

22 February 2016

Ferronordic Machines AB (publ)
Year-end Report January - December 2015
CONTINUOUSLY STRONG CASH FLOW DESPITE WEAK MARKET
FOURTH QUARTER 2015

- Revenue decreased by 33% to SEK 400.3m (SEK 595.7m) (19% decrease in rubles)
- Operating profit amounted to SEK 17.9m (SEK 25.5m)
- Operating margin increased to 4.5% (4.3%)
- EBITDA amounted to SEK 31.5m (SEK 50.7m)
- The after-tax result increased to SEK 8.6m (SEK 5.9m)
- Earnings per ordinary share amounted to SEK -0.39 (SEK -0.66)
- Cash flow from operating activities amounted to SEK 73.3m (SEK 120.4m)

JANUARY - DECEMBER 2015

- Revenue decreased by 37% to SEK 1,468.7m (SEK 2,334.5m) (19% decrease in rubles)
- Operating profit decreased to SEK 61.1m (SEK 69.0m)
- Operating margin increased to 4.2% (3.0%)
- EBITDA amounted to SEK 128.3m (SEK 171.7m)
- The after-tax result increased to SEK 28.8m (SEK 18.7m)
- Earnings per ordinary share amounted to SEK -2.12 (SEK -3.13)
- Cash flow from operating activities amounted to SEK 234.1m (SEK -25.0m)

SEK M	2015 Q4	2014 Q4	2015 12M	2014 12M
Revenue	400.3	595.7	1 468.7	2 334.5
EBITDA	31.5	50.7	128.3	171.7
Operating profit	17.9	25.5	61.1	69.0
After-tax result	8.6	5.9	28.8	18.7
Net Debt	(81.8)	109.1	(81.8)	109.1
Net Debt / EBITDA	(0.6x)	0.6x	(0.6x)	0.6x

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- The negative development of the Russian economy continued throughout the fourth quarter. During 2015, the Russian market for new machines fell by 65%. During the fourth quarter, the decrease was somewhat lower (49 % compared to the same period last year), but this was because the decrease of the market started to accelerate already during the fourth quarter of 2014.
- Our own sales of new machines during 2015 (measured in units) decreased by 61% and thus we continued to gain market share.
- To counter the weak new machine sales, we allocated additional resources to the sales of used machines and to the aftermarket. We also benefited from the investments that we have made in Siberia and Far East as we noticed a continued shift during the quarter in our revenue mix from the western Russia, which is more severely affected by the economic downturn, to the eastern parts of Russia, and to customers in the natural resources sector with export income in foreign currency and benefitting from the falling ruble. The fact that our business covers the whole of Russia and that we therefore are able to redistribute resources between regions has proved to be a strength also in bad times.
- Thanks to the changed revenue mix and changed geographic mix, together with the effects of the cost reductions made earlier during the year, our profitability continued to develop positively. We also continued to have good cash flow. In total during the year we had a positive operating cash flow of SEK 234m. This contributed to a year-end net cash position of SEK 82m, compared to a net debt position of SEK 109m a year earlier. Considering all the negatives that have surrounded us, I think this is a strong result for 2015 which shows that our business model holds even in very tough times.
- If we look into the future we see no reason to expect that 2016 will be a less difficult year than 2015. Nevertheless, we remain optimistic about the long term prospects of the Russian construction equipment market.

Comments to the year-end report

The uncertainty in the market following from the situation in Ukraine increased further during the fourth quarter as a result of Russia's military engagement in Syria and the significantly deteriorated relations with Turkey. In addition, the price of oil continued to fall from USD 47.3 per barrel to USD 36.6 during the quarter. As a result, the ruble fell from 7.84 to 8.76 to the Swedish krona. This resulted in continuously elevated inflation, substantial price increases on imported goods, and additional cuts in public spending. At the same time, financial sanctions against Russia continued to restrict access to international capital, leading to remaining lack of liquidity in the market. The negative development has continued in the first quarter of 2016. At the time of this report, the price of oil amounted to USD 33.0 per barrel, and the ruble traded at 9.03 to the Swedish krona.

