

GLASTON CORPORATION INTERIM REPORT JANUARY – MARCH 2020

28. April 2020



This presentation provides estimates on future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation or achievements of Glaston may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances, such as the development of the coronavirus pandemic.



Q1/20 highlights: a satisfactory quarter in an uncertain market



- Orders received at Q1/19 level.
 - The segments' orders received grew 3%, driven by the Insulating glass segment.
- Net sales grew 6%.
- Comparable EBITA weakened
 - Profitability development was particularly impacted by the loss-making automotive glass machine business. No project revenue recognitions were made in the quarter.
 - The profitability of heat treatment machines decreased slightly, but the relative profitability of related services improved.
 - The net sales and profitability of insulating glass machines and related services developed positively.
- Cost synergies related to the Bystronic glass integration achieved faster than expected and estimates exceeded.



Operating environment Q1/2020

Uncertainty in all geographic markets increased with the spread of COVID-19 virus infection.



AMERICAS

- The brisk market activity early in the first quarter was followed by a sharp turnaround as customers reacted quickly to the new situation.
- Project postponements and even a partial shut down of many customers' operations.

EMEA

- Since late February/early March, the uncertainty caused by coronavirus has been evident throughout the EMEA area.
- The uncertainty has had a direct impact on willingness to invest,, caution continues in the market, and demand has clearly weakened.
- Given the circumstances, however, market activity has remained relatively stable in Europe, although large variations between countries have been observed.


CHINA AND APAC

- Challenges at beginning of Q1, slight recovery at the end of the quarter, price competition increasing.
- Elsewhere in the APAC area, national isolation measures continue.

Operating environment Q1/2020

Uncertainty in all geographic markets increased with the spread of COVID-19 virus infection.



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- A large, stylized world map is rendered in the background using a grid of small grey dots. The map is centered horizontally and spans most of the page's width. A dark teal horizontal bar is overlaid across the middle of the map, containing the text of the list.
- The low level of the automotive glass market continued in the first quarter, and activity is expected remain lower than the level of previous years throughout the rest of the year.
 - In recent months, production activity at most car factories, and therefore also the production of their subcontractors, has been wound down. Signs of a gradual ramp has already been observed, however.

Impacts of the COVID19- pandemic on Glaston's activities



Customers and orders

- Some customers' factories have been closed, some ramp-up already visible in different parts of the world.
- So far, only postponements of individual deliveries.
- Travel restrictions and national containment measures have affected installations and services.

Production & subcontractors

- All production facilities are in normal operation and a large part of the deliveries are handled according to plan.
- The availability of components is also secured for the coming months.

Personnel

- No reported coronary infections.
- Teleworking policy enabled for all functions where remote work is possible.
- Adjustment measures implemented or planned in all units.

Funding

- Liquidity at a good level.
- State and other subsidies available from different countries have been applied for and been granted.



Segment development Q1 in brief

The importance of automation and remote diagnostic increasing – Glaston frontrunner



Heat Treatment

- Demand for heat treatment machines was almost at the previous year's level.
- Among others, a strategically significant FC series tempering machine order from the Dutch glass manufacturer Steinfort Glas received.
- Net sales at a good level given prevailing conditions, profitability weakened.
- Adaptation measures agreed.

Insulating Glass

- Orders grew strongly (order level in the comparison period exceptionally low).
- Among others, an order for two B'VARIO TPS^R (Thermo Plastic Spacer) insulating glass lines from a major French window manufacturer, as well as an order for several insulating glass lines and handling equipment from Poland.

Automotive and Emerging Technologies

- Modest ordering activity in Automotive.
- Emerging Technologies embarked on a strategically significant engineering and consulting project related to solar energy solutions of the future and the industrialization of the said technology.
- The development of the Heliotrope project continues. In the first quarter, agreement was reached on financing the Heliotrope project until the end of 2020. Glaston did not participate in the financing.



Integration in Q1/2020

- In 2020, integration has continued with, among other things, the Bystronic glass brand integration project.
- Due to the uncertainty caused by coronavirus, certain longer-term integration projects, such as the integration of ERP systems in selected countries, have been postponed.
- The integration projects will be continued as part of the company's normal management and integration office activities, and the related separate financial monitoring of integration projects has ceased in April.
 - Cost synergies realized in the first quarter amounted to EUR 0.8 million.
 - Annual cost savings from all measures undertaken will amount to approximately EUR 5.0 million.
 - First-quarter 2020 accumulated integration costs were EUR 0.8 million.



