



Year-end report January – December 2020

## ***Strong equipment sales and cash flow***

*Units sold in Russia/CIS up 17% in recovering market*

*Strong organic growth offset by weaker ruble*

*Operating margin lower on revenue mix and ramp-up in contracting services*

*Germany affected by Covid restrictions and restructuring costs*

*Strong cash flow leads to net cash position*

*Updated financial objectives and proposed dividend of SEK 7.5 per share*

### **Selected key Group ratios\***

<b>SEK M</b>	<b>Q4 2020**</b>	<b>Q4 2019</b>	<b>%</b>	<b>12M 2020**</b>	<b>12M 2019</b>	<b>%</b>
Revenue	1,185	960	23%	4,635	3,747	24%
Operating profit	65	95	-31%	328	358	-8%
Result for the period	44	57	-23%	222	251	-12%
Earnings per share	3.05	3.95	-23%	15.25	17.26	-12%
Gross margin	15.8%	21.0%		17.2%	20.7%	
Operating margin	5.5%	9.9%		7.1%	9.5%	
Return on capital employed	20%	27%		20%	27%	
Working capital / Revenue	5%	20%		5%	20%	
Net debt / (cash)	-20	593		-20	593	

\* Definitions and purposes of the key ratios are presented on page 27.

\*\* Q4 and 12M 2020 include consolidation of operations in Germany



**Lars Corneliusson**  
CEO

*Total revenue in Russia/CIS grew 34% in RUB terms but was flat in SEK*

*In January, we appointed a new country manager to Germany*

*The German trucks market showed signs of recovery*

*The Board has updated Ferronordic's financial targets and dividend policy and recommends a dividend of SEK 7.5 per share*

*In a longer perspective, we remain positive*

### CEO comment

In 2020, the global pandemic presented our business with uncertainty and market disruption. Against this backdrop, our business in Russia/CIS demonstrated great resilience and delivered its best year-to-date in terms of result and cash flows. Meanwhile, we continued to develop our German operations, which we started in January 2020. Despite challenging conditions, we managed, working closely with our partners, to deliver uninterrupted service to our customers throughout 2020. I am proud of the results we achieved during the year.

In Q4 2020, we gained further market share in Russia/CIS. Unit sales of new machines increased by 17% in a market that grew by 6%. The aftermarket business continued uninterrupted but was negatively affected by Covid restrictions and a sharp decline in the ruble. In contracting services, we ramped up our new project in Norilsk. We also completed the expansion of our component and machine rebuild center and supplied components both to external customers and our own contracting services business.

Total revenue grew 34% in local currency in Q4 2020 but was flat in SEK due to a sharp decline in the ruble. The operating margin declined slightly on lower share of aftermarket sales in the revenue mix and lower margin in contracting services, mainly driven by ramp-up costs and use of subcontractors in the new project.

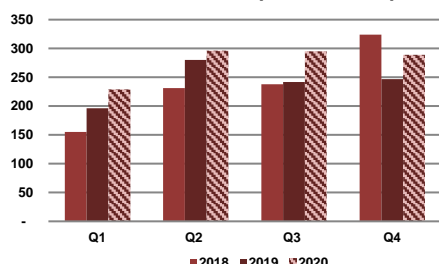
In Germany, the truck market showed signs of recovery during the quarter. Total revenue remained largely flat compared to Q3 2020 as higher truck sales were offset by lower aftermarket sales. The operating result was negatively impacted by restructuring and transaction costs. We continue to develop the business despite extensive restrictions. In January, we announced the appointment of a new country manager, as well as the acquisition of two new workshops in strategic locations.

For the group as a whole, revenue was up 23% during the quarter while operating profit declined 31%, mainly because of the negative contribution from Germany. Strong cash flows reversed SEK 83m of net debt at the end of Q3 2020 to net cash of SEK 20m at the end of Q4 2020.

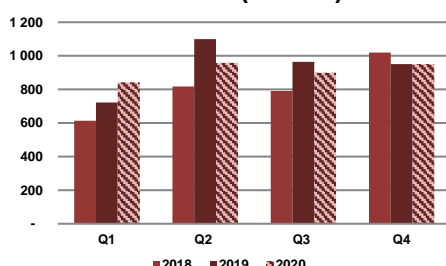
In view of our strong performance and financial position during 2020, as well as looking forward, the Board has updated Ferronordic's financial targets and dividend policy (p. 11) and recommends a dividend of SEK 7.5 per share.

While uncertainty remains on both supply and demand sides of our business, we currently expect the markets in Russia/CIS and Germany to recover in 2021. In Russia/CIS, our optimism is supported by stronger commodity prices and increased activity on the so-called national projects in Russia but checked by risks of potential changes in taxation. In a longer perspective, we believe that the underlying fundamentals and business opportunities in our markets are strong.

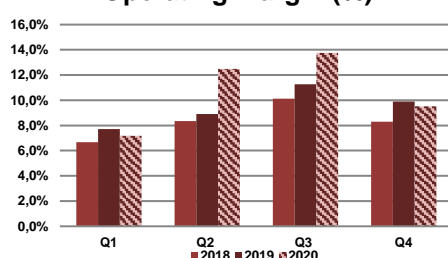
### New machines (units sold)



### Revenue (SEK m)



### Operating margin (%)



*In Q4 2020, we delivered 289 new units, which is an increase of 17%*

*Operating profit from the operations in Russia/CIS decreased by 5% to SEK 91m*

*Working capital declined from 8% in Q3 to 3% of revenue in Q4 2020*

### Russia/CIS

In Q4 2020, the total market for our main product groups (measured in units) grew by 6% Y-o-Y as uncertainty eased, commodity prices improved and investment programs were restarted. Our new machine sales in units grew by 17% to 289 machines as we gained further market shares. We increased our sales of articulated haulers, but also of excavators and wheel loaders, which partly is reflected in a decrease in average sales price of -5% Y-o-Y (+27% in RUB). The aftermarket business was affected by Covid restrictions, and by problems to adjust to the sharp decline in the ruble. In contracting services, we mobilised people and machines for the new project in Norilsk.

Revenue in Russia/CIS in Q4 was flat at SEK 951m (SEK 950m) but up 34% in local currency. Equipment sales increased by 5% (+40% in RUB), aftermarket sales decreased by -16% (+12%) and contracting services increased by 15% (+54%). The aftermarket share of revenue declined 5pp to 22%, while contracting services increased 2pp to 13%. The gross margin declined to 17.8% (21.1%), mainly as a result of the changed revenue mix and lower margins in contracting services.

Selling, general and administrative expenses declined by 23% Y-o-Y thanks to weaker ruble and cost reduction measures launched earlier during 2020. As a percent of revenue, these costs declined 2.6pp to 8.6% (11.2%). As a result of lower gross margin, only partly offset by lower costs, the operating margin decreased to 9.5% (10.0%) and the operating profit decreased by 5% to SEK 91m (SEK 95m).

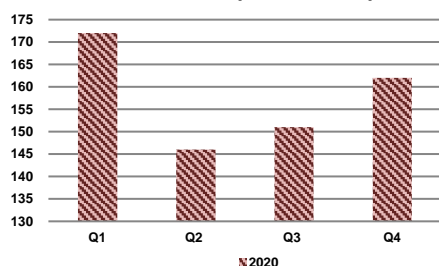
Cash flows from operations were positive as working capital as percent of revenue declined from 8% in Q3 to 3% in Q4 2020. As a result, a net cash position of SEK 205m related to the Russia/CIS operations in Q3 increased to SEK 351m in Q4 2020.