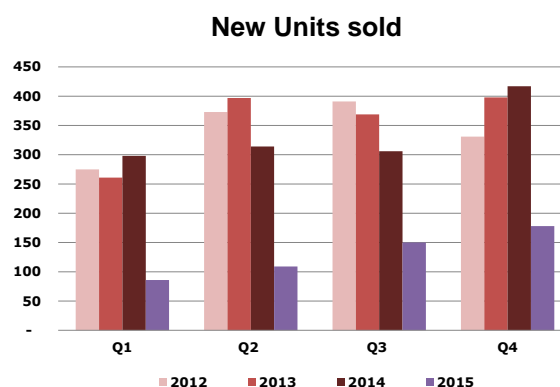
The demand for new machines remained very weak throughout the quarter. Many projects were continuously on hold and customers had difficulties to finance their investments. Price increases made to cover for the depreciating ruble reduce demand further. In total, the Russian market for new construction equipment (in units) fell by 65% in 2015 and 49% in the quarter. The somewhat milder fall during the fourth quarter is due to the fact that the market started to fall sharply already in the end of 2014. Compared to the fourth quarter of 2013, the market in the fourth quarter of 2015 was down 72%. Our own sales of new machines in 2015 fell by 61% (in units).

In view of the weak new machine sales, we continued to allocate resources to the sales of used machines and the aftermarket. We improved our processes to further commercialize the aftermarket. This gave good results, particularly in our parts sales for Terex Trucks and the increasingly important aftermarket business for Volvo and Renault Trucks. Thanks to the strong used machines sales and aftermarket we managed to compensate partly for the weak new machines sales. The changed revenue mix contributed to a general improvement of our profit margins during the year.

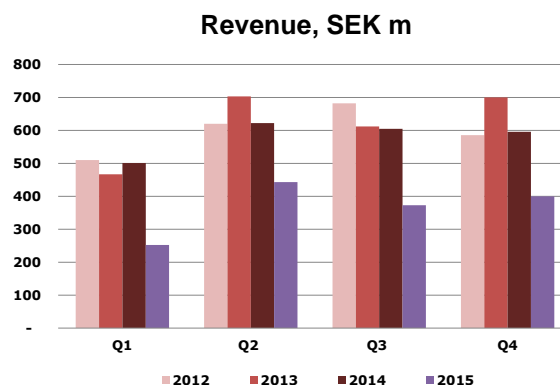
Despite the positive net income for the year we saw a decrease in equity primarily due to negative foreign currency translation differences because of the continuous depreciation of the ruble compared to the Swedish krona.

Revenue

During the quarter the revenue decreased by 33% to SEK 400.3m (SEK 595.7m). In rubles, the revenue decreased by 19%. The revenue from the sales of equipment decreased by 41% whereas the revenue from the aftermarket (parts and service) increased by 2%. In rubles, the sale of equipment decreased by 28% whereas revenue from the aftermarket increased by 22%.



During the year our revenue decreased by 37% to SEK 1,468.7m (SEK 2,334.5m). In rubles, revenue decreased by 19%. Revenue from sales of equipment decreased by 46% whereas revenue from the aftermarket decreased by 4%. In rubles, however, the sale of equipment decreased by 31% and the revenue from the aftermarket increased by 24%.



Gross profit and results from operating activities

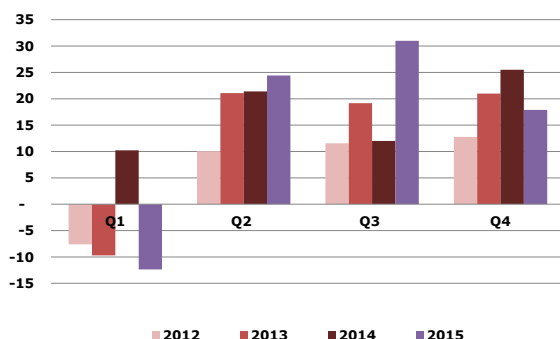
Gross profit in the quarter amounted to SEK 85.0m (SEK 109.4m), a decrease of 22%. The gross margin increased from 18.4% to 21.2%, primarily because of increasing revenue from the aftermarket relative to new machine sales

Results from operating activities for the quarter decreased to SEK 17.9m (SEK 25.5m). This SEK 7.6m decrease was primarily a result of lower gross profit partly offset by lower selling and administrative expenses.