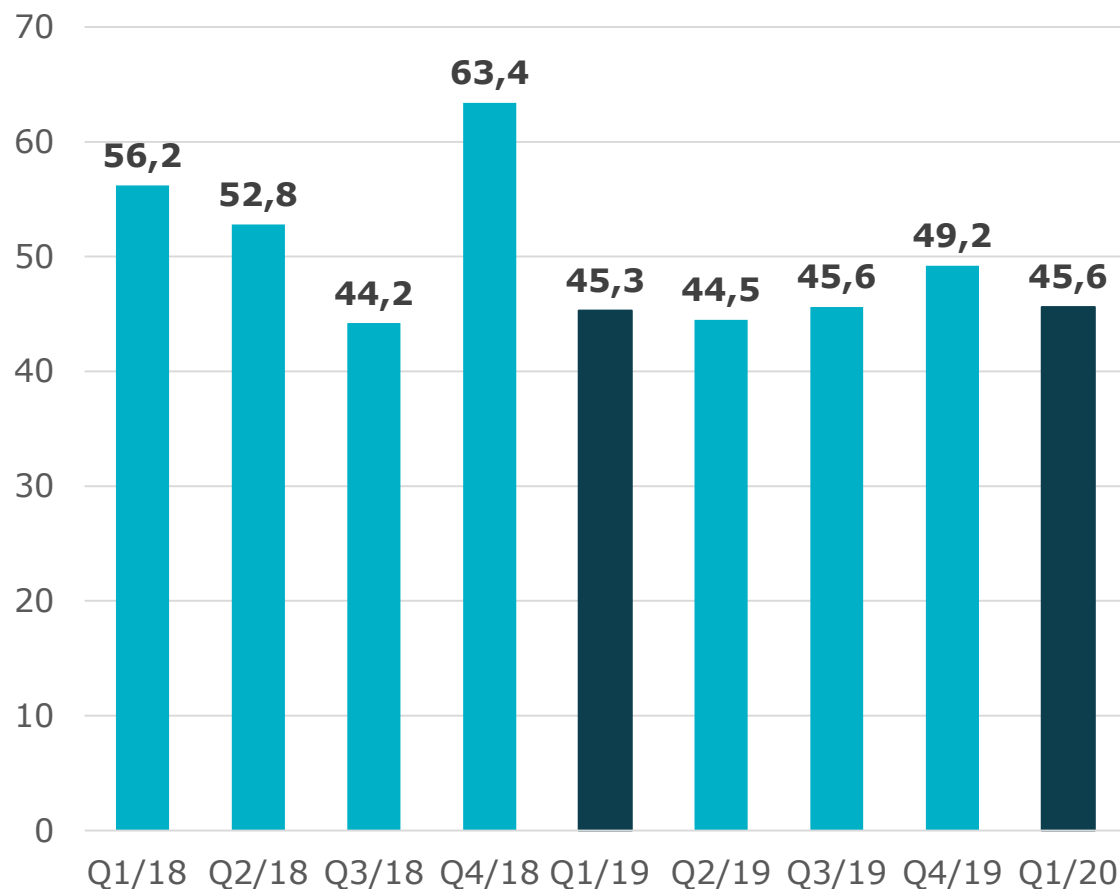
FINANCIAL DEVELOPMENT JANUARY-MARCH 2020



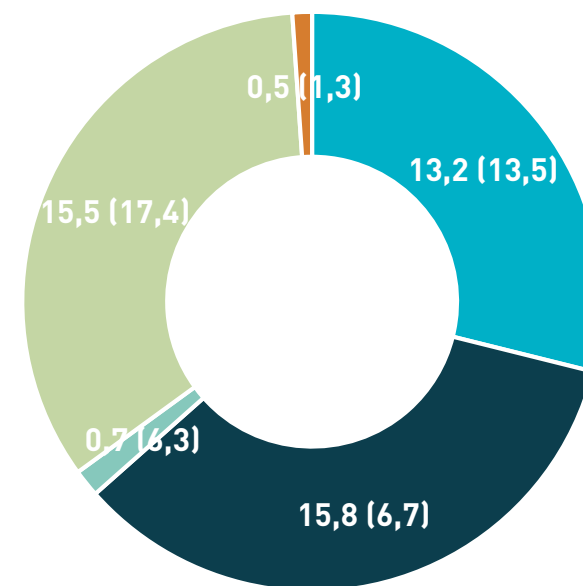
Orders received by the segments grew 3%



Group orders received stable

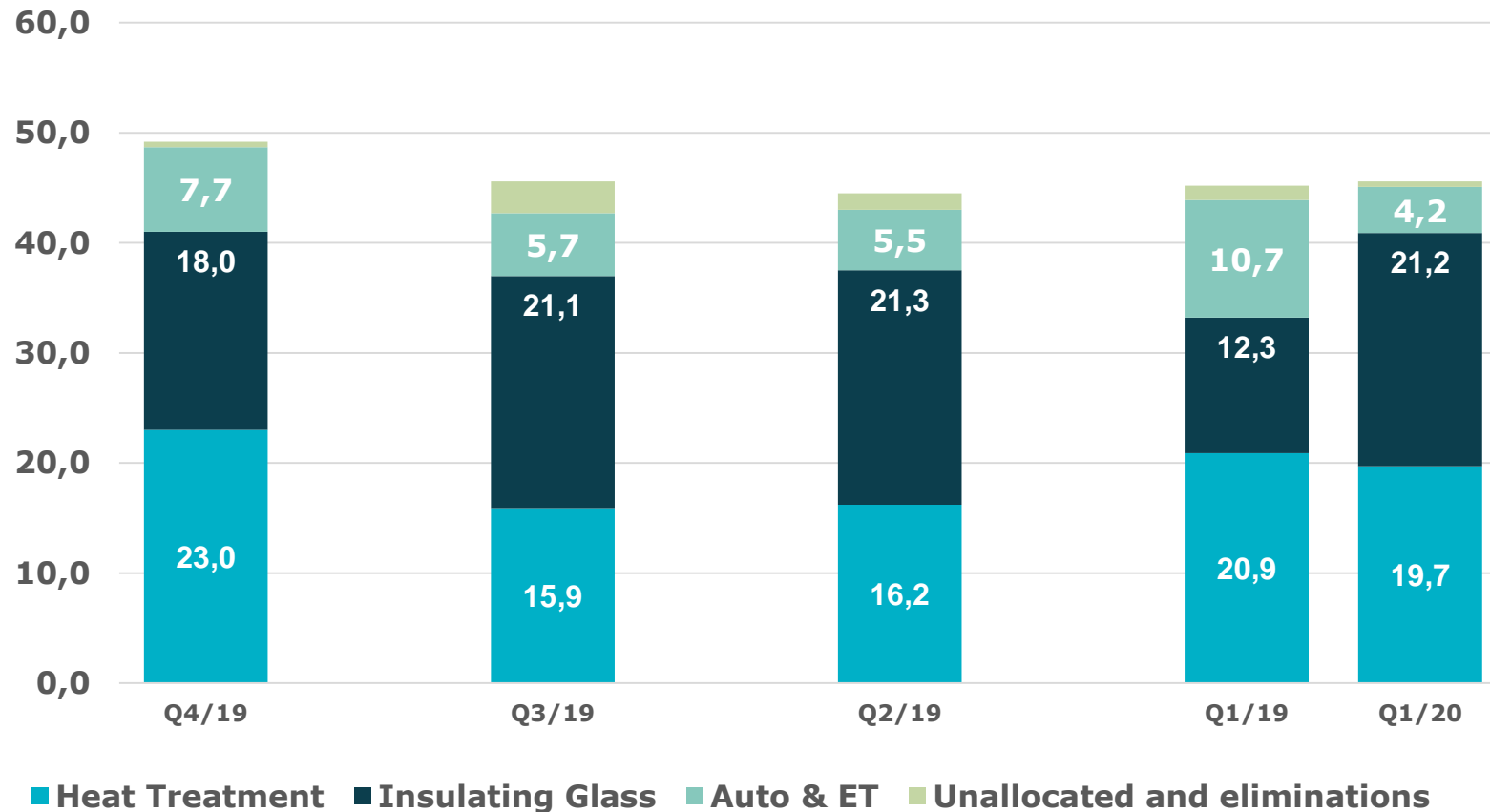


Orders received by product area Q1/20 (MEUR)



- Heat Treatment Technologies
- Insulating Glass Technologies
- Auto & ET
- Services
- Unallocated and eliminations

