



Third Quarter 2018
9 November 2018



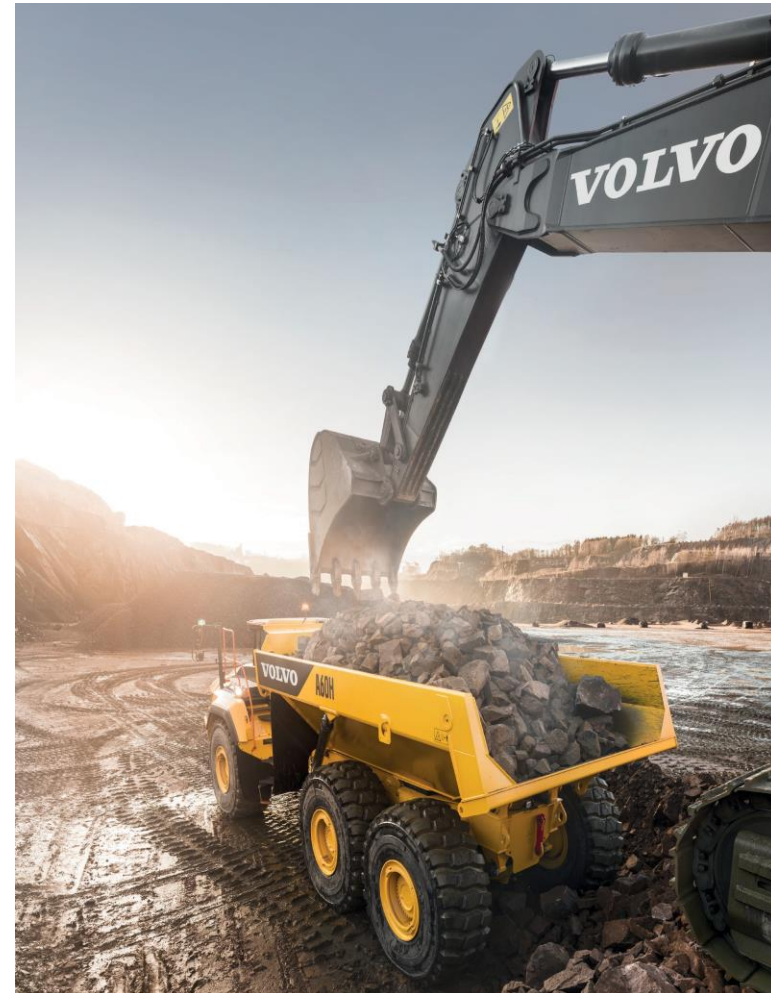
Record-breaking earnings

- ◇ Best earnings ever for a single quarter
- ◇ Aftermarket sales increasing 24% - largely thanks to digitalization
- ◇ Expanding and more profitable contracting services business

Third Quarter 2018

- ◇ Best earnings ever for a single quarter
 - ◇ Revenue close to all time high for a single quarter
 - ◇ Earnings higher than ever
 - ◇ Operating profit of SEK 80m - 17% higher than the second quarter this year
 - ◇ Result after tax - strongest ever for a single quarter and amounted to SEK 61m

- ◇ Aftermarket sales increasing 24% - largely thanks to digitalization
 - ◇ Very positive growth, largely thanks to our investments in digitalized sales support
 - ◇ The aftermarket sales grew by as much as 24%
 - ◇ The "backbone" of the company



Third Quarter 2018 (cont'd)

- ◇ Optimizing the efficiency of our organization
 - ◇ Reduced our selling and administrative expenses (as a percentage of revenue) from 11.0% in the third quarter last year to 9.9% in this quarter

- ◇ Expanding and more profitable contracting services business
 - ◇ Contracting services continues to develop and expand
 - ◇ Sales are increasing and we are learning to run projects with higher profitability
 - ◇ Recently signed two new contracts for projects that are expected to start during the fourth quarter



Third Quarter 2018 (cont'd)

- ◇ Improved margins
 - ◇ The increased sales and profitability in aftermarket and contracting services had a very positive impact on our overall profitability
 - ◇ Gross margin and operating margin for the quarter increased to 20.3% and 10.1%, respectively

- ◇ Optimism in future market for Russian construction equipment
 - ◇ The market continued to recover during the quarter
 - ◇ For our key products, the market (measured in units) increased by approx. 40%
 - ◇ We remain optimistic about the development of the Russian construction equipment market, especially given existing indications of significantly increased infrastructure spending



The economy

- ◇ The political climate was continuously tense during the quarter

- ◇ In July, EU added companies to sanction list
 - ◇ Affected by the sanctions under Council Regulation (EU) No 269/2014
 - ◇ Included a couple of Ferronordic's customers
 - ◇ Expected to have a certain, but not material, direct negative effect on our business

