



Glaston Corporation 27.10.2020 Q3/20  
interim report

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## **POSITIVE DEVELOPMENT IN INSULATING GLASS TECHNOLOGIES, HEAT TREATMENT TECHNOLOGIES AND SERVICES SLOWER THAN EXPECTED**

January–September 2020

**glaston**  
seeing it through

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*This third quarter interim report provides 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 COVID-19 pandemic.*

## Q3/20 in brief

- Orders received EUR 33.3 (45.6) million
  - +39% from Q2/20, -27% from Q3/19
- Net sales EUR 35.9 (54.5) million
- Comparable EBITA EUR 1.3 (3.1) million, i.e. 3.6 (5.7)% of net sales
- Cash flow from operating activities EUR 0.6 (5.7) million



# OPERATING ENVIRONMENT Q3/2020

## AMERICAS

- Slow recovery started
- COVID-19 still impacts the US economy, particularly in the Southern states
- The presidential elections are delaying some customers' decision-making process

## EMEA

- Market uncertainty remains high and varies significantly by country
- In Germany, market development positive and construction sector has so far not been severely affected by the pandemic
- In other European countries, such as Spain, France, and the UK the pandemic has had a major negative impact on the construction sector

## CHINA AND REST OF ASIA

- Continued recovery with strong competition
- The market situation varied across South-East Asia with the lockdowns of most countries' being lifted during the third quarter, but cross-border travel remained limited, impacting market activity

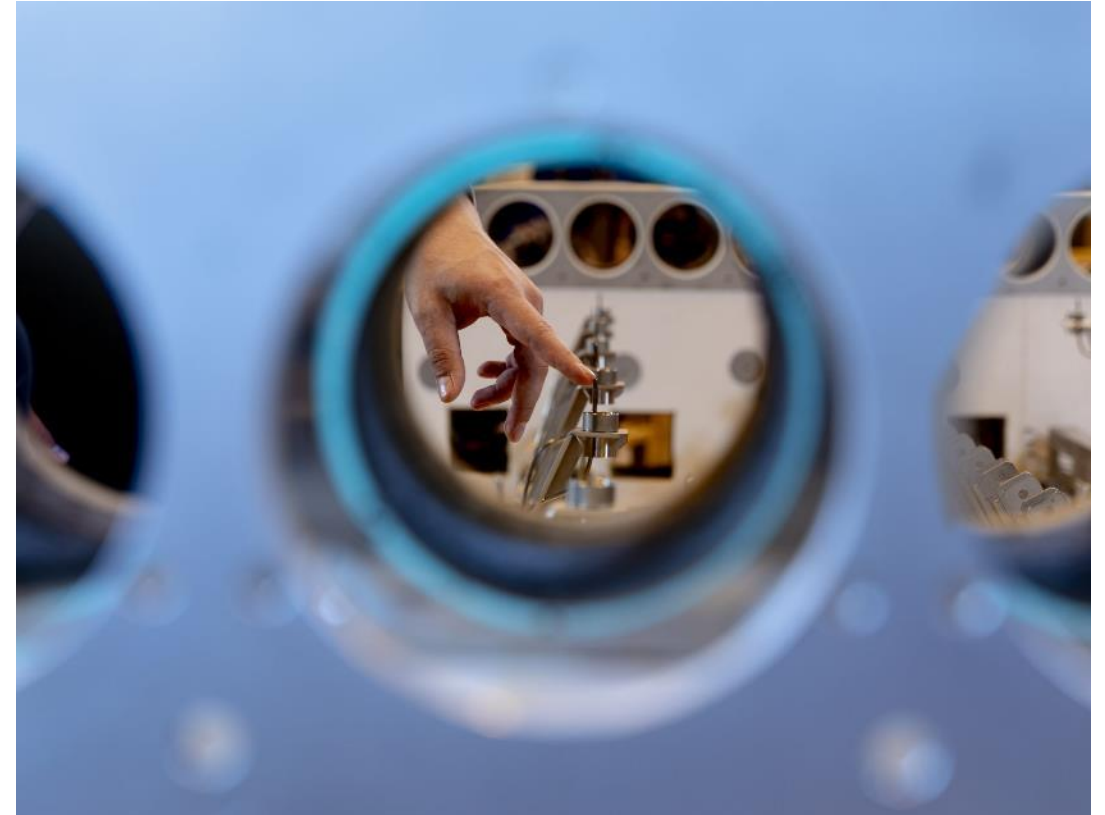
# OPERATING ENVIRONMENT Q3/2020

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- The automotive services market normalized in Europe, but the new equipment market was very slow due to overcapacity as a result of lower demand and high investments in previous years. In the APAC region automotive production was back to the previous year's level
  - Slight recovery is also seen in North America
  - In the short term, market activity and investment readiness is expected to remain at a low level

# SEGMENT DEVELOPMENT Q3 IN BRIEF

## Heat Treatment (HT)

- Development slower than expected, weak order intake development.
- Net sales impacted by low order intake in previous quarter, earlier postponements of deliveries and low services volume.
- Further measures starting to adapt the Heat Treatment capacity to the weak demand.





