

Press Release  
Stockholm, 20 February 2020

Ferronordic AB (publ)  
Year-End Report January - December 2019

## Growing aftermarket and contracting services drive earnings

### FOURTH QUARTER 2019

- Revenue decreased 6% (15% decrease in local currency) to SEK 960m (SEK 1,019m)
- Operating profit increased 13% to SEK 95m (SEK 84m)
- Operating margin was 9.9% (8.3%)
- The result for the period decreased 10% to SEK 57m (SEK 64m)
- Earnings per ordinary share amounted to SEK 3.95 (SEK 4.40)
- Cash flows from operating activities amounted to SEK 3m (SEK 12m)

### JANUARY-DECEMBER 2019

- Revenue increased 16% (9% increase in local currency) to SEK 3,747m (SEK 3,241m)
- Operating profit increased 31% to SEK 358m (SEK 274m)
- Operating margin was 9.5% (8.4%)
- The result for the period increased 20% to SEK 251m (SEK 209m)
- Earnings per ordinary share amounted to SEK 17.26 (SEK 13.22)
- Cash flows from operating activities amounted to SEK -330m (SEK 150m)

| SEK M                       | Q4<br>2019 | Q4<br>2018 | %    | 12M<br>2019 | 12M<br>2018 | %   |
|-----------------------------|------------|------------|------|-------------|-------------|-----|
| Revenue                     | 960        | 1019       | -6%  | 3 747       | 3 241       | 16% |
| Operating profit            | 95         | 84         | 13%  | 358         | 274         | 31% |
| Result for the period       | 57         | 64         | -10% | 251         | 209         | 20% |
| Earnings per ordinary share | 3.95       | 4.40       | -10% | 17.26       | 13.22       | 31% |
| Gross margin                | 21.0%      | 17.6%      |      | 20.7%       | 19.0%       |     |
| Operating margin            | 9.9%       | 8.3%       |      | 9.5%        | 8.4%        |     |
| Return on capital employed  | 27%        | 41%        |      | 27%         | 41%         |     |
| Working capital / Revenue   | 20%        | 1%         |      | 20%         | 1%          |     |
| Net debt / (cash)           | 593        | (303)      |      | 593         | (303)       |     |

Lars Corneliussen, CEO Ferronordic, comments: "The fourth quarter was busy for Ferronordic. We concluded the preparations to become dealer for Volvo and Renault Trucks in part of Germany, our component rebuild center in Ekaterinburg started operations, the roll-out in Kazakhstan continues and we continue to grow in contracting services. Our customer focus and constant efforts to develop our business model were recognized by Volvo CE, as we were awarded EMEA dealer of the year for 2019. In terms of financial performance, equipment sales declined by 22% compared to Q4 2018, which was a strong quarter in terms of equipment sales. Aftermarket sales, however, grew by 23% and contracting services revenue more than doubled compared to Q4 2018. Despite a decline of 6% in total revenue to SEK 960m, gross profit therefore grew by 12%. Although SG&A costs increased, partly due to the stronger ruble and partly due to one-off costs related to the expansion to Germany, the operating margin improved to 9.9% and operating profit grew by 13% to SEK 95m, our highest operating profit ever for a fourth quarter. Higher working capital and net debt, partly driven by the expansion to Germany, impacted net interest costs and cash flows in the quarter. With regards to the full year, 2019 was our best year to-date with record revenue and earnings. In line with Ferronordic's dividend policy, the Board will propose a dividend of SEK 4.25 per share."

**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 over 90 outlets and about 1,500 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 2020/21**

|                                       |                  |
|---------------------------------------|------------------|
| Interim report January-March 2020     | 13 May 2020      |
| Interim report January-June 2020      | 13 August 2020   |
| Interim report January-September 2020 | 12 November 2020 |
| Year-end report January-December 2020 | 19 February 2021 |

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