

Glaston Capital Markets Day 2018

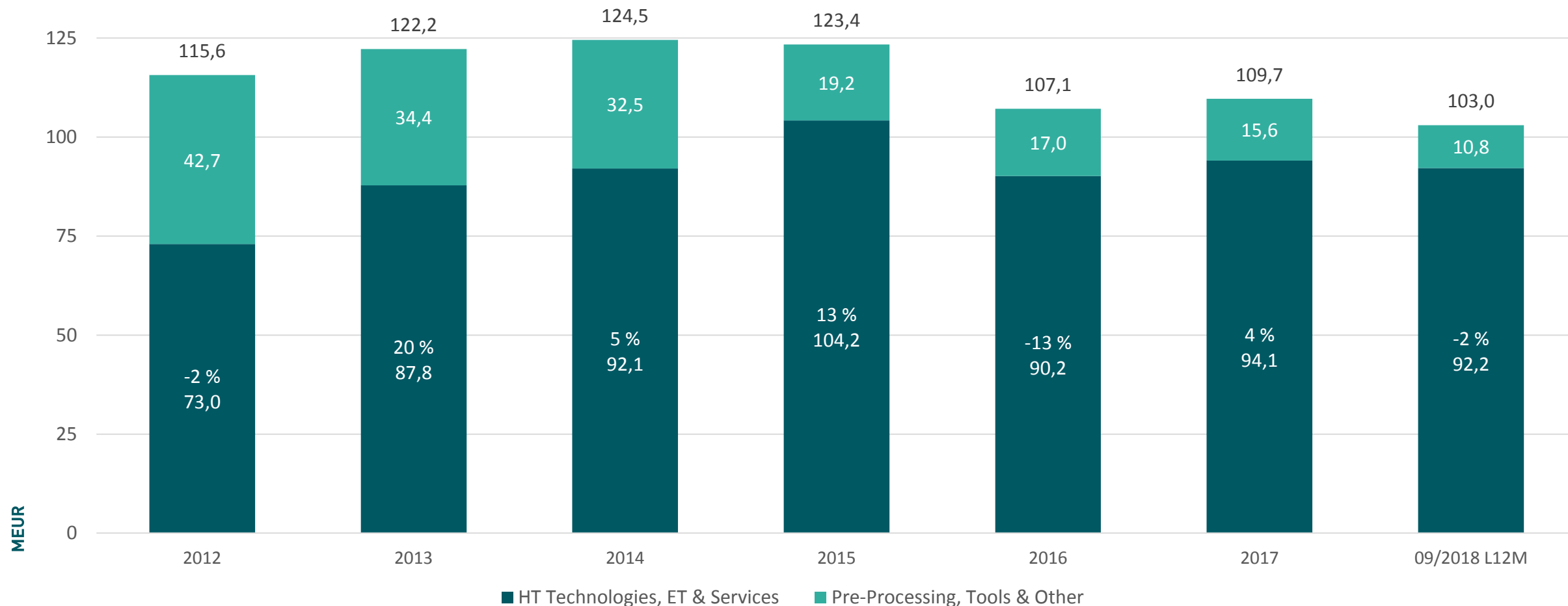
9.11.2018



Financials in a nutshell

CFO, Päivi Lindqvist

Annual net sales 2012-2018

