



Ferronordic Machines AB

Q1 2013 Results



Ferronordic Machines in a snapshot

Authorized dealer of Volvo Construction Equipment in Russia since June 2010

Core focus on the Volvo brand

Strong and growing construction equipment market

Rapidly increasing presence all over Russia

Market: ~8,000 → 10,167 → 25,635 → 31,100 → ~**30,000**

Outlets: 6 → 12 → 53 → 69 → **69**

Employees: 160 → 326 → 540 → 654 → **690**

Revenue: VCE → €74M → €268M → €276M → **€273M**

Complimentary brands added:



TRUCKS

**VOLVO
PENTA**

LOGSET

Note: Information at takeover, end 2010, end 2011, end 2012, end Q1 2013)

Experienced management and board of directors and supporting shareholders

FNM is increasing its presence in Russia

Number of FNM outlets is planned to grow substantially

Currently :
69



2015:
~100



(69) FNM ★
(2) Subdealer locations ★



Russian market

Positives

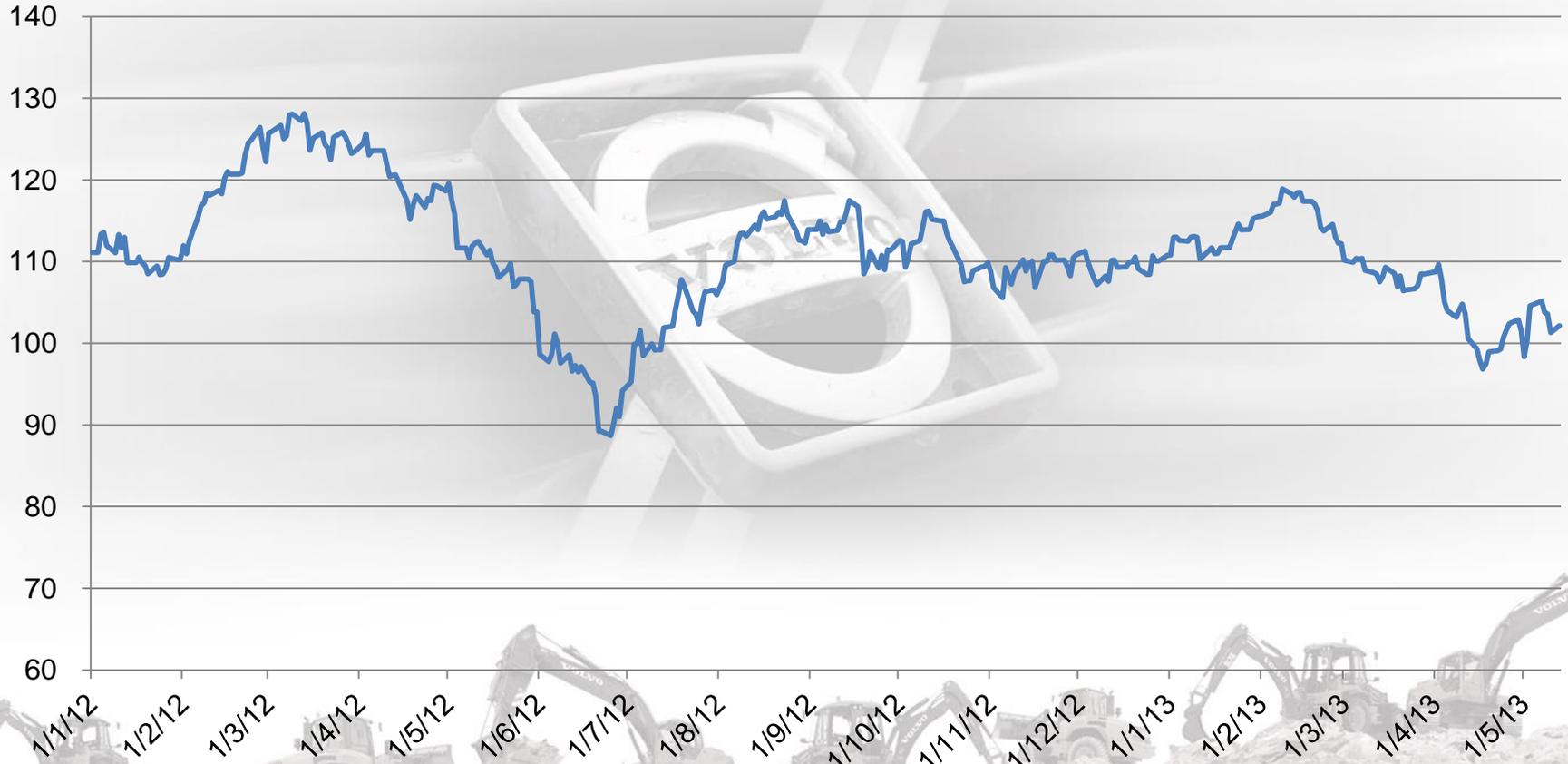
- High oil price
- Still strong GDP growth
- Greater capital inflow/investor interest
- Focus on infrastructure investments
- Administrative reforms

