

Press Release
Stockholm, 20 February 2015

Ferronordic Machines AB (publ)
Year-end Report January - December 2014

SUSTAINED OPERATING RESULT DESPITE CHALLENGING MARKET

FOURTH QUARTER 2014

- Revenue decreased by 15.0% to SEK 595.7m (SEK 700.6m) (9.5% increase in rubles)
- Operating profit amounted to SEK 25.5m (SEK 20.9m)
- Operating margin increased to 4.3% (3.0%)
- EBITDA amounted to SEK 50.7m (SEK 42.2m)
- The after-tax result decreased to SEK 5.9m (SEK 9.9m)
- Earnings per ordinary share amounted to SEK -0.66 (SEK -0.26)
- Cash flow from operating activities amounted to SEK 120.4m (SEK -31.8m)

JANUARY - DECEMBER 2014

- Revenue decreased by 6.0% to SEK 2,334.5m (SEK 2,482.9m) (7.5% increase in rubles)
- Operating profit increased to SEK 69.0m (SEK 51.6m)
- Operating margin increased to 3.0% (2.1%)
- EBITDA increased to SEK 171.7m (SEK 152.9m)
- The after-tax result increased to SEK 18.7m (SEK -43.9m)
- Earnings per ordinary share amounted to SEK -3.13 (SEK -6.89)
- Cash flow from operating activities amounted to SEK -25.0m (SEK 42.0m)

SEK M	2014 Q4	2013 Q4	2014 12M	2013 12M
Revenue	595.7	700.6	2,334.5	2,482.9
EBITDA	50.7	42.2	171.7	152.9
Operating profit	25.5	20.9	69.0	51.6
After-tax result	5.9	9.9	18.7	(43.9)
Net Debt	109.1	59.9	109.1	59.9
Net Debt / EBITDA	0.6x	0.4x	0.6x	0.4x

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

- 2014 has been an exceptionally challenging period for Ferronordic Machines and our industry, in particular the fourth quarter. The negative effects of the crisis in Ukraine and the related sanctions are becoming increasingly noticeable. The decrease in economic growth, falling oil prices, rising inflation, the falling ruble, increased interest rates, and reduced access to capital markets, have all contributed to a significant slowdown in the market of our products in Russia. The overall market for construction equipment in Russia fell by more than 25% in 2014, and by 45% in the fourth quarter. Despite this our own unit sales of new machines on the other hand dropped by less than 10%, as we continued to gain market share.
- Because of the depreciation of the ruble, our revenue in the fourth quarter decreased by 15% compared to 2013 in reporting currency. In local currency, however, our revenue increased by almost 10%. EBITDA in the fourth quarter increased by 20% in reporting currency despite the falling ruble.
- A positive event during the fourth quarter was the appointment of Ferronordic Machines as official dealer for Terex Trucks. The appointment added four models of rigid haulers to our offering and will significantly improve our penetration in the core earthmoving segment and extend our presence in light mining.

- The existing fleet of Terex Trucks will also provide additional opportunities to increase our aftermarket sales, which are becoming increasingly important as the market for new machine sales is expected to continue to decline.
- Looking into the future, it is clear that 2015 will be a challenging year. During the second half of the year we started to implement measures to adapt our costs to the changes in the market development. The implementation of these measures continues.

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 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 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:

Anders Blomqvist, CFO and Head of IR, Tel: +46 8 5090 7280 pr@ferronordic.ru

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 20 February 2015, 07:45 CET.