Glaston Interim Report 1 January – 31 March 2018: Orders received grew 23%, comparable operating profit at previous year's level

On 26 March 2018, Glaston published data restated in accordance with revenue recognition standard IFRS 15. Glaston will apply the new revenue recognition standard fully retrospectively from 1 January 2018, and therefore the interim report 1 January – 31 March 2018 is reported in accordance with the new standard for 2018 actual data and 2017 comparison data.

January-March 2018

- Orders received grew by 23% and totalled EUR 26.5 (21.6) million.
- The order book was EUR 36.0 (39.8) million at the end of March.
- Net sales totalled EUR 24.8 (26.6) million.
- Comparable EBITDA was EUR 1.7 (1.8) million, i.e. EUR 7.0 (6.9)% of net sales.
- The comparable operating profit was EUR 1.0 (1.1) million, i.e. EUR 4.0 (4.1)% of net sales.
- Return on capital employed (ROCE) was 6.7 (8.6)%.
- Earnings per share were EUR 0.002 (0.003).
- Net interest-bearing debt amounted to EUR 7.7 (3.0) million.

Outlook unchanged

The steady order intake of the previous six months and positive market development create good conditions for profitable growth in 2018. We expect the full-year comparable operating profit to improve from 2017. (Full-year 2017 comparable operating profit was EUR 5.0 million according to the new revenue recognition standard IFRS 15).

President & CEO Arto Metsänen:

"Glaston made an upbeat start to the year. The first-quarter orders grew by 23% to EUR 26.5 million, which is a good level for the generally quiet beginning of the year. There was a lot of activity in the EMEA area and strong development was seen in the Asia region. North America orders fell short of last year's level.

Net sales totalled EUR 24.8 million, down by 7% compared with the corresponding period of the previous year. Last year's sale of the pre-processing business as well as the weakness of the US dollar contributed to the decline in net sales. The comparable operating profit was at the previous year's level, EUR 1.0 million.

In line with our strategy, we continued to invest in product development, particularly in the digitalisation of our products and services, as well as in emerging glass technologies. In the early part of the year, progress was made in digital maintenance services, particularly in the area of proactive maintenance. In the Emerging Technologies unit, the Heliotrope nanotechnology project advanced according to plan. A prototype line was approved in March and progress made on the testing of an electrolyte material. If the final stages of the project are implemented according to plan, the first pilot line may be ordered this year.

glaston seeing it through®

Smart glass has enormous potential and the smart glass market is expected to grow significantly in the next few years. As our industry's technology leader, we are actively involved with our Emerging Technologies unit in developing new glass technologies and their practical application. In addition to the Heliotrope project, the unit has nearly ten pending projects, related to the automotive, solar energy and aviation industries. Building the Emerging Technologies unit's business will play a particularly significant role in Glaston's growth and increasing shareholder value over the next 3–5 years."

Operating environment

The glass processing market was fairly lively in the first quarter, and the Machines market, in particular, made an upbeat start to the year. In the EMEA area, market activity continued on a high level. In North America, the market levelled off, and in South America the market continued to be quiet. In the Asia market area, development was very positive in the Pacific region.

MACHINES

The Machines business' year began on an upbeat note, and the EMEA area and Asian markets, in particular, were active. The strongest development was in the EMEA area, where orders received for tempering lines nearly doubled compared with the corresponding period of the previous year. Development was strongest in Central Europe. The pick-up in the Russian market continued.

In the Asia market area, customers' activity continued at a good level, particularly in the Pacific region. After a few years' break, a tempering machine deal was closed for Japan. In China, the cautiously positive development continued, and the activity of large glass processors increased. In North America, demand is good, but the number of orders was tested by a temporary faltering of demand in the first quarter. In South America, the market remained subdued.

Customers' interest and trust in the FC tempering machines remained strong. The product's share of the order book and new orders increased even further. Demand for laminating products also grew.

Emerging Technologies

To identify new business opportunities, Glaston established the Emerging Technologies unit at the beginning of 2017. The unit offers engineering and consulting services for future new fields of glass technology, such as smart glass and energy glass window production and solar energy solutions. In addition, the unit sells and maintains the required production lines.

In the first quarter of the year, the unit's activities centred on testing the Heliotrope line and running larger glass sizes. In addition, progress was made in material development via a new electrolyte composition, and the new material performed well in the required tests. One of the product's most significant competitive advantages over products already on the market is its significantly lower price. As development work advances, production costs are still consistent with their original level. During the coming months, the development of the line will progress to the final testing stage.

In addition to the Heliotrope project, Glaston engaged in negotiations on new projects for the automotive, solar energy and aviation industries. As well as production lines, negotiations on more extensive factory engineering services also took place.