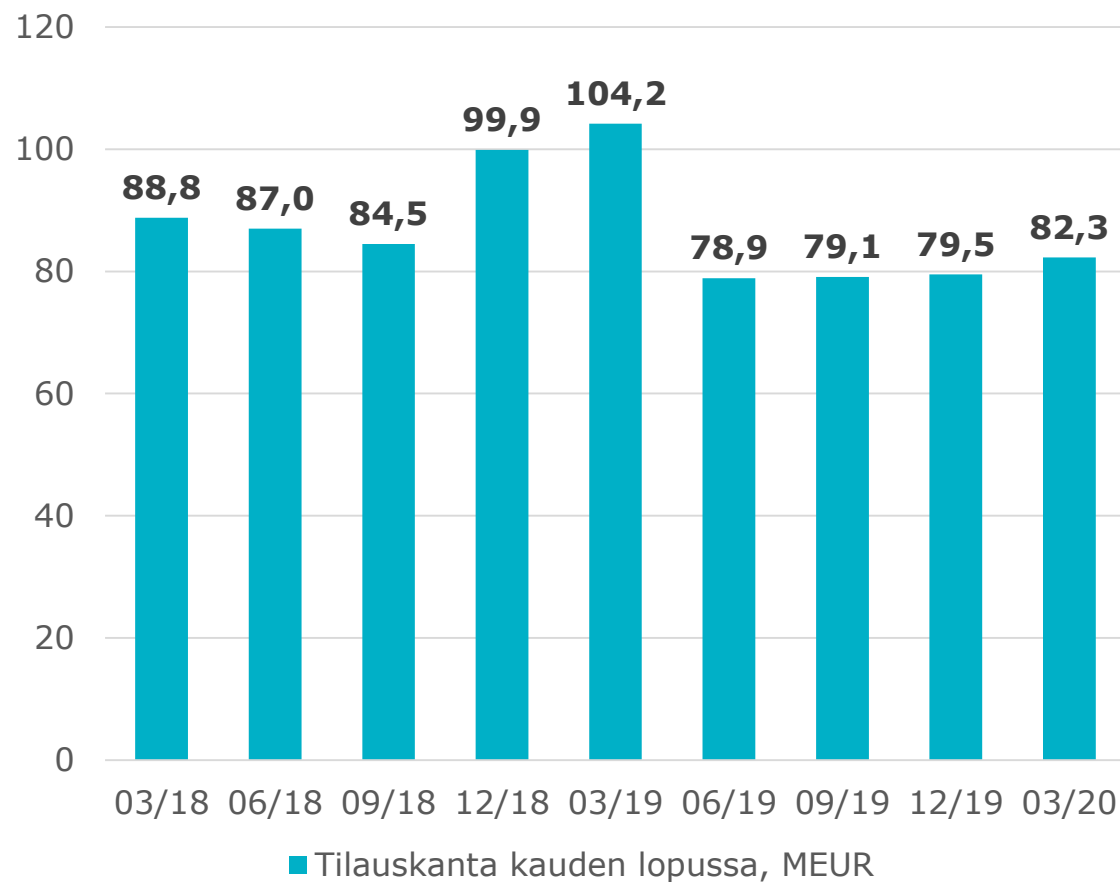
Quarterly orders received by segment



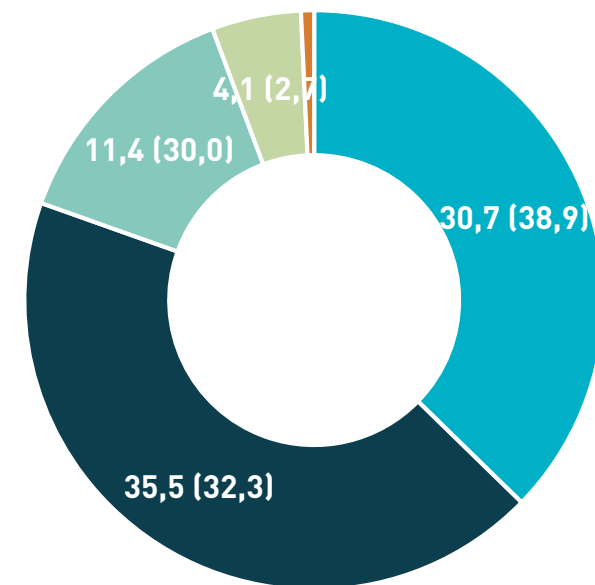
Orders received by the segments grew 3% and totaled EUR 45.2 (21.5, pro forma 44.0) million.

- Heat Treatment orders and net sales at a good level given prevailing circumstances.
