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Glaston Interim Report January-March 2018

23 April 2018



Q1 in brief



Orders received:
EUR 26.5 million, +23%

Net sales:
EUR 24.8 million, -7%*)

Comparable operating profit
EUR 1.0 million (EUR 1.1 million)

Order book:
EUR 36.0 million, -10%

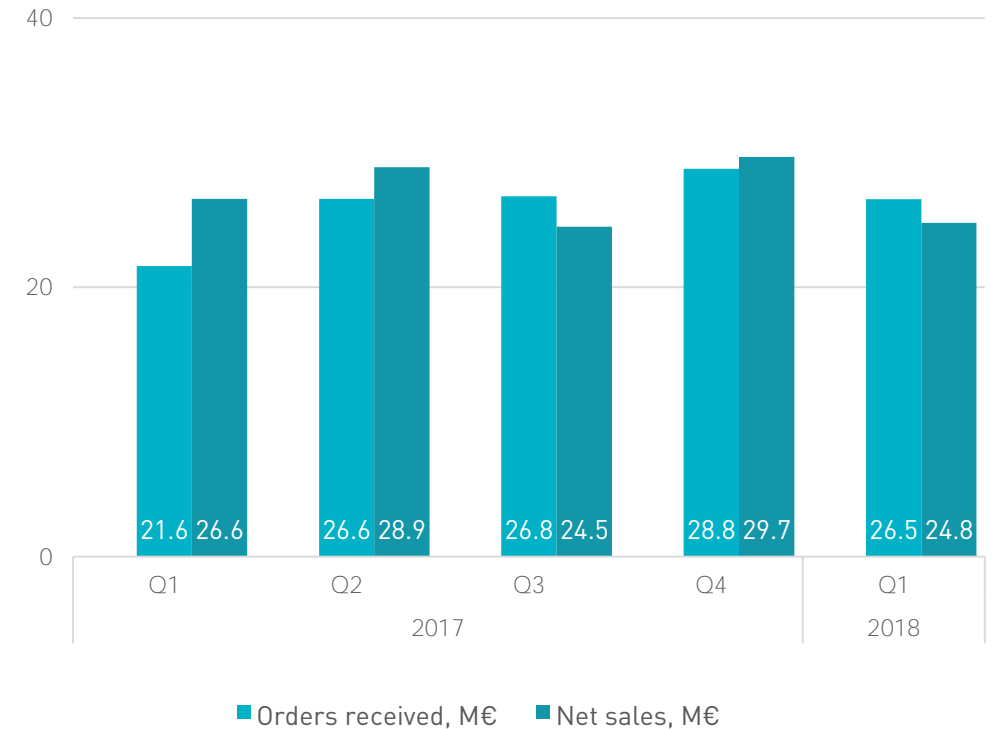
- Upbeat start to the year. Net sales grew by 23% compared with corresponding period of previous year
- Machines business orders grew 50%
- Strong development in EMEA area and Asia
- Net sales impacted mainly by divestments and development of foreign exchange rates
- Comparable operating profit was at previous year's level and share of net sales was 4.0%
- Order book grew from turn of the year, comparable change from March 2017 was -8%

*) Taking into account the sale of the USA and Canada pre-processing machine business, order book -8% and net sales +/-0%