In 2020 as a whole, new machine sales in units increased by 15% in a market that declined 4%. Revenue declined by -2% to SEK 3,652m (SEK 3,737m) with a gross margin of 19.5% (20.7%). The operating profit grew 10% to SEK 394m (SEK 358m), with an operating margin of 10.8% (9.6%).

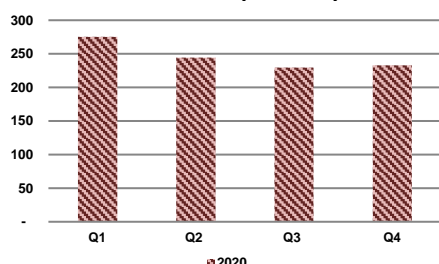
### Russia/CIS

SEK M	Q4 2020	Q4 2019	%	12M 2020	12M 2019	%
New units	289	247	17%	1106	965	15%
Revenue	951	950	0%	3,652	3,737	-2%
Gross profit	169	200	-16%	714	773	-8%
Operating profit	91	95	-5%	394	358	10%
Gross margin	17.8%	21.1%		19.5%	20.7%	
Operating margin	9.5%	10.0%		10.8%	9.6%	

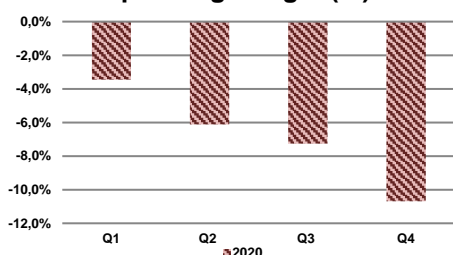
### New trucks (units sold)



### Revenue (SEK m)



### Operating margin (%)



*During the fourth quarter, the German market for heavy trucks grew 4% Y-o-Y*

*Revenue in Germany amounted to SEK 233m, of which 62% related to sales of trucks and 27% to aftermarket sales*

*Working capital increased to SEK 93m and net debt increased to SEK 333m during the fourth quarter*

## Germany

In Q4 2020, the German market for heavy trucks, based on registrations, increased by 4% Y-o-Y and 17% Q-o-Q. Market growth was driven by the tractor segment. Our sales area represented approx. 19% of the total German market and grew 6% Y-o-Y and 13% Q-o-Q. We sold 162 new units in Q4 2020, which is 7% more than in Q3 2020. Our market shares remained largely unchanged.

Compared to the previous quarter, equipment sales increased by 8% while aftermarket sales declined by 11%, partly because of lower activity due to a renewed lockdown. Total revenue in Germany increased 2% Q-o-Q to SEK 233m, of which 62% related to equipment sales, 27% to aftermarket sales and 11% to other revenue, mainly consisting of rental of trucks and sales of passenger cars. The gross margin stood at 7.7%, down from 9.8% in Q3 2020, mainly as a result of lower margins on new trucks sales and a lower share of aftermarket sales.

SG&A in Q4 2020 include restructuring costs of SEK 3.6m and transaction costs of SEK 1.2m. Other expenses include a write-off of fixed assets and bad debt of SEK 3.0m. As a result of the lower gross margin and the additional costs, the operating margin in Q4 declined to -10.7%, compared to -7.3% in Q3 2020. The operating loss amounted to SEK -25m.

Cash flows from operating activities in Q4 2020 were negative due to the negative result and to an increase in working capital from SEK 67m to SEK 93m, or from 7% to 9% of the annualised revenue. Net debt attributable to Germany increased from SEK 290m at the end of Q3 2020 to SEK 333m at the end of Q4 2020.

For 2020, revenue in Germany amounted to SEK 983m with a gross margin of 8.5%. The operating result amounted to SEK -66m, corresponding to an operating margin of -6.7%.

## Germany

SEK M	Q4 2020	Q4 2019	%	12M 2020	12M 2019	%
New units	162	0	-	631	-	-
Revenue	233	10	-	983	10	-
Gross profit	18	1	-	84	1	-
Operating profit	-25	0	-	-66	0	-
Gross margin	7.7%	-	-	8.5%	-	-
Operating margin	-10.7%	-	-	-6.7%	-	-

### Comments on the Group results

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The following foreign exchange rates have been used when translating Q4 2020 (Q4 2019) results to the presentation currency:

- Average rates of RUB/SEK 8.84 (6.62) and SEK/EUR 10.28 (10.66) have been used to translate income statements.
- End of period rates of RUB/SEK 9.04 (6.64) and SEK/EUR 10.04 (10.43) have been used to translate balance sheets.

The depreciation of the RUB since Q4 2019 of 33% on the average and 36% on the end-of-period rates, respectively, has impacted both income statement and balance sheet items.

### Revenue

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*Revenue increased by 23% to SEK 1,185m (SEK 960m), partly as a result of the consolidation of the Group's operations in Germany*

In Q4 2020, the revenue of the Group increased by 23% to SEK 1,185m (SEK 960m). Revenue in Russia/CIS was largely unchanged at SEK 951m (SEK 950m) while the consolidation of the operations in Germany added revenue of SEK 233m (SEK 10m) (the operations in Germany were acquired at the end of 2019). Sales of equipment and trucks increased by 29% while aftermarket sales increased by 5%. Revenue from contracting services increased by 15% in Q4, mainly due to the addition of the new project in Norilsk.

During 2020, the Group revenue increased by 24% to SEK 4,635m (SEK 3,747m). Revenue in Russia/CIS declined by 2% to SEK 3,652m (SEK 3,737m) while the German operations added revenue of SEK 983m (SEK 10m). The sales of equipment and trucks increased by 21% in 2020 while aftermarket sales by increased by 23% and contracting services by 22%.

### Gross profit and operating profit

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*As a net result of lower gross margin on higher revenues, gross profit in Q4 2020 decreased by 7% to SEK 187m*

In Q4 2020, the gross margin for the Group decreased from 21.0% to 15.8% as a result of lower gross margin in Russia/CIS (17.8% in Q4 2020 vs 21.1% in Q4 2019) and lower gross margin (7.7%) in Germany. As a result of lower margin on higher revenue, gross profit in Q4 2020 decreased by 7% to SEK 187m (SEK 202m).

*The consolidated operating profit for the quarter decreased by 31% Y-o-Y to SEK 65m*

As % of revenue, SG&A expenses decreased from 11.1% in Q4 2019 to 10.5% in Q4 2020. The operating profit for Q4 2020 decreased 31% Y-o-Y to SEK 65m (SEK 95m). The operating margin during the quarter decreased from 9.9% to 5.5%, partly due to lower margin in Russia/CIS of 9.5% (10.0%), but mainly due to lower operating margin in Germany of -10.7%.



During 2020, the gross profit increased by 3% Y-o-Y to SEK 797m (SEK 775m). The gross margin decreased from 20.7% in 2019 to 17.2% in 2020, partly as a result of lower gross margin in Russia/CIS (19.5%) and partly as a result of the consolidation of a lower gross margin (8.5%) in Germany.

*The consolidated operating margin declined from 9.5% to 7.1%*

As a percent of revenue, SG&A were lower at 10.4% compared to 10.7% in 2019, as lower costs in Russia/CIS (10.7% vs 9.1%) were only partly offset by higher SG&A costs to revenue percentage of 15.1% in Germany. At SEK 328m (SEK 358m), the operating result in 2020 was 8% lower compared to 2019, mainly due to an operating loss in Germany of SEK 66m. The consolidated operating margin declined from 9.5% to 7.1%, as a higher margin in Russia/CIS of 10.8% (9.6%) was offset by a negative margin of -6.7% in Germany.

