NYNAS INTERIM REPORT
1 JANUARY – 30 JUNE 2014

Q2

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Nynas AB (Publ.), corporate re. no 556029-2509, parent company for Nynas.
Nynas is a leading international group specialised in naphthenics specialty oils and bitumen.

IMPORTANT EVENTS, JANUARY – JUNE 2014

- Nynas takes on full control and responsibility for the base oil manufacturing plant at the Harburg refinery in Germany. Approximately 80 employees are transferred from Shell at completion of the transaction. The agreement with Shell implies that also the remaining part of the Harburg refinery will be transferred to Nynas within two years.
- The project to convert Nynas´ previous bitumen refinery in Dundee, Scotland is initiated. Based on a decision from 2013 the site is transformed into a bitumen upgrading and distribution terminal.
- A long-term contract is signed with the Linde Group for the on-site supply of hydrogen at Nynas´ refinery in Harburg, Germany. Deliveries to start within two years, in connection with Nynas´ final take-over of the remaining part of Harburg.
- Gert Wendroth is appointed new President and CEO of the Nynas Group.
- Nynas acquires a bitumen depot in Drammen, Norway.
- Nynas successfully launches a four-year SEK 650 million corporate bond in order to refinance an existing US private placement with maturity in October 2014.

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KEY FIGURES

MSEK	Quarter 2 2014	Quarter 2 2013	Quarter 1–2 2014	Quarter 1–2 2013	Latest 12 months	Full Year 2013
Net sales	6,364	5,398	10,491	8,312	21,706	19,527
Operating result before depreciation (EBITDA) [1]	402	132	476	63	938	533
Cash flow from operating activities	289	70	252	-15	317	50
Cash flow before financing activities	-122	-592	-435	-1,167	906	174
Capital expenditures			256	98	384	227
Net debt			4,025	4,733	4,069	3,407
Working capital			4,124	4,956	4,167	3,567
Return on average capital employed (12 months rolling)			7,3	0,9	7,3	1,8
Number of full time employees			950	898	913	872

1) Excluding non-recurring items

PRESIDENT'S COMMENT

Following two disappointing years we are very proud to report significantly improved financial results for the first half of 2014.