Operating environment Q1



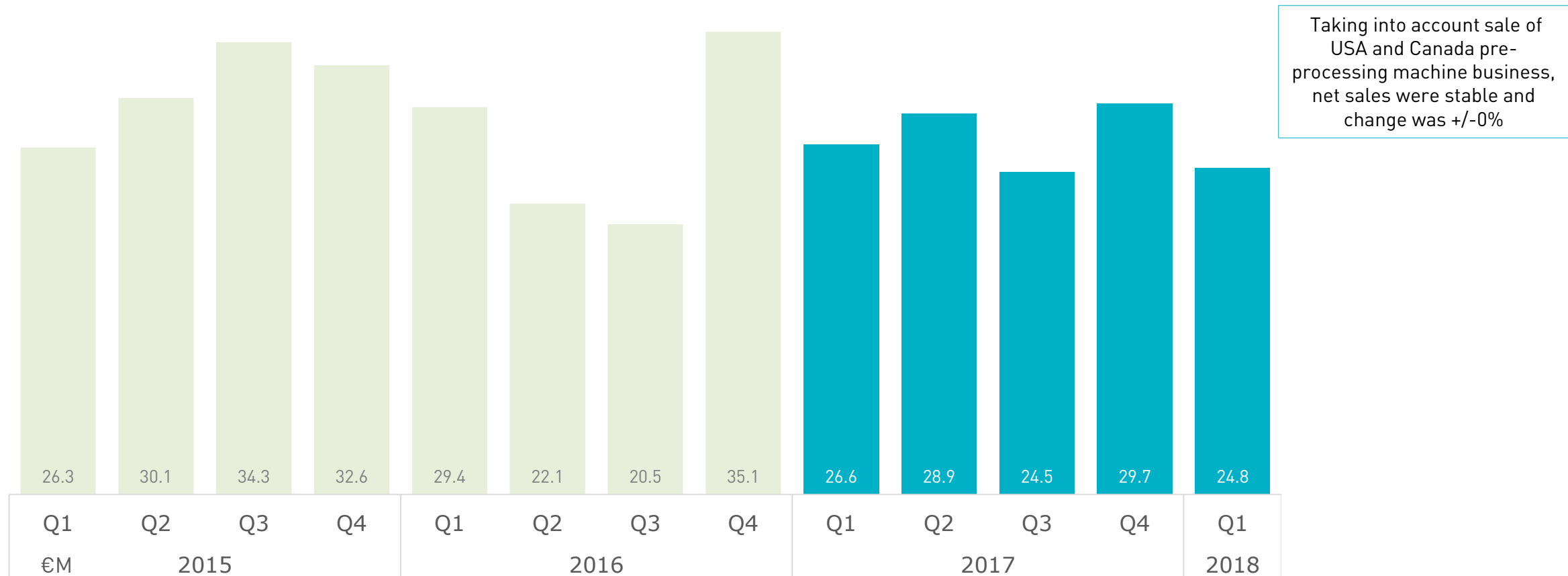
- in EMEA area, activity continued at a high level
- Positive development in Asian market area
- in North America, demand was good but orders dipped temporarily
- South American market remained subdued



