

# Glaston Interim Report 1 January – 30 September 2017: Operating result improved compared to last year

## July–September 2017

- Orders received totalled EUR 26.8 (25.6) million.
- Net sales grew by 23% to EUR 25.3 (20.5) million.
- Comparable EBITDA was EUR 2.0 (0.4) million.
- The operating result was positive at EUR 1.3 (-0.3) million, i.e. 5.1 (-1.3)% of net sales.
- The comparable operating result was EUR 1.3 (-0.3) million, i.e. 5.1 (-1.3)% of net sales.

## January–September 2017

- Orders received totalled EUR 74.9 (79.3) million.
- The order book on 30 September 2017 was EUR 41.8 (46.0) million.
- Net sales totalled EUR 77.3 (72.0) million.
- Comparable EBITDA was EUR 5.0 (2.0) million, i.e. 6.5 (2.8)% of net sales.
- The operating result was positive at EUR 2.6 (-0.1) million, i.e. 3.4 (-0.2)% of net sales.
- The comparable operating result was EUR 2.8 (0.0) million, i.e. 3.6 (0.0)% of net sales.
- Return on capital employed (ROCE) was 7.0 (-0.2)%
- Earnings per share were EUR 0.006 (-0.006)
- Net interest-bearing debt amounted to EUR 8.2 (7.7) million.
- Research and product development expenditure amounted to 3.8 (3.0)% of net sales.
- Glaston revises its outlook and now expects the full-year 2017 comparable operating result to be EUR 4.0–5.5 million. (Previous outlook: We expect the full-year comparable operating result to improve from 2016. In 2016 the comparable operating result was EUR 2.8 million.)

## Outlook revision

Glaston's January–September comparable operating result was EUR 2.8 million, i.e. at the same level as the whole of 2016. Previously, the full-year 2017 comparable operating result was expected to improve from 2016.

Glaston revises its outlook and now expects the full-year 2017 comparable operating result to be EUR 4.0–5.5 million. (Previous outlook: We expect the full-year comparable operating result to improve from 2016. In 2016 the comparable operating result was EUR 2.8 million.)

## President & CEO Arto Metsänen:

"In the third quarter, Glaston's good development continued. Net sales grew by 23% compared with the previous year, and the operating result was positive at EUR 1.3 million, whereas the operating result for the comparison period was a loss. Orders also exceeded the previous year's level. In January–September, key indicators likewise developed positively, with the exception of order intake, as the order intake for the third quarter was not sufficient to offset the low level of the early part of the year.

Of the market areas, North America and particularly the USA market picked up. We strengthened our position in the growing lamination product segment and received a few large tempering machine orders.

In the developed market of North America, the quality requirements for architectural glass are increasing further, and this is bringing us new opportunities for sales of both new machines and upgrade products.

The most significant single deal during the review period was the sale of a Glaston Air™ tempering machine to China. The sale was an important opening for us in what is potentially the most significant market for this product. The deal strengthens our view that the use of thinner glass will increase in solar panels.”

## **Operating environment**

In the third quarter, glass processing markets were busier than in the early part of the year. Development was strongest in North America. As a whole, the EMEA area was stable, but decisions on orders were further delayed. In the Asian market area, demand continued to be cautious. The South American market was weak.

### Machines

In the third quarter, there was perceptible pick-up in the Machines business market. Development was positive particularly in North America. In these areas, ever-tightening building regulations are driving demand for laminated glass. In this important product group, our renewed laminating line solution has received a good reception, and during the review period Glaston closed the first two deals for the delivery of laminating lines to the USA. The South American market continued to be subdued.

In the EMEA area, there was no significant change compared to the previous quarter, and decision-making was still slow in many countries. There was a steady flow of orders and market development was stable. In the Middle East market, activity continued at a good level. In Eastern Europe, investment decisions continued to be impacted by the slow advance of decision-making on investments supported by the EU. After a quieter period, there were signs of a pick-up in the Russian market. In the Central European market, demand strengthened, and Glaston closed a deal for the delivery of two FC tempering lines to Belgium. In the UK, the market weakened due to uncertainty in economic development. In Portugal, a state-supported investment programme boosted demand.

In the Asian market area, demand for glass processing machines demand remained low. In the relatively subdued Chinese market, the activity of projects related to solar energy has steadily increased. In September, Glaston closed a deal for the sale of a Glaston Air™ tempering machine to China. The machine will be used in solar panel production and particularly in the heat treatment of thin glass. The machine will be delivered to the customer in mid-2018.

## **New technologies**

In the third quarter, discussions in the Emerging Technologies unit on solar energy, the automotive industry and demanding architectural glass solutions proceeded according to plan.

In the review period, Glaston delivered to its Californian partner, Heliotrope Technologies, a special device enabling the processing of larger glass sizes, to be installed in a prototype line. The delivered device will play a key role in developing the new technology. The line will be taken into use during the latter part of the year. Planning work on a pilot line advanced to the decision stage.

### Services

In the third quarter, the cautiously positive development of the Services business market continued. Demand for maintenance services and tools was clearly above the corresponding period of the previous year. The biggest areas for tools continue to be the EMEA area and North America. In spare parts, sales continued to be good. In the EMEA area, development was fairly positive and in North America sales remained at a high level.

In upgrade products, orders doubled. Development was strongest in the EMEA area and particularly in North America, where the market for modernisation products was excellent. The value of orders in the area grew by nearly 70% compared with the previous quarter. In January-September, too, the North American modernisation market recovered and the number of orders doubled compared with the corresponding period of the previous year. Sales of the laminating line upgrade product continued after a good start.