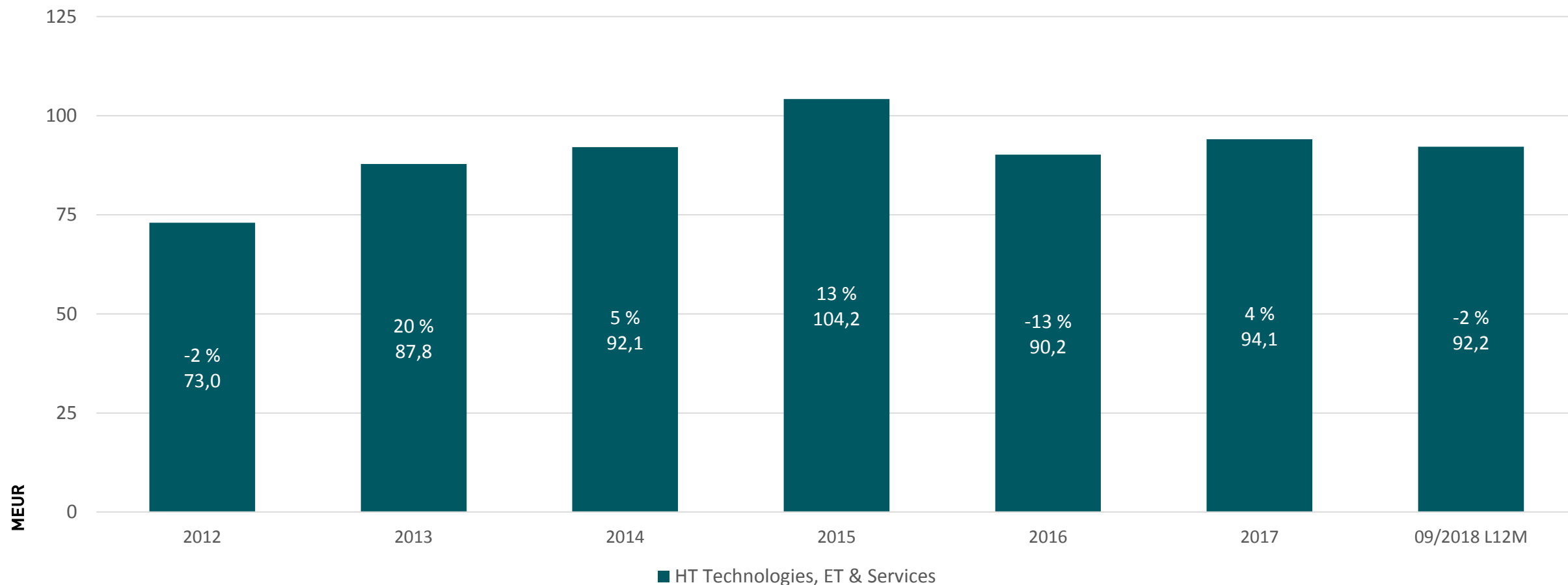


2012-2016 figures as they were reported

2017 & 2018 according to IFRS15

9/11/2018

Annual net sales 2012-2018

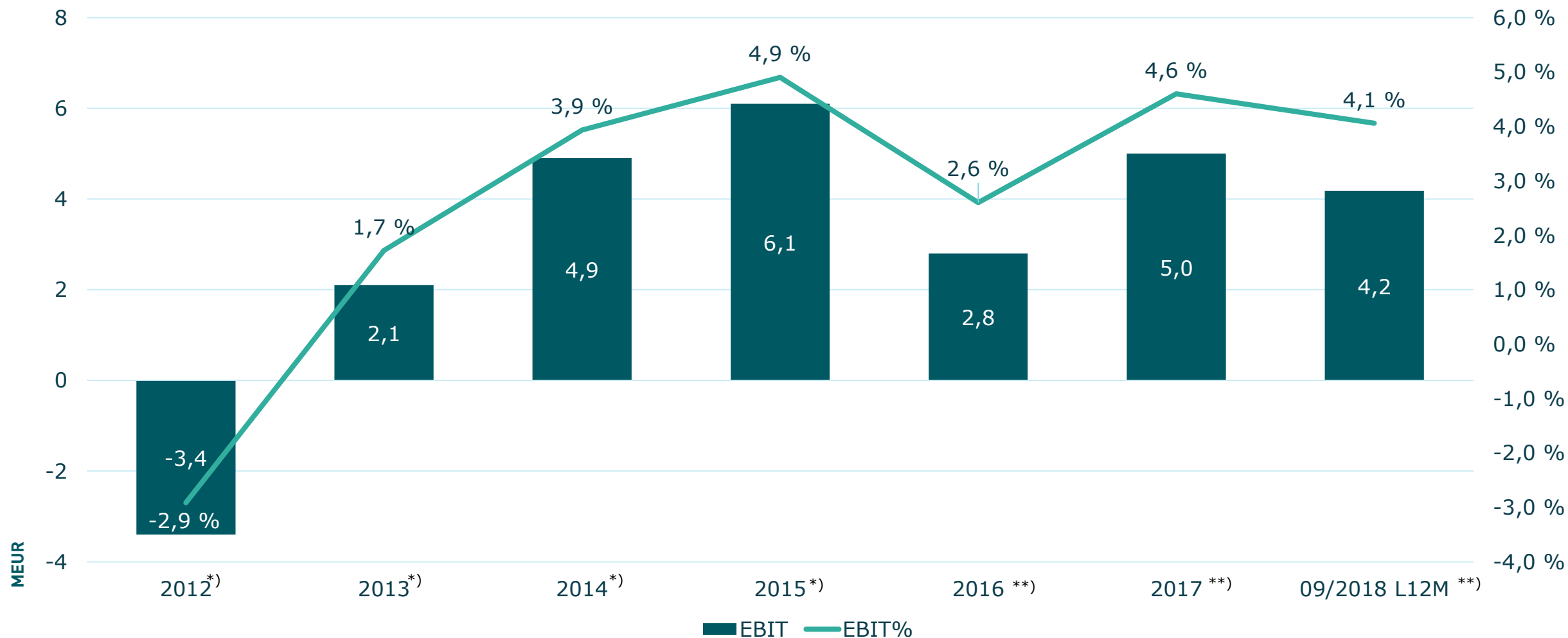


