

Press Release
Stockholm, 22 August 2016

Ferronordic Machines AB (publ)
Interim Report January - June 2016

SOLID RESULT AND EXCITING EXPANSION OF PRODUCT PORTFOLIO

SECOND QUARTER 2016

- Revenue decreased by 9% (17% increase in rubles) to SEK 405m (SEK 443m)
- Operating profit increased to SEK 26m (SEK 24m)
- Operating margin was 6.4% (5.5%)
- EBITDA amounted to SEK 36m (SEK 44m)
- The after-tax result amounted to SEK 20m (SEK 14m)
- Earnings per ordinary share amounted to SEK 0.74 (SEK 0.15)
- Cash flow from operating activities amounted to SEK 81m (SEK -51m)

JANUARY - JUNE 2016

- Revenue increased by 3% (28% increase in rubles) to SEK 715m (SEK 696m)
- Operating profit amounted to SEK 43m (SEK 12m)
- Operating margin was 6.0% (1.7%)
- EBITDA amounted to SEK 63m (SEK 52m)
- The after-tax result amounted to SEK 34m (SEK 3m)
- Earnings per ordinary share amounted to SEK 0.92 (SEK -2.20)
- Cash flow from operating activities amounted to SEK 125m (SEK -22m)

SEK M	2016 Q2	2015 Q2	2016 6M	2015 6M
Revenue	405.3	443.1	714.9	695.5
EBITDA	36.3	44.3	62.9	51.6
Operating profit	26.1	24.4	43.2	12.0
After-tax result	19.9	14.0	34.2	3.0
Net Debt	(178.2)	148.2	(178.2)	148.2
Net Debt / EBITDA	(1.3)	1.0	(1.3)	1.0

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- The Russian economy remains weak. The reduction in the market for new construction equipment seems to have slowed down, but the market during the first six months was anyway 10-15% lower than during the same period last year. We do not expect any material changes in the market situation before the end of the year.
- Despite of the weak market, we have delivered a relatively strong result for the quarter, including a satisfying cash flow. Even if the revenue was lower than during the second quarter last year, we managed to compensate this primarily by lower costs, resulting in an increased operating profit. Like the last quarter we noted a positive result per ordinary share (which is calculated after dividends on preference shares). Given the difficult market situation, I am very pleased with this result.
- After the end of the quarter, we have also been appointed official distributor for Dressta bulldozers and pipelayers all over Russia. The addition of Dressta bulldozers fits perfectly into our product offering and improves our ability to offer full-package solutions to our customers. This is fully in line with our strategy to use our network to distribute complementary products. We also take over responsibility for the aftermarket of the existing machine fleet.
- Since the last report we have also refinanced our credit facilities. In total, we now have up to RUB 1,500m of committed financing available from two different banks. Thanks to our net cash position we are not in need of this financing at the moment, but it provides security for the company going forward in these troublesome times.

Presentation of second quarter report

A presentation of the second quarter report will be held by phone on 23 August 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: 76908841#

About Ferronordic Machines

Ferronordic Machines is the authorized dealer of Volvo Construction Equipment and Terex Trucks in Russia. It is also the official Russian distributor of Dressta. In certain regions of Russia, Ferronordic Machines has also been appointed aftermarket dealer for Volvo and Renault Trucks and dealer for Volvo Penta. Ferronordic Machines began its operations in 2010 and has since then expanded rapidly across Russia. The company is well established in all federal districts with almost 70 outlets and approximately 750 employees. 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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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 August 2016, 11:30 CET.