



Glaston Interim Report January – September 2016

31 October 2016



Q3 in brief

- Markets quiet at the beginning of the quarter, but picked up at the end of the review period
- Orders received totalled EUR 25.6 (28.2) million
 - Machines order intake up 10%
 - Services order intake down 31%
- Net sales at EUR 20.5 (34.3) million
 - Net sales affected by the low level of new orders in the final quarter of last year and the first quarter of this year and by the high number of deliveries scheduled for the final quarter
- Comparable EBITDA was EUR 0.4 (3.4) million
- The comparable operating result was EUR -0.3 (2.5 profit) million, i.e. -1.3 (7.4)% of net sales despite low net sales
 - Lower costs due to the holiday season and cost-saving measures
- Cash flow from business operations was positive, at EUR 4.5 million
- Net debt down to EUR 7.7 million from EUR 11,4 million, at end of June



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Operating environment

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- After a quiet second quarter, a recovery was evident in the EMEA market area in the third quarter
- Active Glasstec Fair. Over 40% of visitors attended Glasstec with concrete intentions to invest *)
- New FC and RC series flat tempering lines as well as Glaston Insight platform were launched at Glasstec.
- Markets in North America were sluggish
- In the Asian market area, customer activity increased in the China, Australia and New Zealand markets



*) Source: Messe Düsseldorf, visitor survey, Sept. 2016

Q3 efficiency measures

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- The efficiency plan for South American operations was completed. In the future, the focus of the South American organisation will be on sales and service operations
- Glaston has machine manufacturing in two plants: in Finland (Tampere) and China (Tianjin)
- In Finland, employer-employee consultation took place. As a result operations were reorganised
- The extension to the factory located in Tianjin, China was leased to a third party on a 10-year agreement
- Personnel lay-offs were launched at the tools factory in Italy