Services

Following a lively fourth quarter, the Services market made a calm start to the year. In the EMEA area and North America, demand for upgrade products was on a good level. A number of tempering line modernisation products were sold to the USA, and a control system upgrade package was sold to Canada. In the EMEA area, a capacity-increasing modernisation product was sold to Italy. Control system upgrade products were sold to Germany and Algeria, among other countries. In the South American market, a cautious pick-up in demand was perceptible, and a laminating line modernisation product was sold to Paraguay. Demand for maintenance services was on a good level.

In the first quarter, the introduction of digital maintenance services advanced, and it is now possible to carry out proactive maintenance on a completely new level. The popularity of the ProL-zone laminating line upgrade product continued to be good and the product has now been sold in every market area.

Following a decline in local demand, Glaston made a decision in January to discontinue the production operations of its Chinese joint venture Glaston Tools (Sanhe) Co., Ltd. Measures to discontinue the factory's operations advanced. In the first quarter, EUR 0.2 million in costs relating to personnel redundancies were recognised. The measures are expected to result in further non-recurring costs during 2018. Glaston owns 70% of the joint venture, and its net sales were EUR 0.7 million in 2017.

Orders received and order book

Glaston's January-March order intake was 23% up on the corresponding period of the previous year and totalled EUR 26.5 (21.6) million.

The January-March order intake of the Machines business grew by 50% from the corresponding period of the previous year and totalled EUR 18.0 (12.0) million. The most significant orders were received from the Czech Republic, Germany, Switzerland and Australia. The order intake of the Services business was down 11% on the level of the corresponding period of the previous year and totalled EUR 8.6 (9.6) million. When the USA and Canada pre-processing machine business, sold in spring 2017, is eliminated from the comparison data, the order intake of the Services business declined by 2%, adversely impacted by the low order intakes of tools and the remaining pre-processing business. The order intake of services related to heat treatment machines grew by 11%. Double the amount of modernisation orders were received compared with the corresponding period of the previous year.

The order book was EUR 36.0 (39.8) million at the end of March. Of the order book, the Machines business accounted for EUR 32.0 (35.5) million and the Services business for EUR 4.0 (4.3) million.

Order book, MEUR	**31.3.2018**	restated **31.3.2017**	restated **31.12.2017**
Machines	32.0	35.5	30.6
Services	4.0	4.3	3.5
Total	**36.0**	**39.8**	**34.1**

Net sales

Glaston's January-March net sales were 7% down from the corresponding period of the previous year and totalled EUR 24.8 (26.6) million. Consolidated net sales declined due to lower Services business net sales than the previous year and changes in foreign exchange rates. Consolidated net sales were at the same level as the corresponding period of the previous year when the sold pre-processing business is eliminated from the comparison data.

The net sales of the Services business were down 22% from the level of the corresponding period of the previous year and totalled EUR 8.7 (11.2) million. When the sold pre-processing business is taken into account, the decline was 7%. Net sales of services related to heat treatment machines rose by 3%. Sales of tools and the remaining pre-processing machine business declined. Net sales of the Machines business were at the level of the corresponding period of the previous year: EUR 16.3 (16.0) million.

The pick-up in the Asia region was reflected in the area's net sales. Net sales in January-March were EUR 6.1 (3.3) million, up 82% from the first quarter of the previous year. The net sales of the Americas area fell by 43% compared with the corresponding period of the previous year and were EUR 6.1 (10.6) million. The decline was 23%, calculated with comparable foreign exchange rates and taking into account the sale of the pre-processing business in spring 2017. Net sales for the EMEA area were at the high level of the corresponding period of the previous year: EUR 12.6 (12.6) million.

Net sales, MEUR	1–3/2018	restated 1–3/2017	restated 1–12/2017
Machines	16.3	16.0	68.8
Services	8.7	11.2	42.8
Other and internal sales	-0.3	-0.6	-2.0
Total	**24.8**	**26.6**	**109.7**

Operating result and profitability

Glaston's comparable operating profit in January-March was EUR 1.0 (1.1) million, i.e. 4.0 (4.1)% of net sales. The negative impact of lower net sales was offset by a decline in fixed costs achieved by the efficiency measures carried out last year and by changes in foreign exchange rates. In the reporting period, items affecting comparability totalling EUR 0.2 million were recognised for restructuring.

Comparable operating profit, MEUR	1–3/2018	restated 1–3/2017	restated 2017
EBIT	0.8	1.1	5.0
Items affecting comparability	-0.2	-	-0.4
Comparable operating profit	**1.0**	**1.1**	**4.6**

The first-quarter operating profit (EBIT) was EUR 0.8 (1.1) million. The result before taxes was EUR 0.5 (0.7) million. The result for January-March was EUR 0.3 (0.7) million.

January-March earnings per share were EUR 0.002 (0.003) million.

