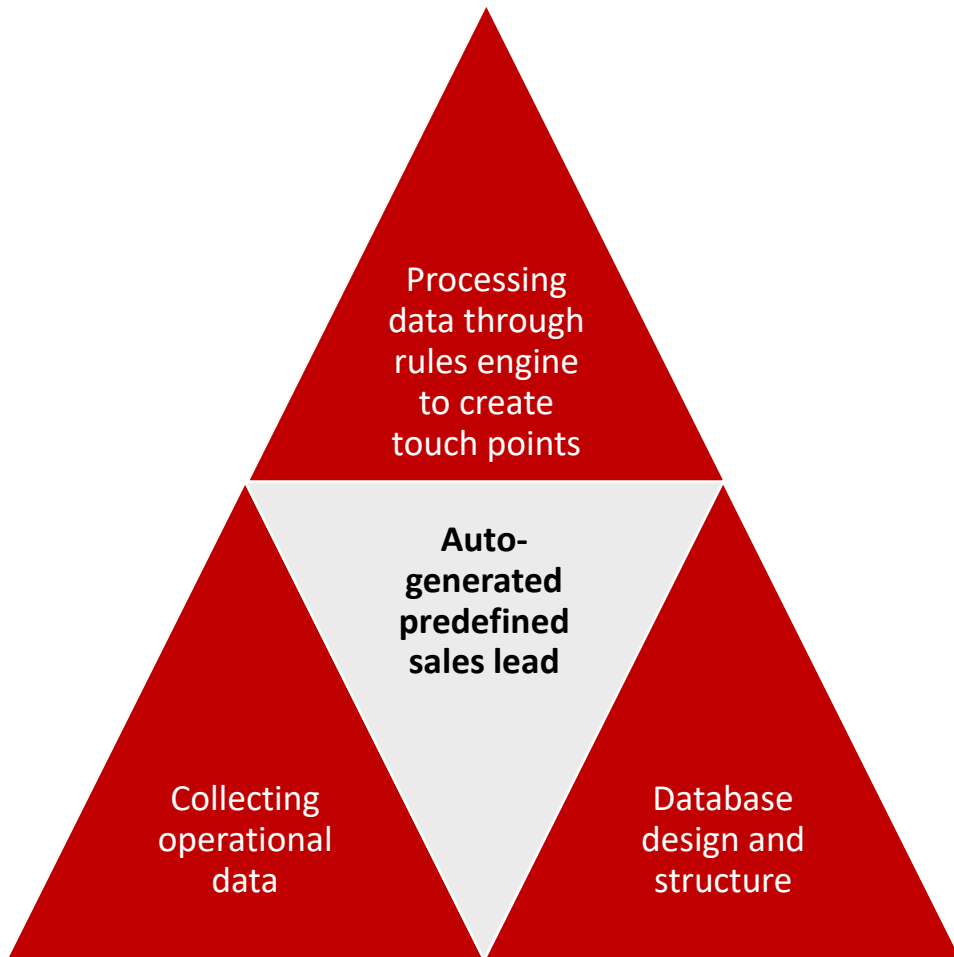
- » **Touch points are predefined sales opportunities**
 - Created internally

- » Each touch point clearly defines
 - **What** to offer
 - **When** to offer
 - **Whom** to offer
 - **Who** will offer

- » Every touch-point should have **commercial reasoning**



Automated Lead Generation



- » Once the sales lead is generated, it is sent to responsible salesman

Examples:

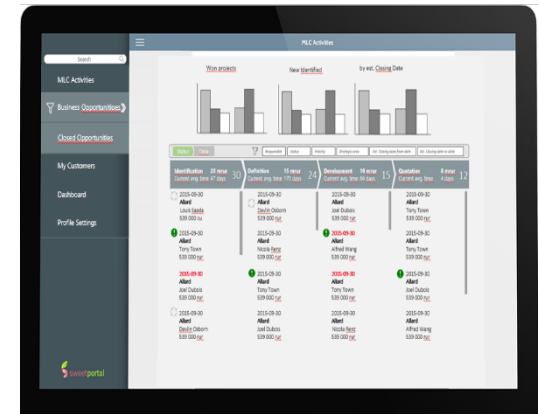
- » Customer “A” with Machine Serial # “B” had an error code “C” - engine coolant temp alert
 - What to offer: Engine diagnostics
 - When to offer: Now
 - Whom to offer: Customer Chief Engineer
 - Who will offer: Aftersales Representative
- » Customer “X” with Machine Serial # “Y” passed working hour “C” without capital repair on transmission - drive train failure probability is more than 80%
 - What to offer: Diagnostics / Remanufacture
 - When to offer: In a week
 - Whom to offer: Customer Chief Engineer
 - Who will offer: Aftersales Representative



Sales funnel management – sales portal

What differs from traditional CRM?

- » Tailor-made to support the **customer centric approach**
 - Enables us to create one view of the customer and drive account management
- » Structured to work based on **cross functions**
 - Industry
 - Territory
 - Brands
 - Models
- » Supplies the right structure to manage the sales process and **predefined customer interaction adherence**



VCAS5D00000012031 Copper		Model		Owners (2)		Relays AB		Service 2016-04-05	
Working hours	1234 h	Machine line	Huiler	Owned since	2006/05/16	Relays AB	SweetSystems	Service 2016-04-05	URL: 2013-04-04
Working hours avg.	7h	Machine line	Huiler	Owned since	2006/05/16	Relays AB	SweetSystems	Service 2016-04-05	URL: 2013-04-04
Catetrack error latest month	5 errors	Machine line	Huiler	Owned since	2006/05/16	Relays AB	SweetSystems	Service 2016-04-05	URL: 2013-04-04
Service hours latest month	0 errors	Machine line	Huiler	Owned since	2006/05/16	Relays AB	SweetSystems	Service 2016-04-05	URL: 2013-04-04

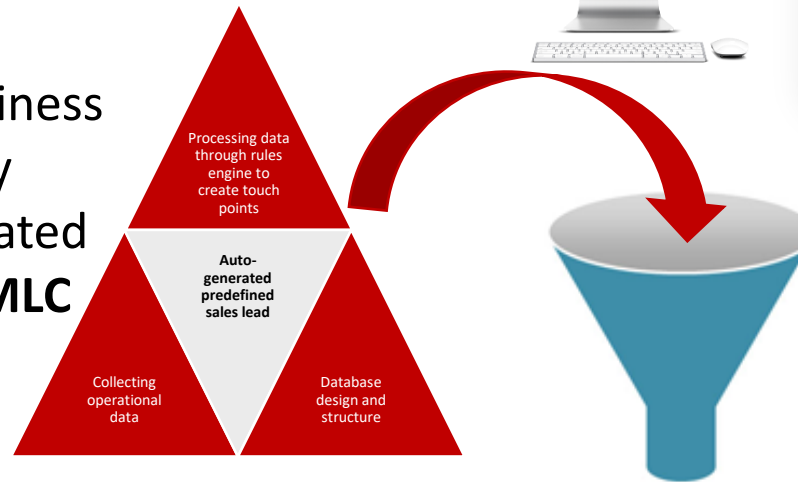
CARETRACK	CASE	ACTIVITIES (6)	FORMS / SURVEY	PROJECTS (10)	SERVICE HISTORY
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2016-08-25 9:30 AM	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea commodo consequat. Duis aute irure dolor in reprehenderit in voluptate velit esse cillum dolore eu fugiat nulla pariatur. Excepteur sint occaecat cupidatat non proident, sunt in culpa qui officia deserunt mollit anim id est laborum.				✓
2016-08-25 9:30 AM	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea commodo consequat. Duis aute irure dolor in reprehenderit in voluptate velit esse cillum dolore eu fugiat nulla pariatur. Excepteur sint occaecat cupidatat non proident, sunt in culpa qui officia deserunt mollit anim id est laborum.				✓