2012-2016 figures as they were reported

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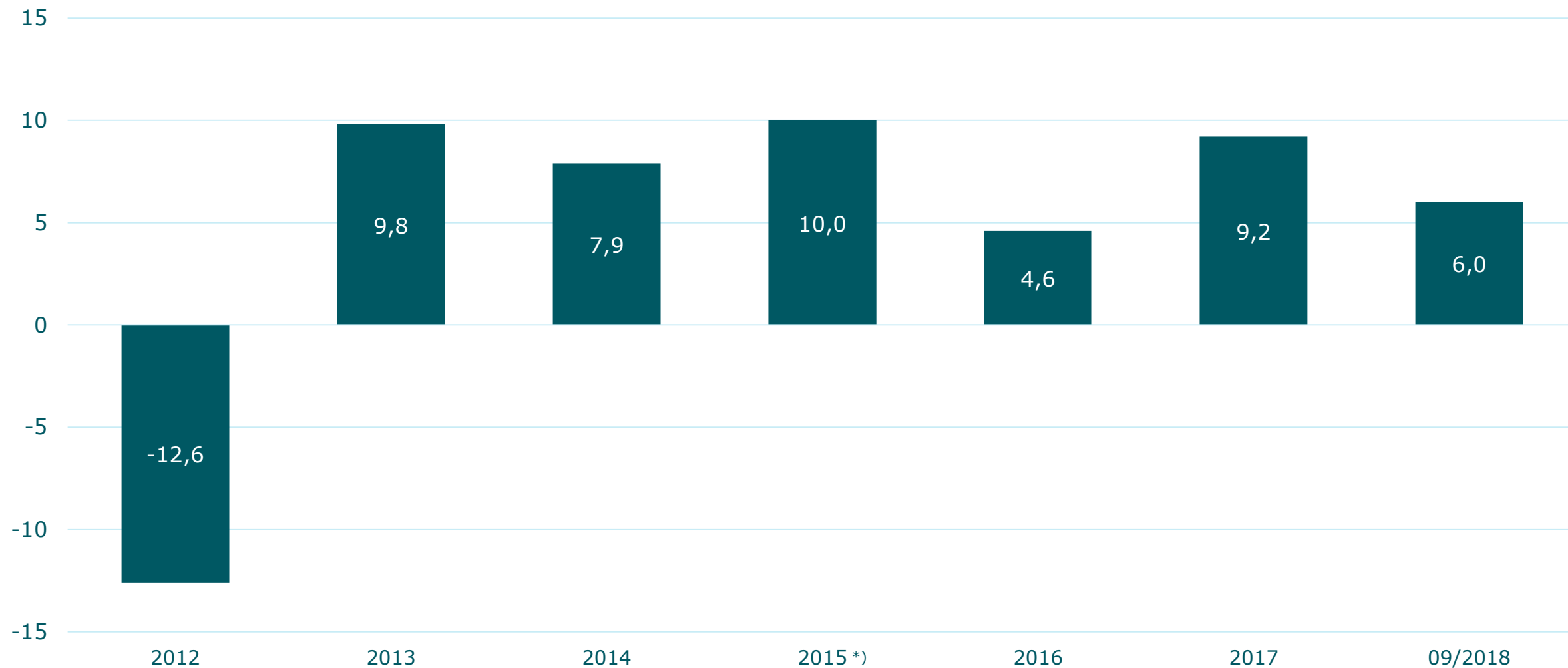
Annual EBIT and EBIT% 2012-2018