Q1 net sales



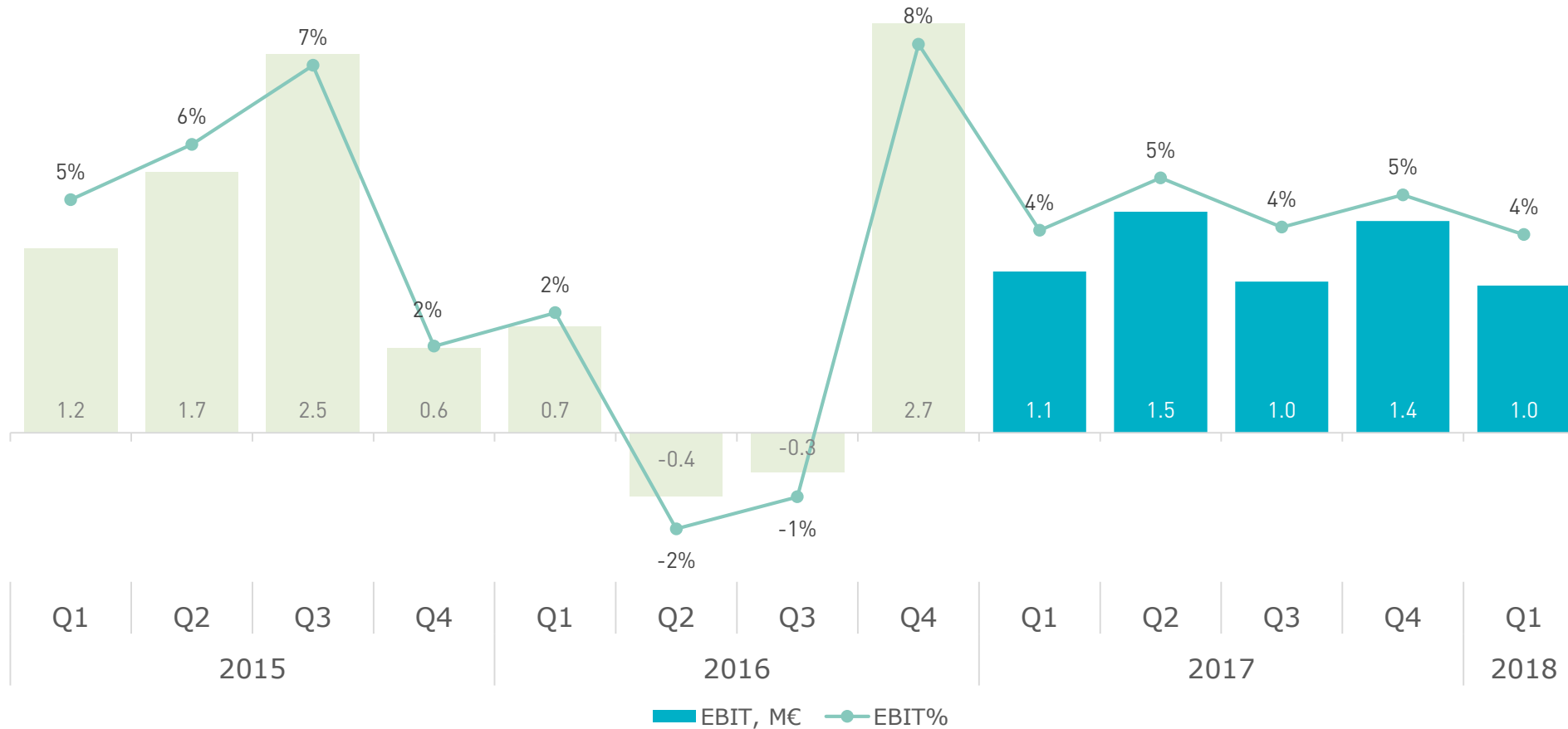
Net sales adversely affected by lower service business net sales and development of foreign exchange rates



2015 and 2016 data not restated in accordance with IFRS 15 revenue recognition standard