### Orders received and order book

Glaston's order intake in the third quarter grew from the previous year by 4.5% to EUR 26.8 (25.6) million. The order intake of the Machines business grew by 3.6% to EUR 17.2 (16.6) million. The largest orders were received from the USA, Belgium and China. The order intake of the Services business was EUR 9.6 (9.0) million. The order intake of the Services business grew by 21.1%, when the impact of the spring 2017 sale of the USA and Canada pre-processing machine business is eliminated from the comparison data. Demand for modernisation products picked up and was focused on laminating line upgrade products. The largest orders were received from the USA, Middle East and Central Europe.

Glaston's January-September order intake totalled EUR 74.9 (79.3) million. Development was most positive in North America.

Glaston's order book at the end of September stood at EUR 41.8 (46.0) million, i.e. 9% below the previous year's level. When the sold pre-processing machine business is eliminated from the comparison data, the decline was 7%. Of the order book, the Machines business accounted for EUR 36.2 (41.4) million and the Services business for EUR 5.5 (4.6) million.

Order book, EUR million	30.9.2017	30.9.2016	31.12.2016
<b>Machines</b>	36.2	41.4	39.9
<b>Services</b>	5.5	4.6	5.7
<b>Total</b>	<b>41.8</b>	<b>46.0</b>	<b>45.6</b>

### Net sales

Due to an increased number of deliveries, Glaston's July-September net sales grew by 23% from the corresponding period of the previous year and totalled EUR 25.3 (20.5) million. Net sales were up 30%, when the sold pre-processing machine business is eliminated from the comparison data.

The net sales of the Machines business grew by 43% to EUR 16.2 (11.3) million. The net sales of the Services business were at the level of the corresponding period of the previous year and totalled EUR 9.5 (9.6) million. Net sales were up 11%, when the sold pre-processing machine business is eliminated from the comparison data.

Net sales in January-September totalled EUR 77.3 (72.0) million. The net sales of the Machines business were EUR 47.0 (43.3) million and the net sales of the Services business were EUR 31.6 (30.1) million.

The good development of the EMEA continued, and net sales grew by 34% compared with the corresponding period of the previous year and totalled EUR 36.9 (27.6) million. In the Americas area, net sales were on the level of the corresponding period of the previous year: EUR 27.8 (28.2) million – taking into account the sale of the pre-processing machine business, sales growth was 15%. The net sales of the Asian market area were negatively impacted by a low number of machine deliveries. Net sales totalled EUR 12.6 (16.2) million, down 22% compared with the corresponding period of the previous year.

Net sales, EUR million	7–9/2017	7–9/2016	1–9/2017	1–9/2016	2016
Machines	16.2	11.3	47.0	43.3	67.4
Services	9.5	9.6	31.6	30.1	41.8
Other and internal sales	-0.5	-0.5	-1.3	-1.5	-2.0
<b>Total</b>	<b>25.3</b>	<b>20.5</b>	<b>77.3</b>	<b>72.0</b>	<b>107.1</b>

### Operating result and profitability

Glaston's comparable operating result improved in July–September to EUR 1.3 (-0.3) million, i.e. 5.1 (-1.3)% of net sales. The improved result was mainly driven by increased net sales. The result was on the same level as in the second quarter, despite lower net sales. A lower level of fixed costs contributed to this. Personnel expenses in particular, were lower than other quarters due to the holiday season. In the third quarter, no items affecting comparability were recognised.

The third-quarter result before taxes was EUR 1.2 (-0.4) million. The third-quarter result was EUR 0.7 (-0.5) million. Earnings per share in July-September were EUR 0.004 (-0.003).

Comparable operating result, EUR million	7–9/2017	7–9/2016	1–9/2017	1–9/2016	2016
<b>EBIT</b>	1.3	-0.3	2.6	-0.1	2.3
<b>Items affecting comparability</b>	-0.0	0.0	-0.2	-0.2	-0.5
<b>Comparable operating result</b>	<b>1.3</b>	<b>-0.3</b>	<b>2.8</b>	<b>0.0</b>	<b>2.8</b>

Glaston's January-September comparable operating result was EUR 2.8 (0.0) million, i.e. 3.6 (0.0)% of net sales.

The January–September operating result was EUR 2.6 (-0.1) million. Financial expenses amounted to EUR -0.7 (-0.5) million. The result before taxes was EUR 1.9 (-0.7) million. The result for the review period was EUR 1.2 (-1.1) million. January-September earnings per share were EUR 0.006 (-0.006).

### Financial position, cash flow and financing

Cash flow from operating activities, before the change in working capital, was EUR 5.1 (0.9) million in January-September. The change in working capital was EUR -12.3 (3.6) million. Trade payables decreased by EUR 3.0 million and advance payments by EUR 4.2 million, partly due to these items returning to normal levels after an exceptionally high order intake and deliveries at the end of 2016. In addition, the level of advance payments has also been impacted by a lower order intake than last year. Trade receivables grew by EUR 4.8 million, which is explained by exceptional payment arrangements for a few large orders.

Cash flow from investments was EUR -2.2 (-3.0) million and cash flow from financing activities was EUR -0.3 (2.6) million.

At the end of the reporting period, the Group's cash and cash equivalents totalled EUR 7.6 (10.1) million. Interest-bearing net debt totalled EUR 8.2 (7.7) million and net gearing was 22.7 (22.9)%. Unused credit facilities amounted to EUR 12.0 million.

At the end of September, the consolidated asset total was EUR 93.8 (95.6) million. The equity attributable to the owners of the parent was EUR 36.1 (33.2) million. Equity per share was EUR 2.62 (2.03). Return on equity in the reporting period was 4.2 (-4.2)%. The return on capital employed was 7.0 (-0.2)%.

In June, Glaston Corporation agreed on the extension of its long-term financing agreement by three years. The financing agreement consists of a EUR 10.0 million long-term loan as well as a EUR 25.0 million revolving credit facility, which can be used for short-term financing and guarantees. In September, Glaston raised a EUR 2.0 million research and development loan granted by Tekes, the Finnish Funding Agency for Innovation. The loan period is 8 years and it is related to the smart glass project of Glaston and Heliotrope Technologies Inc.. The project is part of Tekes' Smart City programme.

