

Company Presentation

November 2022

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
- Dealer for Sandvik mobile crushers and screens from September 2022
- Sales of new and used trucks
- Service and technical support
- Rental business



Russia/CIS

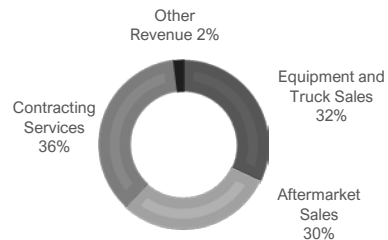
- *Ferronordic's main partners have suspended sales and deliveries to Russia*
- *Part of Ferronordic's products are now restricted from sales in Russia*
- *We take all measures to ensure that our operations in Russia comply with applicable laws*
- *Where permitted we have continued to serve our customers*
- Dealership for Volvo Construction Equipment terminated in August 2022
- Deliveries of Rotne forestry equipment to Russia suspended in March 2022
- Dealership for Sandvik mobile and stationary crushers and screens terminated in Russia but started in Kazakhstan in September 2022
- Dealer of Dressta and Mecalac in Russia
- Dealer of Mecalac in Kazakhstan
- Aftermarket dealer for Volvo and Renault Trucks in parts of Russia
- Service and technical support
- Contracting services business
- Machine and component rebuild centre

Introduction to Ferronordic

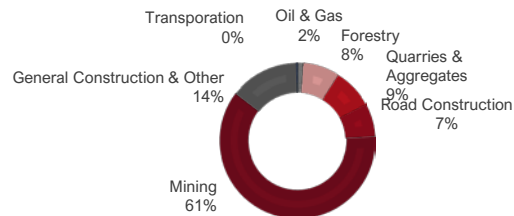
Development

2010 (Start)	Employees ~160	Revenue (SEKm)¹ 1,184	Outlets 6
Q3 2022	Employees 1,840	Revenue (SEKm)¹ 6,610	Outlets 109

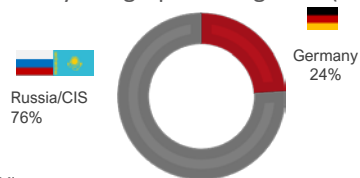
Revenue by Activity (Q3 2022)



Revenue by Industry - Russia/CIS (Q3 2022)



Revenue by Geographical Segment (Q3 2022)



1) Annualised last twelve months (LTM).



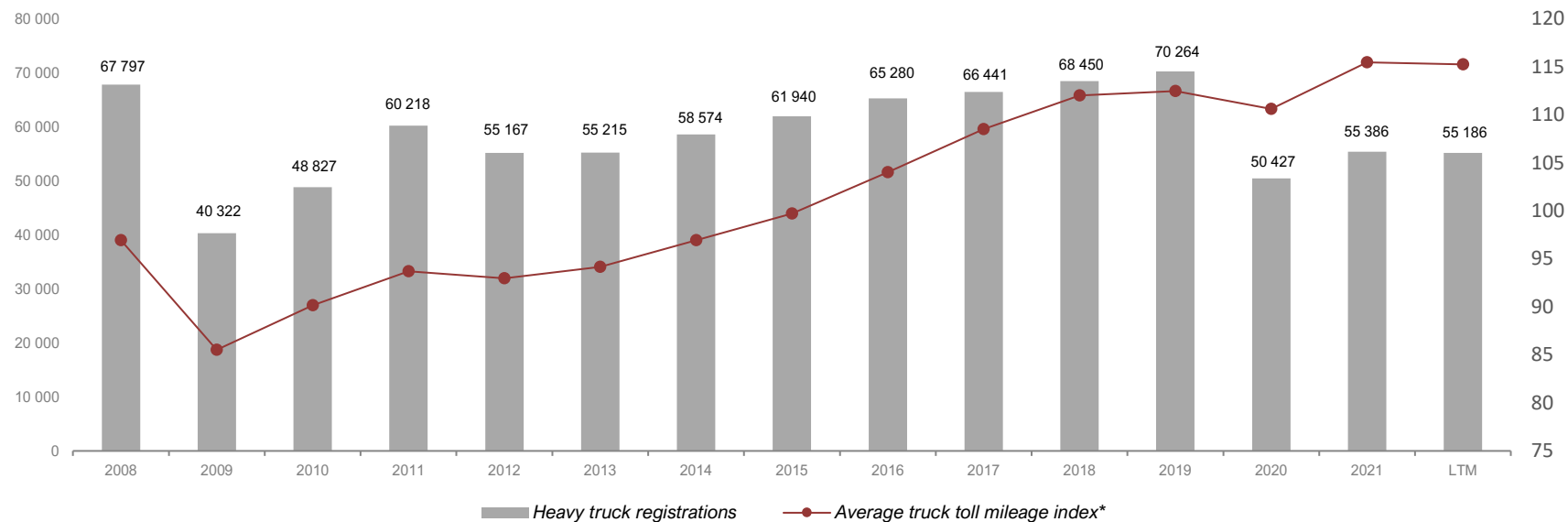
Value pyramid



Germany

Europe's largest truck market

Heavy truck registrations in Germany (units)