Gross profit for the full year amounted to SEK 333.0m (SEK 398.1m), a decrease of 16%. Gross margin during the year increased from 17.1% in 2014 to 22.7% in 2015.

Results from operating activities for the year amounted to SEK 61.1m (SEK 69.0m), primarily as a result of lower gross profit which was partly offset by a SEK 66.6m reduction in selling, general and administrative expenses.

Results from operating activities, SEK m



Results

The result before income tax for the quarter amounted to SEK 11.3m (SEK 9.0m). The increase was primarily a result of a SEK 7.0m decrease in finance costs and higher finance income. The lower finance costs was a result of reduced interest-bearing liabilities and the weakening of the ruble. The higher finance income was primarily a result of improved cash flow.

The after-tax-result for the quarter increased to SEK 8.6m (SEK 5.9m). Despite the positive result, earnings per ordinary share amounted to SEK -0.39 (SEK -0.66) as it is calculated after dividends on preference shares.

The result before income tax for the full year amounted to SEK 37.0m (SEK 25.9m). The strong improvement was primarily a result of reduced selling, general and administrative costs and reduced net finance costs. The SEK 66.6m decrease in selling, general and administrative costs was primarily a result of the cost reductions made during the year as well as the weakening of the ruble. The finance costs came down by SEK 10.2m because of lower interest-bearing liabilities and the depreciation of the ruble. The finance income increased by SEK 7.6m as a result of improved cash flow.

As a result of the above, the after-tax result for the year increased to SEK 28.8m (SEK 18.7m). Despite the positive result, earnings per ordinary share amounted to SEK -2.12 (SEK -3.13) as it is calculated after the SEK 50m dividend payment on preference shares.

Cash flow

Cash flow from operating activities during the quarter amounted to SEK 73.3m (SEK 120.4m). The strong cash flow was primarily a result of the periods profit and higher payables.

Cash flow from investing activities amounted to SEK 3.4m (SEK -11.9m), mainly relating to proceeds from sales of property, plant and equipment and interest received.

During the full year, cash flow from operating activities amounted to SEK 234.1m (SEK -25.0m). The strong cash flow was primarily a result of lower inventory and receivables, as well as the clearance of the rental fleet and the positive result during the year.

Cash flow from investing activities during the year amounted to SEK 7.7m (SEK -36.4m) as a result of proceeds from sales of property, plant and equipment and interest received, partly offset by acquisitions of property, plant and equipment and IT software.

Financial position

Cash and cash equivalents at 31 December 2015 amounted to SEK 175.3m, a decrease of approximately SEK 2.2m compared to 31 December 2014. Interest-bearing liabilities at 31 December 2015 amounted to SEK 93.5m, an decrease of SEK 193.1m compared to 31 December 2014 (interest-bearing liabilities include debt and obligations under financial leases, both short term and long term). The decrease in interest-bearing liabilities was primarily a result of the strong cash flow from operating activities. .

Equity at 31 December 2015 amounted to SEK 322.1m, a decrease of SEK 49.4m compared to 31 December 2014. The decrease is mainly a result of dividends on preference shares, as well as negative translation differences in the amount of SEK 52.6m. The significant amount of negative translation differences is caused by further depreciation of the ruble against the Swedish krona during the year which led to a significant decrease in the net asset value in the reporting currency.

Employees

The number of employees at the end of the quarter, converted into full-time employee equivalents, amounted to 685 (767).

Parent company

The revenue of the parent company during the quarter amounted to SEK 3.2m (SEK 4.0m). Administrative expenses for the parent company during the quarter amounted to SEK 4.1m (SEK 4.3m), a decrease of 5% compared to the same period last year. The after-tax result for the fourth quarter increased to SEK 4.6m (SEK 4.0m).