*) EBIT before extraordinary items

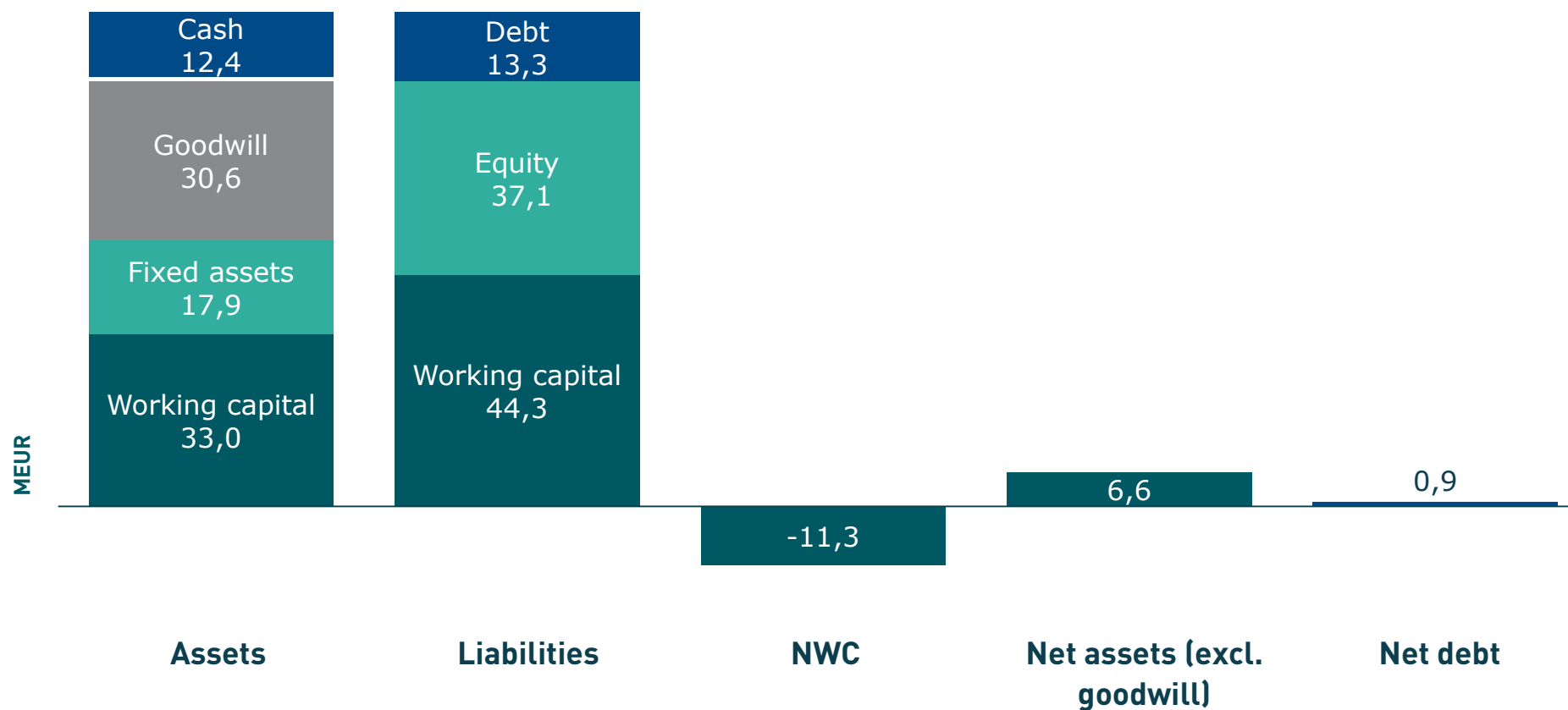
***) Comparable EBIT

Annual ROCE% 2012-2018



