



Ferronordic

First quarter 2023

May 2023

Milestone reached in Germany



Group

- 39% revenue growth on strong performance in both operating segments
- Improvement in operating result to SEK -14m and in operating margin to -2.2%
- Ferronordic continues to explore new growth opportunities

Germany:

- Revenue increased 30% to SEK 548m, partly due to strong growth in aftermarket sales
- Positive operating result of SEK 5m with an operating margin of 0.8%

CIS:

- Revenue increased 138%, supported by strong new and used equipment sales
- Operating profit of SEK 7m and operating margin of 8.7%

39%

Revenue
growth

42%

Operating profit
growth

-2.2%

Operating profit
margin

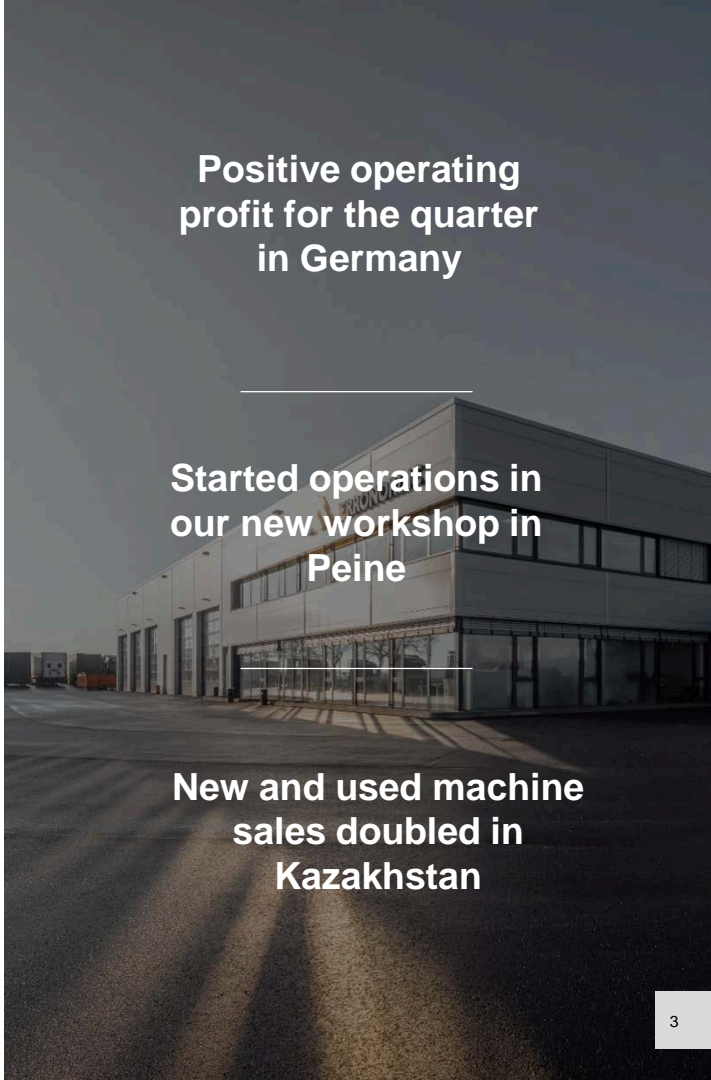
122%

EPS increase

Q1 2023

Positive result in Germany

- Focus on Germany and Kazakhstan and on Ferronordic's next growth opportunities
- Positive operating profit in Germany for the first time since the start of operations in 2020
- Result of growing our network from 9 to 21 workshops and investing in organisation, processes and creating a performance culture
- Our strategy remains to increase our market share in the new truck sales and aftermarket business in our sales area
- In February, we started operations in our new workshop in Peine
- Work continues with partners and customers to promote electric trucks and offer sustainable transport solutions
- In Kazakhstan, new and used machine sales doubled compared to the same period last year
- Work on reorganising our network to further increase customer focus
- Exploring potential for contracting services projects in Kazakhstan



Positive operating
profit for the quarter
in Germany

Started operations in
our new workshop in
Peine

New and used machine
sales doubled in
Kazakhstan

Q1 2023

Group summary financials

Group revenue +39% to SEK 631m

- German revenue +30% to SEK 548m (+22% in EUR)
 - Truck sales +31% (+22% in EUR), aftermarket sales +33% (+25% in EUR) and other sales +11% (+4% in EUR)
- CIS revenue +138% (+113% in local currency) in SEK 83m
 - Equipment sales +173% (+144% in local currency) and aftermarket sales +51% (+35% in local currency)

