

**Press Release**  
**Stockholm, 19 May 2016**

**Ferronordic Machines AB (publ)**  
**Interim Report January - March 2016**

***STRONG QUARTER DESPITE CONTINUOUS FALLING MARKET***

- Revenue increased by 23% (43% in rubles) to SEK 309.6m (SEK 252.4m)
- Operating profit amounted to SEK 17.1m (SEK -12.4m)
- Operating margin was 5.5% (-4.9%)
- EBITDA increased to SEK 26.6m (SEK 7.3m)
- The after-tax result increased to SEK 14.3m (SEK -11.0m)
- Earnings per ordinary share amounted to SEK 0.18 (SEK -2.35)
- Cash flow from operating activities amounted to SEK 43.1m (SEK 29.6m)

SEK M	First quarter 2016	First quarter 2015
Revenue	309.6	252.4
EBITDA	26.6	7.3
Operating profit	17.1	(12.4)
After-tax result	14.3	(11.0)
Net debt / (cash)	(131.0)	81.1
Net debt / EBITDA	(0.9x)	0.5x

**COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:**

- The decline of the Russian economy continued in the first quarter. GDP declined by 1.2% compared to the same period last year. The market for new construction equipment also continued its backward movement and dropped over 20% compared to an already very low level in 2015. Compared with the same period two years ago, the total market is down 80% and is at the lowest level recorded since relatively reliable market statistics were introduced in 2004.
- Despite this, the first quarter of 2016 was the most profitable first quarter since the company was founded in 2010. This was achieved despite revenue of only 310 MSEK, compared with revenue of approximately 500 MSEK in same period in 2012 to 2014. The improved profitability was a result of hard work throughout the company - with increased aftermarket sales, well executed price realization on used and new machines, lower costs, reduced inventory and with a very strong net cash position as a result.
- During the quarter, we recorded a positive result per ordinary share, which is calculated after dividends on preference shares. I am very pleased with this result given the current difficult market situation.
- Despite the drop of the total market, we increased our sales of new machines in units by nearly 50% and hence continued to gain market share.
- Cash flow from operations during the quarter amounted to SEK 43 million, which contributed to a stronger net cash position than three months earlier. Towards the end of this year, we will probably be seeing a more challenging cash flow as we need to increase our inventory.
- Despite the strong first quarter, we have clear challenges ahead of us, and the rest of the year is likely to become even more demanding. There are no clear signs that the Russian economy and our market would improve in the short term. In addition, recently the ruble appreciated. As many of our competitors buy goods in hard currency, this will impair our competitiveness going forward. This in an already hard-pressed market with a strained general price picture. We will probably have to respond to pressure on our margins during the remainder of the year.
- In April it was announced that the proposal of the Board to the AGM is that no dividends should be paid on the preference shares for the time being. This does not mean that the payment of dividends has been cancelled. The intention is that dividend payments should be paid. But in a year like this, with the Russian market continuing to fall, it would not be prudent to make a decision already now in May to pay dividends in October 2016 and April 2017. In the same way as last year, if the financial position allows it, the Board will call for an extraordinary general meeting in October 2016 and/or April 2017 where the dividend payments can be decided.

**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 approximately 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.

<http://www.ferronordic.ru>

**For more information, please contact:**

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**Presentation of first quarter report**

A presentation of the first quarter report will be held by phone on 20 May 2016 at 9:30 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.

Call-in numbers:

- Sweden Toll Number: 08 5059 6306
- Sweden Toll-Free Number: 0200 899 908
- UK Toll Number: 0203 139 4830
- UK Toll-Free Number: 0808 237 0030
- Russia Toll Number: 049 564 693 04
- Russia Toll-Free Number: 810 800 2136 5011

Participant code: 76112647#

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 19 May 2016, 11:30 CET.