

Press Release
Stockholm, 20 February 2017

Ferronordic Machines Year-end Report January – December 2016

INCREASED REVENUE AND SIGNS OF RECOVERY

FOURTH QUARTER 2016

- Revenue increased by 34% (20% increase in rubles) to SEK 537m (SEK 400m)
- Operating profit increased to SEK 21m (SEK 18m). Adjusted operating profit amounted to SEK 39m*
- Operating margin was 3.9% (4.5%). Adjusted operating margin was 7.3%*
- EBITDA amounted to SEK 45m (SEK 32m)
- The after-tax result amounted to SEK 16m (SEK 9m). Adjusted after-tax result was SEK 31m*
- Earnings per ordinary share amounted to SEK 0.22 (SEK -0.39)
- Cash flow from operating activities amounted to SEK 121m (SEK 73m)

JANUARY - DECEMBER 2016

- Revenue increased by 13% (21% increase in rubles) to SEK 1,658m (SEK 1,469m)
- Operating profit increased to SEK 104m (SEK 61m). Adjusted operating profit amounted to SEK 123m*
- Operating margin was 6.3% (4.2%). Adjusted operating margin was 7.4%*
- EBITDA amounted to SEK 154m (SEK 128m)
- The after-tax result amounted to SEK 84m (SEK 29m). Adjusted after-tax result was SEK 98m*
- Earnings per ordinary share amounted to SEK 3.03 (SEK -2.12)
- Cash flow from operating activities amounted to SEK 141m (SEK 234m)

| SEK M | 2016 Q4 | 2015 Q4 | 2016 12M | 2015 12M |
|----------------------------|--------------------|--------------------|---------------------|---------------------|
| Revenue | 537.4 | 400.3 | 1 658.5 | 1 468.7 |
| EBITDA | 45.4 | 31.5 | 153.6 | 128.3 |
| Operating profit | 21.1 | 17.9 | 104.3 | 61.1 |
| After-tax result | 15.9 | 8.6 | 83.6 | 28.8 |
| Adjusted operating profit* | 39.4 | 17.9 | 122.6 | 61.1 |
| Adjusted after-tax result* | 30.6 | 8.6 | 98.3 | 28.8 |

* Adjusted amounts exclude one-off expenses described under Major events in the report.

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- During the quarter, we noted some recovery in the market for new construction equipment, particularly for smaller machines. Therefore, even though the market during the first nine months 2016 was slightly lower than the same period 2015, the total market in 2016 was slightly higher than in 2015. During the fourth quarter isolated, the total market grew over 30%. However, it should be noted that the market is still at historically low levels.
- During the quarter, we sold ten Terex dump trucks and our first Dressta bulldozer. In December, we also became the official distributor of Rottne machines. Our new brands create exciting opportunities to grow the business, and I think there is still potential to utilize our network further to sell other complementary products.
- The product mix was favorable during the quarter and we managed to deliver a strong result with significant improvements of both revenue and profitability. The operating cash flow was also strong.
- Looking forward, there is reason for some optimism. Most forecasts predict that the Russian economy will continue to recover, and it is reasonable to expect that the market for construction equipment will do the same. There is a high pent-up demand in the market and the underlying demand is strong. However, the recovery will depend on several factors that are difficult to predict, for example, whether the financial sector sanctions will be eased and how the oil price will develop.

Presentation of the report

A presentation of this report will be held by phone on 21 February 2017 at 9:00 a.m. CET. The presentation can be accessed on the company's website prior to the meeting. To join the presentation, please dial the phone number no later than five minutes prior to the announced time.

Call-in numbers:

- Sweden Toll Number: 08 5059 6306
- Sweden Toll-Free Number: 0200 899 908
- UK Toll Number: 0203 139 4830
- UK Toll-Free Number: 0808 237 0030
- Russia Toll Number: 049 564 693 04
- Russia Toll-Free Number: 810 800 2136 5011
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- Participant code: 25109111#

About Ferronordic Machines

Ferronordic Machines is the authorized dealer of Volvo Construction Equipment and Terex Trucks in Russia. It is also the official distributor of Dressta and Rottne in Russia. Ferronordic Machines has also been appointed aftermarket dealer for Volvo and Renault Trucks as well as dealer for Volvo Penta in certain parts of Russia. The company began its operations in 2010 and has expanded rapidly across Russia. The company is well established in all federal districts with approximately 70 outlets and almost 800 employees. The vision of Ferronordic Machines is to be regarded as the leading service- and sales company in the CIS markets. The preference shares of Ferronordic Machines are listed on NASDAQ OMX First North Premier. The company has appointed Avanza Bank AB as its Certified Advisor.

www.ferronordic.com

For more information, please contact:

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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 20 February 2017, 07:45 CET.