

# Company Presentation

November 2021

# Introduction to Ferronordic



## Group

- Founded in 2010
- Listed on Nasdaq Stockholm since 2017



## Germany

- Dealer of Volvo and Renault Trucks in parts of Germany from January 2020
- Sales of new and used trucks
- Service and technical support
- Rental business



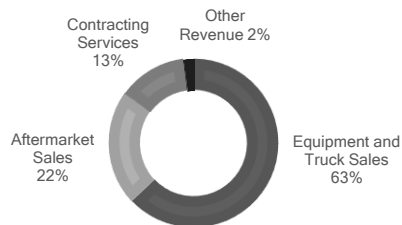
## Russia/CIS

- Dealer of Volvo Construction Equipment, Terex, Dressta, Rottne, Mecalac and Sandvik
- Aftermarket dealer for Volvo and Renault Trucks in parts of Russia
- Sales of new and used construction equipment
- Sales of mobile crushers and screens
- Service and technical support
- Sales of used trucks
- Rental business
- Growing contracting services business
- Machine and component rebuild centre
- CIS markets currently include Kazakhstan\*

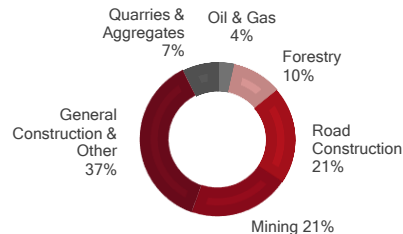
# Introduction to Ferronordic

| Development  |                  |                                   |                |
|--------------|------------------|-----------------------------------|----------------|
| 2010 (Start) | <b>Employees</b> | <b>Revenue (SEKm)<sup>1</sup></b> | <b>Outlets</b> |
|              | ~160             | 1,184                             | 6              |
| Q3 2021      | <b>Employees</b> | <b>Revenue (SEKm)<sup>1</sup></b> | <b>Outlets</b> |
|              | 1,789            | 5,702                             | 107            |

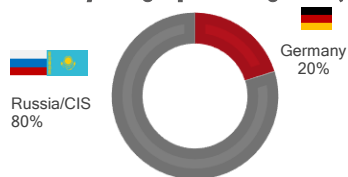
**Revenue by Activity (LTM)**



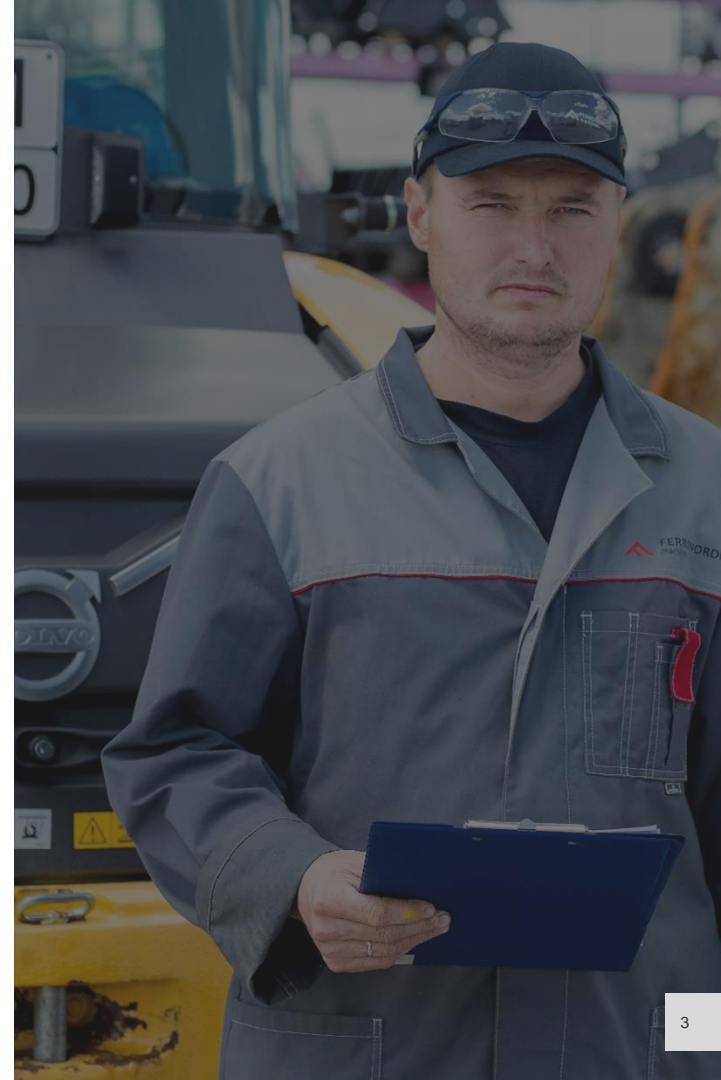
**Revenue by Industry - Russia/CIS (2020)**



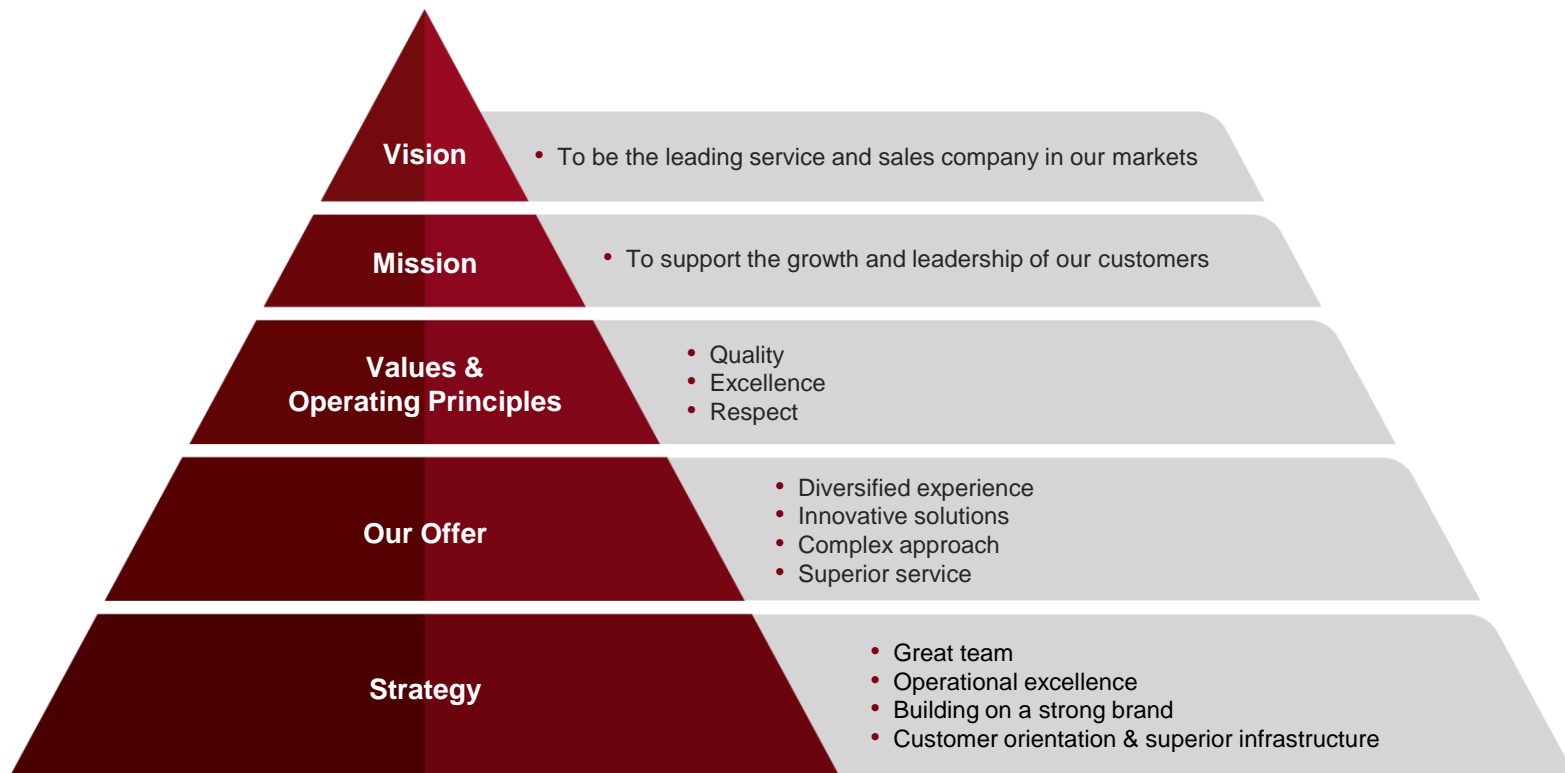
**Revenue by Geographical Segment (LTM)**



1) Annualised last twelve months (LTM).