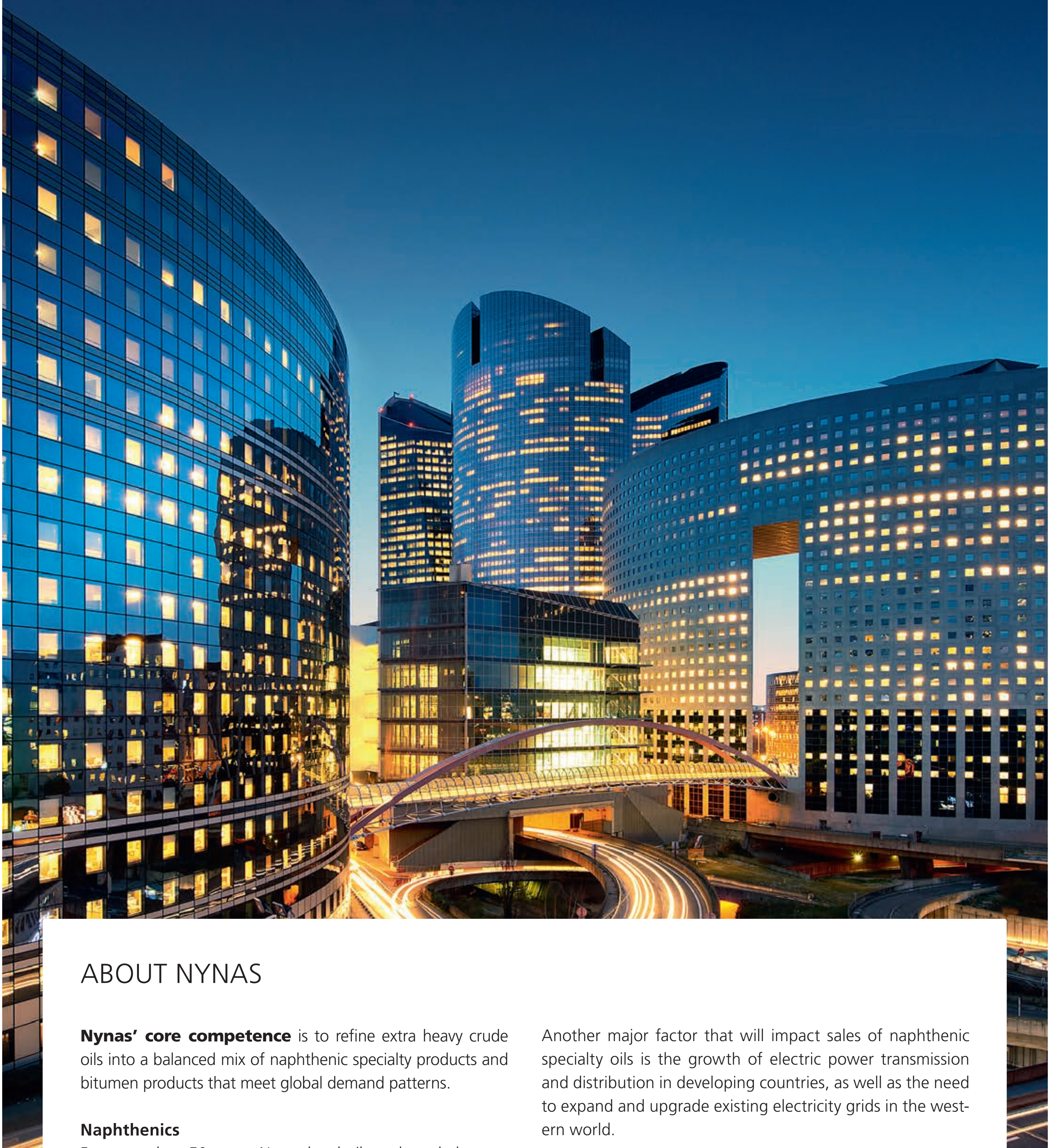
Even though the economic environment remained fragile, with political tensions in many regions of the world as well as volatile oil prices that impacted our raw material and finished product prices, we have seen positive developments in many of the markets we are active in. Volumes in both segments, Naphthenics and Bitumen, have grown in the first six months compared to 2013, margins have slightly improved and our comprehensive turnaround program has had a positive impact on fixed costs.

Operations have run smoothly with high utilisation rates in all production units. In the beginning of the year, we have taken over the base oil manufacturing plant from Shell in Harburg (Germany) and integrated that operation into our overall Naphthenics supply network. Currently we are concentrating all our efforts on the preparatory work to convert the remaining part of the Harburg site into a specialty refinery during the course of next year. That part of the refinery will change ownership latest Jan 1 2016 in accordance with the agreed contract.

Another highlight has been the successful launch of a four-year SEK 650m corporate bond. The bond will be listed later in the year at Nasdaq OMX Nordic. As a consequence of this more public financing solution, we are adapting the Nynas web page in order to provide necessary future investor information.

I would like to use this opportunity to thank all our business partners for their loyalty and support and our staff for their continuous engagement and commitment.

Gert Wendroth,
President, Nynas AB



ABOUT NYNAS

Nynas' core competence is to refine extra heavy crude oils into a balanced mix of naphthenic specialty products and bitumen products that meet global demand patterns.

Naphthenics

For more than 50 years, Nynas has built up knowledge, experience and a large customer base and is today an industry leader in naphthenic specialty oils. Nynas anticipates even stronger demand for naphthenic specialty oils going forward due to increased focus, from both regulators and customers, on product health and safety properties. For example, Nynas is growing in the tyre oil segment due to more stringent health and environmental requirements in the EU and other markets.

Another major factor that will impact sales of naphthenic specialty oils is the growth of electric power transmission and distribution in developing countries, as well as the need to expand and upgrade existing electricity grids in the western world.

Bitumen

Nynas strategy is to be the leading bitumen supplier in the geographical regions where it is active. This is achieved by being an active partner to the road building industry, entailing close customer interaction, local knowledge and consistently working to provide a broad range of solutions that bring added value to customers and end users.

FINANCIAL OVERVIEW

NET SALES

The first half of the year showed improved sales volumes in both the naphthenic business and the bitumen business segments compared to the same period previous year.

Access to the Harburg manufacturing capacity for naphthenic products was made available as of 1 January, which supported a continued volume grow in comparison to 2013.