# SEGMENT DEVELOPMENT Q3 IN BRIEF

## Insulating Glass (IG)

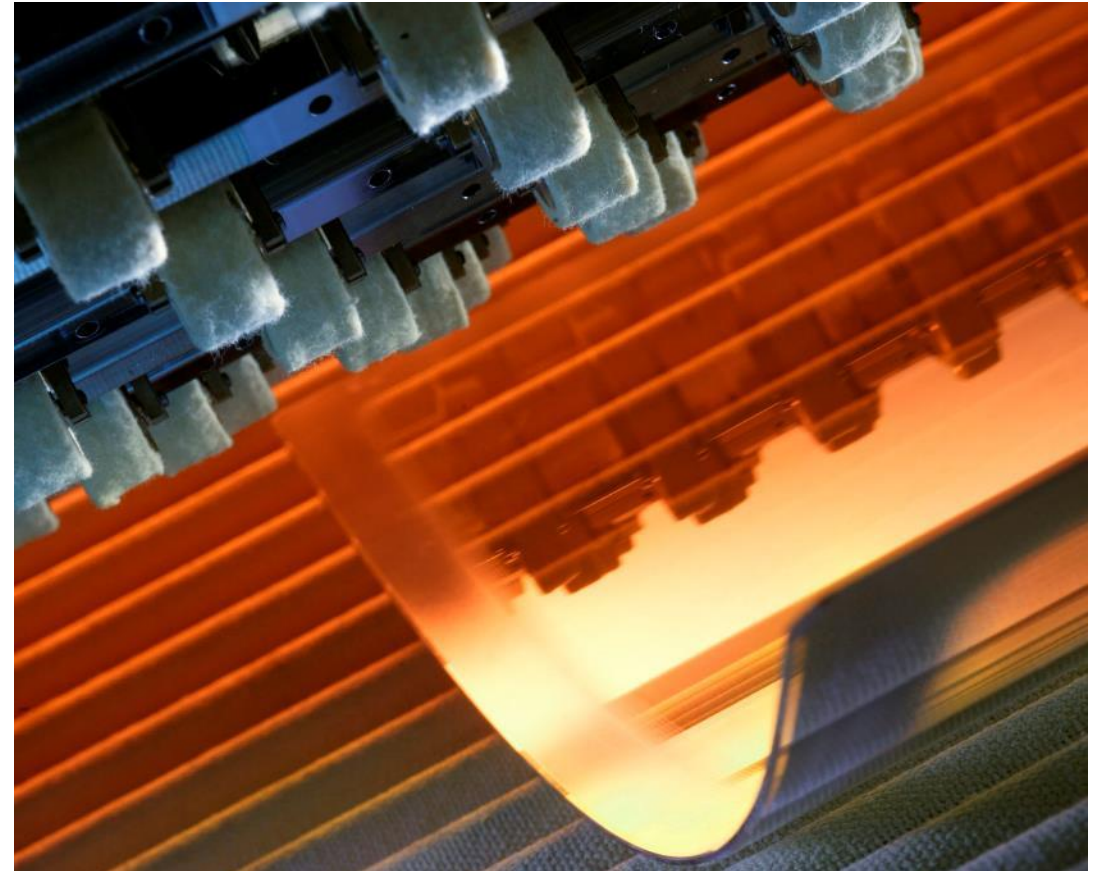
- Orders received grew 3% and comprised several important orders. The European Insulating glass equipment market normalized, Asia and Americas were still impacted by the pandemic and some recovery was seen in North America.
- Insulating Glass equipment net sales were below the corresponding period in the previous year, due to lower than normal order intake particularly in the second quarter, IG services net sales were close to the previous year's level.
- Production running at full capacity and recent order intake indicate a good capacity usage level for the first part of 2021.



# SEGMENT DEVELOPMENT Q3 IN BRIEF

## Automotive & ET (AET)

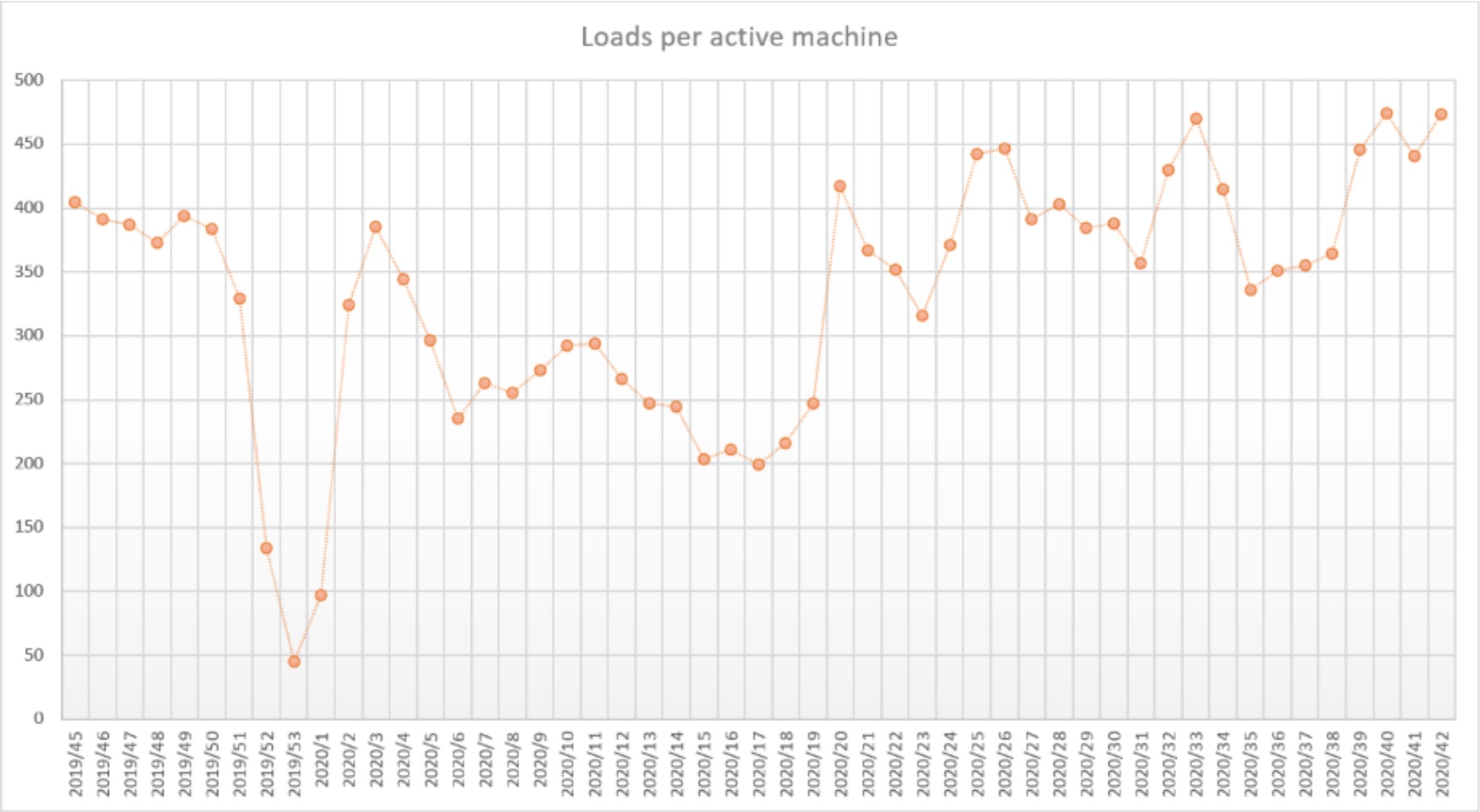
- The automotive production restarted all over the world in the third quarter, and some increase in demand from the second quarter, particularly for services, was seen.
- The low activity in Emerging Technologies market continued due to current market uncertainty.
- All projects planned for the third quarter as well as some previously delayed from the previous quarter were delivered.
- Although market activity is expected to remain low in Automotive, slight recovery seen in fourth quarter.





