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Glaston's half-year financial report January-June 2018

9 August 2018



Q2 in brief



Orders received:
EUR 25.4 million, -4%

Net sales:
EUR 25.6 million, -12%*)

Comparable operating profit:
EUR 0.8 million (1.5 million)

Order book:
EUR 37.3 million, +3%

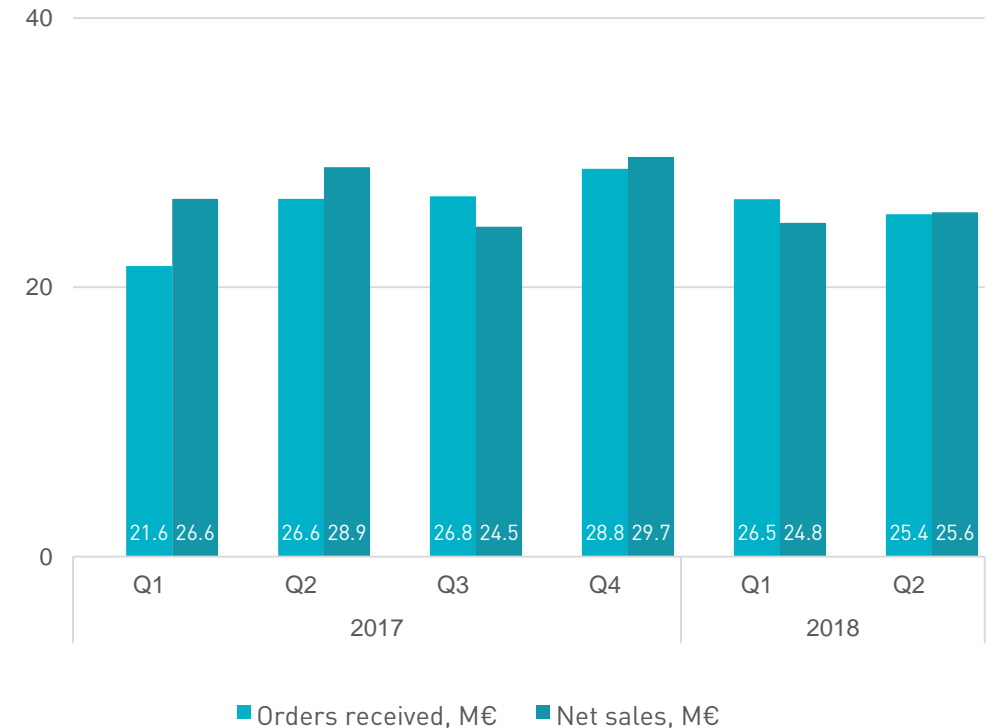
- Glass processing market was fairly lively and Machines business orders grew by 9%
- Services order intake was down 21%, mainly due to a strong comparison period and a decline in pre-processing machine business
- Machines business orders lifted the order book to 3% growth
- Development of net sales was impacted by a smaller number of deliver projects and a lower average value
- The comparable operating profit fell short of last year's level. The decline is explained mainly by lower net sales and a lower project margin in the Machines business
- The profitability of heat treatment machine services improved and fixed costs fell