The seasonal demand for bitumen picked up earlier in 2014 than previous year, as the weather conditions this year were more favourable to the customers in the road maintenance industry.

Net sales of the Nynas Group reached SEK 6,364 million (5,398 million) during the second quarter.

EARNINGS

Operating earnings before depreciation and amortisation (EBITDA) for continuing operations reached SEK 402 million (132 million) in Q2.

Improvements are driven by stronger volumes, slightly better margins and the internal efficiency program.

	Quarter 2		Quarter 1–2		Latest	Full Year
MSEK	**2014**	**2013**	**2014**	**2013**	**12 months**	**2013**
Net sales	6,364	5,398	10,491	8,312	21,706	19,527
EBITDA	402	132	476	63	938	533
Depreciation	-93	-91	-184	-176	-398	-398
Non-recurring items incl write down assets [1, 2]	-16	-8	-38	-12	-183	-156
EBIT after non-recurring items	292	33	254	-124	357	-22
Net financial items	-87	-41	-148	-102	-310	-264
Profit/loss before tax	205	-9	106	-226	47	-286
Tax	-64	4	-56	69	-145	-20
Profit/loss for the year/period	141	-5	50	-157	-97	-305

1) Non-recurring items included in the 2013 result relates primarily to the conversion of the Dundee refinery to a supply depot.

2) Non-recurring items included in Q1 and Q2 2014 relates primarily to the restructuring costs in connection to the internal efficiency program.

SEGMENT INFORMATION

Nynas has accumulated considerable expertise and built long-standing partnerships in sourcing and refining. Nynas also invests heavily in customer-centric research and development, focused on working with customers to add value to their product offerings. By consistently applying this strategy, Nynas has positioned itself as a leading actor in high-grade specialty oils and bitumen. On the front end of the business, the market segments are quite different. Naphthenic specialty oils are sold to industrial manufacturers and chemical and process industries, while bitumen is sold mainly to road construction companies.

Via the integral connection in raw material sourcing and refinery operation, Nynas has divided the market and customer interface into two business segments: Naphthenics and Bitumen.

The naphthenic business is a global business and focuses on four key product groups; transformer oils, process oils, base oils and tyre oils. Many of our customers are active globally and require supplies in various corners of the world. To serve the challenging global customers, Nynas has identified the need to manage critical resources regarding product development, application know-how and technical support in one global business structure.

The bitumen business is by logistical constraints partly divided into geographical regions supported by the access to the various product supply points. Bitumen is stored and distributed at elevated temperatures making it necessary to optimise long distance transportation carefully. Through its access to various depots, however, the bitumen business can manage the overall supply optimisation and supported by common resources within product development, business administration etc, a common bitumen business segment is formed.

SEGMENT BUSINESS AREA

	Quarter 2		Quarter 1–2			
MSEK	**2014**	**2013**	**2014**	**2013**	**Latest 12 months**	**Full Year 2013**
NET SALES						
Naphthenics	2,666	1,928	5,044	3,708	8,964	7,628
Bitumen	3,273	2,987	4,557	4,006	10,850	10,299
Other/eliminations [1]	425	483	890	598	1,892	1,600
TOTAL NET SALES	**6,364**	**5,398**	**10,491**	**8,312**	**21,706**	**19,527**
EBITDA						
Naphthenics	179	104	348	251	661	564
Bitumen	226	49	129	-138	382	115
Other/eliminations	-4	-21	-1	-50	-105	-147
TOTAL EBITDA [2]	**401**	**132**	**476**	**63**	**938**	**533**

1) Other net sales relates mainly to crude sales.
2) Excluding non recurring items.

In 2014, Nynas put extra focus on reducing working capital.

CASH FLOW

Free cash flow from operating activities totalled SEK 252 million (-15 million) during the first half of the year. The year-on-year difference is attributable to the improved EBITDA generation by the Group´s businesses and reduced seasonal working capital build-up. Inventory optimisation was supported by the conversion of the previous Dundee refinery in Scotland into a bitumen upgrading and distribution terminal.

Investments totalled SEK 261 million (88 million) for the first half of the year. The increased expenditure reflects the initial part of the Harburg refinery take-over and conversion project but also the strategic acquisition of a bitumen distribution depot in Drammen, Norway.

