

Press Release
Stockholm, 7 October 2019

Ferronordic intends to purchase two additional sites in Germany

As part of its planned expansion into Germany, Ferronordic intends to purchase two additional sites in Magdeburg and Dessau. The sites are operated by Auto-Haas GmbH (“Auto-Haas”), a dealer for Volvo and Renault Trucks, as well as Volvo Cars. The purchase is expected to be made through an acquisition of Auto-Haas. The purchase price is expected to be approx. SEK 36m*. In 2020, Ferronordic expects the acquired sites to generate a revenue of approx. SEK 265m* with an operating margin of 3-4%.

Lars Corneliusson, Ferronordic’s CEO, comments: *“We are excited to continue the expansion in Germany, Europe’s largest truck market. The acquisition of the two sites is part of our strategy to grow and improve our network in Germany. The area of Auto-Haas fits perfectly with the area we plan to take over from Volvo and we see benefits of combining the business of Auto-Haas with the business to be taken over by Volvo, supporting further growth and profitability.”*

Ferronordic would acquire Auto-Haas with existing assets and liabilities, including trucks for rental and related debt. The Volvo Cars operations of Auto-Haas would remain an integrated part of the business. Together with the area to be taken over from Volvo, Ferronordic would cover a combined sales area representing about 20% of the German market for heavy trucks.

Based on Auto-Haas’ statutory accounts, Ferronordic estimates that the two sites in 2016-2018 generated an annual average revenue of approx. SEK 265m* with an operating margin of approx. 3%. In 2020, Ferronordic expects the business to remain largely unchanged. The transaction is thus expected to have a positive impact on Ferronordic’s revenue in 2020 of approx. SEK 265m* with an operating margin of 3-4%. Operating cash flows are expected to be positive from the start.

Over time, Ferronordic expects revenue and profitability at the two sites to improve as a result of applying Ferronordic’s business model to grow the share of aftermarket sales and increase the market shares of Volvo and Renault Trucks. Ferronordic also sees potential synergies as the two sites are integrated with the business that Ferronordic plans to take over from Volvo.

The purchase price is expected to be approx. SEK 36m*, of which approx. SEK 25m* corresponds to the company’s expected net asset value at the time of completion. Approx. SEK 11m* would constitute compensation for understated assets and/or goodwill. The transaction would be financed with proceeds from the EUR 30m loan facility that Ferronordic expects to receive from Nordea Bank. The transaction is expected to result in an increase of the Group’s net debt of approx. SEK 97m*, including debt related to Auto-Haas’ rental business, and partly depending on the valuation of lease liabilities according to IFRS 16.

Timing

The ambition is for the transaction to close by the end of 2019 and for Ferronordic to take over the business from January 2020, i.e. at the same time as Ferronordic would take over the business to be acquired from Volvo.

Term and conditions

The transaction is subject to conditions, including due diligence, final agreements and required approvals.

Related press releases

- [Ferronordic intends to expand into Germany as dealer for Volvo Trucks and Renault Trucks](#)

About Auto-Haas GmbH

Auto-Haas is a dealer for Volvo and Renault Trucks and for Volvo Cars in Dessau and Magdeburg in eastern Germany. The business consists of sales, rental and service of trucks and related equipment (semi-trailers, etc.), and sales and service of cars. The company has 50 employees.



*According to the EUR/SEK exchange rate per 7 October 2019.

About Ferronordic

Ferronordic is the authorized dealer of Volvo Construction Equipment, 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 over 80 outlets and over 1,100 employees. Ferronordic's vision is to be regarded as the leading service and sales company in its markets. The shares in Ferronordic are listed on Nasdaq Stockholm.

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Forward-looking statements

This press release contains forward-looking statements which reflect Ferronordic's current view on future events and financial and operational development. Words such as "intend", "will", "expect", "anticipate", "may", "plan", "estimate" and other expressions than historical facts, which imply indications or predictions of future development or trends, constitute forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements. The information, opinions and forward-looking statements concluded in this announcement speak only as of its date and are subject to change without notice.