### Capital expenditure, depreciation and amortisation

In January–September, the gross capital expenditure totalled EUR 2.3 (3.1) million. Investments were mainly related to product development.

Depreciation and amortisation on property, plant and equipment, and on intangible assets totalled EUR 2.3 (2.0) million.

### Research and development

In January–September, research and product development expenditure, excluding depreciation, totalled EUR 2.9 (2.1) million, of which EUR 0.7 (1.2) million was capitalised. Research and product development expenditure amounted to 3.8 (3.0)% of net sales.

In research and product development expenditure, investments were directed at increasing the degree of automation and the energy efficiency of products, at minimising glass anisotropy, in which a new on-line measurement system has played an essential role, and at the further development of the FC product range and laminating line. In addition, work on developing GlastonAir™ continued. With regard to emerging technologies, the focus of development work was enabling the processing of larger glass sizes on a prototype line and engineering work on a pilot line.

### Organisation and employees

At the end of September 2017, Glaston had 404 (434) employees. Of the Group's employees, 42% worked in Finland and 16% elsewhere in the EMEA area, 30% in Asia and 12% in the Americas. The average number of employees was 411 (444).

### Shares and share prices

Glaston Corporation's paid and registered share capital on 30 September 2017 was EUR 12.7 million and the number of registered shares issued totalled 193,708,336. The company has one series of share. At the end of September, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.41% of the total number of issued and registered shares and votes. The counter book value of the treasury shares is EUR 51,685.

Every share that the company does not hold itself entitles its owner to one vote at a General Meeting of Shareholders. The share has no nominal value. The counter book value of each registered share is EUR 0.07.

In the period January–September 2017, a total of approximately 56.5 (26.5) million of the company's shares were traded on Nasdaq Helsinki Ltd, i.e. around 29.3 (13.8)% of the average number of registered shares. The lowest price paid for a share was EUR 0.39 (0.33) and the highest price EUR 0.56 (0.51). The volume-weighted average price of shares traded in January-September was EUR 0.42 (0.38). The closing price on 30 September 2017 was EUR 0.49 (0.35).

On 30 September 2017, Glaston's market value, excluding treasury shares, was EUR 94.5 (67.5) million. The share issue-adjusted equity per share attributable to the owners of the parent was EUR 2.62 (2.03).

At the end of the review period, Glaston had 5,529 registered shareholders (30 September 2016: 5,933). At the end of the review period, 19.6% of Glaston's shares were in foreign ownership.

## Extraordinary General Meeting

An Extraordinary General Meeting of Glaston Corporation was held in Helsinki on 21 September 2017. The Extraordinary General Meeting resolved the number of members of the Board of Directors to be eight. Furthermore, the meeting decided that Mr. Tero Telaranta be elected as a new member of the Board of Directors until closing of the Annual General Meeting of 2018.

## Events after the closing date

Based on the ownership situation on 1 September 2017, the following were selected as members of Glaston's Nomination Board: Thomas Ahlström (AC Invest Eight B.V.), Jaakko Kurikka (Hymy Lahtinen Oy), Kalle Saariaho (OP-Finland Small Firms) and Stefan Björkman (Etera Mutual Pension Insurance Company). In its organising meeting held on 16 October 2017, the Nomination Board elected Thomas Ahlström from among its members to be Chairman.

Andreas Tallberg, Chairman of the Company's Board of Directors, serves as an advisory member of the Nomination Board.

## Uncertainties in the near future

Glaston operates in a global market in which both political and economic instability arise. The company's uncertainties in the near future are to a large extent linked to the development of global investment demand and, in some geographical areas, also to customers' access to financing. The timing of investment decisions is also affected by geopolitical uncertainty, which has increased compared with previous years.

Glaston has taken into account in its forecasts for the near future the uncertain development outlook for the global economy and its impact on the development of the sector. If the demand situation of the sector deteriorates substantially, this will affect Glaston's net sales and earnings with a 3–6 month delay.

The Group's net sales are affected most by the level and timing of order intake as well as the geographical and product mix of orders. In terms of earnings, there is also uncertainty in meeting the planned delivery times and costs of customer projects.

## Outlook revision

In the third quarter, the development of the glass processing market continued to be mainly positive. The prolonged uncertainty in the global economy and increasing political tensions in some regions are impacting customers' willingness to invest, and decision-making times have lengthened. There are no visible signs of a permanent change in the market, however. We expect the positive market development to continue.

Glaston's January–September comparable operating result was EUR 2.8 million, i.e. at the same level as the whole of 2016. Previously, the full-year 2017 comparable operating result was expected to improve from 2016.

Glaston revises its outlook and now expects the full-year 2017 comparable operating result to be EUR 4.0–5.5 million. (Previous outlook: We expect the full-year comparable operating result to improve from 2016. In 2016 the comparable operating result was EUR 2.8 million.)

Helsinki, 30 October 2017  
Glaston Corporation  
Board of Directors

For further information, please contact:  
President & CEO Arto Metsänen, tel. +358 10 500 6100  
Chief Financial Officer Päivi Lindqvist, tel. +358 10 500 500

Sender:  
Agneta Selroos  
Communications Director  
Glaston Corporation  
Tel. +358 10 500 6105

Glaston Corporation

Glaston is a frontrunner in glass processing technologies and services. We respond globally to the most demanding glass processing needs of the architectural, solar, appliance and automotive industries. Additionally, we utilise emerging technologies that integrate intelligence and sustainability to glass. We are committed to providing our clients with both the best know-how and the latest technologies in glass processing. Glaston's shares (GLA1V) are listed on NASDAQ Helsinki Ltd. Further information is available at [www.glaston.net](http://www.glaston.net)

Distribution: NASDAQ Helsinki Ltd, key media, [www.glaston.net](http://www.glaston.net)

## GLASTON CORPORATION

### CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 30 SEPTEMBER 2017

The consolidated interim financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as approved by the European Union. They do not include all of the information required for full annual financial statements.