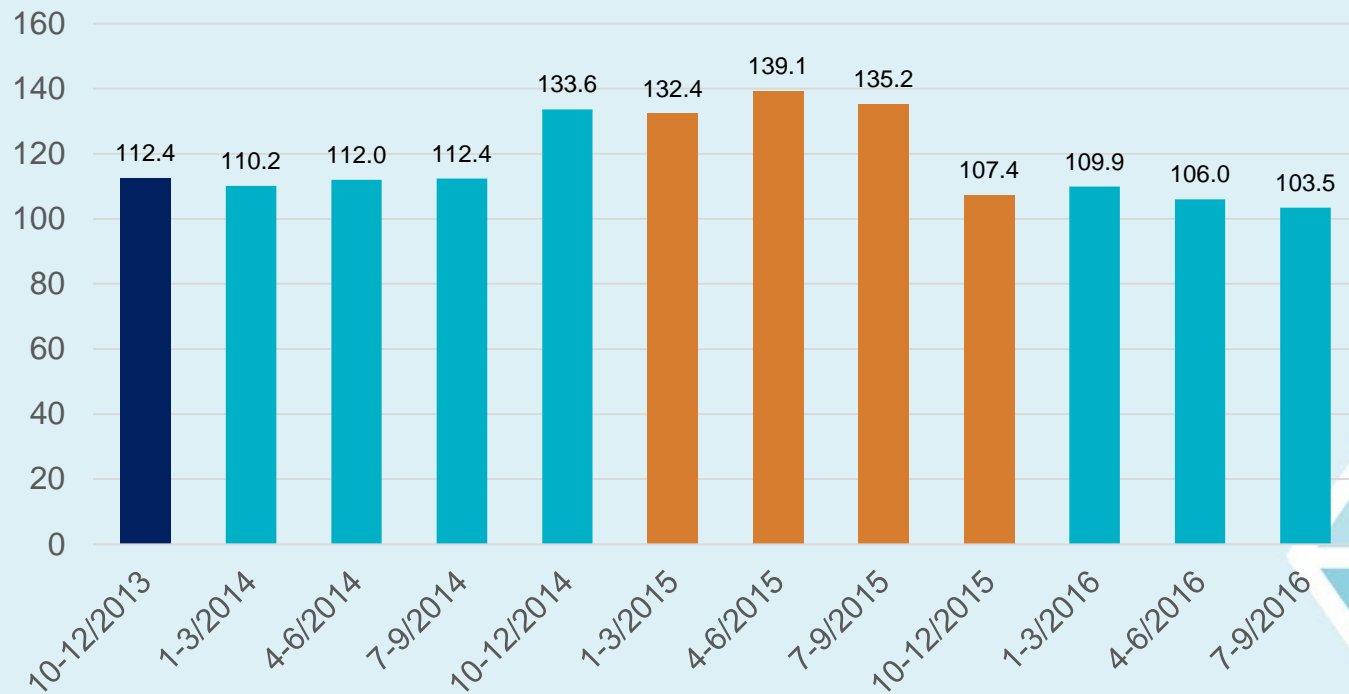
New technologies

- The nanotechnology project proceeded according to plan
- The prototype line will be launched towards the end of the year and test runs with glass will begin
- Glaston is participating in the project with a labour input of approximately five people
- Glaston is engaged in a number of discussions with partners on the development of the glass technologies of the future
- Glaston's role in possible new projects may be, for example, developing advanced glass coatings or developing and assembling production lines for glass-related solar energy applications