# Value pyramid



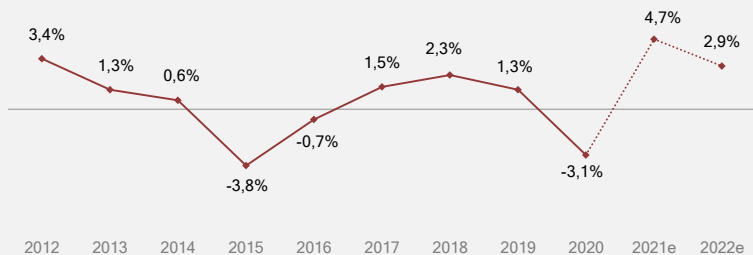
# Vast market with long term potential

## Russia/CIS

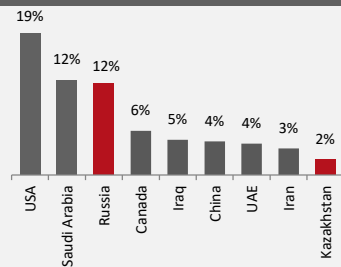
### Russia at a Glance

- Population: ~144 million<sup>1</sup>
- Area: 16.4 million sq. km<sup>1</sup>
- Rich in oil, gas and minerals
- World's largest forest land
- A significant portion of the Federal Government income relates to oil and gas
- Strong balance sheet and approx. USD 614 billion<sup>2</sup> in international currency reserves and gold
- 17.8% government debt/GDP ratio (nominal 2020)

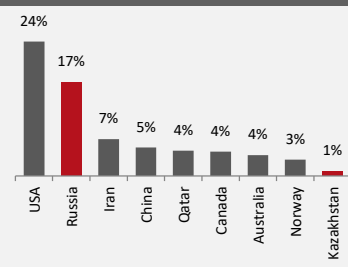
### Russia's GDP Development<sup>5</sup>



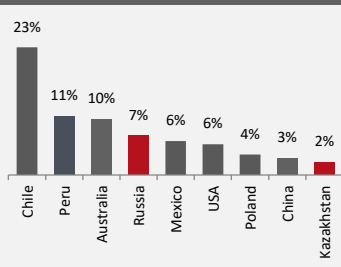
### Oil Production (% of total)<sup>3</sup>



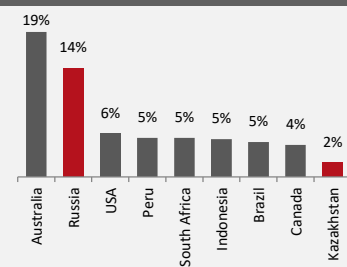
### Natural Gas Production (% of total)<sup>3</sup>



### Copper Reserves (% of total)<sup>4</sup>



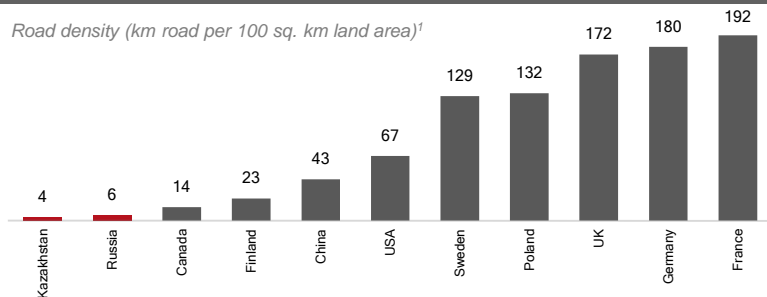
### Gold Reserves (% of total)<sup>4</sup>



# Significant need to improve infrastructure

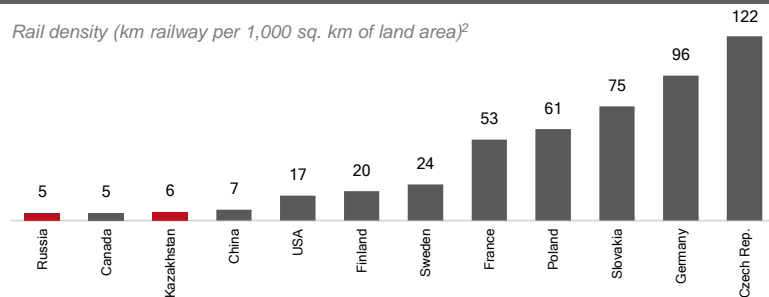
## Road density in Russia and Kazakhstan is low

Road density (km road per 100 sq. km land area)<sup>1</sup>



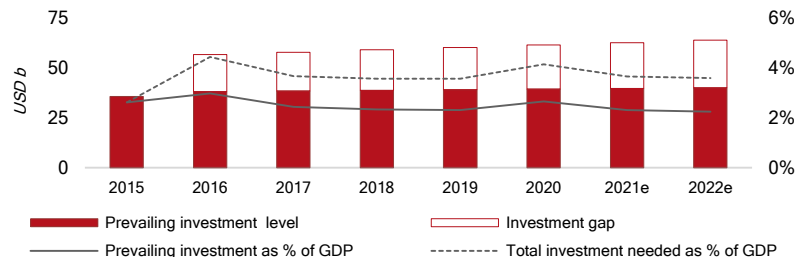
## Rail density is low too

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



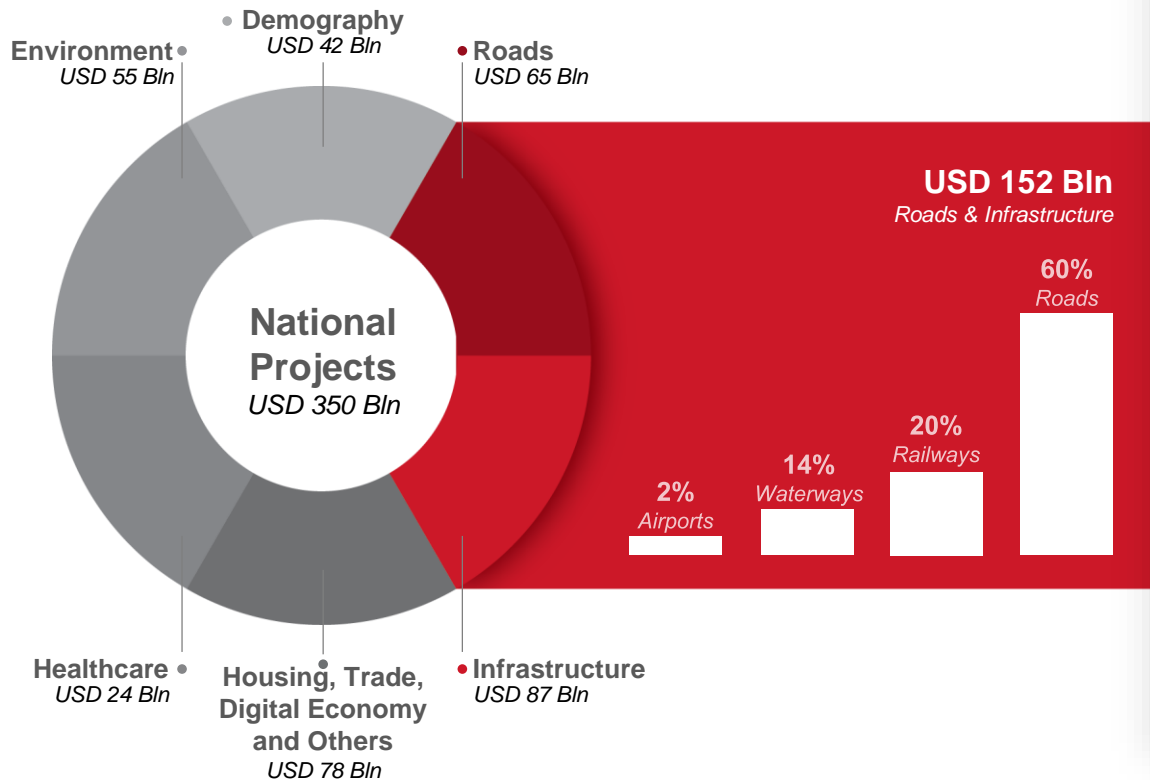
## High need for increased infrastructure investment

Infrastructure spending levels in relation to GDP<sup>3</sup>



- Construction equipment market is expected to capitalize on the long-term growth in Russia and Kazakhstan
- An important driver will be the need to improve aging infrastructure, the bulk of which was built in the Soviet era and needs to be upgraded
  - Russia is ranked 99 out of 141 countries in terms of road quality<sup>2</sup>
  - Kazakhstan is ranked 93 out of 141 in terms of road quality<sup>2</sup>
- Signs that the government intends to create economic growth by increased infrastructure spending

