

Cimco Marine AB (publ): Status update regarding technical quality issues, delivery target of OXE units and business update

Cimco Marine AB (publ) are currently investigating a number root causes of the turbocharger leaking. The issue was more complex than was previously believed. However, a number of solutions are being tested with a strong likelihood that this can be sufficiently resolved to re-start of production in December. Based on the expected timing to re-commence production, the company is unlikely to achieve a production run rate of 25 units per week by the end of 2017. However, targets for fiscal year 2018 as well as the long-term targets remain intact.

The company previously identified and reported that the turbocharger was leaking exhaust gasses through a seal under severe conditions by some demanding commercial users.

“We have been investigating and testing since the end of August and have come up with possible counter measures. We are now testing those counter measures with the aim of completing them by the end of November and allow us to re-commence production of the OXE units in December 2017. Cimco are totally committed to quality and will not release solutions that would jeopardize the first impression of the market and possibly future recalls and while we are saddened to have to deliver this extra delay it is our firm belief that long term quality must come before production at present.” – Cecilia Anderberg, CEO Cimco Marine AB.

Due to the timing of testing these counter measures and sourcing of new material, it is in the opinion of management that the company is unlikely to meet its production run-rate of 25 units per week by the end of 2017. After possible supply chain adjustments, the production will continue its planned ramp-up for 2018. Targets for fiscal year 2018 as well as the long-term targets remain intact.

Business update

The company has delivered 7 units during Q3 and has so far sub-assembled 30 units.

Demand for the product remains strong – the company made a presentation to the US Navy following their invitation to meet them last month. This was very well received and they have requested delivery of two OXE units in December for further testing.

CIMCO

Endurance by Engineering

BMW and Cimco are looking into the possibility of fast tracking the marinization development of the marinization of their 6-cylinder diesel engines with the possibility of fast tracking the development and deploying their product. This will would allow Cimco to offer products with the power of more than 200hp.

The Board and management believe the immediate technical issues will be resolved in good time and are very optimistic with the long-term future of the company.

For further information, please contact:

Cecilia Anderberg, CEO Cimco Marine AB, tel. +46 763-10 22 50, cecilia.anderberg@oxe-diesel.com

Andreas Blomdahl, Chairman of the Board of Cimco Marine AB, tel. +46 706-28 01 30,
andreas@marinediesel.nu

Lars Sjögrell, Head of Public Relations, Cimco Marine AB, tel. +46 702-69 53 00,

lars.sjogrell@perspective.se

www.oxe-diesel.com

Certified Adviser

Västra Hamnen Corporate Finance AB is Certified Adviser for Cimco Marine AB.

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 October 27, 2017 at 07.30 AM.

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.