During the whole year the revenue of the parent company amounted to SEK 11.6m (SEK 15.8m). The difference between the periods relates to royalties from Ferronordic Machines LLC under an intra-group trademark license agreement, which were lower in 2015 compared to 2014 (primarily because of the depreciation of the ruble). Administrative expenses during the year amounted to SEK 15.4m (SEK 18.3m), a decrease of 16% compared to last year. The after-tax result for the full year decreased to SEK 21.3m (SEK 25.2m), mainly because of lower revenue.

Risks and uncertainties

Ferronordic Machines is exposed to a number of risks, as described in Note 22 of the annual report 2014. Identifying, managing and pricing these risks are of fundamental importance to the company's profitability. Save for the events in Ukraine and related sanctions, as described in previous interim reports during 2015, and what has been described above there have been no significant changes to what was stated in Note 22 of the 2014 annual report.

The risks and uncertainties related to the parent company are indirectly similar to those of the Group.

Annual general meeting and annual report

The annual general meeting of Ferronordic Machines AB will be held on 19 May 2016 in Stockholm. Shareholders who wish to have a matter dealt with at the general meeting shall inform the board of directors thereof in writing not later than 31 March 2015. Requests to have a matter dealt with at the general meeting can be sent by post to Ferronordic Machines AB, "AGM", Hovslagargatan 5B, 111 48 Stockholm, or by email to henrik.carlborg@ferronordic.ru.

The 2015 annual report will be made available on the Company's website no later than 18 April 2015.

Major events

On 2 October 2015, an extraordinary general meeting of Ferronordic Machines AB was held in Stockholm. In accordance with the proposal of the board, the meeting resolved to pay dividends on the company's preference shares in an amount of SEK 50 per preference share, corresponding to a total dividend payment of SEK 25,000,000. The dividend was paid on 28 October 2015.

On 15 October, Russian CE Distribution Investors AB sold its entire holding of 2,284,100 ordinary shares in Ferronordic Machines AB. The purchaser of the shares was Skandinavkonsult i Stockholm AB, a company owned by the Swedish investor and entrepreneur Håkan Eriksson and his family.

On 22 December it was announced that Lars Corneliusson, CEO and President, and Erik Eberhardson, Head of Business Development, respectively had divested 786,968 and 1,269,103 ordinary shares in Ferronordic Machines AB. The divestments were made in order to settle financial commitments to the company's initial investors, and to reallocate the ownership of shares among the executive management. Out of the sold shares, 1,479,450 shares were transferred to the company's initial investors and 576,621 shares to other members of the executive management.

Following the transactions, Lars Corneliusson and Erik Eberhardson control 13.7% and 13.2% of the of the votes, respectively. Collectively the members of the company's executive management and board of directors control 42.8% of the votes and Skandinavkonsult i Stockholm controls 25.9% of the votes.

The changes in ownership are not expected to result in any changes to the company's strategy, operations or dividend policy.

Events after the balance sheet date

In addition to what has been described above and elsewhere in this report, no events requiring disclosure in the financial statements have occurred after the balance sheet date.

Outlook

With the continuously difficult economic situation in Russia and the weak market for new machines, it is clear that 2016 will also be difficult. All in all, however, we are still optimistic about the future of our business as the long-term fundamentals in the Russian construction equipment market remain strong.

Presentation of year-end report

A presentation of the year-end report will be held by phone on 22 February 2016 at 11.00 a.m. CET.

The presentation can be accessed on the company's website prior to the meeting. To join the presentation, please dial the phone number no later than five minutes prior to the announced time.

