

Neo Industrial's business review January 1 – March 31, 2018: Turnover decreased and result weakened due to low subzero temperatures during the beginning of the year

Neo Industrial's turnover for the period January 1 - March 31, 2018 was EUR 22.9 million (EUR 26.0 million in the comparative period January 1-March 31, 2017) and the operating loss was EUR 1.2 million (EUR +1.2 million).

Turnover decreased by EUR 3.1 million during the first quarter and operating result decreased by EUR 2.4 million compared to the previous year.

CEO Ralf Sohlström comments the first quarter of the year: "The amount of underground cable deliveries diminished compared to last year due to the slowdown in installation activity caused by long periods of low sub-zero temperatures during the beginning of the year. Deliveries had to be made at a lower price level than before. During the first quarter of the year, lowered metal prices decreased inventory value and caused metal derivatives hedging losses totalling EUR 0.7 million. Last year, changes in metal prices had the opposite impact on the first quarter results resulting in profit of totalling EUR 0.8 million. As a result of the already initiated measures and increased demand, we expect our sales margins and financial performance to improve rapidly to the normal level. In addition, new sanctions imposed against Russia create opportunities, because we believe they will affect the aluminium raw material deliveries of many of our competitors in a more negative way than ours".

Key Figures

	1-3/2018	1-3/2017	1-12/2017
Turnover, EUR million	22.9	26.0	110.9
Operating result, EUR million	-1.2	1.2	5.1
Result for the period, EUR million	-1.6	0.8	3.0
Earnings per share, EUR	-0.26	0.14	0.51
ROI, %	14.0	28.1	25.4
IAS 19 corrected Equity ratio, %	22.5	21.9	30.4

Segments

Neo Industrial's business segment is Cable industry.

Cable Segment

The Cable Segment's turnover for the period 1 January - 31 March 2018 was EUR 22.9.0 million (EUR 26.0 million in the comparative period 1 January - 31 March 2017). Operating profit was EUR -1.1 million (EUR +1.8 million).

In the period of 1 January -31 March 2018, Reka Cables' sales volumes in the main market area in the Nordic countries decreased clearly from the previous year. Sales volumes in other market areas were higher than in the previous year.

In the end of March 2018, the aluminum and copper prices were lower in euros compared to the price level at the end of the year.

The investments made, EUR 0.7 million, focused in particular on improving productivity.

Associated company Nestor Cables Ltd's turnover for January 1 - March 31, 2018 was EUR 5.7 million (EUR 5.2 million during the comparative period of January 1 – March 31, 2017). Operating result was negative, but better than the previous year. The book value of the shares of the associated company is zero in the Group and the profit share has not been taken into account in the Group's figures.

Near-term outlook

New sanctions imposed against Russia are causing disruption related to aluminium raw material deliveries and aluminum power cable production in Europe. According to the Company's understanding, it is likely that there will be even a shortage of cables in the company's main market areas in the spring and summer of 2018. Sanctions are expected to increase the sales prices of the company's products. The company's aluminum rod supply is largely secured by current contracts.

Turnover is expected to remain at the previous year's level in 2018, and the operating result is expected to weaken from the previous year due to the weak first-quarter result. Due to sanctions situation explained before, the assessment of the financial performance for the rest of the year is currently difficult and the outlook will be updated no later than 12 June.

The information presented in this release is unaudited.

Hyvinkää, April 24, 2018

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 change in exchange rates and interest rates.

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 main list of NASDAQ Helsinki Stock Exchange. Neo Industrial's business segment is Cable Industry.