# National Projects

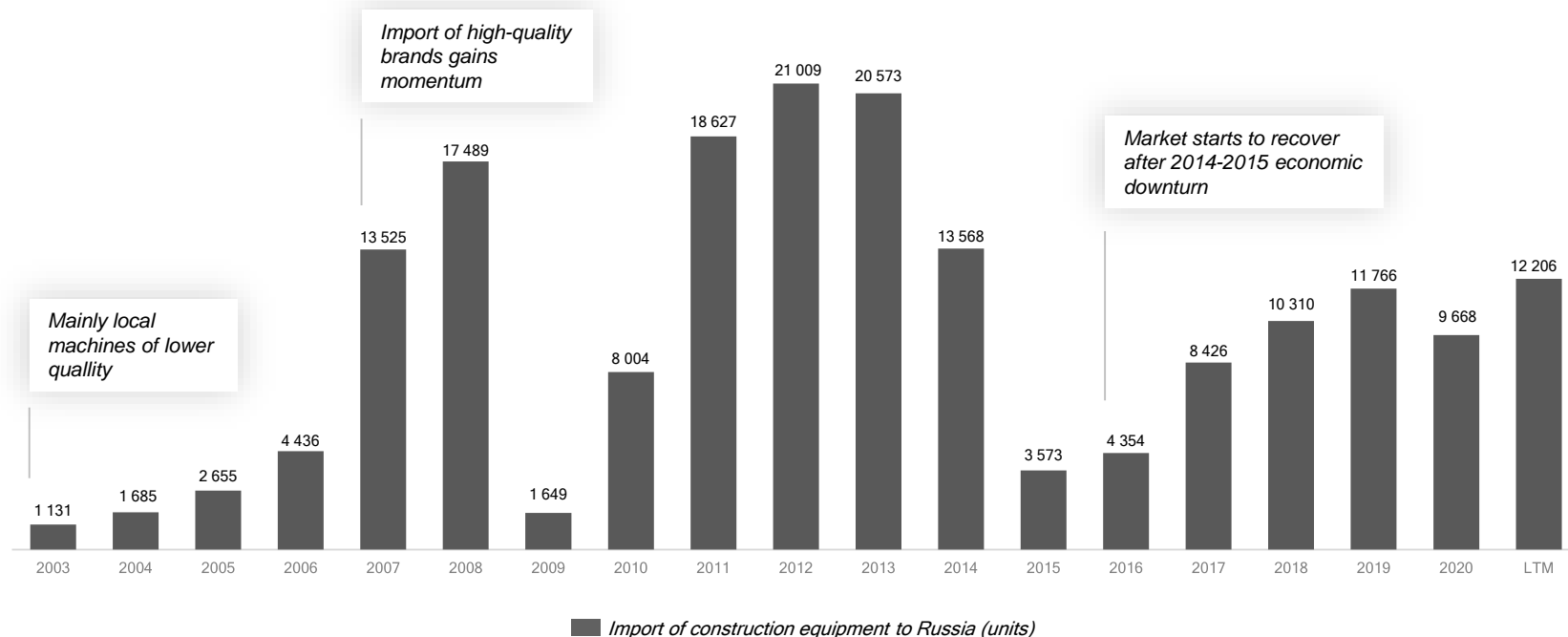


- Designed to transform the economy and promote economic growth
- Program is extended from 2024 to 2030 and previous platform is being updated
- Almost half of the budget earmarked for infrastructure, including the road network
- Planned investments into roads and infrastructure amount to approx. 10% of GDP
- Aim to transform regional roads to improve links between Russian cities
- Intention to increase the volume of residential construction to at least 120 million m<sup>2</sup> per year
- The railway program includes high-speed rail and increase of the freight capacity between key logistical hubs
- Waterways development plan aims at growing seaport capacity and developing the Northeast Passage

# Pent-up demand

## Import of construction equipment to Russia (units)

Young market – sales of high-quality construction equipment only took off 2006/2007

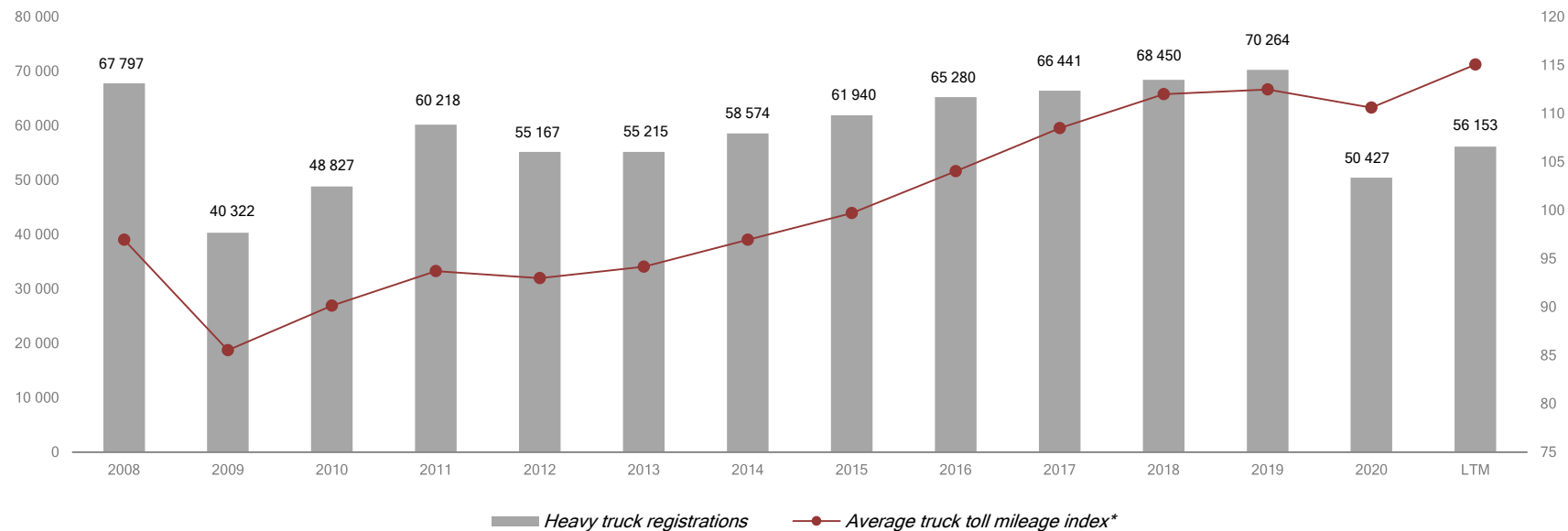




# Germany

## Europe's largest truck market

Heavy truck registrations in Germany (units)



Source: Germany registrations data compiled by Volvo Trucks (until September 2021). Federal Statistical Office Germany (Destatis).

\* Truck toll mileage index is a fixed base index that traces the development of the mileage of heavy trucks (with four or more axles) on German federal motorways and is calculated from digital process data from the truck toll collection system.

# Strategic objectives

**Leadership in the market  
for construction  
equipment and trucks**

**Aftermarket absorption  
rate of at least 1.0 x**

**Expansion into related  
business areas**

**Expansion and  
development of  
contracting services**

**Industry leading digital  
service and sales platforms**

**Geographic expansion**

# Strategic cornerstones

## Customer Orientation

- Customer centricity
- Leading service and product availability
- Tailored customer solutions (including contracting and other business services)

## Build on Strong Brand - Volvo

- World leading manufacturer of trucks and construction equipment
- Strong brand position (leading in Russia)
- Development through additional strong brands



## Superior Infrastructure

- Mobile workshops and service vans/trucks
- Well equipped, purpose-built facilities in select locations
- Infrastructure to be used for all brands and business areas
- Superior IT infrastructure for digital service and sales processes

## Operational Excellence

- Continuous improvement of practices and processes
- Business driven digital service and sales processes
- Close cooperation with manufacturers
- High employee engagement
- Safety and sustainability

# UN Sustainable Development Goals

**1** NO POVERTY

**2** ZERO HUNGER

**3** GOOD HEALTH AND WELL-BEING

**4** QUALITY EDUCATION

**5** GENDER EQUALITY

**6** CLEAN WATER AND SANITATION

**7** AFFORDABLE AND CLEAN ENERGY

**8** DECENT WORK AND ECONOMIC GROWTH

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**10** REDUCED INEQUALITIES

**11** SUSTAINABLE CITIES AND COMMUNITIES

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**13** CLIMATE ACTION

**14** LIFE BELOW WATER

**15** LIFE ON LAND

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

**17** PARTNERSHIPS FOR THE GOALS

**7 12 13 14 15**

- Minimum emissions and waste
- High-quality, long-life, fuel-efficient and safe machines
- Maximizing uptime for efficient production
- Providing second life cycles to machines, components and parts
- Customer support, training and contracting services for most efficient use