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

Operating environment Q2

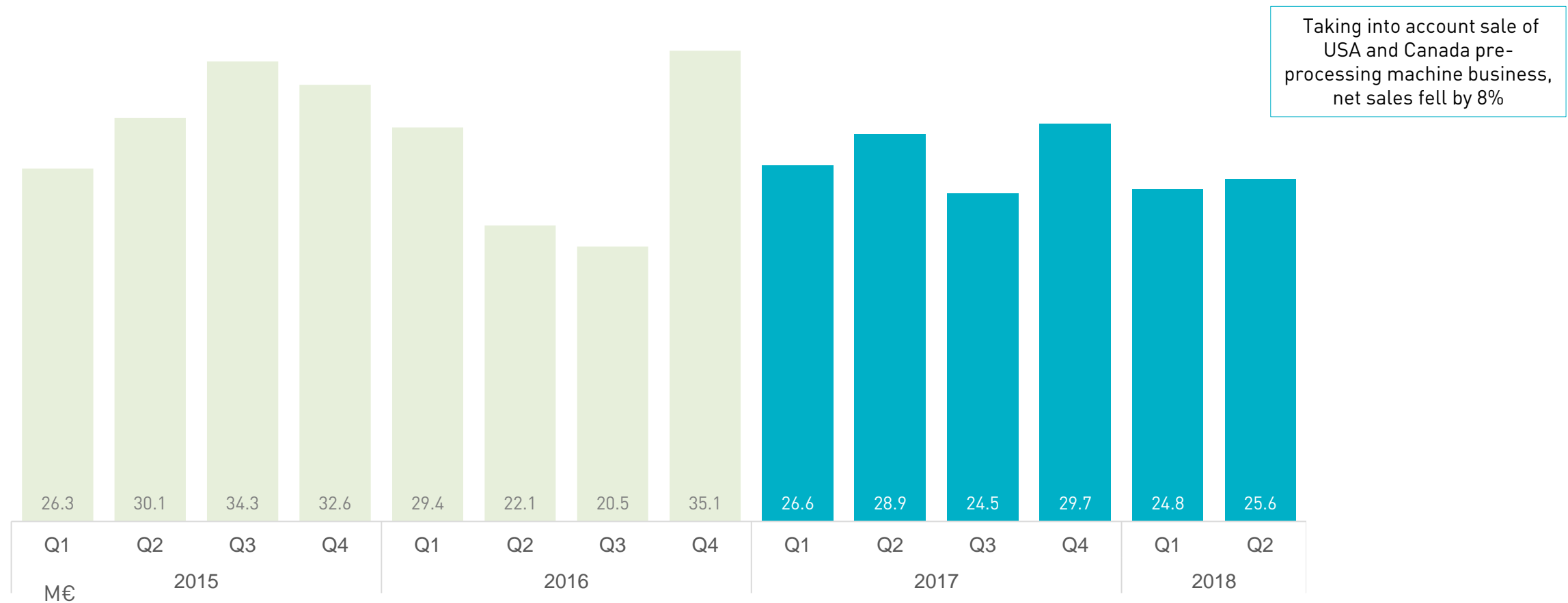


- In the EMEA area, demand for machines remained high. Development was most positive in Central and Eastern Europe
- In the North American market, demand picked up significantly towards the end of the second quarter
- The South American market remained subdued
- In the Asia market area, activity was on a lower level than the first quarter



