

Quarterly report 4th quarter 2016 to shareholders in Glamox AS

Highlights

- Growth in order intake was 5.1 % and in turnover 0.9 % in the 4th quarter compared with last year.
- The increase in order intake was 7.7 % and in turnover 0.4 % for the year as a whole.
- Operating profit for the quarter was NOK 58.7 mill (9.0 %), NOK 47.1 mill (7.3 %) for last year.
- Profit after tax for the whole year of NOK 191.1 mill (NOK 214.4 mill).
- Strong cash flow from operations in the quarter (NOK 144 mill) and for the year (NOK 308 mill).
- The results include one-time extraordinary cost incurred during the quarter of NOK 14.5 mill (NOK 15.7 mill)
- Proposed ordinary dividend of NOK 1.44 per share.

Main figures for Glamox Group

Results	4th quarter		01.01 - 31.12	
	2016	2015	2016	2015
(Figures in NOK mill)				
Order intake	654.7	622.8	2 623.3	2 436.7
Revenues	651.4	645.4	2 508.6	2 498.4
Operating profit	58.7	47.1	263.1	298.5
Operating profit margin	9.0%	7.3%	10.5%	11.9%
Profit before taxes	57.4	47.3	251.5	293.1
Profit after taxes	47.6	33.6	191.1	214.4
Cash flow from operations 1)	144.2	91.5	308.1	249.4
Earnings per share (in NOK)	0.72	0.51	2.90	3.25
Balance sheet			31.12.2016	31.12.2015
(Figures in NOK mill)				
ASSETS				
Fixed assets			366	291
Current assets			1 080	1 036
TOTAL ASSETS			1 446	1 327
EQUITY AND LIABILITIES				
Equity			600	519
Non-current liabilities			306	276
Current liabilities			540	532
TOTAL EQUITY AND LIABILITIES			1 446	1 327

1) Net income before taxes plus net depreciation and amortisation of goodwill, plus/minus changes in working capital, minus investments in tangible fixed assets.

Order Intake and Revenues

The Group's order intake for the quarter totalled NOK 654.7 mill (NOK 622.8 mill), an increase of 5.1 %. Order intake for 2016 was NOK 2,623.3 mill (NOK 2,436.7 mill), an increase of 7.7 %. The increase for comparable activities and adjusted for currency exchange rates was 4.5 %.

The quarterly turnover was NOK 651.4 mill (NOK 645.4 mill), an increase of 0.9 %. Turnover for 2016 was NOK 2,508.6 mill (NOK 2,498.4 mill), an increase of 0.4 %. The increase for comparable activities and adjusted for currency exchange rates shows a decrease in turnover of 3.4 %.

Turnover in 2016 and the quarter was influenced by the downturn in the oil and gas and commercial marine segments, both of which had to cope with difficult markets during the period.

Professional Building Solutions (PBS)

The PBS division provides total lighting solutions to the professional building market. The most important markets served by this division are Central and Northern Europe, as well as the United States for arm-based table and illuminated magnifier lamps. The level of activity in the new construction, restoration and professional building modernisation sectors drives developments in the individual markets.

Most of this division's main markets showed growth in 2016. This continues to be primarily due to the switch to LED. Market growth has been highest in Norway, Sweden and Germany.

PBS enjoyed good growth in turnover in 2016 and took larger market share on several of the main markets. Growth is good in the Nordic Region and Germany. The division invested further in more sales resources for certain markets in 2016, and undertook even more product development projects.

Incoming orders for PBS during the 4th quarter totalled NOK 489.4 mill (NOK 416.2 mill), an increase of 17.6 % compared to last year. Order intake for 2016 was NOK 1,793.7 mill (NOK 1,598.0 mill), an increase of 12.2 %.

Turnover for the quarter was NOK 453.4 mill (NOK 420.9 mill), an increase of 7.7 %.
Turnover for 2016 was NOK 1,700.4 mill (NOK 1,584.6 mill), an increase of 7.3 %.