STATEMENT OF CASH FLOWS

	Quarter 2		Quarter 1–2		Latest	Full Year
MSEK	**2014**	**2013**	**2014**	**2013**	**12 month**	**2013**
Cash flow from operating activities before changes in working capital	289	70	252	-15	317	50
Change in working capital	-411	-662	-687	-1,152	589	124
CASH FLOW FROM OPERATING ACTIVITIES	-122	-592	-435	-1,167	906	174
Cash flow from investing activities	-95	-36	-261	-88	-378	-206
CASH FLOW AFTER INVESTING ACTIVITIES	-217	-628	-696	-1,255	528	-32

FINANCIAL POSITION

The seasonal pattern of Nynas' bitumen business is reflected in the development of the financial position during the financial year. Management of inventories and account receivables is a focus area and working capital at the end of June 2014 decreased by SEK 826 million compared to the same period previous year.

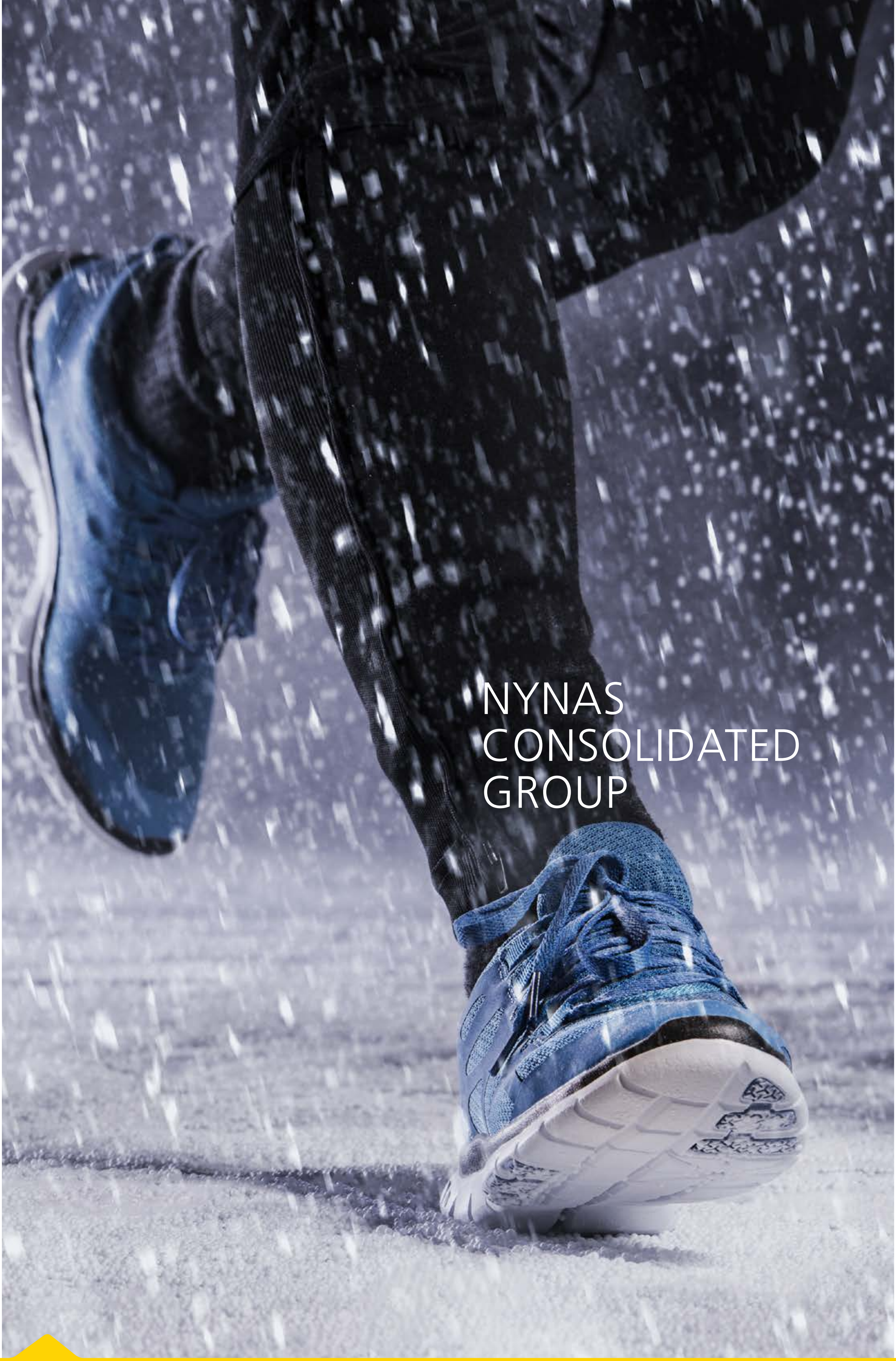
The net debt at end of June reached SEK 4,025 million, which is a reduction by SEK 708 million compared to the same period last year. The development was driven by the efficiency measures in managing the working capital.