The accounting principles applied in these interim financial statements are the same as those applied in consolidated financial statements.

These interim financial statements are not audited. As a result of rounding differences, the figures presented in the tables may not add up to the total.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	<u>30.9.2017</u>	<u>30.9.2016</u>	<u>31.12.2016</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	30.6	30.6	30.6
Other intangible assets	6.3	6.9	6.9
Property, plant and equipment	9.4	9.1	9.2
Available-for-sale assets	3.0	3.2	3.2
Loan receivables	0.5	0.9	0.9
Deferred tax assets	1.4	2.3	2.2
<b>Total non-current assets</b>	<b>51.1</b>	<b>52.9</b>	<b>52.9</b>
<b>Current assets</b>			
Inventories	11.5	13.6	11.9
Receivables			
Trade and other receivables	23.5	19.0	18.7
Assets for current tax	0.1	0.0	0.2
Total receivables	23.6	19.0	18.9
Cash equivalents	7.6	10.1	17.4
<b>Total current assets</b>	<b>42.8</b>	<b>42.7</b>	<b>48.1</b>
<b>Total assets</b>	<b>93.8</b>	<b>95.6</b>	<b>101.1</b>

	<u>30.9.2017</u>	<u>30.9.2016</u>	<u>31.12.2016</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Other restricted equity reserves	0.1	0.1	0.1
Reserve for invested unrestricted equity	41.6	41.6	41.6
Treasury shares	-3.3	-3.3	-3.3
Fair value reserve	0.1	0.1	0.1
Other unrestricted equity reserves	0.1	0.1	0.1
Retained earnings and exchange differences	-41.6	-42.1	-41.9
Net result attributable to owners of the parent	1.2	-1.1	1.0
<b>Equity attributable to owners of the parent</b>	<b>36.1</b>	<b>33.2</b>	<b>35.6</b>
<b>Non-controlling interest</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
<b>Total equity</b>	<b>36.4</b>	<b>33.5</b>	<b>35.9</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	12.2	8.0	6.9
Non-current interest-free liabilities and provisions	2.0	1.2	1.9
Deferred tax liabilities	0.4	0.4	0.4
<b>Total non-current liabilities</b>	<b>14.6</b>	<b>9.6</b>	<b>9.1</b>



<b>Current liabilities</b>			
Current interest-bearing liabilities	3.7	9.9	9.9
Current provisions	2.5	2.3	2.7
Trade and other payables	36.7	40.4	43.5
Liabilities for current tax	0.0	0.0	0.1
<b>Total current liabilities</b>	<b>42.9</b>	<b>52.6</b>	<b>56.1</b>
<b>Total liabilities</b>	<b>57.5</b>	<b>62.1</b>	<b>65.2</b>
<b>Total equity and liabilities</b>	<b>93.8</b>	<b>95.6</b>	<b>101.1</b>

## CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	<u>7-9/2017</u>	<u>7-9/2016</u>	<u>1-9/2017</u>	<u>1-9/2016</u>	<u>1-12/2016</u>
<b>Net sales</b>	<b>25.3</b>	<b>20.5</b>	<b>77.3</b>	<b>72.0</b>	<b>107.1</b>
Other operating income	0.5	0.2	1.4	0.7	1.1
Expenses	-23.8	-20.3	-73.9	-70.9	-103.3
Depreciation, amortization and impairment	-0.8	-0.7	-2.3	-2.0	-2.7
<b>Operating result</b>	<b>1.3</b>	<b>-0.3</b>	<b>2.6</b>	<b>-0.1</b>	<b>2.3</b>
Financial items, net	-0.1	-0.2	-0.7	-0.5	-0.7
<b>Result before income taxes</b>	<b>1.2</b>	<b>-0.4</b>	<b>1.9</b>	<b>-0.7</b>	<b>1.6</b>
Income taxes	-0.5	-0.1	-0.7	-0.4	-0.6
<b>Profit / loss for the period</b>	<b>0.7</b>	<b>-0.5</b>	<b>1.2</b>	<b>-1.1</b>	<b>1.0</b>
<b>Attributable to:</b>					
Owners of the parent	0.7	-0.5	1.2	-1.1	1.0
Non-controlling interest	-0.0	-0.0	-0.0	-0.0	-0.0
<b>Total</b>	<b>0.7</b>	<b>-0.5</b>	<b>1.2</b>	<b>-1.1</b>	<b>1.0</b>
Earnings per share, EUR	0.004	-0.003	0.006	-0.006	0.005
<b>Earnings per share, EUR, basic and diluted</b>	<b>0.004</b>	<b>-0.003</b>	<b>0.006</b>	<b>-0.006</b>	<b>0.005</b>
Operating result, as % of net sales	5.1	-1.3	3.4	-0.2	2.1
Profit / loss for the period, as % of net sales	2.8	-2.7	1.5	-1.5	0.9
Items affecting comparability	-0.0	0.0	-0.2	-0.2	-0.5
Comparable operating result	1.3	-0.3	2.8	0.0	2.8
Comparable operating result, as % of net sales	5.1	-1.3	3.6	0.0	2.6