### Result

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*The result for the quarter decreased by 23% to SEK 44m*

In Q4 2020, mainly as a result of a lower net debt position, net finance costs decreased from SEK 19m in Q4 2019 to SEK 6m. Foreign exchange losses (net) increased from SEK 2m in Q4 2019 to SEK 3m in Q4 2020. As a result of this, and the lower operating profit, the result before income tax for Q4 2020 decreased by 25% to SEK 56m (SEK 75m). The result for the quarter decreased by 23% to SEK 44m (SEK 57m).

In 2020, mainly as a result of a lower net debt position, net finance costs were SEK 4m lower than during 2019. Foreign exchange losses (net) were SEK 5m in 2020 compared to foreign exchange gains (net) of SEK 12m in 2019. Because of this and the lower operating profit, the result before income tax for 2020 decreased by 13% to SEK 276m (SEK 318m). The net result for Russia/CIS for 2020 increased by 11% to SEK 280m (SEK 251m) while the German operations generated a net loss of SEK 58m. In total, the result for the year 2020 thus decreased by 12% to SEK 222m (SEK 251m).

### Earnings per share

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*Earnings per share for the quarter amounted to SEK 3.05.*

Earnings per share for the fourth quarter amounted to SEK 3.05 (SEK 3.95).

Earnings per share during 2020 amounted to SEK 15.25 (SEK 17.26).

### Cash flows

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*Cash flows from operating activities after taxes and interest increased to SEK 179m (SEK 3m) during the quarter*

During the quarter, cash flows from operating activities increased to SEK 179m (SEK 3m). The positive cash flows was partly a result of a decrease in working capital of SEK 141m from SEK 354m to SEK 213m, or from 8% to 5% of revenue. In Russia/CIS, the reduction in working capital during the quarter was mainly a result of higher payables, but also of lower receivables, only partly offset by higher inventories. In Russia/CIS, the increase in payables significantly exceeded the increase in inventories and receivables in Q4 2020. As a

*Working capital decreased from SEK 354m to SEK 213m during the quarter*

percentage of revenue, working capital in Russia/CIS declined to 3% (from 8% in Q3 2020 and 19% in Q4 2019). This is below the historical average, as well as the lower end of the expected working capital range from 5% to 15% of revenue. In Germany, by contrast, working capital increased in Q4 2020 as a decrease in payables and increase in inventory more than offset a decrease in receivables. As a result, working capital increased to 9% (from 7% in Q3 2020) as a percent of revenue.

The strong cash flows from operations were supported by lower interest paid for the Group, but partly offset by higher income tax paid.

Cash flows from investing activities in Q4 2020 amounted to SEK -15m (SEK -105m). The high investments in Q4 2019 reflect the Group's acquisition of property, plant and equipment from Volvo in connection with the expansion to Germany. For more on investments in contracting services, see also below in the section on financial position.

Interest received in Q4 2020 was higher than during Q4 2019 thanks to a higher cash position and despite lower deposit rates.

*Cash flows from operating activities during 2020 increased to SEK 693m (SEK -330m)*

During the year 2020, cash flows from operating activities increased to SEK 693m (SEK -330m), partly as a result of the positive operating result, and partly as a result of lower working capital compared to the end of 2019. The lower working capital was mainly a result of lower inventories and higher payables. In Russia/CIS, SEK 521m were released from working capital in 2020 and working capital as a percent of revenue declined from 20% at the end of 2019 to 5% at the end of 2020. The build-up of working capital during 2019, which was partly related to Ferronordic taking over the responsibility of importation of machines and spare parts to Russia from Volvo, was thus partly reversed during the same period of 2020.

Cash flows from investing activities during 2020 amounted to SEK -47m (SEK -179m). A large part of the investments in 2019 relate to acquisition of assets for the expansion to Germany. Apart from the German acquisitions, acquisition of property, plant and equipment was also lower during 2020 compared to 2019. This was partly a result of a deliberate reduction of capex to strengthen the Group's financial position given a more uncertain outlook following the outbreak of Covid-19. For more on investments in contracting services, see also below in the section on financial position.

### **Financial position**

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On 31 December 2020, cash and cash equivalents amounted to SEK 604m, an increase of SEK 84m from the end of 2019 and an increase of SEK 64m from the end of Q3 2020. The high cash balance reflected stronger cash flows from operations and lower investments.

Interest-bearing liabilities (including lease liabilities and effects of IFRS-16) at the end of the quarter amounted to SEK 583m, a

decrease of SEK 529m compared to the end of 2019. The decrease was mainly due to a repayment of loans in Russia/CIS. Interest bearing liabilities also include liabilities in the German operations amounting to SEK 68m that were transferred from payables to borrowings in 2020. As such transfers were non-cash, they are not reflected in cash flows.

*Net debt declined from SEK 593m to net cash SEK 20m in Q4 2020*

Net debt declined from SEK 593m at the end of 2019 to net cash of SEK 20m at the end of 2020.

Property, plant and equipment decreased by SEK 8m during the quarter from SEK 515m to SEK 507m, mainly as an effect of translation following the weakening of the Russian ruble, but also due to depreciation in the amount of SEK 39m. The main additions consisted of additional machines for contracting services in the amount of SEK 54m in 2020 (of which SEK 11m in Q4 2020). The increased number of machines for contracting services was reflected in the Group's statement of cash flows as a change in working capital, as the machines were transferred to property, plant and equipment from inventory (a non-cash operation).

*Equity at 31 December 2020 amounted to SEK 806m*

On 31 December 2020, equity amounted to SEK 806m, a decrease of SEK 84m compared to the end of 2019. The decrease, offset by the positive result, was mainly a result of negative foreign exchanges differences in the amount of SEK 247m, reflecting the 36% depreciation of the Russian ruble in 2020. The dividend of SEK 62m in Q4 2020 also reduced equity.

#### Parent company

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*The parent company's result for the quarter increased to SEK 7m (SEK 0m)*

During Q4 2020, the revenue of the parent company decreased to SEK 20m (SEK 52m) mainly due to lower intra-group sales of machines from the parent to its subsidiaries. Administrative expenses increased to SEK 12m (SEK 5m), mainly as a result of professional services, travel, taxes and staff changes. The result for the quarter increased to SEK 7m (SEK 0m), mainly due to finance income received from its Russian subsidiary.

In 2020, the revenue of the parent company decreased to SEK 116m (SEK 144m), mainly due to lower intra-group sales of machines from the parent to its subsidiaries. Administrative expenses amounted to SEK 30m (SEK 15m), mainly as a result of professional services, travel and taxes and staff changes. The result amounted to SEK -2m (SEK 0m).

#### Employees

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*The number of full-time equivalent employees at the end of Q4 2020 was 1,469*

At the end of 2020, the number of full-time equivalent employees in the Group was 1,469, of which 1,200 related to Russia/CIS, 257 to Germany and 12 occupied group functions. At the end of 2019, the number of full-time equivalent employees was 1,239, of which 1,189 related to the Russia/CIS and 50 to Germany. The headcount increase in Russia/CIS was a net result of an increase in headcount in contracting services and the component rebuild centre, and a decrease in support and administrative functions.



### Expansion to Germany

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*The integration of Ferronordic's business in Germany is ongoing*

Ferronordic started operations in Germany in January 2020 after it had acquired partly existing organisations and infrastructure from the Volvo Group and Auto-Haas, a private Volvo and Renault trucks dealer. We are now investing significant resources to integrate these structures into our organisation and processes. By investing into a better service network within our part of Germany, we see opportunities to increase the market shares for Volvo and Renault Trucks and, over time, gain a higher share of the total aftermarket sales. As aftermarket sales increases, profitability of the German business is expected to improve. As a result of the business disruption caused by the outbreak of Covid-19 in 2020, some of the planned changes and improvements will take longer than previously estimated.