Sales funnel management – sales portal

What differs from traditional CRM?

- » **Fully mobile** and user-friendly
- » **Aimed to coach and monitor** the sales force **remotely**
- » **Top down performance metrics and KPI's**
- » Supports the traditional business opportunity management by welcoming automatic generated sales leads and **tracking of MLC adherence**



Machine Sales Phases

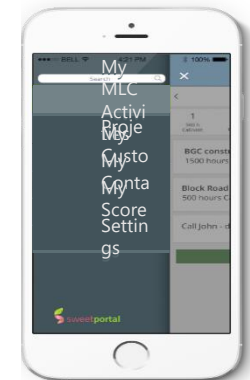
- a. Identification
- b. Definition
- c. Development
- d. Quotation

After Sales Phases

1. Potential Project
2. Work in progress

Won/Lost/Cancelled

Bringing them together



Machine Sales Phases

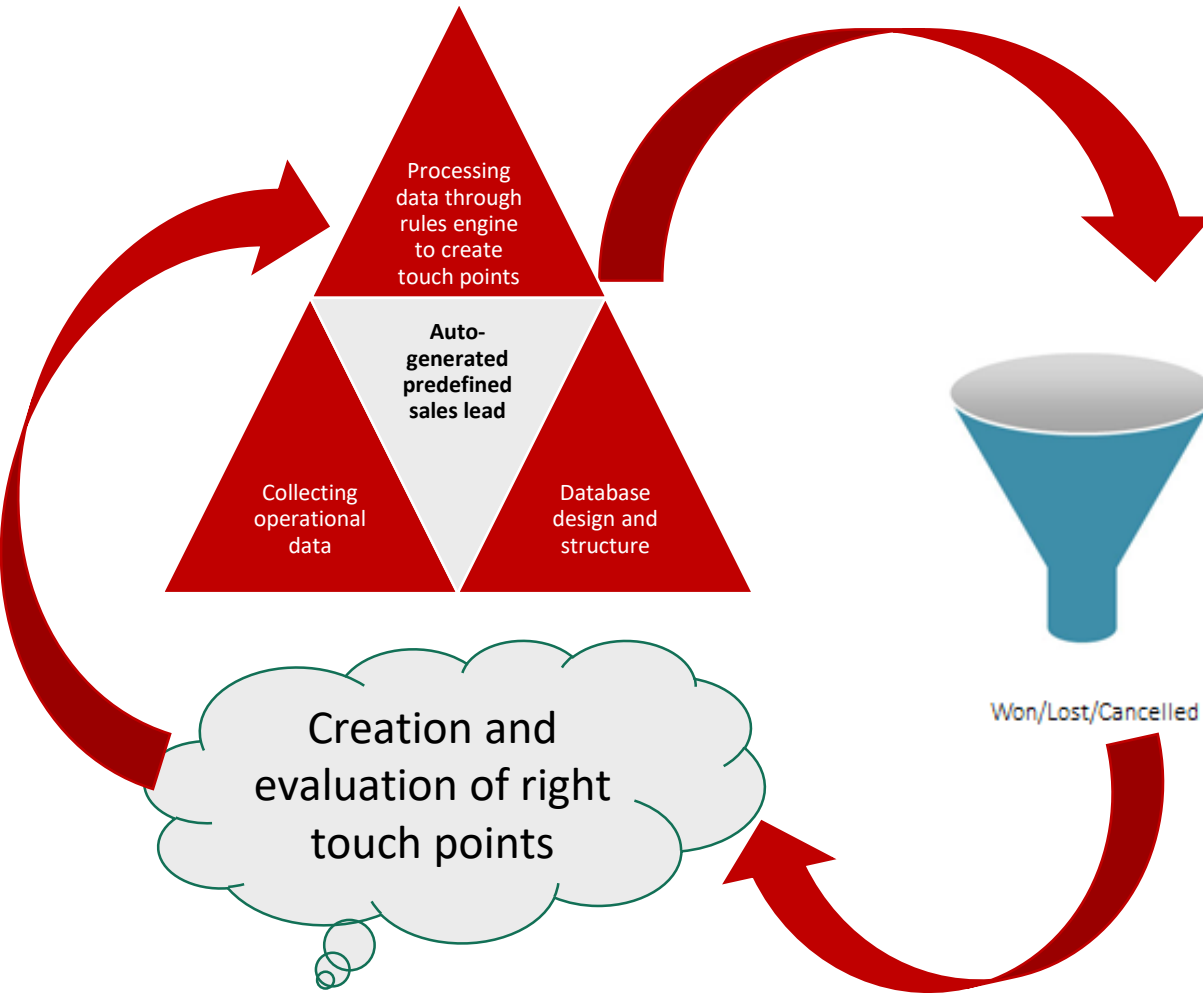
- a. Identification
- b. Definition
- c. Development
- d. Quotation

After Sales Phases

1. Potential Project
2. Work in progress



Won/Lost/Cancelled



Touch-points follow-up

Helps to create unique customer experience

«The client sold the machines to Kaluga regions. Will inform the colleagues from Kaluga to **update the database**»

Ludmila Luzina, Aftersales rep

«Caretrack **software has been updated** in accordance with the signal»

Danila Danilko, Aftersales rep

«Machine over-utilization confirmed by the client. Agreed to meet August 18 to **discuss potential fleet expansion and/or job site re-arrangements.**»

Denis Lanin, Aftersales rep

«Contacted the client. The machine is ok. They were **very surprised that we are aware of technical issues**»

Artem Svalov, Aftersales rep

«The owner is on vacation. Need to follow-up next week. They are **interested in machines replacement**»

Valery Korekov, Aftersales rep

Note: Selected MLC signal follow-ups from Sales Portal.