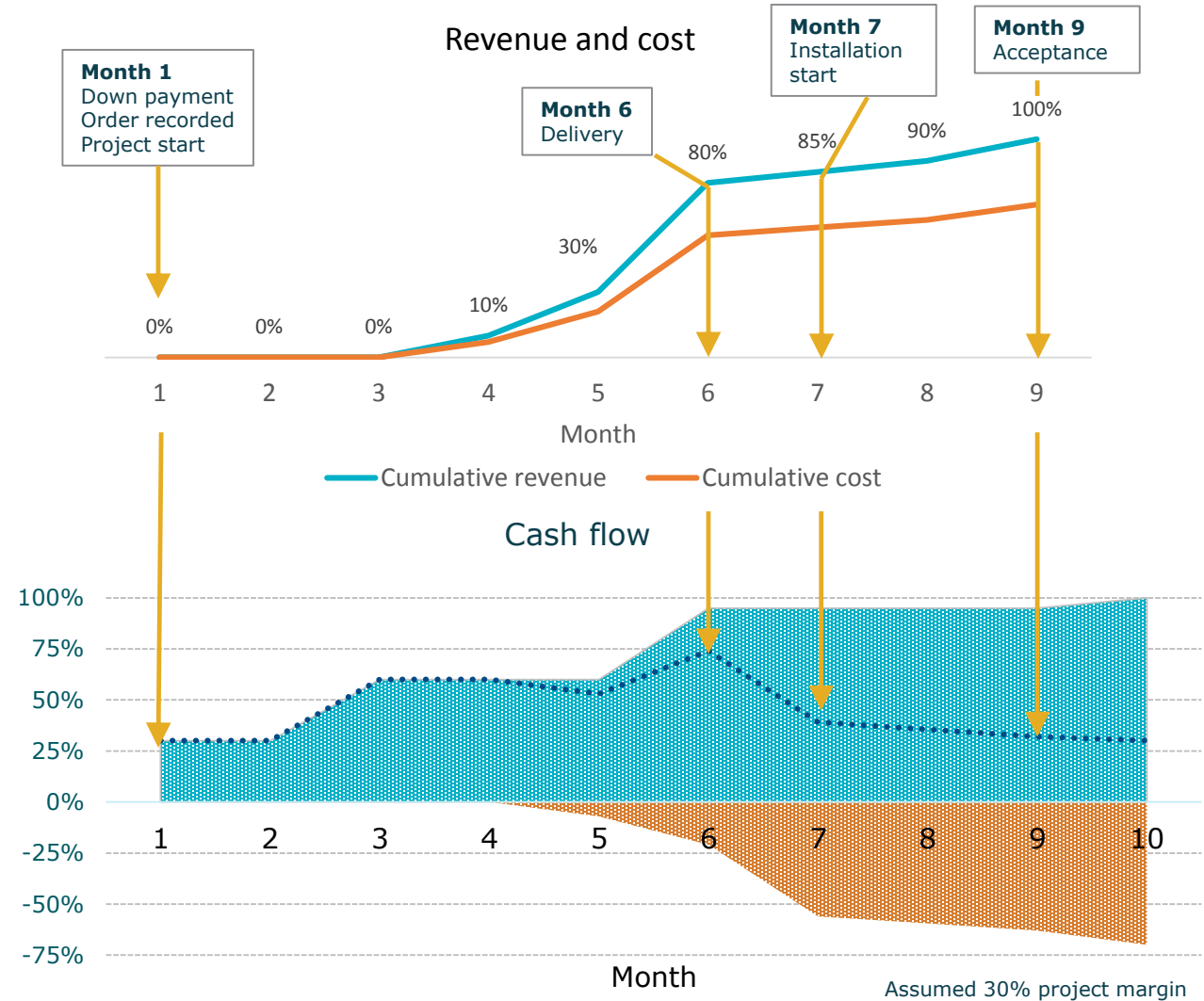
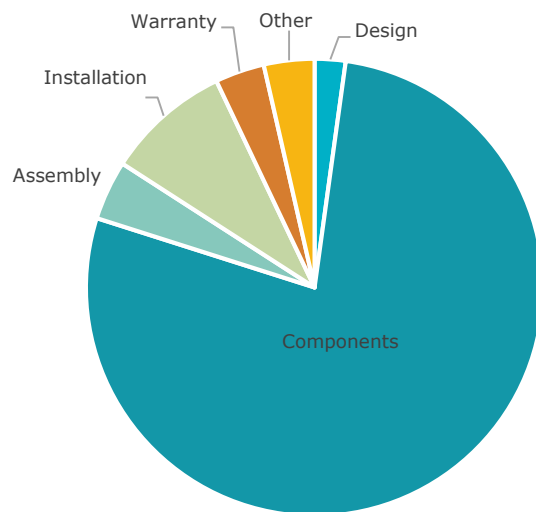
*) Continuing operations