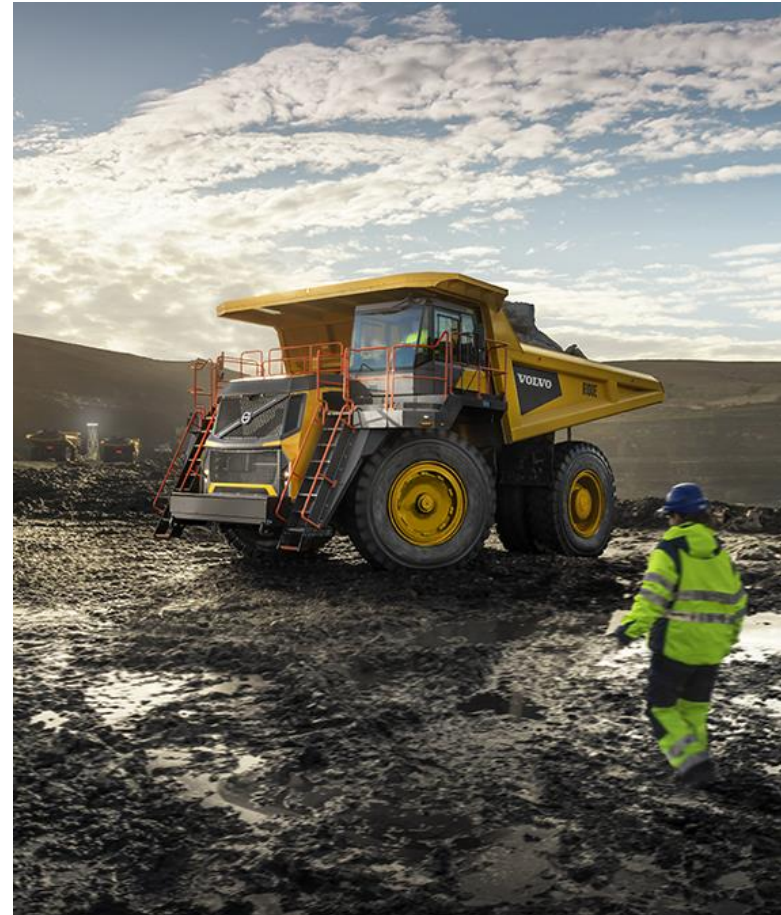
- ◇ Clear signs that the government intends to create economic growth by increasing infrastructure spending
 - ◇ The Economy Ministry has finalized a list of 200 infrastructure projects with an aggregate cost of approx. USD 100 billion
 - ◇ These projects would certainly benefit Ferronordic



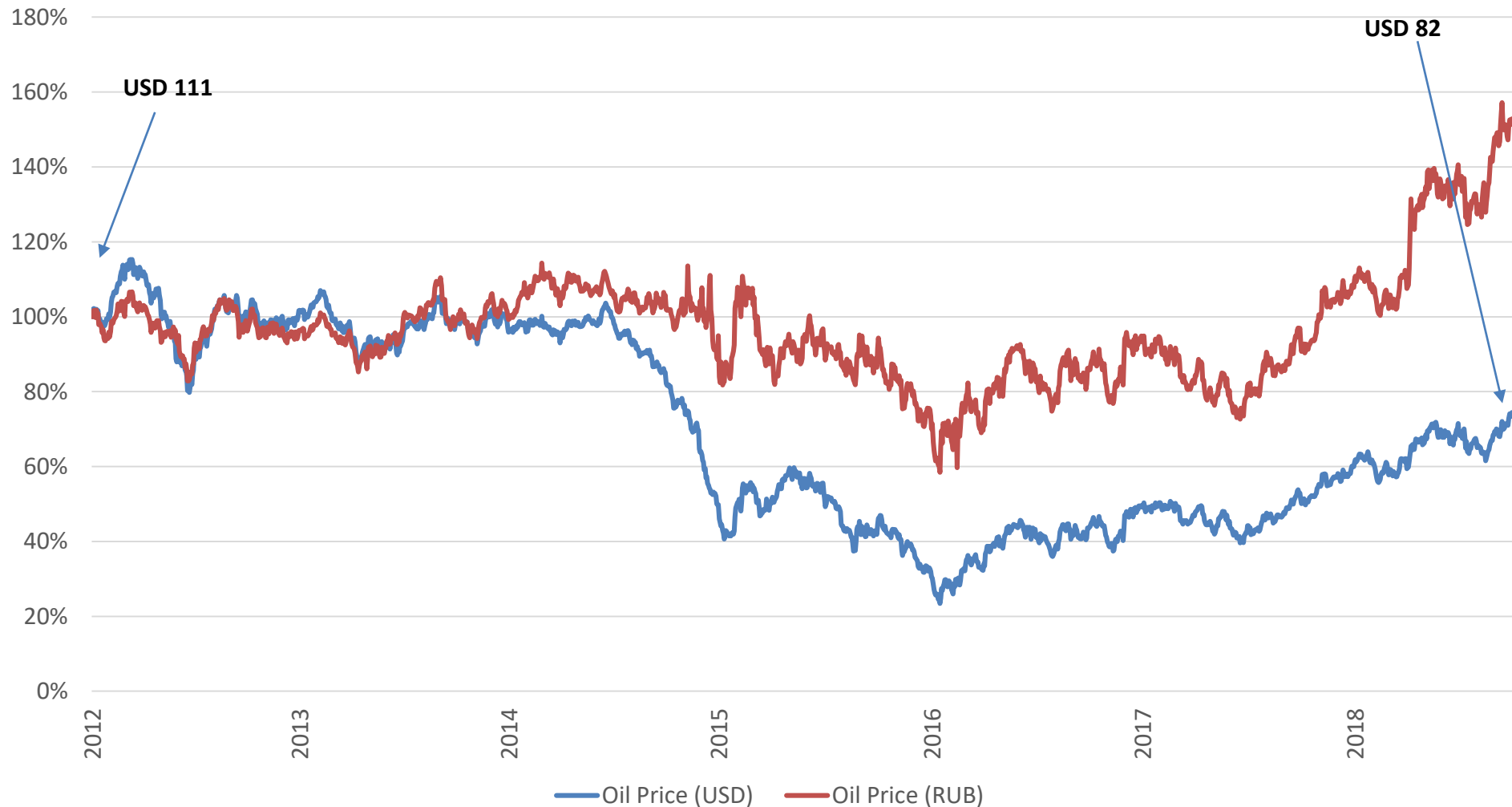
The economy (cont'd)