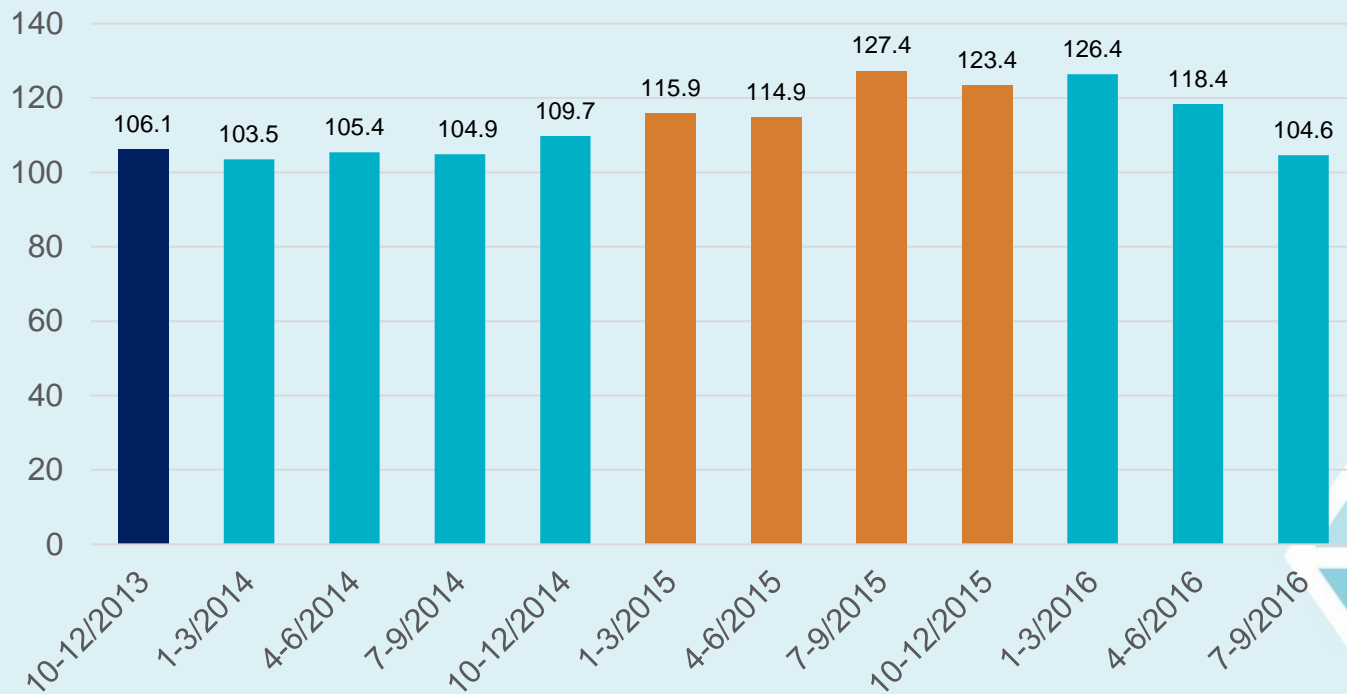
Rolling 12 month orders received

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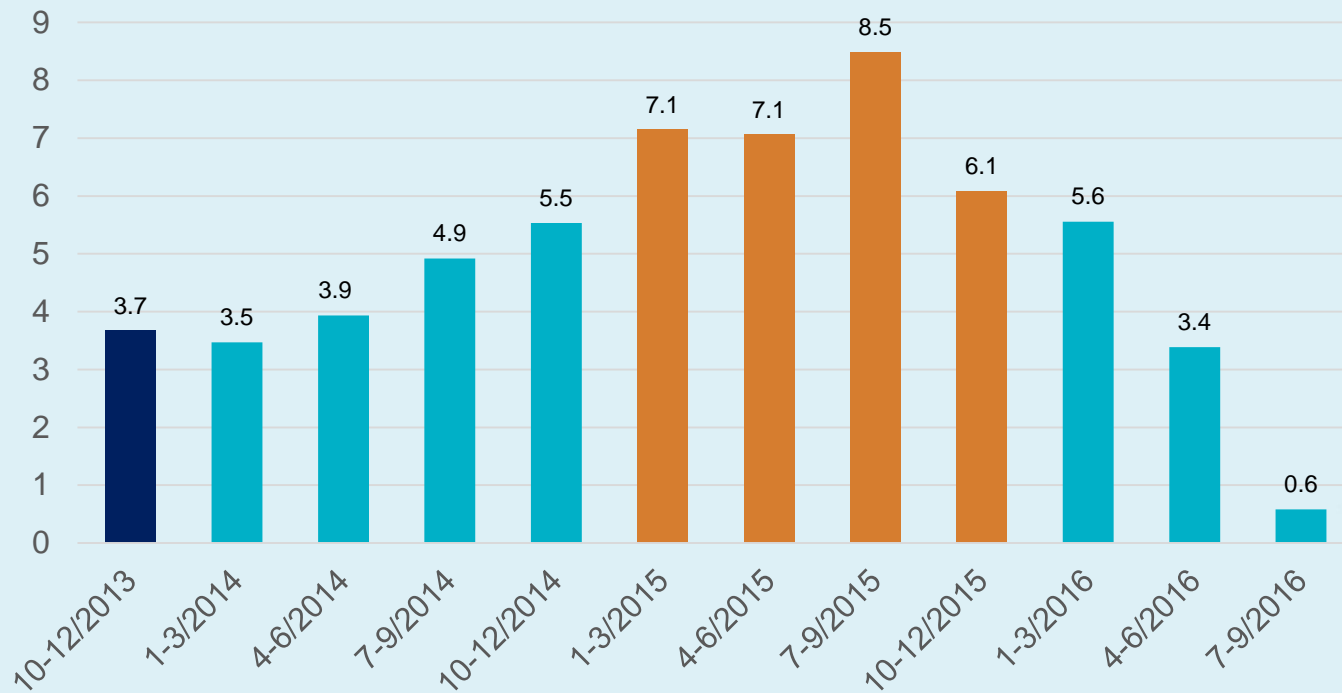
Rolling 12 month net sales

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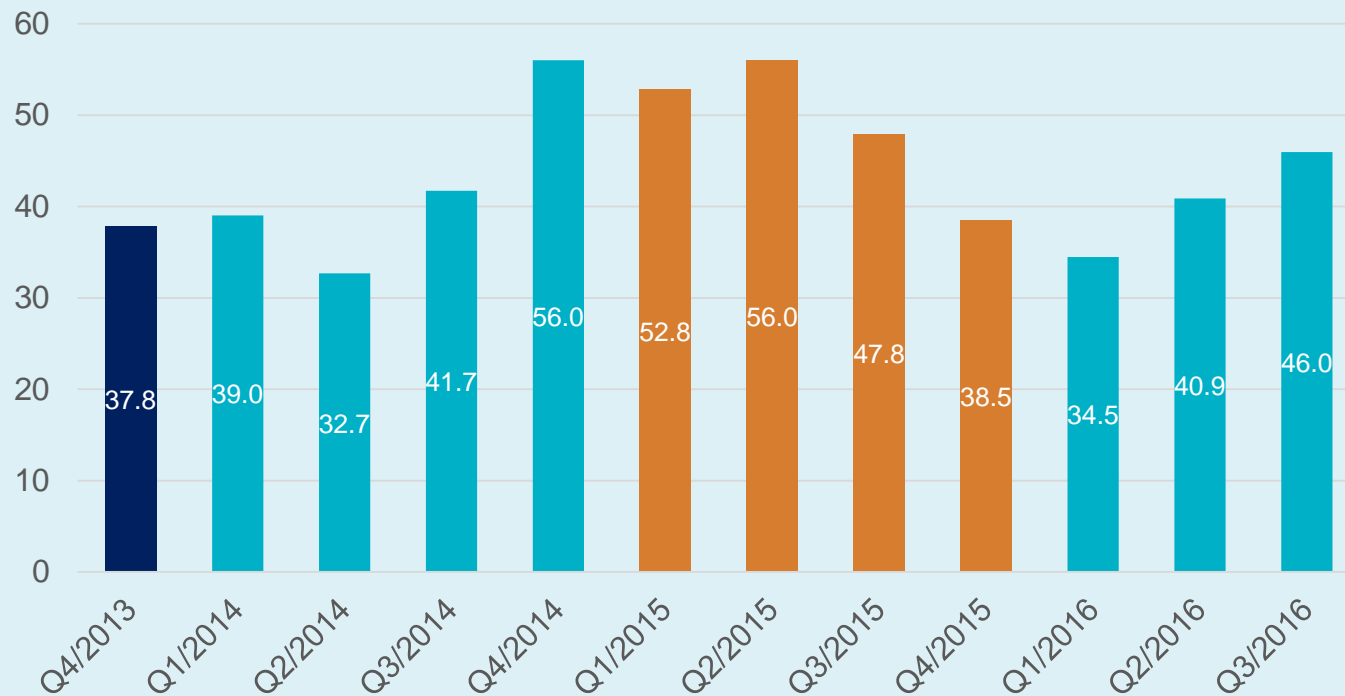


