

Press Release
 Stockholm, 17 November 2014

Ferronordic Machines AB (publ)
Interim Report January - September 2014

SUSTAINED REVENUE DESPITE FALLING MARKET

THIRD QUARTER 2014

- Revenue increased by 0.6% to SEK 615.6m (SEK 612.0m) (4.9% increase in rubles)
- Operating profit amounted to SEK 11.9m (SEK 19.3m)
- Operating margin was 1.9% (3.2%)
- EBITDA amounted to SEK 41.3m (SEK 46.7m)
- The after-tax result increased to SEK 0.5m (SEK -11.7m)
- Earnings per ordinary share amounted to SEK -1.20 (SEK -1.17)
- Cash flow from operating activities amounted to SEK -93.8m (SEK -139.0m)

JANUARY - SEPTEMBER 2014

- Revenue decreased by 2.4% to SEK 1,738.9m (SEK 1,782.3m) (6.7% increase in rubles)
- Operating profit increased to SEK 43.5m (SEK 30.7m)
- Operating margin was 2.5% (1.7%)
- EBITDA increased to SEK 121.0m (SEK 110.7m)
- The after-tax result increased to SEK 12.8m (SEK -53.8m)
- Earnings per ordinary share amounted to SEK -2.47 (SEK -5.38)
- Cash flow from operating activities amounted to SEK -145.4m (SEK 73.8m)

SEK M	2014 Q3	2013 Q3	2014 9M	2013 9M
Revenue	615.6	612.0	1 738.9	1 782.3
EBITDA	41.3	46.7	121.0	110.7
Operating profit	11.9	19.3	43.5	30.7
After-tax result	0.5	(11.7)	12.8	(53.8)
Net Debt	244.7	490.1	244.7	490.1
Net Debt / EBITDA	1.5x	3.2x	1.5x	3.2x

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- The negative effects of the crisis in eastern Ukraine have continued to hamper the Russian economy during the quarter. Additional sanctions have been implemented and the relations between Russia and the West remain weak. The decrease in economic growth, a lower oil price, increased inflation, a weaker ruble and higher interest rates have contributed to a significant slowdown in the overall market for our products in Russia.
- Despite this we still managed to sustain revenue during the quarter. Compared to the third quarter of 2013, our revenue increased by 0.6% in SEK and 4.9% in local currency. Our gross margin was 0.6 percentage points lower at 16.3% which was the main reason for the lower EBITDA of SEK 41.3m, SEK 5.4m less than the third quarter of 2013. Net income for the period increased significantly from a loss of 11.7m to a profit of SEK 0.5m due to lower finance costs and lower foreign exchange losses.

- The overall market for construction equipment during the first eight months, based on import statistics, dropped by approximately 23% compared to last year. This should be compared with our own sales of new units, which during the first nine months dropped by 11%. This confirms that we continue to gain market share.
- The difficult political and economic situation in Russia will continue to create challenges for our business in the short term. However, we are confident that the long term fundamentals in the Russian construction equipment market remain strong.

About Ferronordic Machines

Ferronordic Machines is the authorized dealer of Volvo Construction Equipment 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 over 70 outlets and over 750 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:

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