

Press Release
Stockholm, 25 August 2015

Ferronordic Machines AB (publ)
Interim report January to June 2015

SUSTAINED EARNINGS DESPITE CONTINUOUSLY WEAK MARKET

SECOND QUARTER 2015

- Revenue decreased by 29% (16% in rubles) to SEK 443m (SEK 622m)
- Operating profit increased to SEK 24m (SEK 21m)
- Operating margin was 5.5% (3.4%)
- EBITDA amounted to SEK 44m (SEK 49m)
- The after-tax result amounted to SEK 14m (SEK 14m)
- Earnings per ordinary share amounted to SEK 0.15 (SEK 0.13)
- Cash flow from operating activities amounted to SEK -51m (SEK -45m)

JANUARY - JUNE 2015

- Revenue decreased by 38% (22% decrease in rubles) to SEK 696m (SEK 1,123m)
- Operating profit amounted to SEK 12m (SEK 32m)
- Operating margin was 1.7% (2.8%)
- EBITDA amounted to SEK 52m (SEK 80m)
- The after-tax result amounted to SEK 3m (SEK 12m)
- Earnings per ordinary share amounted to SEK -2.20 (SEK -1.27)
- Cash flow from operating activities amounted to SEK -22m (SEK -52m)

SEK M	2015 Q2	2014 Q2	2015 6M	2014 6M
Revenue	443.1	622.2	695.5	1 123.3
EBITDA	44.3	48.7	51.6	79.7
Operating profit	24.4	21.4	12.0	31.6
After-tax result	14.0	13.8	3.0	12.3
Net Debt	148.2	161.4	148.2	161.4
Net Debt / EBITDA	1.0x	1.0x	1.0x	1.0x

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- The market for sales of new construction equipment in Russia continues to be very weak. Compared to last year the number of sold units is down by more than 70%. The main problem on the market remains the lack of liquidity, leading to postponement of projects and considerable difficulties for customers to obtain financing. In view of this I think we have managed to deliver a relatively strong result during the quarter, especially in terms of profitability. In particular we have been successful in capturing opportunities within the used machines market, growing the aftermarket business and lowering our operating expenses.
- Similar to the first quarter, the reduction in sales of new machines was partly compensated by an increased demand for used machines. Our sales of used machines were almost three times higher than in the second quarter 2014. In addition, our aftermarket sales were also strong and increased by 27% in rubles compared to the same period last year. In total, however, our revenue during the second quarter decreased by 29% compared to the same period 2014.
- The implementation of various cost saving measures that commenced during the fourth quarter of 2014 was further intensified during the quarter. While these measures have contributed to an overall reduction of our cost level, we do not expect to see the full effect of these measures until later during

the year. Compared to the fourth quarter 2014 and the first quarter 2015 our operating expenses in rubles during the quarter were down 16% and 9%, respectively.

- Unfortunately we do not see any signs that the market would recover in the short term and expect the rest of 2015 to remain challenging. However, we remain optimistic about the long term prospects of the Russian construction equipment market.

About Ferronordic Machines

Ferronordic Machines is the authorized dealer of Volvo Construction Equipment and Terex Trucks in Russia. The company began its operations in June 2010 and has expanded rapidly across Russia and is today well established in all federal districts with almost 70 outlets and approximately 700 employees. In addition to distributing and providing aftermarket support to Volvo Construction Equipment machines, the company has also been appointed aftermarket dealer for Volvo and Renault Trucks as well as dealer for Volvo Penta in certain parts of Russia. The company has also signed up some other high quality brands such as Logset and several attachment manufacturers. The vision of Ferronordic Machines is to be regarded as the leading service- and sales company in the CIS markets. The preference shares of Ferronordic Machines are listed on NASDAQ OMX First North Premier. The company has appointed Avanza Bank AB as its Certified Advisor.

<http://www.ferronordic.ru>

For more information, please contact:

Anders Blomqvist, CFO and Head of IR, Tel: +46 8 5090 7280 pr@ferronordic.ru

Ferronordic Machines discloses the information herein pursuant to the Securities Markets Act and/or the Financial Instruments Act. The information was submitted for publication on 25 August 2015, 11:30 CET.