Source: Germany registrations data compiled by Volvo Trucks (until September 2022). 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

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



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
- Maximising 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

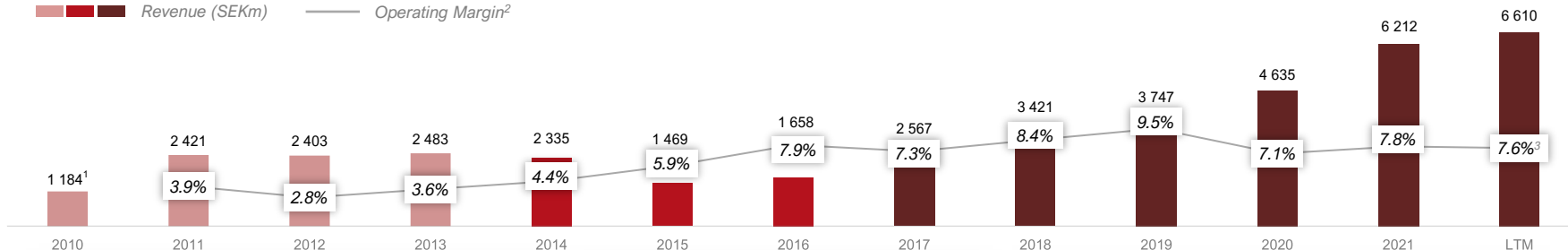
4 16

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

Strategic development



Revenue (SEKm) — Operating Margin²



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







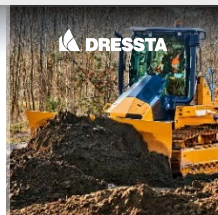



- Increased aftermarket focus
- Reduction of unprofitable outlets
- NWC efficiency focus
- Adding brands and services



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

1) Annualised 2) 2011-2016 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.

Product offering

							
Volvo CE	Volvo & Renault Trucks	Volvo & Renault Trucks	Ferronordic	Dressta	Rottne	Mecalac	Sandvik
Since 2010 Russia 2019 Kazakhstan	Since 2020	Since 2012	Since 2014	Since 2016	Since 2016	Since 2017 Russia 2019 Kazakhstan	Since 2021
Product Range Full VCE Range	Product Range Full Volvo & Renault Trucks Range	Product Range Aftermarket	Product Range Own Labelled Diesel Generators (Gensets)	Product Range Bulldozers and Pipe Layers	Product Range Forwarders and Harvesters	Product Range Backhoe Loaders* and Compact Equipment	Product Range Mobile Crushers and Screens
Area All of Russia & Kazakhstan	Area 20% of German Market for Heavy Trucks	Area 11 Locations in Russia	Area All of Russia	Area All of Russia	Area All of Russia	Area All of Russia & Kazakhstan	Area All of Kazakhstan and most parts of Germany
~53% of 2021 Revenue	~24% of 2021 Revenue			~12% of 2021 Revenue			

1) Ferronordic's main partners have temporarily suspended sales and deliveries to Russia. Volvo CE and Sandvik have terminated their dealer agreements with Ferronordic in Russia.

2) Ferronordic is a dealer for mobile and stationary crushers and screens in all of Kazakhstan and for mobile crushers and screens in Germany since September 2022.

* Mecalac backhoe loaders are only sold in Kazakhstan.



