

NEO INDUSTRIAL PLC'S INTERIM MANAGEMENT STATEMENT FOR 1 JANUARY TO 8 MAY 2014

Neo Industrial's net sales for the period between 1 January and 31 March 2014 were EUR 17.5 million (20.9 million 1.1. – 31.3.2013). Its operating result was -0.6 million (-0.8 million).

The negotiations relating to the breakdown at Reka Cables' Keuruu plant in 2011 were closed with the insurance company in February 2014. The compensation was on a par with the estimation recognised in the financial statements in 2011, EUR 0.8 million.

The financial negotiations of the Cable Segment were finalized and new long term financing agreement was signed in March. With this arrangement the Cable Segment replaced previous short term loans with long term loans and at the same time enabled a working capital increase with EUR 2 million. Terms of the financing agreement include financial covenants for Cable Segment. In addition, the use and distribution of the funds requires consent from the financier.

The action initiated in April 2013 by the bankruptcy estate of Kuitu Finland against Neo Industrial Plc regarding the personal guarantee on the purchase of the mill real estate of Neo Industrial's subsequently bankrupted Avilon Fibres Ltd as non-current compensation was dismissed by the District Court of Pirkanmaa on 17 March 2014. The guaranteed debt of EUR 5 million as well as building cost index is due for payment within 25 years as stated in the original agreement made in 2010. The bankruptcy estate of Kuitu Finland did not file a letter of complaint by the closing date. Thereby the decision of District Court of Pirkanmaa is final and legally valid. The decision of the District Court is in accordance with Neo Industrial's interpretation and has thus no effect on balance sheet values.

CABLE SEGMENT

The operating result of the Cable Segment for the first months of the year is typically low due to seasonality, with low net sales in relation to operating costs. The high season runs from the spring until late in the autumn.

The Cable segment's net sales for the period between 1 January and 31 March 2014 were EUR 17.5 million (20.9 million). The comparable figures for 2013 include EUR 2.0 million net sales of the Russian cable manufacturing companies sold in spring of 2013. The operating result was EUR -0.2 million (-0.6 million).

In the review period (1 January to 8 May 2014), the sales volume in the cable market of Nordic countries, the main market area of Reka Cables Ltd, was on the same level as the year before. However, there were regional differences. The sales volume of Baltics and Russia were clearly lower than in 2013.

The raw material prices of aluminium increased and copper decreased slightly during the review period. The world market prices of plastics decreased a little.

The net sales for Nestor Cables, an associated company of the Cable Segment, were EUR 4.1 million (3.3 million) for the period between 1 January and 31 March 2014. The operating result was negative, but better than in the previous year.

RISKS AND UNCERTAINTY FACTORS

Neo Industrial's financial risks include currency, interest rate, commodity, liquidity, credit and investment market risks. Financial risks and the related protection measures are described in more detail in the notes to the latest financial statements. The company's future risk factors are related to the business development of its portfolio companies. The uncertainty of the global economy and financial market poses a risk to the financial arrangements of the Group.

Neo Industrial's liquidity situation is tight. To assure liquidity, Group intensifies the working capital management and negotiates adjustments to payment terms and agreements.

In the Cable segment, the most significant risks are related to market development, fluctuations of raw material prices and currencies as well as working capital management in various situations. During considerable seasonal changes, suppliers' terms of payment effect significantly on the ability to ensure competitive delivery times through sufficient inventories.

NEAR-TERM OUTLOOK

The outlook for the Cable segment weakened during 2013. On the horizon, construction is not picking up in Finland or in Sweden yet, but at least some delayed projects are believed to materialize in 2014. Additionally, grid constructors are expected to boost ground cabling projects to ensure distribution reliability. Therefore the net sales of the Cable Segment are expected to increase from 2013 and the operating result is expected to be positive.

The company will continue to pay special attention to liquidity and funding for growth. In addition to negotiations on financing and payment terms, the measures for boosting inventory turnover and freeing up capital assets are taken into action.

The information presented in this statement is unaudited.

In accordance with Section 5c of Chapter 2 of the Securities Markets Act, Neo Industrial will publish interim management statements for the first three and nine months of the year instead of interim reports.

Helsinki, 8 May 2014

Neo Industrial Plc
Board of Directors

Further information:

Jari Salo, Managing Director, tel. +358 20 720 9196

Sari Tulander, CFO, tel. +358 20 720 9192

All comments in this report that do not refer to actual facts are future estimates. Such estimates include expectations concerning market trends, growth and profitability as well as statements including the words "believe", "assume" or "will be" or a similar expression. Since these estimates are based on current plans and estimates, they involve risks and uncertainty factors that may cause the actual results to differ substantially from current statements.

Among other things, such factors include 1) operating conditions, such as continued success in production and the ensuing efficiency benefits, availability and cost of production inputs, demand for new products and changes in circumstances affecting the acquisition of capital under acceptable conditions; 2) sector-specific circumstances, such as the intensity of demand for products, the competition, current and future market prices for the Group's products and related pricing pressures, the financial situation of the Group's customers and competitors and competitors' possible new products; and 3) the general economic situation, such as economic growth in the Group's main market areas and changes in exchange rates and interest rates.

www.neoindustrial.fi

Neo Industrial's strategy is to invest mainly in industrial companies with similar synergic benefits. The aim of investments is with active ownership to develop the purchased companies and establish additional value. Returns are sought through both dividend flow and an increase in value. Neo Industrial's class B shares are listed on the NASDAQ OMX Helsinki Stock Exchange. Neo Industrial's business segment is Cable Industry.