Q1 comparable operating profit

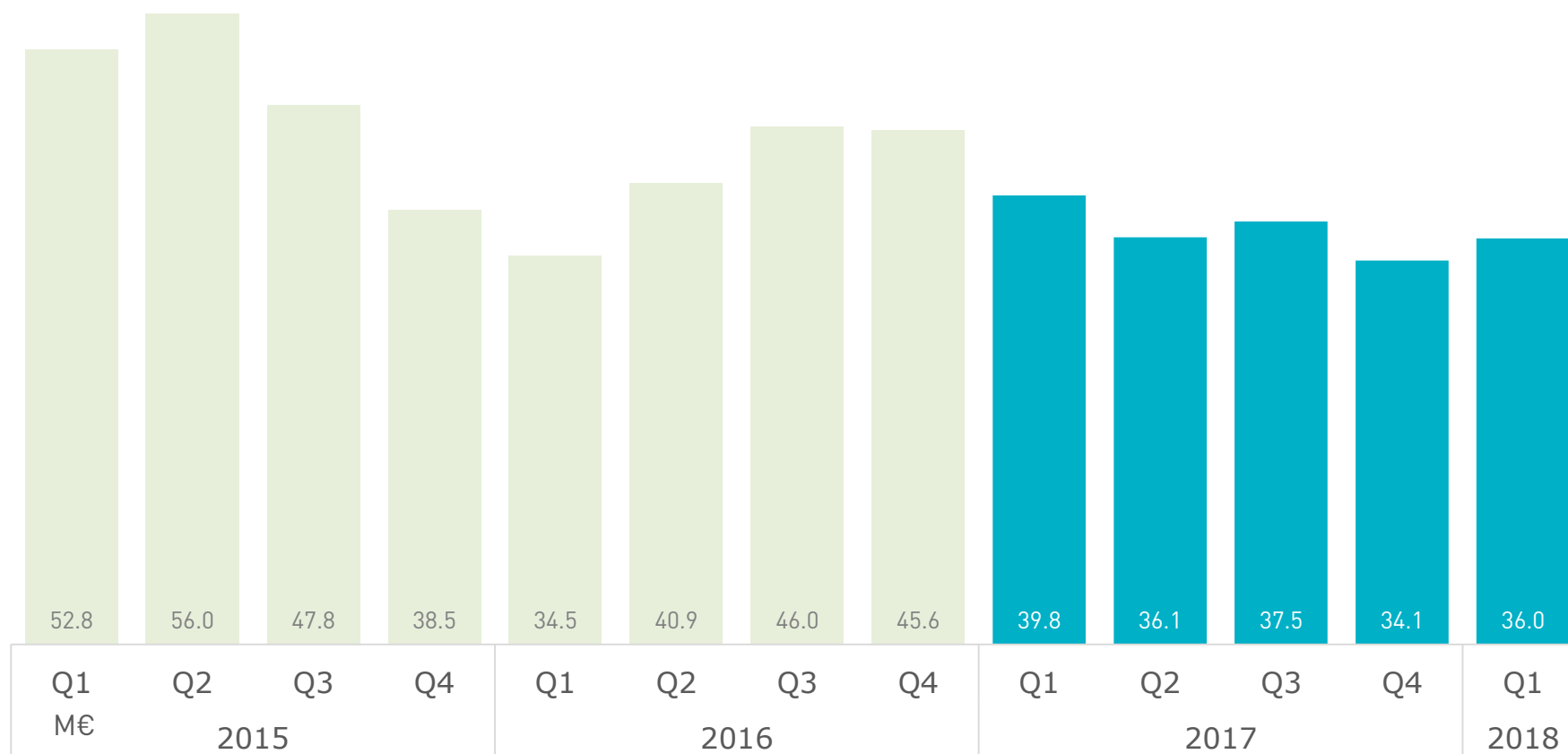
Net sales at previous year's level



2015 and 2016 data not restated in accordance with IFRS 15 revenue recognition standard

