

NEO INDUSTRIAL PLC'S INTERIM MANAGEMENT STATEMENT FOR 1 JANUARY TO 5 MAY 2015

Neo Industrial's turnover for the period between 1 January and 31 March 2015 was EUR 18.0 million (17.5 million 1.1. – 31.3.2014). Its operating result was -0.7 million (-0.6 million).

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 turnover for the period between 1 January and 31 March 2015 was EUR 18.0 million (17.5 million). The operating result was EUR -0.5 million (-0.2 million).

In the review period (1 January to 5 May 2015), 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 to other countries increased slightly.

The raw material prices of aluminium increased and copper decreased slightly during the review period. The world market prices of plastics decreased in the beginning of the year but price levels have turned to a raise.

Reka Kaapeli Ltd got substantial underground power cable order in January. The value of the order is EUR 6.0 million. The deliveries are made during 2015 and 2016. The underground power cables are used when building grids that are not vulnerable to weather conditions.

Reka Kaapeli Ltd invested EUR 1.5 million in cable manufacturing technology in Hyvinkää Factory. With the investment the productivity of cable manufacturing is enhanced and developing and manufacturing of new products is enabled. The investment will be ready by mid May 2015.

Good financial situation of Cable industry has enabled additional installment of EUR 1.5 million to the financing agreement signed in March 2014. The payment was made in January 2015.

The managing director of Reka Cables Ltd was changed. Mr. Ralf Sohlström, M.Sc. (Eng.) started as Managing Director of Reka Cables Ltd. In the beginning of May 2015.

The turnover of Nestor Cables, an associated company of the Cable Segment, were EUR 5.5 million (4.1 million) for the period between 1 January and 31 March 2015. 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 risks. Financial risks and the related protection measures are described in more detail in notes to the financial statements. The company's future risk factors are related to the business development of its portfolio companies. The uncertainty of the international economy and financial markets poses a risk to the Group's financial arrangements.

Due to the significant financial arrangements carried out in 2014 the financial situation got better. However, Neo Industrial continues to pay extra attention to ensure the sufficient funding and ensuring liquidity situation. The financial negotiations are continued and to assure liquidity, company 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 construction has not been picking up in Nordic countries nor in neighbouring areas. Also the market situation in Europe does not show any signs of picking up. However, the management believes that grid constructors will boost ground cabling projects to ensure distribution reliability. The turnover of the Cable segment is believed to slightly exceed the turnover in 2014 and the operating result of the Cables segment is believed to be positive.

Neo Industrial continues to pay extra attention to ensure the sufficient funding and ensuring liquidity situation. The measures are negotiations on financing and payment terms as well as boosting inventory turnover and freeing up capital assets.

The information presented in this statement is unaudited.

Hyvinkää, 5 May 2015

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