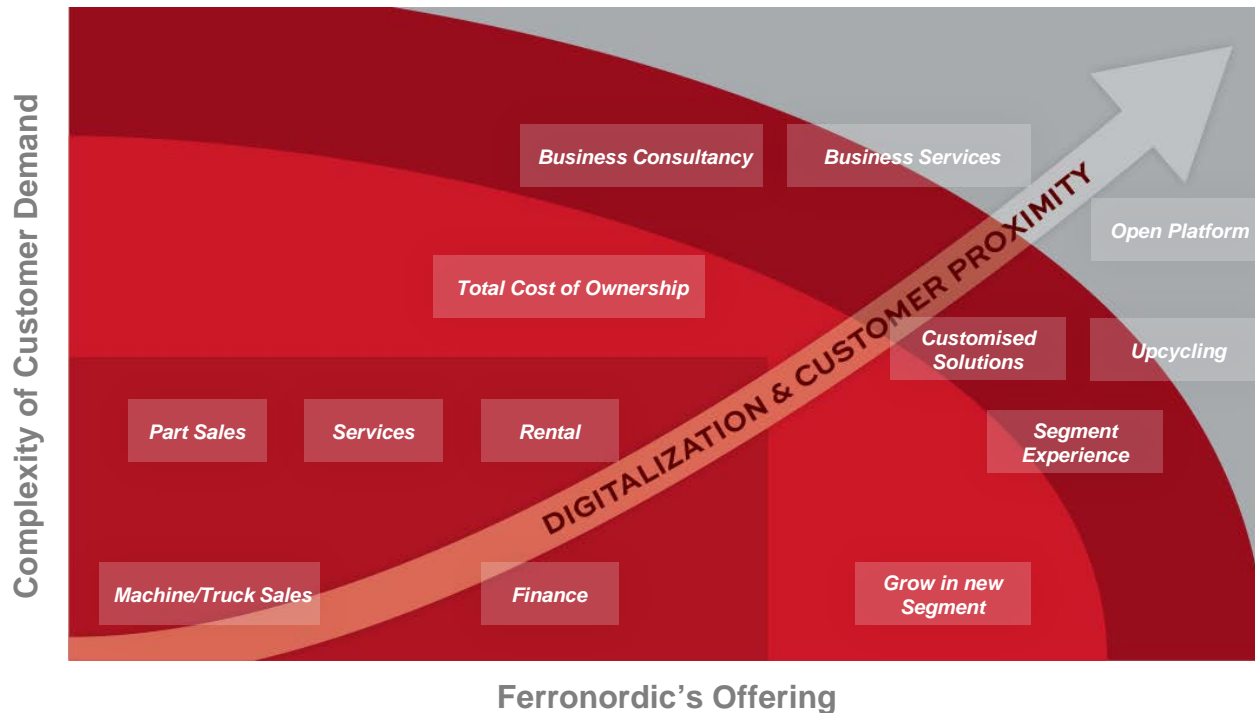
Germany

Coverage



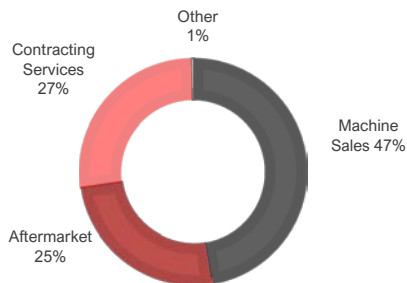
- Ferronordic expanded to become dealer for Volvo and Renault Trucks in Germany in January 2020
- Germany is Europe's largest trucks market with 50,500 registrations in 2020 and 55,400 in 2021
- Ferronordic's sales area covers approx. 20% of the German market for heavy trucks
- The area includes some 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

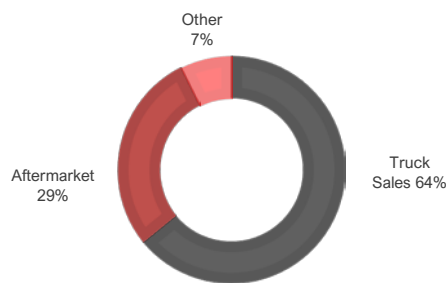


Aftermarket focus

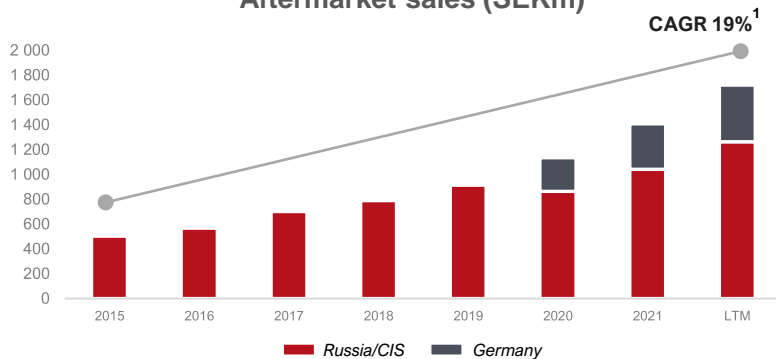
Share of sales
(LTM) Russia/CIS



Share of sales
(LTM) Germany



Aftermarket sales (SEKm)



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

1) Including acquired German operations. 14% 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 utilises telematics systems to maximise sales and increase customer satisfaction and fleet efficiency

Contracting services

Integrating with our customers

	<i>Traditional method</i>	<i>Contracting services</i>
Machines	 FERRONORDIC	 FERRONORDIC
Parts	 FERRONORDIC or the customer	 FERRONORDIC
Service	 FERRONORDIC or the customer	 FERRONORDIC
Operators	Provided by: The Customer	Provided by:  FERRONORDIC
Payments	Price of machine, parts and services	Volume based (per tonne, 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
Ugakhn Mine

Project staff:

217 people (as of
September 2022)

Fleet size:

Vysochaishy Mine: 56 units
(38 haulers, 2 graders, 9 excavators
and 7 dozers)
Ugakhn Mine: 21 units (17 haulers,
3 excavators and 1 dozer)