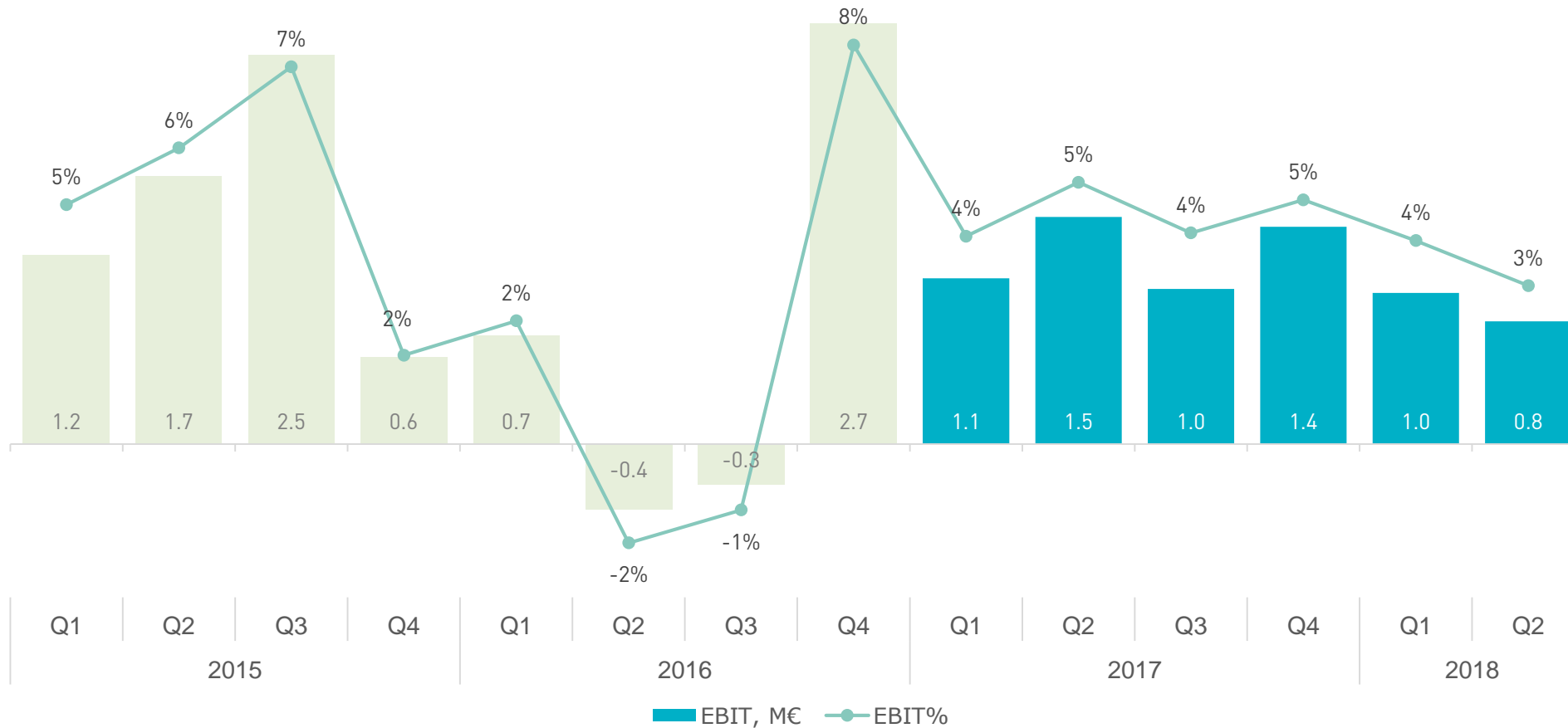
Q2 net sales

Net sales adversely impacted by lower number and value of deliveries and a strong comparison period



Q2 comparable operating profit

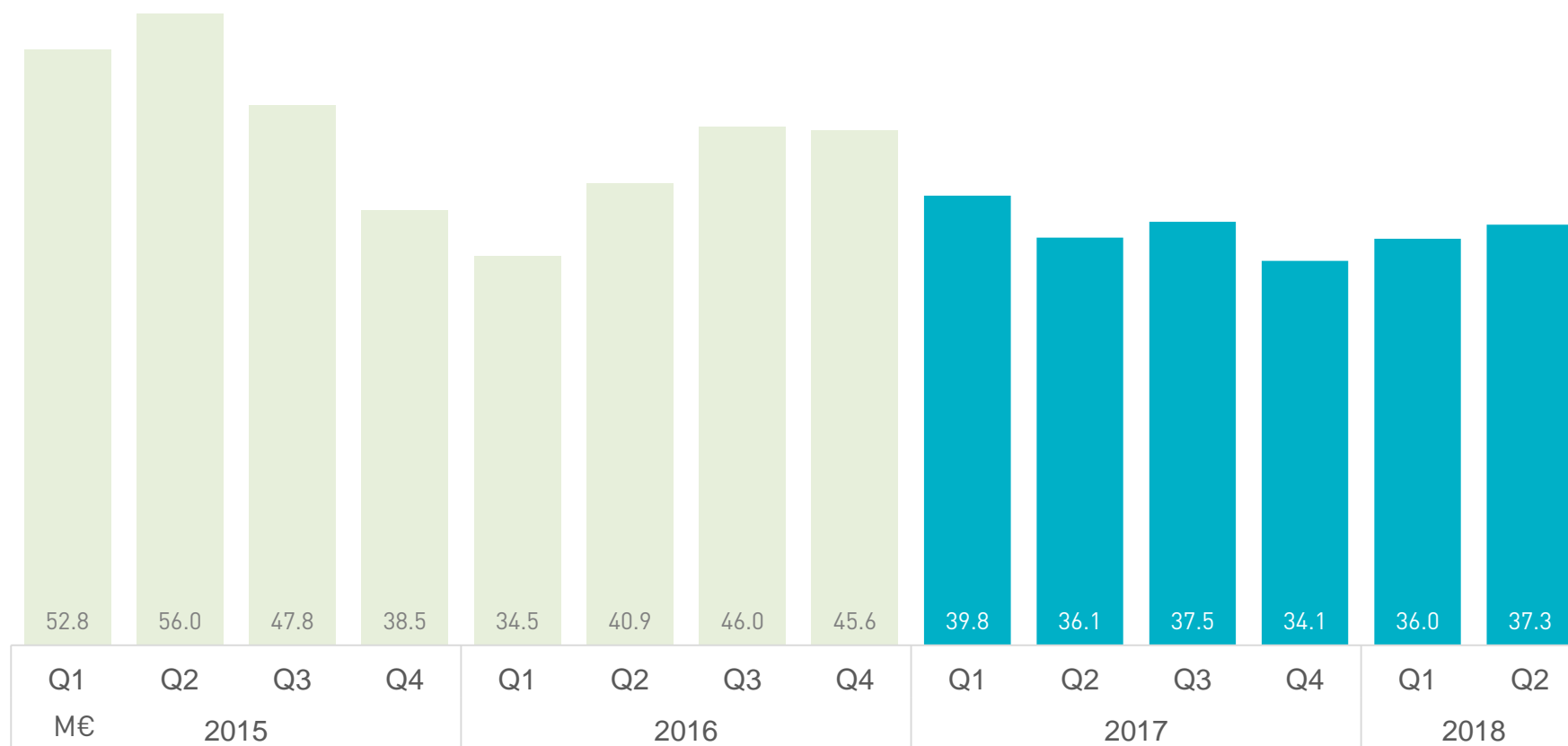
Lower net sales and margins in Machines business impacted operating profit



