



Interim report January – March 2021

Best first quarter to date

Sold units in Russia/CIS up 31% in recovering market

Record first quarter operating result and margin despite currency headwinds

Growing aftermarket sales in Germany

Continued investments in service network and organisation

Strong cash flows as working capital remains low

Credit facility with Nordea renewed and expanded

Selected key Group ratios*

SEK M	Q1 2021	Q1 2020	%
Revenue	1,267	1,118	13%
Operating profit	80	51	57%
Result for the period	56	20	176%
Earnings per share	3.85	1.39	176%
Gross margin	17.0%	16.3%	
Operating margin	6.3%	4.6%	
Return on capital employed	21%	23%	
Working capital / Revenue	4%	13%	
Net debt / (cash)	-33	531	

* Definitions and purposes of the key ratios are presented on page 26.

CEO comment



Lars Corneliusson
CEO

Total revenue in Russia/CIS grew 54% in RUB terms and 20% in SEK

In Germany, we continued to invest in our network

The German trucks market recovered during the quarter as business activity improved

Operating profit increased 57% to SEK 80m, which is the best first quarter to date

In a longer perspective, we remain positive

The first quarter of 2021 was another solid quarter, characterised by strong equipment sales in Russia/CIS, improving aftermarket sales in Germany and good profitability.

In Russia/CIS, the market for our main product groups grew by 26% on a combination of economic recovery, pent-up demand and supply concerns. Our new machine sales in units increased by 31%. Thanks to great efforts from our team, supported by our digital sales system, aftermarket revenue caught up with last year's sales in Swedish crowns, as we managed to tackle a 29% average depreciation of the ruble. Extreme weather conditions slowed the ramp-up of our new projects in contracting services. Other projects, however, performed well and production continued to grow. In our machine and component rebuild centre, we started to utilise the extra capacity added at the end of 2020. Production slots are now filled until October. We also took another exciting step in business development as we became a dealer for Sandvik mobile crushers and screens in all of Russia, effective from April.

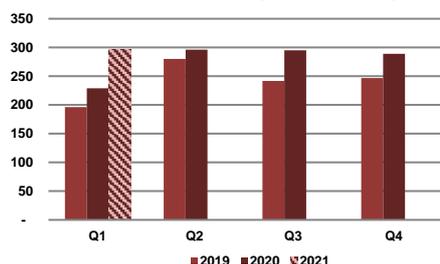
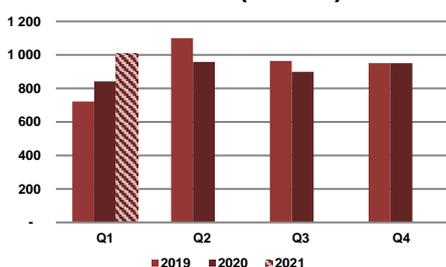
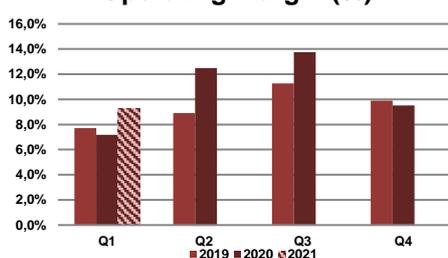
Revenue in Russia/CIS grew by 54% in local currency in the quarter and 20% in SEK due to a sharp decline in the ruble. The operating margin improved as costs declined despite higher sales volumes. As a result, Russia/CIS had its best first quarter operating result and operating margin to date.

In Germany, we continued to invest in our service network and our organisation. We announced the acquisitions of three additional workshops as well as the construction of a new site in Hannover. We also appointed a new head of the German operations.

The German trucks market recovered during the quarter as business activity improved. Our new trucks sales however declined. By contrast, our aftermarket sales grew and performed well, which is part of our strategy and the objective of our network investments. Partly as a result of the increased aftermarket sales, and despite continued restructuring costs, the operating loss in Germany declined compared to Q4 2020.

For the Group as a whole, revenue was up 13%. Operating profit increased 57% to SEK 80m, which is the best first quarter result to date, despite the negative contribution from Germany. Working capital remained low at 4% of revenue. Strong cash flows supported a net cash position of SEK 33m.

The business environment remains uncertain, mainly as regards supply chain constraints. Despite this, we expect our markets to continue to recover in the remainder of 2021. In Russia/CIS, our optimism is supported by higher commodity prices and increased activity on the so-called national projects, but moderated by the risk of increased utilisation fee. In Germany, we expect a broader European economic recovery to boost demand. In a longer perspective, we see strong underlying fundamentals and business opportunities in our markets.

New machines (units sold)

Revenue (SEK m)

Operating margin (%)


In Q1 2021, we delivered 297 new units, which is an increase of 31%

Operating profit from the operations in Russia/CIS increased by 55% to SEK 94m

Working capital declined from 3% in Q4 2020 to 2% of revenue in Q1 2021

Russia/CIS

In Q1 2021, the market for our main product groups (measured in units) grew by 26%. The market was supported by several factors, including easing Covid restrictions, pent-up demand and stronger commodity prices. Concerns about supply chain disruption and expectations of potential increases in the so-called utilisation fee may have temporarily contributed to higher demand. Our new machine sales in units grew by 31% to 297 machines. We increased our sales of articulated haulers, excavators, wheel loaders and forestry equipment. The average sales price increased 25% in local currency but declined 3% in SEK. Customer activity and demand for service and parts remained high during the quarter. Our aftermarket sales in SEK were on par with last year, despite a ruble depreciation of 29%. In contracting services, we expanded our operations at our projects in Norilsk and Irkutsk under challenging weather conditions.