In June 2014, a four-year corporate bond was successfully launched by Nynas in the Nordic bond market. SEK 650 million was raised mainly from Nordic bond investors. The purpose of raising these funds is to refinance an existing US private placement facility with maturity in October 2014.

Cash and bank deposits increased by SEK 634 million compared with the closing balance 2013, primarily reflecting the bond proceeds designated to repay the US private placement maturing later in 2014.

BALANCE SHEET

MSEK	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
Tangible and intangible assets	3,494	3,542	3,401
Financial assets	301	208	251
Inventory	4,174	4,284	3,039
Current receivables	3,339	3,797	1,926
Cash and bank deposit	1,571	713	937
TOTAL ASSETS	**12,879**	**12,545**	**9,554**
Equity	3,284	3,384	3,218
Long term interest bearing liabilities	4,991	5,429	3,675
Long term non interest bearing liabilities	610	589	595
Current interest bearing liabilities	605	17	669
Current non interest bearing liabilities	3,389	3,125	1,398
TOTAL EQUITY & LIABILITIES	**12,879**	**12,545**	**9,554**
NET DEBT	4,025	4,733	3,407
WORKING CAPITAL	4,124	4,956	3,567



NYNAS CONSOLIDATED GROUP

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

					GROUP
MSEK	**Quarter 2 2014**	**Quarter 2 2013**	**Quarter 1–2 2014**	**Quarter 1–2 2013**	**Full Year 2013**
INCOME STATEMENT					
Net sales	6,364	5,398	10,491	8,312	19,527
Cost of sales	-5,352	-4,619	-8,976	-7,199	-16,975
GROSS RESULT	**1,012**	**779**	**1,515**	**1,113**	**2,552**
Other income and value changes	-71	-42	-43	-21	-14
Distribution costs	-671	-682	-1,220	-1,172	-2,372
Administrative expenses	-19	-33	-53	-75	-202
Share of profit/loss of joint ventures	11	10	11	10	22
Other operating income	94	60	132	111	283
Other operating expenses	-64	-60	-88	-90	-291
OPERATING RESULT	**292**	**33**	**254**	**-124**	**-22**
Finance income	17	18	26	31	64
Finance costs	-104	-59	-174	-133	-328
NET FINANCIAL ITEMS	**-87**	**-41**	**-148**	**-102**	**-264**
PROFIT BEFORE TAX	**205**	**-9**	**106**	**-226**	**-286**
Tax	-64	4	-56	69	-20
PROFIT FOR THE YEAR/PERIOD	**141**	**-5**	**50**	**-157**	**-305**
STATEMENT OF COMPREHENSIVE INCOME					
Profit for the year/period	141	-5	50	-157	-305
Other comprehensive income:					
Items that will be reclassified to the income statement					
Translation differences	62	-63	80	-46	-46
Currency hedges	-4	0	-12	1	-7
Income tax associated with currency hedges	1	0	3	0	2
Cash flow hedges	-53	40	-70	8	-4
Income tax associated with cash flow hedges	12	-9	15	2	1
TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT	**18**	**-32**	**16**	**-35**	**-55**
Items that will not be reclassified to the income statement					
Actuarial loss pensions	–	–	–	28	28
Income tax associated with actuarial loss pensions	–	–	–	-7	-7
TOTAL AMOUNT THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT	–	–	–	21	**21**
Other Comprehensive Income for the year/period, net after tax	18	-32	16	-14	-34
COMPREHENSIVE INCOME	**159**	**-37**	**66**	**-171**	**-339**
Attributable to owners of the Parent	159	-37	66	-171	-339