- Good activity in the insulating glass market, orders received increased significantly.
- Quiet in the automotive glass equipment market, strategic design projects in the Emerging Technologies unit.

Group order book at good level at the end of the period

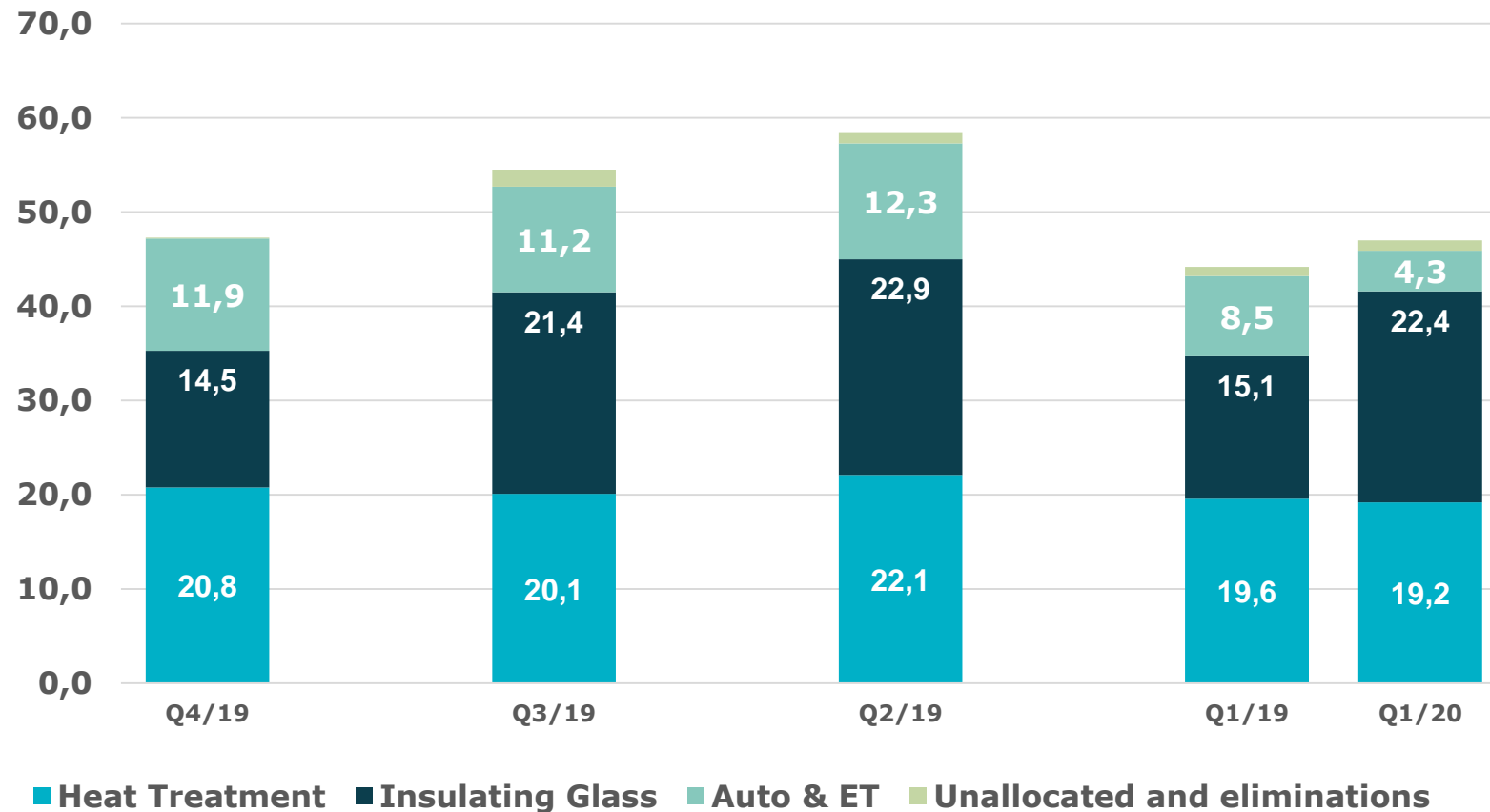


Order book by product area 31 Dec 2020 (MEUR)