Negatives

- Global unrest
- Unstable oil price
- Slight market downturn in Q1
- Lowering of GDP growth forecast

The CE market is closely correlated to the oil price

Brent Crude Oil Price Last Twelve Months (USD/Barrel)



Q1 2013 financial highlights

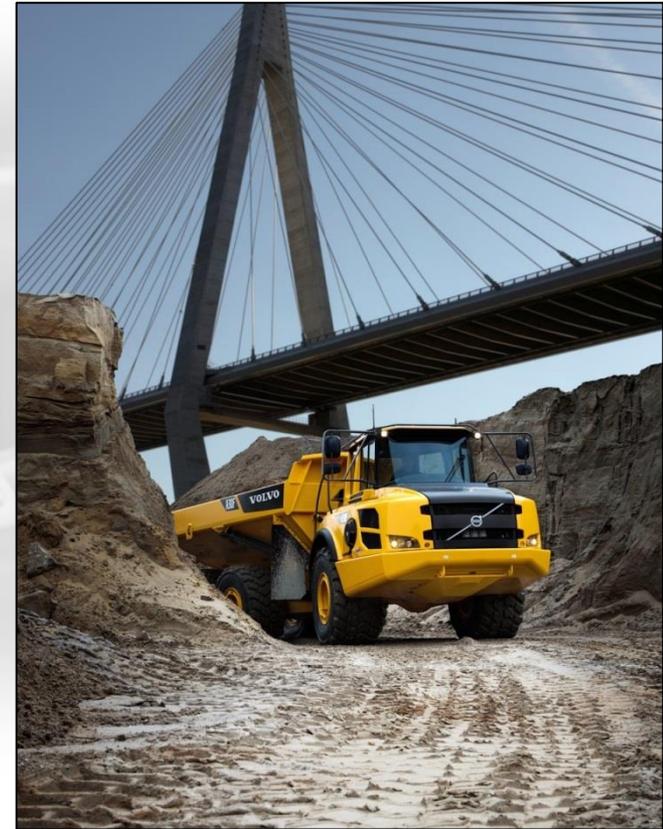
- Slowdown in units and revenue
- Strong aftermarket growth excluding one-offs
- Significantly improved gross margin
- Strong EBITDA growth
- Improvement in net income, excluding unrealized FX losses
- EUR 22M positive cash flow from operations
- Net debt/EBITDA 2.7x*

* Calculation based on Bond T&C



Q1 2013 operational highlights

- Growing presence throughout Russia showing effects
 - New regions accounting for app. 50% of revenue
 - +20% of revenues generated in Siberia and Far East
 - 690 employees and 69 outlets
- Three new facilities serving both Volvo CE and Volvo Trucks (4 in total)
- Focus on efficiencies, consolidation of organization and competence development
- Despite normalization of inventory levels in the industry, still aggressive pricing environment