**3 4 5 10**

- Injury-free objective
- 4,282 hours invested in Health & Safety trainings
- 50,000 hours of training and development
- Striving to promote diverse workforce
- Equal opportunities employer

**8 9 11**

- Contributing to economic growth and social development
- Contributing to employment in remote regions
- Providing service and equipment for building critical infrastructure

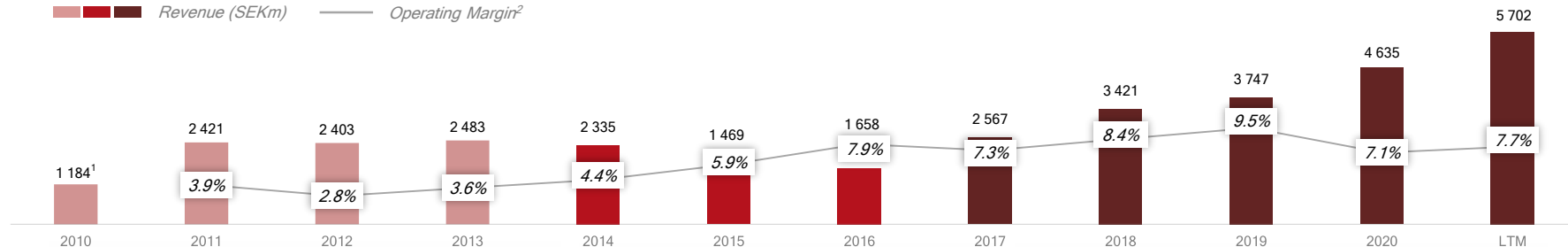
**4 16**

- Anti-corruption program consisting of policies, procedures, trainings and zero-tolerance policy
- Code of Conduct
- Swedish Corporate Governance Code

# Strategic development



Revenue (SEKm) — Operating Margin<sup>2</sup>



- Processes and procedures established
- Establishment of countrywide platform
- Building market awareness and market share



- Increased aftermarket focus
- Reduction of unprofitable outlets
- NWC efficiency focus
- Adding brands and services



- Leveraging existing organization
- Digitalization focus
- Growing contracting services
- High market potential
- Continued aftermarket focus
- Expansion of geography and customer offering

# Product offering



## Volvo CE

**Since**  
2010 Russia  
2019 Kazakhstan

**Product Range**  
Full VCE Range

**Area**  
All of Russia &  
Kazakhstan

**~59%**  
of 2020 Revenue



## Volvo & Renault Trucks

**Since**  
2020

**Product Range**  
Full Volvo & Renault  
Trucks Range

**Area**  
20% of German  
Market for Heavy  
Trucks

**~21%**  
of 2020 Revenue



## Volvo & Renault Trucks

**Since**  
2012

**Product Range**  
Aftermarket

**Area**  
11 Locations  
in Russia

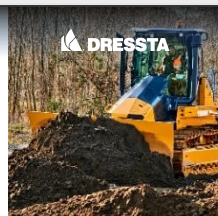


## Ferronordic

**Since**  
2014

**Product Range**  
Own Labelled Diesel  
Generators (Gensets)

**Area**  
All of Russia



## Dressta

**Since**  
2016

**Product Range**  
Bulldozers and  
Pipe Layers

**Area**  
All of Russia



## Rottne

**Since**  
2016

**Product Range**  
Forwarders and  
Harvesters

**Area**  
All of Russia



## Mecalac

**Since**  
2017 Russia  
2019 Kazakhstan

**Product Range**  
Backhoe  
Loaders and  
Compact Equipment

**Area**  
All of Russia &  
Kazakhstan



## Sandvik

**Since**  
2021

**Product Range**  
Mobile Crushers and  
Screens

**Area**  
All of Russia

**~13%**  
of 2020 Revenue

# Russia & Kazakhstan

## Coverage



# Germany

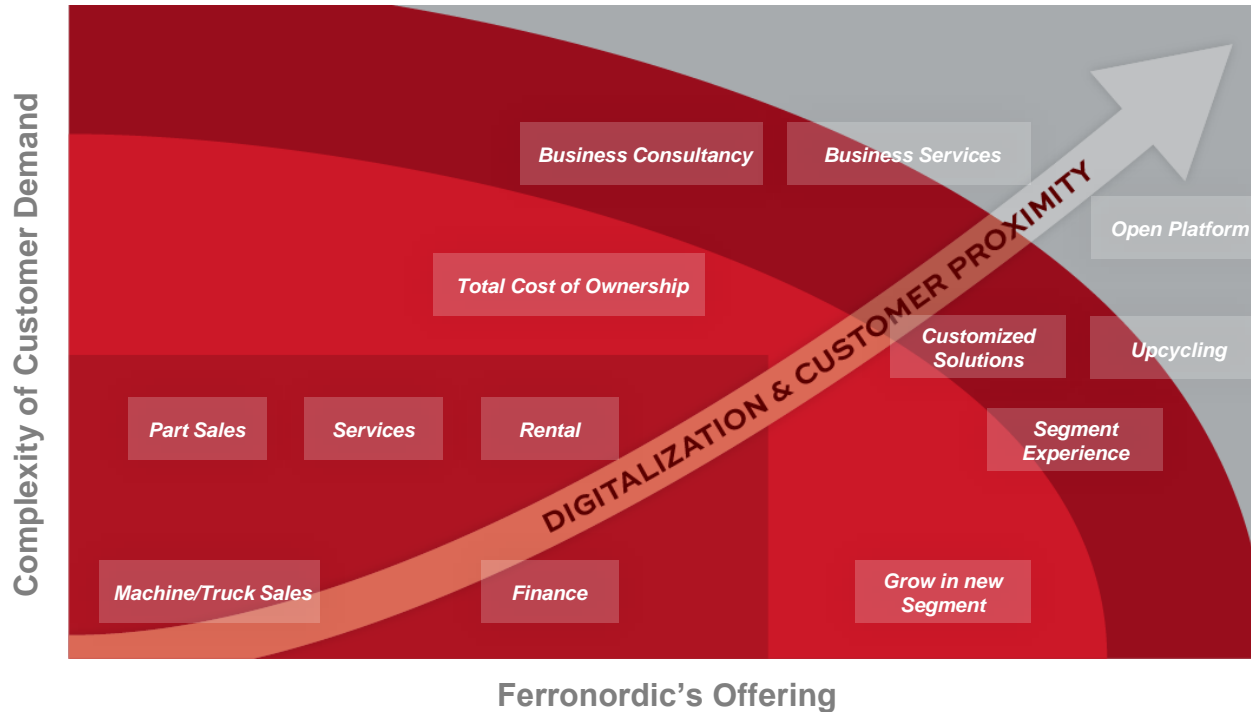
## Coverage



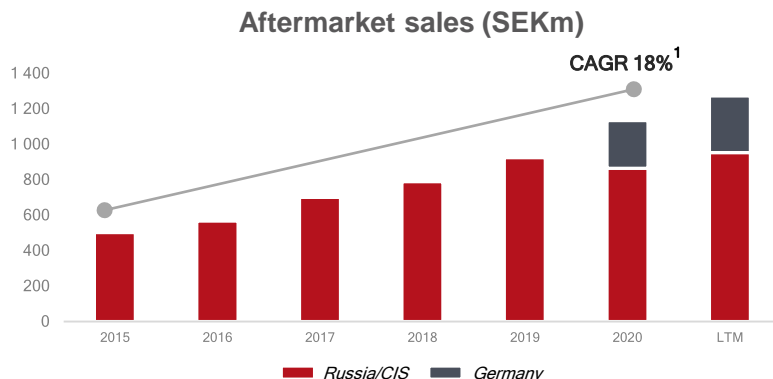
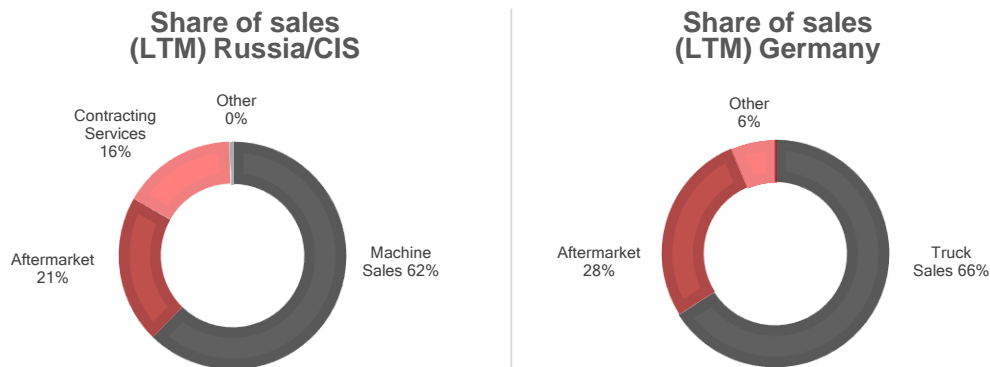
- Ferronordic expanded to become dealer for Volvo and Renault Trucks in Germany in January 2020
- Germany is Europe's largest trucks market with 70,000 registrations in 2019 and 50,500 in 2020
- Ferronordic's sales area covers approx. 20% of the German market for heavy trucks
- The area includes some of the busiest and most developed parts of Germany, like Hannover and Frankfurt Rhine-Main, the second largest metropolitan region in the country
- It also includes a large part of Eastern Germany with fast growing cities, like Leipzig and Dresden