# CUSTOMER OPERATIONS AT GOOD LEVEL

## Heat Treatment machines



# Focus on continuous development of our core technology portfolio and R&D



- Strong focus on product development in core product portfolio and R&D, among others:
  - New IG Upgrade Service portfolio introduced
  - Cup wheel technology for glass edge arripping of architectural glass
  - Development of fully automated tempering line continued
- IG R&D organization strengthened, strong groupwide cooperation
- New developments showcased at Glasstec virtual



Date: Tue, Oct 20 at 14.20 (2.20 p.m.)  
Topic: Service Upgrades for IG Manufacturing  
Presenter: Ralph Schultz, Manager Service Upgrades



Date: Wed, Oct 21 at 15.00 (3.00 p.m.)  
Demo: Advantages of Automated Tempering process  
Hosted by: Sami Kellin, Business Unit Director



Date: Wed, Oct 21 at 11.30 a.m. / glasstec conference  
Topic: Innovative cup wheel technology for glass edge arripping of architectural glass  
Presenter: Gennadi Schadrin, Director Development & Innovation



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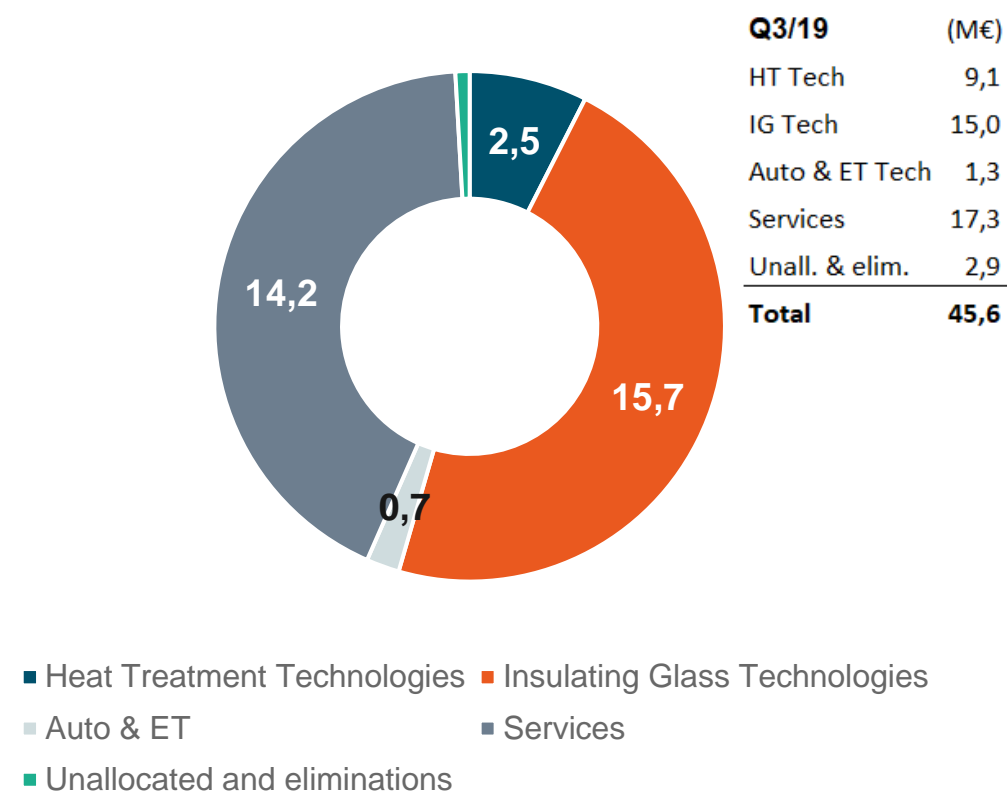
# FINANCIAL DEVELOPMENT



