

# Fourth quarter 2022

February 2023

# Moving forward



## Group

- Ferronordic divested its Russian business for SEK 1.3b
- Cash proceeds from the sale of SEK 1.1b brought the Group to a net cash position of SEK 957m
- Focus and resources for new opportunities

## Germany:

- Trucks sales in units increased by 43%
- Revenue increased 38%, mainly due to growth in new trucks sales
- Breakeven pace of operating profit at the end of Q4 2022

## CIS:

- After sale of Russian business, Kazakhstan remains in CIS segment
- Revenue increased by 112% in local currency and 197% in SEK

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**48%**

Revenue

**47%**

Operating profit  
(adjusted<sup>1</sup>)

**-1.9%**

Operating profit margin  
(adjusted<sup>1</sup>)

**-123%**

Earnings per share  
(before dilution)

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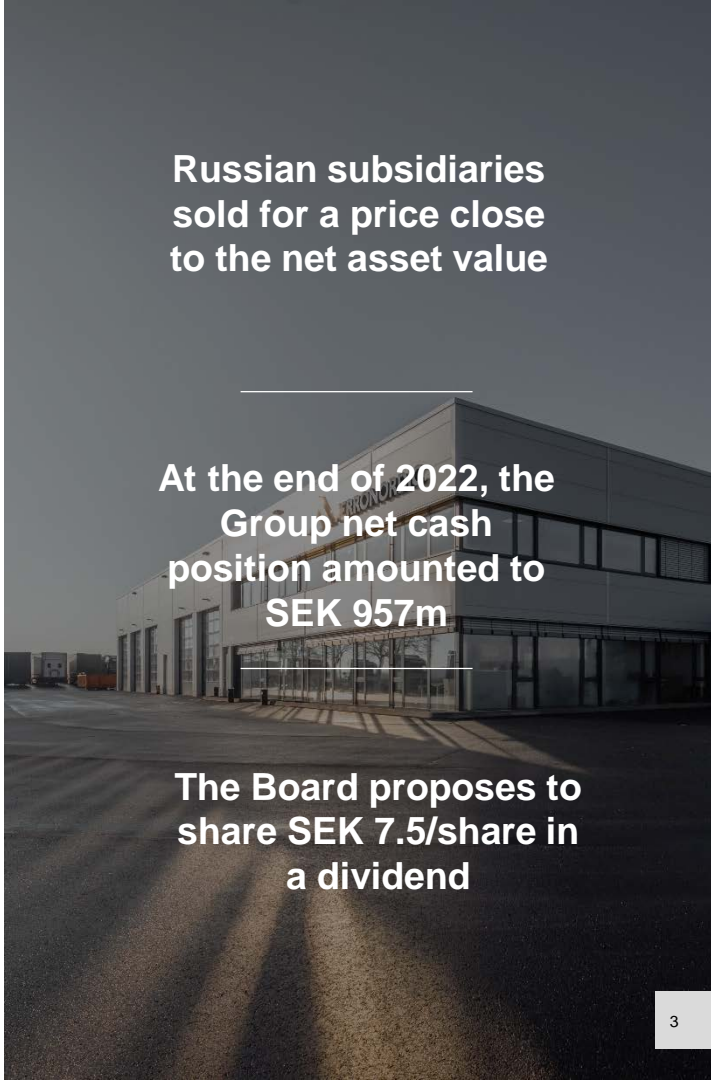
<sup>1</sup> "Adjusted" here and in the rest of this report means excluding the effect of the compensation payment from Volvo of SEK 321m in Q3 2022.

# Q4 2022

## Moving forward

- Due to the conflict in Ukraine, business in Russia became impossible for Ferronordic
- Despite difficulties, we managed to sell our Russian subsidiaries in December for a price close to net asset value
- This was an achievement and the best way forward
- Net cash receipt of approx. SEK 1,097m.
- At the end of 2022, our net cash position amounted to SEK 957m.
- Plan to use sales proceeds and strong balance sheet to invest in further in our operations in Germany and Kazakhstan and new opportunities
- Continued development of organization and network in Germany
- Close work with partners to bring electric trucks and sustainable transport solutions to market
- Development of organization and contracting services in Kazakhstan
- We look actively for new markets and opportunities
- The Board proposes a SEK 7.5/share dividend.

Russian subsidiaries  
sold for a price close  
to the net asset value

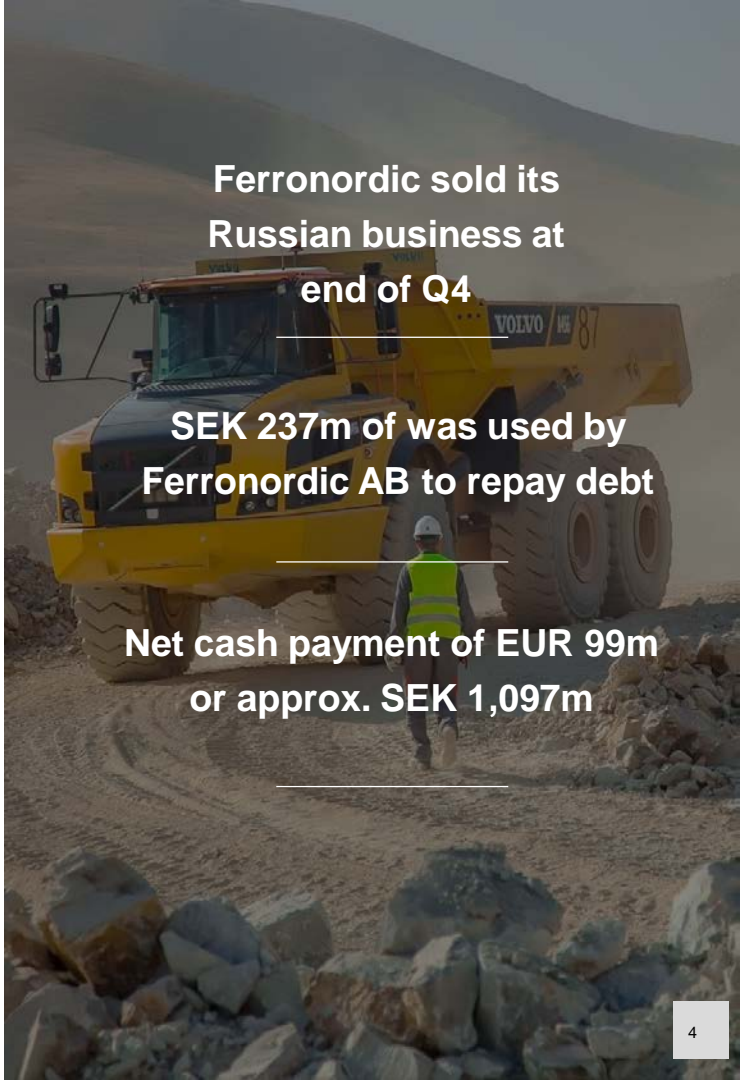


At the end of 2022, the  
Group net cash  
position amounted to  
SEK 957m

The Board proposes to  
share SEK 7.5/share in  
a dividend

# Sale of Russian business

- Ferronordic completed the sale of its Russian business at end of Q4 2022 for a price of RUB 9.2b or SEK 1,334m at the time, compared to a net asset value of SEK 1,292m
- Approx. SEK 237m of this amount was used by Ferronordic AB to repay debt to the sold Russian subsidiaries
- For the Group, the divestment resulted in a net cash receipt of EUR 99m or approx. SEK 1,097m
- The cash payment was received in EUR on Ferronordic's account in Austria on 23 December
- With the sale, Ferronordic substantially divested all its assets and liabilities in Russia



Ferronordic sold its  
Russian business at  
end of Q4

SEK 237m of was used by  
Ferronordic AB to repay debt

Net cash payment of EUR 99m  
or approx. SEK 1,097m

# Q4 2022

## Group summary financials

### Group revenue +48% to SEK 705m

- German revenue +38% to SEK 616m (+28% in EUR)
  - Equipment sales +58% (+46% in EUR), aftermarket sales +21% (+12%) and other sales -45% (-49% in EUR)
- CIS revenue +169% in local currency and +195% in SEK 89m
  - Equipment sales +308% (+269% in local currency) and aftermarket sales 20% (+9% in local currency)

### Group operating profit increased from SEK -25m to SEK -13m

- CIS operating profit increased from SEK -1m to SEK 5m
- German operating profit increased from SEK -12m to SEK -5m
- Group adjusted operating margin increased to -1.9% (-5.4)
- 58% equity to total assets
- Net cash at SEK -957m or -30.8x EBITDA



SEK 705m  
(+48%) revenue



SEK -13m  
operating profit

-1.9% (-5.4%)  
adjusted  
operating margin

# Q4 2022

## Germany operational highlights

- Based on registrations, the total German market for heavy trucks declined by 1% in Q4 2022<sup>1</sup>
- Rigids declined by 5% while tractors grew by 2%
- Despite growing concerns about the economy, the market remains firm
- Rising inflation and energy prices, higher interest rates and weaker business indicators may affect demand for trucks negatively
- New trucks registered in Ferronordic's sales area increased by 3% and represented 18% of the total German market
- Following supply constraints in Q3 2022, Ferronordic's new truck sales in units increased by 43% to 394 units in Q4 2022
- Equipment sales increased by 58% (46%)
- Aftermarket sales increased by 21%, of which 14% was organic growth
- The gross margin increased to 13.4% (11.8)

1) ACEA statistics



Our new truck sales in units increased by 43% to 394 units in Q4 2022

Aftermarket sales grew

21% (12% in EUR)



Gross margin of 13.4%, up from 11.8%

# Q4 2022

## CIS operational highlights

- Kazakhstan is currently the only market in our CIS segment
- The Kazakh market increased by 25% in 2022
- The Kazakh market is supported by Kazakhstan's growing role as a regional hub, strong commodity prices and big infrastructure projects
- Ferronordic's new machine sales in units increased to 26 (12) or by 117%
- Equipment sales increased by 308% (269% in local currency)
- Aftermarket sales increased by 20% (9% in local currency)
- The gross margin increased to 16.5% (15.0%) and gross profit increased to SEK 15m (4)



**308% growth  
in equipment sales (269%  
in local currency) in Q4 2022**

**+20%  
in aftermarket sales  
(9% in local currency)**

**Kazakh new machine  
sales +117% in units**

# Business development

## Group

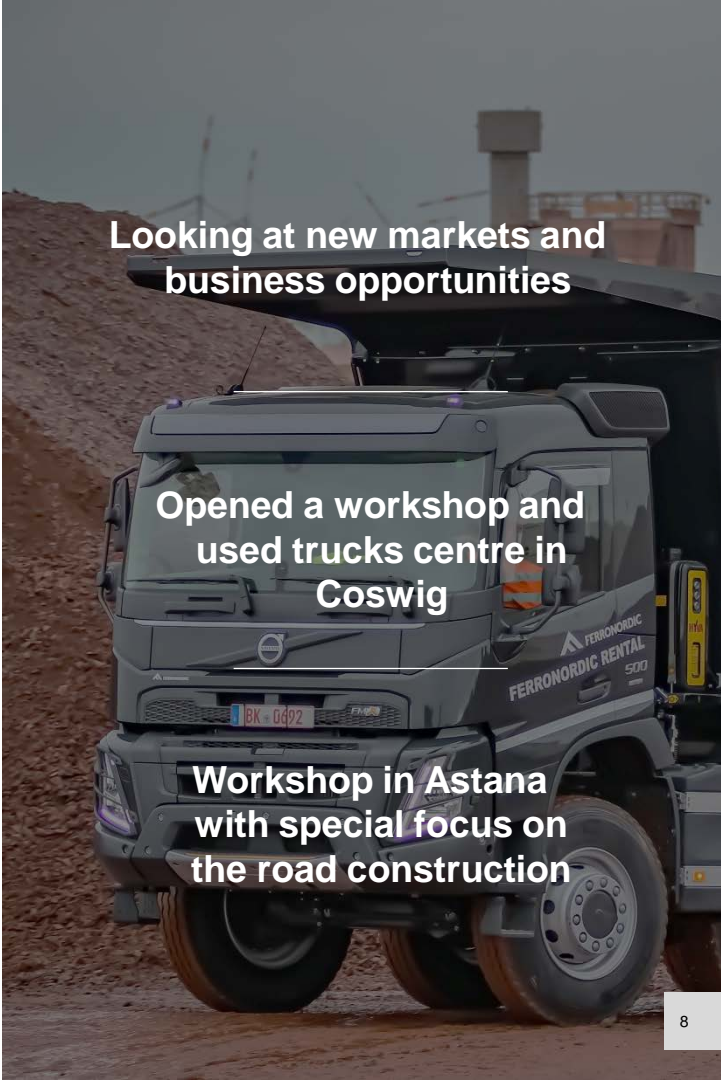
- We are actively looking at new markets and business opportunities

## Germany

- In Q4 2022, Ferronordic opened a workshop and used trucks centre in Coswig
- Workshop in Peine to open operations in February
- We moved into the newly built service and sales hub in Hannover
- Work to develop our rental product for electric trucks
- Set up of parts warehouse and service organisation for Sandvik

## Kazakhstan

- In 2022, we opened a workshop in Astana with special focus on the road construction segment
- Further development of digital sales to improve service and sales teams performance and customer satisfaction
- Move to branch organization to improve customer focus
- Service and sales support organization for Sandvik



Looking at new markets and  
business opportunities

Opened a workshop and  
used trucks centre in  
Coswig

Workshop in Astana  
with special focus on  
the road construction



# 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 opened in November 2022
- **Peine** - Operations open in February 2023



# Kazakhstan network



(7) Ferronordic outlets in Kazakhstan as of February 2023

# Economic development


- **Germany**

- +0.5% GDP in Q4 2022<sup>1</sup>
- +0.1% GDP expected in 2023<sup>2</sup>
- +1.4% GDP expected in 2024<sup>2</sup>
- Inflation reached 8.7% and energy prices were +24,4% Y-o-Y in January<sup>3</sup>

- **Kazakhstan**

- +3.2% GDP in 12m 2022<sup>4</sup>
- +4.4% GDP expected in 2022<sup>5</sup>
- +4.5% GDP expected in 2024<sup>5</sup>

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](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](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  
+3.2% in 12m 2022

# Q4 2022

## Income statement

SEK MM	Q4 2021	Q4 2021	Q4 2021	Q4 2022	Q4 2022	Q4 2022	% change
	CIS	Germany	Group	CIS	Germany	Group	Group
<i>FX (SEK/KZT, EUR/SEK)</i>	48.55	10.13		43.99	10.93		
New units sold	12	275	287	26	394	420	46%
<b>Revenue</b>	<b>30</b>	<b>445</b>	<b>475</b>	<b>89</b>	<b>616</b>	<b>705</b>	<b>48%</b>
<b>Gross profit</b>	<b>4</b>	<b>53</b>	<b>57</b>	<b>15</b>	<b>82</b>	<b>97</b>	<b>70%</b>
<i>% Margin</i>	15.0%	11.8%	12.0%	16.5%	13.4%	13.8%	1.8pp
<b>Operating profit*</b>	<b>-1</b>	<b>-12</b>	<b>-25</b>	<b>5</b>	<b>-5</b>	<b>-13</b>	<b>-47%</b>
<i>% Margin</i>	-1.8%	-2.8%	-5.4%	6.1%	-0.8%	-1.9%	3.4pp
<b>Result</b>			<b>-21</b>			<b>49</b>	<b>-332%</b>
<b>Result from discontinued operations</b>			<b>109</b>			<b>-65</b>	-160%
<b>Net result for the period</b>			<b>88</b>			<b>-16</b>	-119%
EPS			6.06			-1.12	-118%
EBITDA	-12	9	-3	-8	15	7	-316%

- FX important factor Y-o-Y
- Total revenue of SEK 705m
  - 13% CIS and 87% Germany
  - 76% equipment and trucks, 21% aftermarket and 4% other
- Gross margin stood at 13.8%, up 1.8pp Y-o-Y, mainly on revenue mix and price realization
- SG&A as percent of revenue at 16.2% from which 2.0% is Group costs (16.9% with 2.6% Group costs) as 13.7% in Germany offset 17.3% in CIS
- Operating margin increased to -1.9% (-5.4%)
- Operating profit +47% to SEK -13m

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

# FY 2022

## Income statement

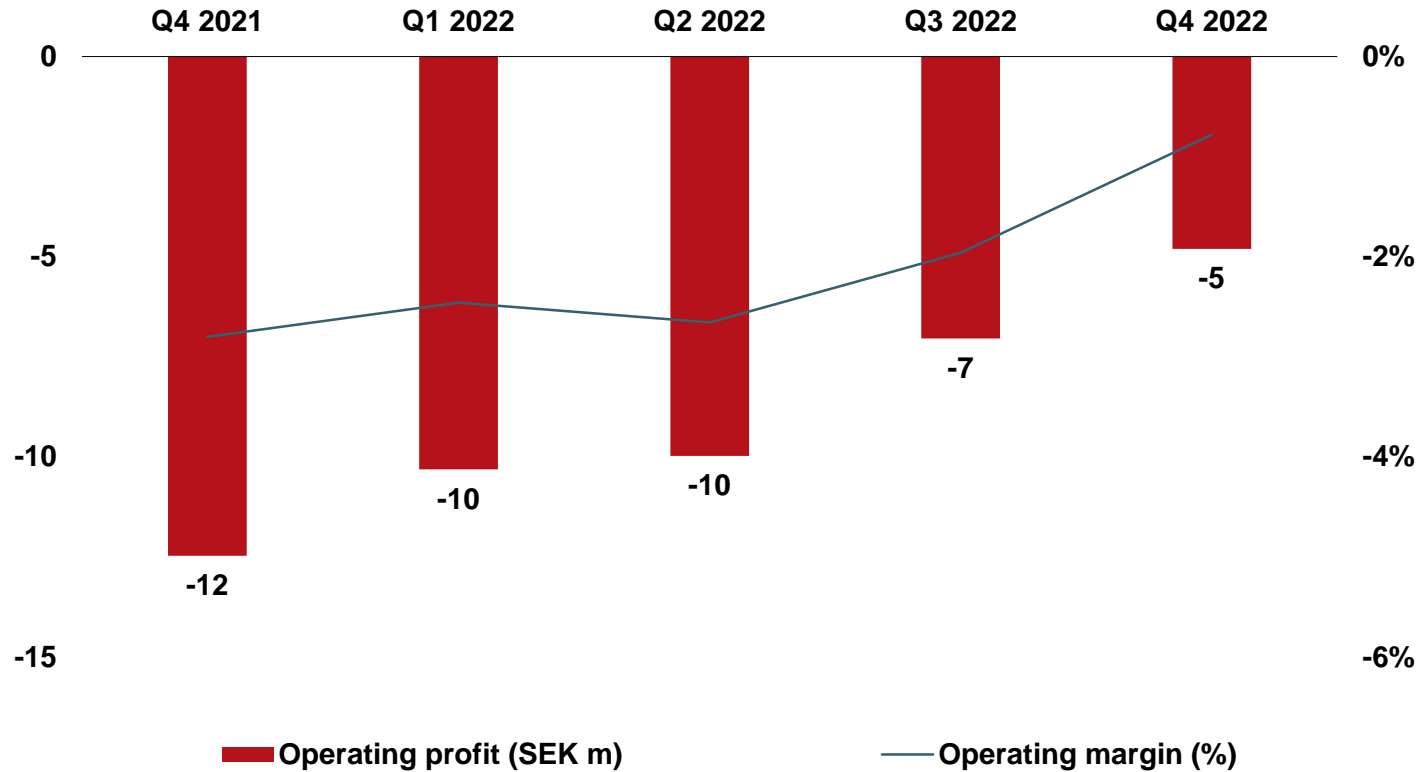
SEK MM	2021	2021	2021	2022	2022	2022	% change	2022
	CIS	Germany	Group	CIS	Germany	Group (adjusted)		Group
<i>FX (SEK/KZT, EUR/SEK)</i>	49.62	10.14		47.42	10.63			
New units sold	54	800	854	60	992	1,052	23%	1,052
<b>Revenue</b>	<b>143</b>	<b>1,368</b>	<b>1,511</b>	<b>203</b>	<b>1,770</b>	<b>1,973</b>	<b>31%</b>	<b>1,973</b>
<b>Gross profit</b>	<b>25</b>	<b>149</b>	<b>174</b>	<b>36</b>	<b>214</b>	<b>250</b>	<b>44%</b>	<b>250</b>
<i>% Margin</i>	17.4%	10.9%	11.5%	17.8%	12.1%	12.7%	1.2pp	12.7%
<b>Operating profit*</b>	<b>13</b>	<b>-71</b>	<b>-112</b>	<b>16</b>	<b>-32</b>	<b>-74</b>	<b>-34%</b>	<b>247</b>
<i>% Margin</i>	8.9%	-5.2%	-7.4%	7.6%	-1.8%	-3.8%	3.6pp	12.5%
<b>Result</b>			<b>-109</b>			<b>-60</b>	<b>-45%</b>	<b>197</b>
<b>Result from discontinued operations</b>			<b>448</b>			<b>247</b>	<b>-45%</b>	<b>247</b>
<b>Net result for the period</b>			<b>339</b>			<b>188</b>	<b>-45%</b>	<b>444</b>
EPS			23.31			12.91	-45%	30.58
EBITDA	-37	-15	-52	-8	39	31	-159%	321

- FX important factor Y-o-Y
- Total revenue of SEK 1,973m
  - 10% CIS and 90% Germany
  - 68% equipment and trucks, 27% aftermarket and 5% other
- Gross margin stood at 12.7%, up 1.2pp Y-o-Y, mainly on revenue mix
- SG&A as percent of revenue at 16.9% from which 2.9% is Group costs (18.7% with 3.5% Group costs) as 12.6% in CIS offset 14.2% in Germany
- Adjusted operating margin increased to -3.8% (-7.4%)
- Adjusted operating profit +34% to SEK -74m

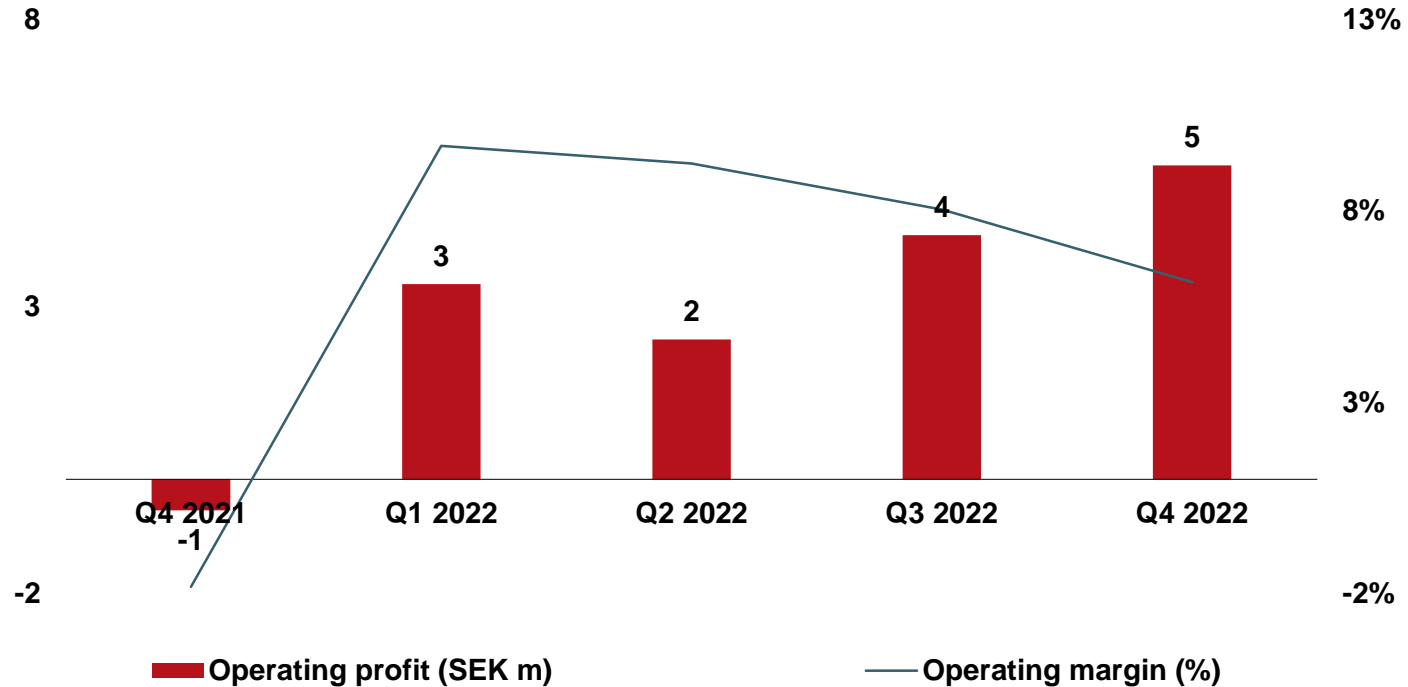
*"Adjusted" means excluding the effect of the compensation payment from Volvo CE of SEK 321m.*

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# Germany: Trend in operating result and margin