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Conference Reference: 165787#

Condensed consolidated statement of comprehensive income	Fourth quarter	Fourth quarter	Twelve months	Twelve months
	2015	2014	2015	2014
	SEK '000	SEK '000	SEK '000	SEK '000
Revenue	400 342	595 666	1 468 724	2 334 546
Cost of sales	(315 373)	(486 310)	(1 135 703)	(1 936 418)
Gross profit	84 969	109 356	333 021	398 128
Selling expenses	(18 592)	(23 939)	(80 812)	(95 869)
General and administrative expenses	(42 663)	(57 743)	(174 563)	(226 146)
Other income	1 316	3 155	5 218	6 585
Other expenses	(7 098)	(5 329)	(21 808)	(13 726)
Results from operating activities	17 932	25 500	61 056	68 972
Finance income	2 653	534	10 194	2 592
Finance costs	(4 542)	(11 499)	(26 425)	(36 577)
Net foreign exchange gains/losses	(4 754)	(5 521)	(7 848)	(9 043)
Result before income tax	11 289	9 014	36 977	25 944
Income tax	(2 715)	(3 090)	(8 211)	(7 215)
Result for the period	8 574	5 924	28 766	18 729
Other comprehensive result				
<i>Items that are or may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	(29 601)	(100 497)	(52 637)	(134 675)
Other comprehensive result for the period, net of tax	(29 601)	(100 497)	(52 637)	(134 675)
Total comprehensive result for the period	(21 027)	(94 573)	(23 871)	(115 946)
Loss per share				
Basic loss per share (SEK)	(0.39)	(0.66)	(2.12)	(3.13)

Condensed consolidated statement of financial position	31 December 2015 SEK '000	31 December 2014 SEK '000
ASSETS		
Non-current assets		
Intangible assets	14 629	42 544
Property, plant and equipment	83 355	224 688
Deferred tax assets	45 032	36 192
Total non-current assets	143 016	303 424
Current assets		
Inventories	327 235	424 693
Trade and other receivables	161 152	265 412
Prepayments	642	1 336
Other current assets	315	706
Cash and cash equivalents	175 295	177 453
Total current assets	664 639	869 600
TOTAL ASSETS	807 655	1 173 024
EQUITY AND LIABILITIES		
Equity		
Share capital	937	937
Additional paid in capital	594 279	594 865
Translation reserve	(228 538)	(175 901)
Retained earnings	(73 373)	(67 102)
Result for the period	28 766	18 729
TOTAL EQUITY	322 071	371 528
Non-current liabilities		
Deferred tax liabilities	49	6 567
Long-term portion of finance lease liabilities	3 709	21 278
Total non-current liabilities	3 758	27 845
Current liabilities		
Borrowings	85 624	246 370
Trade and other payables	384 138	491 736
Deferred income	4 289	7 508
Provisions	3 622	9 121
Short-term portion of finance lease liabilities	4 153	18 916
Total current liabilities	481 826	773 651
TOTAL LIABILITIES	485 584	801 496
TOTAL EQUITY AND LIABILITIES	807 655	1 173 024
Pledged Assets and Contingent Liabilities		
Pledged Assets	10 435	209 135
Contingent Liabilities	-	-

Condensed consolidated statement of changes in equity

SEK '000	Attributable to equity holders of the Company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2015	937	594 865	(175 901)	(48 373)	371 528
Total comprehensive income for the period					
Profit for the period				28 766	28 766
Other comprehensive income					
Foreign exchange differences			(52 637)		(52 637)
Total comprehensive income for the period			(52 637)	28 766	(23 871)
Contribution by and distribution to owners					
Preference shares dividends				(25 000)	(25 000)
Warrant cancellation		(586)			(586)
Total contributions and distributions	-	(586)	-	(25 000)	(25 586)
Balance 31 December 2015	937	594 279	(228 538)	(44 607)	322 071

SEK '000	Attributable to equity holders of the Company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2014	937	595 192	(41 226)	(17 102)	537 801
Total comprehensive income for the period					
Loss for the period				18 729	18 729
Other comprehensive income					
Foreign exchange differences			(134 675)		(134 675)
Total comprehensive income for the period			(134 675)	18 729	(115 946)
Contribution by and distribution to owners					
Preference shares dividends				(50 000)	(50 000)
Warrant cancellation		(327)			(327)
Total contributions and distributions		(327)		(50 000)	(50 327)
Balance 31 December 2014	937	594 865	(175 901)	(48 373)	371 528