Volvo & Renault Trucks

Germany



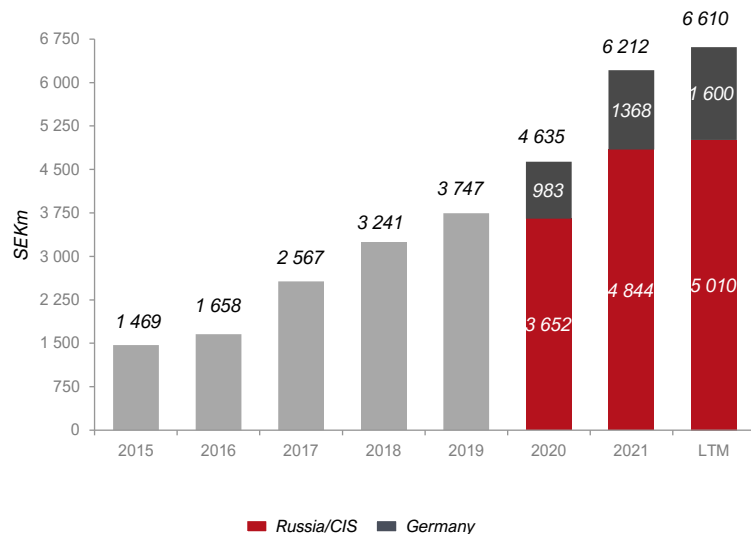
Authorised aftermarket dealer for Volvo and Renault Trucks in parts of Germany

- 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
- 337 employees in Ferronordic Germany as of September 2022; mostly sales representatives and mechanics

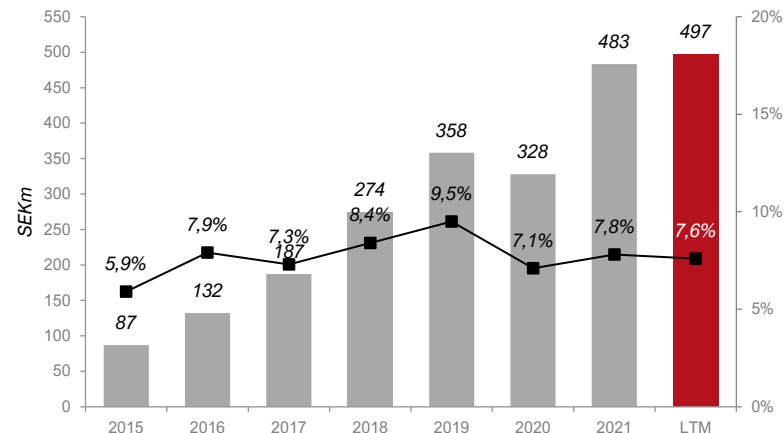


Development of revenue & operating profit

Revenue



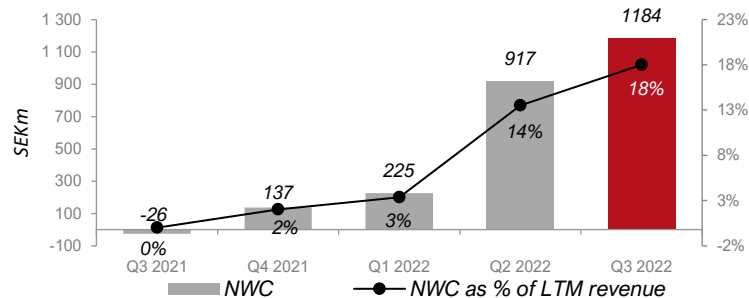
Operating Profit & Operating Margin¹ (Adjusted²)



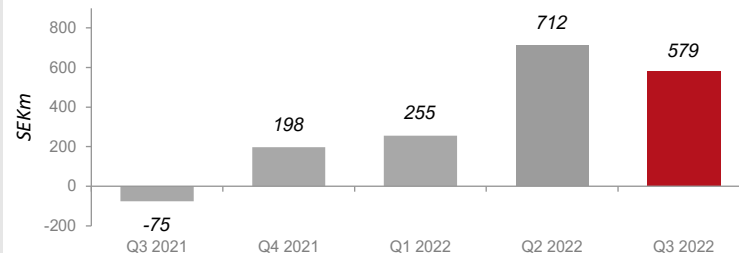
1) 2015-2016 refer to adjusted EBIT, i.e. operating profit excluding amortisation of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