Order book

Growth from turn of year 6%

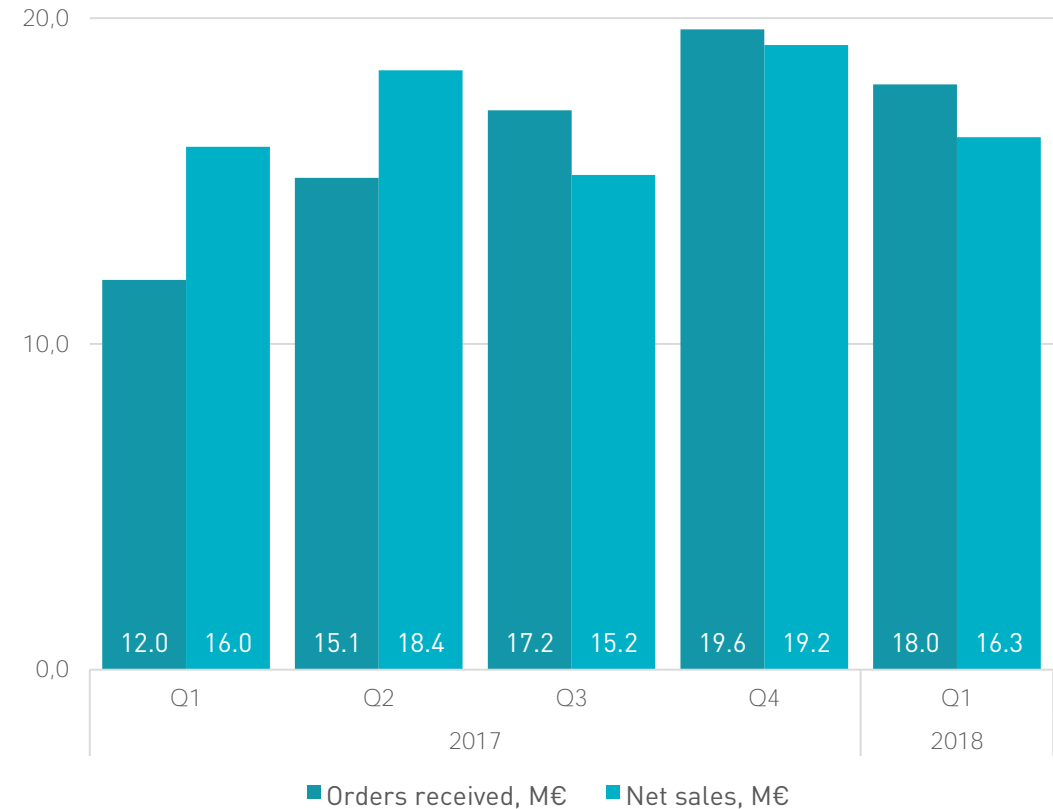


2015 and 2016 data not restated in accordance with IFRS 15 revenue recognition standard

Machines Q1



- Machines business made an upbeat start to the year
- In EMEA area, market activity continued at a high level
- In Asian market area, development was good
- In North America, demand was at a good level but orders dipped temporarily. South American market was still weak
- Order intake was EUR 18.0 million, representing 50% growth compared with previous year
- Largest orders were received from Australia, Germany, Switzerland and Czech Republic
- Net sales were at previous year's level, EUR 16.3 million



Good progress with Heliotrope



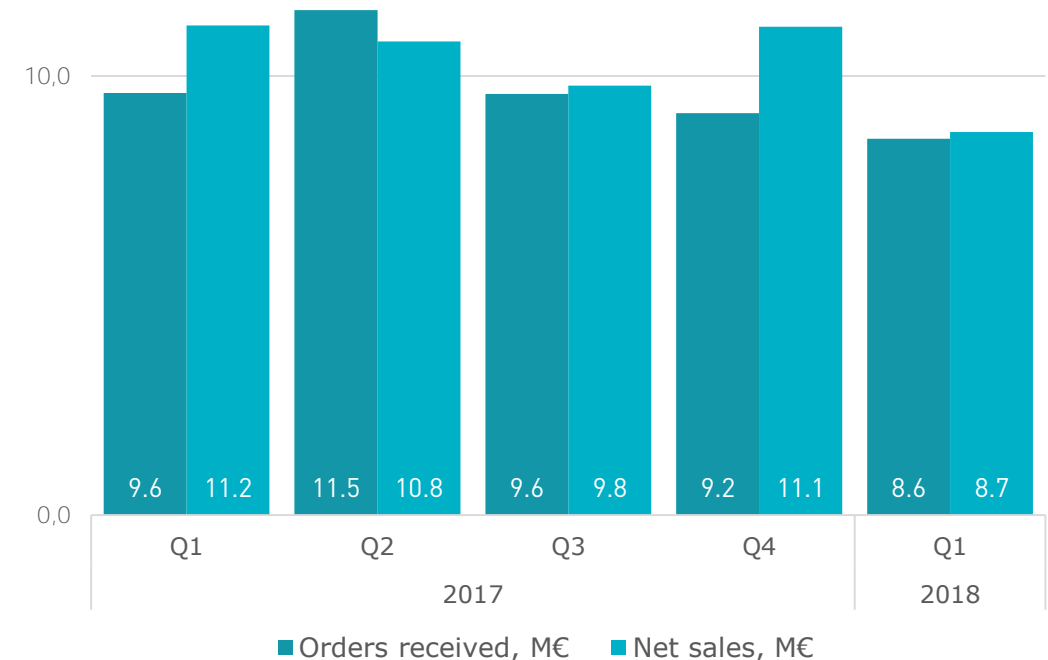
- Emerging Technologies unit focused on testing Heliotrope line and running larger glass sizes
- Prototype was approved in March
- Unit has nearly ten pending projects, related to the automotive, solar energy and aviation industries
- In addition to production lines, negotiations on more extensive factory engineering services also took place