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	<u>7-9/2017</u>	<u>7-9/2016</u>	<u>1-9/2017</u>	<u>1-9/2016</u>	<u>1-12/2016</u>
<b>Profit / loss for the period</b>	<b>0.7</b>	<b>-0.5</b>	<b>1.2</b>	<b>-1.1</b>	<b>1.0</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations	-0.1	-0.1	-0.8	-0.3	0.0
Fair value changes of available-for-sale assets	0.0	-0.0	0.0	-0.0	-0.0
Cash flow hedges	-0.1	-	0.1	-	-
Income tax on other comprehensive income	0.0	0.0	-0.0	0.0	0.0
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss:</b>					
Exchange differences on actuarial gains and losses arising from defined benefit plans	0.0	0.0	0.0	0.0	-0.0
Actuarial gains and losses arising from defined benefit plans	-	-	-	-	-0.0
<b>Other comprehensive income for the reporting period, net of tax</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-0.3</b>	<b>0.0</b>
<b>Total comprehensive income for the reporting period</b>	<b>0.5</b>	<b>-0.6</b>	<b>0.5</b>	<b>-1.4</b>	<b>1.0</b>
<b>Attributable to:</b>					
Owners of the parent	0.5	-0.6	0.5	-1.3	1.0
Non-controlling interest	-0.0	-0.0	-0.0	-0.0	-0.0
<b>Total comprehensive income for the reporting period</b>	<b>0.5</b>	<b>-0.6</b>	<b>0.5</b>	<b>-1.4</b>	<b>1.0</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	<u>1-9/2017</u>	<u>1-9/2016</u>	<u>1-12/2016</u>
<b>Cash flows from operating activities</b>			
Cash flow before change in net working capital	5.1	0.9	5.3
Change in net working capital	-12.3	3.6	8.2
<b>Net cash flow from operating activities</b>	<b>-7.2</b>	<b>4.5</b>	<b>13.4</b>
<b>Cash flow from investing activities</b>			
Other purchases of non-current assets	-2.3	-3.0	-3.9
Proceeds from sale of business	0.1	-	-
Proceeds from sale of other non-current assets	-	0.0	0.1
<b>Net cash flow from investing activities</b>	<b>-2.2</b>	<b>-3.0</b>	<b>-3.8</b>
<b>Cash flow before financing</b>			
<b>Cash flow from financing activities</b>	<b>-9.3</b>	<b>1.5</b>	<b>9.6</b>
Increase in non-current liabilities	5.6	3.2	3.2
Decrease in non-current liabilities	-0.0	-0.0	-0.0
Changes in loan receivables (increase - / decrease +)	0.3	0.2	0.3
Increase in short-term liabilities	2.0	2.3	2.3
Decrease in short-term liabilities	-8.1	-1.3	-2.5
Return of capital	-	-1.9	-1.9
<b>Net cash flow from financing activities</b>	<b>-0.3</b>	<b>2.6</b>	<b>1.4</b>
<b>Effect of exchange rate changes</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.3</b>

<b>Net change in cash and cash equivalents</b>	<b>-9.8</b>	<b>4.1</b>	<b>11.3</b>
Cash and cash equivalents at the beginning of period	17.4	6.1	6.1
Cash and cash equivalents at the end of period	7.6	10.1	17.4
<b>Net change in cash and cash equivalents</b>	<b>-9.8</b>	<b>4.1</b>	<b>11.3</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
<b>Equity at 1 January, 2016</b>	<b>12.7</b>	<b>25.3</b>	<b>43.5</b>	<b>-3.3</b>	<b>0.2</b>	<b>-47.1</b>	<b>5.2</b>	<b>36.5</b>	<b>0.3</b>	<b>36.8</b>
Total compr. income for the period	-	-	-	-	-0.0	-1.1	-0.2	-1.3	-0.0	-1.4
Return of equity	-	-	-1.9	-	-	-	-	-1.9	-	-1.9
<b>Equity at 30 September, 2016</b>	<b>12.7</b>	<b>25.3</b>	<b>41.6</b>	<b>-3.3</b>	<b>0.2</b>	<b>-48.2</b>	<b>4.9</b>	<b>33.2</b>	<b>0.3</b>	<b>33.5</b>

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
<b>Equity at 1 January, 2017</b>	<b>12.7</b>	<b>25.3</b>	<b>41.6</b>	<b>-3.3</b>	<b>0.2</b>	<b>-46.1</b>	<b>5.2</b>	<b>35.6</b>	<b>0.3</b>	<b>35.9</b>
Total compr. income for the period	-	-	-	-	0.1	1.2	-0.7	0.5	-0.0	0.5
Return of equity	-	-	-	-	-	-	-	-	-	-
<b>Equity at 30 September, 2017</b>	<b>12.7</b>	<b>25.3</b>	<b>41.6</b>	<b>-3.3</b>	<b>0.3</b>	<b>-44.9</b>	<b>4.5</b>	<b>36.1</b>	<b>0.2</b>	<b>36.4</b>

## KEY RATIOS

	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>31.12.2016</b>
EBITDA, as % of net sales <sup>(1)</sup>	6.3	2.5	4.6
Operating result (EBIT), as % of net sales	3.4	-0.2	2.1
Profit / loss for the period, as % of net sales	1.5	-1.5	0.9
Gross capital expenditure, EUR million	2.3	3.1	3.9
Gross capital expenditure, as % of net sales	2.9	4.3	3.6
Equity ratio, %	45.4	43.6	43.2
Gearing, %	43.6	53.2	46.7
Net gearing, %	22.7	22.9	-1.7
Net interest-bearing debt, EUR million	8.2	7.7	-0.6
Capital employed, end of period, EUR million	52.2	51.3	52.6
Return on equity, %, annualized	4.2	-4.2	2.8
Return on capital employed, %, annualized	7.0	-0.2	4.6
Number of personnel, average	411	444	437
Number of personnel, end of period	404	434	415