Cash flow & capital allocation

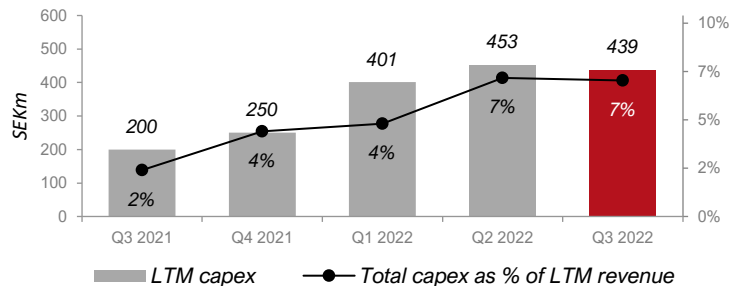
Working Capital Development



Net debt/(cash) Development



Capital Expenditure Development



* 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

- 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
- Capex increased in 2021 mainly due to acquisitions of workshops in Fulda, Nordhausen, Limburg, Bergstrasse and Bingen in Germany
- Working capital increase in 2022, partly on closing payables in Russia early
- Net debt/EBITDA at 0.7 x as at Q3 2022

Third quarter 2022

November 2022

Refocusing resources



Group

- Revenue decrease of 11% to SEK 1,479m partly offset by currency effects
- One-off SEK 321m payment from Volvo CE related to termination of dealership in Russia
- Russia effectively isolated from rest of Group

Germany:

- Trucks sales in units decreased by 5%, partly due to supply constraints
- Revenue increased 10%, mainly due to growth in aftermarket sales
- State subsidies received on 7 electric trucks for rental to customers

Russia/CIS

- Ferronordic is actively trying to sell its Russian business
- New equipment sales in units decrease 84% as sellable inventory declines

-11%

Revenue
decrease

-12%

Operating profit
decrease
(adjusted¹)

8.8%

Operating profit
margin
(adjusted¹)

1%

EPS increase
(adjusted¹)

1) "Adjusted" here and in the rest of this presentation means excluding the effect of the compensation payment from Volvo of SEK 321m.

Q3 2022

Refocusing resources

- Conditions for our business in Russia continue to deteriorate
- We take all measures to ensure that our operations in Russia comply with applicable laws. As a result, our business is limited in scope
- Facing an uncertain future, we are working towards divesting the Russian business
- By the end of August, we had settled the last outstanding Russia-related payables and obligations secured by Group companies outside Russia
- During the quarter, we also agreed with Volvo CE and Sandvik to terminate our dealership agreements for Russia
- We continue to develop our businesses in Kazakhstan and Germany
- In the quarter, we became dealer for Sandvik mobile crushers and screens in Kazakhstan and Germany
- In Germany, we are increasing our efforts to promote electric trucks from Volvo and Renault, both through our dealer business and as a rental product
- In Kazakhstan, we are looking for opportunities to develop our contracting services business
- We look for opportunities to grow our business, both in terms of new products and services and new markets



Q3 2022

Group summary financials

Group revenue -11% to SEK 1,479m

- Russia/CIS revenue -44% in local currency and -16% in SEK 1,119m
 - Equipment sales -67% (-78% in RUB), aftermarket sales +15% (-24%) and contracting services +117% (+44%)
- German revenue +10% to SEK 359m (+5% in EUR)
 - Equipment sales -5% (-9% in EUR), aftermarket sales +42% (+36%) and other sales +35% (+29% in EUR)

Group adjusted operating profit decreased by 12% to SEK 130m

- Russia/CIS operating profit decreased to SEK 137m (179)
- German operating profit increased to SEK -7m (-32)
- Group adjusted operating margin decreased to 8.8% (8.9)
- 1% increase in adjusted earnings per share
- Net debt at SEK 579m or 0.5x EBITDA and 0.7x adjusted EBITDA



Q3 2022

Russia/CIS operational highlights

- According to aebrus.ru, which does not include all brands, the Russian market declined 43% in Q3 2022
- Ferronordic's assessment is that the total market has indeed declined but that Western brands are being replaced by mainly Asian suppliers
- Ferronordic is actively trying to sell its business in Russia
- To the extent permitted, Ferronordic has so far continued to sell new and used machines from its inventory. Our sales decreased 84% to 50 units in Q3 2022. Most of our sales were in the beginning of the quarter
- About one third of sales were in Kazakhstan, where our sales of new machines in units increased by 45%.
- The population of active machines in Russia will gradually decline. As a result, the aftermarket will slowly decrease
- Ferronordic takes all measures to ensure that its business complies with applicable sanctions laws and regulations



-67%
in equipment sales (-78% in RUB)

+15%
in aftermarket sales (-24% in RUB)

Kazakh new machine sales +45% in units

Q3 2022

Germany operational highlights

- Based on registrations of new trucks, the total German market for heavy trucks increased by 6% in Q3 2022¹
- Rigid declined by 11% while tractors grew by 24%
- The market remains strong and supply constraints currently hold back market growth
- Rising inflation and energy prices, higher interest rates and weaker business indicators may however affect demand for trucks negatively over time
- New trucks registered in Ferronordic's sales area increased by 11% and represented 18% of the total German market
- Ferronordic's new truck sales in units decreased by 5% to 166 units, partly due to limitations in the supply chain. The market share for Volvo Trucks thus decreased in the quarter
- Aftermarket sales increased by 42%, of which 6% was organic growth
- The gross margin increased to 13.5% (10.4)