Financial position, cash flow and financing

Glaston's cash flow from operating activities, before the change in working capital, was EUR 0.8 (0.6) million in January-March. The change in working capital was EUR -7.4 (-4.4) million. Cash flow from investments was EUR -0.3 (-0.4) million and cash flow from financing activities was EUR -0.4 (-2.2) million. The growth in working capital results from an increase in revenue recognition receivables over time in accordance with the new revenue recognition standard IFRS 15 and from the exceptional working capital profile of a few large projects.

At the end of the reporting period, the Group's cash and cash equivalents totalled EUR 5.3 (11.4) million. Interest-bearing net debt totalled EUR 7.7 (3.0) million and net gearing was 20.6 (8.4)%.

At the end of March, the consolidated asset total was EUR 93.5 (98.1) million. The equity attributable to the owners of the parent was EUR 37.1 (35.6) million. Equity per share was EUR 0.19 (0.18). Return on equity in the reporting period was 3.3 (7.2)%. The return on capital employed was 6.7 (8.6)%.

Capital expenditure, depreciation and amortisation

Glaston's gross capital expenditure totalled EUR 0.3 (0.4) million. Investments were mainly related to product development.

Depreciation and amortisation on property, plant and equipment, and on intangible assets totalled EUR 0.8 (0.8) million.

Investments in product development, digitalisation and emerging technologies

In line with its growth strategy, Glaston invests in product development and emerging technologies. The investments are aimed at increasing differentiation from competitors, creating new earnings models and expanding into new product areas. At the heart of product development is digitalisation, which facilitates the shift towards automatic glass processing. The glass industry's emerging technologies are focused on reducing or completely removing buildings' energy consumption and on enabling disruptive technologies related to mobility and transport.

In January-March, research and product development expenditure, excluding depreciation, totalled EUR 0.9 (1.1) million, of which EUR 0.1 (0.3) million was capitalised. Research and product development expenditure amounted to 3.8 (4.3)% of net sales.

In research and development, investments were targeted at further improving the visual quality of tempered glass. Development of the tempering process to improve the quality of glass anisotropy continued with the aim of eliminating the distortions and reflections visible under certain natural light conditions.

The development of digitalisation focused on processing data collected from machines to be suitable for customer-specific reports. Development of artificial intelligence to monitor and improve tempering quality continued.

With regard to emerging technologies, development work centred on testing the Heliotrope line and larger glass sizes. In addition, development of an electrolyte material advanced.

Organisation and employees

In the review period, Glaston strengthened its information management by recruiting a chief information officer. Resources for services product support and EMEA area services sales were increased. Approximately 30 employees of Glaston Tools (Sanhe) Co. Ltd, Glaston's joint venture in China, were made redundant.

The average number of employees was 374 (414). Of the Group's employees, 47% worked in Finland and 17% elsewhere in the EMEA area, 23% in Asia and 13% in the Americas. At the end of the review period, Glaston had 372 (412) employees.

Shares and share prices

Glaston Corporation's share capital on 31 March 2018 was EUR 12.7 million and the number of issued shares totalled 193,708,336. The company has one series of share. At the end of March, 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.

During January-March 2018, approximately 3.7 (4,5) million of Glaston's shares were traded on NASDAQ Helsinki Ltd, i.e. 1.9 (2.3)% of the average number of registered shares. In the review period, the lowest price paid for a share was EUR 0.40 (0.39) and the highest price EUR 0.49 (0.45). The volume-weighted average price of shares traded in January-March was EUR 0.45 (0.42). The closing price on 31 March 2018 was EUR 0.43 (0.40).

On 31 March 2018, Glaston's market value, excluding treasury shares, was EUR 83.0 (77.2) million. The equity per share attributable to the owners of the parent was EUR 0.19 (0.18).

At the end of the review period, Glaston had 5,680 registered shareholders (31 March 2017: 5,644).

Events after the closing date

The Annual General Meeting of Glaston Corporation was held in Helsinki on 10 April 2018. The Annual General Meeting adopted the financial statements and consolidated financial statements for the period 1 January – 31 December 2017. The Annual General Meeting discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January–31 December 2017.

In accordance with the proposal of the Board of Directors, Annual General Meeting decided that, based on the balance sheet adopted for financial year 2017, a return of capital of EUR 0.01 per share be paid. Capital will be repaid from the reserve for invested unrestricted equity. Capital will be repaid to shareholders who are registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 12 April 2018. The return of capital will be paid on 26 April 2018.

Composition of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Board, the number of the members of the Board of Directors was resolved to be seven. The Annual General Meeting decided, in accordance with the proposal of the Shareholders' Nomination Board, to re-elect the current members of the Board of Directors, Teuvo Salminen, Anu Hämäläinen, Sarlotta Narjus, Kai Mäenpää and Tero Telaranta for a term of office ending at the close of the next Annual General Meeting. In addition, it was resolved that Sebastian Bondestam and Antti Kaunonen be elected as new members of the Board of Directors for the same term.

In its organising meeting, held after the Annual General Meeting, the Board of Directors elected Teuvo Salminen as Chairman of the Board and Sebastian Bondestam as Deputy Chairman of the Board.