### Management changes

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*In January, Ferronordic appointed Martin Bauknecht Managing Director of the German business*

In January, Martin Bauknecht was appointed managing director of the German business and new member of the Group Management Team, effective 3 February 2021. Before joining Ferronordic, Martin was CEO of Raiffeisen Technik GmbH, a dealer of agricultural machinery in Germany that he turned from loss to profit. Before that he held various positions with MAN Truck and Bus. He has a degree in Economics and Business Administration from the University of Hohenheim. Martin will be based in Frankfurt.

Henrik Carlborg, Business Development Director and previous Managing Director Germany, has returned to focus on the overall business development of the Group, including the continued expansion and improvement of the service network in Germany.

### Acquisitions in Germany

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In line with Ferronordic's strategy to expand and improve its service network in Germany, the Group has recently announced two acquisitions.

On 28 December 2020, it was announced that Ferronordic had signed an agreement to acquire Truck Center Röhn GmbH ("TCR"), an authorised Volvo and Renault Trucks workshop in Fulda, Hessen. In 2019, TCR generated a revenue of approx. EUR 3.9m (\*SEK 40m) with an operating profit of approx. EUR 0.6m (\*SEK 6m) and 15% operating margin. The expected purchase price amounts to EUR 4.1m (\*SEK 41m), based on EUR 2.3m (\*SEK 23m) of expected net asset value and EUR 1.8m (\*SEK 18m) of goodwill. The transaction was completed in January 2021. Ferronordic also agreed in principle with the seller to build an additional workshop for Ferronordic in Bad Hersfeld, Hessen.

On February 4 2021, it was announced that Ferronordic had signed an agreement to purchase the business of Bus und Truck Service GmbH, an authorised Volvo and Renault Trucks workshop in Nordhausen in central Germany. Over the last three years, Bus und Truck Service GmbH generated an average revenue of around EUR 1.5m (\*SEK 15m) per year, with an estimated adjusted operating margin of approx. 10%. The transaction is structured as an asset deal, where Ferronordic purchases inventories, tools and equipment from the seller. The real estate is not included in the transaction and will be leased by Ferronordic. The total purchase price amounts to EUR 0.65m (\*SEK 6.6m), of which EUR 0.45m (\*SEK 4.6m) corresponds to the expected net value of the purchased assets and EUR 0.2m (\*SEK 2.0m) is goodwill. The transaction is expected to be completed by May 2021.

*Ferronordic will continue to seek opportunities to expand and improve its network in Germany*

Ferronordic will continue to seek opportunities to expand and improve its network in Germany. While the Group's preferred strategy is to lease real estate, Ferronordic will also consider business acquisitions including fixed assets and greenfield projects, where Ferronordic would buy and develop land plots to build workshops.

#### **Events after the reporting date**

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In January, the Russian Ministry for Industry and Trade proposed an increase to the so-called utilisation or scrapping fee. This charge is levied in a fixed amount and depends on the type of machine. As a percent, the fee therefore impacts lower price machines more. At this point, it has not been confirmed if, when, on what machines and by how much the increase of the fee may apply.

Except as described above or elsewhere in this report, no events have occurred after the reporting date that require disclosure in the financial statements.

#### **Risks and uncertainties**

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As described in the 2019 annual report, Ferronordic is exposed to a number of risks. Some of these risks have intensified as a result of the outbreak and spread of Covid-19. There have been no significant changes to what was stated in the 2019 annual report. The parent company is indirectly subject to the same risks and uncertainties as the Group.

#### **Major events**

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On 11 March 2020, WHO declared the outbreak of Covid-19 a global pandemic. From mid-March, authorities have issued recommendations and regulations to restrict movement and social contacts in order to contain the spread of the virus. Governments have launched initiatives to support businesses

and protect their economies. Companies, including our suppliers, competitors and customers, have taken measures to adapt to an uncertain operating environment. The path of the virus and the measures to halt it cannot be predicted and we cannot exclude further supply or demand side disruption in our business.

## Outlook

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While uncertainty remains on both supply and demand sides of our business, we currently expect the markets in Russia/CIS and Germany to recover in 2021. In Russia/CIS, our optimism is supported by stronger commodity prices and indications of increased activity on the so-called national projects in Russia but checked by potential changes in taxation. In a longer perspective, we believe that the underlying fundamentals and business opportunities in our markets are strong.

## Updated financial objectives and dividend policy

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*Ferronordic's Board has decided to update the Group's financial objectives and its dividend policy*

Ferronordic's Board has decided to update the Group's financial objectives and its 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

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. Ferronordic has potential 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 updated financial objectives are:

- 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, post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0. 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.

### **Annual report and Annual general meeting**

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Ferronordic's 2020 annual report will be available on the Company's website around 16 April 2021.

The annual general meeting in Ferronordic AB (publ) (AGM) will be held in Stockholm on Wednesday, 12 May 2021. Notice to attend the AGM will be made in accordance with the articles of association around 12 April 2021.

### **Dividend**

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For the AGM 2020, the Board intends to propose a dividend of SEK 7.5 per share.

### **Presentation of the report**

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Ferronordic's year-end report for 2020 was published on 19 February 2021 at 07.30 CET and will be accessible at [www.ferronordic.com](http://www.ferronordic.com).

Ferronordic invites investors, analysts and the media to a presentation where Lars Corneliussen, CEO, and Erik Danemar, CFO, comment on this report.

The presentation will be held on 19 February 2021 at 10:00 CET and can be followed via telephone conference or audiocast.

The presentation will be held in English and will be followed by a questions and answers session. Questions can be asked via the telephone conference or in written form via the audiocast. No preregistration is required.

To participate via telephone, please dial-in no later than five minutes prior to the announced time.

#### **Dial-in numbers:**

Germany:	+49 69 138 034 52
Russia:	+8 800 500 01 33
Sweden:	+46 8 505 583 73
Switzerland:	+41 225 80 59 76
United Kingdom:	+44 333 300 92 70
United States:	+1 833 249 84 04

The presentation can also be viewed live at <https://tv.streamfabriken.com/ferronordic-q4-2020>

Afterwards, a recording of the presentation will be available at the same page.



## Condensed Consolidated Statement of Comprehensive Income

	Q4 2020 SEK '000	Q4 2019 SEK '000	Twelve months 2020 SEK '000	Twelve months 2019 SEK '000
<b>Revenue</b>	<b>1 184 647</b>	<b>960 137</b>	<b>4 634 726</b>	<b>3 747 142</b>
Cost of sales	(997 642)	(758 461)	(3 837 282)	(2 972 212)
<b>Gross profit</b>	<b>187 005</b>	<b>201 676</b>	<b>797 444</b>	<b>774 930</b>
Selling expenses	(55 081)	(38 891)	(218 655)	(161 852)
General and administrative expenses	(69 033)	(67 548)	(263 527)	(237 946)
Other income	5 814	3 575	24 159	8 354
Other expenses	(3 246)	(3 689)	(11 186)	(25 898)
<b>Operating profit</b>	<b>65 459</b>	<b>95 123</b>	<b>328 235</b>	<b>357 588</b>
Finance income	3 040	848	11 914	6 458
Finance costs	(9 142)	(19 408)	(59 169)	(58 148)
Foreign exchange gains/(-losses) (net)	(3 277)	(1 603)	(5 415)	12 458
<b>Result before income tax</b>	<b>56 080</b>	<b>74 960</b>	<b>275 565</b>	<b>318 356</b>
Income tax	(11 783)	(17 505)	(53 873)	(67 537)
<b>Result for the period</b>	<b>44 297</b>	<b>57 455</b>	<b>221 692</b>	<b>250 819</b>
<b>Other comprehensive result</b>				
<i>Items that are or may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	(26 898)	(3 876)	(246 870)	92 576
<b>Other comprehensive result for the period, net of tax</b>	<b>(26 898)</b>	<b>(3 876)</b>	<b>(246 870)</b>	<b>92 576</b>
<b>Total comprehensive result for the period</b>	<b>17 399</b>	<b>53 579</b>	<b>(25 178)</b>	<b>343 395</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (SEK)	3.05	3.95	15.25	17.26