Rolling 12 month comparable EBIT

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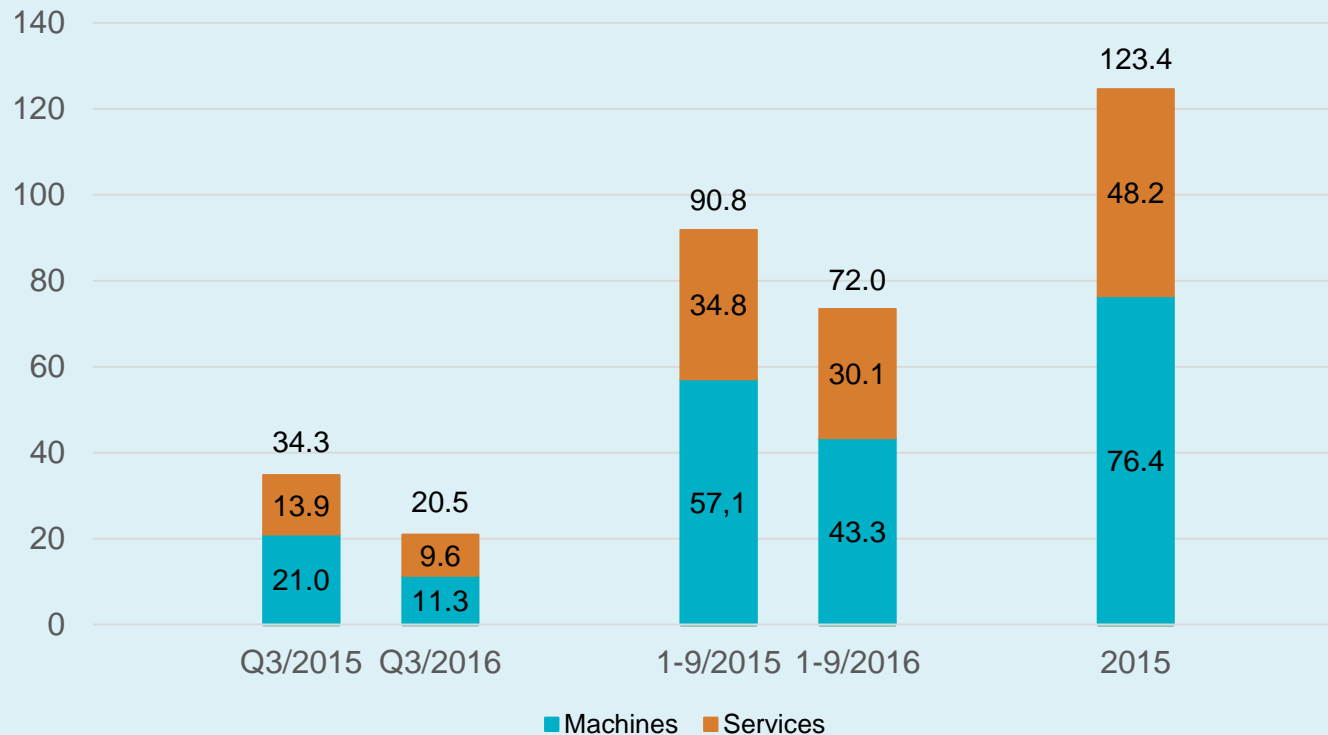