1) ACEA statistics



**German trucks
market increased 6% Y-o-Y**

**Aftermarket sales grew
42% (36% in EUR)**

**Gross margin of 13.5%,
up from 10.4%**

Business development

Russia

- Working towards a sale of the business to free up and reallocate resources to Group and new business areas
- Complex market for corporate control
- International capital flows are restricted and subject to certain approvals

Kazakhstan

- Business is growing from low base
- Sandvik mobile crushers and screens, with potential to reach 10% of revenues
- Looking to develop contracting services

Germany

- Marketing of electric trucks from both Volvo and Renault Trucks
- Plans to launch a rental business for electric trucks, with a vision to offer sustainable transport services for our customers
- Sandvik mobile crushers and screens in most of Germany, with potential to reach 15% of revenues
- Continued investments in network and organisation
- Aschaffenburg workshop and Coswig site for used trucks



Working towards a sale of
the Russian business

Plan to roll out contracting
services in Kazakhstan

Electric trucks and
Sandvik mobile
crushers and screens
in Germany

German network expansion

- **Fulda** - Transaction closed in January 2021
- **Limburg** - Transaction closed in April 2021
- **Nordhausen** - Transaction closed in June 2021
- **Service and sales hub in Hannover**
 - Greenfield
 - Investments in 2021 and 2022
 - Expected to be ready in Q3 2022
- **Bergstrasse** - Transaction closed in October 2021
- **Bingen, Kirn and Simmern** - Transaction closed in December 2021
- **Bad Hersfeld** - Operations opened in March 2022 and sales started in Q2 2022
- **Aschaffenburg** - Operations opened in Q3 2022
- **Coswig** - Operations open in November 2022



Economic development

- **Germany**

- +1.1% GDP in Q3 2022⁶
- +1.5% GDP expected in 2022²
- -0.3% GDP expected in 2023²
- Inflation reached 10.4% and energy prices were +43% Y-o-Y in October

- **Kazakhstan**

- +3.5% GDP in 9m 2022⁴
- +2.5% GDP expected in 2022⁵
- +4.4% GDP expected in 2023⁵

- **Russia**

- -4.4% GDP in Q3 2022¹
- -3.4% GDP expected in 2022²
- -2.3% GDP expected in 2023²
- September inflation increased to 13.7% compared to 7.4% in 2021³
- The Central Bank has lowered the key rate to 7.5%³
- Ruble appreciated 34% on average and 38% on end-of-period rates³ Y-o-Y in Q3 2022

1) https://www.economy.gov.ru/material/file/7501737be315a121b04134f4d25e26aa/2022_11_02.pdf


2) <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022>

3) <http://www.cbr.ru/>

4) <https://stat.gov.kz>

5) https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/KAZ

6) <https://www.destatis.de/EN/Themes/Economy/National-Accounts-Domestic-Product/Tables/gdp-bubbles.html>



Germany's economy
+1.1% in Q3 2022

Kazakhstan's economy
+3.5% in 9m 2022

Russia's economy
-4.4% in Q3 2022

Ruble appreciated 33%
Y-o-Y (average rate) in
Q3 2022

Q3 2022

Income statement (adjusted)

SEK MM	Q3 2021 <i>Russia / CIS</i>	Q3 2021 <i>Germany</i>	Q3 2021 <i>Group</i>	Q3 2022 <i>Russia / CIS</i>	Q3 2022 <i>Germany</i>	Q3 2022 <i>Group (adjusted)</i>	% change <i>Group</i>	Q3 2022 <i>Group</i>
<i>FX (SEK/RUB, EUR/SEK)</i>	8.50	10.20		5.63	10.62			
New units sold	306	174	480	50	166	216	-55%	216
Revenue	1,333	327	1,661	1,120	359	1,479	-11%	1,479
Gross profit	290	34	324	316	49	365	13%	365
% Margin	21.7%	10.4%	19.5%	28.2%	13.5%	24.7%	5.2pp	24.7%
Operating profit	179	-32	147	137	-7	130	-12%	451
% Margin	13.4%	-9.6%	8.9%	12.2%	-2.0%	8.8%	-0.1pp	30.5%
Result			109			109	1%	366
EPS			7.48			7.53	1%	25.20
EBITDA	222	-21	201	203	11	214	6%	535

- FX important factor Y-o-Y
- Total revenue of SEK 1,479m
 - 76% Russia/CIS and 24% Germany
 - 32% equipment and trucks, 30% aftermarket, 36% contracting services and 2% other
- Gross margin stood at 24.7%, up 5.2pp Y-o-Y, mainly on revenue mix
- SG&A as percent of revenue at 12.4% (10.1%) as 16.2% in Germany offsets 11.2% in Russia/CIS
- SEK 54m in additional provisions in Russia
- Adjusted operating margin declines to 8.8% (8.9%)
- Adjusted operating profit -12% to SEK 130m