	Fourth quarter 2015	Fourth quarter 2014	Twelve months 2015	Twelve months 2014
Condensed consolidated statement of cash flows	SEK '000	SEK '000	SEK '000	SEK '000
Cash flows from operating activities				
Result before income tax	11 289	9 014	36 977	25 944
Adjustments for:				
Depreciation and amortisation	13 579	25 223	67 198	102 718
Loss from write off (gain from provisions release) of receivables	4 596	376	14 931	7 486
Profit on disposal of property, plant and equipment	483	-	(342)	-
Finance costs	4 542	11 499	26 425	36 577
Finance income	(2 653)	(534)	(10 194)	(2 592)
Net foreign exchange gains/losses	4 754	5 521	7 848	9 043
Cash flows from operating activities before changes in working capital and provisions	36 590	51 099	142 843	179 176
Change in inventories	(9 946)	103 683	129 145	(146 449)
Change in trade and other receivables	16 233	(23 758)	47 184	(45 004)
Change in prepayments	(11)	(239)	545	(785)
Change in trade and other payables	45 920	3 232	(36 938)	34 845
Change in provisions	917	(326)	(4 988)	(4 549)
Changes in other assets	975	(13)	183	(308)
Change in deferred income	241	(1 779)	(2 485)	(3 978)
Cash flows from operations before interest paid	90 919	131 899	275 489	12 948
Income tax paid	(13 154)	-	(13 440)	(1 335)
Interest paid	(4 503)	(11 502)	(27 940)	(36 579)
Net cash from/(used in) operating activities	73 262	120 397	234 109	(24 966)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	1 444	-	4 703	-
Interest received	2 653	534	10 194	2 592
Acquisition of property, plant and equipment	(267)	(12 383)	(5 369)	(34 267)
Acquisition of intangible assets	(398)	(73)	(1 814)	(4 722)
Net cash used in investing activities	3 432	(11 922)	7 714	(36 397)
Cash flows from financing activities				
Proceeds from borrowings	-	245 264	108 522	849 306
Repayment of loans	-	(153 230)	(238 187)	(684 652)
Distributions to preference shareholders	(25 000)	(25 000)	(50 000)	(50 000)
Leasing financing received	-	-	-	41 523
Leasing financing paid	(3 036)	(9 543)	(30 264)	(42 668)
Repayment of warrants	-	-	(586)	(327)
Net cash from/(used in) financing activities	(28 036)	57 491	(210 515)	113 182
Net decrease in cash and cash equivalents	48 658	165 966	31 308	51 819
Cash and cash equivalents at start of the period	147 925	41 046	177 453	164 075
Effect of exchange rate fluctuations on cash and cash equivalents	(21 288)	(29 559)	(33 466)	(38 441)
Cash and cash equivalents at end of the period	175 295	177 453	175 295	177 453

Key Ratios	Note	Fourth quarter 2015	Fourth quarter 2014	Twelve months 2015	Twelve months 2014
Gross margin, %	1	21.2%	18.4%	22.7%	17.1%
Operating margin, %	2	4.5%	4.3%	4.2%	3.0%
Operating working capital, SEK'000	3	97 295	183 782	97 295	183 782
Net debt, SEK'000	4	(81 809)	109 111	(81 809)	109 111
Capital employed, SEK'000	5	240 262	480 639	240 262	480 639
EBITDA, SEK'000	6	31 511	50 723	128 254	171 690
Net debt/EBIDTA, times	7	(0.6)	0.6	(0.6)	0.6
EBITDA margin, %	8	7.9%	8.5%	8.7%	7.4%
Return on capital employed, %	9	19.8%	13.3%	19.8%	13.3%
Undiluted average number of ordinary shares	10	10 000 000	10 000 000	10 000 000	10 000 000
Diluted average number of ordinary shares	10	10 000 000	10 000 000	10 000 000	10 000 000
Undiluted earnings per ordinary share, SEK	11	(0.39)	(0.66)	(2.12)	(3.13)
Diluted earnings per ordinary share, SEK	11	(0.39)	(0.66)	(2.12)	(3.13)
No. of employees at close of period		685	767	685	767
Days receivables outstanding	12	31	34	33	35
Days inventory outstanding	13	93	79	104	79