Order book grew from end of Q2



Net sales lower than for comparison periods

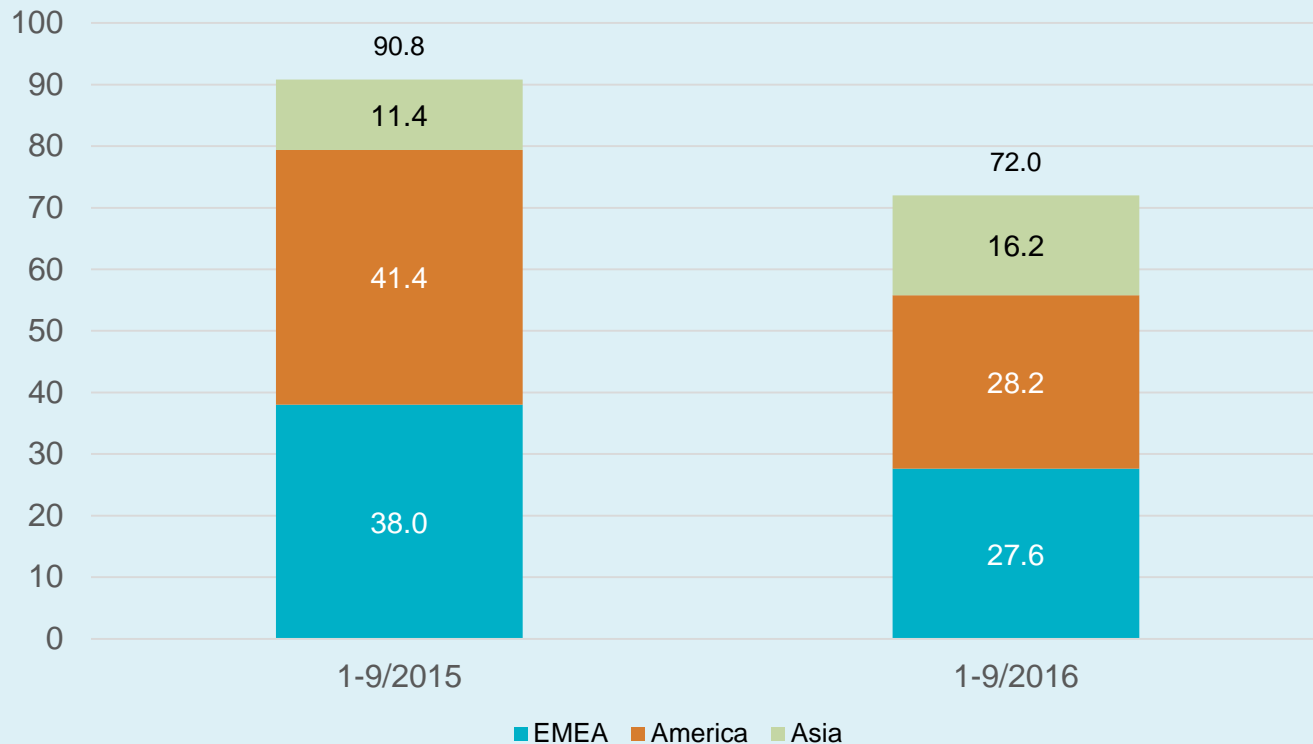
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*Eliminations not shown separately