<b>PER SHARE DATA</b>	<b><u>30.9.2017</u></b>	<b><u>30.9.2016</u></b>	<b><u>31.12.2016</u></b>
Number of registered shares, end of period, treasury shares excluded (1.000)	192 920	192 920	192 920
Number of shares, average, adjusted with share issue, treasury shares excluded (1.000)	192 920	192 920	192 920
EPS, total, basic and diluted, adjusted with share issue, EUR	0.006	-0.006	0.005
Adjusted equity attributable to owners of the parent per share, EUR	0.19	0.17	0.18
Price per adjusted earnings per share (P/E) ratio	80.9	-61.7	75.3
Price per adjusted equity attributable to owners of the parent per share	2.62	2.03	2.17
Market capitalization of registered shares, EUR million	94.5	67.5	77.2
Share turnover, % (number of shares traded, % of the average registered number of shares)	29.3	13.8	16.5
Number of shares traded, (1.000)	56 525	26 547	31 898
Closing price of the share, EUR	0.49	0.35	0.40
Highest quoted price, EUR	0.56	0.51	0.51
Lowest quoted price, EUR	0.39	0.33	0.33
Volume-weighted average quoted price, EUR	0.42	0.38	0.38

## SEGMENT INFORMATION

The reportable segment consists of operating segments, which have been aggregated in accordance with the criteria of IFRS 8.12. Operating segments have been aggregated, when the nature of the products and services is similar, the nature of the production process is similar, as well as the type or class of customers. The remaining business consists of the manufacture and sale of heat treatment glass machines as well as the service operations for these machines. There is a high level of integration between safety glass machines and maintenance. Product development as well as sales and distribution are shared functions, serving both business areas. Their customers are the same, as is their market development, which is linked to the general development of the global market. Also the methods to distribute products or to provide services are similar. In the long term, also sales development and gross profit of the operating segments are similar.

Glaston's highest operative decision maker (CODM, Chief Operating Decision Maker) is Glaston Corporation's President & CEO, supported by the Executive Management Group. The President & CEO assesses the Group's financial position and its overall development.

## NET SALES

EUR million	<b><u>7-9/2017</u></b>	<b><u>7-9/2016</u></b>	<b><u>1-9/2017</u></b>	<b><u>1-9/2016</u></b>	<b><u>1-12/2016</u></b>
Machines	16.2	11.3	47.0	43.3	67.4
Services	9.5	9.6	31.6	30.1	41.8
Other and intersegment sales	-0.5	-0.5	-1.3	-1.5	-2.0
<b>Net sales Glaston Group total</b>	<b>25.3</b>	<b>20.5</b>	<b>77.3</b>	<b>72.0</b>	<b>107.1</b>
<b>Comparable EBIT</b>	<b>1.3</b>	<b>-0.3</b>	<b>2.8</b>	<b>0.0</b>	<b>2.8</b>
Comparable EBIT-%	5.1	-1.3	3.6	0.0	2.6
Items affecting comparability	-0.0	0.0	-0.2	-0.2	-0.5
<b>EBIT</b>	<b>1.3</b>	<b>-0.3</b>	<b>2.6</b>	<b>-0.1</b>	<b>2.3</b>
EBIT-%	5.1	-1.3	3.4	-0.2	2.1

## Order intake

EUR million	<b><u>1-9/2017</u></b>	<b><u>1-9/2016</u></b>	<b><u>1-12/2016</u></b>
Machines	44.2	49.8	72.3
Services	30.7	29.4	40.6
<b>Total Glaston Group</b>	<b>74.9</b>	<b>79.3</b>	<b>112.9</b>

**Net sales by geographical areas (continuing operations)**

EUR million	1-9/2017	1-9/2016	1-12/2016
EMEA	36.9	27.6	42.4
Asia	12.6	16.2	21.0
America	27.8	28.2	43.7
<b>Total</b>	<b>77.3</b>	<b>72.0</b>	<b>107.1</b>

**QUARTERLY NET SALES, OPERATING RESULT, ORDER INTAKE AND ORDER BOOK****Net sales**

EUR million	7-9/2017	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016
Machines	16.2	18.2	12.5	24.1	11.3	13.0
Services	9.5	11.2	10.9	11.6	9.6	9.9
Other and intersegment sales	-0.5	-0.3	-0.6	-0.5	-0.5	-0.8
<b>Net sales Glaston Group total</b>	<b>25.3</b>	<b>29.1</b>	<b>22.8</b>	<b>35.1</b>	<b>20.5</b>	<b>22.1</b>
<b>Comparable EBIT</b>	<b>1.3</b>	<b>1.4</b>	<b>0.0</b>	<b>2.7</b>	<b>-0.3</b>	<b>-0.4</b>
Comparable EBIT-%	5.1	5.0	0.1	7.8	-1.3	-1.9
Items affecting comparability	-0.0	-0.2	-	-0.3	0.0	-0.2
<b>EBIT</b>	<b>1.3</b>	<b>1.3</b>	<b>0.0</b>	<b>2.4</b>	<b>-0.3</b>	<b>-0.6</b>
EBIT-%	5.1	4.4	0.1	6.8	-1.3	-2.7

**Order book**

	30.9.2017	30.6.2017	31.3.2017	31.12.2016	30.9.2016	30.6.2016
Machines	36.2	36.3	40.4	39.9	41.4	36.4
Services	5.5	4.9	4.8	5.7	4.6	4.5
<b>Total Glaston Group</b>	<b>41.8</b>	<b>41.2</b>	<b>45.1</b>	<b>45.6</b>	<b>46.0</b>	<b>40.9</b>

**Order intake**

EUR million	7-9/2017	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016
Machines	17.2	15.1	12.0	22.4	16.6	17.9
Services	9.6	11.5	9.6	11.2	9.0	10.7
<b>Total Glaston Group</b>	<b>26.8</b>	<b>26.6</b>	<b>21.6</b>	<b>33.6</b>	<b>25.6</b>	<b>28.6</b>