# Moving forward further customer integration



# Aftermarket focus



## Aftermarket Sales

- Proactive customer coverage based on real-time data from the existing machine population
- Proprietary system transforms machine telematic signals (e.g. VCE's CareTrack) into sales leads on the mobile devices of sales and service staff
- Ferronordic's presence in all Russian regions allows for fast delivery of parts and timely customer support

## Offering

- Spare parts delivery
- Telematics - through Care-Track; 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

<sup>1</sup>) Including acquired German operations. 11% organic Russia/CIS CAGR (in SEK)

# Connectivity & Digitalisation

## Focus on growing sales



### Telematics System

- Telematics systems, e.g. Volvo CE's CareTrack, monitor the usage of the machines and transmit signals regarding e.g. motor hours, fuel consumption, location, etc.



### Rules Engine

- Signals from the telematics systems flow through the rules engine and automatically transform into sales leads and concrete customer proposals
- The rules engine is developed by Ferronordic internally based on Ferronordic's know-how and experience accumulated over the years.



### Customer Proposals

- Sales leads and concrete customer proposals are created automatically by the rules engine
- Proposals are uploaded automatically on the smartphones of the responsible sales personnel, including price and other commercial terms.



### Sales Action

- Responsible sales personnel contact customers and make proposals
- Adherence to sales process is followed up as part of calculating sales commissions.










### Follow Up

- Customer proposals created by the rules engine are reviewed continuously and systematically to ensure they are effective and result in sales
- Inefficient proposals are stopped and the rules are updated.

*We are in the forefront of using a system that utilizes telematics systems to maximize sales and increase customer satisfaction and fleet efficiency*

# Contracting services

## Integrating with our customers

|           | <i>Traditional method</i>   | <i>Contracting services</i>  |
|-----------|---|--|
| Machines  |  <b>FERRONORDIC</b>                    |  <b>FERRONORDIC</b>                 |
| Parts     |  <b>FERRONORDIC</b><br>or the customer |  <b>FERRONORDIC</b>                 |
| Service   |  <b>FERRONORDIC</b><br>or the customer |  <b>FERRONORDIC</b>                 |
| Operators | Provided by:<br>The Customer  | Provided by:<br> <b>FERRONORDIC</b> |
| Payments  | Price of machine, parts<br>and services   | Volume based (per tonne,<br>cubic meter, etc.)   |

- Part of strategy to become increasingly integrated in the business of our customers
- In addition to supplying and maintaining machines, we provide customers with operators to carry out specific works
- Current projects cover excavation and transportation of earth and rock for mining customers
- Payment is based on volume of earth and rock transported
- Common in other parts of the world but relatively undeveloped in our markets. We believe demand may grow
- Machines used by contracting services are on Ferronordic's balance sheet (PP&E)
- Contracting services projects should be ROIC accretive to Ferronordic

# Contracting services

## Case study

**Client:**

GV Gold, leading gold mining company in Russia

**Location:**

Vysochaishy Mine and  
Ugakhan Mine

**Project staff:**

269 people (as of  
September 2021)

**Fleet size:**

Vysochaishy Mine: 49 units  
(35 haulers, 2 graders, 7 excavators  
and 5 dozers)  
Ugakhan Mine: 15 units (12 haulers,  
2 excavators and 1 dozer)



# Component and machine rebuild centre



## Opened in Ekaterinburg in Q4 2019

- Rebuild of components and machines for customers and contracting services
- Rebuild of engines and gearboxes for Volvo CE and Volvo and Renault Trucks
- Chop-off and recycling of parts
- Components to be resold to customers with a warranty from Ferronordic or installed in used machines in “Volvo Certified Rebuild” program
- Three machines and 79 components were rebuilt in 2020
- High utilisation during 2021
- Upcycling of used equipment, broader value offering and increased local market access





# Volvo & Renault Trucks Russia

**Authorized aftermarket dealer for Volvo and Renault Trucks in parts of Russia**

- Currently operating in 11 locations
- Platform capacity utilization
- Cross-selling and customer service

**Used trucks business launched in 2019**

- Purchasing, restoring and selling used trucks
- Mainly Volvo and Renault Trucks
- Small scale but with potential to grow
- 71 units sold in 2020 (vs. 24 units in 2019)
- Synergies with Germany



# Volvo & Renault Trucks

## Germany



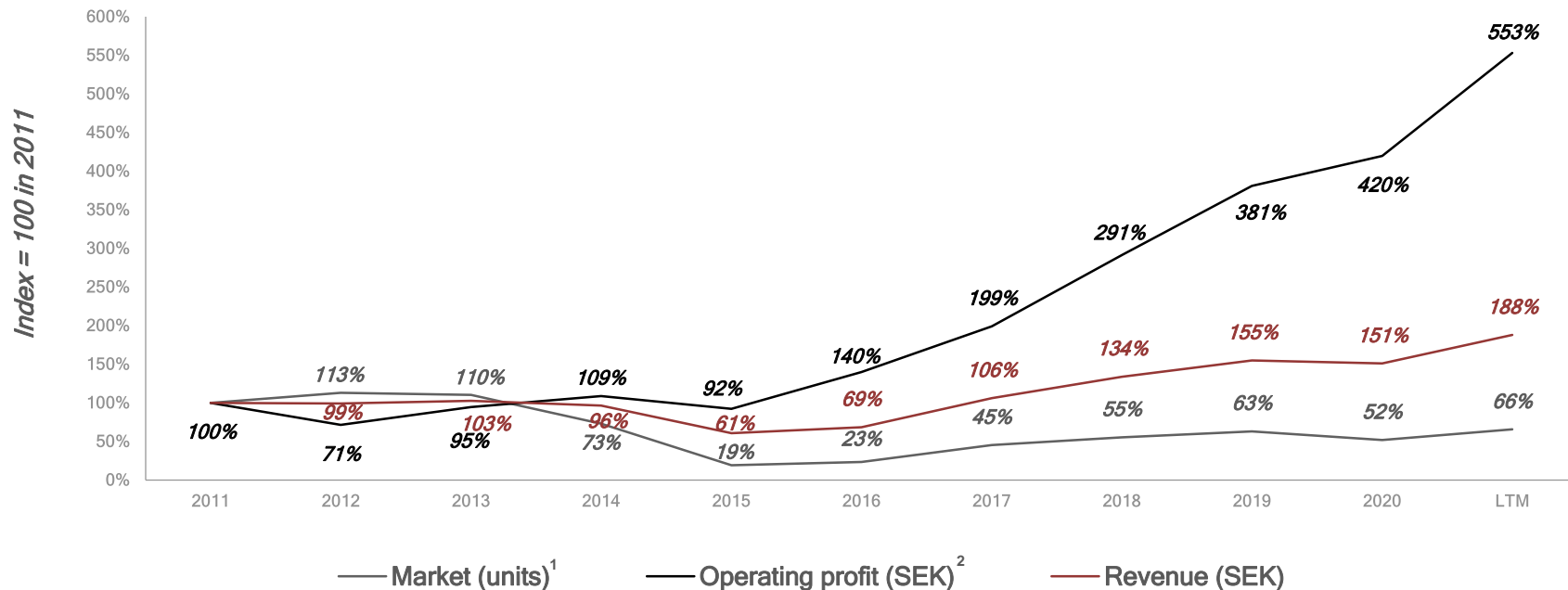
### Authorized aftermarket dealer for Volvo and Renault Trucks in parts of Germany

- Ferronordic services and sells Volvo and Renault trucks, trades and restores used trucks and manages a trucks rental business
- Ferronordic will invest to grow and improve network in area
- Plan to apply Ferronordic's business model to grow revenue and profitability
- Opportunities to grow Volvo and Renault Trucks market shares and increase share of aftermarket sales and improve profitability
- 282 employees in Ferronordic Germany as of September 2021; mostly sales representatives and mechanics