Remuneration of the members of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Board, the Annual General Meeting resolved that the annual remuneration payable to the members of the Board of Directors be increased by 15% and therefore that the Chairman of the Board be paid an annual fee of EUR 46,000, the Deputy Chairman EUR 34,500 and the other members of the Board EUR 23,000.

Auditor

In accordance with the proposal of the Board of Directors, the Annual General Meeting elected Authorised Public Accounting firm Ernst & Young Oy as the company's auditor, with Authorised Public Accountant Kristina Sandin as the main responsible auditor.

Board authorisations

The Annual General Meeting authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other rights granting entitlement to shares. The authorisation covers a maximum of 20,000,000 shares.

The authorisation does not exclude the Board of Directors' right to decide on a directed issue. It was proposed that the authorisation be used for executing or financing arrangements important from the company's point of view, such as business arrangements or investments, or for other such purposes determined by the Board of Directors in which a weighty financial reason would exist for issuing shares, options or other rights granting entitlement to shares and possibly directing a share issue.

The Board of Directors is authorised to resolve on all other terms and conditions of the issuance of shares, options and other rights entitling to shares as referred to in Chapter 10 of the Companies Act, including the payment period, grounds for the determination of the subscription price and the subscription price or allocation of shares, options or other rights without payment or that the subscription price may be paid besides in cash also with other assets either partially or entirely. The authorisation is valid until 30 June 2019 and it invalidates earlier authorisations.

Shares in the joint book-entry account and the rights carried by these shares
The Annual General Meeting decided in accordance with Chapter 3, Section 14 a, Subsection 3 of the Finnish Companies Act, that rights to all shares recorded on the joint book-entry account of Glaston Corporation and the rights based on such shares, whose registration had not been requested in accordance with Chapter 6, Section 3 of the Act on the Book-Entry System and Clearance Activity prior to the resolution of the Annual General Meeting, are to be forfeited. In addition to the shares, all rights based on those shares, such as undrawn dividends, shall be also forfeited. Rules and regulations regarding treasury shares shall be applied to the forfeited shares after the resolution. On 30 January 2018, the number of Glaston Corporation’s shares in the joint book-entry account was 75,200.

Uncertainties and risks 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.

Glaston has taken into account in its forecasts for the near future the 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 2–3 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. For Glaston, North America is a significant market, as a result of which a significant weakening of the US dollar would have an impact on the company’s net sales, profit and, depending on the market willingness to invest, possibly also on future order intake.

Outlook unchanged

Activity in the glass processing market was good from the beginning of 2018. The development of Glaston’s order intake took a turn for the better as the end of the quarter approached, and the positive market development is expected to continue. The strong growth expectations for the world economy support this view. Customers continue to take time over their investment decisions, which may cause delays in orders and fluctuations in quarterly order intake.

The steady order intake of the previous six months and positive market development create good conditions for profitable growth in 2018. We expect the full-year comparable operating profit to improve from 2017. (Full-year 2017 comparable operating profit was EUR 5.0 million according to the new revenue recognition standard IFRS 15).

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

Sender:
Glaston Corporation
Agneta Selroos
Communications Director
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 utilize 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

Distribution: NASDAQ OMX Helsinki, key media, www.glaston.net

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 MARCH 2018

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.

* Glaston is applying the new revenue recognition standard 'IFRS 15 Revenue from Contracts with Customers' fully retrospectively from 1 January 2018, and has prepared a restated income statement and balance sheet for 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.3.2018	restated* 31.3.2017	restated* 31.12.2017
Assets			
Non-current assets			
Goodwill	30.6	30.6	30.6
Other intangible assets	6.2	6.8	6.5
Property, plant and equipment	8.3	9.0	8.4
Financial assets measured at fair value through other comprehensive income	3.0	3.2	3.0
Loan receivables	1.4	0.9	1.4
Deferred tax assets	1.0	2.1	1.0
Total non-current assets	**50.5**	**52.6**	**50.9**
Current assets			
Inventories	8,5	12.5	11.0
Receivables			
Trade and other receivables	21.0	19.0	22.2
Contract assets	8.2	2.5	-2.0
Assets for current tax	0.1	0.2	0.1
Total receivables	29.3	21.6	20.4
Cash equivalents	5.3	11.4	12.4
Total current assets	**43.0**	**45.5**	**43.7**
Total assets	**93.5**	**98.1**	**94.6**

	31.3.2018	restated* 31.3.2017	restated* 31.12.2017
Equity and liabilities			
Equity			
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	-39.7	-41.5	-42.2
Net result attributable to owners of the parent	0.4	0.7	2.6
Equity attributable to owners of the parent	**37.1**	**35.6**	**36.9**
Non-controlling interest	**0.2**	**0.3**	**0.2**
Total equity	**37.3**	**35.9**	**37.1**
Non-current liabilities			
Non-current interest-bearing liabilities	10.3	6.6	10.6
Non-current interest-free liabilities and provisions	1.5	1.8	2.1
Deferred tax liabilities	0.5	0.4	0.3
Total non-current liabilities	**12.2**	**8.7**	**12.9**

