

Quarterly report 4th quarter 2015

to shareholders in Glamox AS

Highlights

- Profit before taxes for the year as a whole was NOK 293.1 mill (NOK 264.9 mill) the best in the Group's history.
- The increase in order intake was 7.8% and in turnover 12.5% for the year as a whole.
- The increase in order intake was 3.8% and in turnover 8.3% in the 4th quarter compared with last year.
- Operating profit for the quarter was NOK 47.1 mill (7.3%), NOK 51.5 mill (8.6%) for last year.
- Growth in the LED –share of 66% in 2015.
- