



Second Quarter 2017
23 August 2017



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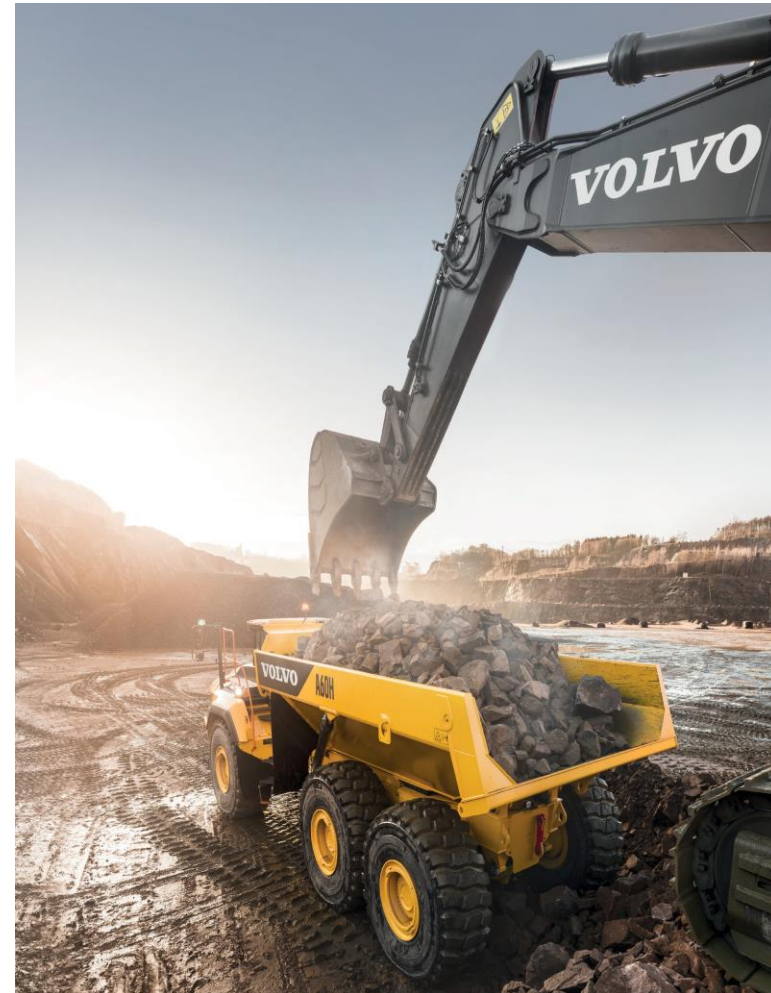
- ◇ Economic activity gaining momentum in Russia
 - ◇ Retail sales increased
 - ◇ Unemployment the lowest in years
 - ◇ Construction output improved

- ◇ The Russian market for new construction equipment continued to recover
 - ◇ The market grew by over 90%

- ◇ The oil price dropped from USD 53 per barrel to USD 48

- ◇ The ruble weakened from 6.3 to 7.0 ruble per krona

- ◇ The Russian Central Bank cut its key rate twice, once in April from 9.75% to 9.25% and then again in June to 9.00%.
 - ◇ MosPrime 3M decreased from 10.2% to 9.2%



Second Quarter 2017 (cont'd)

- ◇ Our business continues to develop well
 - ◇ Revenue during the quarter grew by almost 100%
 - ◇ Bottom line more than doubled
 - ◇ Increase in operating margin to 8% despite lower gross margin
 - ◇ Strong cash generation

- ◇ Somewhat slower growth expected in the second half
 - ◇ Strong profitability during Q3 last year

- ◇ The last twelve months result is very strong
 - ◇ Revenue of SEK 2.3bn, only SEK 0.2bn less than our highest revenue ever of SEK 2.5bn in 2013
 - ◇ Adjusted EBIT of SEK 179m, compared to an adjusted EBIT of SEK 89m in 2013
 - ◇ The market is less than 40% of what it was in 2013
 - ◇ Proof that our organisation has developed and improved its efficiency the last couple of years



Second Quarter 2017 (cont'd)

- ◇ We continue to expand and develop our VCE business
 - ◇ Approved as a supplier of Volvo Certified Rebuild for articulated haulers, excavators and wheel-loaders
 - ◇ Among the first VCE distributors world-wide to be approved
 - ◇ The first in Europe to be approved for excavators
 - ◇ Proves our quality as a VCE dealer

- ◇ We continue to implement our strategy to expand through complimentary products
 - ◇ This week, we were appointed the official distributor for Mecalac backhoe loaders in Russia
 - ◇ Premium product that comes with both equal and unequal sized wheels, enabling us to address a market twice the size as we were able to address before



Important events

- ◇ Revised financial objectives given that the market and the company's result develop stronger than expected
 - ◇ Tripling of the revenue from 2016 to 2021
 - ◇ EBIT margin of 7-9%
 - ◇ Net debt to EBITDA of 0-2 times (over a business cycle)
- ◇ Adopted dividend policy
 - ◇ The ambition should be that at least 25% of the result (after dividends on the preference shares) should be distributed to the ordinary shareholders
 - ◇ The board will take several factors into consideration when proposing the level of dividend including the requirements of the articles of association, the Group's expansion opportunities, its financial position and other investment needs
 - ◇ Preference shares: ambition to pay dividends according to the articles of association



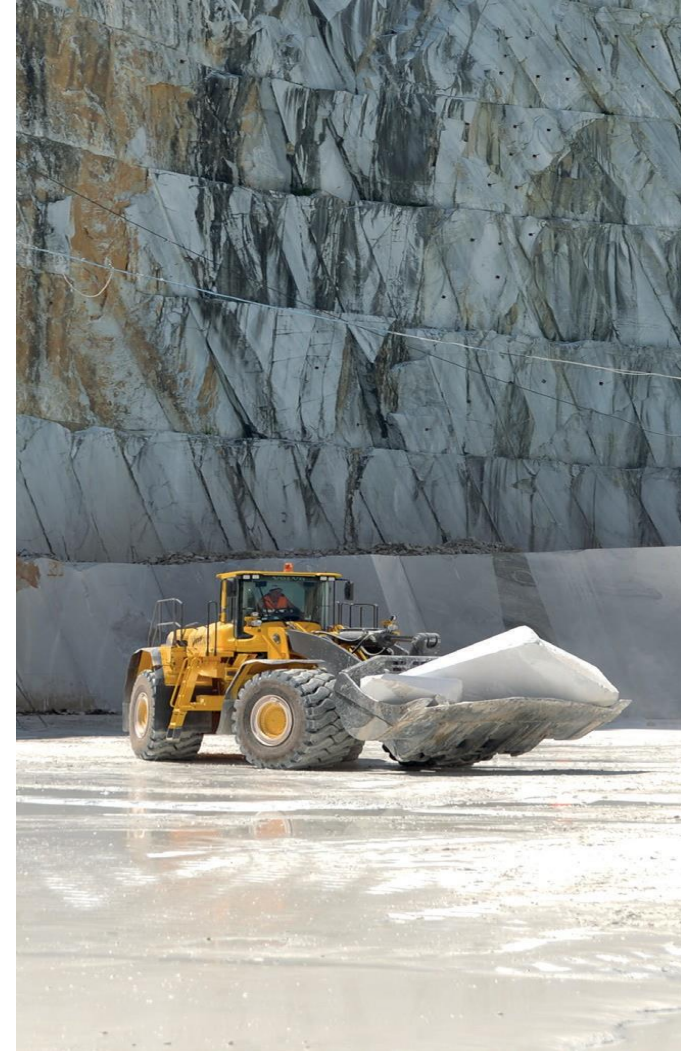
Important events (cont'd)

- ◇ Listing of ordinary shares
 - ◇ To maintain the high growth rate and support the company's continued expansion, the Board and the company have decided to continue the preparations for a listing of the ordinary shares on Nasdaq Stockholm
 - ◇ A listing of the ordinary shares would also give our preference shareholders the right to convert preference shares into ordinary shares
 - ◇ The listing of the ordinary shares is expected to take place during the second half of 2017
 - ◇ The company has engaged Carnegie Investment Bank AB (publ) as financial advisor



AGM 2017 (selected resolutions)

- ◇ The AGM took place on May 19 in Stockholm
 - ◇ Resolution to pay dividends on preference shares of SEK 60 per preference share . The record date is 25 October 2017
 - ◇ No decision made regarding the potential preference share dividend in April 2018. No dividend shall be paid on the company's ordinary shares
 - ◇ Magnus Brännström, Lars Corneliusson, Erik Eberhardson and Håkan Eriksson were re-elected as members of the Board. Annette Brodin Rampe and Staffan Jufors (chairman) were elected new members of the Board
 - ◇ Long-term incentive program for the group's management was approved
 - ◇ Authorization to the Board to decide upon an issue of new ordinary shares and new ordinary shares of series 2 (same as last year)



Q1 2017 Profit & Loss

SEK MM	Q2 2017	Q2 2016	% Change SEK	% Change RUB
<i>New Units</i>	218	103	112%	112%
Revenue	785	405	94%	57%
Gross Profit	146	94	55%	26%
<i>% Margin</i>	18.7%	23.3%		
EBITDA	67	36	85%	50%
<i>% Margin</i>	8.6%	9.0%		
Adjusted EBIT*	62	30	108%	68%
<i>% Margin</i>	7.9%	7.4%		
Adjusted result*	51	23	121%	79%
Net Debt/(Cash)	(293)	(178)		

* Excludes amortization of transaction related intangibles.

- ◇ Number of new units sold up 112%
 - ◇ Used units sold down 28%
- ◇ Revenue up 94% (57% increase in rubles)
 - ◇ Equipment sales up 131%
 - ◇ Aftermarket sales up 33%
- ◇ Higher gross profit but lower margin
 - ◇ Lower margin on sales of new machines
 - ◇ Revenue mix effect
- ◇ S, G & A expenses in ruble only 4% higher
- ◇ Improvement of adjusted EBIT margin
- ◇ Net financial income
- ◇ Strong increase in net income
- ◇ Strong net cash position

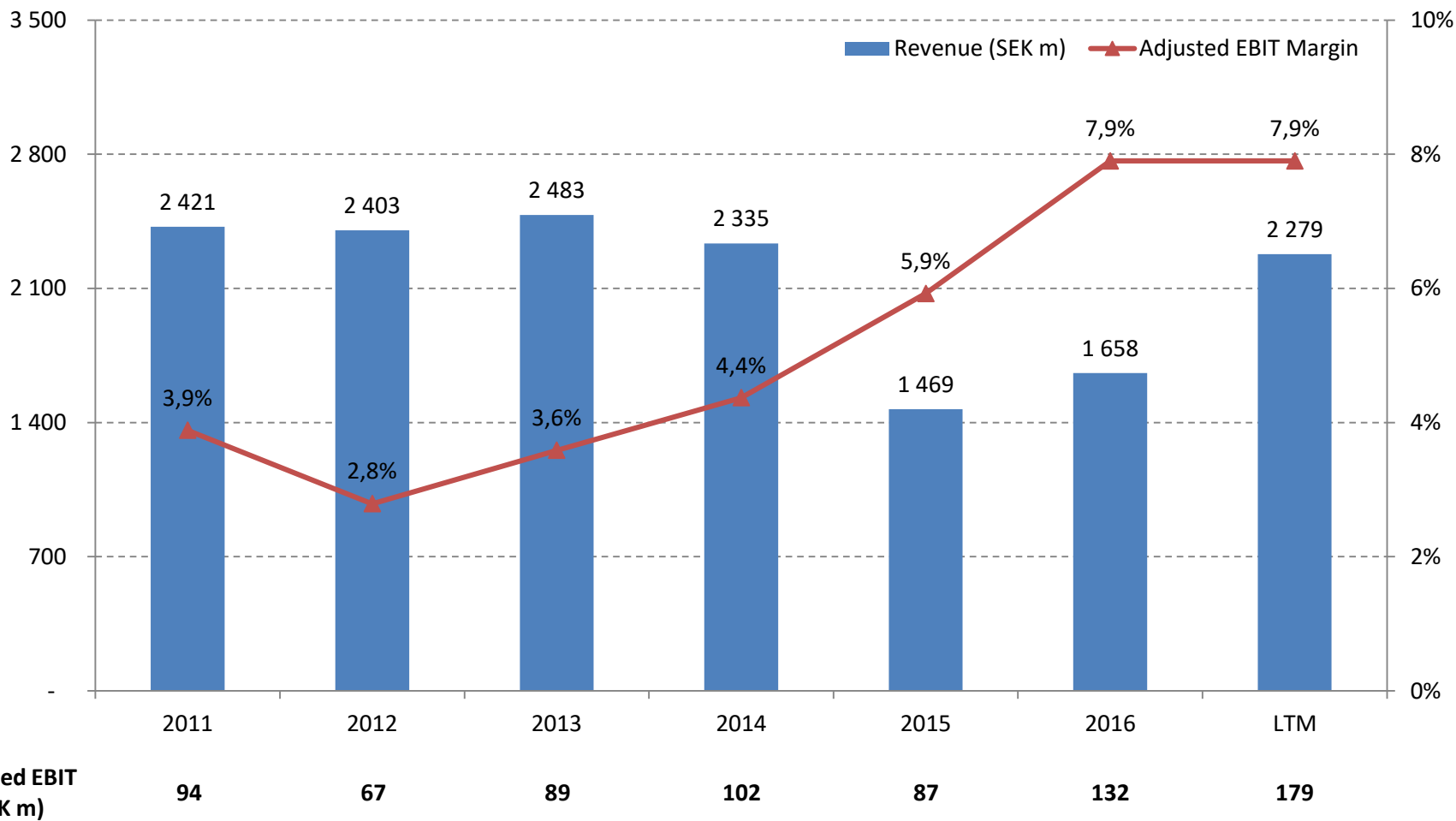
1H 2017 Profit & Loss

SEK MM	1H 2017	1H 2016	% Change SEK	% Change RUB
<i>New Units</i>	372	231	61%	61%
Revenue	1,335	715	87%	46%
Gross Profit	256	164	56%	22%
<i>% Margin</i>	19.2%	23.0%		
EBITDA	112	63	78%	39%
<i>% Margin</i>	8.4%	8.8%		
Adjusted EBIT*	100	52	90%	49%
<i>% Margin</i>	7.5%	7.3%		
Adjusted result*	80	41	94%	51%
Net Debt/(Cash)	(293)	(178)		

* Excludes amortization of transaction related intangibles.

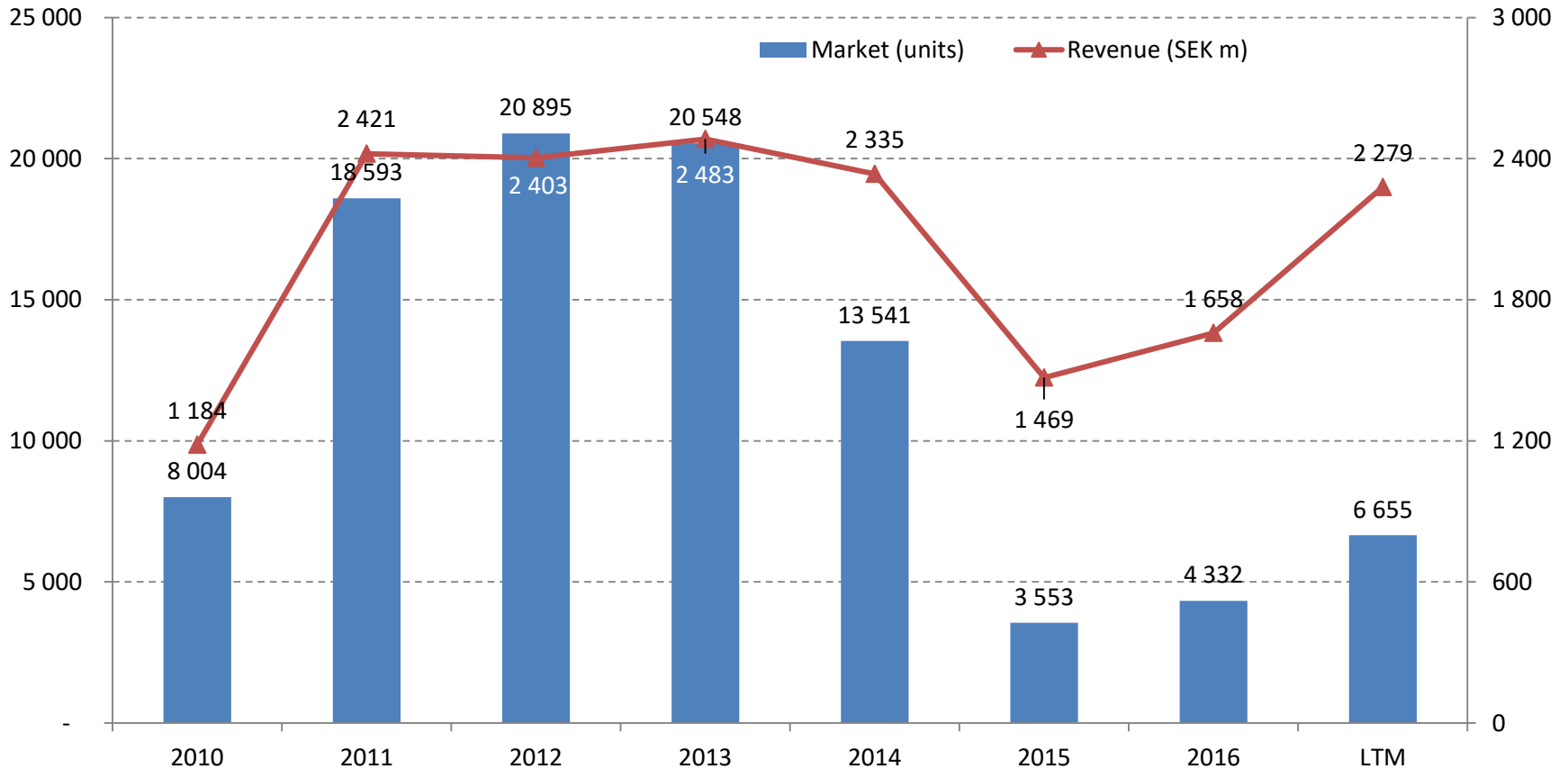
- ◇ Number of new units sold up 61%
 - ◇ Used units sold down 29%
- ◇ Revenue up 87% (46% increase in rubles)
 - ◇ Equipment sales up 109%
 - ◇ Aftermarket sales up 42%
- ◇ Higher gross profit but lower margin
 - ◇ Lower margin on sales of new machines
 - ◇ Revenue mix effect
- ◇ S, G & A expenses 1% higher in ruble
- ◇ Increase in operating profit margin
- ◇ Net financial income
- ◇ Strong increase in net income
- ◇ Strong net cash position