- ◇ The Russian economy continued to recover during the quarter, albeit somewhat slower than during the second quarter
 - ◇ GDP for 2018 is still expected to grow by about 1.7%

- ◇ Inflation in September amounted to 3.4%, up from 2.5% reported in July and the highest level for over twelve months
 - ◇ Due to the increased inflation, the Central Bank increased the key rate from 7.25% to 7.50% in September
 - ◇ However, at the Central Bank's meeting in October it was decided to leave the key rate unchanged



Oil price development (indexed) – until September 2018



Q3 2018 Profit & Loss

SEK MM	Q3 2018	Q3 2017	% Change SEK	% Change RUB
<i>New Units</i>	238	198	20%	20%
Revenue	791	626	26%	28%
Gross Profit	160	120	33%	35%
<i>% Margin</i>	20.3%	19.2%		
EBITDA	91	56	61%	63%
<i>% Margin</i>	11.5%	9.0%		
EBIT	80	50	60%	62%
<i>% Margin</i>	10.1%	8.0%		
Result	61	43	42%	44%
EPS	4.17	2.77	51%	53%
Net Debt/(Cash)	(298)	(381)		

- ◇ Number of new units sold up 20%
 - ◇ Used units sold increased 17%
- ◇ Revenue up 26% (28% increase in rubles)
 - ◇ Equipment sales up 25% (26% in rubles)
 - ◇ Aftermarket sales up 24% (26% in rubles)
 - ◇ Other revenue up 66% (68% in rubles)
- ◇ Improved margins
 - ◇ Increased sales and profitability in aftermarket and contracting services
- ◇ S, G & A expenses lower as % of revenue
 - ◇ 9.9% of revenue vs. 11.0% in Q3 2017
- ◇ EPS growth over 50%
- ◇ Strong net cash position

