

Glaston Corporation

Stock exchange release

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### **Glaston Corporation: Data for 2017 restated in accordance with IFRS 15 Revenue from Contracts with Customers**

Glaston is applying the new revenue recognition standard 'IFRS 15 Revenue from Contracts with Customers' fully retrospectively from 1 January 2018, and has prepared a restated income statement and balance sheet for 2017. The interim report for the first quarter of 2018, to be published on 23 April 2018, will be reported in accordance with the new standard for both 2018 actual figures and 2017 comparison figures.

IFRS 15 establishes a five-step model for the recognition of sales revenue arising from contracts with customers. Revenue is recognised in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods delivered or services rendered. The disclosure requirements are extended.

When the terms of revenue recognition over time are satisfied in accordance with the new standard, Glaston recognises the revenue from tailor-made glass processing machine deliveries over time. As a recognition practice, Glaston applies the cost-to-cost method, i.e. the share of accumulated project costs compared to total estimated costs is used as the percentage of completion. Revenue recognition takes place over time as costs accumulate and are recognised for the project. Previously, revenue from tailored-made glass processing machine deliveries was recognised as revenue using the milestone method with two milestones; revenue from a glass processing machine was recognised when the machine delivery left the manufacturing plant and the revenue from the installation was recognised when the machine had been installed and taken into use by the customer.

When using revenue recognition over time according to degree of completion, the start of revenue recognition is brought forward and revenue recognition is distributed over the entire period of a project more evenly than at present. The amount of revenue recognised at the time of delivery is smaller than before. Revenue recognition in accordance with IFRS 15 evens out slightly the quarterly fluctuation in the revenue of projects recognised over time, because revenue recognition is no longer linked to time of delivery. In tailored-made glass processing machine deliveries where the terms of revenue recognition are not fulfilled, revenue recognition takes place when a machine is taken into use by the customer. In 2017 there were no such projects. Negotiations are currently under way in respect of several projects where revenue recognition over time cannot be applied, which will delay the revenue accrued by them.

In the balance sheet, the change to revenue recognition in accordance with IFRS 15 will reduce the amount of work in progress in inventories, but will increase accrued income. The change has no impact on cash flow. The order backlog will be lower compared with the previous reporting practice, because orders begin to accumulate revenue earlier. For this reason, changes in the amount of new orders will affect revenue more quickly than before, typically in around 2-3 months.

Revenue recognised for each period will be based on the realized costs in relation to forecast costs and forecast margin of on-going projects. If forecasts of the progress of projects change, this will result in a change in percentage of completion.

The Group's restated information for 2017 is presented below. Restated figures have not been audited.

**Glaston Group**

**RESTATED AND REPORTED NET SALES AND COMPARABLE  
OPERATING PROFIT FOR 2017**

	Restated	Reported
EUR million	1-12/2017	1-12/2017
Machines	68,8	69,3
Services	42,8	43,1
Other and intersegment sales	-2,0	-2,0
<b>Net sales Glaston Group total</b>	<b>109,7</b>	<b>110,4</b>
<b>Comparable EBIT</b>	<b>5,0</b>	<b>5,4</b>
Comparable EBIT-%	4,6	4,8
Items affecting comparability	-0,4	-0,4
<b>EBIT</b>	<b>4,6</b>	<b>5,0</b>
EBIT-%	4,2	4,5

**NET SALES, RESTATED**

EUR million	1-12/2017	1-9/2017	1-6/2017	1-3/2017
Machines	68,8	49,6	34,4	16,0
Services	42,8	31,7	21,9	11,2
Other and intersegment sales	-2,0	-1,3	-0,9	-0,6
<b>Net sales Glaston Group total</b>	<b>109,7</b>	<b>80,0</b>	<b>55,5</b>	<b>26,6</b>
<b>Comparable EBIT</b>	<b>5,0</b>	<b>3,6</b>	<b>2,6</b>	<b>1,1</b>
Comparable EBIT-%	4,6	4,5	4,6	4,1
Items affecting comparability	-0,4	-0,2	-0,2	-
<b>EBIT</b>	<b>4,6</b>	<b>3,4</b>	<b>2,4</b>	<b>1,1</b>
EBIT-%	4,2	4,3	4,3	4,1

**Net sales by geographical areas, restated**

EUR million	1-12/2017
EMEA	51,5
Asia	16,5
America	41,6
<b>Total</b>	<b>109,7</b>

## NET SALES, OPERATING PROFIT / LOSS AND ORDER BOOK BY QUARTERS

Restated

### Net sales

EUR million	10- 12/2017	7-9/2017	4-6/2017	1-3/2017
Machines	19,2	15,2	18,4	16,0
Services	11,1	9,8	10,8	11,2
Other and intersegment sales	-0,6	-0,5	-0,3	-0,6
<b>Net sales Glaston Group total</b>	<b>29,7</b>	<b>24,5</b>	<b>28,9</b>	<b>26,6</b>
<b>Comparable EBIT</b>	<b>1,4</b>	<b>1,0</b>	<b>1,5</b>	<b>1,1</b>
Comparable EBIT-%	4,8	4,1	5,1	4,1
Items affecting comparability	-0,2	-0,0	-0,2	-
<b>EBIT</b>	<b>1,2</b>	<b>1,0</b>	<b>1,3</b>	<b>1,1</b>
EBIT-%	4,1	4,1	4,5	4,1

### Order book

	31.12.2017	30.9.2017	30.6.2017	31.3.2017
Machines	30,6	32,3	31,3	35,5
Services	3,5	5,2	4,8	4,3
<b>Total Glaston Group</b>	<b>34,1</b>	<b>37,5</b>	<b>36,1</b>	<b>39,8</b>

## COMPARABLE OPERATING PROFIT

Restated

### Items affecting comparability

EUR million	10- 12/2017	7-9/2017	4-6/2017	1-3/2017
Re-structuring	-0,2	-0,0	-0,2	-
<b>Items affecting comparability</b>	<b>-0,2</b>	<b>-0,0</b>	<b>-0,2</b>	<b>-</b>

Comparable EBITDA	10- 12/2017	7-9/2017	4-6/2017	1-3/2017
Operating profit	1,2	1,0	1,3	1,1
<b>Less</b>				
Depreciation and amortization	0,7	0,8	0,7	0,8
Adjustment: Items affecting comparability	0,2	0,0	0,2	-
<b>Comparable EBITDA</b>	<b>2,2</b>	<b>1,8</b>	<b>2,2</b>	<b>1,8</b>
% of net sales	7,3	7,2	7,7	6,9

Comparable EBIT	10- 12/2017	7-9/2017	4-6/2017	1-3/2017
Operating profit	1,2	1,0	1,3	1,1
<b>Less</b>				
Adjustment: Items affecting comparability	0,2	0,0	0,2	-
<b>Comparable EBIT</b>	<b>1,4</b>	<b>1,0</b>	<b>1,5</b>	<b>1,1</b>
% of net sales	4,8	4,1	5,1	4,1

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Glaston is a frontrunner in glass processing technologies and services. We respond globally to the most demanding glass processing needs of the architectural, solar, appliance and automotive industries. Additionally, we utilize emerging technologies that integrate intelligence and sustainability to glass. We are committed to providing our clients with both the best know-how and the latest technologies in glass processing. Glaston's shares (GLA1V) are listed on NASDAQ Helsinki Ltd. Further information is available at [www.glaston.net](http://www.glaston.net)

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