Revenue and profitability



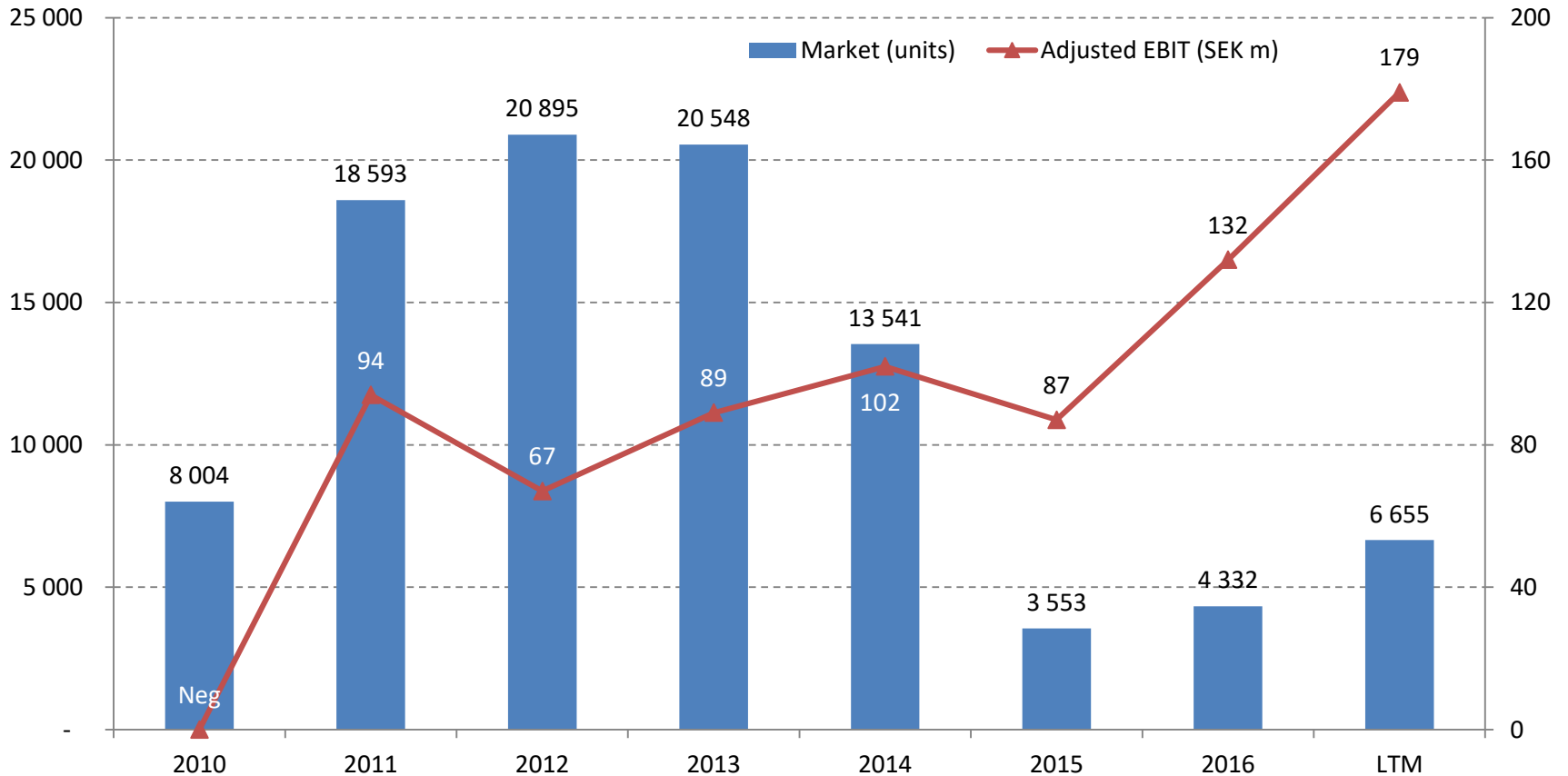
Note: Adjusted EBIT and Adjusted EBIT Margin exclude one-off expenses in Q4 2016 and amortization of transaction related intangibles.

Market vs Revenue



Note: Market data based on Russian import statistics and excludes machines imported from China, bulldozers, forestry machines and rigid dump trucks.

Market vs Profitability



Note: Adjusted EBIT exclude one-off expenses in Q4 2016 and amortization of transaction related intangibles.

Market data based on Russian import statistics and excludes machines imported from China, bulldozers, forestry machines and rigid dump trucks.

Balance Sheet

SEK MM	30/6/17	31/12/16	30/6/16
Cash & Cash Equivalent	330	199	201
Debt	-	-	-
Financial leases	37	26	23
Net debt / (cash)	(293)	(173)	(178)
Working capital	(18)	110	34
<i>% of Revenue</i>	<i>(1%)</i>	<i>7%</i>	<i>2%</i>
Shareholders Equity	441	442	375
Total Assets	1 269	1 033	973
<i>Equity/Assets</i>	<i>35%</i>	<i>43%</i>	<i>39%</i>

Cash Flow

SEK MM	Q2 2017	Q2 2016	1H 2017	1H 2016
Cash flow from:				
Operating Activities	147	81	184	125
<i>of which change in working capital</i>	<i>87</i>	<i>52</i>	<i>89</i>	<i>78</i>
Investing Activities	4	0	1	0
Cash Flow before Financing Activities	151	82	185	125
Financing Activities	(33)	(65)	(37)	(124)
Cash Flow (before FX fluctuations)	117	17	148	1

Outlook – CEO comment

“In consideration of the recent recovery of the Russian economy, we are optimistic about the development of the Russian construction equipment market, both long- and short-term. We believe the market to continue to grow during 2017, *inter alia*, because of the continued pent-up demand to renew the machine fleet in the country. As regards the future of our business in a longer perspective, we are also optimistic, as the long-term fundamentals in the Russian construction equipment market remain strong.”