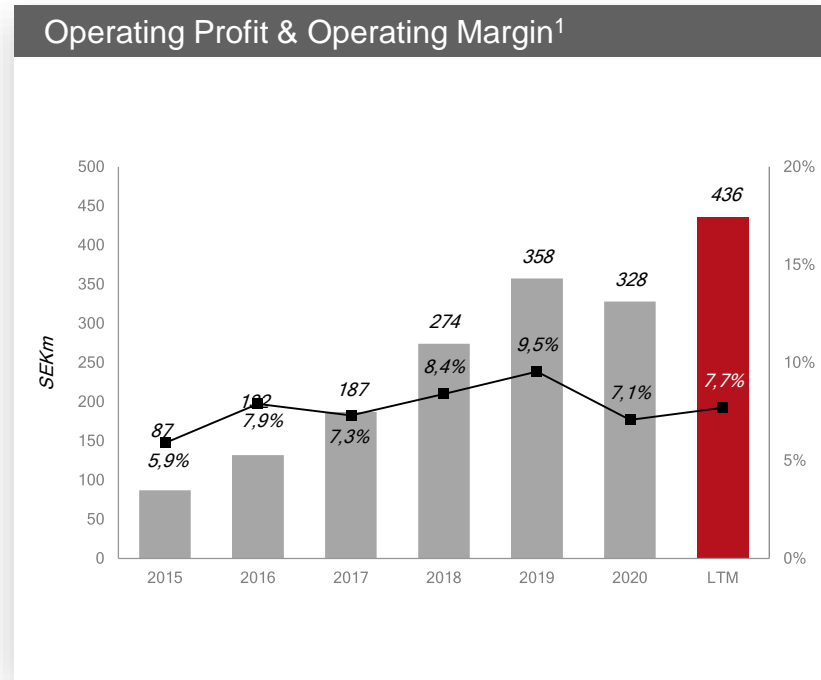
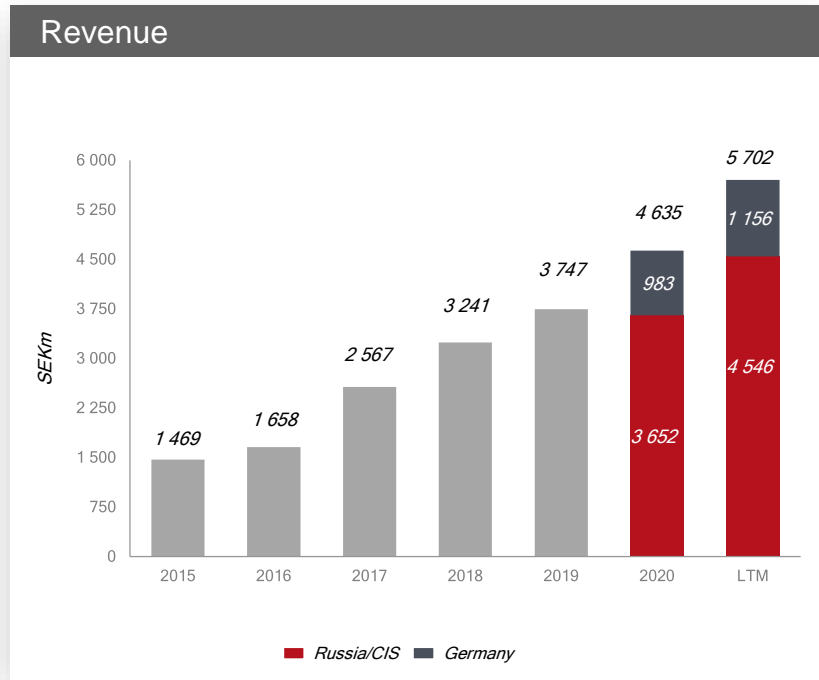
# Strong resilience and growth in market with upside Russia/CIS



1) Source: Russian import statistics (until May 2021) compiled by Volvo CE.

2) 2011-2016 refer to adjusted EBIT, i.e. operating profit excluding (i) amortization of transaction-related intangible assets and (ii) write-downs of non-current assets in Q4 2016.

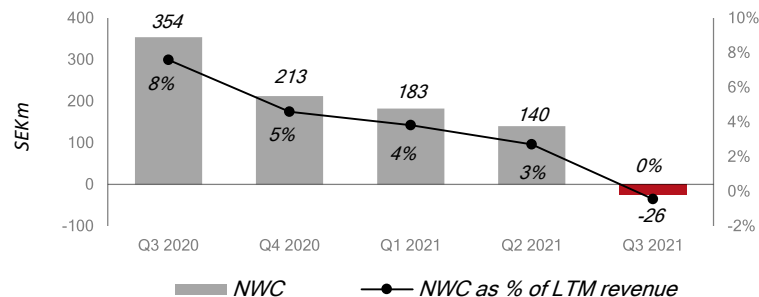
# Development of revenue & operating profit



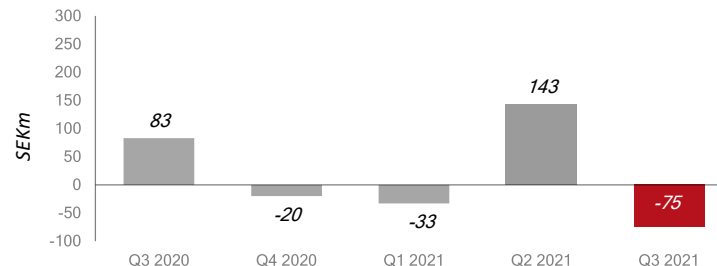
1) 2015-2016 refer to adjusted EBIT, i.e. operating profit excluding amortization of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