# Orders received grew clearly from the low Q2/20

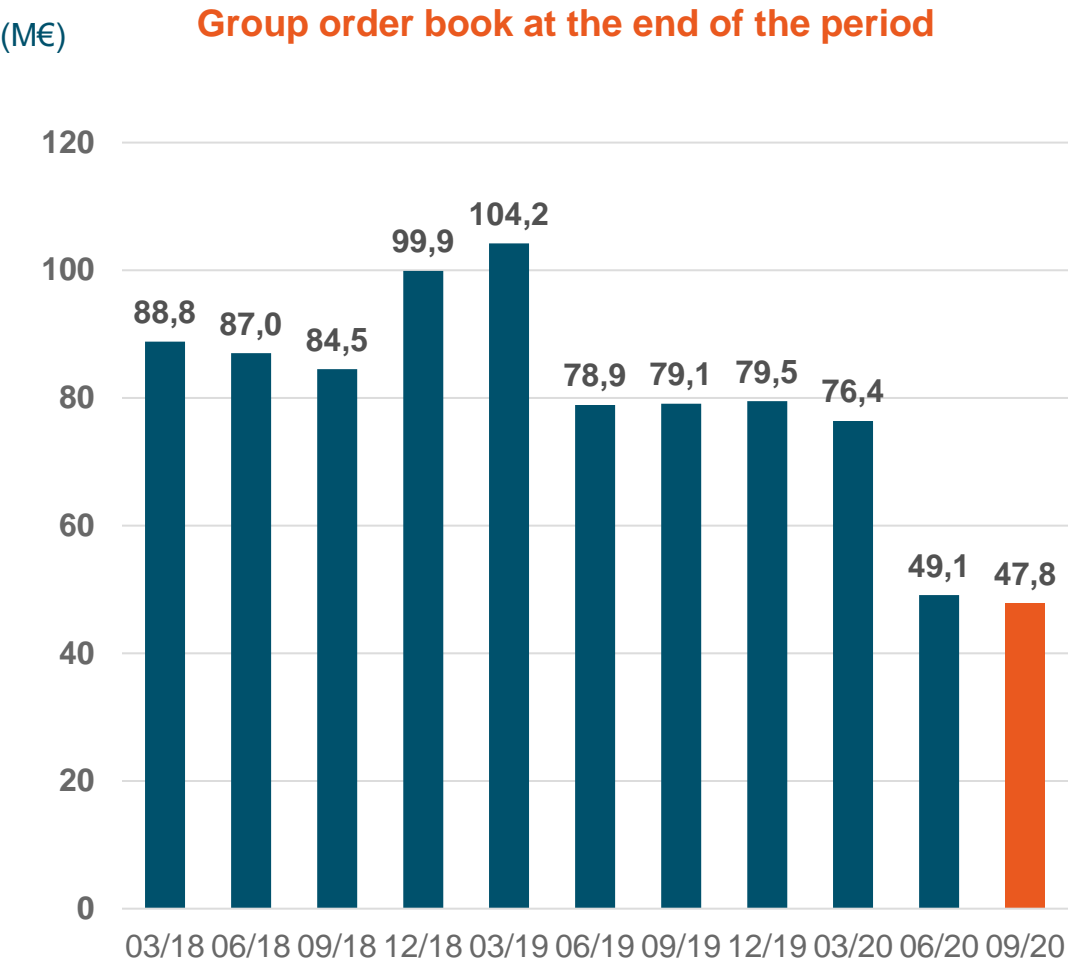


**Orders received by product area**  
Q3/20 (M€)

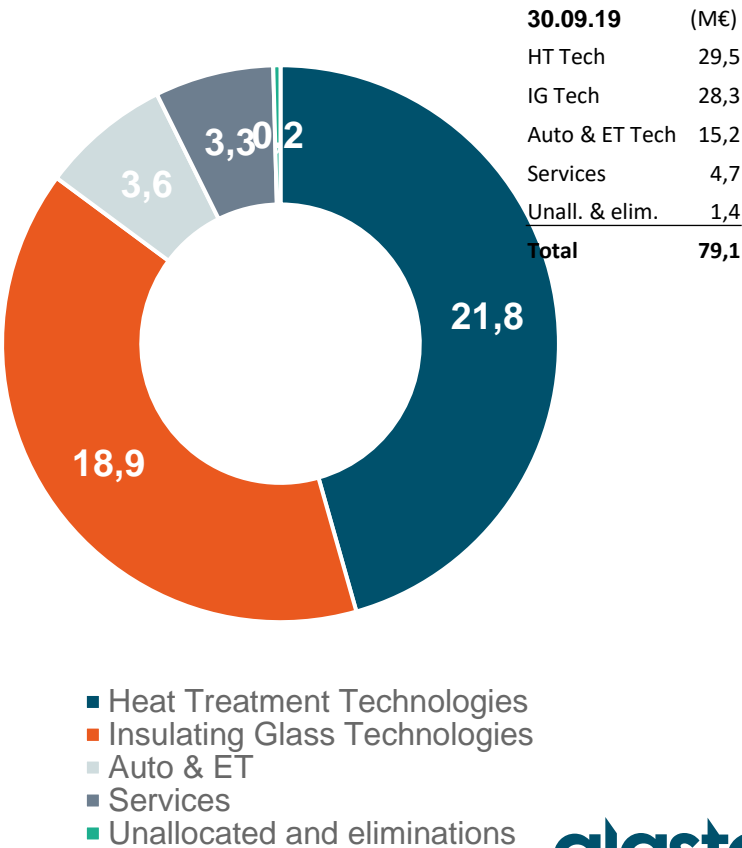




# Order book

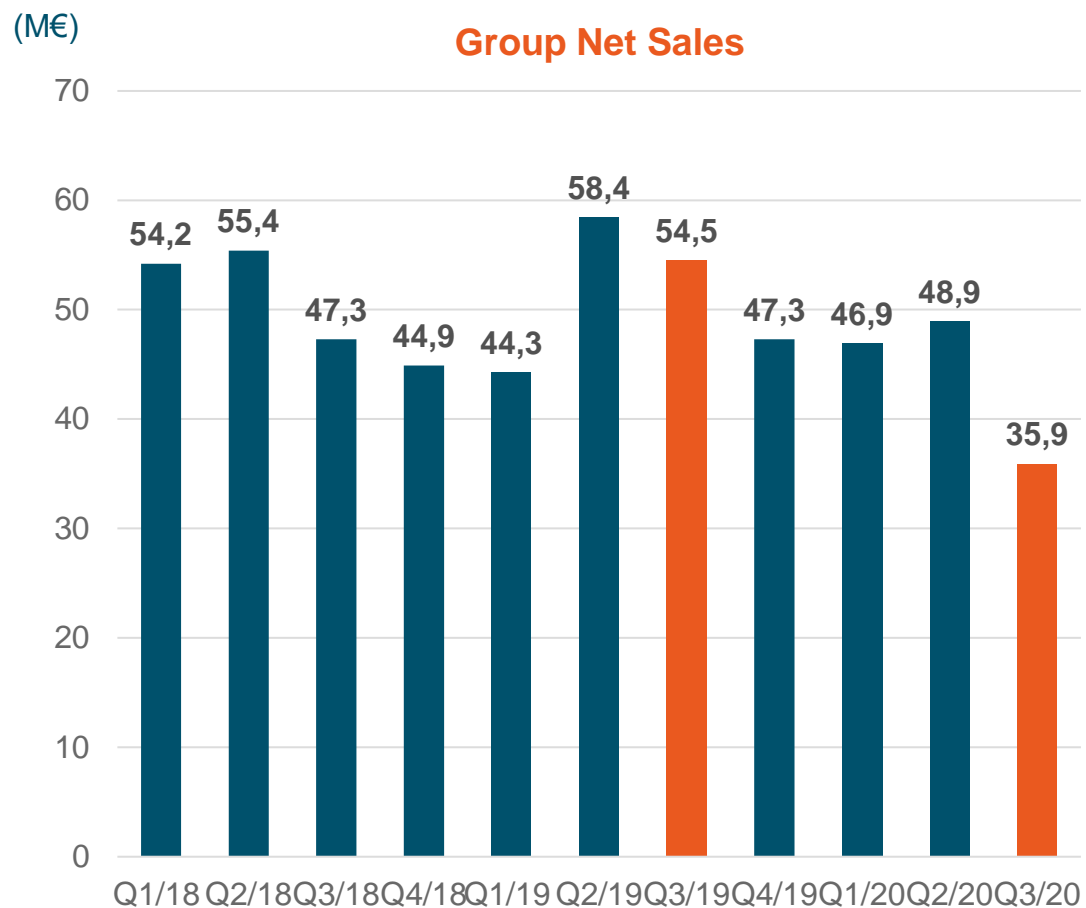


Order book by product area  
30 September 2020 (MEUR)