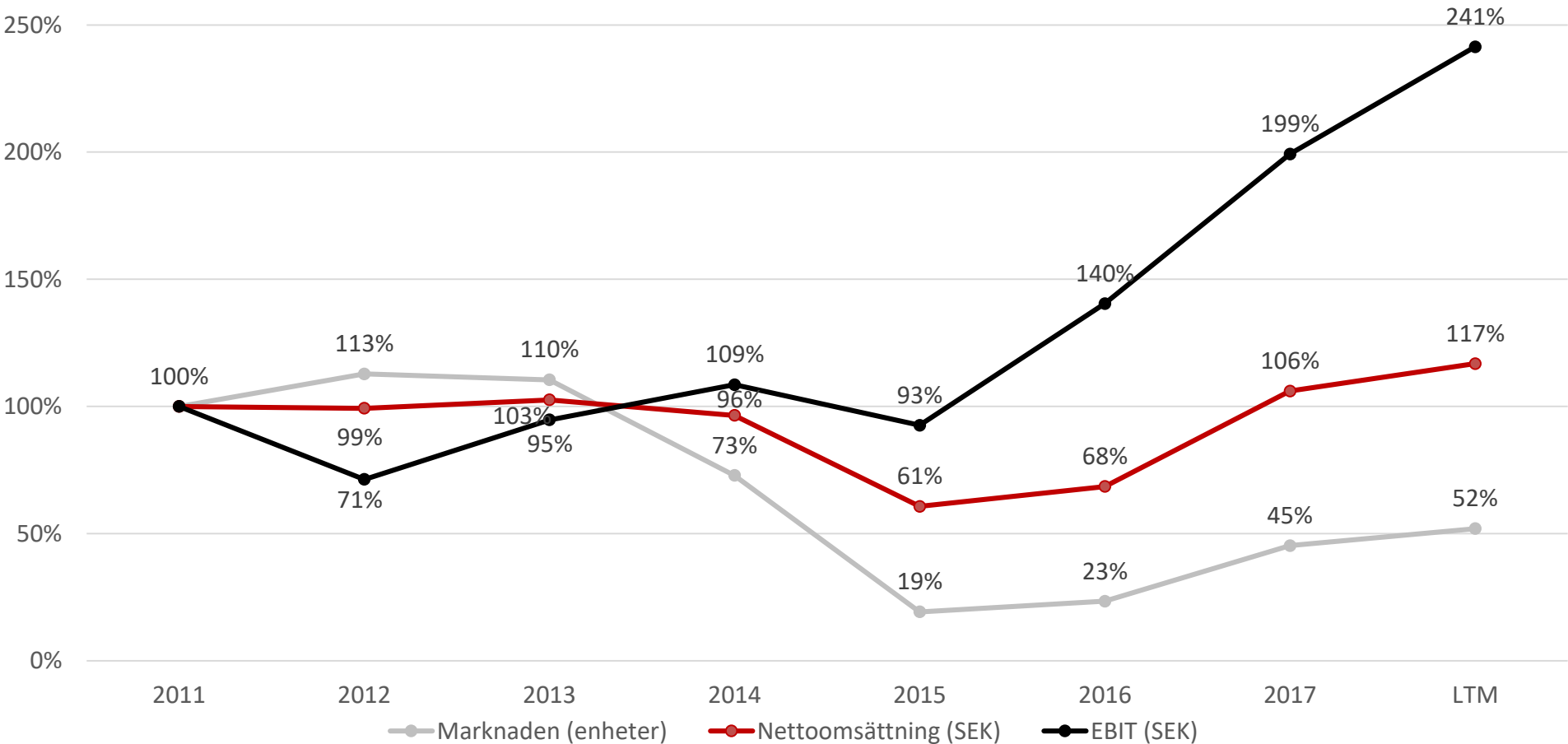
9M 2018 Profit & Loss

SEK MM	9M 2018	9M 2017	% Change SEK	% Change RUB
<i>New Units</i>	624	570	9%	9%
Revenue	2,222	1,962	13%	20%
Gross Profit	435	376	16%	23%
<i>% Margin</i>	19.6%	19.2%		
EBITDA	217	168	29%	37%
<i>% Margin</i>	9.7%	8.6%		
EBIT	189	150	26%	34%
<i>% Margin</i>	8.5%	7.6%		
Result	145	123	18%	25%
EPS*	9.78	7.98	23%	30%
Net Debt/(Cash)	(298)	(381)		

- ◇ Number of new units sold up 9%
 - ◇ 16% increase excl. backhoe loaders
- ◇ Revenue up 13% (20% increase in rubles)
 - ◇ Equipment sales up 12% (19% in rubles)
 - ◇ Aftermarket sales up 12% (18% in rubles)
 - ◇ Other revenue up 42% (50% in rubles)
- ◇ Improved margins
 - ◇ Increase sales and profitability in contracting services
- ◇ S, G & A expenses 8% higher
 - ◇ 10.7% of revenue vs. 11.2% in first nine months 2017
- ◇ Continued increase in net income and EPS
 - ◇ EPS growth over 20%
- ◇ Strong net cash position

* Excluding adjustment related to redemption of preference shares in Q2 2018.