Nadezhda Arzumanova
HR Director

Our greatest asset

*Presentation of Ferronordic's employees
and HR strategy*



Our employees / our greatest asset

» Employees	855
» Average age (years)	36
» Female presence*	37%
» Aftermarket employees to total	59%
» Training hours	49,000
» Internal promotes	60%

* Excluding mechanics, sales and contracting services.

Our competence development program

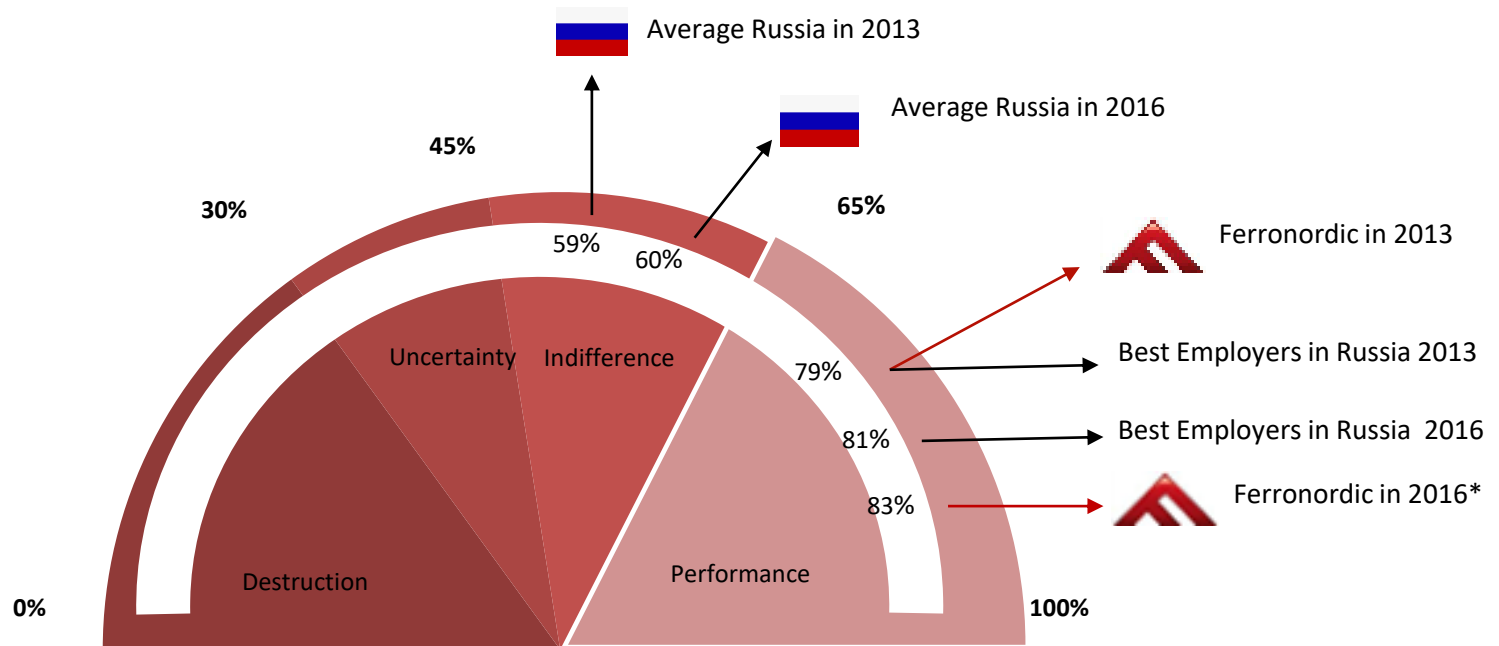
What makes it different?

- » **Customer centric approach**
Enables us to create industry-tailored and customer experience-based training materials
- » **Standard competence model**
Linked to company business philosophy and covering all jobs at frontline and middle management
- » **Strategic competence target**
Defined at Company, region and branch level
- » **Tailor-made training programs**
Executed and followed-up at individual level through regular and standard competence development cycle

Competence development program

Way to competitive advantage

Continue to lead in employee engagement



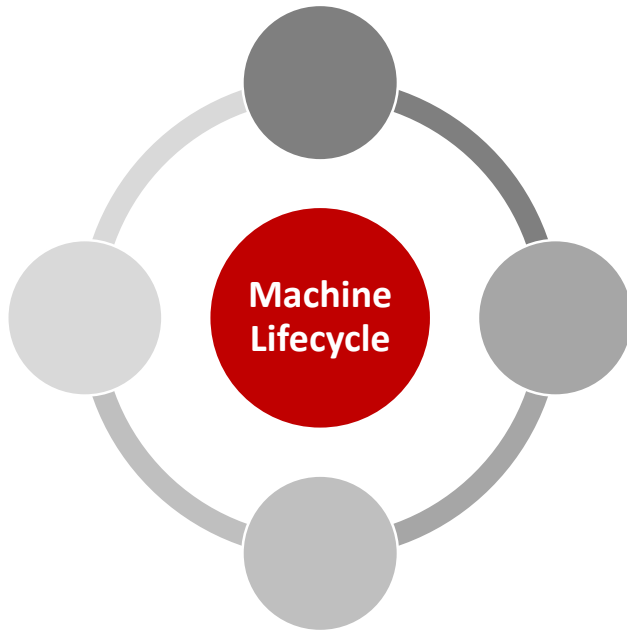
*Gallup Engagement Index

- **Customer centric training**

- Competence model
- Strategic competence target
- Individual development planning

Customer centric training

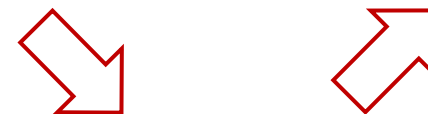
Customer lifecycle



**Monetary value
for customer**

- ✓ Sales arguments
- ✓ Aftermarket offer
- ✓ Service planning

Competence development cycle



**Training
materials creation**

Customer centric training

Ferronordic “mini-MBA”



Customer centric training

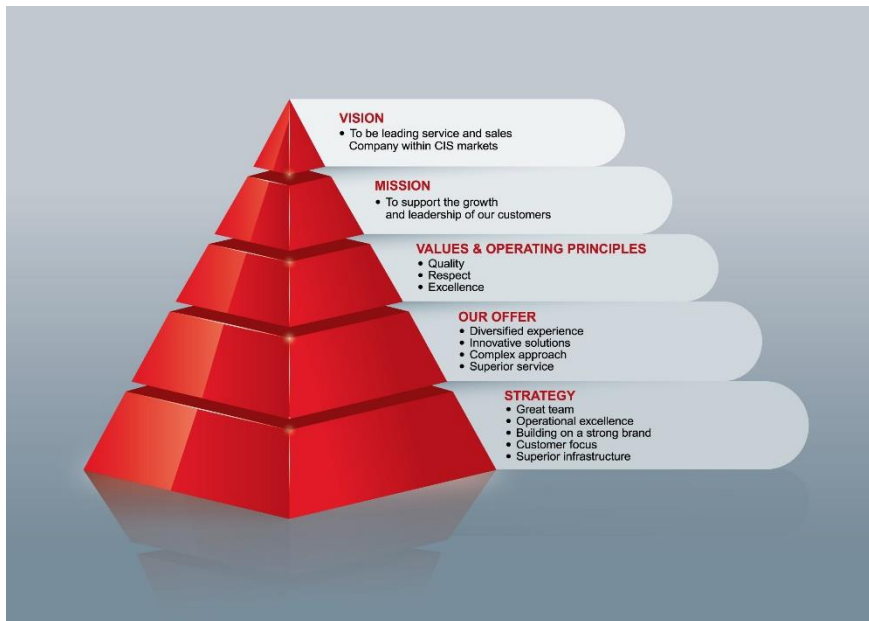
In numbers

- » Centralized sales & technical support centres **10 employees**
- » Regional training centres **7 regional hubs**
15 employees
- » Management training centre **5 top-managers**
- » Number of internal courses **50**
- » Pages of internally created training materials **15,000**

