

Press Release
Stockholm, 27 April 2018

Ferronordic Machines AB (publ)
Interim Report January – March 2018

CONTINUED INCREASE IN DEMAND

FIRST QUARTER 2018

- Revenue increased by 11% (19% increase in rubles) to SEK 614m (SEK 550m)
- Operating profit increased to SEK 41m (SEK 37m)
- Operating margin was 6.7% (6.8%)
- EBITDA amounted to SEK 48m (SEK 45m)
- The result for the period amounted to SEK 30m (SEK 30m)
- Earnings per ordinary share increased to SEK 1.93 (SEK 1.60)
- Cash flows from operating activities amounted to SEK -24m (SEK 37m)

SEK M	2018 Q1	2017 Q1
Revenue	614	550
EBITDA	48	45
Operating profit	41	37
Result for the period	30	30
Net debt / (cash)	(264)	(216)

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- The market for new machines continued to recover in the beginning of the year. During January and February, the market for our product offering, measured in units, increased by over 50%. Our own sales during the quarter, measured in units, excluding diesel generators and backhoe loaders, grew by 22%. Even though market data for March is not yet available, it seems like we lost market share. A contributing factor was that we did not have enough smaller excavators to sell as the market for this segment grew more than we had expected.
- The business continued to grow nicely though. During the quarter we generated revenue of SEK 614m, compared to SEK 550m during the first quarter 2017. The operating result increased by 10% to SEK 41m, corresponding to an EBIT margin of 6.7%. The growth should be seen in light of the fact that the first quarter 2017 until then was our strongest first quarter ever and represented a relatively large share of the revenue and result for the whole year.
- We also continued to improve the efficiency of our organization. As a result, expenses as a percentage of revenue came down during the first quarter this year. During the last twelve month, SG&A expenses were 11.2% of revenue, which is the lowest ever for our company.
- We continued to change our product mix of sold machines towards larger and often more complex machines with greater aftermarket potential. As a result, the average price per sold machine increased during the quarter by 14% to SEK 2.1m. Partly, however, this was also due to the lack of Volvo backhoe loaders. During the first quarter of 2017 we sold over 20 units of these machines, which could not yet be compensated by the replacement from Mecalac.
- Even though the market and our business continue to develop well, the uncertain political situation remains. The US recently introduced additional sanctions. We do not believe that these new sanctions will have a direct material impact on our business, but it creates uncertainty and impacts the sentiment in and towards Russia. We are monitoring the situation carefully.

About Ferronordic

Ferronordic is the authorized dealer of Volvo Construction Equipment, Terex Trucks, Dressta, Mecalac and Rottne in Russia. In certain parts of the country, Ferronordic has also been appointed aftermarket dealer for Volvo and Renault Trucks and dealer for Volvo Penta. The company began its operations in 2010 and has expanded rapidly across Russia. The company is well established in all federal districts with 77 outlets and more than 850 employees. Ferronordic's vision is to be regarded as the leading service and sales company in the CIS markets. The ordinary shares in Ferronordic are listed on Nasdaq Stockholm. The preference shares in the company are listed on Nasdaq First North Premier. The company has appointed Avanza Bank AB as its Certified Advisor. www.ferronordic.com

Financial Calendar 2018

Interim report January-June 2018	10 August 2018
Interim report January-September 2018	9 November 2018
Year-end report January-December 2018	15 February 2019

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This information is information that Ferronordic Machines AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 27 April 2018, 07:00 CET.