Group operating profit increased from SEK -25m to SEK -14m

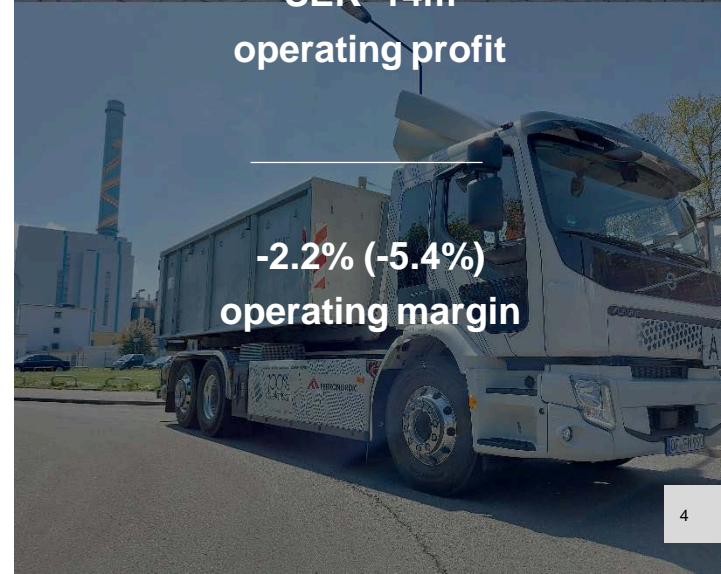
- CIS operating profit increased from SEK 3m to SEK 7m
- German operating profit increased from SEK -7m to SEK 5m
- Group operating margin increased to -2.2% (-5.4)

Strong balance sheet provides options

- 59% equity to total assets
- Net cash at SEK -681m or -2.0x EBITDA



SEK 631m
(+39%) revenue



SEK -14m
operating profit

-2.2% (-5.4%)
operating margin

Q1 2023

Germany operational highlights

- Based on registrations of new trucks, the total German market for heavy trucks increased by 19% in Q1 2023, mainly as supply improved¹
- Rigid trucks increased by 11% while tractors grew by 24%
- Despite concerns about the economy, the market remains firm
- The IFO business climate index continued higher in the quarter
- New trucks registered in Ferronordic's sales area increased by 10% and represented 17% of the total German market
- Ferronordic's new truck sales in units increased by 8% to 244 units
- Equipment sales increased by 31%
- Aftermarket sales increased by 33% due to a combination of organic growth (16%) and acquisitions (17%)
- The gross margin increased to 12.3%

1) ACEA statistics



Our new truck sales in units increased by 8% to 244 units in Q1 2023

Aftermarket sales grew by 33% (25% in EUR)



Gross margin of 12.3%, up from 11.2%

Q1 2023

CIS operational highlights

- The Kazakh market is supported by Kazakhstan's growing role as a regional hub, strong commodity prices and big infrastructure projects
- In Q1 2023, the Kazakh market for construction equipment declined by 35%. The decrease was however mainly driven by wheel loaders, a segment dominated by Chinese manufacturers
- The market for heavier equipment, such as excavators and rigid haulers, increased
- Ferronordic's sales of new machines increased by 92% to 23 in units
- Our sales of used construction equipment grew by 140% in units
- Equipment sales increased by 173%, while aftermarket sales increased by 51%
- The gross margin increased to 20.4% (18.6%)



**173% growth
in equipment sales (144%
in local currency) in Q1 2023**

**+51%
in aftermarket sales
(35% in local currency)**

**Kazakh new machine
sales +92% in units**

Business development

Germany


- In the quarter, we launched operations at our new workshop in Peine
- We had an opening ceremony with partners and customers at our new service and sales hub in Hannover
- Ferronordic continues to work closely with partners and customers to promote electric trucks and develop sustainable transport solutions
- Set up of parts warehouse and service organisation for Sandvik

Kazakhstan

- We completed reorganisation of workshops into three regions with clear customer responsibility and results
- Service and sales support organisation for Sandvik
- Workshop in Astana with focus on road construction
- Exploring contracting services

Group

- We are actively looking for new markets and business opportunities



Looking at new markets and
business opportunities

Opened a workshop in
Peine

Workshop in Astana
with special focus on
road construction
segment

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 Hanover**
 - Greenfield
 - Investments in 2021 and 2022
 - Operations opened in Q4 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 opened in November 2022
- **Peine** - Operations opened in February 2023