Current liabilities			
Current interest-bearing liabilities	2.6	7.9	2.6
Current provisions	2.2	2.2	2.4
Trade and other current interest-free payables	22.8	25.8	28.8
Contract liabilities	16.2	17.4	10.5
Liabilities for current tax	0.2	0.1	0.2
Total current liabilities	**44.0**	**53.5**	**44.6**
Total liabilities	**56.2**	**62.2**	**57.5**
Total equity and liabilities	**93.5**	**98.1**	**94.6**

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	1-3/2018	restated* 1-3/2017	restated* 1-12/2017
Net sales	**24.8**	**26.6**	**109.7**
Other operating income	0.3	0.3	1.7
Expenses	-23.5	-25.0	-103.8
Depreciation, amortization and impairment	-0.8	-0.8	-3.0
Operating profit	**0.8**	**1.1**	**4.6**
Financial items, net	-0.3	-0.3	-0.9
Result before income taxes	**0.5**	**0.7**	**3.8**
Income taxes	-0.2	-0.1	-1.2
Profit / loss for the period	**0.3**	**0.7**	**2.6**
Attributable to:			
Owners of the parent	0.4	0.7	2.6
Non-controlling interest	-0.1	-0.0	-0.0
Total	**0.3**	**0.7**	**2.6**
Earnings per share, EUR	0.002	0.003	0.014
Earnings per share, EUR, basic and diluted	**0.002**	**0.003**	**0.014**
Operating profit, as % of net sales	3.3	4.1	4.2
Profit / loss for the period, as % of net sales	1.2	2.4	2.4
Items affecting comparability	-0.2	-	-0.4
Comparable operating profit	1.0	1.1	5.0
Comparable operating profit, as % of net sales	4.0	4.1	4.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/2018	restated* 1-3/2017	restated* 1-12/2017
Profit / loss for the period	**0.3**	**0.1**	**2.0**
Other comprehensive income that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	-0.1	-0.1	-0.8
Fair value changes of financial assets measured at fair value through profit or loss	0.0	0.0	0.0
Cash flow hedges	-0.0	0.0	0.0
Income tax on other comprehensive income	0.0	-0.0	-0.0
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Exchange differences on actuarial gains and losses arising from defined benefit plans	0.0	0.0	0.0
Actuarial gains and losses arising from defined benefit plans	-	-	-0.0
Other comprehensive income for the reporting period, net of tax	**-0.1**	**-0.0**	**-0.8**
Total comprehensive income for the reporting period	**0.2**	**0.0**	**1.2**
Attributable to:			
Owners of the parent	0.3	0.0	1.3
Non-controlling interest	-0.1	-0.0	-0.1
Total comprehensive income for the reporting period	**0.2**	**0.0**	**1.2**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-3/2018	restated* 1-3/2017	restated* 1-12/2017
Cash flows from operating activities			
Cash flow before change in net working capital	0.8	0.6	7.4
Change in net working capital	-7.4	-4.4	-7.3
Net cash flow from operating activities	**-6.6**	**-3.8**	**0.1**
Cash flow from investing activities			
Other purchases of non-current assets	-0.4	-0.4	-2.3
Proceeds from sale of other non-current assets	0.0	0.0	0.2
Net cash flow from investing activities	**-0.3**	**-0.4**	**-2.1**
Cash flow before financing	**-6.9**	**-4.1**	**-1.9**
Cash flow from financing activities			
Increase in non-current liabilities	-	-	6.0
Decrease in non-current liabilities	-	-	-0.7
Changes in loan receivables (increase - / decrease +)	-0.1	0.1	0.4
Increase in short-term liabilities	-	-	2.0
Decrease in short-term liabilities	-0.3	-2.3	-10.5
Net cash flow from financing activities	**-0.4**	**-2.2**	**-2.8**
Effect of exchange rate changes	**0.2**	**0.4**	**-0.2**
Net change in cash and cash equivalents	**-7.1**	**-5.9**	**-5.0**

Cash and cash equivalents at the beginning of period	12.4	17.4	17.4
Cash and cash equivalents at the end of period	5.3	11.4	12.4
Net change in cash and cash equivalents	**-7.1**	**-5.9**	**-5.0**

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. earn-ings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2017	**12.7**	**25.3**	**41.6**	**-3.3**	**0.2**	**-46.1**	**5.2**	**35.6**	**0.3**	**35.9**
Restate: IFRS 15	-	-	-	-	-	-0.6	-	**-0.6**	-	**-0.6**
Restated equity at 1 January, 2017	**12.7**	**25.3**	**41.6**	**-3.3**	**0.2**	**-46.7**	**5.2**	**35.0**	**0.3**	**35.3**
Total compr. income for the period	-	-	-	-	0.0	0.7	-0.1	**0.6**	-0.0	**0.6**
Equity at 31 March, 2017	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-46.0**	**5.2**	**35.6**	**0.3**	**35.9**