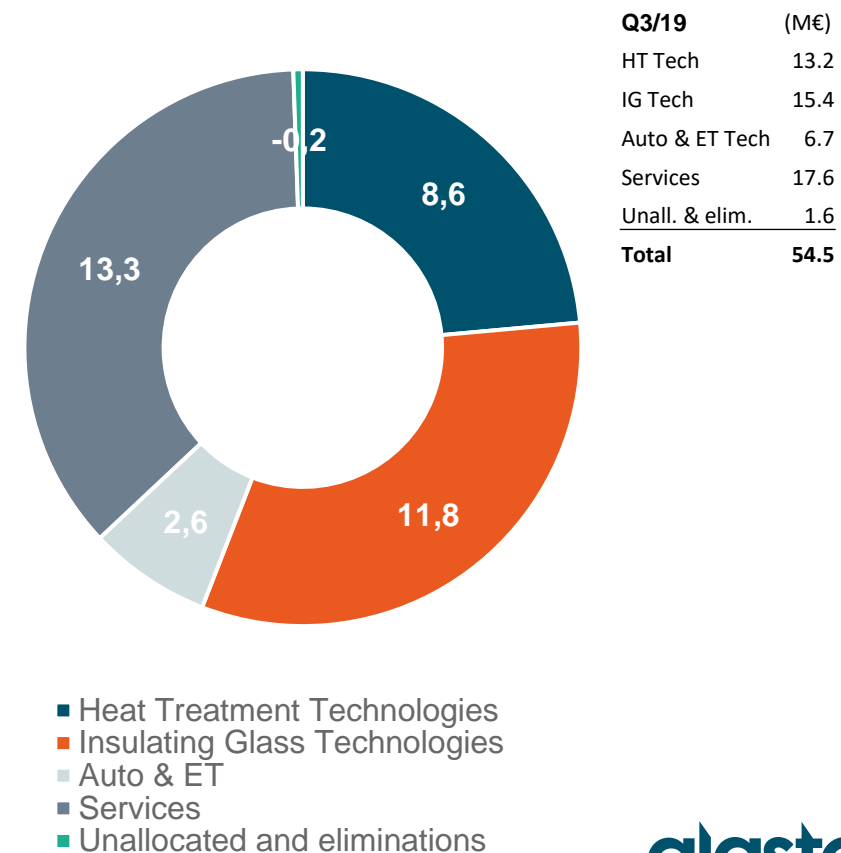




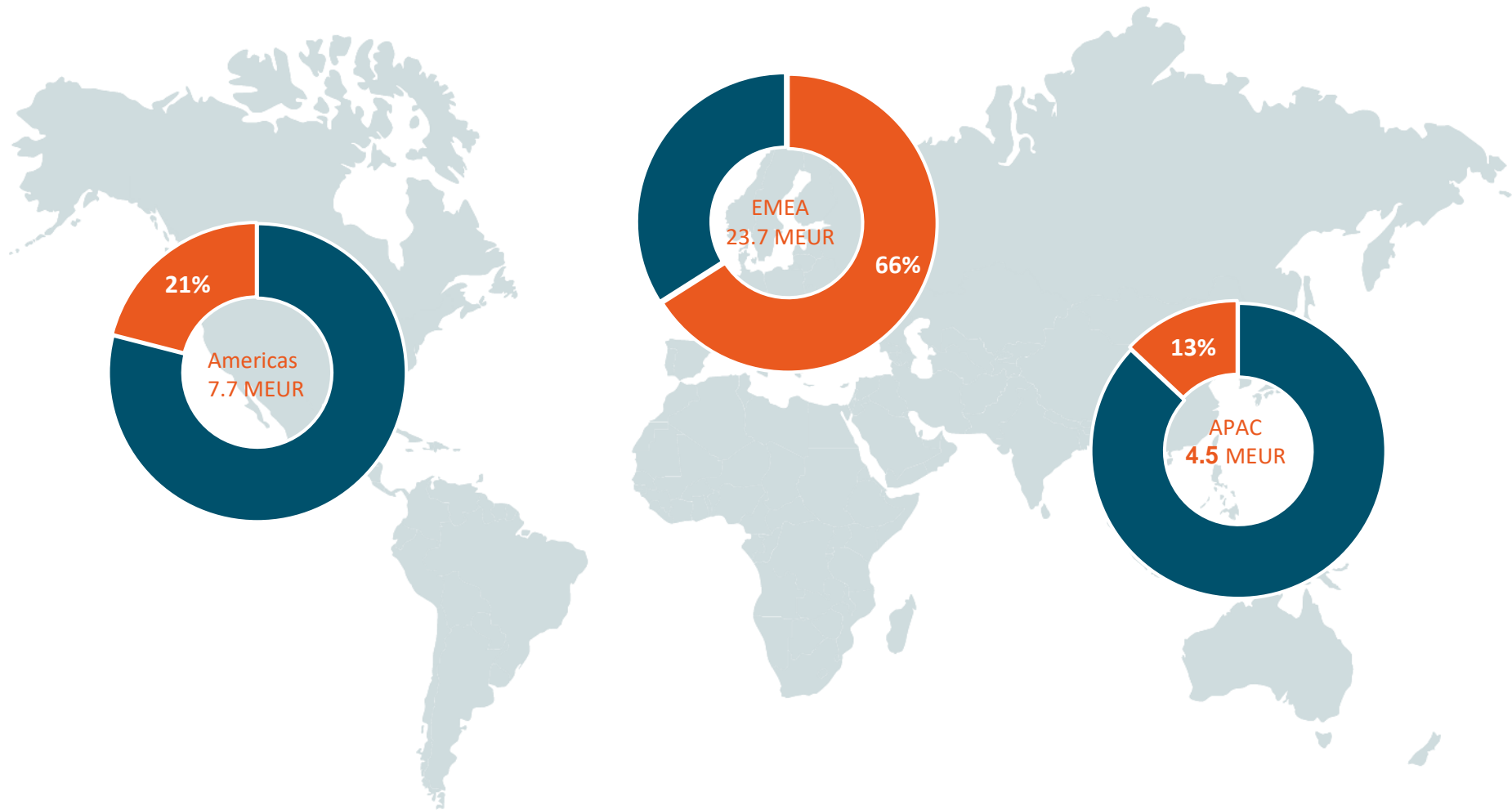