# Cash flow & capital allocation

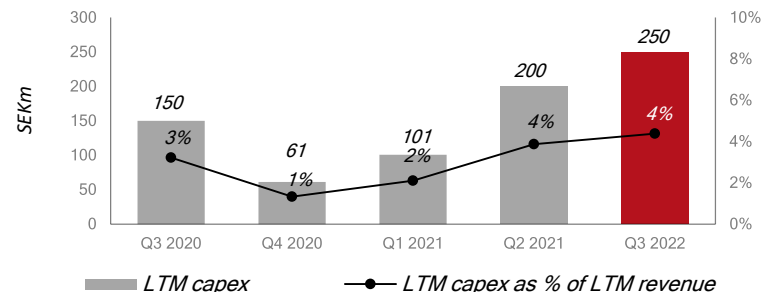
## Working Capital Development



## Net debt/(cash) Development



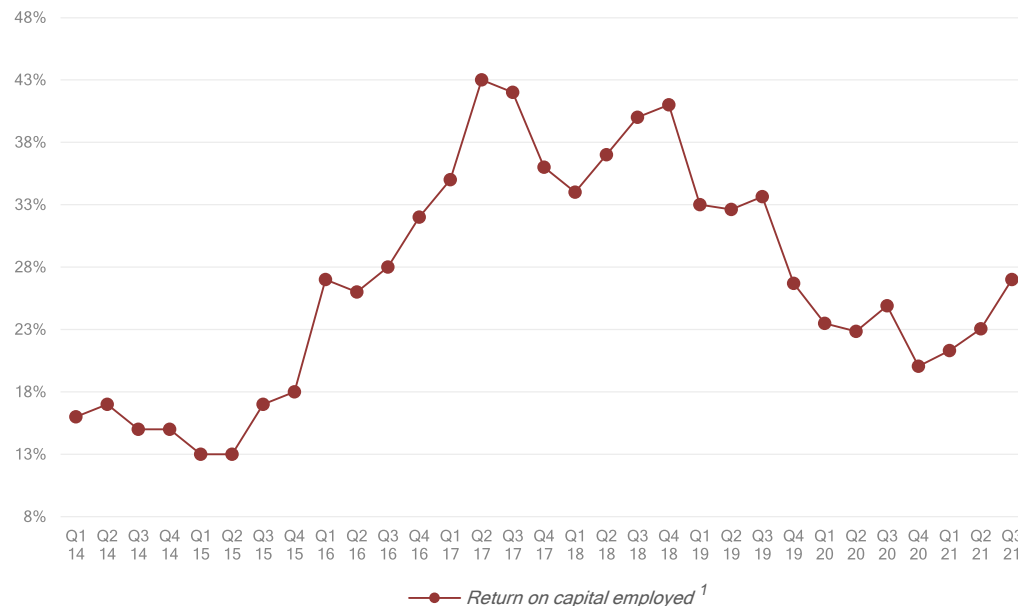
## Capital Expenditure Development



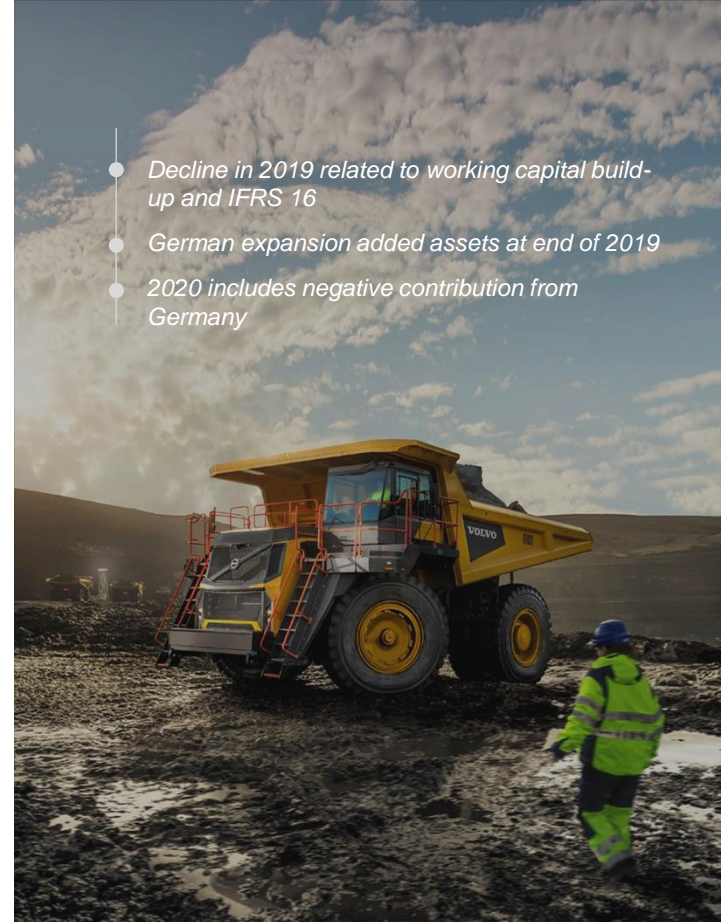
- Focus on working capital efficiency and return on invested capital
- Asset light core business. Contracting services more capital intense. Germany carries more fixed assets in owned workshop real estate
- 2020 capex\* low due to Covid-19 caution
- Capex increased in 9M 2021 mainly due to acquisitions of workshops in Fulda, Nordhausen and Limburg in Germany
- Working capital decline during 2020 and 9M 2021
- Net debt/EBITDA at (0.1) x as at Q3 2021

\* Increase in machines in contracting services of SEK 54m in 2020 was reflected as a change in working capital, as the machines were transferred to PP&E from inventory but the movement is a non-cash operation

# Return on capital employed



- Decline in 2019 related to working capital build-up and IFRS 16
- German expansion added assets at end of 2019
- 2020 includes negative contribution from Germany



1) Operating profit plus financial income (LTM) in relation to capital employed (equity and interest-bearing liabilities) (average LTM)

Note: 2014-2016 refer to adjusted EBIT, i.e. operating profit excluding amortization of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

# Best quarter to date



**Group: 47% revenue growth as demand remains strong**

**Strong operating cash flows as working capital remains low**

**Russia/CIS : Equipment sales in units up 5% as market grew by 40%**

**48% revenue growth supported by product mix and contracting services**

**Germany: Trucks sales in units up 25% in a declining market**

**45% revenue growth supported by used trucks and robust aftermarket**

**47%**

**Revenue increase**

**37%**

**Operating profit  
Increase**

**8.9%**

**Operating margin**

**34%**

**EPS increase**

# Q3 2021

## Group financial highlights

### Group revenue up 47% to SEK 1,661m

- Russia/CIS revenue up +48% to SEK 1,333m (+52% in RUB)
  - Equipment sales up +44%, aftermarket sales +27% and contracting services +107%
- German revenue up +43% to SEK 327m (+45% in EUR )
  - Equipment sales up +64%, aftermarket sales up +24% and other sales declined -25%

### Group operating profit increased by 37% to record SEK 147m

- Russia/CIS operating result increased 44% to SEK 179m (124) on higher revenue, but lower gross margin
- German operating result declined to SEK -32m (-17)
- Group operating margin was 8.9% (9.5)
- Strong cash flows as working capital declined to -0% of revenue
- Net debt at SEK -75m or -0.1x EBITDA



SEK 1,661m

(+47%) revenue

SEK 147m

(+37%) operating profit

8.9% (9.5%)

operating margin

# Q3 2021

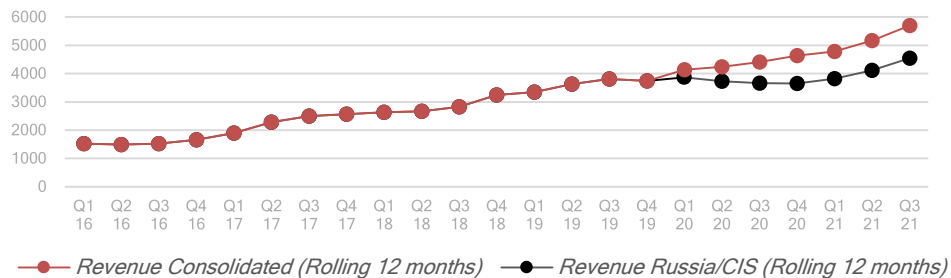
## Income statement

| SEK MM           | Q3 2020<br><i>Russia / CIS</i> | Q3 2020<br><i>Germany</i> | Q3 2020<br><i>Group</i> | Q3 2021<br><i>Russia / CIS</i> | Q3 2021<br><i>Germany</i> | Q3 2021<br><i>Group</i> | % change<br><i>Group</i> |
|------------------|--------------------------------|---------------------------|-------------------------|--------------------------------|---------------------------|-------------------------|--------------------------|
| New units sold   | 292                            | 151                       | 443                     | 306                            | 174                       | 480                     | 8%                       |
| Revenue          | 900                            | 229                       | 1,129                   | 1,333                          | 327                       | 1,661                   | 47%                      |
| Gross profit     | 199                            | 23                        | 221                     | 290                            | 34                        | 324                     | 46%                      |
| % Margin         | 22.1%                          | 9.8%                      | 19.6%                   | 21.7%                          | 10.4%                     | 19.5%                   | -0.1pp                   |
| Operating profit | 124                            | -17                       | 107                     | 179                            | -32                       | 147                     | 37%                      |
| % Margin         | 13.8%                          | -7.3%                     | 9.5%                    | 13.4%                          | -9.6%                     | 8.9%                    | -0.6pp                   |
| Result           |                                |                           | 81                      |                                |                           | 109                     | 34%                      |
| EPS              |                                |                           | 5.57                    |                                |                           | 7.48                    | 34%                      |
|                  |                                |                           |                         |                                |                           |                         |                          |
| EBITDA           | 155                            | -8                        | 147                     | 222                            | -21                       | 201                     | 37%                      |

- Total revenue of SEK 1,661m
  - 80% Russia/CIS and 20% Germany
  - 62% equipment and trucks, 22% aftermarket, 15% contracting services and 1% other
- Gross margin stood at 19.6%, down 0.1% Y-o-Y
- SG&A as percent of revenue at 10.1% (10.3%) as 7.7% in Russia/CIS offsets 19.7% in Germany
- Operating margin declined to 8.9% (9.5%) as a result of a lower operating margin in Russia/CIS of 13.4% (13.8%) and negative operating margin in Germany of -9.6% (-7.3%)
- SEK 12.7m one-off restructuring costs, SEK 3.7m credit costs and SEK 0,7m acquisition costs in Germany
- Operating profit increased 37% to SEK 147m

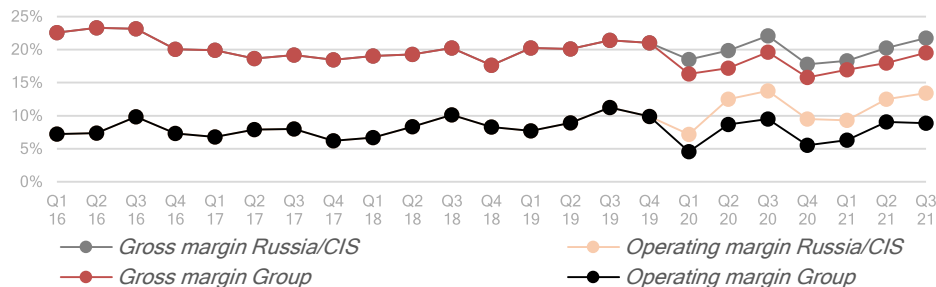
# Revenue and margin development

## Revenue Trends



- LTM revenue in Russia/CIS increased to SEK 4.5bn
- LTM revenue from German operations increased to SEK 1,156m