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earn-ings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2018	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-44.1**	**4.5**	**36.9**	**0.2**	**37.1**
Restate: IFRS 9	-	-	-	-	-	0.0	-	**0.0**	-	**0.0**
Restated equity at 1 January, 2018	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-44.1**	**4.5**	**36.9**	**0.2**	**37.1**
Total compr. income for the period	-	-	-	-	0.0	0.4	-0.1	**0.3**	-0.1	**0.2**
Equity at 31 March, 2018	**12.7**	**25.3**	**41.6**	**-3.3**	**0.3**	**-43.7**	**4.3**	**37.1**	**0.2**	**37.3**

KEY RATIOS

	31.3.2018	restated* 31.3.2017	restated* 31.12.2017
EBITDA, as % of net sales	6.4	6.9	6.9
Operating profit (EBIT), as % of net sales	3.3	4.1	4.2
Profit / loss for the period, as % of net sales	1.2	2.4	2.4
Gross capital expenditure, EUR million	0.3	0.4	2.3
Gross capital expenditure, as % of net sales	1.4	1.6	2.1
Equity ratio, %	49.0	44.9	44.7
Gearing, %	34.7	40.2	35.7
Net gearing, %	20.6	8.4	2.3
Net interest-bearing debt, EUR million	7.7	3.0	0.9
Capital employed, end of period, EUR million	50.3	50.4	50.4
Return on equity, %, annualized	3.3	7.2	7.1
Return on capital employed, %, annualized	6.7	8.6	9.2
Number of personnel, average	374	414	409
Number of personnel, end of period	372	412	402

PER SHARE DATA	31.3.2018	restated 31.3.2017	restated 31.12.2017
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	0.002	0.003	0.014
Adjusted equity attributable to owners of the parent per share, EUR	0.19	0.18	0.19
Capital repayment per share, EUR	-	-	0.01
Capital repayment ratio, %	-	-	73.1
Capital repayment yield	-	-	2.1
Price per adjusted earnings per share (P/E) ratio	222.3	116.5	34.2
Price per adjusted equity attributable to owners of the parent per share	2.23	2.16	2.45
Market capitalization of registered shares, EUR million	83.0	77.2	90.3
Share turnover, % (number of shares traded, % of the average registered number of shares)	1.9	2.3	31.5
Number of shares traded, (1.000)	3 664	4 524	60 779
Closing price of the share, EUR	0.43	0.40	0.47
Highest quoted price, EUR	0.49	0.45	0.56
Lowest quoted price, EUR	0.40	0.39	0.39
Volume-weighted average quoted price, EUR	0.45	0.42	0.42

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	1-3/2018	restated* 1-3/2017	restated* 1-12/2017
Machines	16.3	16.0	68.8
Services	8.7	11.2	42.8
Other and intersegment sales	-0.3	-0.6	-2.0
Net sales Glaston Group total	**24.8**	**26.6**	**109.7**
Comparable EBIT	**1.0**	**1.1**	**5.0**
Comparable EBIT-%	4.0	4.1	4.6
Items affecting comparability	-0.2	-	-0.4
EBIT	**0.8**	**1.1**	**4.6**
EBIT-%	3.3	4.1	4.2

Order intake			
EUR million	**1-3/2018**	**1-3/2017**	**1-12/2017**
Machines	18.0	12.0	63.8
Services	8.6	9.6	39.9
Total Glaston Group	**26.5**	**21.6**	**103.7**

Net sales by geographical areas		restated*	restated*
EUR million	**1-3/2018**	**1-3/2017**	**1-12/2017**
EMEA	12.6	12.6	51.5
Asia	6.1	3.3	16.5
America	6.1	10.6	41.6
Total	**24.8**	**26.6**	**109.7**

QUARTERLY NET SALES, OPERATING PROFIT, ORDER INTAKE AND ORDER BOOK

Net sales		restated*	restated*	restated*	restated*
EUR million	**1-3/2018**	**10-12/2017**	**7-9/2017**	**4-6/2017**	**1-3/2017**
Machines	16.3	19.2	15.2	18.4	16.0
Services	8.7	11.1	9.8	10.8	11.2
Other and intersegment sales	-0.3	-0.6	-0.5	-0.3	-0.6
Net sales Glaston Group total	**24.8**	**29.7**	**24.5**	**28.9**	**26.6**
Comparable EBIT	**1.0**	**1.4**	**1.0**	**1.5**	**1.1**
Comparable EBIT-%	4.0	4.8	4.1	5.1	4.1
Items affecting comparability	-0.2	-0.2	-0.0	-0.2	-
EBIT	**0.8**	**1.2**	**1.0**	**1.3**	**1.1**
EBIT-%	3.3	4.1	4.1	4.5	4.1