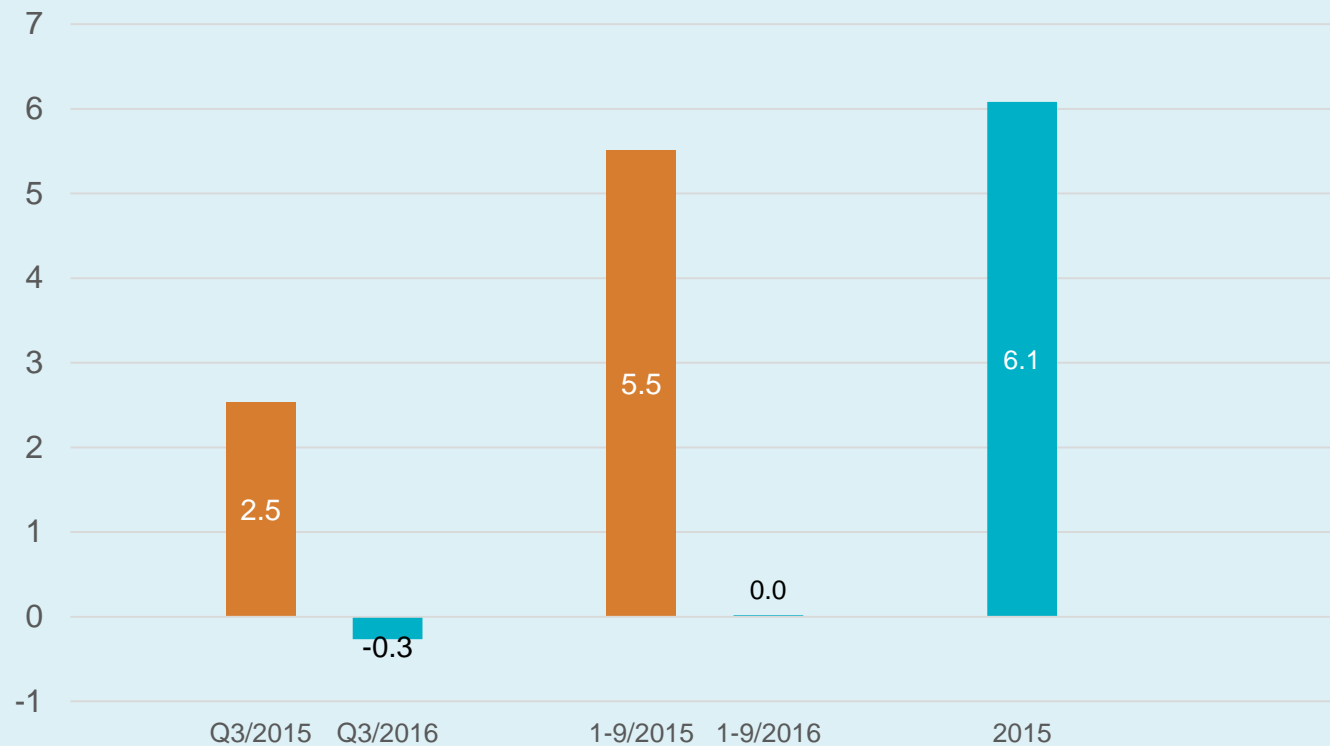
Net sale in Asia rose, in EMEA and America declined

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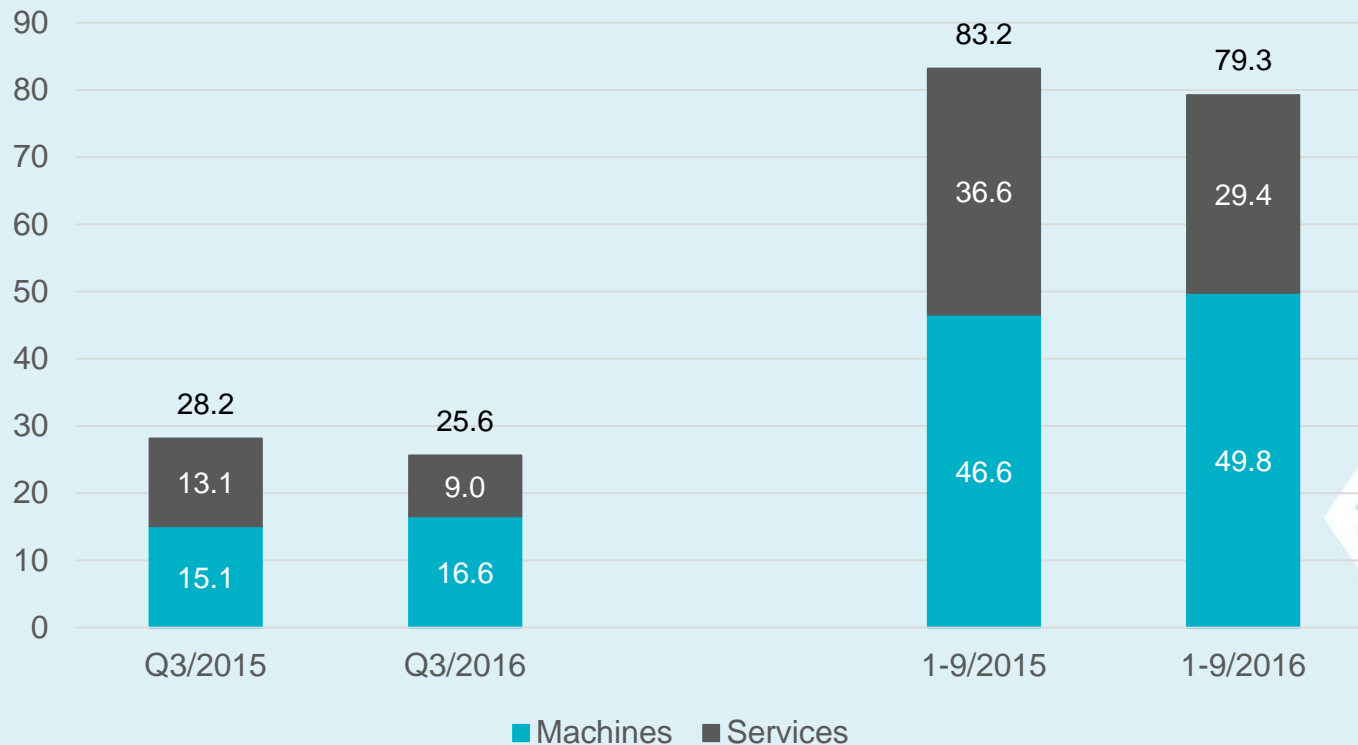
Comparable operating result only slightly negative