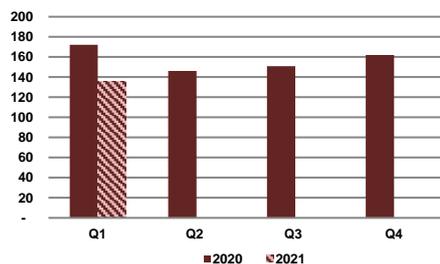
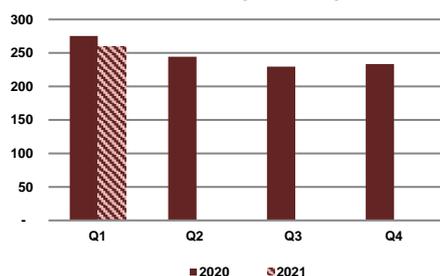
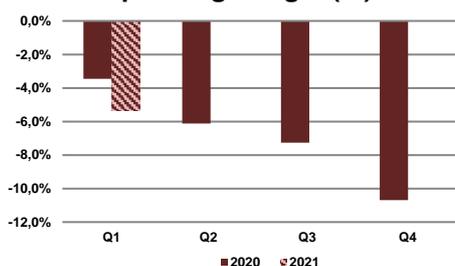
Total revenue in Russia/CIS in Q1 2021 increased by 20% (54% in local currency) to SEK 1,007m (SEK 842m). Equipment sales increased by 22% (+57% in local currency), aftermarket sales were flat (+28% in local currency) and contracting services increased by 55% (+99% in local currency). The aftermarket share of revenue declined by 4pp to 22%, while contracting services increased 4pp to 16%. The gross margin declined to 18.3% (18.5%), mainly as a result of the changed revenue mix and lower margin in contracting services.

Selling, general and administrative expenses declined by 6% due to cost control and the weaker ruble. As a percentage of revenue, these costs declined to 8.7% (11.1%). As a result of higher revenue and lower costs, the operating margin increased to 9.3% (7.2%) and the operating profit increased by 55% to SEK 94m (SEK 60m).

Cash flows from operating activities were strong at SEK 101m as working capital as a percentage of revenue declined from 3% in Q4 2020 to 2% in Q1 2021.

Russia/CIS

SEK M	Q1 2021	Q1 2020	%
New units	297	227	31%
Revenue	1,007	843	20%
Gross profit	185	156	18%
Operating profit	94	60	55%
Gross margin	18.3%	18.5%	
Operating margin	9.3%	7.2%	

New trucks (units sold)

Revenue (SEK m)

Operating margin (%)


During the first quarter, the German market for heavy trucks grew 10%

Revenue in Germany amounted to SEK 260m (SEK 275m)

Working capital increased from 9% to 11%

Germany

The German market for heavy trucks, based on registrations, increased by 10% Y-o-Y and 7% Q-o-Q. Market growth was mainly driven by the tractor segment as a result of both economic recovery and pent-up demand. Our sales area represented approx. 17% of the total German market and grew more slowly at 4% Y-o-Y and declined 5% Q-o-Q. Our new truck sales in units declined by 21% to 136 units, as some customers waited for deliveries of the new Volvo model range, which started in April. As a result, our market shares for Volvo and Renault Trucks declined during the quarter. Customer activity and demand for service and parts improved during the quarter, despite remaining Covid restrictions.

Due to lower new trucks sales, total revenue in Germany in Q1 2021 decreased by 6% (-1% in EUR) to SEK 260m (SEK 275m). Equipment sales decreased by 16% (-12% in EUR) while aftermarket sales increased by 21% (28% in EUR). Aftermarket sales in Q1 2021 include SEK 0.4m aftermarket sales from a workshop in Fulda that was acquired on 4 January. As a result, aftermarket sales increased by 7pp as a share of revenue to 32%. Other revenue, mainly consisting of trucks rental and car sales, increased 4% (9% in EUR). Mainly due to the shift in revenue mix, the gross margin increased to 11.6% (9.7%) in Q1 2021.

Selling, general and administrative expenses increased by 22%, partly due to restructuring costs of SEK 2.5m and acquisition related costs of SEK 1.1m. Despite the higher gross margin, due to the higher costs, the operating margin in Q1 2021 declined to -5.3% (-3.5%). The operating loss amounted to SEK -14m (SEK -10m).

Cash flows from operating activities were negative due to the negative result and working capital as a percentage of revenue increased from 9% to 11%. Cash flows from investing activities includes a SEK 31m partial payment for the acquisition of the workshop in Fulda (for more details see note 6).

Germany

SEK M	Q1 2021	Q1 2020	%
New units	136	172	-21%
Revenue	260	275	-6%
Gross profit	30	27	13%
Operating profit	-14	-10	45%
Gross margin	11.6%	9.7%	
Operating margin	-5.3%	-3.5%	

Comments on the Group results

The following foreign exchange rates have been used when translating Q1 2021 (Q1 2020) results to the presentation currency:

- Average rates of RUB/SEK 8.86 (+29% vs 6.88) and SEK/EUR 10.12 (-5.1% vs 10.66) have been used to translate income statements.
- End of period rates of RUB/SEK 8.67 (+11% vs 7.83) and SEK/EUR 10.24 (-7.6% vs 11.08) have been used to translate balance sheets.

The depreciation of the RUB since Q1 2020 of 29% on the average and 11% on the end-of-period rates, respectively, has impacted both income statement and balance sheet items.

Revenue

Revenue increased by 13% to SEK 1,267m (SEK 1,118m)

In Q1 2021, the revenue of the Group increased by 13% to SEK 1,267m (SEK 1,118m). Sales of equipment and trucks increased by 12% and aftermarket sales increased by 5%. Revenue from contracting services increased by 55% in Q1 2021, mainly due to the addition and ramp-up of the new project in Norilsk. Other revenue, mainly consisting of rental and passenger car sales in Germany, declined 13%.

Gross profit and operating profit

Gross profit in Q1 2021 increased by 18% to SEK 215m (SEK 183m)

In Q1 2021, the gross margin for the Group increased from 16.3% to 17.0% as the share of the revenue from Russia/CIS increased and the gross margin in Germany increased (11.6% vs 9.7%). As a result of a higher margin on higher revenue, gross profit in Q1 2021 increased by 18% to SEK 215m (SEK 183m).

The operating margin increased from 4.6% to 6.3%

As percent of revenue, selling, general and administrative expenses decreased from 11.5% in Q1 2020 to 10.3% in Q1 2021. The operating profit for Q1 2021 increased by 57% to SEK 80m (SEK 51m). The operating margin during the quarter increased from 4.6% to 6.3%, mostly as higher operating margin in Russia/CIS of 9.3% (7.2%) offset lower operating margin in Germany of -5.3% (-3.5%).