- Heat Treatment Technologies
- Insulating Glass Technologies
- Auto & ET
- Services
- Unallocated and eliminations

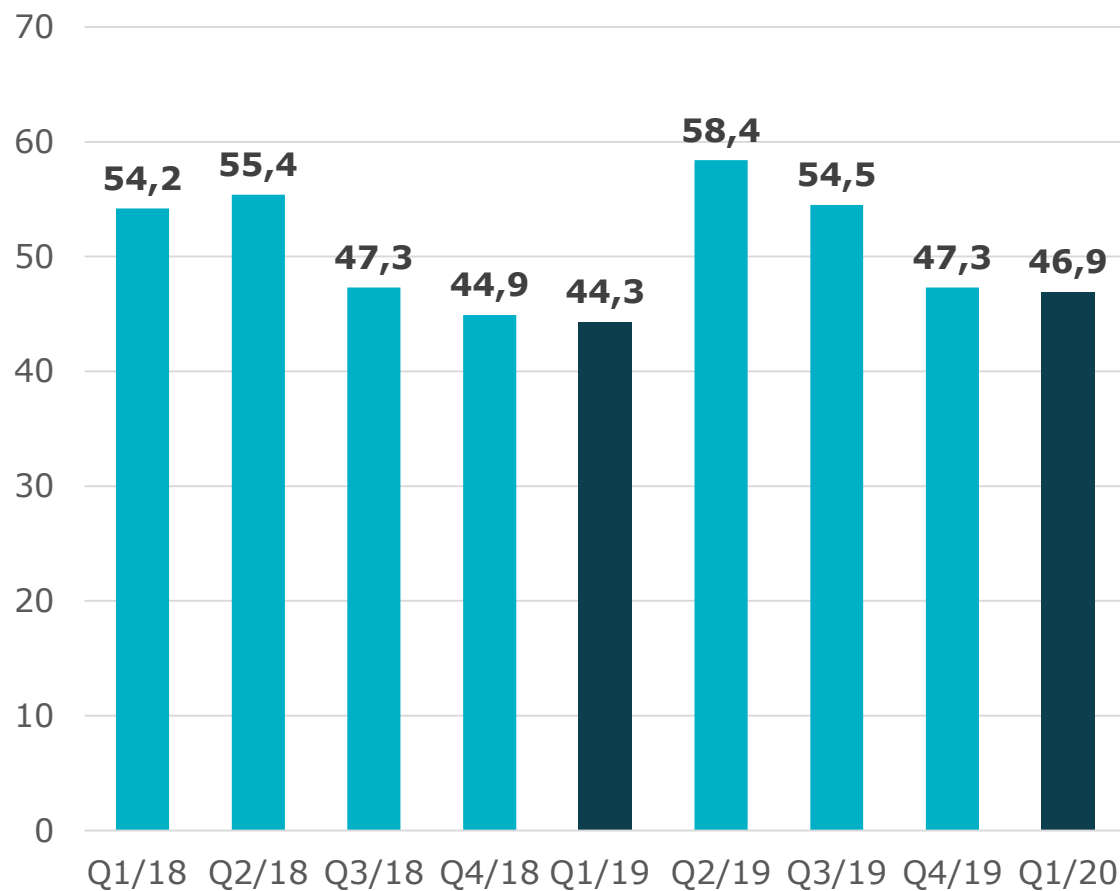
Quarterly net sales by segment



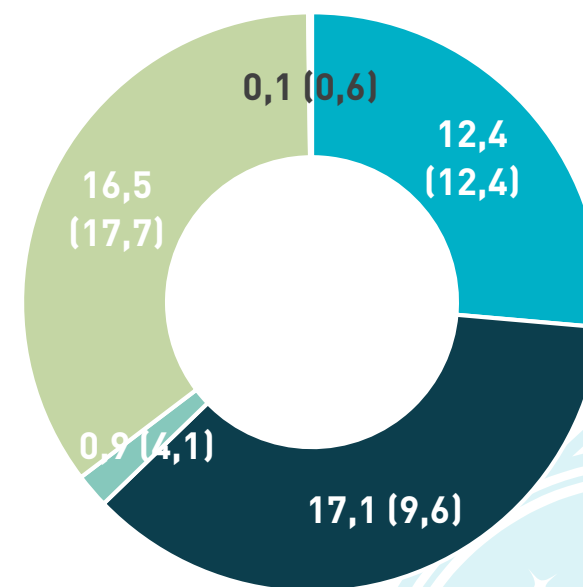
The segment net sales grew y-on-y and totaled EUR 46.0 (19.7, pro forma 43,2).

- Heat Treatment net sales at good level given circumstances.
- Insulating glass net sales grew 48%.
- Auto& ET net sales declined.