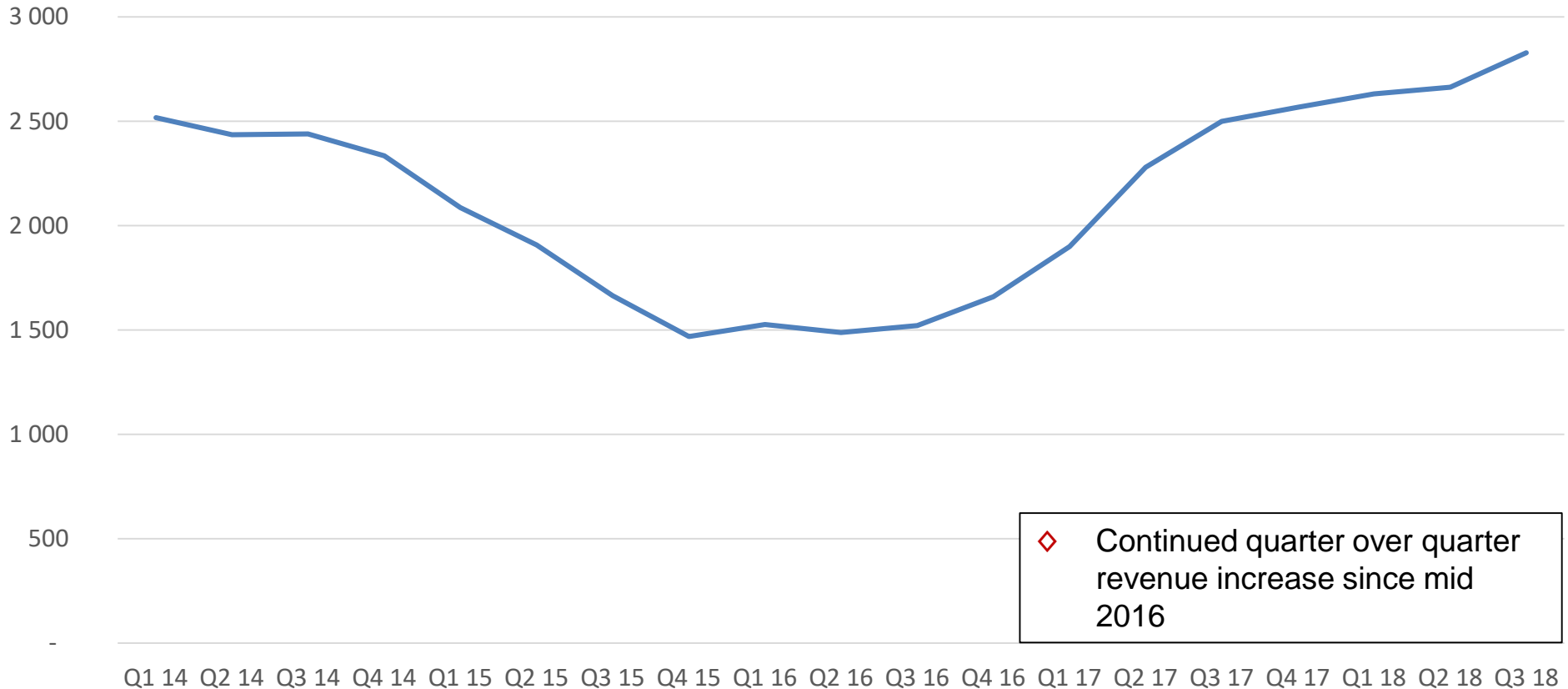
Strong development despite low market volumes



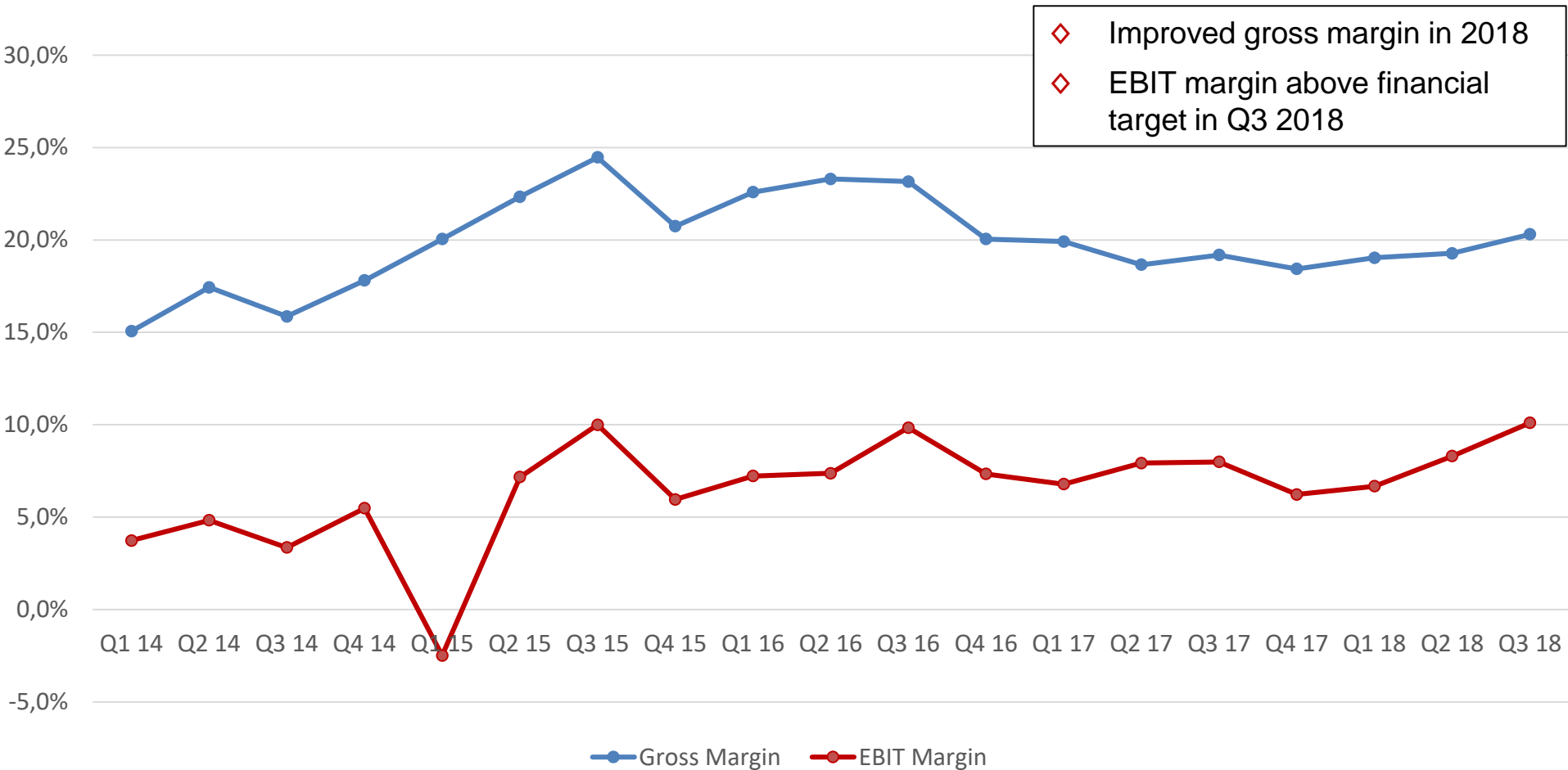
Note: 2011-2016 refer to adjusted EBIT and exclude one-off expenses in Q4 2016 and amortization of transaction related intangibles until May 2016.