Result

The result for the quarter increased by 176% to SEK 56m

Mainly as a result of a lower net debt position, net finance costs decreased to SEK 6m in Q1 2021 from SEK 17m in Q1 2020. Foreign exchange losses (net) decreased from SEK 5m in Q1 2020 to SEK 3m in Q1 2021. As a result of this, and the higher operating profit, the result before income tax for Q1 2021 increased by 143% to SEK 71m (SEK 29m). The result for the quarter increased by 176% to SEK 56m (SEK 20m).

Earnings per share

Earnings per share for the quarter amounted to SEK 3.85.

Earnings per share for the first quarter amounted to SEK 3.85 (SEK 1.39).

Cash flows

Cash flows from operating activities after taxes and interest decreased to SEK 91m (SEK 101m) during the quarter

Cash flows from operating activities decreased to SEK 91m (SEK 101m) during the quarter. The positive cash flows were partly a result of a decrease in working capital of SEK 30m from SEK 213m to SEK 183m, or from 5% to 4% of revenue. In Russia/CIS, the reduction in working capital during the quarter was mainly a result of higher payables, only partly offset by higher receivables and higher inventories compared to Q4 2020. As a percentage of revenue, working capital in Russia/CIS declined to 2% (from 3% in Q4 2020 and 14% in Q1 2020). This is below the historical average, as well as the lower end of the expected working capital range from 5% to 15% of revenue. In Germany, however, working capital increased in Q1 2021 as an increase in receivables and, to a lesser extent, in inventory more than offset an increase in payables compared to Q4 2020. As a result, working capital increased to 11% (from 9% in Q4 2020) as a percentage of revenue.

Working capital decreased from SEK 213m to SEK 183m during the quarter

Strong cash flows from operating activities were supported by lower interest paid for the Group but partly offset by higher income tax paid.

Cash flows from investing activities in Q1 2021 amounted to SEK -45m (SEK -5m). The main investment in Q1 2021 relate to the Group's acquisition of a workshop business (TCR) in Germany. For more details see note 6.

Interest received in Q1 2021 was higher than during Q1 2020 due to a higher cash position, despite lower deposit rates.

Financial position

On 31 March 2021, cash and cash equivalents amounted to SEK 665m, an increase of SEK 62m from to the end of 2020. The high cash balance reflected the stronger cash flows from operating activities.

Interest-bearing liabilities (including lease liabilities and effects of IFRS-16) at the end of the quarter amounted to SEK 632m, an increase of SEK 49m compared to the end of 2020. The increase was mainly due to new borrowings from VFS in Russia/CIS. Interest-bearing liabilities also include liabilities in the German operations amounting to SEK 76m that were transferred from payables to borrowings in Q1 2021. As these transfers were non-cash, they are not reflected in cash flows.

Net cash increased from SEK 20m in Q4 2020 to net cash SEK 33m in Q1 2021

The net cash position increased from SEK 20m at the end of 2020 to SEK 33m at the end of Q1 2021.

Property, plant and equipment (PP&E) increased by SEK 70m during the quarter from SEK 507m to SEK 576m, partly due to additions of machines in contracting services in Russia/CIS, and partly due to a business acquisition in Germany in January 2021. The increase in PP&E was partly offset by depreciation in the amount of SEK 45m. The main increase consisted of additional machines for contracting services in the amount of SEK 55m in Q1 2021. This addition was reflected in the Group's statement of cash flows as a change in working capital, as the machines were transferred to property, plant and equipment from inventory (non-cash operation).

Equity at 31 March 2021 amounted to SEK 888m

On 31 March 2021, equity amounted to SEK 888m, an increase of SEK 81m compared to the end of 2020. The increase was mainly due to the positive result, supported by positive foreign exchange differences in the amount of SEK 26m, reflecting an appreciation of the Russian ruble and the euro against the Swedish krona of 4% and 2% respectively compared to the end of Q4 2020.

Parent company

The parent company's result for the quarter increased to SEK 169m (SEK -6m)

During Q1 2021, the revenue of the parent company was unchanged at SEK 42m (SEK 42m). Administrative expenses decreased by 21% to SEK 6m (SEK 7m), mainly as a result of fewer professional services, less travelling, as well as some staff changes. The operating result improved from SEK -2.4m in Q1 2020 to SEK 0.2m in Q1 2021. The result for the quarter increased to SEK 169m (SEK -6m), mainly due to finance income received from the Russian subsidiaries, but also due to lower negative foreign exchange differences.

Employees

The number of full-time equivalent employees at the end of Q1 2021 was 1,585

At the end of Q1 2021, the number of full-time equivalent employees in the Group was 1,585, of which 1,322 related to Russia/CIS, 251 to Germany and 12 occupied group functions. At the end of Q1 2020, the number of full-time equivalent employees was 1,416, of which 1,157 related to Russia/CIS, 247 to Germany and 12 occupied group functions.

Acquisitions in Germany

In Germany, the Group recently announced several acquisitions

In line with its strategy to expand and improve its service network in Germany, Ferronordic has announced several acquisitions.

The SEK amounts in this section are based on the SEK/EUR rates at the time of the announcements.

On 28 December 2020, it was announced that Ferronordic had agreed to acquire Truck Center Röhn GmbH ("TCR"), an authorised Volvo and Renault Trucks workshop in Fulda, Hessen. In 2019, TCR generated revenue of approx. EUR 3.9m (SEK 40m) with an operating profit of approx. EUR 0.6m

(SEK 6m) and 15% operating margin. The expected purchase price amounts to EUR 4.2m (SEK 43m), based on EUR 2.5m (SEK 25m) of expected net asset value and EUR 1.7m (SEK 17m) of goodwill. The transaction was completed in January 2021. Ferronordic also agreed in principle with the seller to build an additional workshop for Ferronordic in Bad Hersfeld, Hessen.

On 4 February 2021, it was announced that Ferronordic had agreed to purchase the business of Bus und Truck Service GmbH, an authorised Volvo and Renault Trucks workshop in Nordhausen in central Germany. Over the last three years, Bus und Truck Service GmbH generated average revenue of around EUR 1.5m (SEK 15m) per year, with an estimated adjusted operating margin of approx. 10%. The transaction is structured as an asset deal, where Ferronordic purchases inventories, tools and equipment from the seller. The real estate is not included in the transaction and will be leased by Ferronordic. The total purchase price amounts to EUR 0.65m (SEK 6.6m), of which EUR 0.45m (SEK 4.6m) corresponds to the expected net value of the purchased assets and EUR 0.2m (SEK 2.0m) is goodwill. The transaction was completed in May 2021.