Services Q1



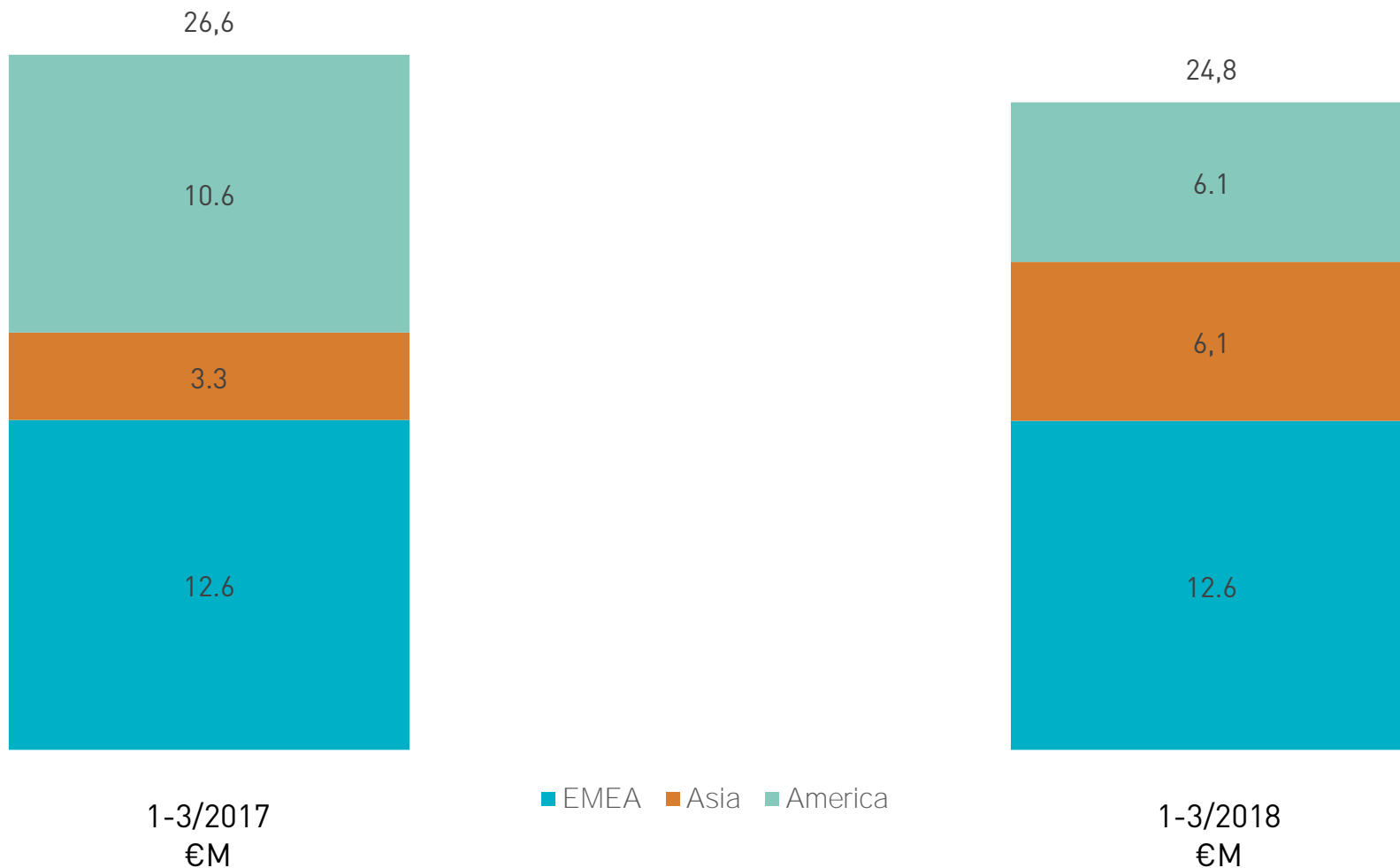
- In services market, year began quietly
- In modernisation products, demand was at a good level in EMEA area and North America
- Services business orders and net sales were adversely impacted by sale of pre-processing business in 2017 and by decline in volumes of remaining pre-processing business and tools
- Order intake was EUR 8.6 million, down 11%*) compared with corresponding period of previous year
- Order intake of services related to core business, i.e. heat treatment machines, grew 11% and intake of modernisation product orders doubled
- Net sales declined from previous year's level to EUR 8.7 (11.2)*) million. Net sales of services related to heat treatment machines grew 3%