Definitions

1. Gross profit in relation to revenue
2. Results from operating activities in relation to revenue
3. Current assets less current liabilities excluding interest-bearing liabilities and cash and cash equivalents
4. Interest-bearing liabilities less cash and cash equivalents. Interest-bearing liabilities include borrowings and financial lease liabilities
5. Total equity and net debt
6. Results from operating activities less depreciation and amortization
7. Net debt in relation to EBIDTA during last twelve months
8. EBITDA in relation to revenue
9. Result for last twelve months less finance cost and net foreign exchange gains/(losses) in relation to average capital employed
10. Weighted average number of ordinary shares
11. Result for the period less dividends declared on preference shares related to the period, divided by average number of ordinary shares
12. Outstanding receivables in relation to average daily sales. Average daily sales is revenue divided by number of days in the reporting period
13. Outstanding inventory in relation to average daily cost of sales. Average daily cost of sales is cost of sales divided by number of days in the reporting period

	Fourth quarter 2015 SEK '000	Fourth quarter 2014 SEK '000	Twelve months 2015 SEK '000	Twelve months 2014 SEK '000
Parent Company income statement				
Revenue	3 172	4 001	11 568	15 794
Gross profit	3 172	4 001	11 568	15 794
Administrative expenses	(4 076)	(4 290)	(15 396)	(18 349)
Results from operating activities	(904)	(289)	(3 828)	(2 555)
Finance income	7 047	8 583	30 323	39 323
Finance costs	(378)	-	(696)	(1)
Net foreign exchange losses	80	(2 572)	1 466	(4 616)
Result before income tax benefit	5 845	5 722	27 265	32 151
Income tax	(1 273)	(1 711)	(6 013)	(7 000)
Result for the period	4 572	4 011	21 252	25 151
Parent company statement of comprehensive income				
Result for the period	4 572	4 011	21 252	25 151
Other comprehensive result				
<i>Items that are or may be reclassified to profit or loss:</i>				
Translation difference, expanded net investments in foreign operations	(15 113)	(53 392)	(26 330)	(69 676)
Other comprehensive result for the period, net of tax	(15 113)	(53 392)	(26 330)	(69 676)
Total comprehensive result for the period	(10 541)	(49 381)	(5 078)	(44 525)

Parent Company Balance Sheet	31 December 2015 SEK '000	31 December 2014 SEK '000
ASSETS		
Non-current assets		
Property, plant and equipment	22	30
Intangible assets	1 846	6 275
Financial assets		
Holdings in subsidiaries	192 949	192 162
Loans to subsidiaries	165 265	199 021
Deferred tax assets	35 506	34 078
Total financial assets	393 720	425 261
Total non-current assets	395 588	431 566
Current assets		
Trade and other receivables	14 105	19 298
Prepayments and accrued income	352	353
Cash and cash equivalents	1 477	370
Total current assets	15 934	20 021
TOTAL ASSETS	411 522	451 587
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	937	937
Unrestricted equity		
Share premium reserve	604 336	604 922
Translation reserve	(96 006)	(69 676)
Retained earnings	(137 924)	(138 075)
Result for the period	21 252	25 151
TOTAL EQUITY	392 595	423 259
Current liabilities		
Borrowings		
Trade and other payables	14 042	28 328
Total current liabilities	18 927	28 328
TOTAL LIABILITIES	18 927	28 328
TOTAL EQUITY AND LIABILITIES	411 522	451 587

Contingent liabilities* SEK 142 711K. There were no pledged assets as of 31 December 2015 and 31 December 2014

*A guarantee for credit facility issued by JSC Sberbank to Ferronordic Machines LLC (subsidiary of Ferronordic Machines AB) and for surety issued by Sberbank to Volvo.