Ferronordic Machines Profit & Loss Q1 2013 - Group

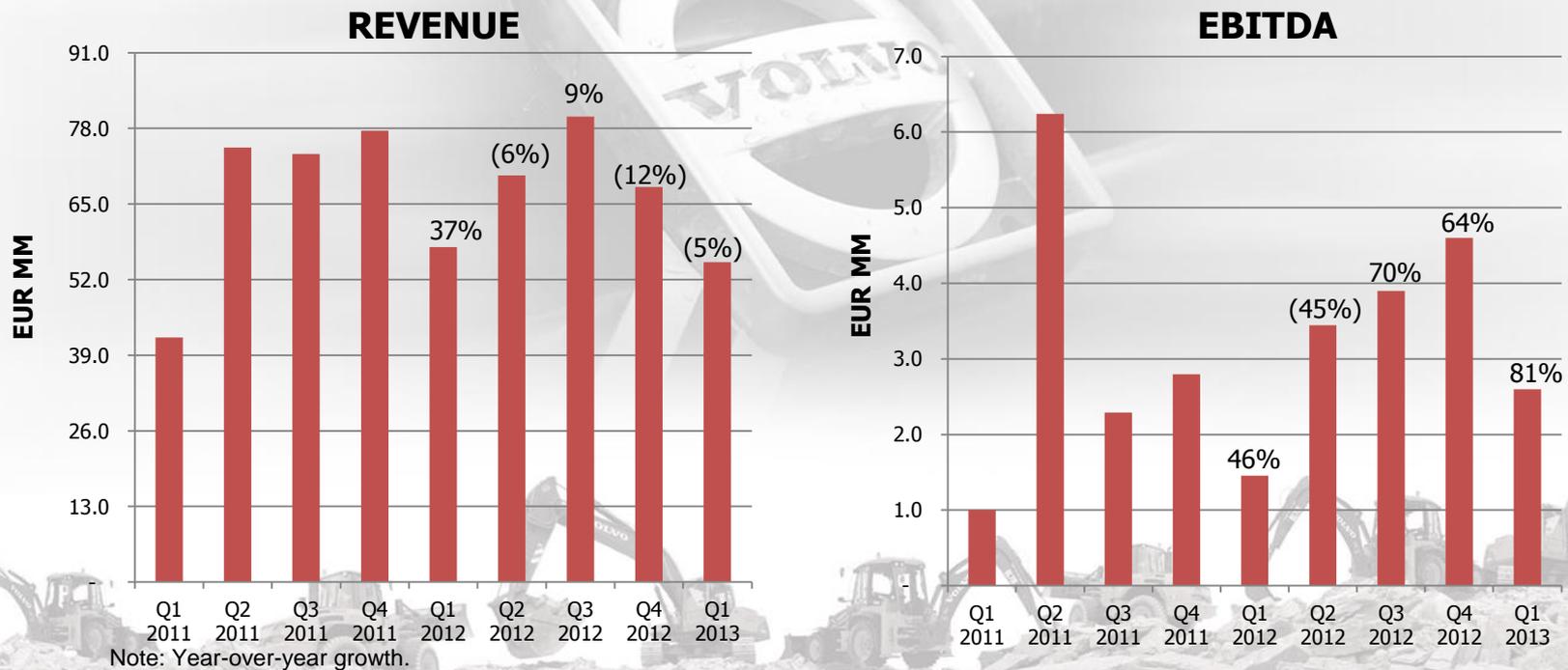
EUR MM	Q1 2013	Q1 2012	% change
New Units	261	275	(5%)
Revenue	55.0	57.6	(5%)
Gross Profit	10.4	8.1	28%
% Margin	18.9%	14.1%	-
EBITDA	2.6	1.5	81%
% Margin	4.8%	2.5%	-
Net Income*	(2.4)	0.6	NM
Net Debt	44.6	56.1	

- New units sold down 5%
- Similar product mix as last year
- Revenue decrease of 5% (3% in Ic)
- Aftermarket revenue increase
- Improved gross margin by 4.8%-point
- Offset by increase in OPEX
 - One-off expenses of EUR 0.3m
 - Growing organization throughout Russia
- EBITDA margin improving
- Significant change in unrealized FX loss

* Excludes amortisation of transaction related intangibles.

Ferronordic Machines – Revenue and profit analysis

- ◇ Uncertainties in the market since April 2012
- ◇ Q2 2011 profitability unusually high



Cash flow situation

EUR MM	Jan-Mar 2013	Jan-Mar 2012	Jan-Dec 2012	Jan-Dec 2011
Cash flow from:				
Operating Activities	22.4	9.5	16.6	(51.1)
<i>of which change in working capital</i>	20.4	7.9	8.1	(60.6)
Investing Activities	(0.6)	(0.4)	(8.9)	(4.7)
Financing Activities	(23.2)	(7.9)	(0.9)	48.4
Cash Flow	(1.4)	1.2	6.8	(7.3)



Working capital development

- Inventory levels have fluctuated during the year due to market environment and one-off purchases
- Current inventory at healthy levels
- Receivable levels improved compared to Dec 2012
- Better payment terms and one-off purchases increasing payables

EUR MM	Mar 2013	Mar 2012	Dec 2012
Inventory	70.0	53.9	58.7
Trade and other receivables	25.7	25.5	31.7
Trade and other payables	74.7	36.3	50.5
Other net liabilities	4.0	3.7	3.1
Working Capital	17.0	39.5	36.8

Balance sheet summary

EUR MM	2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Cash & Cash Eq.	12.4	14.4	9.7	10.1	19.2	18.0
Short term debt	24.0	17.9	26.6	27.5	27.3	5.0
Long term debt	43.5	44.1	44.7	46.5	45.6	47.3
Financial leases	7.9	8.5	8.6	11.8	10.1	10.2
Net debt	63.0	56.1	70.2	75.7	63.9	44.6
<i>Net Debt/EBITDA*</i>	3.2x	3.0x	4.5x	4.3x	2.8x	2.7x
Working capital	48.0	39.5	46,8	48,0	36,8	17.0
<i>% of Revenue</i>	18%	14%	17%	17%	13%	6%
Shareholders Equity	20,0	21,2	16,3	15,4	15,1	11,9
Total Assets	137,2	136,2	148,1	150,9	155,0	155,8
<i>Equity/Assets</i>	15%	15%	11%	10%	10%	8%

* Calculation per Bond T&C

Outlook – CEO comment

"Overall, we remain cautiously optimistic as we look forward into 2013, but continue to follow the key risks created by the international economic instability and the potential effects on business conditions in Russia."