## Condensed Consolidated Statement of Financial Position

	31 December 2020 SEK '000	30 September 2020 SEK '000	31 December 2019 SEK '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	506 522	514 641	700 330
Intangible assets	8 211	9 593	11 679
Deferred tax assets	64 604	59 743	51 287
<b>Total non-current assets</b>	<b>579 337</b>	<b>583 977</b>	<b>763 296</b>
<b>Current assets</b>			
Inventories	1 014 180	955 958	1 289 887
Trade and other receivables	393 486	433 458	321 544
Prepayments	37 119	39 166	83 506
Cash and cash equivalents	603 504	539 260	519 361
<b>Total current assets</b>	<b>2 048 289</b>	<b>1 967 842</b>	<b>2 214 298</b>
<b>TOTAL ASSETS</b>	<b>2 627 626</b>	<b>2 551 819</b>	<b>2 977 594</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 297	1 297	1 297
Additional paid in capital	615 136	612 136	612 136
Translation reserve	(368 964)	(342 066)	(122 094)
Retained earnings	337 240	399 003	148 184
Result for the period	221 692	177 395	250 819
<b>TOTAL EQUITY</b>	<b>806 401</b>	<b>847 765</b>	<b>890 342</b>
<b>Non-current liabilities</b>			
Borrowings	351 326	320 838	205 296
Deferred income	578	1 667	7 174
Deferred tax liabilities	5 117	5 151	6 622
Long-term lease liabilities	70 893	100 077	171 847
<b>Total non-current liabilities</b>	<b>427 914</b>	<b>427 733</b>	<b>390 939</b>
<b>Current liabilities</b>			
Borrowings	84 029	122 486	639 280
Trade and other payables	1 187 974	1 037 555	917 279
Deferred income	18 524	16 826	21 453
Provisions	25 579	20 430	22 282
Short-term lease liabilities	77 205	79 024	96 019
<b>Total current liabilities</b>	<b>1 393 311</b>	<b>1 276 321</b>	<b>1 696 313</b>
<b>TOTAL LIABILITIES</b>	<b>1 821 225</b>	<b>1 704 054</b>	<b>2 087 252</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 627 626</b>	<b>2 551 819</b>	<b>2 977 594</b>

## Condensed Consolidated Statement of Changes in Equity

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2020	1 297	612 136	(122 094)	399 003	890 342
Total comprehensive result for the period					
Result for the period				221 692	221 692
Other comprehensive result					
Foreign exchange differences		-	(246 870)	-	(246 870)
Total comprehensive result for the period			(246 870)	221 692	(25 178)
Contribution by and distribution to owners					
Dividend on shares		-	-	(61 763)	(61 763)
Warrant issue		3 000	-	-	3 000
Total contributions and distributions	-	3 000	-	(61 763)	(58 763)
Balance 31 December 2020	1 297	615 136	(368 964)	558 932	806 401

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2019	1 297	612 136	(214 670)	257 177	655 940
Total comprehensive result for the period					
Result for the period				250 819	250 819
Other comprehensive result					
Foreign exchange differences			92 576		92 576
Total comprehensive result for the period			92 576	250 819	343 395
Contribution by and distribution to owners					
Dividend on shares				(108 993)	(108 993)
Total contributions and distributions	-	-	-	(108 993)	(108 993)
Balance 31 December 2019	1 297	612 136	(122 094)	399 003	890 342

## Condensed Consolidated Statement of Cash Flows

	Q4 2020 SEK '000	Q4 2019 SEK '000	Twelve months 2020 SEK '000	Twelve months 2019 SEK '000
<b>Cash flows from operating activities</b>				
Result before income tax	56 080	74 960	275 565	318 356
Adjustments for:				
Depreciation and amortisation	40 340	41 031	175 753	136 305
(Gain)/loss from impairment of receivables	(704)	18	1 454	8 934
Profit on disposal of property, plant and equipment	(279)	(871)	1 379	7 023
Finance costs	9 142	19 408	59 169	58 148
Finance income	(3 040)	(848)	(11 914)	(6 458)
Foreign exchange losses/(gains) (net)	3 277	1 603	5 415	(12 458)
<b>Cash flows from operating activities before changes in working capital and provisions</b>	<b>104 816</b>	<b>135 301</b>	<b>506 821</b>	<b>509 850</b>
Change in inventories	(119 792)	(140 842)	(93 322)	(483 726)
Change in trade and other receivables	25 604	68 943	(175 222)	70 515
Change in prepayments	691	(53 233)	35 534	(62 292)
Change in trade and other payables	196 989	43 813	543 300	(218 130)
Change in provisions	6 074	(4 657)	8 170	(1 865)
Change in deferred income	1 214	(3 649)	(2 542)	(2 008)
<b>Cash flows from operating activities before interest and tax paid</b>	<b>215 596</b>	<b>45 676</b>	<b>822 739</b>	<b>(187 656)</b>
Income tax paid	(28 117)	(23 493)	(71 363)	(85 143)
Interest paid	(8 450)	(19 196)	(58 833)	(57 565)
<b>Cash flows from operating activities</b>	<b>179 029</b>	<b>2 987</b>	<b>692 543</b>	<b>(330 364)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	565	620	2 729	2 119
Interest received	3 040	801	11 908	6 395
Acquisition of property, plant and equipment	(18 679)	(84 922)	(59 654)	(162 242)
Acquisition of intangible assets	450	(991)	(1 718)	(4 310)
Acquisition of business	-	(20 813)	-	(20 813)
<b>Cash flows from investing activities</b>	<b>(14 624)</b>	<b>(105 305)</b>	<b>(46 735)</b>	<b>(178 851)</b>
<b>Cash flows from financing activities</b>				
Dividend on ordinary shares	(61 763)	-	(61 763)	(108 993)
Proceeds from borrowings	76 461	453 716	466 489	1 276 497
Repayment of loans	(81 039)	(22 340)	(868 882)	(474 553)
Financing received	-	-	-	70 018
Leasing financing paid	(33 265)	(22 232)	(113 651)	(73 249)
<b>Cash flows from financing activities</b>	<b>(99 606)</b>	<b>409 144</b>	<b>(577 807)</b>	<b>689 720</b>
<b>Net change in cash and cash equivalents</b>	<b>64 799</b>	<b>306 826</b>	<b>68 001</b>	<b>180 505</b>
<b>Cash and cash equivalents at start of the period</b>	<b>539 260</b>	<b>209 793</b>	<b>519 361</b>	<b>356 589</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(555)	2 742	16 142	(17 733)
<b>Cash and cash equivalents at end of the period</b>	<b>603 504</b>	<b>519 361</b>	<b>603 504</b>	<b>519 361</b>

## Key Ratios

	Q4 2020	Q4 2019	Twelve months 2020	Twelve months 2019
Revenue, SEK'000	1 184 647	960 137	4 634 726	3 747 142
Revenue growth, %	23.4%	-5.8%	23.7%	15.6%
Gross margin, %	15.8%	21.0%	17.2%	20.7%
EBITDA, SEK'000	105 799	136 154	503 988	493 893
EBITDA margin, %	8.9%	14.2%	10.9%	13.2%
Operating profit, SEK'000	65 459	95 123	328 235	357 588
Operating margin, %	5.5%	9.9%	7.1%	9.5%
Result for the period, SEK'000	44 297	57 455	221 692	250 819
Undiluted earnings per share, SEK	3.05	3.95	15.25	17.26
Diluted earnings per share, SEK	3.05	3.95	15.25	17.26
Net debt/(cash), SEK'000	(20 051)	593 081	(20 051)	593 081
Net debt/EBITDA, x	(0.0)	1.2	(0.0)	1.2
Capital employed, SEK'000	1 389 854	2 002 784	1 389 854	2 002 784
Return on capital employed, %	20.0%	26,8%	20,0%	26,8%
Working capital, SEK'000	212 708	733 923	212 708	733 923
Working capital/Revenue, %	4.6%	19.6%	4.6%	19.6%
No. of employees at close of period	1 469	1 239	1 469	1 239

Ferronordic presents certain key ratios in its interim reports which are not defined according to IFRS. The company considers these ratios to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends.