STATEMENT OF FINANCIAL POSITION

MSEK	GROUP Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS			
Goodwill	8	8	8
Supply contracts/customer lists	1	3	2
Computer software	51	73	64
TOTAL INTANGIBLE ASSETS	60	84	73
TANGIBLE ASSETS			
Land and buildings	256	264	252
Plant and machinery	2,676	2,162	2,690
Equipment	112	113	130
Construction in progress	390	919	256
TOTAL TANGIBLE ASSETS	3,434	3,458	3,328
FINANCIAL ASSETS			
Investments in associates	92	72	74
Other long-term receivables	2	9	2
Deferred tax assets	207	127	175
TOTAL FINANCIAL ASSETS	301	208	251
TOTAL FIXED ASSETS	3,795	3,750	3,652
CURRENT ASSETS			
Inventories	4,174	4,284	3,039
Account receivables	2,807	2,863	1,575
Receivables from joint ventures	0	1	0
Derivative instruments	81	85	47
Tax receivables	54	73	48
Other current receivables	225	426	147
Prepayments and accrued income	172	350	109
Cash and cash equivalents	1,571	713	938
TOTAL CURRENT ASSETS	9,084	8,795	5,902
TOTAL ASSETS	12,879	12,545	9,554

STATEMENT OF FINANCIAL POSITION

MSEK			GROUP
	Jun 30, 2014	**Jun 30, 2013**	**Dec 31, 2013**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	68	68	68
Reserves	-203	-201	-219
Retained earnings, incl. profit for the year/period	3,419	3,517	3,369
TOTAL EQUITY	**3,284**	**3,384**	**3,218**
LONG-TERM LIABILITIES			
INTEREST-BEARING LIABILITIES			
Liabilities to credit institutions	4,738	5,237	3,500
Provisions for pensions	253	192	174
TOTAL LONG-TERM INTEREST-BEARING LIABILITIES	**4,991**	**5,429**	**3,675**
NON-INTEREST-BEARING LIABILITIES			
Other long-term liabilities	32	21	22
Derivative instruments	85	24	77
Deferred tax liability	222	307	228
Provisions for pensions	2	3	3
Other provisions	269	234	266
TOTAL LONG-TERM NON-INTEREST-BEARING LIABILITIES	**610**	**589**	**595**
TOTAL LONG-TERM LIABILITIES	**5,601**	**6,018**	**4,270**
CURRENT LIABILITIES			
INTEREST-BEARING LIABILITIES			
Liabilities to credit institutions	605	17	669
TOTAL CURRENT INTEREST-BEARING LIABILITIES	605	17	669
NON-INTEREST-BEARING LIABILITIES			
Accounts payable	892	785	693
Liabilities to joint ventures	17	13	13
Derivative instruments	131	56	80
Tax liabilities	87	67	71
Other current liabilities	254	339	117
Accrued liabilities and deferred income	1,980	1,842	385
Other provisions	28	23	39
TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES	**3,389**	**3,125**	**1,398**
TOTAL CURRENT LIABILITIES	**3,994**	**3,142**	**2,067**
TOTAL EQUITY AND LIABILITIES	**12,879**	**12,545**	**9,554**

STATEMENT OF CHANGES IN EQUITY

GROUP

MSEK	Share capital	Defined benefit pension plans	Cash flow hedges	Currency hedges	Trans-lation reserve	Retained earnings	Total equity
EQUITY AT 31 DEC 2012	68	-95	-39	26	-77	3,675	3,557
Profit for the year	–	–	–	–	–	-305	-305
Other comprehensive income	–	21	-3	-6	-46	–	-34
COMPREHENSIVE INCOME	–	21	-3	-6	-46	-305	-339
DIVIDEND PAID	–	–	–	–	–	–	–
CLOSING EQUITY AT 31 DEC 2013	68	-74	-42	21	-123	3,369	3,218
Profit for the period	–	–	–	–	–	50	50
Other comprehensive income	–	–	-55	-9	80	–	16
COMPREHENSIVE INCOME	–	–	-55	-9	80	50	66
DIVIDEND PAID	–	–	–	–	–	–	–
CLOSING EQUITY AT 31 JUNE 2014	68	-74	-97	12	-43	3,420	3,284