Kazakhstan network



(7) Ferronordic outlets in Kazakhstan as of May 2023

Economic development


- **Germany**

- +1.8% GDP in 2022 and +0.2% GDP in Q1 2023¹
- +0.1% GDP expected in 2023²
- +1.4% GDP expected in 2024²
- Inflation rate at +7.9% in 2022 and +7.2% in April 2023³

- **Kazakhstan**

- +3.3% GDP in 12m 2022⁴
- +4.3% GDP expected in 2023⁵
- +4.9% GDP expected in 2024⁵
- Inflation rate at +20.3% in 2022 and +16.8% in April 2023⁴

1) <https://www.destatis.de/EN/Themes/Economy/National-Accounts-Domestic-Product/Tables/gdp-bubbles.html>
2) <https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>
3) https://www.destatis.de/EN/Themes/Economy/Prices/Consumer-Price-Index/_node.html
4) <https://stat.gov.kz>
5) https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/KAZ



Germany's economy
+0.5% in Q4 2022

Inflation reached 8.7% Y-o-Y in
January 2023

Energy prices +24.4% Y-o-Y in
January 2023

Kazakhstan's economy
+3.3% in 12m 2022

Q1 2023

Income statement

SEK MM	Q1 2022	Q1 2022	Q1 2022	Q1 2023	Q1 2023	Q1 2023	% change
	CIS	Germany	Group	CIS	Germany	Group	Group
FX (SEK/KZT, EUR/SEK)	48.73	10.48		43.59	11.20		
New units sold	12	226	238	23	244	267	12%
Revenue	35	420	455	83	548	631	39%
Gross profit	7	47	53	17	68	85	59%
% Margin	18.6%	11.2%	11.7%	20.4%	12.3%	13.4%	1.7pp
Operating profit*	3	-7	-25	7	5	-14	-42%
% Margin	9.7%	-1.6%	-5.4%	8.7%	0.8%	-2.2%	3.2pp
Net result for the period			-31			7	-122%
EPS			-2.13			0.46	-122%
EBITDA*	4	9	-8	8	24	6	-176%

- Total revenue of SEK 631m
 - 87% Germany and 13% CIS
 - 70% equipment and trucks, 26% aftermarket and 4% other
- Gross margin stood at 13.4%, up 1.7pp Y-o-Y, mainly on revenue mix
- SG&A as percent of revenue at 15.7% from which 4.1% is Group costs as 11.8% in Germany offset 9.9% in CIS
- Operating margin increased to -2.2% (-5.4%)
- Operating profit 42% to SEK -14m
- FX gains of SEK 23m

* Group operating profit and EBITDA includes Group costs not allocated on the reporting segments

