EVLI

# GLASTON

Machinery/Finland, April 23, 2018
News Flash

## Strong growth in orders received

**In Q1'18, Glaston's order intake increased significantly (+23% y/y), although orders in North America were below last year's level. In Q1'18, net sales declined 7% y/y. The sale of pre-processing business in 2017 and the weak USD contributed to the decline. Meanwhile, adj. EBIT margin was almost unchanged at 4.0% (4.1% year ago). FY2018 guidance is kept unchanged. Glaston's Q1'18 net sales and adj. EBIT margin were above our expectations. The beat was likely influenced by the new revenue recognition standard (IFRS 15 Revenue from Contracts with Customers), which distributes revenue recognition more evenly over the entire period of a project.**

- Group net sales were EUR 24.8m (-7% y/y) vs. EUR 23.4m Evli est. Last year's sale of the pre-processing business as well as the weakness of the US dollar contributed to the decline in net sales.
- Group adj. EBIT was EUR 1.0m (-9% y/y) vs. EUR 0m Evli est.
- Group adj. EBIT margin was 4.0% (4.1% year ago) vs. 0% Evli est.
- Order intake was EUR 26.5m (+23% y/y)
- Order book was EUR 36m (-10% y/y)
- FY2018 operating profit outlook is unchanged: Glaston expects the full-year comparable operating profit to improve from 2017 (EUR 5.0m in 2017).
- Glaston continues to see that the steady order intake of the previous six months and positive market development create good conditions for profitable growth in 2018.

Rating HOLD

| GLASTON Q1'18 - Results | Actual | Evli est.* | Year ago |
|---|---|---|---|
| Group sales | 24.8 | 23.4 | 26.6 |
| Adj. Operating profit | 1.0 | 0 | 1.1 |
| Adj. Operating margin | 4.0% | 0% | 4.1% |
| EPS | 0.002 | -0.002 | 0.003 |

*Estimates are based on the revenue recognition standard used before Q1'18.

| | |
|---|---|
| Share price, EUR (Last trading day's closing price) | 0.44 |
| Target price, EUR | 0.45 |
| Latest change in recommendation | 31-Oct-17 |
| Latest report on company | 9-Feb-18 |
| Research paid by issuer: | YES |
| No. of shares outstanding, '000's | 192,920 |
| No. of shares fully diluted, '000's | 192,920 |
| Market cap, EURm | 85 |
| Free float, % | 53.0 |
| Exchange rate EUR/USD | - |
| Reuters code | GLA1V.HE |
| Bloomberg code | GLA1V FH |
| Average daily volume, EURm | - |
| Next interim report | 9-Aug-18 |
| Web site | http://www.glaston.net/ |


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BUY HOLD SELL

## PRE-REPORT KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | Ptx profit EURm | EPS EUR | P/E (x) | EV/Sales (x) | P/CF (x) | EV/EBIT (x) | DPS EUR |
|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | 107 | 2 | 2.1% | 2 | 0.01 | 55.8 | 0.8 | 6.3 | 36.4 | 0.00 |
| 2017 | 110 | 5 | 4.5% | 4 | 0.02 | 25.1 | 0.8 | 86.0 | 17.0 | 0.01 |
| 2018E | 114 | 8 | 7.0% | 7 | 0.03 | 16.5 | 0.8 | 9.3 | 10.8 | 0.01 |
| 2019E | 118 | 10 | 8.3% | 9 | 0.03 | 13.1 | 0.7 | 7.9 | 8.5 | 0.02 |
| 2020E | 123 | 10 | 7.7% | 9 | 0.03 | 13.6 | 0.7 | 7.8 | 8.8 | 0.02 |

| | | | | | |
|---|---|---|---|---|---|
| Market cap, EURm | 85 | BV per share 2018E, EUR | 0.2 | CAGR EPS 2017-20, % | 23.1 |
| Net debt 2018E, EURm | 0 | Price/book 2018E | 2.1 | CAGR sales 2017-20, % | 3.6 |
| Enterprise value, EURm | 86 | Dividend yield 2018E, % | 2.3 | ROE 2018E, % | 13.0 |
| Total assets 2018E, EURm | 100 | Tax rate 2018E, % | 28.0 | ROCE 2018E, % | 15.0 |
| Goodwill 2018E, EURm | 31 | Equity ratio 2018E, % | 41.3 | PEG, P/E 18/CAGR | 2.3 |

All the important disclosures can be found on the last pages of this report.

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| Target price compared to share price | Recommendation |
|---|---|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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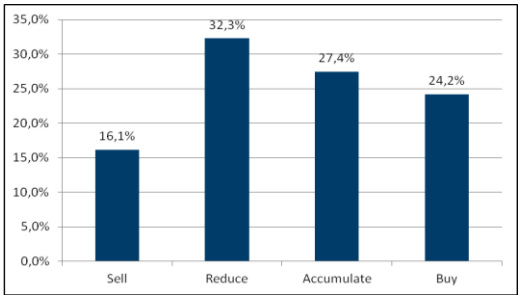


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Name(s) of the analyst(s): Pöyhönen

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