End of 2017 balance sheet

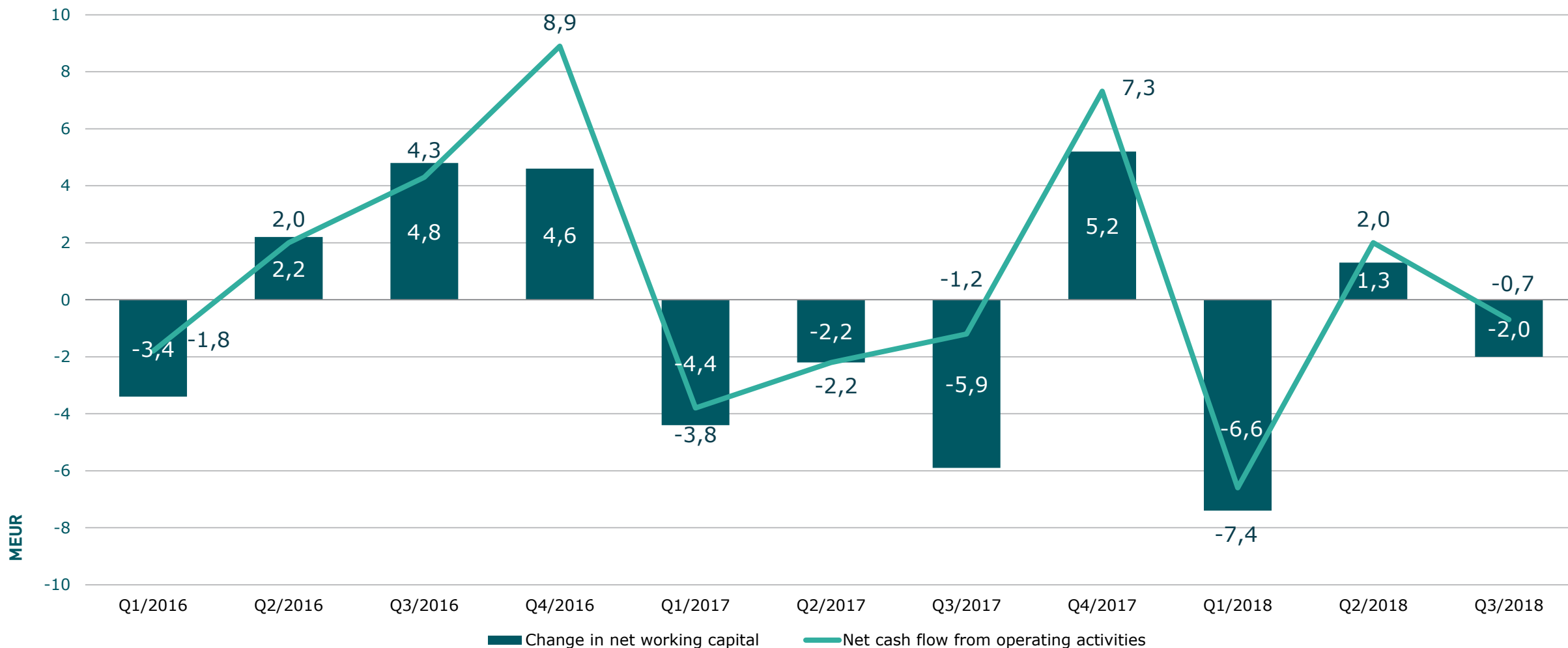


Typical machine delivery project

- Project revenue recognized using POC method
 - Accrued cost compared to budget determine the percentage of completion
 - Cost budgets reviewed monthly
- Majority of costs incur 1-2 months before delivery
- Majority of project costs are components from external suppliers
- Typically positive cash flow througout the project



Cash flow seasonality



Our financial targets published in 2016 remain unchanged



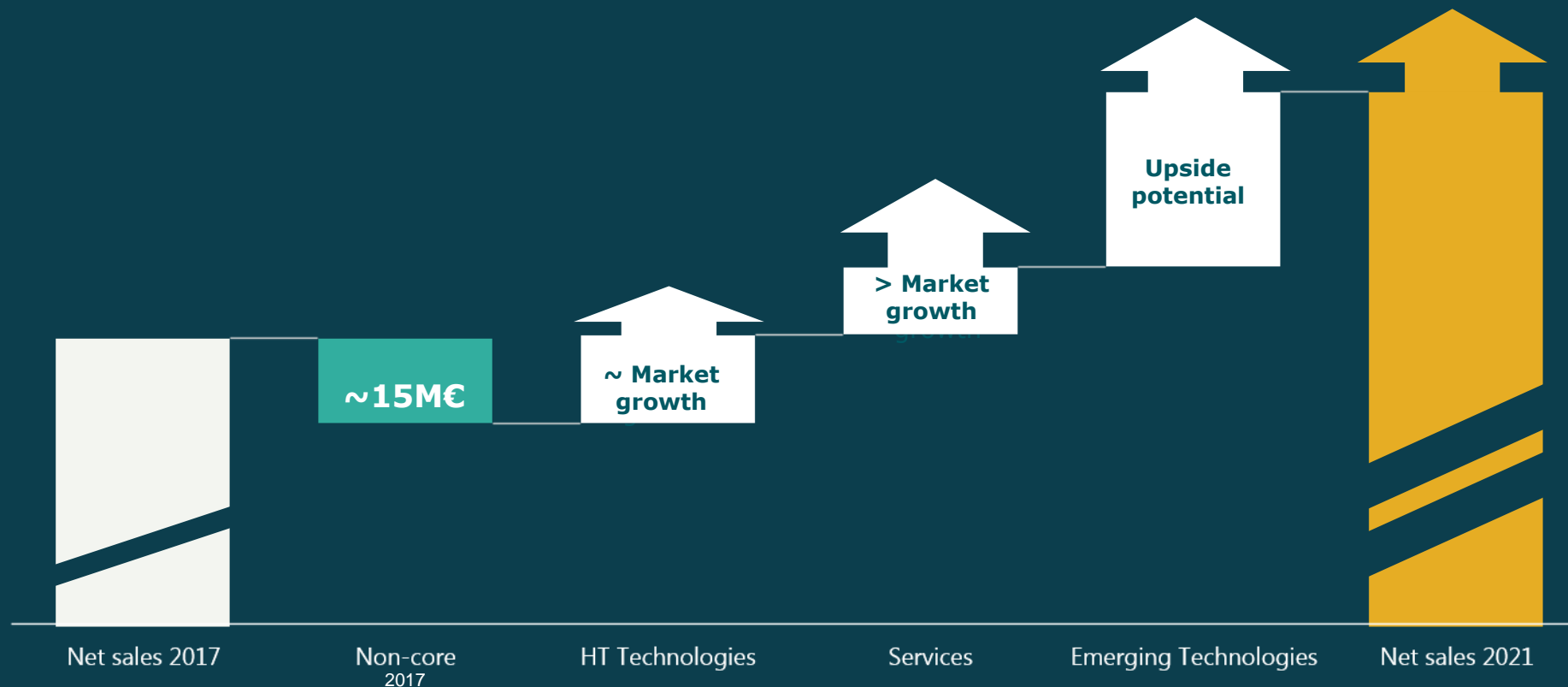
- Annual growth of net sales exceeding market growth (CAGR)
- Comparable operating margin (EBIT) above 8% at the end of the period
- Return on capital employed (ROCE) of more than 20% at the end of the period

- In addition, Glaston seeks growth by exploring M&A opportunities, especially in the glass processing industry equipment, services and software areas

Strategic targets

Annual net sales growth to exceed market growth

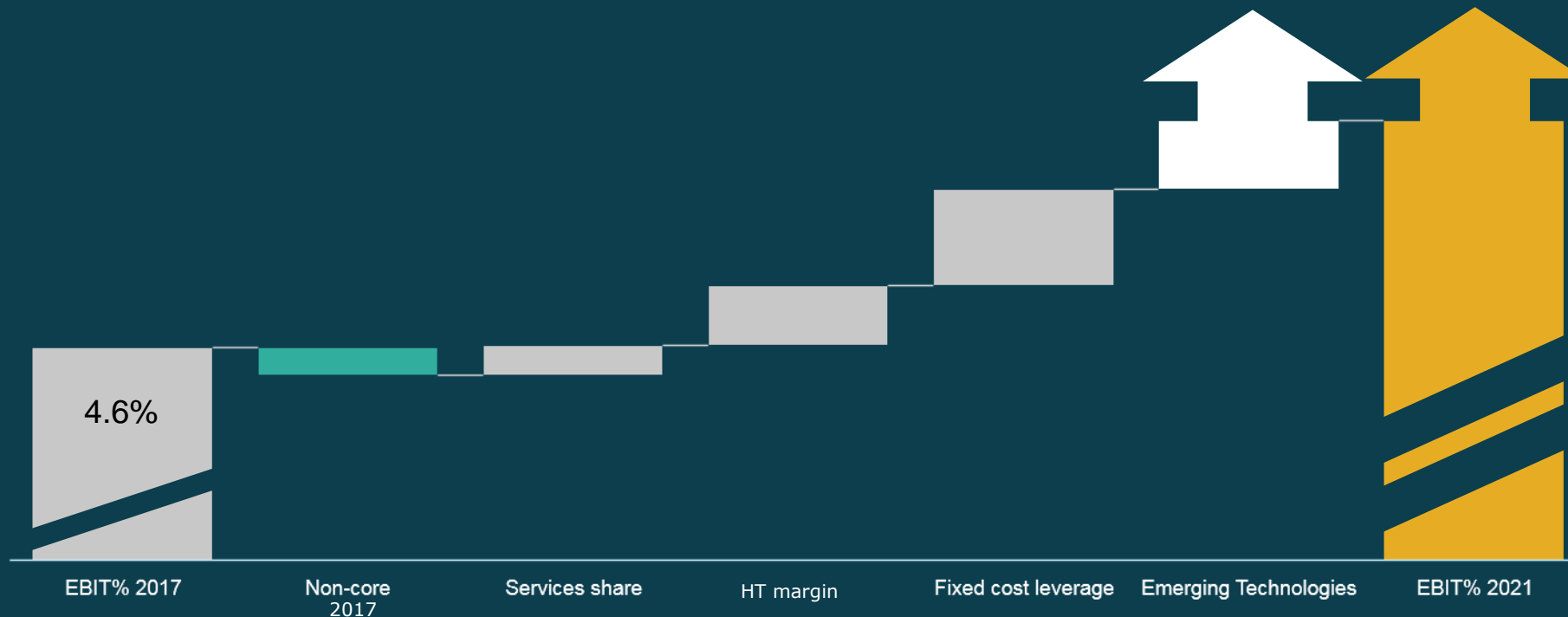
- Higher than market Services growth driving Glaston growth above market
- Upside potential from Emerging Technologies
- Flat glass demand growth expected at 4.3% annually