Ferronordic's definitions of these measures may differ from other companies' definitions of the same terms. These ratios should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. The definition and purpose of each key ratio are presented on page 27.



## Parent Company Income Statement

	Q4 2020 SEK '000	Q4 2019 SEK '000	Twelve months 2020 SEK '000	Twelve months 2019 SEK '000
<b>Revenue</b>	<b>19 601</b>	<b>51 975</b>	<b>116 306</b>	<b>144 100</b>
Other income	2 339	-	2 339	-
Cost of sales	(14 873)	(45 859)	(96 373)	(121 764)
<b>Gross profit</b>	<b>7 067</b>	<b>6 115</b>	<b>22 272</b>	<b>22 337</b>
Administrative expenses	(12 225)	(5 036)	(30 389)	(15 126)
<b>Operating profit</b>	<b>(5 158)</b>	<b>1 079</b>	<b>(8 116)</b>	<b>7 210</b>
Finance income	11 818	9	13 095	155
Finance costs	(723)	(45)	(863)	(181)
Foreign exchange gains/(-losses) (net)	(128)	(254)	(9 293)	(7 268)
<b>Result before income tax</b>	<b>5 808</b>	<b>789</b>	<b>(5 178)</b>	<b>(84)</b>
Income tax	884	(300)	3 082	(309)
<b>Result for the period</b>	<b>6 692</b>	<b>490</b>	<b>(2 096)</b>	<b>(393)</b>

The total comprehensive result for the period is the same as the result for the period.

## Parent Company Balance Sheet

	31 December 2020 SEK '000	31 December 2019 SEK '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	768	993
Property, plant and equipment	-	-
Financial assets		
Holdings in group companies	163 908	158 785
Loans to group companies	2 597	2 638
Deferred tax assets	20 106	17 024
Total financial assets	186 611	178 447
<b>Total non-current assets</b>	<b>187 379</b>	<b>179 440</b>
<b>Current assets</b>		
Trade and other receivables	36 316	81 839
Prepayments	634	823
Cash and cash equivalents	16 733	39 327
<b>Total current assets</b>	<b>53 683</b>	<b>121 989</b>
<b>TOTAL ASSETS</b>	<b>241 062</b>	<b>301 428</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Restricted equity		
Share capital	1 297	1 297
Unrestricted equity		
Share premium reserve	625 148	622 148
Retained earnings	(444 060)	(381 905)
Result for the period	(2 096)	(393)
<b>TOTAL EQUITY</b>	<b>180 290</b>	<b>241 148</b>
<b>Current liabilities</b>		
Borrowings	32 725	-
Trade and other payables	28 047	60 280
<b>Total current liabilities</b>	<b>60 772</b>	<b>60 280</b>
<b>TOTAL LIABILITIES</b>	<b>60 772</b>	<b>60 280</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>241 062</b>	<b>301 428</b>

**Basis of presentation and summary of significant accounting policies****1. Accounting Policies**

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Ferronordic applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and recommendation RFR 2 (only parent company), issued by the Swedish Financial Reporting Board.

Ferronordic has changed its accounting policies in respect of operating segments. For details please see Note 1 Operational segments and revenue.

Other new or revised standards that come into effect 2020 or later are not expected to have any significant effect on Ferronordic's financial statements.

Except as described above, the same accounting and valuation principles were applied in the preparation of this report as in the preparation of the 2019 annual report (with regard to the 2019 financial year).

**2. Determination of fair values**

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The basis for determination of fair value of financial assets and liabilities is disclosed in note 5 in the 2019 annual report. The fair values of the Group's financial assets and liabilities approximate their respective carrying amounts.

**3. Seasonal Variations**

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Ferronordic's revenue and earnings are affected by seasonal variations in the construction industry in Russia/CIS. Q1 is typically the weakest for sales of machines as activity in construction projects is constrained during the winter months. On the other hand, the demand in aftermarket (sales of parts and services) is usually strong since many customers use the quiet period to service their machines. This is usually followed by an increase during Q2 as contracts start to be put out for tender and customers prepare for the more active summer period. Q3 tends to be slower with regard to both machine sales and aftermarket. In Q4, activity usually strengthens as customers make year-end capital spending decisions. In Germany, seasonal trends are less significant.

**4. Ferronordic AB (publ)**

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Ferronordic AB (publ) and its subsidiaries are sometimes referred to as the Group or Ferronordic. Ferronordic AB (publ) is also sometimes referred to as the company or Ferronordic. Any mentioning of the Board is a reference to the Board of Directors of Ferronordic AB (publ).

## Notes

### 1. Operational segments and revenue

#### (i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker, who is responsible for allocating resources and assessing financial performance of the operating segments, has been identified as the Group Executive Management Team. Until 2019, the Group had one reportable segment: *Equipment Distribution*. Starting from Q1 2020, and following the Group's expansion of its operations to Germany, the Group recognises two separate reportable segments: *Russia/CIS* and *Germany*. The new segments are partly managed separately due to differences in markets, logistics, supply chains, products, customers and marketing strategies. For each segment, the Group's management reviews internal reports on at least a monthly basis. Russia/CIS comprises of sales of new and used construction and other equipment, aftermarket sales, rental, contracting services and other services in Russia and CIS (the Commonwealth of Independent States) and currently in Russia and Kazakhstan. Germany comprises of sales of new and used trucks, aftermarket sales, rental and other services in Germany. The accounting policies of the segments are the same as described in Note 4 of the annual report 2019. Group overhead costs, such as Group executive management costs, are allocated between the segments using principles set forth by the CODM. Information regarding the results of each segment is included below. The performance of each segment is mainly evaluated based on revenue, gross profit, gross margin, EBITDA, operating profit and operating margin, as included in internal management reports that are reviewed by the Group's Executive Management Team. The Group had no inter-segment revenues during the periods presented.

The Group did not disclose operating segments in its financial statements for 2019 and earlier. Due to the recognition of the reportable segments, the Group has restated the previously reported financial statements for the three and twelve months that ended on 31 December 2019 and as at 31 December 2019.