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

Order book

Growth 3% from previous year

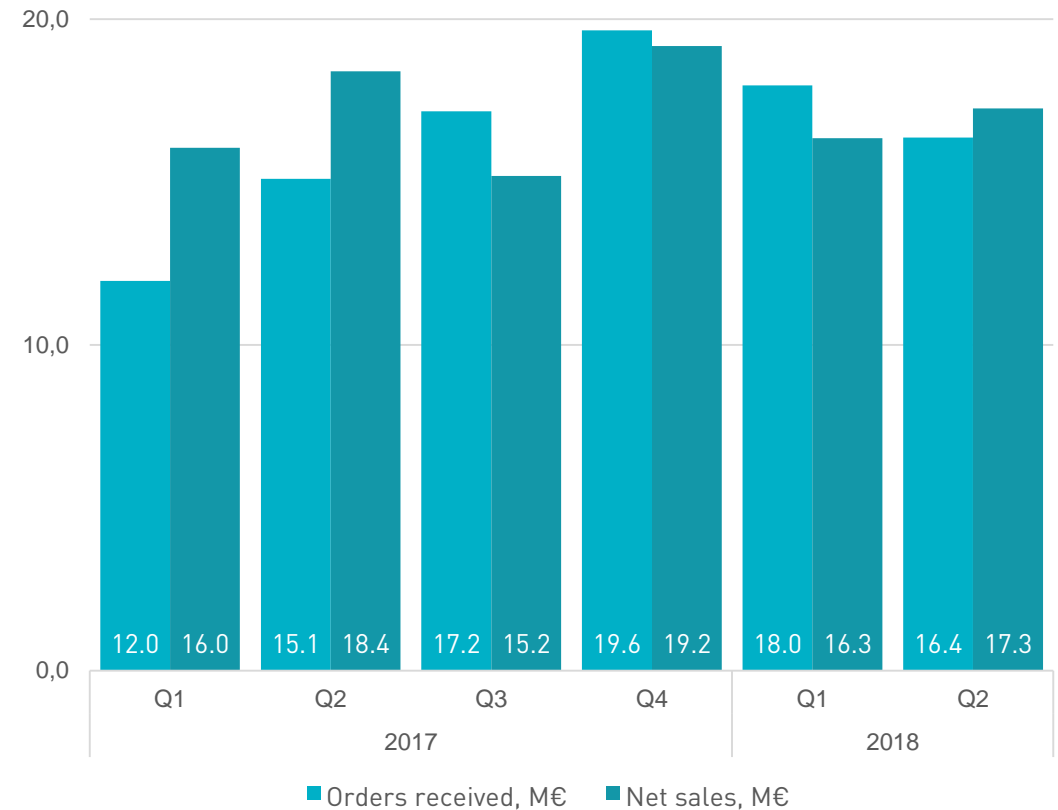


2015 and 2016 data not restated in accordance with IFRS 15 revenue recognition standard