# Q3/20 net sales



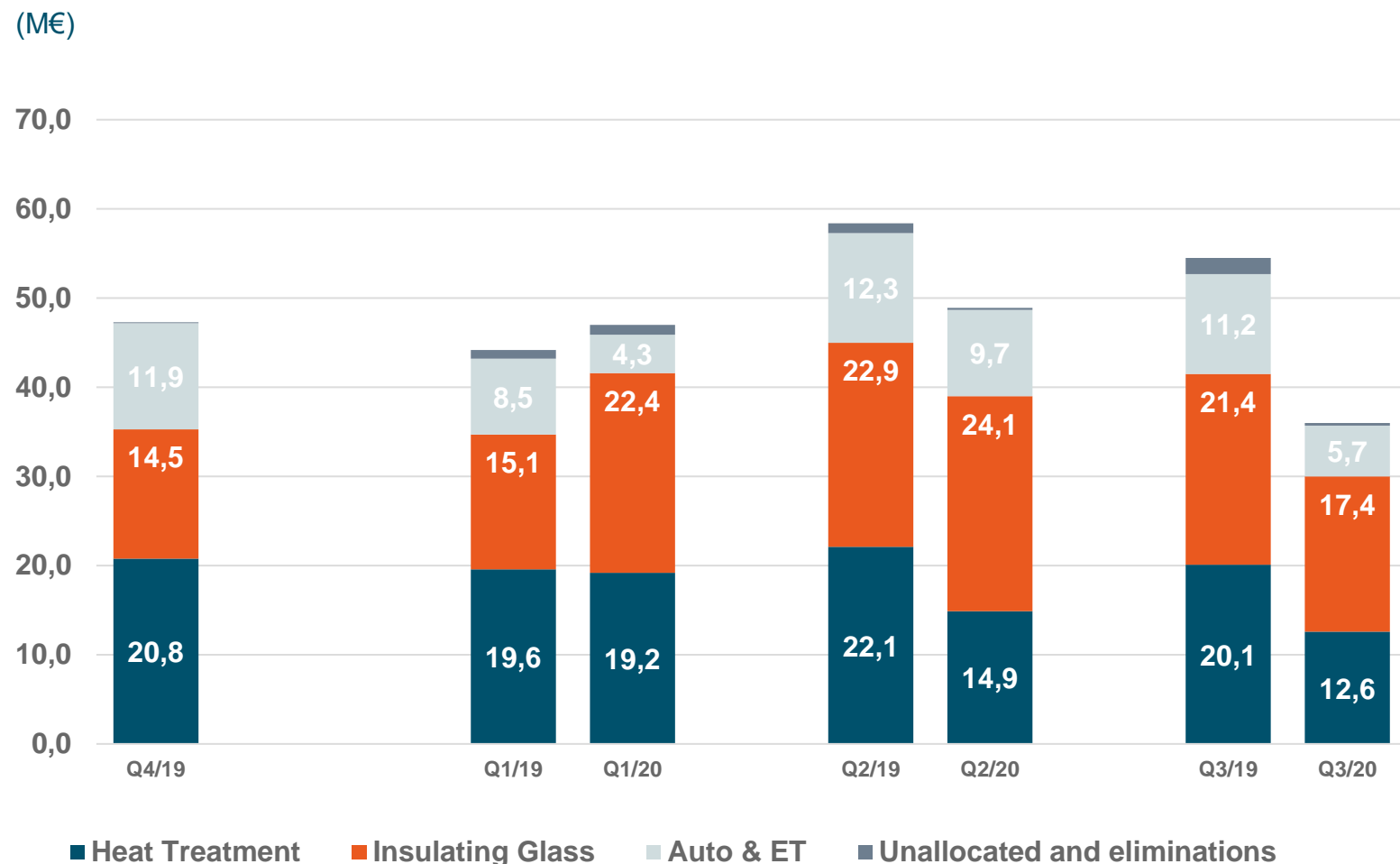
## Net Sales by product area Q3/2020 (M€)



