

Press Release
Stockholm, 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.

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.

<http://www.ferronordic.ru>

For more information, please contact:

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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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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.