Strategic targets

EBIT margin to exceed 8% and ROCE% to exceed 20%

- Profitability boosted by increased share of higher margin Services business and gross margin improvement in Heat Treatment Technologies as well as fixed cost growth clearly below net sales growth
- Emerging Technologies margin higher than Group average
- Thanks to light balance sheet, EBIT is the main driver for ROCE% improvement

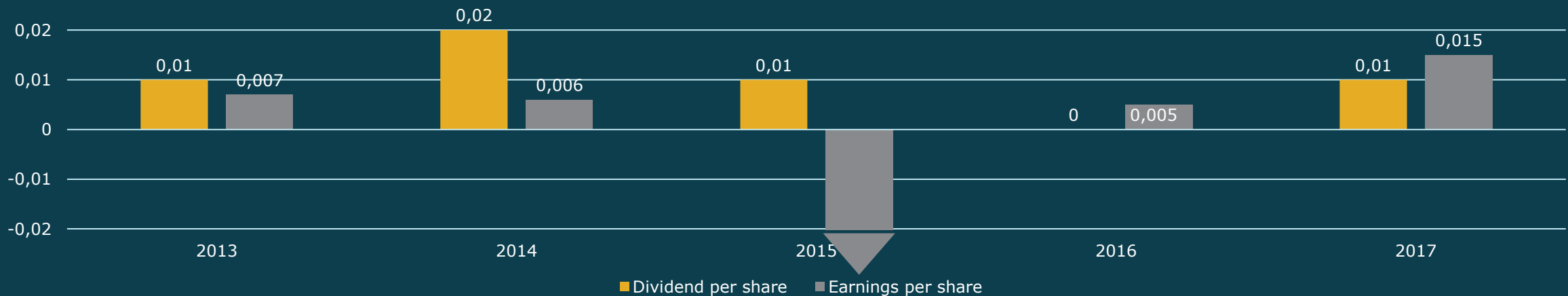


Dividend policy

30-50% of the comparable earnings per share

- High number of shares (193.6 million) and earnings volatility have lead to inconsistent profit distribution
- Glaston is exploring the possibility of reducing the number of shares by a reverse split with the objective to
 - increase interest in the company's share and improve conditions for share trading
 - increase flexibility in connection to potential return of capital
- Reverse split is subject to a decision by Glaston's General Meeting

Dividend/capital return per share and Earnings per share 2013-2017



2019 reporting changes

- IFRS 16 – Leases to be introduced from the beginning of 2019
 - The standard removes the distinction between finance and operating leases
 - All leases will be recorded on the balance sheet as assets and liabilities at the discounted value of the lease payments
 - Rent expense will be replaced with depreciation and interest expenses
 - EBITDA will increase (rent expenses will disappear)
 - EBIT will increase but less than EBITDA (rent expenses replaced by depreciation)
 - Gearing will increase (interest bearing debt will increase)
 - ROCE% will change (financial expenses will increase, interest bearing debt will increase)
 - Potential impacts on strategic targets will be considered when restatements finalized
- Glaston will announce restated 2018 financials before Q1 2019 publication

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