*) Taking into account the sale of the USA and Canada pre-processing machine business, orders received -2%, net sales -7%

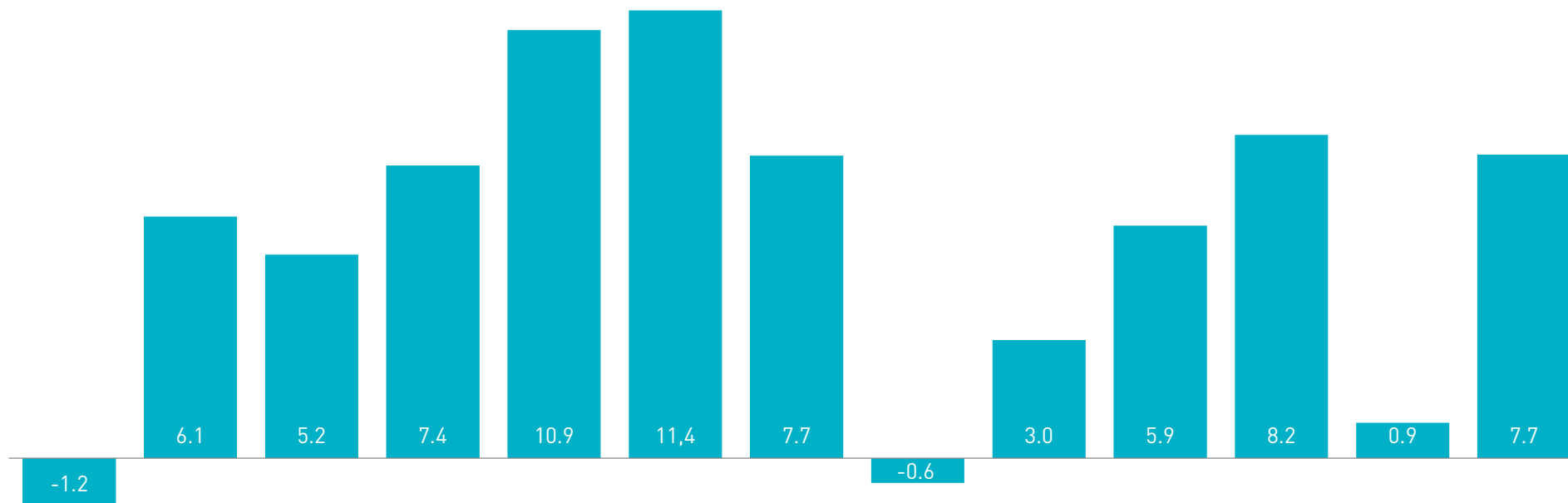
Net sales by area

Asia growing rapidly, Americas declined due to divestments and the dollar



Net debt grew

Growth of working capital consumed cash balance



€M Q1/2015 Q2/2015 Q3/2015 Q4/2015 Q1/2016 Q2/2016 Q3/2016 Q4/2016 Q1/2017 Q2/2017 Q3/2017 Q4/2017 Q1/2018

New Board of Directors as of 10 April



Teuvo Salminen
M.Sc.(Econ.),
APA

Chairman of the
Board since 2018



Sebastian Bondestam
M.Sc.(Eng.)

Deputy Chairman of the
Board since 2018



Anu Hämäläinen
M.Sc.(Econ.)

Member of the
Board since 2012



Antti Kaunonen
Doctor of
Technology,
MBA

Member of the
Board since
2018



Kai Mäenpää
M.Sc.(Eng.)

Member of the
Board since 2017



Sarlotta Narjus
M.Sc.
Architecture

Member of the
Board since 2016



Tero Telaranta
M.Sc.(Eng.),
M.Sc.(Econ.)

Member of the
Board since 2017

Outlook



- Steady order intake of 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 IFRS 15 revenue recognition standard)





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