Global Marine & Offshore (GMO)

The GMO division delivers professional lighting solutions to the global marine and offshore markets. The activity level within new-build, rebuilding and refurbishment of all types of maritime vessels and offshore installations controls market growth for this division.

The market was weak for this division's two biggest segments throughout 2016. There was a turndown in orders for new merchant ships received by the shipyards, and low investment within the oil and gas segment. Only 530 new ships were ordered at shipyards world-wide in 2016, 60% fewer than in 2015. This was somewhat compensated by a number of special ships, such as LNG tankers, chemical tankers and RoRo ships representing a relatively high value for lighting. An increased share of LED lighting in deliverables also helped. The division has started deliveries to the Johan Sverdrup project, a framework agreement which was signed in 2015. Deliveries will also be made to this project in 2017.

Incoming orders at GMO during the 4th quarter totalled NOK 165.0 mill (NOK 205.1 mill), a decrease of 19.6 % compared to last year. Order intake for the whole year totalled NOK 822.2 mill (NOK 830.2 mill), a decrease of 1.0 %.

Turnover in the quarter was NOK 195.8 mill (NOK 227.5 mill), a decline of 13.9 %. Turnover for 2016 was NOK 807.4 mill (NOK 928.0 mill), a decrease of 13.0 %.

Group Profit

The Group had an operating profit in the quarter of NOK 58.7 mill (NOK 47.1 mill). This gave an operating margin of 9.0 % (7.3 %). Operating profit for 2016 as a whole was NOK 263.1 mill (NOK 298.5 mill) with a gross margin of 10.5 % (11.9 %).

Profit before tax for the quarter was NOK 57.4 mill, compared to NOK 47.3 mill last year.

Profit before tax for 2016 as a whole was NOK 251.5 mill, compared with NOK 293.1 last year.

Profit after tax for the quarter was NOK 47.6 mill, compared to NOK 33.6 mill last year.

Consolidated earnings for the group were NOK 191.1 mill, compared to NOK 214.4 mill last year.

The downturn in profit for the year as a whole was primarily due to lower currency neutral turnover and lower contribution margin. NOK 16.7 mill in one-off costs were charged to the accounts in 2016 (of which NOK 14.5 mill during the quarter) related to redundancies and restructuring within the business. In 2015 an extraordinary bonus for all employees of NOK 15.7 mill was charged to the accounts. The company acquired, LINKSrechts, made a profit in 2016 after amortisations.

Cash flow, liquidity and capital situation,

The quarterly cash flow from operations after investing in business assets was NOK 144.2 mill (NOK 91.5 mill).

Cash flow from operations for 2016 was NOK 308.1 mill (NOK 248.1 mill). This is cash flow before set-asides for tax paid for the period, changes in other accruals, repayments on loans and dividends paid.

Investment in production equipment totalled NOK 50.6 mill compared with NOK 44.4 mill the previous year.

The Group has had a healthy cash flow from operations for several years. Strong focus is maintained on the management and control of working capital.

The liquidity reserve at the end of the year was NOK 538 mill (NOK 487 mill).

The Group had equity of NOK 600 mill (41.5 %) as of 31/12/2016. At the start of the year, it was NOK 519 mill (39.1 %). The Group's net interest-bearing deposits as of 31/12/2016 were NOK 228 mill (NOK 126 mill).

Proposal for allocation of the year's profit

The Board proposes that the year's profit in Glamox AS of NOK 108,867 be allocated as follows:

Transferred to other equity capital:	TNOK 13,843
Provision for ordinary dividend of (NOK 1.44 per share):	TNOK 95,024

Outlook

Demand for lighting solutions on PBS' main markets is expected to remain at the same level in 2017 as in 2016. We expect a further downturn in our main markets for GMO in 2017.

For the year as a whole, the group expects profit to be on the same level as in 2016.

Oslo, 06 March 2017

Bjørn Arnestad
Chairman of the Board (signature)

Rune E. Marthinussen
CEO (signature)