- Customer centric training
- **Competence model**
- Strategic competence target
- Individual development planning

Competence development foundation

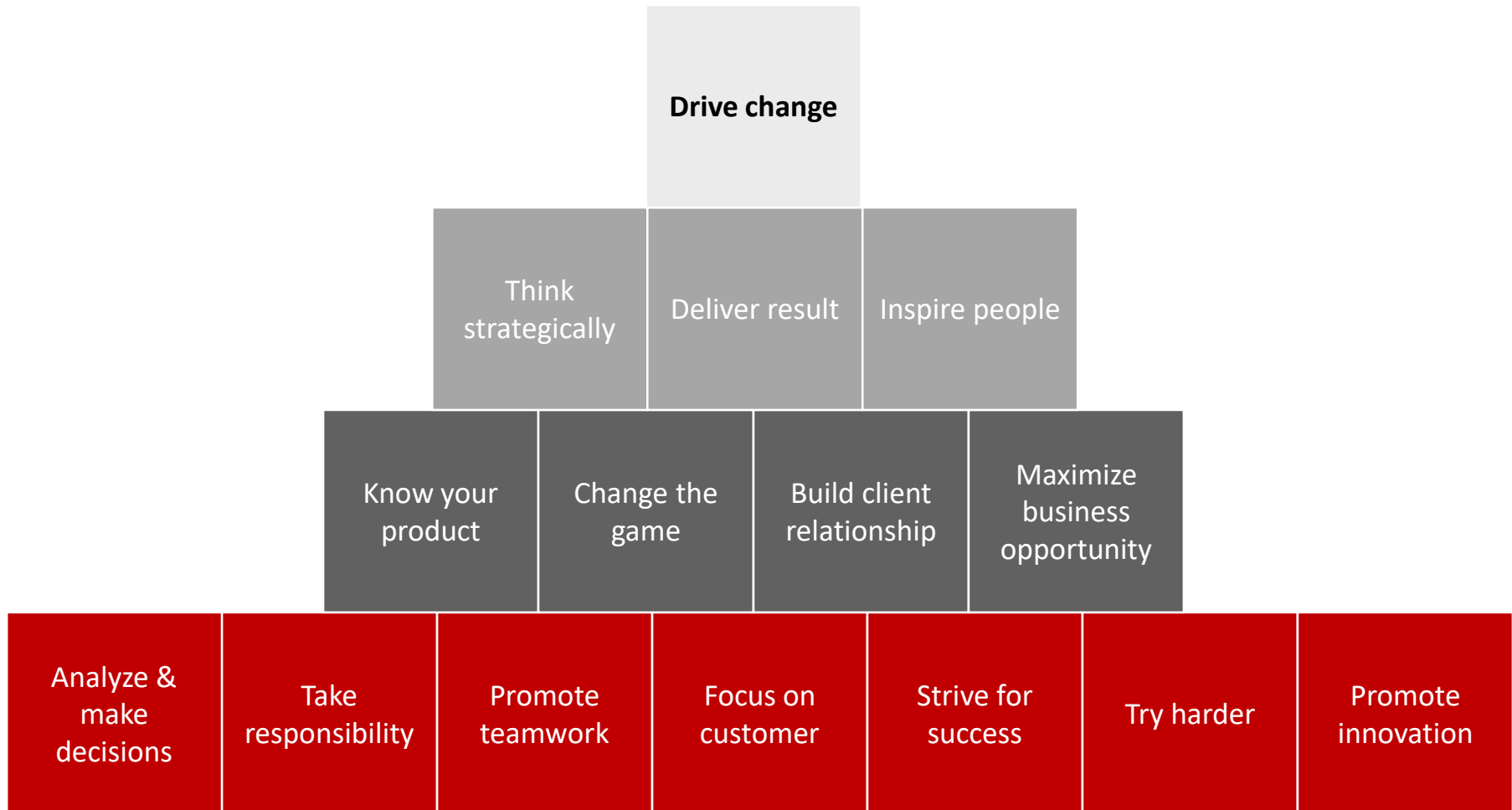
Fundamental Principles



Competence Model