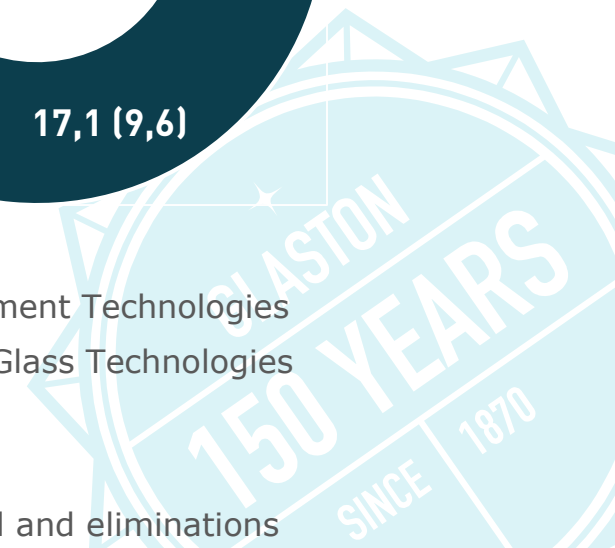
Q1/20 net sales grew 6%



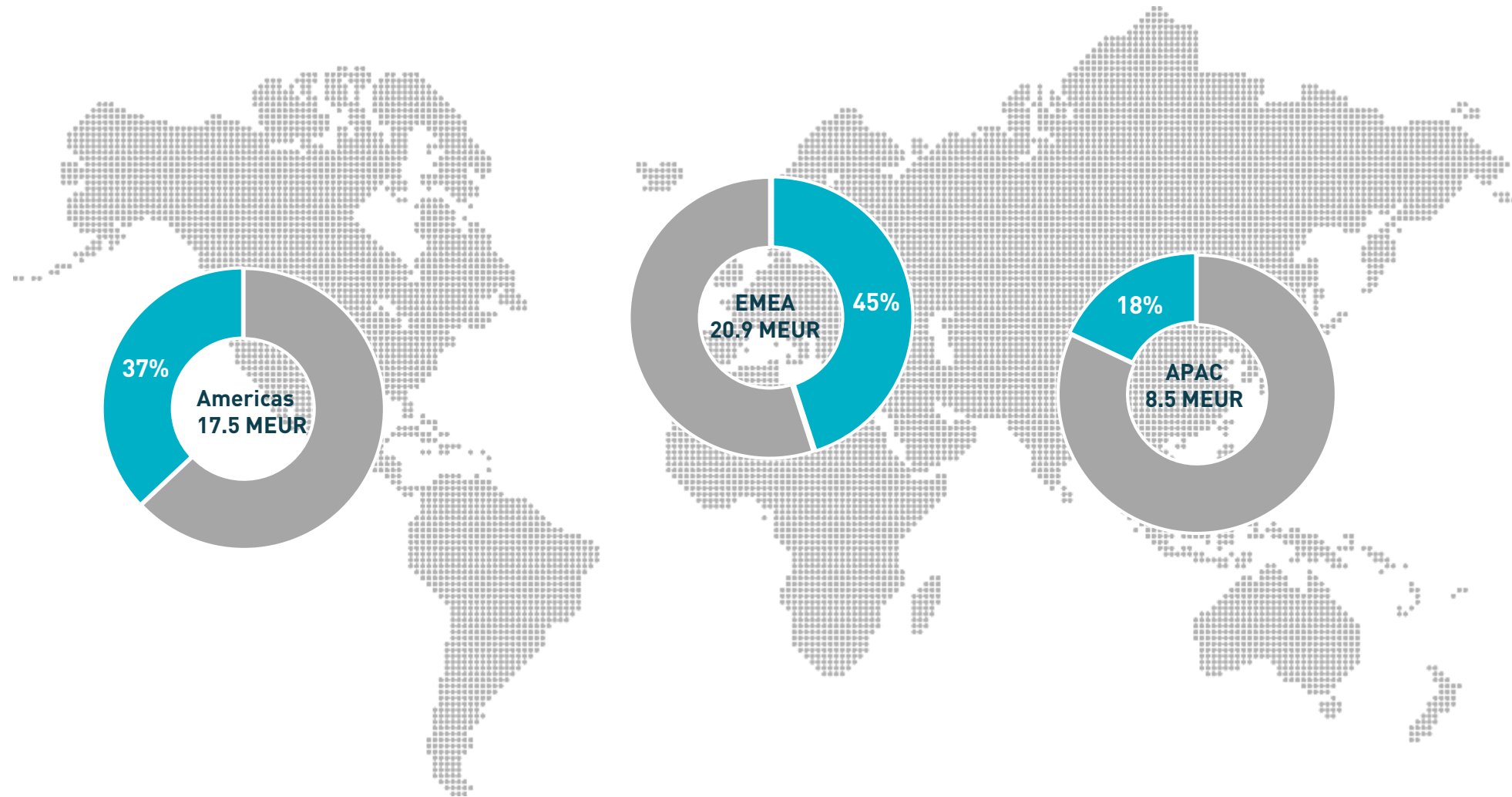
Net Sales by product area



- Heat Treatment Technologies
- Insulating Glass Technologies
- Auto & ET
- Services
- Unallocated and eliminations