Machines Q2



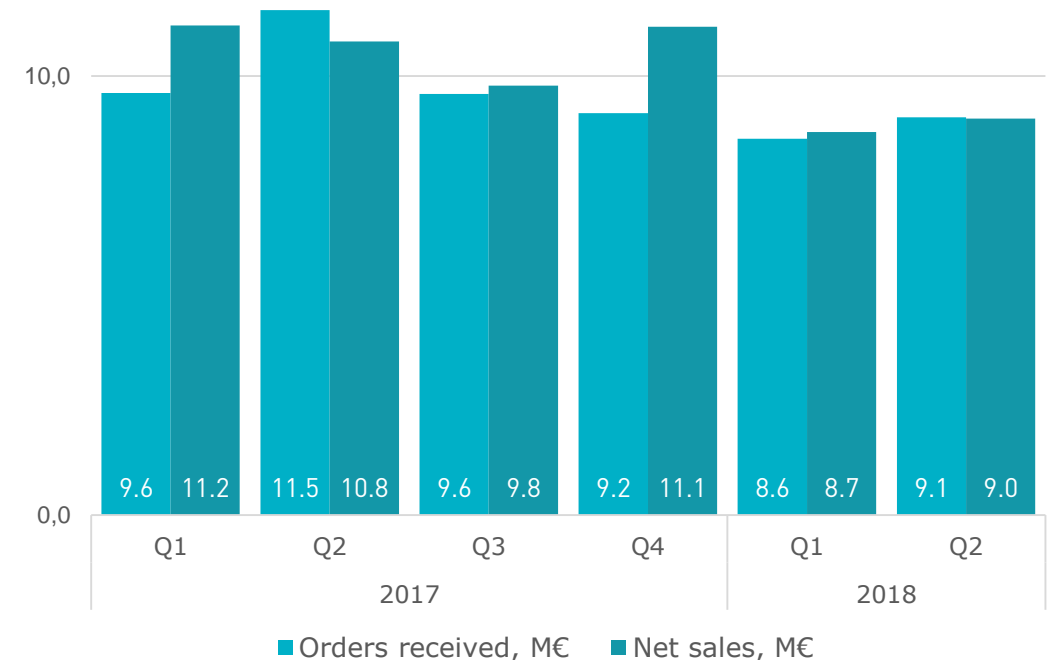
- Machines business market was fairly lively, and particularly in the EMEA area demand continued to be strong
- In North America, demand picked up significantly towards the end of the second quarter
- In Asia, the market remained reasonably active
- Machines business order intake grew 9% to EUR 16.4 million. The largest orders came from the USA, Canada, Italy and Poland
- Net sales were EUR 17.3 million and were 6% down on the previous year's level. A lower number and average value of delivery projects as well as a strong comparison period contributed to this



Services Q2



- In the Services market, the quarter remained relatively quiet. Demand for upgrades fell short of Q1's very good level. In North America, demand continued at a good level, however
- Demand for the ProL-zone laminating line upgrade product continued to be good. Deals were closed for Poland and the UK; in these, the product will be installed in another manufacturer's machine
- Compared with the early part of the year, spare part sales and field maintenance developed well. Tool sales continued to be challenging
- Services business net sales were EUR 9.0 million*), down 16% on the previous year. A low number of modernisation projects as well as volumes of tool sales and pre-processing machine business, partly sold last year, contributed to the development



*) Taking into account the sale of the USA and Canada pre-processing machine business, order -19 %, net sales -8%

Digital and IoT-based products at forefront of product development

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- Good progress in digitalisation-related projects
- Glaston's was admitted to national MIDAS project, which is Finland's first industry-oriented machine-learning project, led by the DIMECC innovation platform
- Glaston is one of the main organisers in XR Challenge, an international challenge competition in the fields of virtual (VR), augmented (AR) and mixed (MR) reality
- At Glasstec in October, live streamings from Finland to Germany presenting the new FC flat series as well as the concrete opportunities and benefits of the iLook quality measurement system's new digital solutions and machine intelligence
- New solutions of ProL laminating line will be presented using augmented reality techniques