Competence model

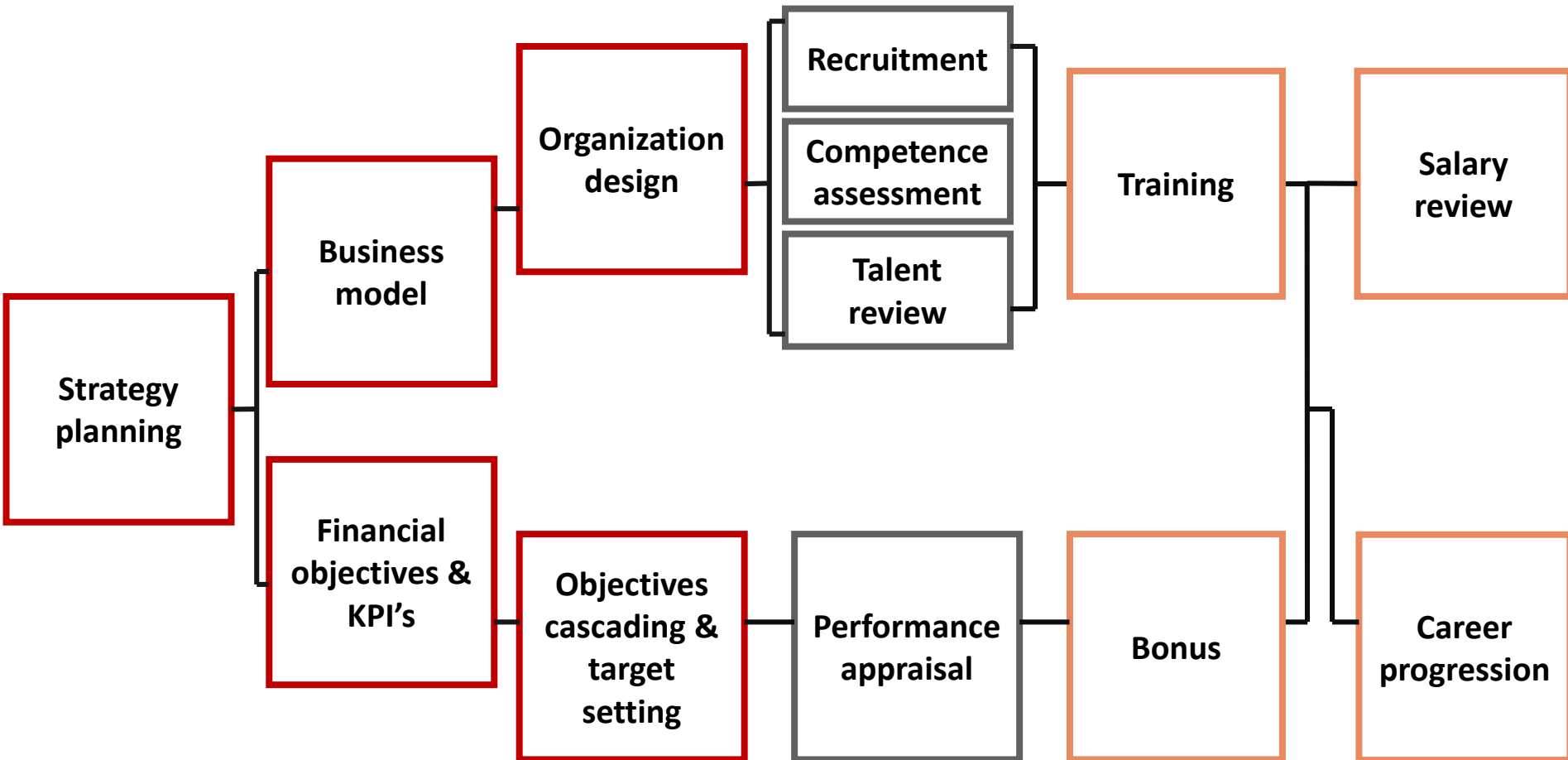


Competence development cycle



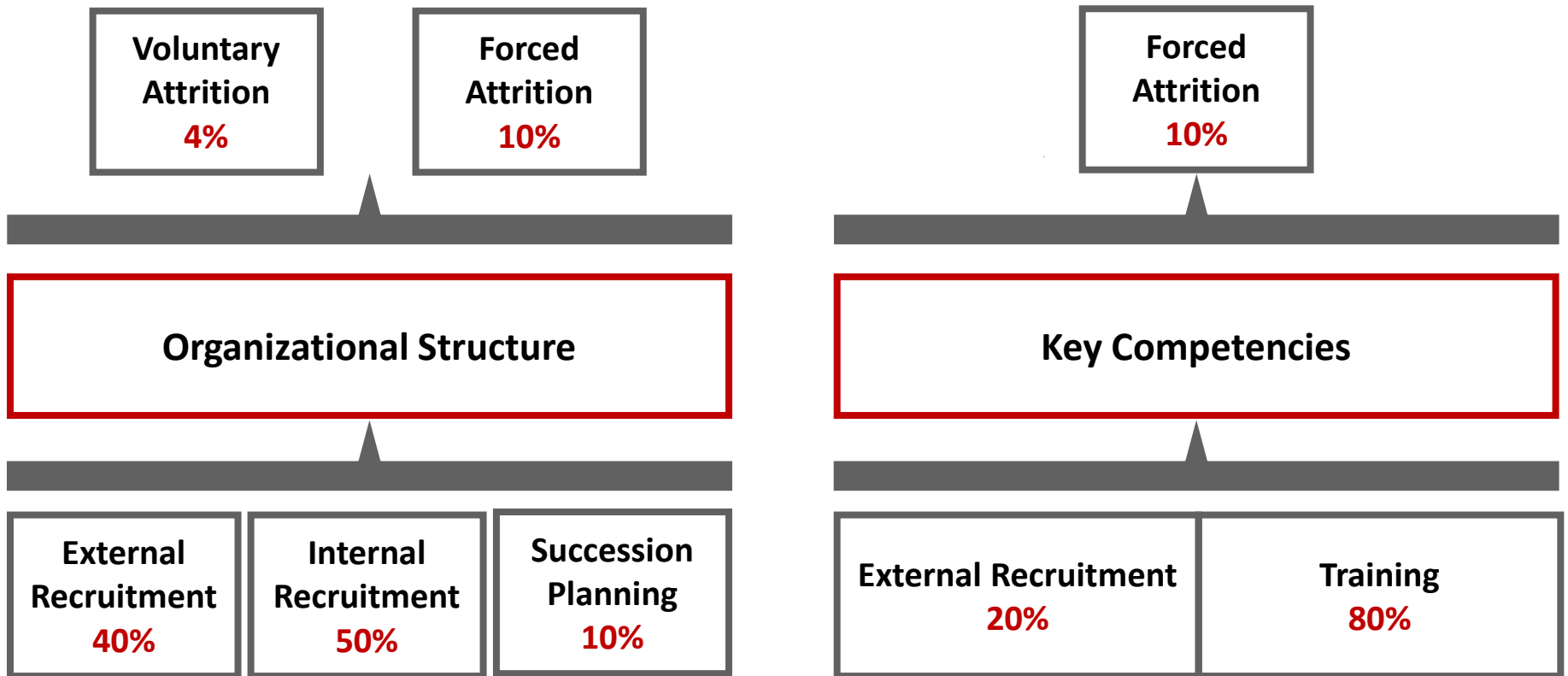
- Customer centric training
- Competence model
- **Strategic competence target**
- Individual development planning