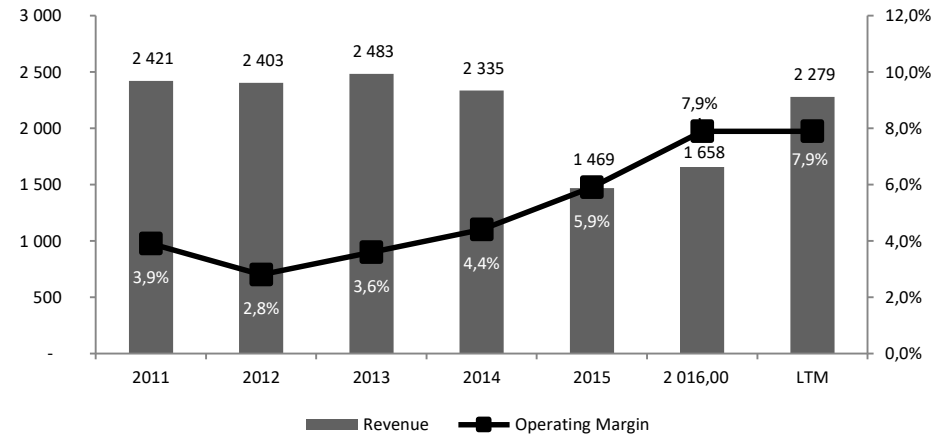


Ferronordic Machines overview

Overview

- Authorized dealer of Volvo Construction Equipment, Terex Trucks, Dressta and Rottne in Russia
- Distribution and sales of new and used construction equipment, sales of parts as well as providing services and technical support
- Core focus is the Volvo CE brand, a high-quality construction equipment manufacturer and the number one brand in Russia
- Distribution portfolio expanded to include other brands such as Volvo and Renault Trucks (aftermarket) and Volvo Penta

Financial development (SEKm)

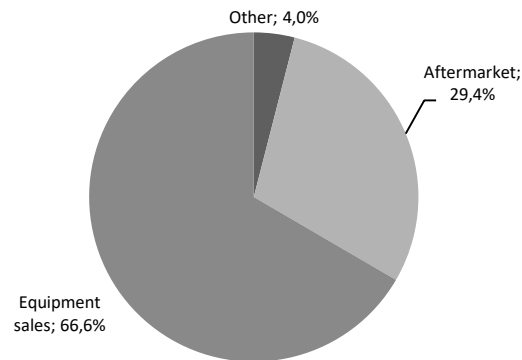


Development

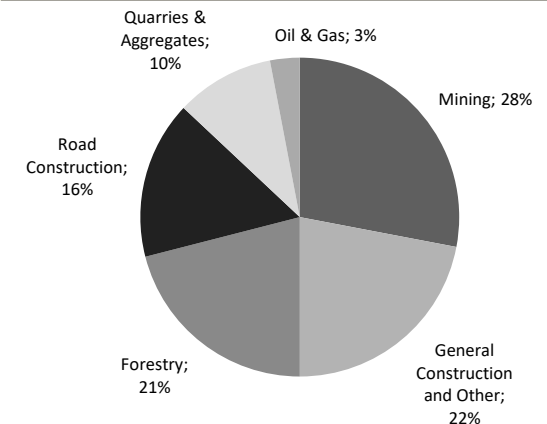
	2010	Q2 2017
Employees	326	819
Revenue (SEK M)	1 184 ⁽¹⁾	2 279
Outlets	12	74

(1) Annualized

Revenue per segment (LTM)



New machine revenue per customer type



Fundamental principles



VISION

- To be the leading service and sales company within CIS markets

MISSION

- To support the growth and leadership of our customers

CORE VALUES

- Quality, respect and excellence

OUR OFFER

- Diversified experience, innovative solutions, complex approach and superior service

STRATEGY

- Great team, operational excellence, building on a strong brand, customer focus and superior infrastructure