Emerging Technologies – driver of Glaston's growth

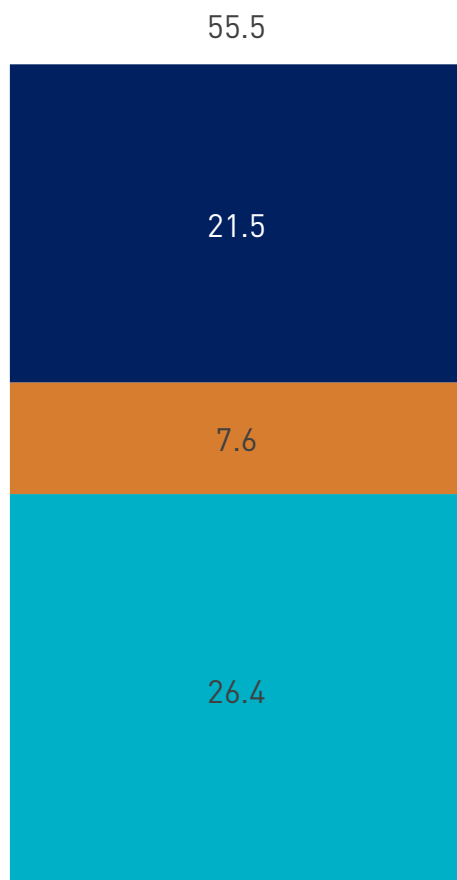


- Glaston established the Emerging Technologies unit at the beginning of 2017. The unit offers engineering and consulting services in the field of emerging glass technologies
- During Q2, negotiations on new special projects continued. Nearly ten pending projects, related to the automotive, solar energy and aviation industries
- Heliotrope prototype line was in test projection. Tests focused particularly on glass durability and ageing characteristics
- Glaston has the exclusive right to sell Heliotrope smart glass production lines globally. The price of a Heliotrope line is EUR 10-20 million
- If the final phase of the project is implemented on schedule, the first line will be ordered in spring 2019