Strategic competence target



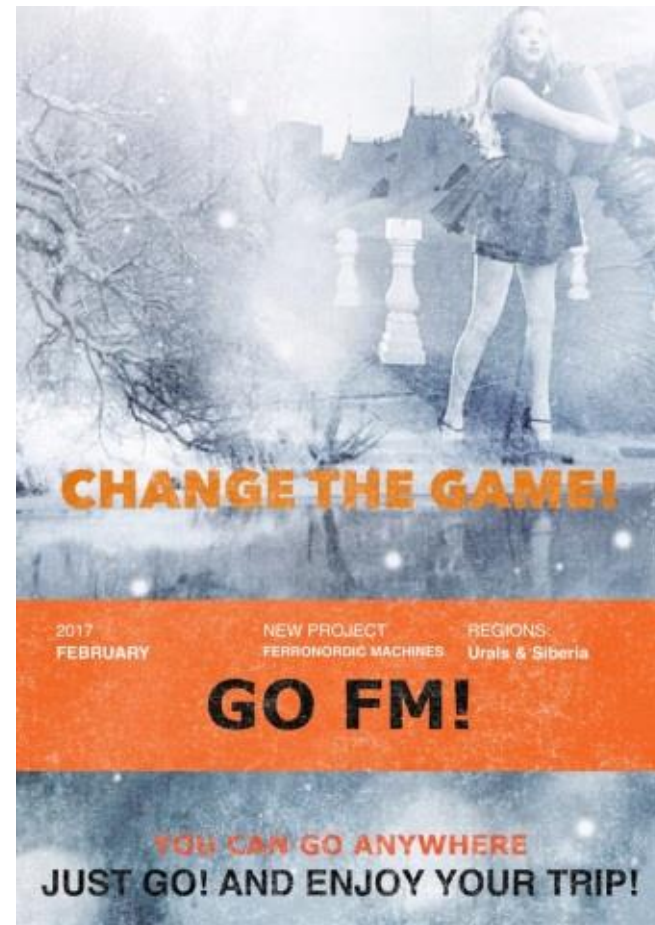
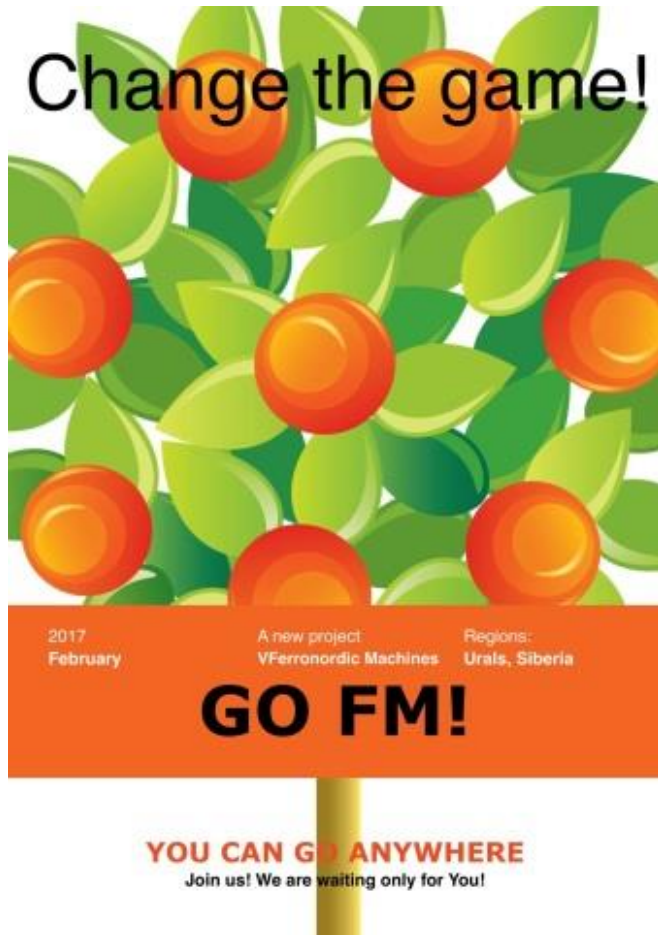
Strategic competence target

In numbers



Strategic competence target

Competence training: Change the game competence development



- Customer centric training
- Competence model
- Strategic competence target

- **Individual development planning**

Individual development training

Success stories



Vladimir Shadrin

Mechanic



Trainings:

- Technical trainings, engines
- Diagnostics course
- Professional communication for aftermarket
- Basic sales skills

Service Manager



Trainings:

- Parts & service managers
- Project management
- Boots-on
- Machine product knowledge

Individual development training

Success stories



Vladimir Shadrin (cont'd)

Branch Manager →

Trainings:

- Ferronordic mini-MBA program
- Managing competence development
- Total cost of ownership & sales commercial training
- Aftermarket commercial offer

Regional Director

Our greatest assets

*Presentation of Ferronordic's
employees and HR strategy*

Movie



Henrik Carlborg
General Counsel

Swedish company with Russian business

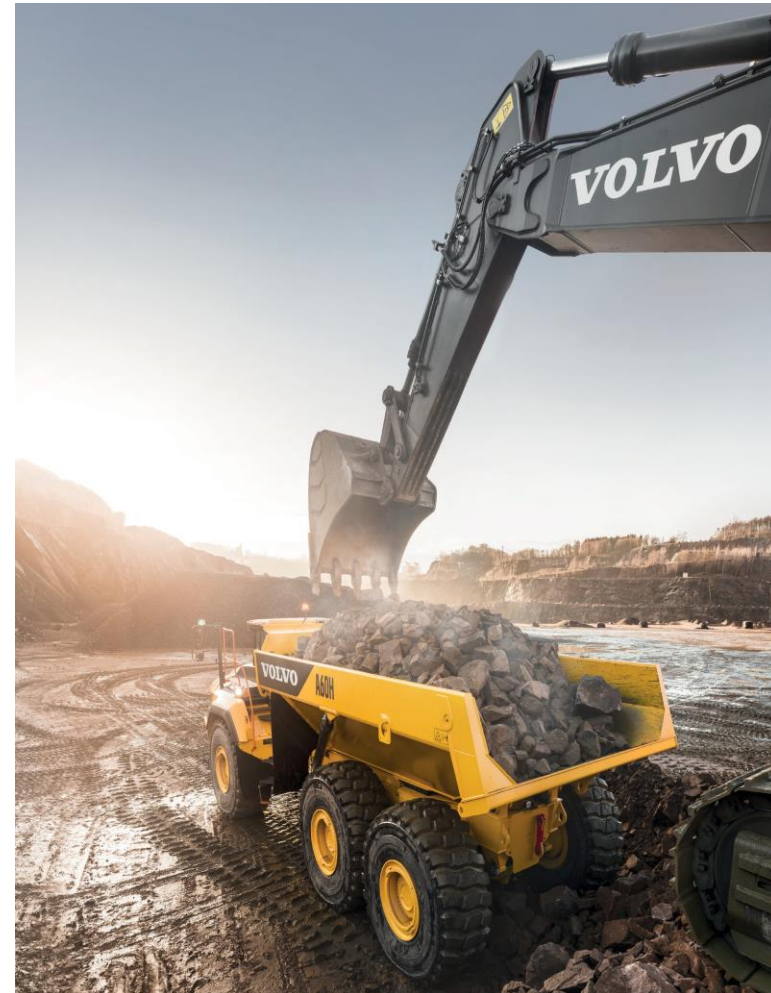
*Presentation of Ferronordic's
corporate governance and compliance program*



Corporate Governance

Swedish company with Russian business

- » Swedish company
- » Swedish board of directors and CEO
- » Listed on different exchanges in Sweden since 2011
- » Financial statements according to IFRS since 2010 (start of business)
- » Governance based on Swedish Code of Corporate Governance
- » Swedish “culture” promoted throughout the organization