# Geographical distribution of net sales Q3/2020

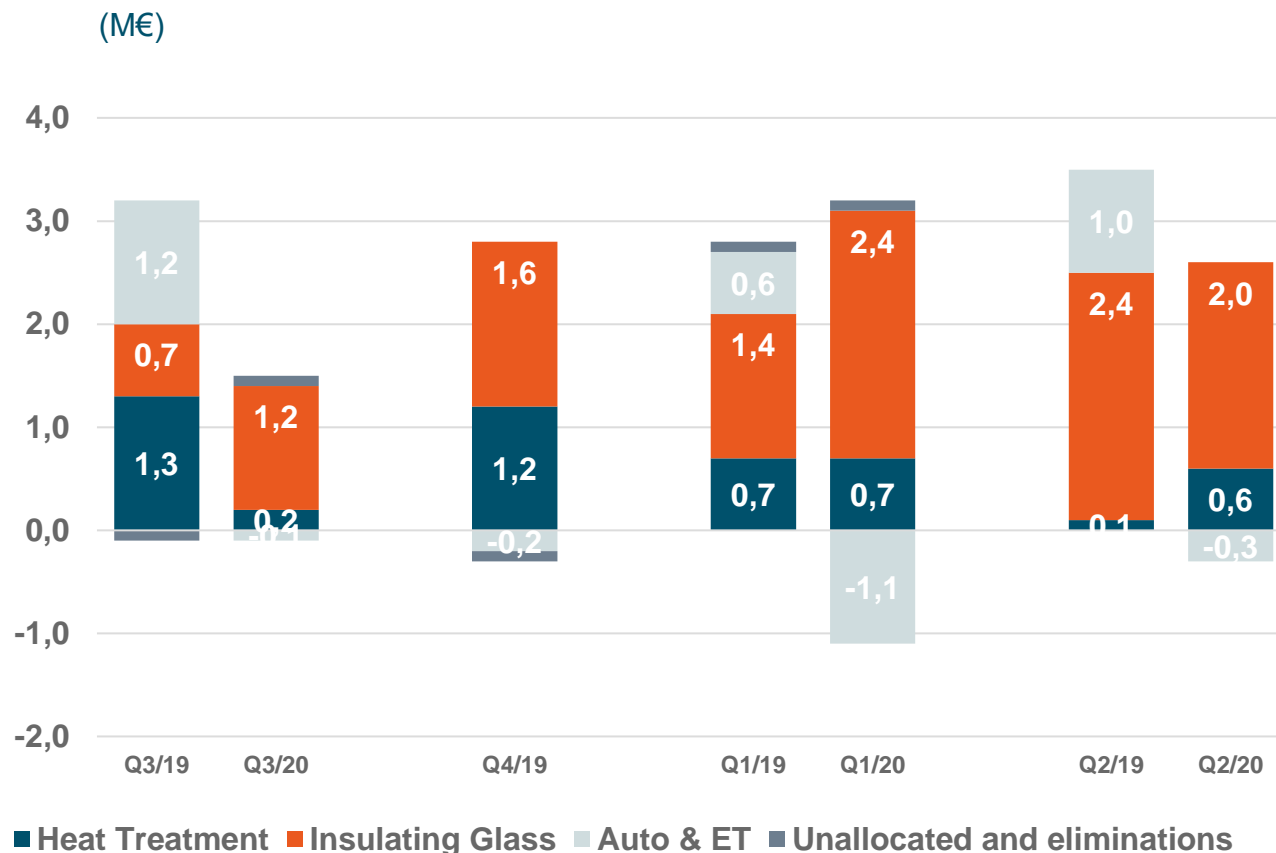


# Quarterly net sales by segment



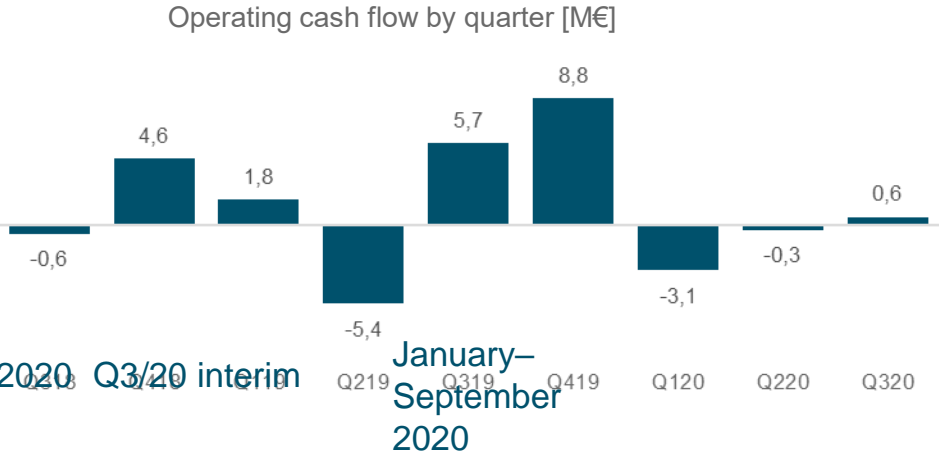
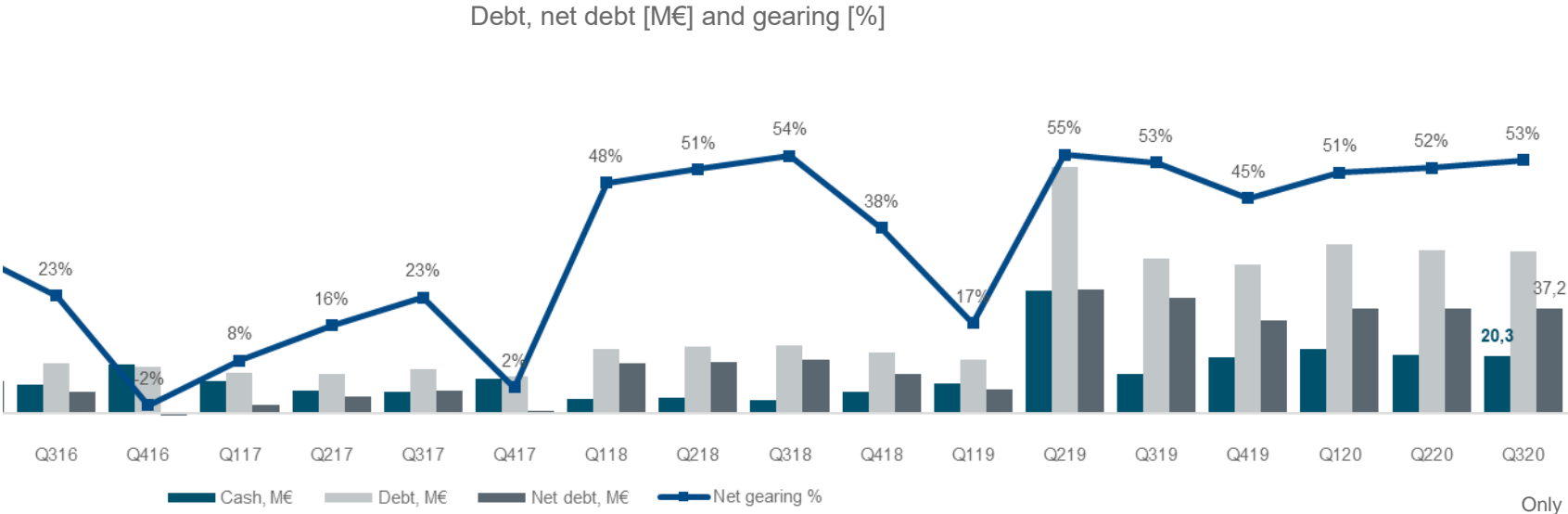
- The Heat Treatment segment's net sales decreased by 37% mainly due to the lower preceding quarters' machines and upgrades order intake and a clear decline in spare parts and field service revenue.
- Net sales in the Insulating Glass segment decreased by 19% to EUR 17.4 (21,4) million mainly reflecting the low equipment order intake in the second quarter.
- Net sales in the Automotive & Emerging Technologies segment's totaled EUR 5.7 (11.2) million with continued low project activity and a clear decline in the services business.

# Quarterly EBITA development by segment



- Third quarter profitability was clearly impacted by low sales volumes both in new equipment and Services in the Heat Treatment and Automotive & ET segments.
- Although sales volumes were lower, profitability in the Insulating Glass segment was positively impacted by improved margins.
- Significantly lower fixed costs had a positive impact on Group profitability.

# Net debt and cash flow





# GLASTON'S OUTLOOK FOR 2020 REMAINS UNCHANGED

- Glaston Corporation estimates that comparable EBITA for 2020 will decline from the 2019 level
- The company's current assessment is that fourth-quarter orders will improve from the third quarter but remain below the previous year's levels
- The lower than 2019 order intake and slower than normal volume in services business impacts the development of net sales and earnings in 2020
- The uncertainty surrounding the assessment remains, and the situation might change quickly depending on the development of the COVID-19 pandemic and the general economic climate





> [www.glaston.net](http://www.glaston.net)

# Thank you!

**glaston**  
seeing it through®