

**Press Release**  
**Stockholm, 24 November 2015**

**Ferronordic Machines AB (publ)**  
**Interim Report January – September 2015**

*IMPROVED RESULT AND STRONG CASH FLOW*

**THIRD QUARTER 2015**

- Revenue decreased by 39% (14% in rubles) to SEK 373m (SEK 616m)
- Operating profit increased to SEK 31m (SEK 12m)
- Operating margin was 8.3% (1.9%)
- EBITDA amounted to SEK 45m (SEK 41m)
- The after-tax result amounted to SEK 17m (SEK 0m)
- Earnings per ordinary share amounted to SEK 0.47 (SEK -1.20)
- Cash flow from operating activities amounted to SEK 183m (SEK -94m)

**JANUARY - SEPTEMBER 2015**

- Revenue decreased by 39% (19% decrease in rubles) to SEK 1,068m (SEK 1,739m)
- Operating profit amounted to SEK 43m (SEK 43m)
- Operating margin was 4.0% (2.5%)
- EBITDA amounted to SEK 97m (SEK 121m)
- The after-tax result amounted to SEK 20m (SEK 13m)
- Earnings per ordinary share amounted to SEK -1.73 (SEK -2.47)
- Cash flow from operating activities amounted to SEK 161m (SEK -145m)

<b>SEK M</b>	<b>2015 Q3</b>	<b>2014 Q3</b>	<b>2015 9M</b>	<b>2014 9M</b>
Revenue	372.9	615.6	1 068.4	1 738.9
EBITDA	45.1	41.3	96.7	121.0
Operating profit	31.1	11.9	43.1	43.5
After-tax result	17.2	0.5	20.2	12.8
Net Debt	(40.5)	244.7	(40.5)	244.7
Net Debt / EBITDA	(0.3x)	1.5x	(0.3x)	1.5x

**COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:**

- The market for new machines in Russia continues to be weak. Compared to last year, the number of new units sold is down by about 70%. The falling oil price in combination with the economic sanctions against Russia continue to limit access to capital, resulting in postponed projects and difficulties for customers to finance their investments. In view of this I think we have delivered a strong result during the quarter, especially in terms of cash flow and profitability. We also continue to gain market share. At the end of the quarter, our total market share for the last twelve months was over 10%.
- During the quarter we have seen a continued change in product mix, where the lower sales of new machines is compensated by higher sales of parts and used machines. In combination with the cost reductions made, this has led to a significant improvement of our profit margins. We have also reduced our finance costs. In total, this resulted in an after-tax margin of 4% compared to zero in the third quarter last year.
- Despite the weak market, we have seen a good cash flow during the year and especially during the third quarter. The operating cash flow during the third quarter amounted to SEK 183m. Thanks to this we managed to end the quarter with a net cash position.
- Unfortunately we do not see any signs that the market would recover in the short term and thus expect the rest of 2015 and 2016 to continue to be challenging. However, 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 almost 70 outlets and approximately 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>

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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 24 November 2015, 1:00pm CET.