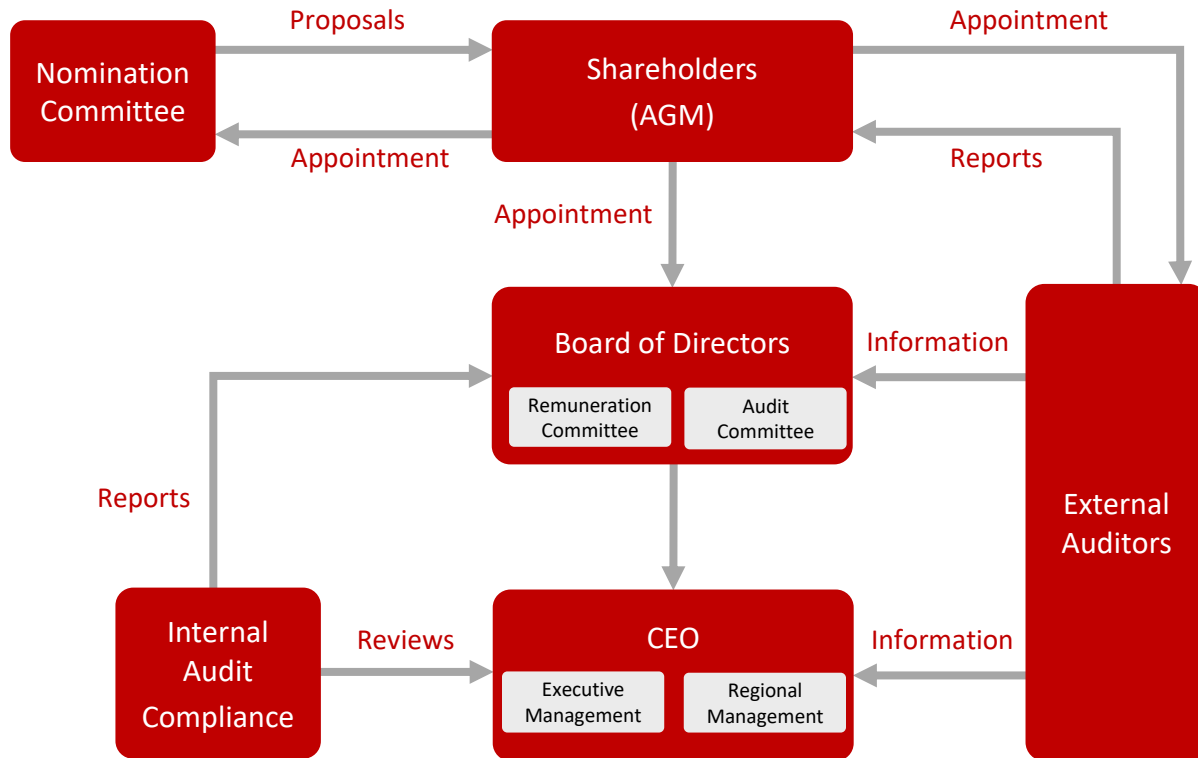


Corporate governance model

Nomination committee makes proposals to the AGM regarding board members, etc.

Shareholders appoint the board and the external auditors at the general meeting

Internal audit reviews the management and reports to the Board's audit committee



The Board appoints and instructs the CEO

External auditors review the financial statements as well as the management and reports to the AGM

The CEO is responsible for daily operations and appoints the executive and regional management

Board of Directors



Staffan Jufors

*Chairman of the Board
Elected 2017*

Swedish citizen. Born 1951.

Other assignments: Board member in Uniflex AB and the foundation Nordens Ark

Selected professional experience: Managing Director of Volvo Trucks. Managing Director of Volvo Penta. Board member in ÅF AB, Akelius Residential Property AB and Haldex AB

Shares in Ferronordic: 60,747

Independent of the company, management and large shareholders



Magnus Brännström

*Board member
Elected 2011*

Swedish citizen. Born 1966.

Other assignments: CEO of Oriflame Cosmetics

Selected professional experience: Managing Director of Oriflame Russia

Shares in Ferronordic: 0

Independent of the company, management and large shareholders



Erik Eberhardson

*Board member
Elected 2010*

Swedish citizen. Born 1970.

Other assignments: CEO of ScandSib Group

Selected professional experience: CEO of Ferronordic, Chairman and CEO of OJSC GAZ. President of Volvo CE Russia

Shares in Ferronordic: 1,082,205

*Dependent of the company and management.
Independent of large shareholders.*



Håkan Eriksson

*Board member
Elected 2016*

Swedish citizen. Born 1962.

Other assignments: Board member and CEO of Planch AB. Board member of Skandinavskonsult Holding i Stockholm AB with subsidiaries, Torkab Entreprenad AB, Nivika Fastigheter AB, DWG Sweden AB and Koch-Eriksson Holding AB

Selected professional experience: Board chairman and CEO of Kapitalkredit Sverige AB

Shares in Ferronordic: 2,260,774

*Independent of the company and management.
Dependent of large shareholders*



Annette Brodin Rampe

*Board member
Elected 2017*

Swedish citizen. Born 1962.

Other assignments: CEO of the International English School

Selected professional experience: Managing Partner (Europe) of Brunswick, board member in Peab AB, Ernströmgruppen AB and AHA AB

Shares in Ferronordic: 10,000

Independent of the company, management and large shareholders



Lars Corneliusson

*Board member
Elected 2011*

Swedish citizen. Born 1967.

Other assignments: CEO of Ferronordic

Selected professional experience: MD of Volvo Group Russia and President of Volvo Trucks Russia

Shares in Ferronordic: 935,749

*Dependent of the company and management.
Independent of large shareholders*



Executive Management

Lars Corneliusson - *President and CEO*



- M.Sc. in Business Administration
- With Ferronordic since 2011
- Previous employment: MD of Volvo Group Russia and President of Volvo Trucks Russia
- Shares in Ferronordic: 935,749 (through companies)

Anders Blomqvist – *Group CFO*



- M.Sc. in Business Administration
- With Ferronordic since 2010 (Co-founder)
- Previous employment: Director at HSBC Bank and Credit Suisse
- Shares in Ferronordic: 510,410 (through companies)

Nadezhda Arzumanova – *Human Resources Director*



- Studies in Organizational Management
- With Ferronordic since 2010
- Previous employment: HR positions in BP and Shell
- Shares in Ferronordic: 1,649 (through companies)

Henrik Carlborg – *General Counsel*



- Master of Laws
- With Ferronordic since 2013
- Previous employment: Partner at Hannes Snellman
- Shares in Ferronordic: 290,399 (through companies)

Onur Gucum – *Commercial Director*



- B.Sc. in Economics and Mathematics
- With Ferronordic since 2012
- Previous employment: COO of Zeppelin Rus (CAT dealer in Russia) and various positions in Volvo CE
- Shares in Ferronordic: 139,780 (through companies)