Q3 2022

Cash flows

SEK MM	Q3 2021 Group	Q3 2022 Russia/CIS	Q3 2022 Germany	Q3 2022 Group (adjusted)	Q3 2022 Group
Cash flow from:					
Cash flows from operating activities before changes in working capital	205	256	10	266	587
Change in working capital	160	-251	-23	-274	-274
Interest & Income tax paid	-37	-69	-4	-73	-73
Net cash from operating activities	327	-64	-17	-81	240
Investing Activities	-80	-10	-25	-35	-35
Cash Flow before Financing Activities	247	-74	-42	-116	205
Financing Activities	-4	100	-6	94	94
Cash Flow (before FX fluctuations)	243	26	-48	-22	299

- In Q3 2022, Group cash flows were impacted by the SEK 321 compensation payment from Volvo CE to the parent company
- Adjusted for this inflow, cash flow from operating activities was negative at SEK -81m (327)
- Lower cash flows were a result of an increase in working capital from SEK 918m to SEK 1,184m Q-o-Q as payables decreased faster than inventories and receivables
- Cash flows in Russia are not immediately available to the group due to restrictions on transferring funds from Russia to Sweden
- Higher Group taxes are related to the Volvo CE compensation payment

Q3 2022

Balance sheet

SEK MM	Q3 2021	Q2 2022	Q3 2022
<i>FX (SEK/RUB, EUR/SEK)</i>	<i>8.82, 10.14</i>	<i>5.04, 10.68</i>	<i>5.07, 10.92</i>
Property, plant and equipment	850	1,301	1,263
Cash and cash equivalents	897	658	939
Debt	710	1,187	1,329
Finance Leases	112	183	189
Net debt / cash	-75	712	579
Working capital	-26	917	1,184
<i>% of Revenue</i>	<i>0%</i>	<i>14%</i>	<i>18%</i>
Shareholders equity	1,028	1,739	2,108
Total Assets	3,785	4,680	4,997
Equity / Assets	27%	37%	42%

- Y-o-Y changes in the balance sheet were significantly driven by the stronger RUB
- PP&E increased Y-o-Y mainly due to the appreciation of the RUB
- The higher cash balance reflects the operating result and the compensation payment from Volvo CE, partly offset by outflows from investing activities and higher working capital
- In Russia/CIS, net working capital increased Q-o-Q from 13% to 18% of LTM revenue as payables declined faster than inventories and as revenue declined
- In Germany net working capital increased Q-o-Q from 15% to 17% of LTM revenue on higher inventories and receivables
- Net debt decreased to SEK 579m and net debt/EBITDA decreased to 0.5x, or 0.7x adjusted for the VCE payment

