

Cimco Marine AB adjusts their financial goals for 2018 – long-term goals are maintained and production rates are continuously increased

Cimco Marine AB will not reach the financial targets announced for 2018; 2,000 sold engines and a turnover of 600 million SEK. This is evident after the company has made their production plan for the rest of the year. The company's long-term plan, 10 percent of the world market, matching to 7,700 engines sold and reaching an EBITA margin of more than 20 percent is however still maintained. The company considers themselves to have the financial resources required medium-term to continue the steadily increasing production rate. The goal for 2018 is to achieve a secure production volume of 25 engines per week after the summer.

In conjunction with troubleshooting and problem solving around the 200 hp engine turbine, an extensive quality assurance program was launched in Q4 2017. Quality assurance includes overseeing both the own design and the subcontractors ability to manufacture and deliver in time with the right quality. The quality assurance program proved that some of the design solutions are not robust enough to cope with the tough demands from the market. The company has also discovered that some main suppliers are unable to meet the production volumes for 2018 while maintaining the level of quality demanded. Therefore, the company has now decided to set a production rate of 25 engines per week throughout the third quarter. This is to ensure that an increase in production volume does not cause any further quality problems. An increased production rate is planned for the fourth quarter and will be launched when the company can ensure that the quality level is stable

– In order to manage increased production rates and creating a more rational production, we're now working intensively with production improvements. At the same time, it's not only in our hands, but also requires a lot of work to ensure that subcontractors can deliver quality assured materials in the volumes we plan, which is challenging and very resource demanding. This means that a cautious increase in production is preferable, says Cecilia Anderberg, CEO of Cimco Marine.

Cimco's latest 150 hp engine have been met with careful optimism from both retailers and end users on the market. During January and February, they have been produced according to plan. In March, there were disturbances in production due to the fact that some of the subcontractors had quality problems in their production and thus had difficulty to deliver the correct material needed in time.

– Unfortunately, this has affected Cimco's prerequisites for reaching the year's productions goals, although we will be able to recover part of the lost volume in April, provided that the problems with subcontractors are corrected, says Cecilia Anderberg.

During the first quarter, Cimco built 67 150 hp engines against the originally planned 84. During Q2, the company plans to produce a total of 150 150 hp engines. Cimco's 200 hp diesel engine is expected to be in production again at the end of the second quarter, and in this case, subcontractors are working on developing the parts required by new specifications from Cimco. After the holiday, Cimco expects to have a production rate of 25 engines per week.

– We are now working intensively with both existing and potential future subcontractors to obtain the parts necessary to start production of the 200 hp engine at the same time as we ensure the increased rate of production, says Cecilia Anderberg.

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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.