SEK'000	Russia/CIS		Germany		Total	
	Q4	Q4	Q4	Q4	Q4	Q4
	2020	2019	2020	2019	2020	2019
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
<b>External revenue</b>	<b>951 269</b>	<b>950 158</b>	<b>233 378</b>	<b>9 979</b>	<b>1 184 647</b>	<b>960 137</b>
Gross profit	168 963	200 236	18 042	1 440	187 005	201 676
EBITDA	121 740	136 187	(15 941)	(33)	105 799	136 154
Operating profit	90 511	95 156	(25 052)	(33)	65 459	95 123
Profit(loss) before tax					56 080	74 960
<b>Result for the period</b>					<b>44 297</b>	<b>57 455</b>
Gross margin	17.8%	21.1%	7.7%	14.4%	15.8%	21.0%
Operating margin	9.5%	10.0%	-10.7%	-0.3%	5.5%	9.9%

SEK'000	Russia/CIS		Germany		Total	
	Twelve	Twelve	Twelve	Twelve	Twelve	Twelve
	months	months	months	months	months	months
	2020	2019	2020	2019	2020	2019
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
<b>External revenue</b>	<b>3 651 930</b>	<b>3 737 163</b>	<b>982 796</b>	<b>9 979</b>	<b>4 634 726</b>	<b>3 747 142</b>
Gross profit	713 756	773 490	83 688	1 440	797 444	774 930
EBITDA	532 739	493 926	(28 751)	(33)	503 988	493 893
Operating profit	394 430	357 621	(66 195)	(33)	328 235	357 588
Profit(loss) before tax					275 565	318 356
<b>Result for the period</b>					<b>221 692</b>	<b>250 819</b>
Gross margin	19.5%	20.7%	8.5%	14.4%	17.2%	20.7%
Operating margin	10.8%	9.6%	-6.7%	-0.3%	7.1%	9.5%

	Russia/CIS		Germany		Inter-segment		Total	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000
<b>TOTAL ASSETS</b>	2 171 964	2 624 206	463 900	353 388	(8 238)	-	2 627 626	2 977 594
<b>TOTAL LIABILITIES</b>	1 320 620	1 733 968	503 204	353 284	(2 599)	-	1 821 225	2 087 252

(ii) **Revenue**

**Disaggregation of revenue**

	Russia/CIS		Germany		Total	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
SEK'000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
Equipment and trucks sales	618 462	589 457	144 794	0	763 256	589 457
Aftermarket sales	204 662	244 129	62 636	9 979	267 298	254 108
Contracting services	124 738	108 107	0	0	124 738	108 107
Other revenue	3 407	8 465	25 948	0	29 355	8 465
<b>Total revenues</b>	<b>951 269</b>	<b>950 158</b>	<b>233 378</b>	<b>9 979</b>	<b>1 184 647</b>	<b>960 137</b>

	Russia/CIS		Germany		Total	
	Twelve months 2020	Twelve months 2019	Twelve months 2020	Twelve months 2019	Twelve months 2020	Twelve months 2019
SEK'000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
Equipment and trucks sales	2 305 594	2 418 302	628 556	0	2 934 150	2 418 302
Aftermarket sales	864 459	915 075	268 867	9 979	1 133 326	925 054
Contracting services	460 984	378 075	0	0	460 984	378 075
Other revenue	20 893	25 711	85 373	0	106 266	25 711
<b>Total revenues</b>	<b>3 651 930</b>	<b>3 737 163</b>	<b>982 796</b>	<b>9 979</b>	<b>4 634 726</b>	<b>3 747 142</b>

In Russia/CIS, equipment and trucks sales include sales of new and used construction equipment, attachments and diesel generators. Aftermarket sales include sales of service and parts. Contracting services include only revenue from contracting services operations. Other revenue consist mainly of rental revenue.

In Germany, equipment and trucks sales include sales of new Volvo and Renault trucks, Renault light commercial vehicles and used trucks. Aftermarket sales include sales of service and parts. Other revenue consists mainly of rental revenue and also sales of passenger cars.

	Russia/CIS		Germany		Total	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
<b>Number of units sold</b>						
New units	289	247	162	-	451	247
Used units	76	66	11	-	87	66
<b>Total units</b>	<b>365</b>	<b>313</b>	<b>173</b>	<b>-</b>	<b>538</b>	<b>313</b>



Number of units sold	Russia/CIS		Germany		Total	
	Twelve months 2020	Twelve months 2019	Twelve months 2020	Twelve months 2019	Twelve months 2020	Twelve months 2019
New units	1 106	965	631	-	1 737	965
Used units	269	195	34	-	303	195
<b>Total units</b>	<b>1 375</b>	<b>1 160</b>	<b>665</b>	<b>-</b>	<b>2 040</b>	<b>1 160</b>

In Russia/CIS, new units include the full range of construction equipment and diesel generators. Used units include construction equipment and trucks.

In Germany, new units include Volvo and Renault trucks, as well as sales of Renault light commercial vehicles. Used units include Volvo and Renault trucks, as well as other trucks and light commercial vehicles. Sales of passenger cars are included in other revenue and are not included in the new or used unit count.

## 2. Events after the reporting date

Information regarding events after the reporting date is set out in the front part of this report.

## 3. Contingencies

The Group has no material contingencies. The parent company has issued a number of guarantees, all as security for the subsidiaries' obligations vis-à-vis suppliers and banks.

## 4. Related party transactions

There have been no significant changes in the relationships or transactions with related parties for the Group or the parent company compared with the information disclosed in the 2019 Annual Report.

## 5. Earnings per share

The calculation of earnings per share is based on the result attributable to the shareholders and thus is calculated as the result for the period divided by the average number of shares outstanding.

	Q4 2020	Q4 2019	Twelve months 2020	Twelve months 2019
	SEK '000	SEK '000	SEK '000	SEK '000
<b>Result for the period</b>	<b>44 297</b>	<b>57 455</b>	<b>221 692</b>	<b>250 819</b>
<b>Result attributable to shareholders</b>	<b>44 297</b>	<b>57 455</b>	<b>221 692</b>	<b>250 819</b>
Average number of shares during the period before and after dilution	14 532 434	14 532 434	14 532 434	14 532 434
<b>Earnings per share before and after dilution</b>	<b>3.05</b>	<b>3.95</b>	<b>15.25</b>	<b>17.26</b>

The Board of Directors and the Managing Director declare that the report for the fourth quarter of 2020 provides a true and fair overview of the Group's and the parent company's operations, financial position and performance, and describes material risks and uncertainties facing the parent company and the companies in the Group.

Stockholm, 19 February 2021

Staffan Jufors  
Chairman

Magnus Brännström  
Director

Annette Brodin Rampe  
Director

Lars Corneliusson  
Director

Erik Eberhardson  
Director

Håkan Eriksson  
Director

Lars Corneliusson  
Managing Director

This report has not been reviewed by the Group's independent auditors.

#### **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](http://www.ferronordic.com)

#### **Financial Calendar 2021/2022**

Interim report January-March 2021	12 May 2021
Annual General Meeting 2021	12 May 2021
Interim report January-June 2021	12 August 2021
Interim report January-September 2021	12 November 2021

#### **For more information, please contact:**

Erik Danemar, CFO, Tel: +46 73 660 72 31, or email: [erik.danemark@ferronordic.com](mailto:erik.danemark@ferronordic.com)

#### **Ferronordic AB (publ)**

Nybrogatan 6  
114 34 Stockholm  
Corporate ID no. 556748-7953  
Phone: +46 8 5090 7280

This information is information that Ferronordic AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 19 February 2021, 07:30 CET.

## Financial information for individual quarters

The financial information below regarding individual quarters during the period 1 January 2018 – 31 December 2020 is collected from Ferronordic's interim reports for the relevant quarters.

### Key ratios

Certain key ratios in Ferronordic's interim reports are not defined according to IFRS. The company considers these ratios to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. Ferronordic's definitions of these measures may differ from other companies' definition of the same terms. These ratios should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. As the amounts in the tables below have been rounded off to SEK m, the calculations do not always add up due to rounding.