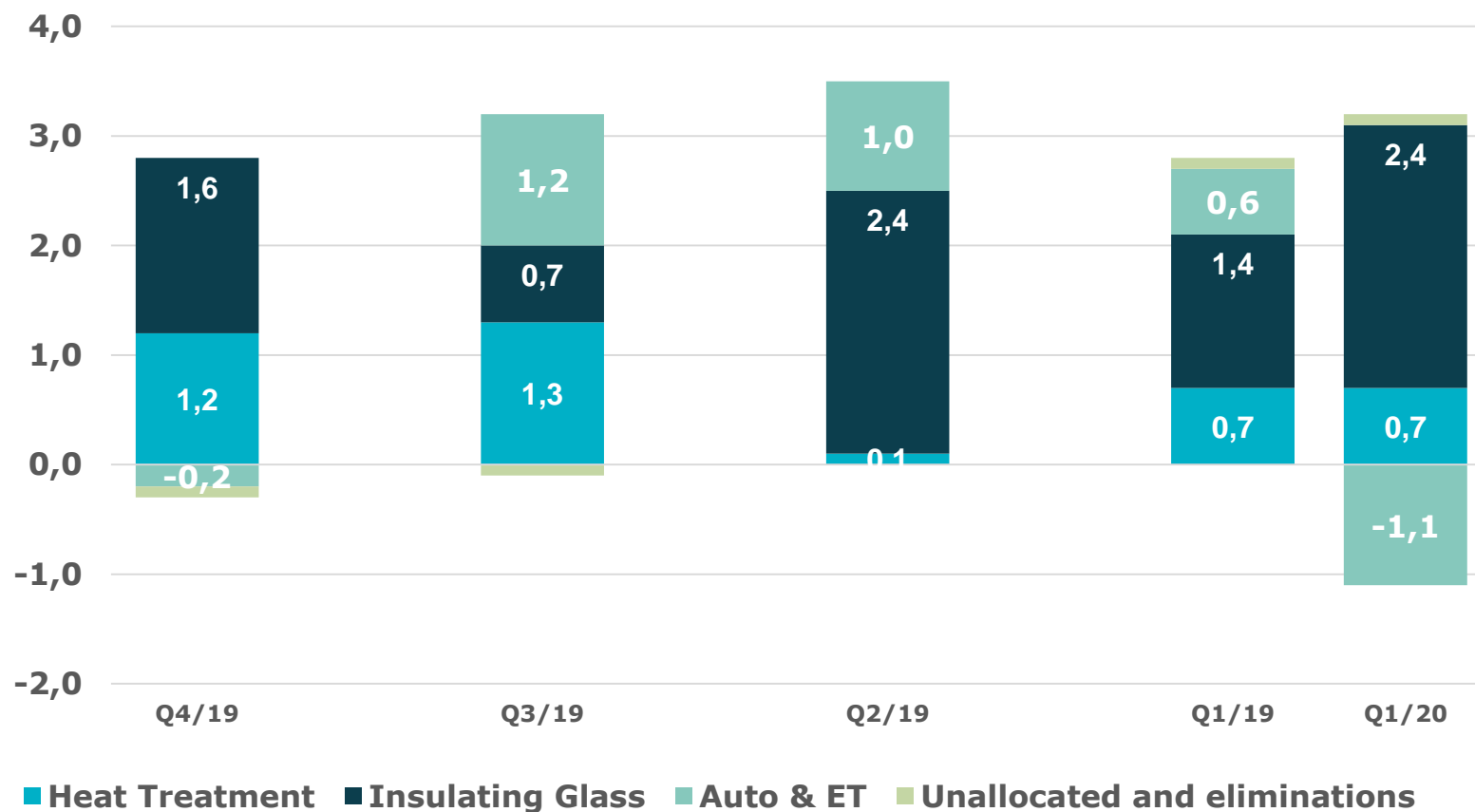
Geographical distribution of net sales Q1/2020



Comparable EBITA by segment



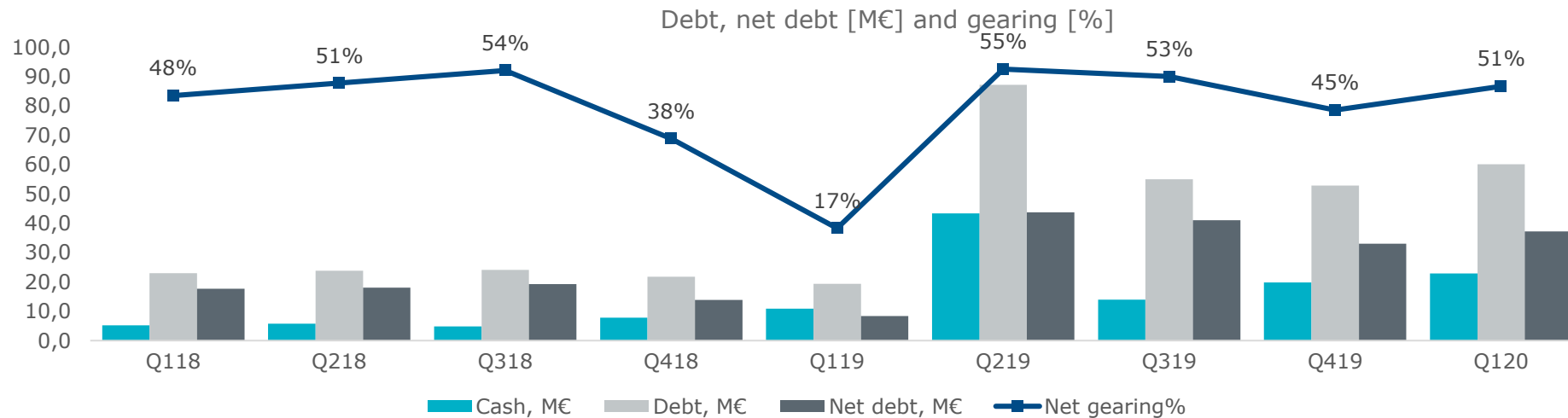
Comparable EBITA EUR Q1/20 2.0 (2.8) million.