Order book		restated*	restated*	restated*	restated*
EUR million	**31.3.2018**	**31.12.2017**	**30.9.2017**	**30.6.2017**	**31.3.2017**
Machines	32.0	30.6	32.3	31.3	35.5
Services	4.0	3.5	5.2	4.8	4.3
Total Glaston Group	**36.0**	**34.1**	**37.5**	**36.1**	**39.8**

Order intake					
EUR million	**1-3/2018**	**10-12/2017**	**7-9/2017**	**4-6/2017**	**1-3/2017**
Machines	18.0	19.6	17.2	15.1	12.0
Services	8.6	9.2	9.6	11.5	9.6
Total Glaston Group	**26.5**	**28.8**	**26.8**	**26.6**	**21.6**

COMPARABLE OPERATING PROFIT

Items affecting comparability			
EUR million	**1-3/2018**	**1-3/2017**	**1-12/2017**
Restucturings and disposals of property, plant and equipment	-0.2	-	-0.4
Items affecting comparability	**-0.2**	**-**	**-0.4**

glaston
seeing it through

Comparable EBITDA	1-3/2018	restated* 1-3/2017	restated* 1-12/2017
Operating profit	0.8	1.1	4.6
Less			
Depreciation and amortization	0.8	0.8	3.0
Adjustment: Items affecting comparability	0.2	-	0.4
Comparable EBITDA	**1.7**	**1.8**	**8.0**
% of net sales	7.0	6.9	7.3

Comparable EBIT	1-3/2018	restated* 1-3/2017	restated* 1-12/2017
Operating profit	0.8	1.1	4.6
Less			
Adjustment: Items affecting comparability	0.2	-	0.4
Comparable EBIT	**1.0**	**1.1**	**5.0**
% of net sales	4.0	4.1	4.6

COMPARISON BETWEEN RESTATED AND REPORTED FIGURES (IFRS15)

EUR million	Restated* 1-3/2017	Reported 1-3/2017	Restated* 1-12/2017	Reported 1-12/2017
Machines	16.0	12.5	68.8	69.3
Services	11.2	10.9	42.8	43.1
Other and intersegment sales	-0.6	-0.6	-2.0	-2.0
Net sales Glaston Group total	**26.6**	**22.8**	**109.7**	**110.4**
Comparable EBIT	**1.1**	**0.0**	**5.0**	**5.4**
Comparable EBIT-%	4.1	0.1	4.6	4.8
Items affecting comparability	-	-	-0.4	-0.4
EBIT	**1.1**	**0.0**	**4.6**	**5.0**
EBIT-%	4.1	0.1	4.2	4.5

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million Changes in property, plant and equipment	1-3/2018	1-3/2017	1-12/2017
Carrying amount at beginning of the period	8.4	9.2	9.2
Additions	0.2	0.1	0.7
Disposals	-0.0	-	-0.0
Depreciation and amortization	-0.3	-0.3	-1.1
Exchange differences	0.0	-0.0	-0.3
Carrying amount at end of the period	8.3	9.0	8.4

At the end of March 2018 and 2017 Glaston had not contractual commitments for the acquisition of property, plant and equipment.

glaston seeing it through

INTANGIBLE ASSETS

EUR million **Changes in property, plant and equipment**	**1-3/2018**	**1-3/2017**	**1-12/2017**
Carrying amount at beginning of the period	37.1	37.4	37.4
Additions	0.2	0.4	1.6
Disposals	-	-	-0.1
Depreciation and amortization	-0.5	-0.5	-1.8
Exchange differences	0.0	-0.0	-0.0
Carrying amount at end of the period	36.8	37.3	37.1

CONTINGENT LIABILITIES

EUR million	31.3.2018	31.3.2017	31.12.2017
Mortgages and pledges			
On own behalf	166.9	166.9	166.9
Guarantees			
On own behalf	11.6	9.2	10.0
On behalf of others	0.2	0.2	0.2
Lease obligations	12.6	14.3	12.8
Repurchase obligations	-	0.6	-

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	31.3.2018		31.3.2017		31.12.2017	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forwards						
Currency forward contracts	5.7	0.0	2.6	0.0	4.9	0.0

Glaston hedge 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 IFRS 9 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.

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.