Market data based on Russian import statistics (until August 2018) and excludes machines imported from China, bulldozers, forestry machines and rigid dump trucks.

Revenue development (SEK M) – Rolling 12 months

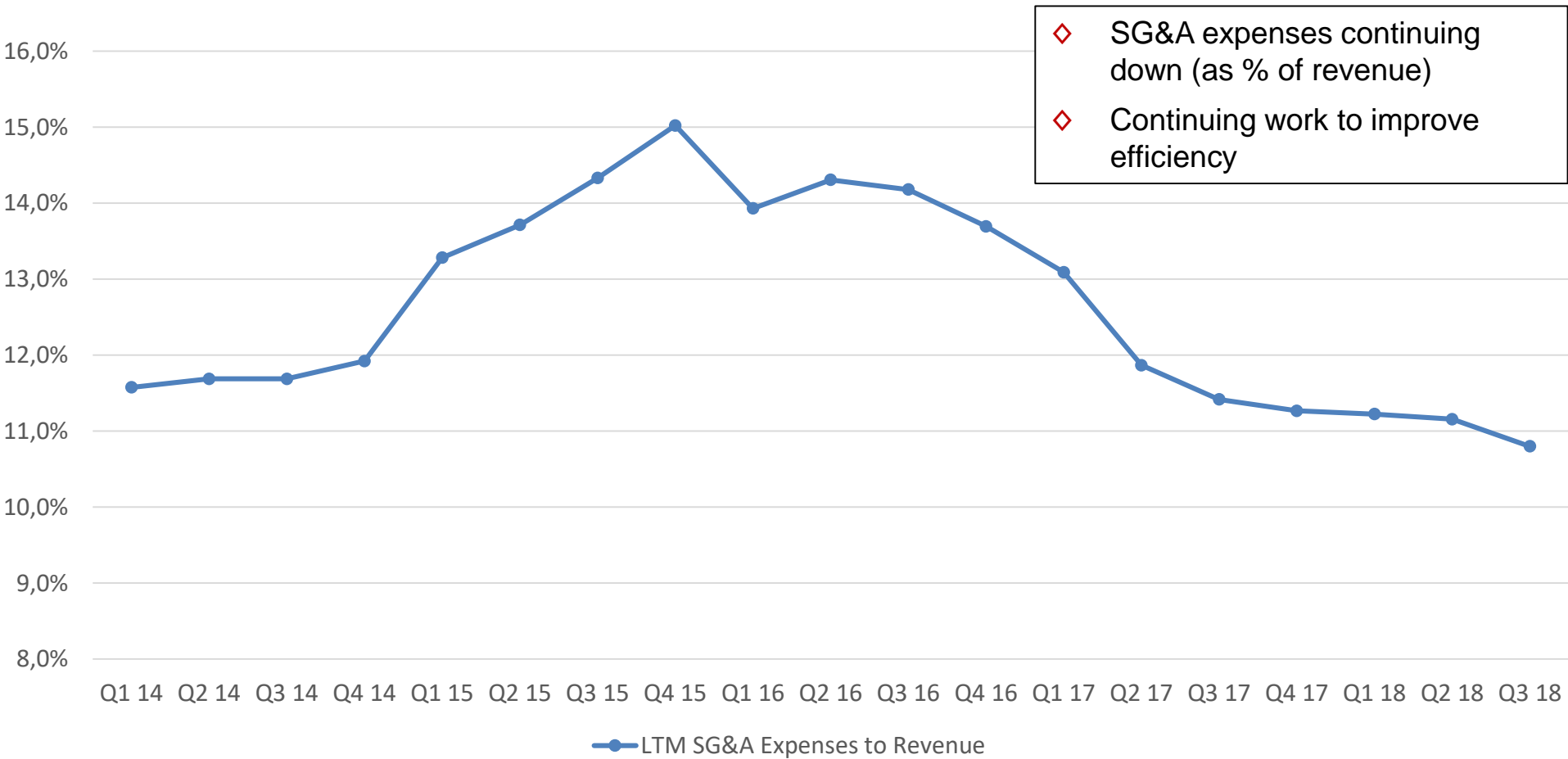


Margin development



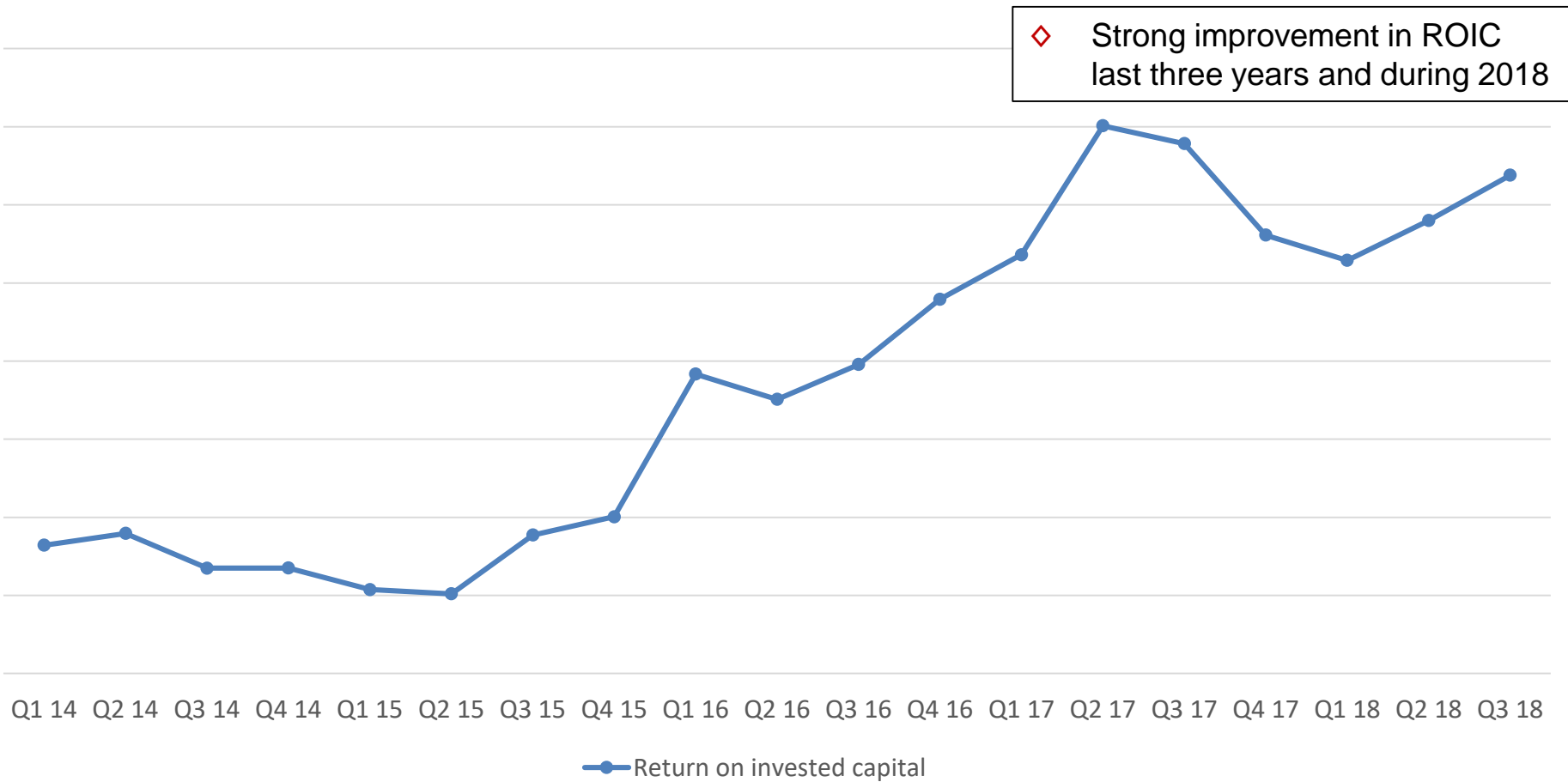
Note: 2014-2016 refer to adjusted EBIT margin and exclude one-off expenses in Q4 2016 and amortization of transaction related intangibles until May 2016.

Cost development



Note: 2014-2016 exclude amortization of transaction related intangibles until May 2016.

Return on invested capital



Note: 2014-2016 exclude one-off expenses in Q4 2016 and amortization of transaction related intangibles until May 2016.