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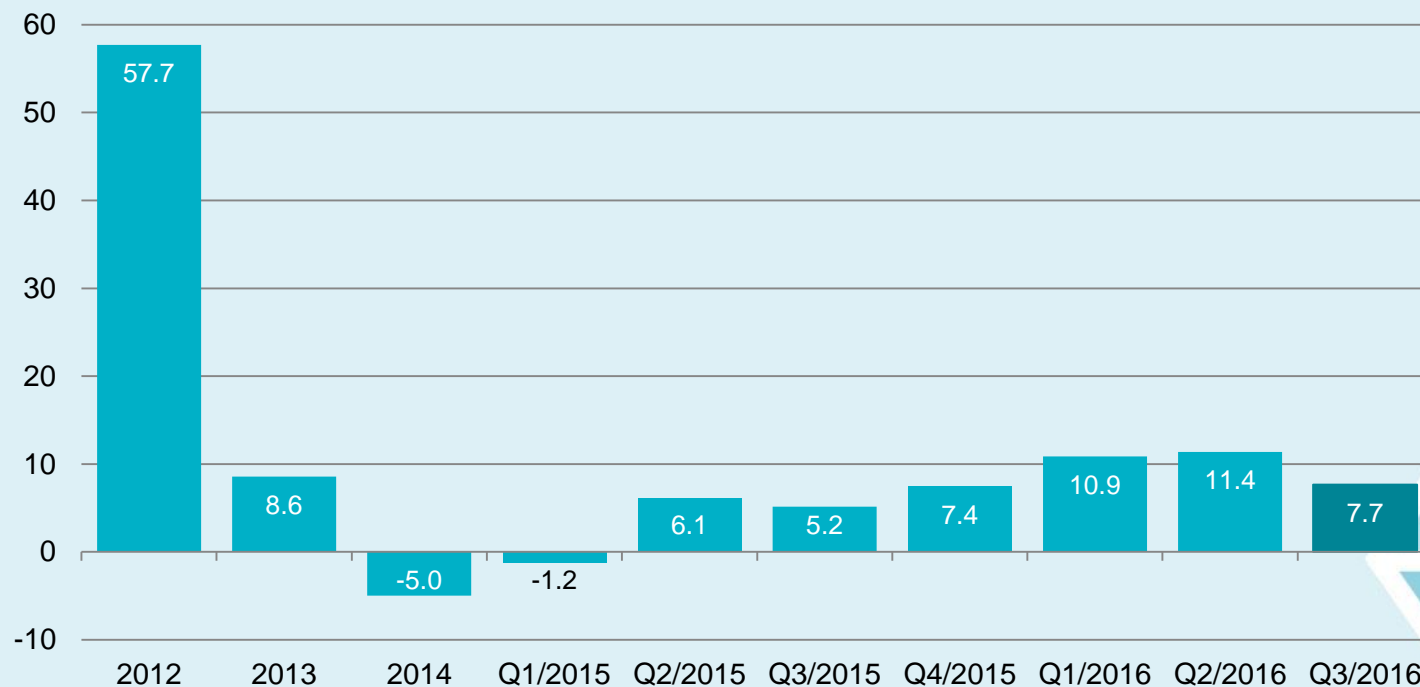
Order intake for Machines' business growing, Services' order intake low

