

Cimco Marine AB (publ) – clarification on press release dated 2017-08-29

The board of Cimco Marine AB (publ) has assessed that the company will not meet the previously communicated sales target of 500 OXE units during 2017. Consequently, the turnover target of 150 MSEK and the positive cash flow target for 2017 will also not be met.

Apart from delays in ramp-up from some vendors, Cimco has received feedback from a few selected customers on a potential technical quality issue with one of the components used for the OXE diesel outboard and has hence started an investigation to define if this is a quality assurance issue or if it is related to specific customer usage of the product. To be specific, what has been reported is that the turbocharger is leaking exhaust gasses through a seal under specific conditions.

– Our products are used under severe conditions by demanding commercial users which means they will encounter a variety of operational cycles. We will now analyse the reported issue and if required redesign the component to perform to our set standards, any resulting delay should be limited. If the turbocharger in this case should need to be updated or replaced this would be done by our global service centers and not a recall back to Cimco. You always expect to see some technical issues in a young and complex product like the OXE but we have a highly experienced team and procedures to handle this in a professional manner and it will be resolved swiftly even through it temporarily affects our short term production output, says Cecilia Anderberg, CEO Cimco Marine AB.

It's the management's firm belief that this will be resolved in the very near future and after possible supply chain adjustments the production will continue its planned ramp-up.

If necessary this issue will be remedied by Cimco's global service network, hence the financial impact for Cimco will be limited to warranty repair hours and replacement components.

Based on this and Cimco's firm approach on quality assurance of its product and brand name awareness, Cimco will continue production at UFAB but has decided to halt final assembly and shipping of products until the investigation and possible corrective actions are implemented into the product and this will hence impact the delivery capacity for 2017. Targets for fiscal year 2018 as well as the long-term targets remain intact. It is the management's firm belief that Cimco will be able to continue its planned production ramp-up after a short delay and that Cimco will reach its production target of 25 engines per week during the course of this year.

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Cimco Marine AB (publ), is obligated to make this information public pursuant to the EU Market Abuse Regulation. The information was provided by the contacts above, to be submitted for publication on August 30, 2017 at 2.50 PM.

Cimco Marine AB (publ) has, after several years of development, constructed the OXE Diesel, the world's first diesel outboard engine in the high power segment. OXE Diesel has a unique belt driven propulsion system that allows a hydraulic multi-friction gearbox to be mounted. This means that the engine can handle significantly higher loads than a traditional outboard engine. Cimco's OXE Diesel has a horizontally mounted engine as opposed to a traditional outboard with a vertically mounted engine.