Basis of presentation and summary of significant accounting policies

1. Accounting Policies

Ferronordic Machines applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and recommendation RFR 2, issued by the Swedish Financial Reporting Board. It should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

Except as described below, the same accounting policies and valuation principles were applied in the preparation of this report as in the preparation of the 2014 Annual Report. Figures in parentheses refer to same period of the previous year.

Previously the Group presented proceeds from sales of machines from the rental fleet in the consolidated statement of cash flows within operating activities by using the direct method. Since 2015 the Group has decided that it is more appropriate to present proceeds from sale of machines from the rental fleet by using the indirect method. Comparative information has been presented accordingly.

2. Determination of fair values

The basis for determination of fair value of financial assets and liabilities is disclosed in Note 5 in the Annual Report for 2014. The fair values of the Group's financial assets and liabilities approximate their respective carrying amounts.

3. Seasonal Variations

Ferronordic Machines' revenue and earnings are affected by seasonal variations in the construction industry. The first quarter is typically the weakest for sales of machines (as activity in construction and infrastructure projects is constrained during the winter months), but with strong demand in aftermarket (sale of parts and services). This is usually followed by a strong increase during the second quarter as contracts start to be put out for tender, and customers start preparing for the busy summer period. The third quarter tends to be slower with regard to both machine sales and aftermarket. In the fourth quarter activity usually strengthens as customers make year-end capital spending decisions.

4. Ferronordic Machines AB

Ferronordic Machines AB and its subsidiaries are sometimes referred to as the Group or Ferronordic Machines. Ferronordic Machines AB is also sometimes referred to as the company or Ferronordic Machines. Any mentioning of the Board is a reference to the Board of Directors of Ferronordic Machines AB.

Notes

1. Operating Segment

The Group has one reportable segment, Equipment Distribution. No changes have been made to the basis for determining the reportable segment or the calculation of the result of the segment since the last annual report.

Revenue from the Equipment Distribution segment:

	Fourth quarter 2015 SEK '000	Fourth quarter 2014 SEK '000	Twelve months 2015 SEK '000	Twelve months 2014 SEK '000
Revenue				
Equipment Sales	273 477	460 803	933 702	1 746 506
Equipment Rentals	4 064	16 270	20 883	61 965
Aftermarket	119 988	117 728	502 386	524 340
Other revenue	2 813	865	11 753	1 735
Total revenues	400 342	595 666	1 468 724	2 334 546
Total delivery volume, units				
New units	178	417	523	1 335
Used units	47	44	226	158
Total units	225	461	749	1 493

EBITDA to result for the period:

	Fourth quarter 2015 SEK '000	Fourth quarter 2014 SEK '000	Twelve months 2015 SEK '000	Twelve months 2014 SEK '000
EBITDA	31 511	50 723	128 254	171 690
Depreciation and amortisation	(13 579)	(25 223)	(67 198)	(102 718)
Foreign exchange gain/(loss)	(4 754)	(5 521)	(7 848)	(9 043)
Finance income	2 653	534	10 194	2 592
Finance costs	(4 542)	(11 499)	(26 425)	(36 577)
Result before income tax	11 289	9 014	36 977	25 944
Income tax	(2 715)	(3 090)	(8 211)	(7 215)
Result for the period	8 574	5 924	28 766	18 729

2. Related party transactions

There have been no significant changes in the relationships or transactions with related parties for the Group or the parent company compared with the information disclosed in the 2014 annual report.

The board of directors and the managing director declare that this report for the period January-December 2015 provides a true and fair overview of the Group's and the parent company's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 22 February 2016

Per-Olof Eriksson
Chairman

Martin Leach
Vice Chairman

Erik Eberhardson
Vice Chairman

Magnus Brännström
Director

Lars Corneliusson
Director

Marika Fredriksson
Director

Kristian Terling
Director

Lars Corneliusson
Managing Director

This report has not been reviewed by the company's auditors.

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 65 outlets and almost 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.

Financial Calendar 2016

January – March report 2016	19 May 2016
April – June report 2016	22 August 2016
July – September report 2016	23 November 2016

For more information, please contact:

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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 22 February 2016, 07:45 CET.