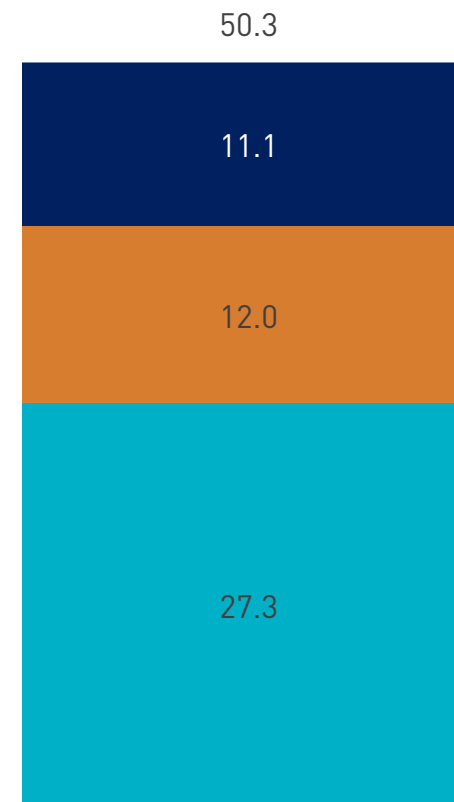
Net sales by area

EMEA accounted for 54% of net sales



1-6/2017
M€

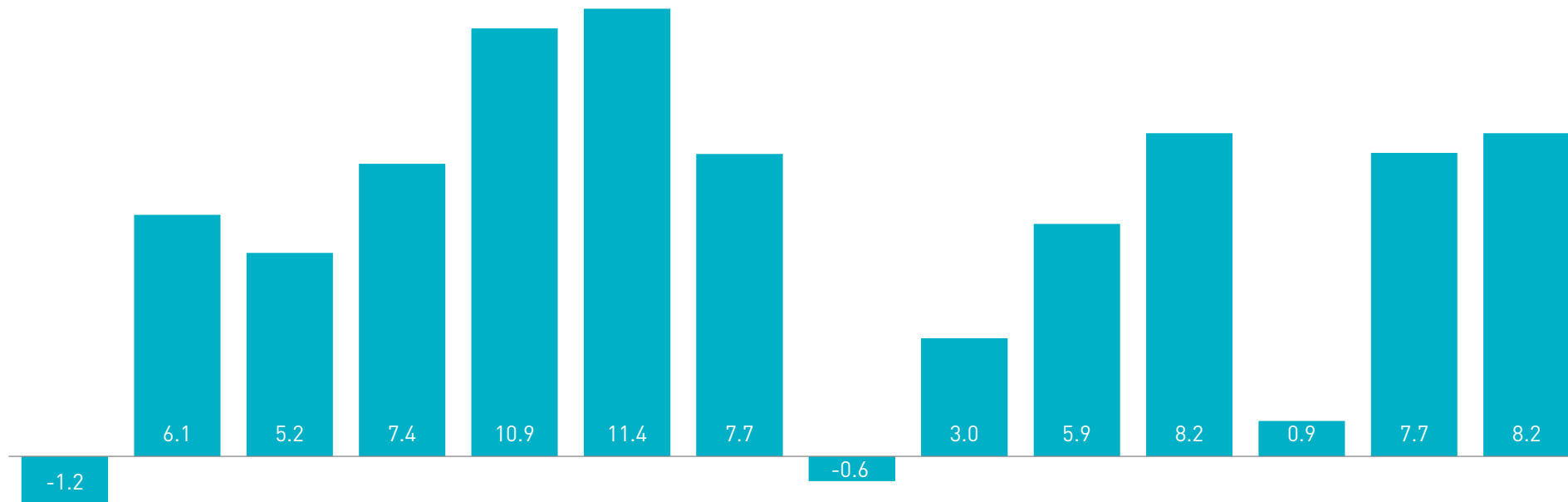
■ EMEA ■ Asia ■ America



1-6/2018
M€

Net debt

Net debt almost unchanged despite capital repayment



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 Q2/2018

Outlook unchanged



- Order intake in the early part of the year and positive market development create good conditions for profitable growth in 2018. Due to weighting of order intake towards second half of the year, the operating profit for the final quarter of the year is expected to be significantly better than the other quarters
- 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)