**COMPARABLE OPERATING RESULT**

Items affecting comparability

EUR million	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
Restructurings and disposals of property, plant and equipment	-0.0	0.0	-0.2	-0.2	-0.5
<b>Items affecting comparability</b>	<b>-0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.5</b>

<b>Comparable EBITDA</b>	<b>7-9/2017</b>	<b>7-9/2016</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
Operating result	1.3	-0.3	2.6	-0.1	2.3
Depreciation and amortization	0.8	0.7	2.3	2.0	2.7
Adjustment: Items affecting comparability	0.0	-0.0	0.2	0.2	0.5
<b>Comparable EBITDA</b>	<b>2.0</b>	<b>0.4</b>	<b>5.0</b>	<b>2.0</b>	<b>5.4</b>
% of net sales	8.1	1.9	6.5	2.8	5.1

  

<b>Comparable EBIT</b>	<b>7-9/2017</b>	<b>7-9/2016</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
Operating result	1.3	-0.3	2.6	-0.1	2.3
Adjustment: Items affecting comparability	0.0	-0.0	0.2	0.2	0.5
<b>Comparable EBIT</b>	<b>1.3</b>	<b>-0.3</b>	<b>2.8</b>	<b>0.0</b>	<b>2.8</b>
% of net sales	5.1	-1.3	3.6	0.0	2.6

## PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million

<b>Changes in property, plant and equipment</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
Carrying amount at beginning of the period	9.2	8.8	8.8
Additions	1.4	1.3	1.7
Disposals	-0.0	-0.0	-0.0
Depreciation and amortization	-0.9	-0.8	-1.1
Reclassification and other changes	-	-0.0	-0.0
Exchange differences	-0.3	-0.2	-0.1
Carrying amount at end of the period	9.4	9.1	9.2

At the end of September 2017 Glaston had not contractual commitments for the acquisition of property, plant and equipment (30.9.2016 0.1 EUR million).

## INTANGIBLE ASSETS

EUR million

<b>Changes in property, plant and equipment</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>1-12/2016</b>
Carrying amount at beginning of the period	37.4	36.9	36.9
Additions	0.9	1.8	2.2
Disposals	-0.0	-	-0.0
Depreciation and amortization	-1.4	-1.1	-1.5
Reclassification and other changes	-	-0.0	-0.0
Exchange differences	-0.0	-0.0	-0.0
Carrying amount at end of the period	36.9	37.5	37.4

## CONTINGENT LIABILITIES

EUR million	<u>30.9.2017</u>	<u>30.9.2016</u>	<u>31.12.2016</u>
<b>Mortgages and pledges</b>			
On own behalf	166.9	166.9	166.9
<b>Guarantees</b>			
On own behalf	6.9	7.7	11.2
On behalf of others	0.3	0.2	0.3
Lease obligations	13.3	15.1	14.7
Repurchase obligations	0.0	0.3	0.3

Mortgages and pledges include EUR 23.9 million shares in group companies.

Glaston Group has international operations and can be a defendant or plaintiff in a number of legal proceedings incidental to those operations. The Group does not expect the outcome of any unmentioned legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or results of operations.

## DERIVATIVE INSTRUMENTS

EUR million	<u>30.9.2017</u>		<u>30.9.2016</u>		<u>31.12.2016</u>	
	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>
<b>Commodity derivatives</b>						
Electricity forwards	-	-	0.3	-0.1	0.4	-0.0
<b>Currency forwards</b>						
Currency forward contracts	7.3	0.1	-	-	-	-

Since 2017, Glaston has hedged foreign currency-denominated sales and cash flows of binding orders received with currency forwards. In fulfilling the conditions of hedge accounting, cash flow hedge accounting under IAS 39 is applied with respect to currency derivatives.

Derivative instruments are used only for hedging purposes. Nominal values of derivative instruments do not necessarily correspond with the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group. The fair values are based on market valuation on the date of reporting.

## FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial instruments at fair value include derivatives. Other financial instruments at fair value through profit or loss can include mainly Glaston's current investments, which are classified as held for trading i.e. which have been acquired or incurred principally for the purpose of selling them in the near future. Also available-for-sale financial assets are measured at fair value.

Fair values of publicly traded derivatives are calculated based on quoted market rates at the end of the reporting period (fair value hierarchy level 1). All Glaston's derivatives are publicly traded.

Listed investments are measured at the market price at the end of the reporting period (fair value hierarchy level 2). Investments, for which fair values cannot be measured reliably, such as unlisted equities, are reported at cost or at cost less impairment (fair value hierarchy level 3).

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

Level 2 = other than quoted prices included within Level 1 that are observable either directly or indirectly

Level 3 = not based on observable market data. fair value equals cost or cost less impairment

During the reporting period there were no transfers between levels 1 and 2 of the fair value hierarchy.

During the reporting period there were no changes in the valuation techniques of levels 2 or 3 of the fair value hierarchy.

#### Fair value measurement hierarchy. Level 3, changes during the reporting period

EUR million	2017	2016
1 January	3.1	3.1
Additions	-	-
Disposals	-0.2	-
Impairment losses	-	-
Reclassification	-	-
30 September	2.8	3.1

Financial instruments measured at fair value and included in level 3 of fair value hierarchy had no effect on the profit or loss of the reporting period or on other comprehensive income. These financial instruments are not measured at fair value on recurring basis.