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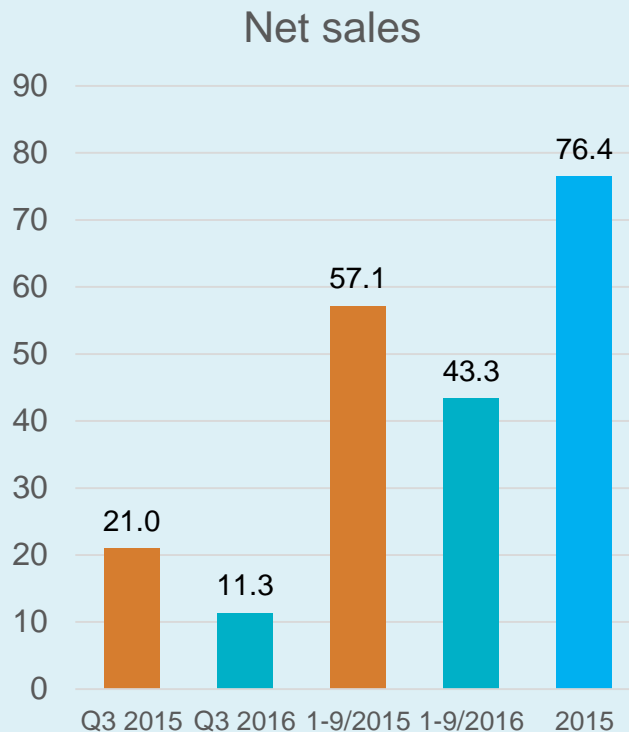
Strong cash flow, net debt decreasing

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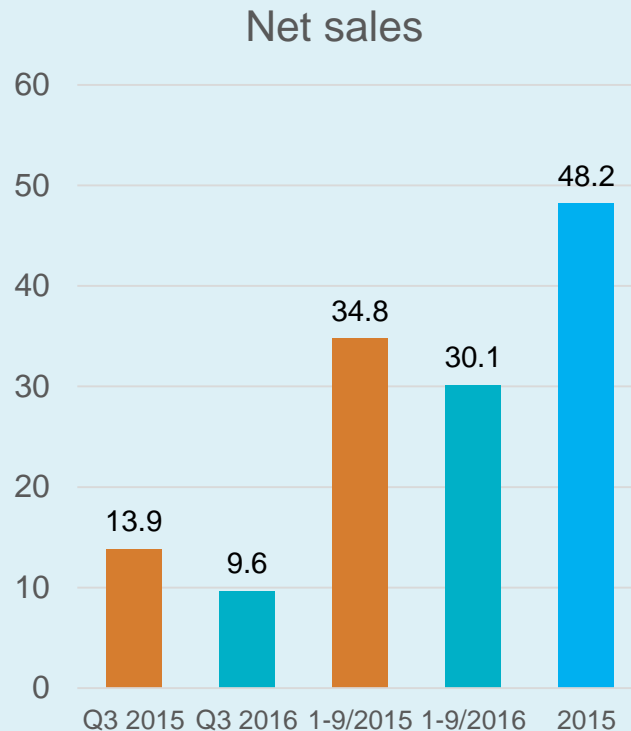
Machines – markets recovering

- In the Machines business, the third quarter began very quietly, but picked up towards the end of the quarter
 - In the EMEA area, positive development particularly in Eastern Europe and Italy
 - In the Asian market area, customer activity increased, particularly in the China, Australia and New Zealand markets
 - The North American market was sluggish
- Net sales was affected by low level of new orders in the final quarter of last year and the first quarter of this year and by the high number of second half deliveries taking place in the final quarter
- The Machines business was reorganised to correspond with Glaston's strategic growth targets



Services – challenging quarter

- Services market continued to be subdued
 - In North America, steady development continued
 - In South America, the activity of automotive industry customers increased
 - In the Asian market area, with the exclusion of Australia, demand continued to be subdued
 - In the EMEA area, demand varied significantly from country to country
- Continued modest demand for modernisations products
- Sales of the spare parts product group levelled off in July-September, but were still better than in the comparison period
- Good offer activity during Q3



Outlook unchanged

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	2014	2015	2016
Net sales	109.7 M€	123.4 M€	105 – 110 M€
Comparable operating profit	5.5 M€	6.1 M€	2 – 4 M€

Glaston expects 2016 net sales to be approximately EUR 105 – 110 million and the comparable operating profit to be approximately EUR 2 – 4 million.

(In 2015 net sales were EUR 123.4 million and comparable operating profit was EUR 6.1 million).

Financial targets 2016-2018

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Organic top line growth

Faster than market

EBIT

Excluding non-recurring items, at end of period

> 8%

ROCE

At end of period

> 20%





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Thank you!