Q1 2023

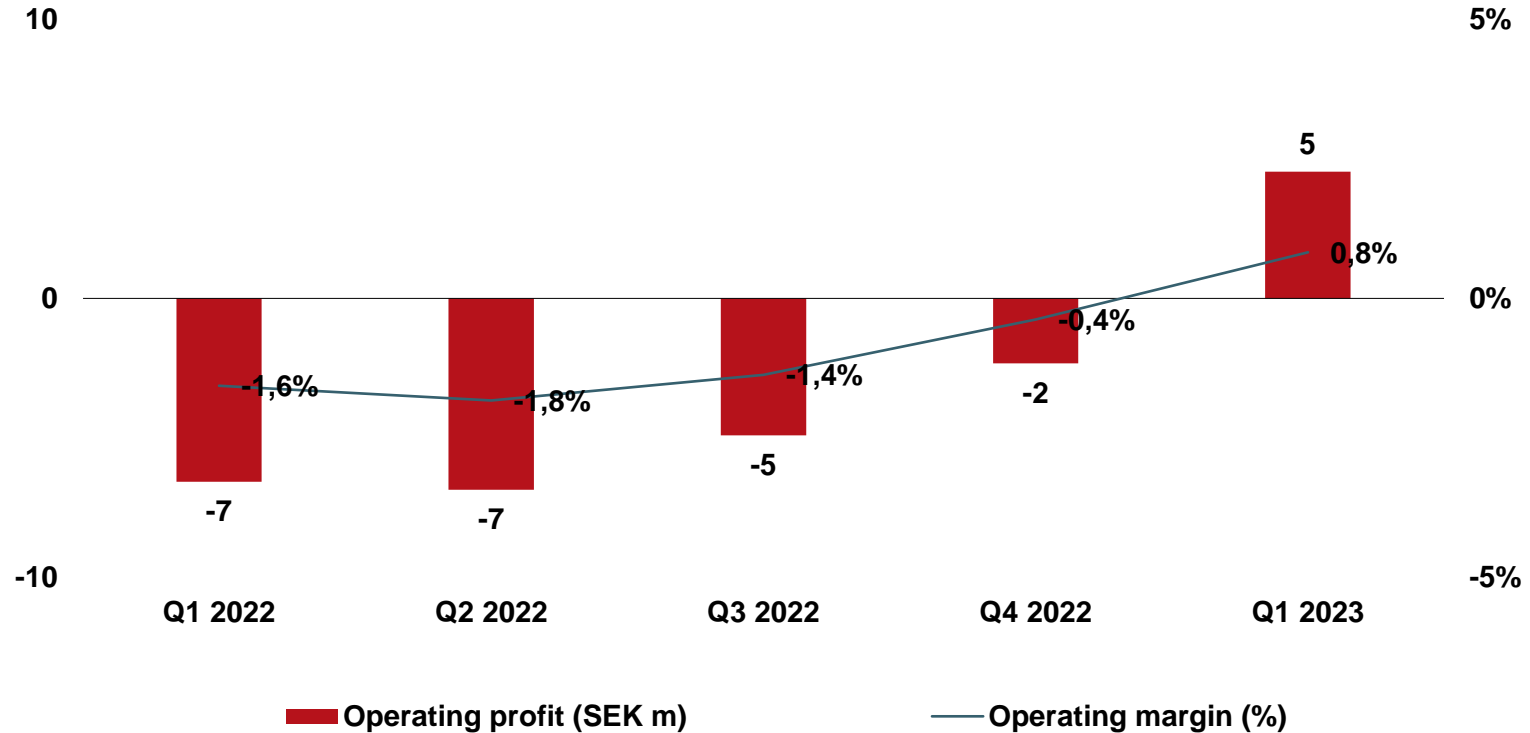
Segment reporting

	Germany		CIS		Unallocated Group costs ³		Total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
SEK m (or as stated)	2023	2022	2023	2022	2023	2022	2023	2022
External revenue	548	420	83	35			631	455
Equipment and truck sales	375	287	68	25			443	312
Aftermarket sales	149	112	15	10			164	122
Other revenue	23	21	0	0			23	21
Gross profit	68	47	17	7			85	53
EBITDA	24	9	8	4			6 ⁴	-8 ⁴
Operating profit	5	-7	7	3			12	-3
Group costs ³		-3		0	-26	-18	-26	-21
Operating profit	5	-10	7	3	-26	-18	-14	-25
Finance items (net)							22	-11
Profit(loss) before tax							8	-36
Result from continued operations							7	-31
<i>Gross margin, %</i>	12.3%	11.2%	20.4%	18.6%			13.4%	11.7%
<i>Operating margin, %</i>	0.8%	-2.4%	8.7%	9.7%			-2.2%	-5.4%