On 3 March 2021, it was announced that Ferronordic had signed an agreement to acquire Thomas Nutzfahrzeuge GmbH and the related real estate ("Thomas"). Thomas is an authorised Volvo and Renault Trucks workshop in Limburg, Hessen. In 2019 and 2020, Thomas had an average annual revenue of EUR 4.8m (SEK 49m) with an average operating profit of approx. EUR 0.8m (SEK 8m). The total investment including real estate amounts to EUR 6.4m (SEK 64m). The preliminary purchase price for the shares in Thomas is EUR 2.9m (SEK 29m), based on EUR 0.5m (SEK 5m) of expected net asset value and EUR 2.4m (SEK 24m) of goodwill. In addition, Ferronordic will pay EUR 3.5m (SEK 35m) for the real estate. The transaction was completed in April 2021.

On 12 March 2021, it was announced that Ferronordic had agreed to purchase a land plot of 15,000 m² for EUR 1.2m (SEK 12m), where Ferronordic intends to construct a combined office and workshop building of approx. 2,300 m². The new site, expected to be ready in Q3 2022, will provide Ferronordic with a modern and purpose-built facility in a strategic location in the important Hannover region. The investment will be made during 2021 and 2022 and is expected to reach approx. EUR 6.0m (SEK 60m).

Ferronordic will continue to seek opportunities to expand and improve its network in Germany

Ferronordic will continue to seek opportunities to expand and improve its service network in Germany. While the Group's preferred strategy is to lease real estate, Ferronordic will also consider business acquisitions including fixed assets and greenfield projects, where Ferronordic would buy and develop land plots to build workshops.

Ferronordic has been appointed distributor of Sandvik mobile crushing and screening equipment in all of Russia

Sandvik mobile crushers and screens

On 1 March 2021, it was announced that Ferronordic had been appointed distributor of Sandvik mobile crushing and screening equipment in all of Russia. Under the agreement, Ferronordic became responsible for sales of new mobile crushing equipment throughout Russia, as well as service and repairs, including warranty service, of Sandvik's existing fleet in the country. The product portfolio includes a full range of mobile jaw crushers, cone crushers, impact crushers, scalpers and screens. The products are used in a wide range of applications, such as quarries, mining and recycling. The products are frequently used side-by-side with Ferronordic's existing offering of Volvo CE machines, often by the same customers. Some Sandvik crushers are also equipped with Volvo Penta engines. Over time, Ferronordic expects that equipment and aftermarket sales related to the new products may represent up to 5% of its revenue in Russia. Gross margin and working capital requirements are expected to be comparable to Ferronordic's existing product offering in Russia/CIS.

Events after the reporting date

On 30 April 2021, it was announced that Ferronordic and Nordea Bank had agreed on a credit facility, consisting of a EUR 40m revolving credit facility and a EUR 30m term loan. The facilities are running for three years. The purpose of the facility is partly to finance the Group's working capital, and partly to finance the group's continued investments in Germany. The facility is also used to refinance the loan that was drawn from Nordea Bank in connection with Ferronordic's establishment in Germany in December 2019.

Except as described elsewhere in this report, no events have occurred after the reporting date that require disclosure in the financial statements.

Risks and uncertainties

As described in the 2020 annual report, Ferronordic is exposed to a number of risks. Some of these risks have intensified as a result of the outbreak and spread of Covid-19. There have been no significant changes to what was stated in the 2020 annual report. The parent company is indirectly subject to the same risks and uncertainties as the Group.

In January 2021, the Russian Ministry for Industry and Trade proposed an increase of the so-called utilisation or scrapping fee. This charge is levied in a fixed amount and depends on the type of machine. As a percent, the fee therefore impacts lower price machines more. At this point, it has not been confirmed if, when and on what machines or by how much the increase of the fee may apply.

In January, Ferronordic appointed Martin Bauknecht Managing Director of the German business

Changes in management

On 15 January 2021, it was announced that Martin Bauknecht had been appointed Managing Director of the German business and new member of the Group Management Team, effective 3 February 2021.

In connection with Martin's appointment, Henrik Carlborg, Business Development Director, returned to focusing on the overall business development of the Group.

Outlook

The business environment remains uncertain, mainly as regards supply chain constraints. Despite this, we expect our markets to continue to recover in the remainder of 2021. In Russia/CIS, our optimism is supported by higher commodity prices and increased activity on the so-called national projects, but moderated by the risk of increased utilisation fee. In Germany, we expect a broader European economic recovery to boost demand. In a longer perspective, we see strong underlying fundamentals and business opportunities in our markets.

Presentation of the report

Ferronordic's interim report for the first quarter of 2021 was published on 12 May 2021 at 07.30 CET and is accessible at www.ferronordic.com.

Ferronordic invites investors, analysts and the media to a presentation where Lars Corneliussen, CEO, and Erik Danemar, CFO, comment on the report. The presentation will be held on 12 May 2021 at 10:00 CET and can be followed via telephone conference or audiocast.

The presentation will be held in English and will be followed by a questions and answers session. Questions can be asked via the telephone conference or in written form via the audiocast. No preregistration is required.

To participate via telephone, please dial in no later than five minutes prior to the announced time.

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- Germany: +49 692 222 391 66
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The presentation can also be viewed live at <https://tv.streamfabriken.com/ferronordic-q1-2021>

Afterwards, a recording of the presentation will be available at the same page.

