

Press Release
Stockholm, Sweden – 7 August 2014

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

STRONG RESULT DESPITE POLITICAL UNREST

SECOND QUARTER 2014

- Revenue decreased by 11.5% to SEK 622.2m (SEK 703.4m) (2.2% decrease in rubles)
- Operating profit increased to SEK 21.4m (SEK 21.1m)
- Operating margin was 3.4% (3.0%)
- EBITDA increased to SEK 48.7m (SEK 46.8m)
- The after-tax result increased to SEK 13.8m (SEK -7.5m)
- Earnings per ordinary share amounted to SEK 0.13 (SEK -0.75)
- Cash flow from operating activities amounted to SEK -45.3m (SEK 22.5m)

JANUARY - JUNE 2014

- Revenue decreased by 4.0% to SEK 1,123.3m (SEK 1,170.3m) (7.7% increase in rubles)
- Operating profit increased to SEK 31.6m (SEK 11.4m)
- Operating margin was 2.8% (1.0%)
- EBITDA increased to SEK 79.7m (SEK 64.0m)
- The after-tax result increased to SEK 12.3m (SEK -42.1m)
- Earnings per ordinary share amounted to SEK -1.27 (SEK -4.21)
- Cash flow from operating activities amounted to SEK -51.6m (SEK 212.8m)

SEK M	2014 Q2	2013 Q2	2014 H1	2013 H1
Revenue	622.2	703.4	1,123.3	1,170.3
EBITDA	48.7	46.8	79.7	64.0
Operating profit	21.4	21.1	31.6	11.4
After-tax result	13.8	(7.5)	12.3	(42.1)
Net Debt	161.4	355.3	161.4	355.3
Net Debt / EBITDA	1.0x	2.5x	1.0x	2.5x

COMMENTS BY LARS CORNELIUSSEN, CEO AND PRESIDENT:

- The challenging geopolitical situation relating to the turmoil in Ukraine has continued throughout the second quarter and has contributed to a significant slowdown in the overall market for our products in Russia. Despite all of this we still managed to deliver a relatively strong result during the quarter. Compared to the second quarter of 2013, which was very strong, our revenue was down 12% in SEK and only 2% in local currency. Our gross margin was 1.8%-points higher at 17.8%. The improved margin combined with lower selling and general and administrative expenses resulted in a 4% increase in EBITDA to SEK 49m. Net income for the period increased significantly to SEK 14m.
- The overall market during the first five months, based on import statistics, dropped by c. 20% compared to last year. At the same time we only experienced a 7% drop in sales of new units in the first six months. This once again shows that we continue to gain market share, especially in our key product areas.

In view of the turbulent political situation and the uncertain market environment, we are pleased to have been able to maintain almost the same revenue as in the second quarter of 2013, while at the same time increasing our profitability. We take this as a sign that our significant investments in our extensive network and competence development of our personnel continue to bear fruit.

- Going forward, notwithstanding our relatively strong performance throughout the turmoil so far, it is clear that the difficult political and economic situation in Russia most probably will create challenges for our business in the short term. Despite this, 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 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.

For more information, please contact:

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