#### Key ratios defined according to IFRS

SEK m (if not stated otherwise)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenue	614	817	791	1 019	723	1 100	964	960	1 118	1 203	1 129	1 185
Result for the period	30	54	61	64	46	73	74	57	20	76	81	44
Basic and diluted earnings per share (SEK)	1.93	2.71	4.17	4.40	3.19	5.03	5.09	3.95	1.39	5.24	5.57	3.05

#### Key ratios not defined according to IFRS

SEK m (if not stated otherwise)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenue growth (%)	11%	4%	26%	68%	18%	35%	22%	(6%)	55%	9%	17%	23%
Gross margin (%)	19.0%	19.3%	20.3%	17.6%	20.2%	20.1%	21.4%	21.0%	16.3%	17.2%	19.6%	15.8%
EBITDA	48	77	91	105	82	126	150	136	99	152	147	106
EBITDA margin (%)	7.8%	9.5%	11.5%	10.3%	11.3%	11.4%	15.6%	14.2%	8.9%	12.6%	13.0%	8.9%
Results from operating activities	41	68	80	84	56	98	109	95	51	105	107	65
Operating margin (%)	6.7%	8.3%	10.1%	8.3%	7.7%	8.9%	11.3%	9.9%	4.6%	8.7%	9.5%	5.5%
Net debt / (cash)	(264)	(204)	(298)	(303)	(59)	446	411	593	531	230	83	(20)
Net debt/EBITDA (x)	(1.2x)	(0.9x)	(1.1x)	(0.9x)	(0.2x)	1.1x	0.9x	1.2x	1.0x	0.4x	0.2x	0x
Capital employed	688	630	654	710	1 101	1 376	1 457	2 003	1 952	1 846	1 470	1 390
Return on capital employed (%)	34%	37%	40%	41%	33%	33%	34%	27%	23%	23%	25%	20%
Working capital	181	162	64	47	283	655	675	734	660	476	354	213
Working capital/Revenue (%)	7%	6%	2%	1%	8%	18%	18%	20%	13%	10%	8%	5%

### Reconciliation of key ratios

The tables below show reconciliations of certain important key ratios.

#### Net debt / (Net cash)

SEK m (if not stated otherwise)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Long term borrowings	0	0	0	0	0	0	0	205	410	349	321	351
Long term lease liabilities	20	23	17	28	25	60	86	110	95	79	53	32
Long term lease liabilities (after IFRS 16)	0	0	0	0	53	51	56	62	64	56	47	39
Short term borrowings	0	0	0	0	215	462	397	639	525	400	122	84
Short term lease liabilities	21	23	23	26	26	38	53	64	41	43	44	44
Short term lease liabilities (after IFRS 16)	0	0	0	0	23	25	28	32	34	36	35	33
<b>Total Interest bearing liabilities</b>	<b>41</b>	<b>46</b>	<b>40</b>	<b>54</b>	<b>342</b>	<b>635</b>	<b>620</b>	<b>1 112</b>	<b>1 169</b>	<b>963</b>	<b>622</b>	<b>583</b>
Cash & cash equivalents	306	250	338	357	402	189	210	519	639	733	539	604
<b>Net debt / (cash)</b>	<b>(264)</b>	<b>(204)</b>	<b>(298)</b>	<b>(303)</b>	<b>(59)</b>	<b>446</b>	<b>411</b>	<b>593</b>	<b>531</b>	<b>230</b>	<b>83</b>	<b>(20)</b>
Net debt / EBITDA (times)	(1.2)	(0.9)	(1.1)	(0.9)	(0.2)	1.1	0.9	1.2	1.0	0.4	0.2	(0.0)

## Capital employed

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>SEK m (if not stated otherwise)</b>												
Long term interest bearing liabilities	20	23	17	28	78	111	142	377	569	484	421	422
Short term interest bearing liabilities	21	23	23	26	264	524	478	735	600	480	202	161
Shareholder equity	647	584	614	656	758	741	837	890	783	883	848	806
<b>Capital employed</b>	<b>688</b>	<b>630</b>	<b>654</b>	<b>710</b>	<b>1 101</b>	<b>1 376</b>	<b>1 457</b>	<b>2 003</b>	<b>1 952</b>	<b>1 846</b>	<b>1 470</b>	<b>1 390</b>
Average capital employed	595	554	587	681	895	1 003	1 055	1 356	1 526	1 611	1 464	1 696
EBIT	41	68	80	84	56	98	109	95	51	105	107	65
Interest income	1	1	2	3	2	2	1	1	2	5	2	3
Result LTM	205	208	234	281	297	327	355	364	359	368	368	340
Return on capital employed (%)	34%	37%	40%	41%	33%	33%	34%	27%	23%	23%	25%	20%

## Working capital

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>SEK m (if not stated otherwise)</b>												
Inventory	691	712	755	741	1 295	1 360	1 168	1 290	1 293	1 134	956	1 014
Trade and other receivables	245	342	258	303	358	489	351	322	575	436	433	393
Prepayments	16	13	14	17	20	36	31	84	46	27	39	37
Trade and other payables	745	877	935	982	1 362	1 191	830	917	1 211	1 076	1 038	1 188
Deferred income	12	14	14	15	15	15	23	21	19	19	17	19
Provisions	12	14	15	17	14	24	23	22	23	27	20	26
<b>Working capital</b>	<b>181</b>	<b>162</b>	<b>64</b>	<b>47</b>	<b>283</b>	<b>655</b>	<b>675</b>	<b>734</b>	<b>660</b>	<b>476</b>	<b>354</b>	<b>213</b>
Revenue LTM	2 630	2 663	2 828	3 241	3 350	3 633	3 806	3 747	4 969*	4 765*	4 650*	4 635
Working capital / Revenue (%)	7%	6%	2%	1%	8%	18%	18%	20%	13%	10%	8%	5%

\* For the calculation of this ratio, annualised revenue was used for Germany

## Definitions of and purposes of alternative key ratios not defined by IFRS

**New units sold:** Number of new machines and trucks sold.

*Used to measure and compare number of new units sold during relevant period.*

**Revenue growth:** Growth in revenue compared to the same period last year, expressed in percentage.

*Used for comparison of growth between periods as well as comparisons with the market as a whole and with the company's competitors.*

**Gross margin:** Gross profit in relation to revenue.

*Provides a measurement of the contribution from the ongoing business.*

**EBITDA:** Operating profit activities excluding depreciation, amortisation and write-downs.

*Provides a measurement of the result from the ongoing business.*

**EBITDA margin:** EBITDA in relation to revenue.

*Relevant key ratio in evaluating the Group's value creation.*

**Operating profit:** Result before financial items and taxes.

*Provides a measurement of the result from the ongoing business.*

**Operating margin:** Operating profit in relation to revenue.

*Relevant key ratio in evaluating the Group's value creation.*

**Net debt / (Net cash):** Interest-bearing liabilities (including lease liabilities) less cash and cash equivalents.

*Provides a measurement for the Group's net debt position.*

**Net debt / EBITDA:** Net debt / (net cash) in relation to EBITDA for the last twelve months.

*Shows to what extent EBITDA covers net debt. Used to evaluate financial risk.*

**Capital employed:** Total equity and interest-bearing liabilities.

*Shows the capital invested in the Group's business.*

**Return on capital employed:** Adjusted EBIT plus financial income (for the last twelve months) in relation to capital employed (average during the last twelve months).

*Shows how effectively the capital employed is used.*

**Working capital:** Current assets excluding cash and cash equivalents, less non-interest bearing current liabilities.

*Shows the amount of working capital tied up in the ongoing business.*

**Working capital / Revenue:** Working capital in relation to revenue during the last twelve months.

*Shows how effective the working capital is used in the business.*