Condensed consolidated statement of comprehensive income

	Q1 2021 SEK '000	Q1 2020 SEK '000
Revenue	1 266 829	1 118 219
Cost of sales	(1 052 090)	(935 551)
Gross profit	214 739	182 668
Selling expenses	(53 577)	(55 146)
General and administrative expenses	(77 447)	(73 880)
Other income	1 422	1 846
Other expenses	(5 454)	(4 578)
Operating profit	79 683	50 910
Finance income	2 801	1 780
Finance costs	(8 457)	(18 720)
Foreign exchange gains/(-losses) (net)	(2 793)	(4 647)
Result before income tax	71 234	29 323
Income tax	(15 329)	(9 062)
Result for the period	55 905	20 261
 Other comprehensive result		
<i>Items that are or may be reclassified to profit or loss:</i>		
Foreign currency translation differences for foreign operations	25 580	(128 041)
Other comprehensive result for the period, net of tax	25 580	(128 041)
Total comprehensive result for the period	81 485	(107 780)
 Earnings per share		
Basic and diluted earnings per share (SEK)	3.85	1.39

Condensed consolidated statement of financial position

	31 March 2021 SEK '000	31 December 2020 SEK '000	31 March 2020 SEK '000
ASSETS			
Non-current assets			
Property, plant and equipment	576 369	506 522	605 285
Intangible assets	25 141	8 211	10 076
Deferred tax assets	76 509	64 604	43 528
Total non-current assets	678 019	579 337	658 889
Current assets			
Inventories	1 241 088	1 014 180	1 292 560
Trade and other receivables	537 066	393 486	574 797
Prepayments	52 203	37 119	45 898
Cash and cash equivalents	665 158	603 504	638 538
Total current assets	2 495 515	2 048 289	2 551 793
TOTAL ASSETS	3 173 534	2 627 626	3 210 682
EQUITY AND LIABILITIES			
Equity			
Share capital	1 297	1 297	1 297
Additional paid in capital	615 136	615 136	612 136
Translation reserve	(343 384)	(368 964)	(250 135)
Retained earnings	558 932	337 240	399 003
Result for the period	55 905	221 692	20 261
TOTAL EQUITY	887 886	806 401	782 562
Non-current liabilities			
Borrowings	384 868	351 326	410 426
Deferred income	176	578	4 523
Deferred tax liabilities	5 450	5 117	1 603
Long-term lease liabilities	61 757	70 893	158 790
Total non-current liabilities	452 251	427 914	575 342
Current liabilities			
Borrowings	100 863	84 029	524 693
Trade and other payables	1 611 453	1 187 974	1 211 275
Deferred income	18 469	18 524	18 697
Provisions	17 915	25 579	22 940
Short-term lease liabilities	84 697	77 205	75 173
Total current liabilities	1 833 397	1 393 311	1 852 778
TOTAL LIABILITIES	2 285 648	1 821 225	2 428 120
TOTAL EQUITY AND LIABILITIES	3 173 534	2 627 626	3 210 682

Condensed consolidated statement of changes in equity

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2021	1 297	615 136	(368 964)	558 932	806 401
Total comprehensive result for the period					
Result for the period				55 905	55 905
Other comprehensive result					
Foreign exchange differences	-	-	25 580	-	25 580
Total comprehensive result for the period			25 580	55 905	81 485
Contribution by and distribution to owners					
Dividends	-	-	-	-	-
Total contributions and distributions	-	-	-	-	-
Balance 31 March 2021	1 297	615 136	(343 384)	614 837	887 886

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2020	1 297	612 136	(122 094)	399 003	890 342
Total comprehensive result for the period					
Result for the period				20 261	20 261
Other comprehensive result					
Foreign exchange differences	-	-	(128 041)	-	(128 041)
Total comprehensive result for the period			(128 041)	20 261	(107 780)
Contribution by and distribution to owners					
Dividends	-	-	-	-	-
Total contributions and distributions	-	-	-	-	-
Balance 31 March 2020	1 297	612 136	(250 135)	419 264	782 562

Condensed consolidated statement of cash flows

	Q1 2021 SEK '000	Q1 2020 SEK '000
Cash flows from operating activities		
Result before income tax	71 234	29 323
Adjustments for:		
Depreciation and amortisation	44 969	48 190
(Gain)/loss from impairment of receivables	3 751	3 717
Profit on disposal of property, plant and equipment	259	(127)
Finance costs	8 457	18 720
Finance income	(2 801)	(1 780)
Foreign exchange losses/(gains) (net)	2 793	4 647
Cash flows from operating activities before changes in working capital and provisions	128 662	102 690
Change in inventories	(230 519)	(182 606)
Change in trade and other receivables	(118 956)	(310 637)
Change in prepayments	(13 329)	30 263
Change in trade and other payables	376 153	498 356
Change in provisions	(8 892)	2 624
Change in deferred income	(1 248)	(1 200)
Cash flows from operating activities before interest and tax paid	131 871	139 490
Income tax paid	(33 559)	(19 514)
Interest paid	(7 385)	(19 057)
Cash flows from operating activities	90 927	100 919
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	1 275
Interest received	2 801	1 744
Acquisition of property, plant and equipment	(22 488)	(7 612)
Acquisition of intangible assets	(102)	(292)
Acquisition of business	(24 762)	-
Cash flows from investing activities	(44 551)	(4 885)
Cash flows from financing activities		
Proceeds from borrowings	42 367	303 640
Repayment of loans	(6 938)	(259 510)
Leasing financing paid	(20 273)	(32 182)
Cash flows from financing activities	15 156	11 948
Net change in cash and cash equivalents	61 532	107 982
Cash and cash equivalents at start of the period	603 504	519 361
Effect of exchange rate fluctuations on cash and cash equivalents	122	11 195
Cash and cash equivalents at end of the period	665 158	638 538

Key ratios

	Q1 2021	Q1 2020
Revenue, SEK'000	1 266 829	1 118 219
Revenue growth, %	13.3%	54.7%
Gross margin, %	17.0%	16.3%
EBITDA, SEK'000	124 652	99 100
EBITDA margin, %	9.8%	8.9%
Operating profit, SEK'000	79 683	50 910
Operating margin, %	6.3%	4.6%
Result for the period, SEK'000	55 905	20 261
Undiluted earnings per share, SEK	3.85	1.39
Diluted earnings per share, SEK	3.85	1.39
Net debt/(cash), SEK'000	(32 973)	530 544
Net debt/EBITDA, x	(0.1)	1.0
Capital employed, SEK'000	1 520 071	1 951 644
Return on capital employed, %	21.3%	23.5%
Working capital, SEK'000	182 520	660 343
Working capital/Revenue, %	3.8%	13.3%
No. of employees at close of period	1 585	1 416

Ferronordic presents certain key ratios in its interim reports which are not defined according to IFRS. The company considers these ratios to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends.

Ferronordic's definitions of these measures may differ from other companies' definitions of the same terms. These ratios should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. The definition and purpose of each key ratio are presented on page 26.