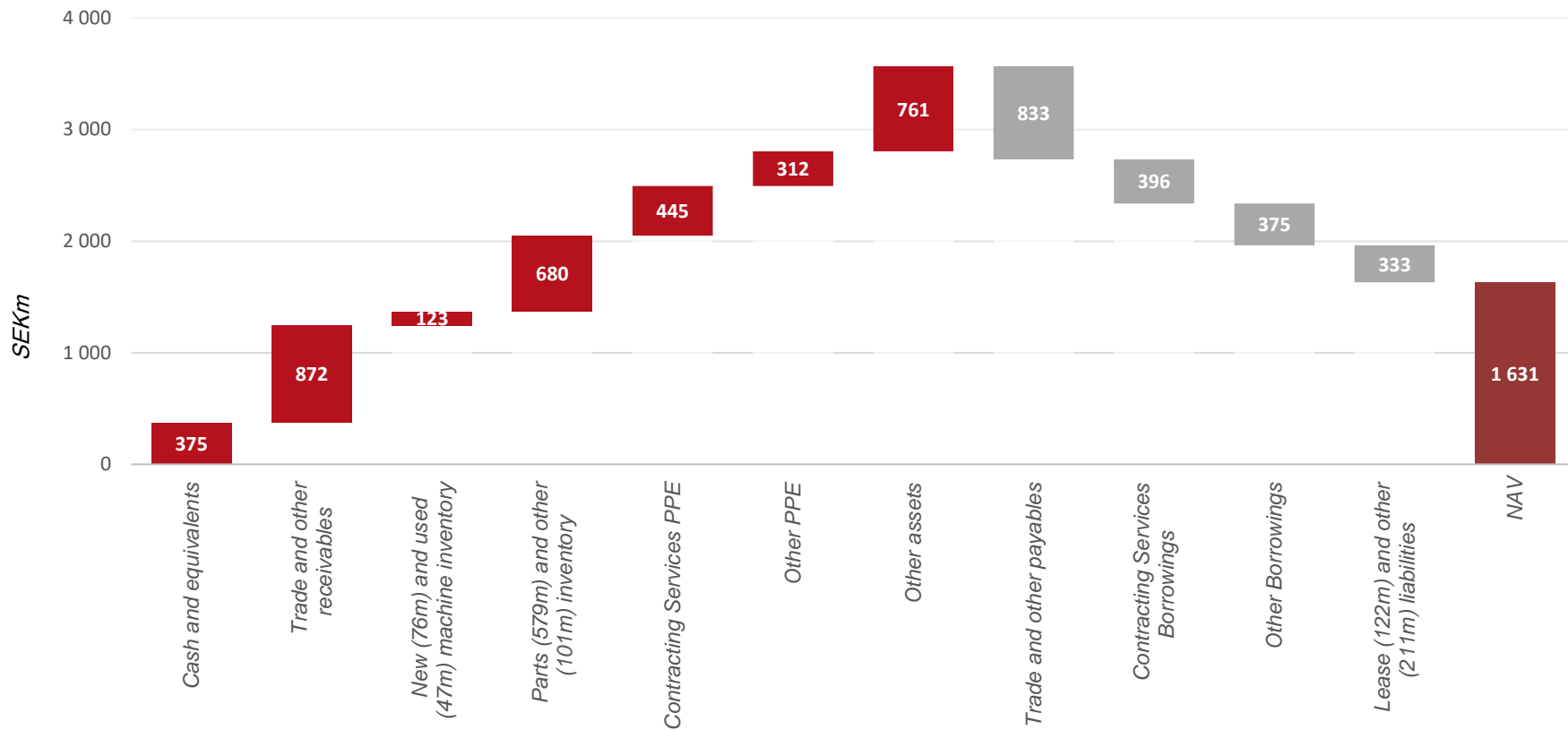
Russia standalone financial statements

Q1, Q2 and Q3 2022 and preliminary October 2022 sales

SEK MM	31 Mar 2022	30 Jun 2022	30 Sep 2022
<i>FX (SEK / RUB)</i>	5,04	5,04	5,07
ASSETS			
Non-current			
PPE	529	829	757
Current:			
Inventories	861	977	803
New machines	345	134	76
Used machines	46	81	47
Parts	448	644	579
Other	22	119	101
Trade and other receivables	278	729	872
Cash and equivalents	225	345	375
Other assets	94	797	761
LIABILITIES			
Non-current			
Borrowings	234	641	771
Lease liabilities	82	134	122
Current			
Trade and other payables	1,018	982	833
Other liabilities	67	390	211

SEK MM	Oct 2022
<i>FX (SEK / RUB)</i>	5.47
New units	5
Used units	3
Total revenue	
Equipment and truck sales	17
Aftermarket sales	92
Contracting services	175
Other revenue	0
Total revenue (% of revenue)	284
<i>Equipment and truck sales</i>	6%
<i>Aftermarket sales</i>	32%
<i>Contracting services</i>	62%
<i>Other revenue</i>	0%

NAV Russia 30 September 2022 (SEK MM)



Financial objectives and dividend policy

Subject to review

KPI	Objective	Last Twelve months (LTM)
Revenue	Double the 2020 revenue in its current markets by 2025 (in SEK) ¹	1.5 x 2020 revenue
Operating margin	Above 7%	7.6%
Net debt / EBITDA	Below 3 times (over a business cycle)	0.5 x
Dividend policy	<p>The ambition is to pay at least 50% of net income if net debt/EBITDA is less than 1.0 x², post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0 x².</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.

Outlook

The prospects for our operations in Russia continue to deteriorate and we are currently working towards divesting our Russian business. Our operations in Kazakhstan continue to develop positively and we actively seek opportunities to grow our product and business portfolio. In Germany, we continue to see strong demand for service and trucks, with supply constraints so far limiting market growth. However, the macroeconomic uncertainty will likely affect the German economy. In a longer perspective, we nonetheless believe that the underlying conditions and business opportunities in the Kazakh and German markets remain strong.



Refocusing resources



Group

- Revenue decrease of 11% to SEK 1,479m partly offset by currency effects
- One-off SEK 321m payment from Volvo CE related to termination of dealership in Russia
- Russia effectively isolated from rest of Group

Germany:

- Trucks sales in units decreased by 5%, partly due to supply constraints
- Revenue increased 10%, mainly due to growth in aftermarket sales
- State subsidies received on 7 electric trucks for rental to customers

Russia/CIS

- Ferronordic is actively trying to sell its Russian business
- New equipment sales in units decrease 84% as sellable inventory declines

-11%

Revenue
decrease

-12%

Operating profit
decrease
(adjusted¹)

8.8%

Operating profit
margin
(adjusted¹)

1%

EPS increase
(adjusted¹)

1) "Adjusted" here and in the rest of this presentation means excluding the effect of the compensation payment from Volvo of SEK 321m.