# Kazakhstan: Trend in operating result and margin



# Q4 2022

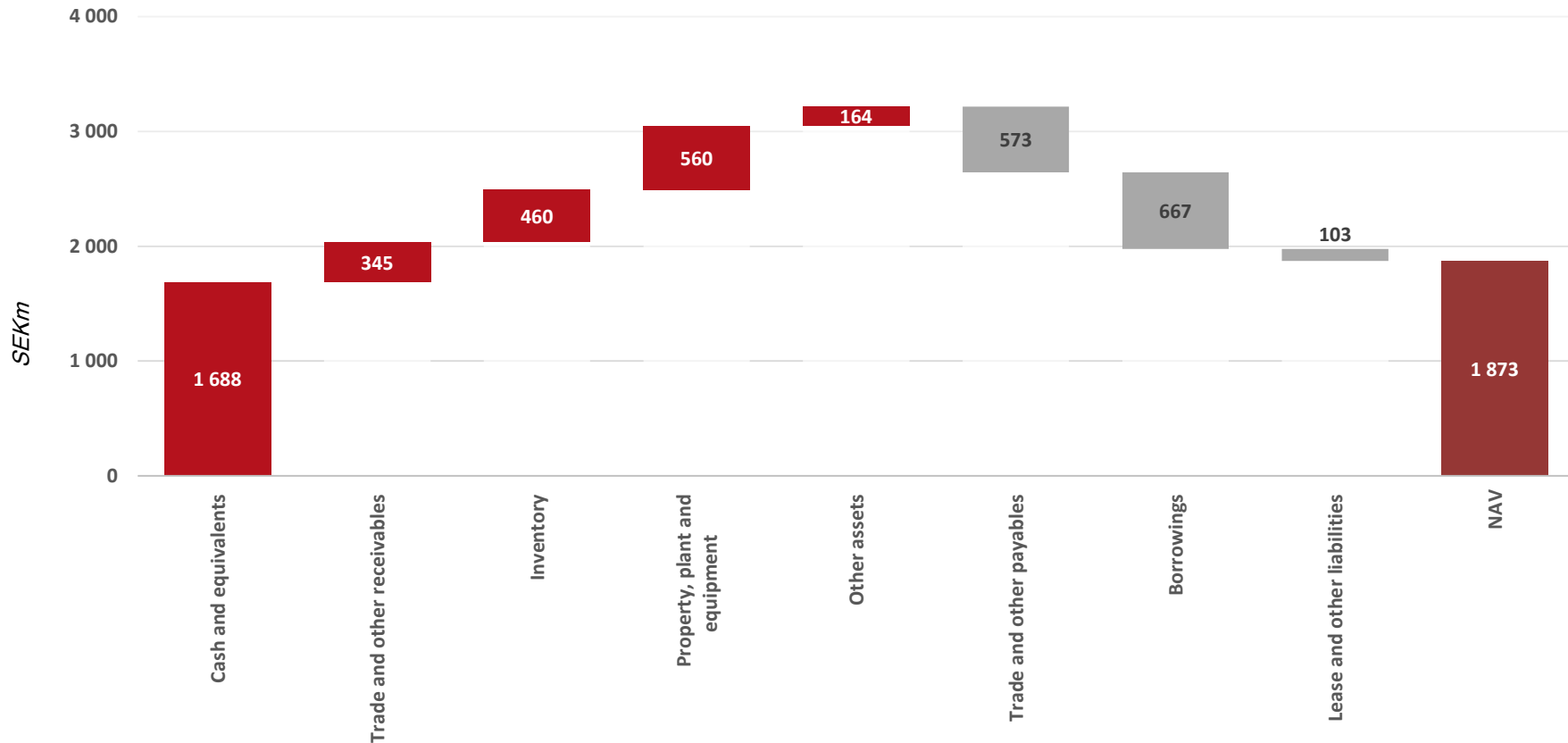
## Balance sheet

SEK MM	Q4 2021	Q3 2022	Q4 2022
<i>FX (SEK/RUB, EUR/SEK)</i>	<i>8.22, 47.45, 10.23</i>	<i>5.07, 42.17, 10.92</i>	<i>6.80, 43.71, 11.13</i>
Property, plant and equipment	1,006	1,263	560
Cash and cash equivalents	768	939	1,688
Debt	808	1,329	667
Finance Leases	159	189	64
<b>Net debt / cash</b>	<b>198</b>	<b>579</b>	<b>-957</b>
Working capital	137	1,184	215
<i>% of Revenue</i>	<i>2%</i>	<i>17%</i>	<i>3%</i>
Shareholders equity	1,101	2,108	1,873
<b>Total Assets</b>	<b>3,973</b>	<b>4,997</b>	<b>3,217</b>
Equity / Assets	28%	42%	58%

- PP&E decreased Y-o-Y and Q-o-Q mainly due to the disposal of Russian subsidiaries (519m)
- Net working capital in Russia at the moment of the sale was 825m
- In CIS, net working capital decreased Q-o-Q from 4% to -3% of LTM revenue as payables increased faster than inventories and receivables
- In Germany net working capital stood flat at 17% of LTM revenue
- Net debt turned into a SEK -957m net cash position due to the sale of Russian business
- Net debt/EBITDA was -30.8x EBITDA as at 31 December 2022
- Equity/assets increased 30pp to 58% YoY



# Group NAV after sale of Russia



# Outlook

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*Following the sale of the Russian business, we look into the future with renewed optimism. In Germany, we continue to see strong demand for trucks and service, 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 growing interest in electric trucks and sustainable transport solutions. 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 big 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. We also continue to look for new growth opportunities.*



# Moving forward



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