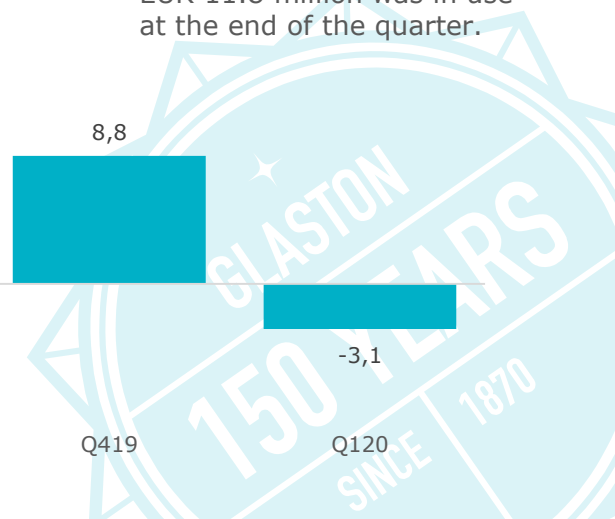
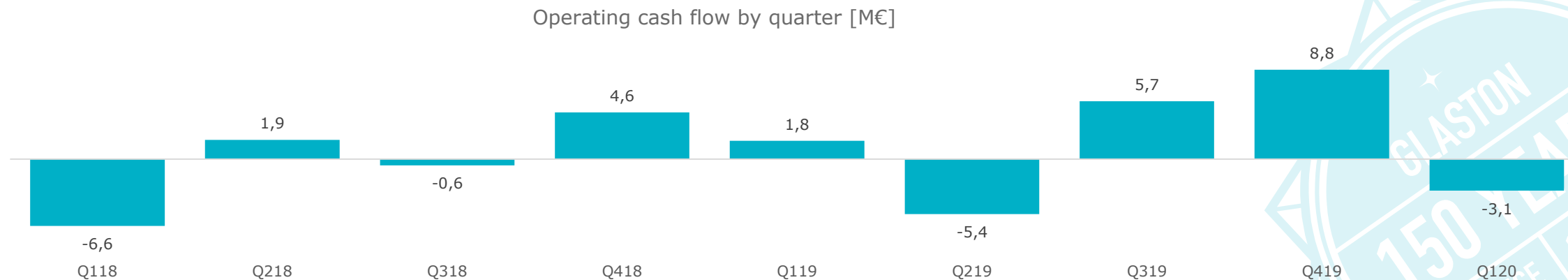
Profitability development Q1/20

Segment	Machines	Services	Fixed costs
HT	●	●	●
IG	●	●	●
Auto & ET	●	●	●

Net debt and cash flow



- Cash and cash equivalents were EUR 22.9 (10.9) million (at the end of the period).
- Confirmed revolving credit facility of EUR 35 million, including a credit facility of EUR 15 million, which has been fully drawn down and of which EUR 7.5 million was in use at the end of the quarter.
- In addition, the company has a guarantee limit of EUR 20 million, which has been fully drawn and of which EUR 11.8 million was in use at the end of the quarter.



Events after the review period and outlook



Annual General Meeting and distribution of profits proposal



- The Board of Directors of Glaston Corporation has decided to convene the Annual General Meeting to be held on Thursday, 28 May 2020, and in this connection decided on an exceptional meeting procedure in accordance with the temporary legislation given by the Finnish Government on 24 May 2020. This enables to hold the meeting by remote participation during the COVID-19 pandemic. The Notice to convene the Annual General Meeting will be published as soon as possible.
- In the light of the uncertainty caused by the coronavirus pandemic, Glaston's Board of Directors has decided to withdraw its profit distribution proposal issued on 11 February 2020 and to propose to the Annual General Meeting that no return of capital be distributed for 2019.

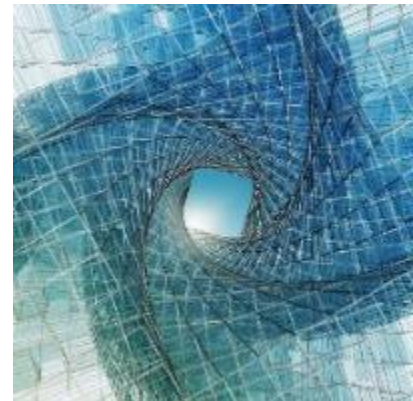


GLASTON'S OUTLOOK FOR 2020 UPDATED



- Glaston Corporation estimates that comparable EBITA for 2020 will decline from the 2019 level.
- Due to low visibility and rapid market movements, the extent of the deterioration cannot be reliably assessed at this stage.
- The company's current assessment is that orders received in the second and third quarters will be at a lower level than normal.
- The postponement of the delivery of some orders will impact the development of net sales and earnings in the near future.
- Exceptionally high uncertainty surrounds the assessments, and the situation might change very quickly.

In the first quarter of 2020, as a result of the coronavirus situation, the global economic situation has deteriorated significantly, rapid changes have taken place in Glaston's business environment and willingness to invest has decreased. Due to low visibility and strong market movements, there is an exceptional amount of uncertainty associated with demand in all of the company's business areas. The risks and uncertainties are described in detail in the interim report.



glaston

THANK YOU!

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