Financial assets measured at fair value through other comprehensive income include listed investments 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	**2018**	**2017**
1 January	2.8	3.1
Impairment losses	-	-
Reclassification	-	-
31 March	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

	31.3.2018				**31.3.2017**				**31.12.2017**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Available-for-sale shares	0.2	-	0.0	**0.2**	0.2	-	0.2	**0.4**	0.2	-	0.2	**0.2**
Other long-term investments	-	-	2.8	**2.8**	-	-	2.8	**2.8**	-	-	2.8	**2.8**
Commodity derivatives	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Currency forward contracts	-	0.0	-	**0.0**	-	0.0	-	**0.0**	-	0.0	-	**0.0**
Total	**0.2**	**0.0**	**2.8**	**3.0**	**0.2**	**0.0**	**3.1**	**3.3**	**0.2**	**0.0**	**2.8**	**3.0**
Liabilities												
Commodity derivatives	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Currency forward contracts	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

SHAREHOLDER INFORMATION

20 largerst shareholders 31 March, 2018

	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	OP-Finland Small Firms Fund	14 128 503	7.29
4	Ilmarinen Mutual Pension Insurance Company	13 843 878	7.15
5	Varma Mutual Pension Insurance Company	12 786 643	6.60
6	Evli Finnish Small Cap Fund	9 423 393	4.86
7	Hulkko Juha Olavi	4 200 000	2.17
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	Sijoitusrahasto Taaleritehdas Mikro Markka	2 375 600	1.23
12	Säästöpankki Pienyhtiöt	2 307 860	1.19
13	Sumelius Birgitta Christina	1 944 734	1.00
14	Sumelius Bjarne Henning	1 801 504	0.93
15	Metsänen Arto Juhani	1 750 000	0.90
16	Von Christierson Charlie	1 600 000	0.83
17	Oy Nissala Ab	1 500 000	0.77
18	Danske Invest Finnish Small Cap Fund	1 357 889	0.70
19	Sumelius Christer	1 243 076	0.64
20	Sumelius-Koljonen Barbro	1 235 988	0.64
	20 largest shareholders total	139 296 710	71.91
	Nominee registered shareholders	1 776 716	0.92
	Other shares	52 634 910	27.17
	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 profit (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, %:
Interest-bearing liabilities x 100 / Equity (Equity attributable to owners of the parent + non-controlling interest)

Net gearing, %:
Net interest-bearing debt x 100 / Equity (Equity attributable to owners of the parent + non-controlling interest)

Return on capital employed, % (ROCE):
Profit / loss before taxes + financial expenses x 100 / Equity + interest-bearing liabilities. average of 1 January and end of the reporting period

Return on equity, % (ROE),
Profit / loss for the reporting period x 100 /
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.

Accounting principles

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 by Glaston in its consolidated financial statements, with the exception the following new or revised or amended standards and interpretations have been applied from 1 January, 2018.

IFRS 15 Revenue from Contracts with Customers

Glaston is applying the new revenue recognition standard 'IFRS 15 Revenue from Contracts with Customers' fully retrospectively from 1 January 2018, and has prepared a restated income statement and balance sheet for 2017.

IFRS 15 establishes a five-step model for the recognition of sales revenue arising from contracts with customers. Revenue is recognised in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods delivered or services rendered. The disclosure requirements are extended.

When the terms of revenue recognition over time are satisfied in accordance with the new standard, Glaston recognises the revenue from tailor-made glass processing machine deliveries over time. As a recognition practice, Glaston applies the cost-to-cost method, i.e. the share of accumulated project costs compared to total estimated costs is used as the percentage of completion. Revenue recognition takes place over time as costs accumulate and are recognised for the project.

When using revenue recognition over time according to degree of completion, the start of revenue recognition is brought forward and revenue recognition is distributed over the entire period of a project more evenly than at present. The amount of revenue recognised at the time of delivery is smaller than before. Revenue recognition in accordance with IFRS 15 evens out slightly the quarterly fluctuation in the revenue of projects recognised over time, because revenue recognition is no longer linked to time of delivery. In tailored-made glass processing machine deliveries where the terms of revenue recognition are not fulfilled, revenue recognition takes place when a machine is taken into use by the customer. In 2017 there were no such projects.

In the balance sheet, the change to revenue recognition in accordance with IFRS 15 will reduce the amount of work in progress in inventories, but will increase accrued income. The change has no impact on cash flow. The order backlog will be lower compared with the previous reporting practice, because orders begin to accumulate revenue earlier. For this reason, changes in the amount of new orders will affect revenue more quickly than before, typically in around 2-3 months.

Glaston is applying the new revenue recognition standard fully retrospectively and has prepared a restated income statement and balance sheet for 2017.
As a cumulative impact from the restatement, EUR 0.6 million, is recognised as an adjustment to the opening balance of retained earnings. The opening balance of short-term receivables increased by EUR 1.0 million, deferred tax liabilities increased by EUR -0.1 million.

IFRS 9 Financial Instruments

Glaston is applying the new standard from 1 January 2018. IFRS 9 includes new guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment on financial assets as well as new general hedge accounting requirements.

The amendment of the standard changes the calculation of impairment on the Group's current receivables and the amount of credit loss provision, but the change has no significant impact on the consolidated financial statements. The impact of applying the new standard on the opening balance of retained earnings is EUR 0,0 million.