Parent company income statement

	Q1 2021 SEK '000	Q1 2020 SEK '000
Revenue	42 293	42 237
Cost of sales	(36 254)	(37 231)
Gross profit	6 039	5 006
Administrative expenses	(5 831)	(7 373)
Operating profit	208	(2 368)
Finance income	171 043	282
Finance costs	(1 293)	(46)
Foreign exchange gains/(-losses) (net)	(836)	(5 886)
Result before income tax	169 122	(8 019)
Income tax	-	1 603
Result for the period	169 122	(6 416)

The total comprehensive result for the period is the same as the result for the period.

Parent company balance sheet

	31 March 2021 SEK '000	31 December 2020 SEK '000	31 March 2020 SEK '000
ASSETS			
Non-current assets			
Intangible assets	712	768	937
Property, plant and equipment	-	-	-
Financial assets			
Holdings in group companies	174 043	163 908	158 785
Loans to group companies	54 951	2 597	2 802
Deferred tax assets	20 106	20 106	18 627
Total financial assets	249 100	186 611	180 214
Total non-current assets	249 812	187 379	181 151
Current assets			
Trade and other receivables	52 954	36 316	69 491
Prepayments	635	634	840
Cash and cash equivalents	175 182	16 733	35 486
Total current assets	228 771	53 683	105 817
TOTAL ASSETS	478 583	241 062	286 968
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1 297	1 297	1 297
Unrestricted equity			
Share premium reserve	625 148	625 148	622 148
Retained earnings	(446 156)	(444 060)	(382 297)
Result for the period	169 122	(2 096)	(6 416)
TOTAL EQUITY	349 412	180 290	234 733
Current liabilities			
Borrowings	78 252	32 725	-
Trade and other payables	50 919	28 047	52 236
Total current liabilities	129 171	60 772	52 236
TOTAL LIABILITIES	129 171	60 772	52 236
TOTAL EQUITY AND LIABILITIES	478 583	241 062	286 968

Basis of presentation and summary of significant accounting policies

1. Accounting policies

Ferronordic applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and recommendation RFR 2 (only parent company), issued by the Swedish Financial Reporting Board.

Other new or revised standards that come into effect in 2021 or later are not expected to have any significant effect on Ferronordic's financial statements.

The same accounting and valuation principles were applied in the preparation of this report as in the preparation of the 2020 Annual report (with regard to the 2020 financial year).

2. Determination of fair values

The basis for the determination of fair value of financial assets and liabilities is disclosed in note 5 in the 2020 annual report. The fair values of the Group's financial assets and liabilities approximate their respective carrying amounts.

3. Seasonal variations

Ferronordic's revenue and earnings are affected by seasonal variations in the construction industry in Russia/CIS. Q1 is typically the weakest for sales of machines as activity in construction projects is constrained during the winter months. On the other hand, the demand in aftermarket (sales of parts and services) is usually strong since many customers use the quiet period to service their machines. This is usually followed by an increase during Q2 as contracts start to be put out for tender and customers prepare for the more active summer period. Q3 tends to be slower with regard to both machine sales and aftermarket. In Q4, activity usually strengthens as customers make year-end capital spending decisions. In Germany, seasonal trends are less significant.

4. Ferronordic AB (publ)

Ferronordic AB (publ) and its subsidiaries are sometimes referred to as the Group or Ferronordic. Ferronordic AB (publ) is also sometimes referred to as the company or Ferronordic. Any mentioning of the Board is a reference to the Board of Directors of Ferronordic AB (publ).

Notes

1. Operational segments and revenue

(i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker, who is responsible for allocating resources and assessing the financial performance of the operating segments, has been identified as the Group Executive Management Team. The Group recognises two separate reportable segments: *Russia/CIS* and *Germany*. The segments are partly managed separately due to differences in markets, logistics, supply chains, products, customers and marketing strategies. For each segment, the Group's management reviews internal reports on at least a monthly basis. Russia/CIS comprises of sales of new and used construction and other equipment, aftermarket sales, rental, contracting services and other services in Russia and CIS (the Commonwealth of Independent States) and currently in Russia and Kazakhstan. Germany comprises of sales of new and used trucks, aftermarket sales, rental and other services in Germany. The accounting policies of the segments are the same as described in Note 4 of the annual report 2020. Group overhead costs, such as Group executive management costs, are allocated between the segments using principles set forth by the CODM. Information regarding the results of each segment is included below. The performance of each segment is mainly evaluated based on revenue, gross profit, gross margin, EBITDA, operating profit and operating margin, as included in internal management reports that are reviewed by the Group's Executive Management Team. The Group had no inter-segment revenues during the periods presented.

SEK'000	Russia/CIS		Germany		Total	
	Q1 2021 SEK '000	Q1 2020 SEK '000	Q1 2021 SEK '000	Q1 2020 SEK '000	Q1 2021 SEK '000	Q1 2020 SEK '000
External revenue	1 007 228	842 784	259 601	275 435	1 266 829	1 118 219
Gross profit	184 527	155 918	30 212	26 750	214 739	182 668
EBITDA	127 497	99 704	(2 845)	(604)	124 652	99 100
Depreciation and amortisation	(33 966)	(39 255)	(11 003)	(8 935)	(44 969)	(48 190)
Operating profit	93 531	60 449	(13 848)	(9 539)	79 683	50 910
Profit(loss) before tax					71 234	29 323
Result for the period					55 905	20 261
Gross margin	18.3%	18.5%	11.6%	9.7%	17.0%	16.3%
Operating margin	9.3%	7.2%	-5.3%	-3.5%	6.3%	4.6%

	Russia/CIS		Germany		Inter-segment		Total	
	31 March 2021 SEK'000	31 December 2020 SEK'000						
	Deferred tax assets	53 316	45 661	23 193	18 943	-	-	76 509
Non-current assets	497 493	381 901	251 252	205 674	(70 726)	(8 238)	678 019	579 337
Total assets	2 614 492	2 171 964	629 768	463 900	(70 726)	(8 238)	3 173 534	2 627 626

(ii) Revenue
Disaggregation of revenue

SEK'000	Russia/CIS		Germany		Total	
	Q1 2021 SEK '000	Q1 2020 SEK '000	Q1 2021 SEK '000	Q1 2020 SEK '000	Q1 2021 SEK '000	Q1 2020 SEK '000
Equipment and trucks sales	624 076	511 036	159 284	190 199	783 360	701 235
Aftermarket sales	220 213	221 170	82 053	67 634	302 266	288 804
Contracting services	159 091	102 783	-	-	159 091	102 783
Other revenue	3 848	7 795	18 264	17 602	22 112	25 397
Total revenues	1 007 228	842 784	259 601	275 435	1 266 829	1 118 219

In Russia/CIS, equipment and trucks sales include sales of new and used construction equipment, attachments and diesel generators. Aftermarket sales include sales of service and parts. Contracting services include only revenue from contracting services operations. Other revenue consists mainly of rental revenue.

