

## NEO INDUSTRIAL PLC'S INTERIM MANAGEMENT STATEMENT FOR 1 JANUARY TO 21 APRIL 2016

### TURNOVER AND PROFITABILITY INCREASED COMPARED TO PREVIOUS YEAR

Neo Industrial's turnover for the period between 1 January and 31 March 2016 was EUR 19.3 million (18.0 million 1.1.- 31.3.2015). Its operating result was 0.6 million (-0.8 million).

### CABLE SEGMENT

Both turnover and profitability of the Cable Segment increased compared to previous year.

The Cable segment's turnover for the period between 1 January and 31 March 2016 was EUR 19.3 million (18.0). The operating result was EUR 0.8 million (-0.5 million).

In the review period (1 January to 21 April 2016), the sales volume in the cable market of Nordic countries, the main market area of Reka Cables Ltd, increased clearly comparing to the year before. However, there were a lot of regional differences. In other market areas the sales volumes decreased.

In the end of the review period the raw material EUR prices of aluminium and copper were close to the price level of the previous turn of the year.

The loans of the Cable Segment were rearranged as part of the financing agreement signed by Reka Group. According to the financing solution implemented in March, the Cable Segment loans were rearranged as long-term financing plans.

The turnover for Nestor Cables, an associated company of the Cable Segment, was EUR 3.9 million (5.5 million) for the period between 1 January and 31 March 2016. The operating result was negative.

### 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.

The Group has been rearranging its financing since 2014 and its financing situation has improved.

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. The effects of seasonal changes on the capacity loads on factories are also aimed to be evened out by developing operating models.

## NEAR-TERM OUTLOOK

Construction has been picking up in the Nordic Countries and Western Europe. The Management believes that grid constructors will boost ground cabling projects to ensure distribution reliability. The net sales of the Cable Segment are expected to somewhat increase from 2015 and the operating result is expected to be clearly positive.

To ensure sufficient funding and liquidity, in addition to negotiations on financing and payment terms, 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, 21 April 2016

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.