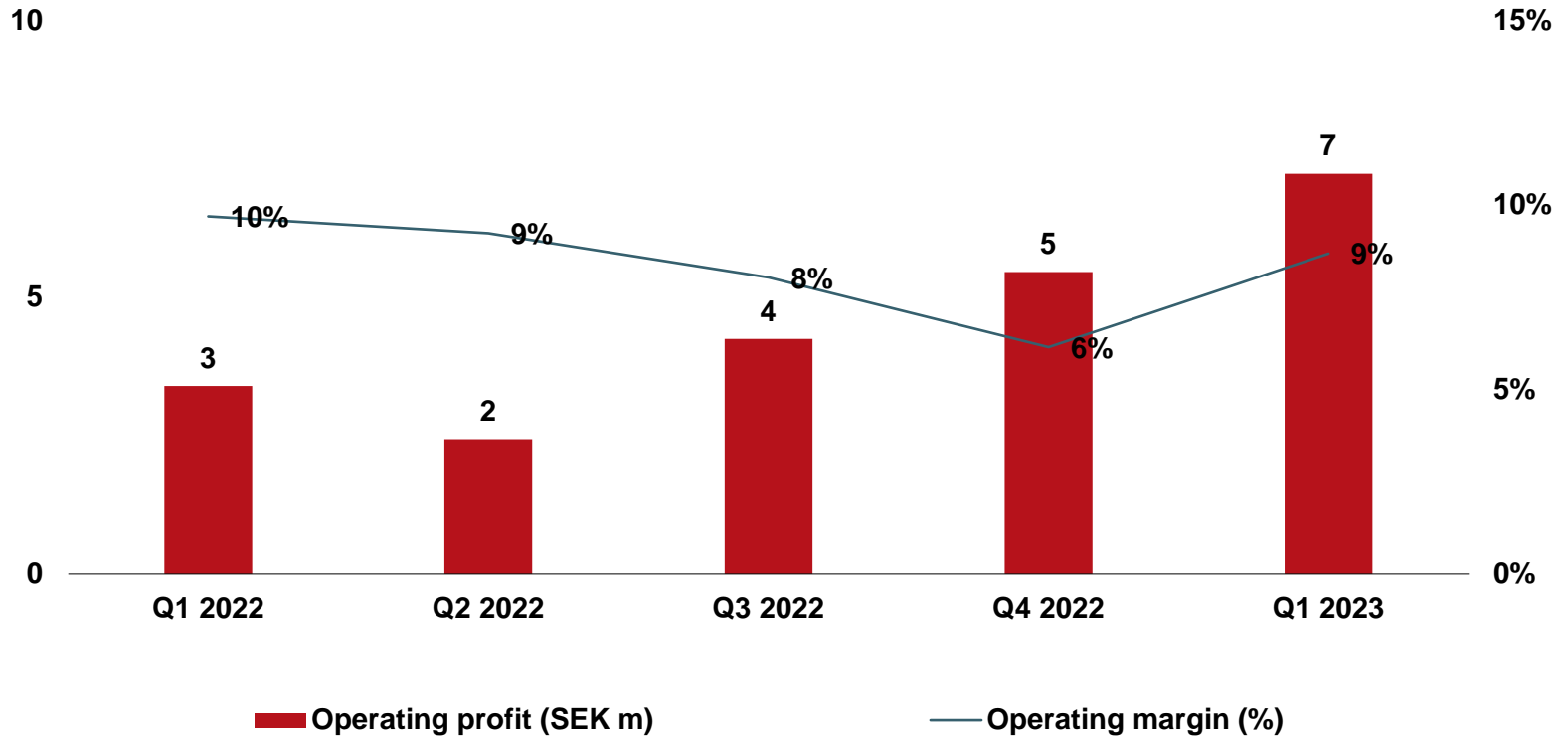
³ Ferronordic has previously reported the result of the operating segments after allocation of Group costs. The Group costs are now reported separately. In Q1 2022 and Q4 2022, the Group costs allocated to Germany were SEK 3m and SEK 2m respectively

