

Press Release
Stockholm, 14 May 2019

Ferronordic Machines AB (publ)
Interim report for the first quarter 2019

Positive development continues

FIRST QUARTER 2019

- Revenue increased by 18% (21% in local currency) to SEK 723m (SEK 614m)
- Operating profit improved by 36% to SEK 56m (SEK 41m)
- Operating margin was 7.7%
- The result for the period increased to SEK 58m (SEK 39m)
- Earnings per ordinary share amounted to SEK 3.19 (SEK 1.93)

SEK M	Q1 2019	Q1 2018	%
Revenue	723	614	18%
Operating profit	56	41	36%
Result of the period	46	30	54%
Result per ordinary share	3.19	1.93	65%
Return on capital employed	33.2%	34.4%	
Working capital / Revenue	8%	7%	
Net debt / (Net cash)	(59)	(264)	

Lars Corneliusson, CEO Ferronordic, comments: "Q1 2019 was our strongest first quarter to-date in terms of both revenue and earnings. We continued to gain market, saw strong growth in the aftermarket and increased revenue by 18% compared to Q1 last year. Gross margin improved thanks to the strong aftermarket. At the same time, we continued to reduce selling and administrative expenses as a percentage of revenue. Consequently, operating profit and net income increased by 36% and 54%, respectively, supported by beneficial currency movements. Otherwise the quarter was characterised by our expansion to Kazakhstan. We opened an outlet in Almaty, hired mechanics and other personnel and started servicing machines in the country. The expansion process continues according to plan. We also continued our work to develop and broaden our customer offering. We launched a new business of purchasing, restoring and selling used trucks, mainly from Volvo and Renault. Furthermore, we will invest in a remanufacturing centre for engines and gearboxes, both from Volvo CE machines and trucks from Volvo and Renault. As regards the future in a longer perspective, we remain optimistic as the long-term fundamentals in the machine markets in Russia and Kazakhstan remain strong. The optimism is underpinned by the signs that the Russian government is trying to support economic growth by increased infrastructure spending, as indicated in the President's May Decree.

About Ferronordic

Ferronordic is the authorised dealer of Volvo Construction Equipment, Terex Trucks, Dressta, Mecalac and Rottne in Russia, and for Volvo Construction Equipment and Mecalac in Kazakhstan. In parts of Russia, Ferronordic has also been appointed aftermarket dealer for Volvo and Renault Trucks and dealer for Volvo Penta. The company began its operations in 2010. It is established in all federal districts of Russia with 79 outlets and over 1,000 employees. Ferronordic's vision is to be regarded as the leading service and sales company in the CIS markets. The shares in Ferronordic are listed on Nasdaq Stockholm.

www.ferronordic.com

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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 14 May 2019, 07:30 CET.