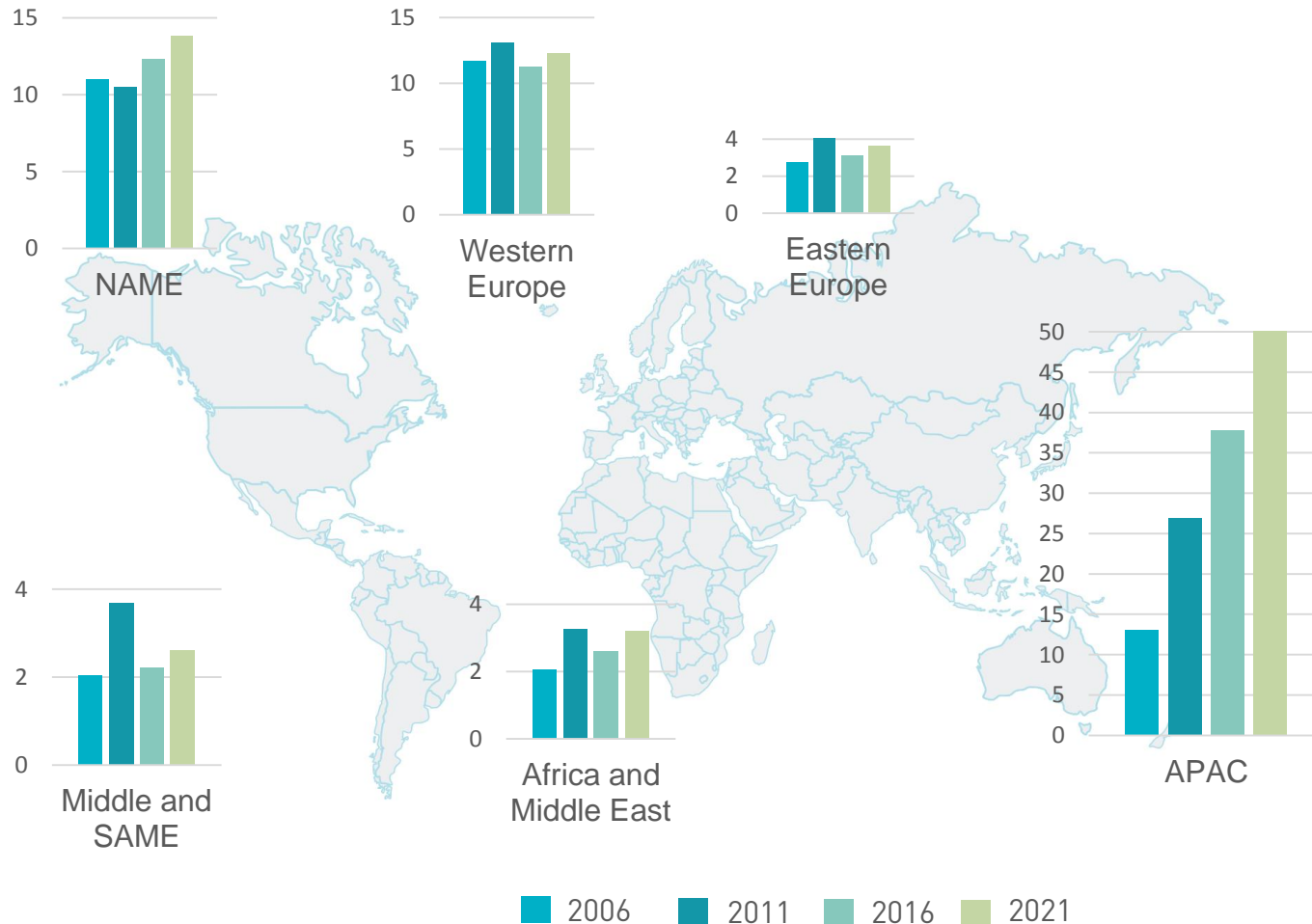


Key figures by quarter

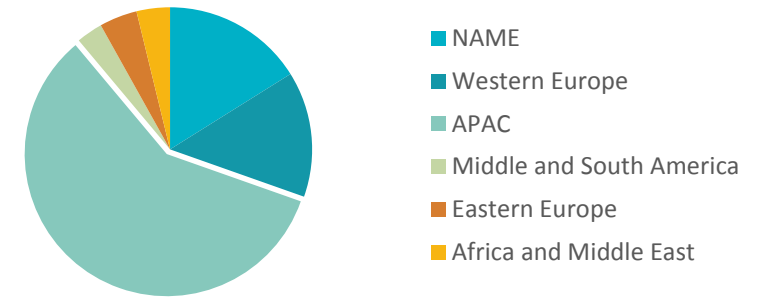


	Q2/2018	Q2/2017	2017
Order book	37.3	36.1	34.1
Orders received	25.4	26.6	103.7
Net sales	25.6	28.9	109.7
Comparable operating profit (EBIT)	0.8	1.5	5.0
Comparable operating profit (EBIT), % net sales	3.1	5.1	4.6
Return on capital employed, %, annualised	6.5	9.5	9.2
Equity ratio, %	46.8	45.4	44.7
Gearing, %	39.0	38.2	35.7
Gross capital expenditure, EUR million	0.9	1.0	2.3
Earnings per share	0.004	0.008	0.014
Equity per share, EUR	0.19	0.19	0.19

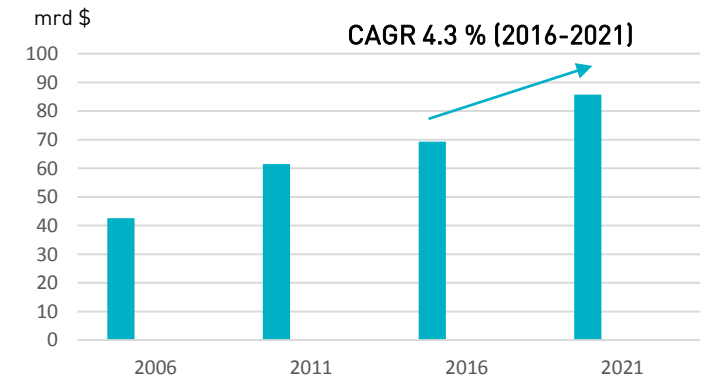
Flat glass market expected to grow to USD 86 billion by 2021



Estimated geographical distribution of glass market in 2021



Global glass market



Source The Freedonia Group 2018

Growth of glass use will create demand for Glaston, a glass industry frontrunner



Megatrends:

- Urbanisation
- Climate change
- Greater environmental awareness
- Increasing prosperity
- Digitalisation



Increased use of glass driven by:

- Tightening safety regulations
- Increasing use of attractive and intelligent glass in buildings and vehicles
- Increasing energy-efficiency requirements
- Increasing use of solar energy
- Integrated glass displays

Cornerstones of strategy:

Growth

Technology leadership

Industry's best customer experience

Expert, motivated personnel



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