Balance Sheet

SEK MM	30/9/18	31/12/17	30/9/17
Cash & Cash Equivalent	338	352	425
Debt	-	-	-
Financial leases	40	40	44
Net debt / (cash)	(298)	(312)	(381)
Working capital	64	117	(68)
<i>% of Revenue</i>	<i>2%</i>	<i>5%</i>	<i>(3%)</i>
Shareholders Equity	614	611	476
Total Assets	1,619	1,414	1,399
<i>Equity/Assets</i>	<i>38%</i>	<i>43%</i>	<i>34%</i>

Cash Flow

SEK MM	Q3 2018	Q3 2017	9M 2018	9M 2017
Cash flow from:				
Operating Activities	115	98	149	282
<i>of which change in working capital</i>	<i>47</i>	<i>59</i>	<i>(32)</i>	<i>148</i>
Investing Activities	(5)	3	(23)	5
Cash Flow before Financing Activities	110	102	126	287
Financing Activities	(6)	2	(123)	(35)
Cash Flow (before FX fluctuations)	104	103	3	251

Financial objectives

- ◇ 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)

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. Although the market is still at a rather low level, we do not believe that the market will grow as strongly in 2018 and 2019 as it did during 2017. 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. Our optimism is supported by the signs that the government will now try to support economic growth by increasing infrastructure spending, as indicated e.g. in the so-called May Decrees.”



Summary

- ◇ Best earnings ever for a single quarter
- ◇ Aftermarket sales increasing 24% - largely thanks to digitalization
- ◇ Expanding and more profitable contracting services business

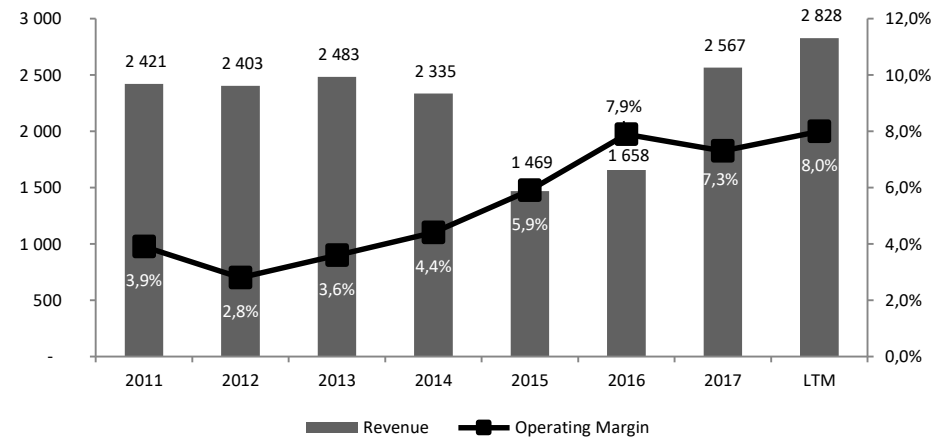
Appendix

Ferronordic Machines overview

Overview

- Official dealer of Volvo Construction Equipment in all of Russia since 2010
- Authorised dealer of Terex Trucks (2014), Dressta (2016), Rottne (2016) and Mecalac (2017) in all of Russia
- Aftermarket dealer for Volvo Trucks and Renault Trucks, and dealer for Volvo Penta in selected regions
- Distribution and sales of new and used construction equipment, sales of parts, as well as providing services and technical support
- Core focus on Volvo CE brand, a high-quality construction equipment manufacturer and the No. 1 brand in Russia
- Ordinary shares listed on Nasdaq Stockholm since 2017

Financial development (SEKm)

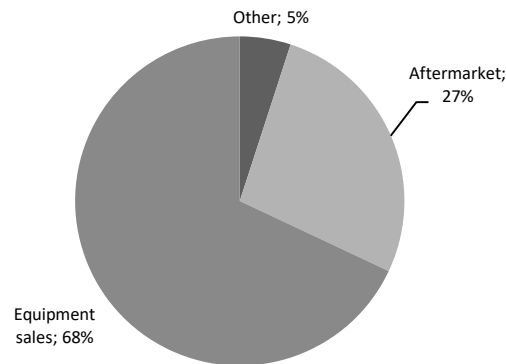


Development

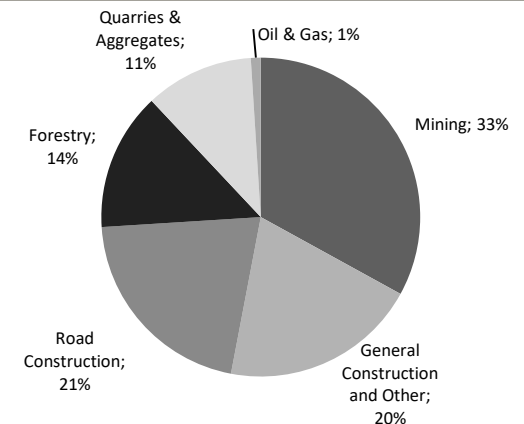
	Start	Q3 2018
Employees	160	927
Revenue (SEK M)	1 184 ⁽¹⁾	2,828
Outlets	6	79

(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