

NEO INDUSTRIAL PLC'S INTERIM MANAGEMENT STATEMENT FOR 1 JANUARY TO 20 NOVEMBER 2014

Neo Industrial's turnover for the period between 1 January and 30 September 2014 were EUR 63.3 million (68.3 million 1.1. – 30.9.2013). Its operating result was EUR 0.9 million (0.1 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 Aivilon 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.

Extraordinary Shareholders' Meeting held in September authorized the Board to decide on an issue of new class B shares according to the Board of Directors propose. The new class B shares may be issued in deviation from the shareholders' pre-emptive rights. The maximum number of new B shares issued may amount to a total of 5,000,000 shares. The authorization does not replace or cancel any earlier authorizations for share issues.

In October Neo Industrial Plc published sale and purchase agreement on buying all the shares of Reka Rubber Ltd and notice to the Extraordinary Shareholders' Meeting. The sale and purchase agreement was related to financing arrangements of Neo Industrial and share issue to raise new capital. The whole arrangement was conditional to the acceptance of the Extraordinary Shareholders' Meeting to be held on 3 November 2014. The financing arrangements, which were part of the total arrangement, were not actualized as a whole as Neo Industrial predicted. Therefore the whole arrangement published 13 October 2014 is delayed or can be totally or partly unaccomplished and the Board of Directors of Neo Industrial Plc called off the Extraordinary Shareholders' Meeting on 3 November 2014.

Negotiations of rearranging the financing of Neo Industrial Plc continues.

CABLE SEGMENT

The Cable segment's turnover for the period between 1 January and 30 September 2014 were EUR 63.3 million (68.3 million). The comparable figures for 2013 include EUR 2.8 million net sales of the Russian cable manufacturing companies sold in spring of 2013. The operating result was EUR 1,7 million (1,4 million).

In the review period (1 January to 20 November 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 Russia were clearly lower than in 2013.

The raw material prices of aluminium increased and copper decreased slightly during the review period. The prices of plastics decreased a little. The exchange rates balanced the fluctuation.

The turnover of Nestor Cables, an associated company of the Cable Segment, were EUR 25.9 million (21.3 million) for the period between 1 January and 30 September 2014. The operating result was positive and 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 situation, Group strives to negotiate adjustments to payment terms and agreements as well as intensify the working capital management.

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 and year 2014 has been as a whole on the same level than previous year. On the horizon, construction is not picking up in Nordic countries yet. However, the grid construction is expected to boost ground cabling projects to ensure distribution reliability. The turnover of the Cable segment in 2014 will be close to the level in 2013. The operating result of the Cable segment is expected to be positive.

The company will 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.

Hyvinkää, 20 November 2014

Neo Industrial Plc
Board of Directors

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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.

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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.