## Margin Trends



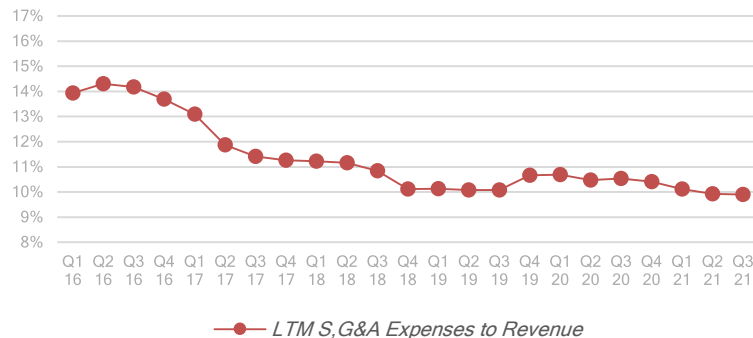
- Q3 2021 consolidated gross margin decreased by 0.1% Y-o-Y to 19.5%
- Q3 2021 consolidated operating margin<sup>1</sup> decreased by 0.6pp to 8.9%, mainly due to lower operating margin in Russia/CIS of 13.4% (13.8%) and negative operating margin in Germany of -9.6% (-7.3%)

<sup>1</sup>) 2016 refer to adjusted EBIT, i.e. operating profit excluding amortization of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

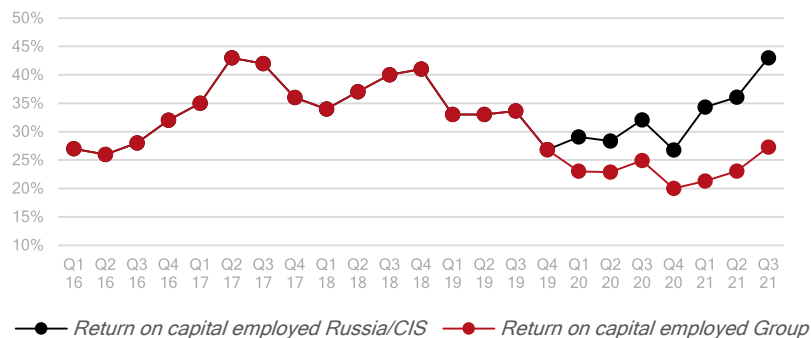


# Operating expenses and return on capital

## SG&A Development



## ROCE<sup>1</sup>



- Group LTM SG&A expenses to revenue were down by 0.6pp Y-o-Y and were flat Q-o-Q at 9.9%
- LTM SG&A expenses to revenue in Russia/CIS decreased 1.7pp Y-o-Y and 0.2pp Q-o-Q to 8.1%
- LTM SG&A expenses to revenue in Germany increased 2.8pp Y-o-Y and 0.9pp Q-o-Q to 17.0% mainly due to one-off restructuring costs and redundancy payments

- ROCE was 27% in Q3 2021
- Increase in ROCE in Q3 2021 was related to higher operating income in Russia/CIS and a decrease average capital employed

1) Operating profit plus financial income (LTM) in relation to capital employed (equity and interest-bearing liabilities) (average LTM)

Note: 2016 refer to adjusted EBIT, i.e. operating profit excluding amortisation of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

# Q3 2021

## Cash flows

| SEK MM   | Q3 2020<br><i>Group</i> | Q3 2021<br><i>Russia/CIS</i> | Q3 2021<br><i>Germany</i> | Q3 2021<br><i>Group</i> |
|--|-------------------------|------------------------------|---------------------------|-------------------------|
| <b>Cash flow from:</b>   |                         |                              |                           |                         |
| Cash flows from operating activities before changes in working capital | 145                     | 222                          | -17                       | 205                     |
| Change in working capital  | -13                     | 65                           | 95                        | 160                     |
| Interest & Income tax paid   | -33                     | -35                          | -3                        | -37                     |
| <b>Net cash from operating activities</b>                              | 100                     | 252                          | 75                        | 327                     |
| Investing Activities   | -5                      | -35*                         | -45                       | -80                     |
| <b>Cash Flow before Financing Activities</b>                           | 95                      | 217                          | 30                        | 247                     |
| Financing Activities   | -296                    | 6                            | -10                       | -4                      |
| <b>Cash Flow (before FX fluctuations)</b>                              | -20                     | 223                          | 19                        | 243                     |

- The positive cash flows were partly a result of a decrease in working capital
- In Russia/CIS, the reduction in working capital during Q3 2021 was mainly a result of lower inventories and receivables and higher payables
- In Germany, the decrease in working capital was mainly a result of lower inventories and higher payables
- Cash flows from investing activities mainly relate to acquisitions of machines to the Group's contracting services business, but also of assets to the rental fleet in Germany

1) For the purposes of the Group's cash flow statement, SEK 25m payment for machines acquired to contracting services in 1H 2021 was recognized in Q3 21 in accordance with the contract conditions.

# Q3 2021

## Balance sheet

| SEK MM                        | Q3 2020      | Q2 2021      | Q3 2021      |
|-------------------------------|--------------|--------------|--------------|
| Property, plant and equipment | 515          | 766          | 850          |
| Cash and cash equivalents     | 539          | 653          | 897          |
| Debt                          | 443          | 657          | 710          |
| Finance Leases                | 179          | 138          | 112          |
| <b>Net debt / cash</b>        | <b>83</b>    | <b>143</b>   | <b>-75</b>   |
| Working capital               | 354          | 140          | -26          |
| % of Revenue                  | 8%           | 3%           | 0%           |
| Shareholders equity           | 848          | 890          | 1,028        |
| <b>Total Assets</b>           | <b>2,552</b> | <b>3,532</b> | <b>3,785</b> |
| Equity / Assets               | 30%          | 28%          | 27%          |

- PP&E increased Q-o-Q partly due to additions of machines in contracting services in Russia/CIS and in rental fleet in Germany
- In Russia/CIS net working capital decreased Q-o-Q from 0% to -2% of LTM revenue, mainly on lower inventories and receivables and higher payables
- In Germany net working capital decreased Q-o-Q from 14% to 6% of LTM revenue mainly on lower inventories and higher payables
- Group net working capital decreased from 3% to -0% of LTM revenue in Q3 2021
- Net debt decreased to SEK -75m and net debt/EBITDA decreased to (0.1) x

# New Financial Objectives and Dividend Policy

| KPI               | Objective   | Q3 2021 LTM           |
|-------------------|---|-----------------------|
| Revenue           | Double the 2020 revenue in its current markets by 2025 (in SEK) <sup>1</sup>  | 1.2 x<br>2020 revenue |
| Operating margin  | Above 7%  | 7.7%                  |
| Net Debt / EBITDA | Below 3 times (over a business cycle)   | (0.1) x               |
| Dividend Policy   | <p>The ambition is to pay at least 50% of net income if net debt/EBITDA is less than 1.0 x<sup>2</sup>, post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0 x<sup>2</sup>.</p> <p>The Board will take several factors into account when proposing the level of dividend including legal requirements, the articles of association, the group's expansion opportunities, its financial position and other investment needs.</p> |                       |

1) Current markets are defined as Russia and the whole of CIS and Germany.

2) On prior year accounts and after factoring for effect of dividend payment.

# Outlook

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*“We expect our markets to continue to recover in 2022, albeit at a slower pace and off a higher base. In Russia/CIS, our outlook is supported by higher commodity prices, pent-up demand and increased activity within the so-called national projects, but moderated by the risk of increased utilisation fees. In Germany, we expect a broader European economic recovery to boost demand. Current uncertainty mainly relates to supply chain constraints, which we expect to continue well into 2022. In a longer perspective, we see strong underlying fundamentals and business opportunities in our markets.”*

**–Lars Corneliusson, CEO Ferronordic**



# Ferronordic

## In the capital market


**2010**

Volvo CE Russian distribution business was taken over


**2011**

3-year SEK 400m bond issued and listed on Nasdaq Stockholm


**2013**

SEK 500m preference shares issued and listed on Nasdaq First North Premier


**2017**

Ordinary shares listed on Nasdaq Stockholm and SEK 200m raised in IPO

### Ferronordic Statistics

- Shares outstanding: 14,532,434
- Listing: Nasdaq Stockholm
- Market cap. as at 30 Sep 2021: SEK 3,422m
- Net cash as at 30 Sep 2021: SEK 75m
- Enterprise value: SEK 3,347m
- Estimated effective free float: 60%
- Dividend policy: 50% / 25% of net profit if below / above 1 x Net debt/EBITDA subject to capital allocation alternatives

### Analyst Coverage

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