CASH FLOW STATEMENT

MSEK	Quarter 2 2014	Quarter 2 2013	Quarter 1–2 2014	Quarter 1-2 2013	Full Year 2013
					GROUP
OPERATING ACTIVITIES					
Profit after financial items	204	-12	107	-230	-286
Reversal of non-cash items	49	37	120	144	453
Taxes paid	36	45	26	71	-118
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**289**	**70**	**252**	**-15**	**50**
WORKING CAPITAL					
Operating receivables (increase -)	-962	-1,482	-1,572	-1,778	12
Inventories (increase -)	75	-665	-1,080	-864	360
Operating liabilities (increase +)	476	1,485	1,966	1,490	-248
CHANGES IN WORKING CAPITAL	**-411**	**-662**	**-687**	**-1,152**	**124**
CASH FLOW FROM OPERATING ACTIVITIES	**-122**	**-592**	**-434**	**-1,167**	**174**
INVESTING ACTIVITIES					
Acquisition of intangible assets	0	0	-2	-1	-6
Acquisition of tangible fixed assets	-94	-46	-254	-97	-221
Investment in financial assets	-1	10	-5	10	22
Disposal/reduction of financial assets	–	–	–	–	–
CASH FLOW FROM INVESTING ACTIVITIES	**-95**	**-36**	**-262**	**-88**	**-205**
FINANCING ACTIVITIES					
Change in pension liability	75	–	76	–	–
Proceeds from borrowings	1,410	1,116	1,136	1,182	176
CASH FLOW FROM FINANCING ACTIVITIES	**1,485**	**1,116**	**1,212**	**1,182**	**176**
CASH FLOW FOR THE YEAR/PERIOD	**1,268**	**488**	**516**	**-74**	**145**
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	**213**	**177**	**938**	**739**	**739**
Exchange differences	90	48	117	47	54
CASH & CASH EQUIVALENTS AT END OF YEAR/PERIOD	**1,571**	**713**	**1,571**	**713**	**938**

OTHER

Accounting & valuation policies

Nynas applies International Financial Reporting Standards (IFRS) as adopted by the EU and applies RFR 1 "Supplementary accounting rules for Groups". There are no new IFRS standards, adopted by the EU, or IFRIC statements which will apply to Nynas or which will have a significant impact on the Group's earnings and financial position during 2014. Further information is provided in the description of accounting policies in the Annual Report for 2013.

Sustainability

Nynas is not a typical oil company. More than 80 per cent of its products are non-fuel products. While the vast majority of oil refineries are producing oil with the purpose of burning it as fuel, Nynas' business model is based on non-fuel applications. This means that Nynas oil is produced to be taken further and developed into products used in a broad range of applications. The core products have long lifespans and are recyclable. For example, bitumen in normal use could be fully recycled once it has reached its end of life. Transformer oil, which is another of Nynas' key products, is also recyclable as it can be re-refined and used again.

As presented in recent annual reports, the Group is committed to remediating an area within the Nynäshamn refinery site containing an historic deposit of acid tar. Acid tar pits have been and are still a common problem in old refinery areas. This specific acid tar pit (identified as J3/J4 area) is unusually acidic and high in sulphur content. The Group has previously submitted a final remediation plan to the Swedish Land and Environmental Court and has been awaiting the approval from the Court. On June 18, 2014, the court presented its ruling that Nynas may proceed with the clean-up action in line with the presented plan (subject to two minor modifications). The estimated remediation costs are provided for in the financial statements of the Group. Appeal petitions against the ruling have been filed and will be reviewed by the Court.

Financial Risk Management

Nynas´ Group Treasury department has been established as the functional organisation in the parent company where most of the Group's financial risks are handled. The function's primary task is to contribute to value creation by managing the financial risks to which the company is exposed as part of its normal business activities, and to optimise the Group's net financials.

The treasury operations supports the subsidiaries with loans, placement opportunities and currency transactions. Nynas has the customary insurance programme for the Group's property and liability risks. As a natural element of the Group's different activities, continuous damage-limitation measures are conducted.

For more information regarding Nynas risks and uncertainty factors, please review the Annual Report 2013.

Important events after reporting period

No major events have occurred since the balance sheet date and up to the publication of this report.

Assurance

The CEO hereby provides assurance that the report for the second quarter provides a true and fair view of the operations, financial position and earnings of the Group.

The report has not been reviewed by Nynas auditors.

Stockholm, August 2014

Gert Wendroth
President and CEO

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