#### Fair value hierarchy, fair values

EUR million

	30.9.2017				30.9.2016				31.12.2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>												
Available-for-sale shares	0.2	-	0.0	<b>0.2</b>	0.2	-	0.2	<b>0.4</b>	0.1	-	0.2	<b>0.4</b>
Other long-term investments	-	-	2.8	<b>2.8</b>	-	-	2.8	<b>2.8</b>	-	-	2.8	<b>2.8</b>
Commodity derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Currency forward contracts	-	0.1	-	<b>0.1</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0.2</b>	<b>0.1</b>	<b>2.8</b>	<b>3.1</b>	<b>0.2</b>	-	<b>3.1</b>	<b>3.2</b>	<b>0.1</b>	-	<b>3.1</b>	<b>3.2</b>
<b>Liabilities</b>												
Commodity derivatives	-	-	-	-	-	-0.1	-	<b>-0.1</b>	-	-0.0	-	<b>-0.0</b>
Currency forward contracts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>-0.1</b>	-	<b>-0.1</b>	-	<b>-0.0</b>	-	<b>-0.0</b>



## SHAREHOLDER INFORMATION

### 20 largest shareholders 30 September, 2017

	Shareholder	Number of shares	% of shares and votes
1	Ac Invest Eight B.V.	33 931 442	17.52
2	Hymy Lahtinen Oy	23 400 000	12.08
3	Etera Mutual Pension Insurance Company	13 843 878	7.15
4	OP-Finland Small Firms Fund	13 818 323	7.13
5	Varma Mutual Pension Insurance Company	12 786 643	6.60
6	Evli Finnish Small Cap Fund	9 467 361	4.89
7	Hulkko Juha Olavi	4 000 000	2.06
8	Päivikki and Sakari Sohlberg Foundation	3 965 600	2.05
9	Oy Investsum Ab	3 358 000	1.73
10	Kirkon Eläkerahasto	3 142 600	1.62
11	Danske Invest Finnish Small Cap Fund	2 828 783	1.46
12	Sijoitusrahasto Taaleritehdas Mikro Markka	2 375 600	1.23
13	Säästöpankki Pienyhtiöt	2 307 860	1.19
14	Sumelius-Fogelholm Birgitta	1 944 734	1.00
15	Sumelius Bjarne Henning	1 801 504	0.93
16	Metsänen Arto Juhani	1 750 000	0.90
17	Von Christierson Charlie	1 600 000	0.83
18	Oy Nissala Ab	1 500 000	0.77
19	Sumelius Christer	1 290 063	0.67
20	Sumelius-Koljonen Barbro	1 235 988	0.64
	20 largest shareholders total	140 348 379	72.45
	Nominee registered shareholders	1 565 527	0.81
	Other shares	51 794 430	26.74
	Total	193 708 336	

## DEFINITIONS OF KEY RATIOS

### Per share data

Earnings per share (EPS), continuing operations:

Net result of continuing operations attributable to owners of the parent / Adjusted average number of shares

Earnings per share (EPS), discontinued operations:

Net result of discontinued operations attributable to owners of the parent / Adjusted average number of shares

Earnings per share (EPS):

Net result attributable to owners of the parent / Adjusted average number of shares

Diluted earnings per share:

Net result attributable to owners of the parent adjusted with the result effect of the convertible bond / Adjusted average number of shares. dilution effect of the convertible bond taken into account

Dividend per share\*:  
Dividends paid / Adjusted number of issued shares at end of the period

Dividend payout ratio\*:  
(Dividend per share x 100) / Earnings per share

Dividend yield\*:  
(Dividend per share x 100) / Share price at end of the period

Equity attributable to owners of the parent per share:  
Equity attributable to owners of the parent at end of the period / Adjusted number of shares at end of the period

Average trading price:  
Shares traded (EUR) / Shares traded (volume)

Price per earnings per share (P/E):  
Share price at end of the period / Earnings per share (EPS)

Price per equity attributable to owners of the parent per share:  
Share price at end of the period / Equity attributable to owners of the parent per share

Share turnover:  
The proportion of number of shares traded during the period to weighted average number of shares

Market capitalization:  
Number of shares at end of the period x share price at end of the period

Number of shares at period end:  
Number of issued shares - treasury shares

\*The definition is also applied with return of capital

## Financial ratios

EBITDA:  
Profit / loss of continuing operations before depreciation, amortization and impairment, share of associates' results included

Operating result (EBIT):  
Profit / loss of continuing operations after depreciation, amortization and impairment, share of associates' results included

Cash and cash equivalents:  
Cash + other financial assets (includes cash and cash equivalents classified as held for sale)

Net interest-bearing debt:  
Interest-bearing liabilities (includes interest-bearing liabilities classified as held for sale) - cash and cash equivalents

Financial expenses:  
Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities (total of continuing and discontinued operations)

Equity ratio, %:  
Equity (Equity attributable to owners of the parent + non-controlling interest) x 100 / Total assets - advance payments received

Gearing, %:

$\text{Interest-bearing liabilities} \times 100 / \text{Equity (Equity attributable to owners of the parent + non-controlling interest)}$

Net gearing, %:

$\text{Net interest-bearing debt} \times 100 / \text{Equity (Equity attributable to owners of the parent + non-controlling interest)}$

Return on capital employed, % (ROCE):

$\text{Profit / loss before taxes + financial expenses} \times 100 / \text{Equity + interest-bearing liabilities. average of 1 January and end of the reporting period}$

Return on equity, % (ROE),

$\text{Profit / loss for the reporting period} \times 100 /$

$\text{Equity (Equity attributable to owners of the parent + non-controlling interest), average of 1 January and end of the reporting period}$

### **Alternative performance measures**

Comparable EBIT:

Profit / loss of continuing operations after depreciation, amortization and impairment. share of associates' results included – items affecting comparability

Comparable EBITDA:

Profit / loss of continuing operations before depreciation, amortization and impairment. share of associates' results included – items affecting comparability

Items affecting comparability:

Items affecting comparability are related to restructuring and for events or activities, which are not part of the normal business operations, They can include expenses arising from personnel reduction, product portfolio rationalization, changes in production structure and from reduction of offices. Impairment loss of goodwill, exceptionally large gains or losses from disposals of property, plant and equipment and intangible assets as well as capital gains or losses arising from group restructuring.