Key market demand drivers

✓ Old and inefficient equipment

✓ Underlying market activity

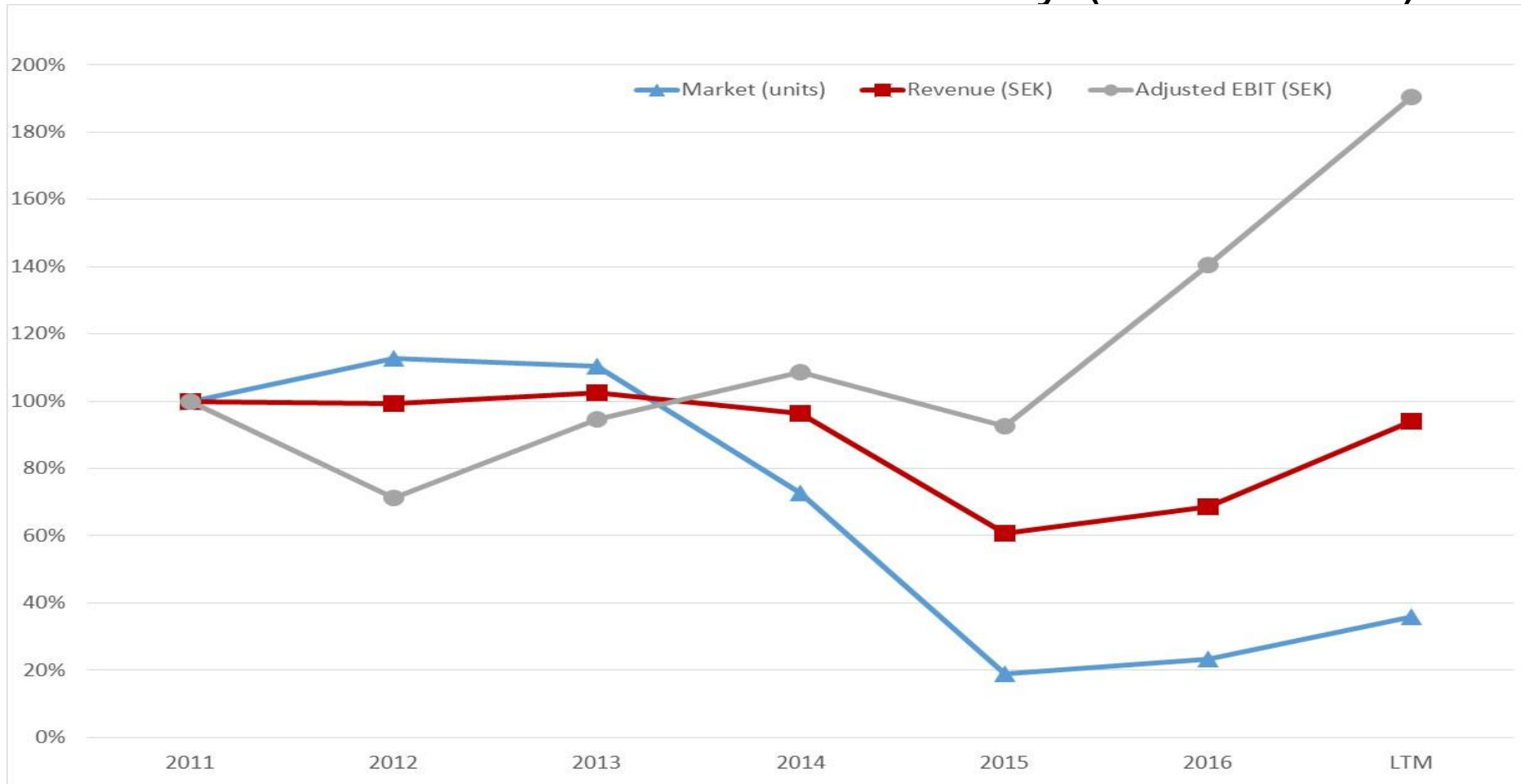
✓ Aftermarket development

✓ End user maturity drives outsourcing trend

✓ Substitution effect

→ Strong market fundamentals in the Russian construction equipment market, underpinned by significant needs for infrastructure investments and replacements of old machinery

Market vs Revenue and Profitability (Index 2011)



Note: Adjusted EBIT exclude one-off expenses in Q4 2016 and amortization of transaction related intangibles.

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