In Germany, equipment and trucks sales include sales of new Volvo and Renault trucks, Renault light commercial vehicles and used trucks. Aftermarket sales include sales of service and parts. Other revenue consists mainly of rental revenue and also sales of passenger cars.

Number of units sold	Russia/CIS		Germany		Total	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
New units	297	227	136	172	433	399
Used units	48	51	8	7	56	58
Total units	345	278	144	179	489	457

In Russia/CIS, new units include the full range of construction equipment and diesel generators. Used units include construction equipment and trucks. In Q1 2020, attachments from one manufacturer (SP Maskiner) were included in new unit sales. This has been corrected in this report. As a result, the number of new units sold in Q1 2020 decreased by 2 from 229 to 227 in Russia/CIS, and from 401 to 399 total for the Group.

In Germany, new units include Volvo and Renault trucks, as well as sales of Renault light commercial vehicles. Used units include Volvo and Renault trucks, as well as other trucks and light commercial vehicles. Sales of passenger cars are included in other revenue and are not included in the new or used unit count.

2. Events after the reporting date

Information regarding events after the reporting date is set out in the front part of this report.

3. Contingencies

Besides as disclosed in this report, the Group has no material contingencies. The parent company has issued a number of guarantees, all as security for the subsidiaries' obligations vis-à-vis suppliers and banks.

4. Related party transactions

There have been no significant changes in the relationships or transactions with related parties for the Group or the parent company compared with the information disclosed in the 2020 Annual report.

5. Earnings per share

The calculation of earnings per share is based on the result attributable to the shareholders and thus is calculated as the result for the period divided by the average number of shares outstanding.

	Q1 2021 SEK '000	Q1 2020 SEK '000
Result for the period	55 905	20 261
Result attributable to shareholders	55 905	20 261
Average number of shares during the period before and after dilution	14 532 434	14 532 434
Earnings per share before and after dilution	3.85	1.39

6. Acquisition of subsidiary

On 28 December 2020, it was announced that Ferronordic had agreed to acquire Truck Center Röhn GmbH ("TCR"), an authorised Volvo and Renault Trucks workshop in Fulda, Hessen. The transaction was completed in January 2021.

The acquisition is part of Ferronordic's strategy to grow and improve the service and sales network in Germany.

The consideration consists of a cash transfer in Q1 2021 in the amount of EUR 3.1m (SEK 31.0m) and a contingent consideration of EUR 1.1m (SEK 11.6m), booked as other debt and expected to be paid in 2021. The purchase price is based on TCR's net asset value as at 1 January 2021, with goodwill paid for the potential synergies and intangible assets Ferronordic in the integration of the business into Ferronordic's German operations. The contingent consideration is subject to adjustment in 2021 and will depend on the book values of the acquired assets as per 1 January 2021.

Consideration	SEK '000
Cash	30 960
Liability	11 613
Consideration total	42 573

The Group believes that the book value of the assets (including provisions) acquired and liabilities assumed represent their fair value. The fair value of receivables at the date of acquisition was EUR 1.1m (SEK 11.3m), which is derived from a gross amount EUR 1.1m (SEK 11.4m), reduced by the provision for expected credit losses of EUR 0.01m (SEK 0.1m). The Group believes that the provision is an adequate evaluation of cash flows not expected to be collected. Most of the receivables are from customers.

The following table details the recognised amounts of assets acquired and liabilities assumed in the transaction.

Net assets	SEK '000
Property, plant and equipment	8 409
Inventories	4 109
Trade and other receivables	11 336
Cash and cash equivalents	6 198
Borrowings	(2 052)
Deferred tax liabilities	(305)
Trade and other payables	(2 415)
Net assets	25 280

Costs related to the acquisition in the amount of EUR 0.05m (SEK 0.6m) have been included in “general and administrative expenses” in the condensed consolidated statement of comprehensive income.

Goodwill was recognised in the acquisition at EUR 1.7m (SEK 17.2m). Goodwill is not expected to be deductible for tax purposes.

Goodwill	SEK '000
Consideration total	42 573
Fair value of net assets acquired	(25 280)
Goodwill	17 293

Net cash outflow	SEK '000
Cash consideration transferred	30 960
Cash acquired	(6 198)
Net cash outflow	24 762

The result of the acquired subsidiary included in the consolidated statement of comprehensive income from the time of acquisition up to the reporting date was EUR 0.04m (SEK 0.4m).

This interim report for Ferronordic AB (publ) has been publicly disclosed following approval by the Board of Directors.

Stockholm, 12 May 2021

Lars Corneliusson
Managing Director

This report has not been reviewed by the company's auditors.

About Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is the dealer of Volvo Construction Equipment and certain other brands in all of Russia and Kazakhstan, aftermarket partner of Volvo Trucks and Renault Trucks in part of Russia, and dealer of Volvo Trucks and Renault Trucks in part of Germany. The company also offers contracting services where it owns and operates equipment to carry out works for customers. Ferronordic began its operations in 2010 and now has approx. 100 outlets and 1,500 employees. Ferronordic's vision is to be regarded as the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm.

www.ferronordic.com

Financial Calendar 2021/2022

Interim report January-June 2021	12 August 2021
Interim report January-September 2021	12 November 2021
Year-end report January-December 2021	18 February 2022

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This information is information that Ferronordic AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 12 May 2021, 07:30 CET.

Financial information for individual quarters

The financial information below regarding individual quarters during the period 1 January 2019 – 31 March 2021 is collected from Ferronordic's interim reports for the relevant quarters.