Alexander Shmakov – *Director Mining*



- Studies in Management
- With Ferronordic since 2010
- Previous employment: Regional sales Director Northwest at Ferronordic and Volvo CE
- Shares in Ferronordic: 1,649 (through companies)

Anton Zhelyapov - *Director Trucks*



- Studies in International Relations
- With Ferronordic since 2015
- Previous employment: Commercial Director at Volvo Trucks Russia
- Shares in Ferronordic: 1,649 (through companies)

Jonathan Tubb – *CFO of Ferronordic LLC*



- Fellow of the Institute of Financial Accountants “FFA/FIPA”
- With Ferronordic since 2017
- Previous employment: CFO & Partner at EY and Deloitte CIS
- Shares in Ferronordic: 0

Fundamental principles



Corporate culture

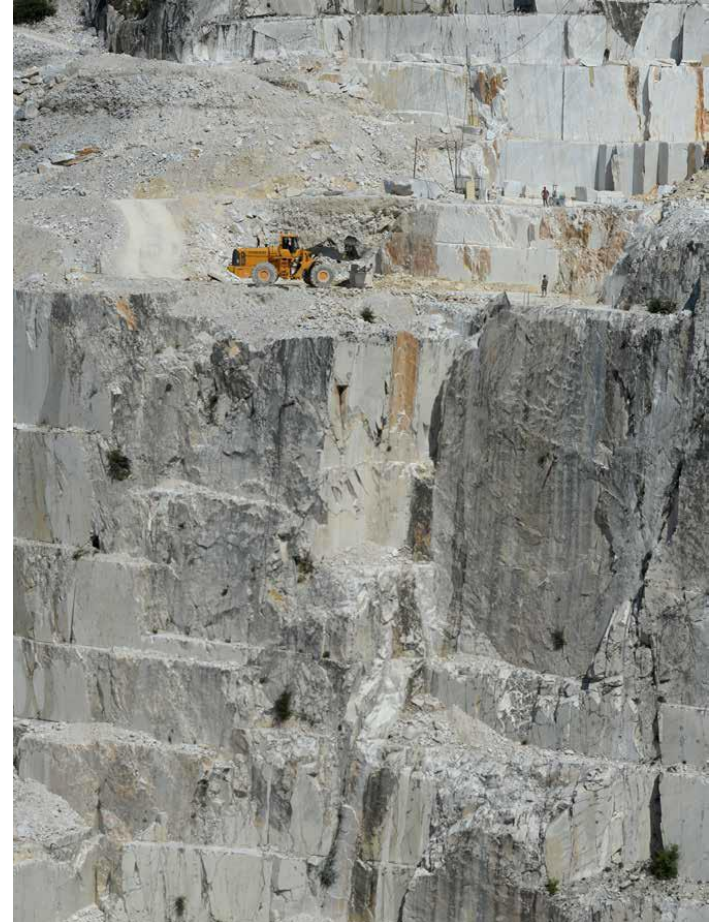
- » Culture based on Core Values
 - Quality
 - Respect
 - Excellence
- » Open and “non-hierarchical” culture promoted throughout organization
- » Employees encouraged to take own initiatives and learn from their mistakes
- » Freedom combined with responsibility and accountability



Compliance – a fundamental part of our culture

Zero tolerance for bribery and corruption

- » Fundamental part of Ferronordic’s culture and “DNA”
- » Legal requirement
- » Competitive advantage – makes Ferronordic a trusted partner
 - Customers
 - Suppliers
 - Other stakeholders
- » Makes us an attractive employer



Control environment

- » **Code of Conduct** – simple but strict rules that all Ferronordic employees must follow

- » Example of areas covered
 - Anti-corruption
 - Environmental responsibility
 - Health and safety
 - Fair competition
 - Employment practices
 - Conflicts of interest
 - Confidentiality



Risk assessment – policies and procedures

- » Regular risk assessments
 - Policies and procedures are established and updated when needed

- » Examples of procedures applied in daily operations
 - Screening of counterparts
 - Approval and due diligence of potential agents and other representatives
 - Approval of discounts and credits
 - Approval of purchases
 - Rules on gifts and entertainment

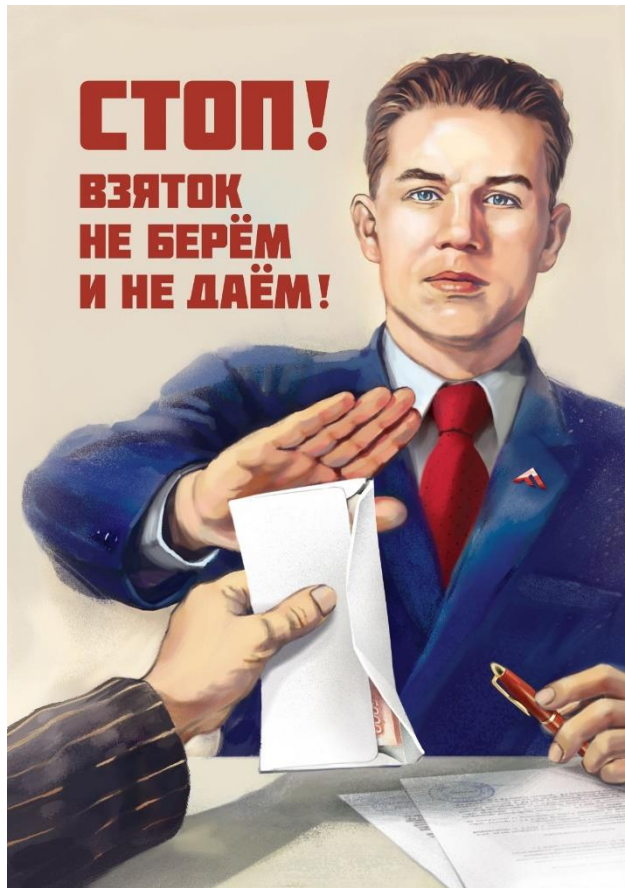


Internal audit and compliance audits

- » Internal Audit position
 - Crucial part of internal and compliance control
 - Reporting to the Board's audit committee

- » Annual compliance audit
 - Compliance of policies and procedures
 - Assessment of policies and procedures
 - Adequacy of compliance program
 - Review of selected transactions (based on risk assessment)
 - Interviews with various employees at different levels (also important for awareness purposes)

Training and promotion



- » Mandatory training for new employees
- » Compulsory annual online training and test
- » Anti-corruption certifications
- » “Promotion posters” located in all locations throughout Russia
- » Importance of compliance repeated as often as possible – “tone at the top”
- » Whistleblowing channels

A large yellow Volvo R100E mining truck is shown in a construction or mining environment. The truck is viewed from a front-three-quarter angle, highlighting its massive size and heavy-duty construction. The Volvo logo is visible on the front grille, and the model name 'VOLVO R100E' is printed on the side of the body. The truck is parked on a gravel surface, and the background is a hazy, overcast sky.

THANK YOU