⁴ After unallocated group costs

Germany: Trend in operating result and margin



Kazakhstan: Trend in operating result and margin



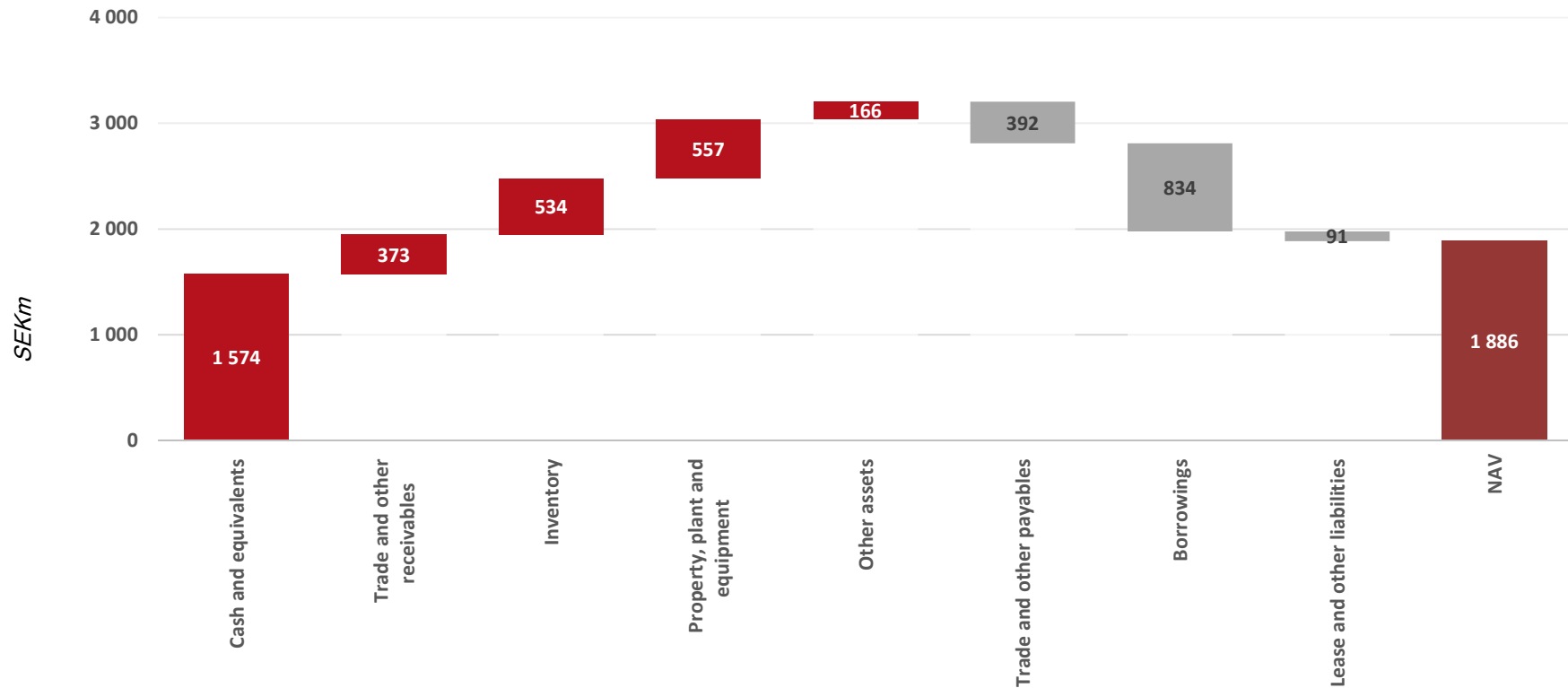
Q4 2022

Balance sheet

SEK MM	Q1 2022	Q4 2022	Q1 2023
<i>FX (SEK/KZT, EUR/SEK)</i>	<i>49.42, 10.34</i>	<i>44.29, 11.13</i>	<i>43.08, 11.28</i>
Property, plant and equipment	950	560	557
Cash and cash equivalents	593	1,688	1,574
Debt	719	667	834
Finance Leases	130	64	58
Net debt / (cash)	255	-957	-681
Working capital	225	215	503
<i>% of Revenue</i>	<i>3%</i>	<i>11%</i>	<i>23%</i>
Shareholders equity	1,086	1,873	1,886
Total Assets	3,428	3,217	3,203
Equity / Assets	32%	58%	59%

- PP&E decreased Y-o-Y mainly due to the disposal of Russian subsidiaries
- In CIS, net working capital increased Q-o-Q from -3% to 17% of LTM revenue as inventories and receivables increased faster than payables
- In Germany, net working capital increased Q-o-Q from 17% to 27% of LTM revenue, partly as a result of lower payables
- Net debt / (cash) decreased to SEK -681m and net debt/EBITDA decreased to -2.0x
- Equity/assets increased 1pp to 59% QoQ, partly due to translation effects

Group NAV Q1 2023



Outlook

In Germany, we continue to see strong demand for service and trucks, despite concerns about a weaker economy. Supply constraints continue to limit market growth. Our sales area is at the heart of Europe's transport business and benefits from commercial activity across industries. We also see a growing interest in electric trucks. Developing this market is a strategic priority for Ferronordic. Our operations in Kazakhstan continue to develop and we actively seek opportunities to grow our product and business portfolio. Demand for construction equipment is supported by Kazakhstan's growing role as a regional hub, its infrastructure projects and strong commodity prices. In a longer perspective, we believe that the underlying conditions and business opportunities in the German and Kazakh markets are strong. Meanwhile, we also continue to analyse new opportunities outside our current markets.



Milestone reached in Germany



Group

- 39% revenue growth on strong performance in both operating segments
- Improvement in operating result to SEK -14m and in operating margin to -2.2%
- Ferronordic continues to explore new growth opportunities

Germany:

- Revenue increased 30% to SEK 548m, partly due to strong growth in aftermarket sales
- Positive operating result of SEK 5m with an operating margin of 0.8%

CIS:

- Revenue increased 138%, supported by strong new and used equipment sales
- Operating profit of SEK 7m and operating margin of 8.7%

39%

Revenue
growth

42%

Operating profit
growth

-2.2%

Operating profit
margin

122%

EPS increase