Key ratios

Certain key ratios in Ferronordic's interim reports are not defined according to IFRS. The company considers these ratios to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. Ferronordic's definitions of these measures may differ from other companies' definition of the same terms. These ratios should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. As the amounts in the tables below have been rounded off to SEK m, the calculations do not always add up due to rounding.

Key ratios defined according to IFRS

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2019	2019	2019	2019	2020	2020	2020	2020	2021
Revenue	723	1 100	964	960	1 118	1 203	1 129	1 185	1 267
Result for the period	46	73	74	57	20	76	81	44	56
Basic and diluted earnings per share (SEK)	3.19	5.03	5.09	3.95	1.39	5.24	5.57	3.05	3.85

Key ratios not defined according to IFRS

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2019	2019	2019	2019	2020	2020	2020	2020	2021
Revenue growth (%)	18%	35%	22%	(6%)	55%	9%	17%	23%	13%
Gross margin (%)	20.2%	20.1%	21.4%	21.0%	16.3%	17.2%	19.6%	15.8%	17.0%
EBITDA	82	126	150	136	99	152	147	106	125
EBITDA margin (%)	11.3%	11.4%	15.6%	14.2%	8.9%	12.6%	13.0%	8.9%	9.8%
Operating profit	56	98	109	95	51	105	107	65	80
Operating margin (%)	7.7%	8.9%	11.3%	9.9%	4.6%	8.7%	9.5%	5.5%	6.3%
Net debt / (cash)	(59)	446	411	593	531	230	83	(20)	(33)
Net debt/EBITDA (x)	(0.2x)	1.1x	0.9x	1.2x	1.0x	0.4x	0.2x	0x	(0.1x)
Capital employed	1 101	1 376	1 457	2 003	1 952	1 846	1 470	1 390	1 520
Return on capital employed (%)	33%	33%	34%	27%	23%	23%	25%	20%	21%
Working capital	283	655	675	734	660	476	354	213	183
Working capital/Revenue (%)	8%	18%	18%	20%	13%	10%	8%	5%	4%

Reconciliation of key ratios

The tables below show reconciliations of certain important key ratios.

Net debt / (Net cash)

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2019	2019	2019	2019	2020	2020	2020	2020	2021
Long term borrowings	0	0	0	205	410	349	321	351	385
Long term lease liabilities	25	60	86	110	95	79	53	32	21
Long term lease liabilities (after IFRS 16)	53	51	56	62	64	56	47	39	41
Short term borrowings	215	462	397	639	525	400	122	84	101
Short term lease liabilities	26	38	53	64	41	43	44	44	52
Short term lease liabilities (after IFRS 16)	23	25	28	32	34	36	35	33	32
Total Interest bearing liabilities	342	635	620	1 112	1 169	963	622	583	632
Cash & cash equivalents	402	189	210	519	639	733	539	604	665
Net debt / (cash)	(59)	446	411	593	531	230	83	(20)	(33)
Net debt / EBITDA (x)	(0.2)	1.1	0.9	1.2	1.0	0.4	0.2	(0.0)	(0.1)

Capital employed

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEK m (if not stated otherwise)	2019	2019	2019	2019	2020	2020	2020	2020	2021
Long term interest bearing liabilities	78	111	142	377	569	484	421	422	447
Short term interest bearing liabilities	264	524	478	735	600	480	202	161	186
Shareholder equity	758	741	837	890	783	883	848	806	888
Capital employed	1 101	1 376	1 457	2 003	1 952	1 846	1 470	1 390	1 520
Average capital employed	895	1 003	1 055	1 356	1 526	1 611	1 464	1 696	1 736
EBIT	56	98	109	95	51	105	107	65	80
Interest income	2	2	1	1	2	5	2	3	3
Result LTM	297	327	355	364	359	368	368	340	370
Return on capital employed (%)	33%	33%	34%	27%	23%	23%	25%	20%	21%

Working capital

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEK m (if not stated otherwise)	2019	2019	2019	2019	2020	2020	2020	2020	2021
Inventory	1 295	1 360	1 168	1 290	1 293	1 134	956	1 014	1 241
Trade and other receivables	358	489	351	322	575	436	433	393	537
Prepayments	20	36	31	84	46	27	39	37	52
Trade and other payables	1 362	1 191	830	917	1 211	1 076	1 038	1 188	1 611
Deferred income	15	15	23	21	19	19	17	19	18
Provisions	14	24	23	22	23	27	20	26	18
Working capital	283	655	675	734	660	476	354	213	183
Revenue LTM	3 350	3 633	3 806	3 747	4 969	4 765	4 650	4 635	4 783
Working capital / Revenue (%)	8%	18%	18%	20%	13%	10%	8%	5%	4%

Definitions of and purposes of alternative key ratios not defined by IFRS

New units sold: Number of new machines and trucks sold.

Used to measure and compare number of new units sold during relevant period.

Revenue growth: Growth in revenue compared to the same period last year, expressed in percentage.

Used for comparison of growth between periods as well as comparisons with the market as a whole and with the company's competitors.

Gross margin: Gross profit in relation to revenue.

Provides a measurement of the contribution from the ongoing business.

EBITDA: Operating profit activities excluding depreciation, amortisation and write-downs.

Provides a measurement of the result from the ongoing business.

EBITDA margin: EBITDA in relation to revenue.

Relevant key ratio in evaluating the Group's value creation.

Operating profit: Result before financial items and taxes.

Provides a measurement of the result from the ongoing business.

Operating margin: Operating profit in relation to revenue.

Relevant key ratio in evaluating the Group's value creation.

Net debt / (Net cash): Interest-bearing liabilities (including lease liabilities) less cash and cash equivalents.

Provides a measurement for the Group's net debt position.

Net debt / EBITDA: Net debt / (net cash) in relation to EBITDA for the last twelve months.

Shows to what extent EBITDA covers net debt. Used to evaluate financial risk.

Capital employed: Total equity and interest-bearing liabilities.

Shows the capital invested in the Group's business.

Return on capital employed: Adjusted EBIT plus financial income (for the last twelve months) in relation to capital employed (average during the last twelve months).

Shows how effectively the capital employed is used.

Working capital: Current assets excluding cash and cash equivalents, less non-interest bearing current liabilities.

Shows the amount of working capital tied up in the ongoing business.

Working capital / Revenue: Working capital in relation to revenue during the last twelve months.

Shows how effective the working capital is used in the business.