

Press Release
Stockholm, 19 February 2021

Ferronordic updates its financial objectives and dividend policy

Looking at the opportunities ahead, and at Ferronordic's performance and financial position in 2020, the Board has decided to update Ferronordic's financial objectives and dividend policy

Ferronordic's financial objectives should be aligned with and support its strategic objectives:

- Leadership in the market for construction equipment and trucks
- Geographic expansion
- Expansion into related business areas
- Expansion and development of contracting services
- Industry leading digital service and sales platforms
- Aftermarket absorption rate of at least 1.0 x

The Chairman of Ferronordic's Board of Directors, Staffan Jufors, comments:

"By executing on its strategy, Ferronordic has become a more mature and diversified business. It operates across three markets and represents several leading brands next to Volvo. It has developed vertically by investing in a component and machine rebuild center, growing its rental and used businesses, and significantly expanding its contracting services business. It has developed a digital sales platform to support its service organisation and its customers. We see potential for Ferronordic to continue to grow, with significant contributions from contracting services and Germany. As contracting services and rental operations tie up more capital in machinery and as network infrastructure in Germany is owned or leased for long periods, Ferronordic's business model becomes more asset and capital intensive. As Ferronordic continues to pursue its strategic objectives, its updated financial objectives reflect its current position and strategic direction in 2020-2025".

Ferronordic's financial objectives have been updated to:

- Double the 2020 revenue in its current markets by 2025
- Operating margin above 7%
- Net debt/EBITDA below 3 times (over a business cycle)

The Board has also decided on a new dividend policy, according to which the ambition should be to pay at least 50% of net income if net debt/EBITDA is less than 1.0 x, post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0 x. The Board will take several factors into account when proposing the level of dividend including legal requirements, the articles of association, the group's expansion opportunities, its financial position and other investment needs.

About Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is the dealer of Volvo Construction Equipment and certain other brands in all of Russia and Kazakhstan, aftermarket partner of Volvo Trucks and Renault Trucks in part of Russia, and dealer of Volvo Trucks and Renault Trucks in part of Germany. The company also offers contracting services where it owns and operates equipment to carry out works for customers. Ferronordic began its operations in 2010 and now has more than 90 outlets and about 1,400 employees. Ferronordic's vision is to be regarded as the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm. www.ferronordic.com

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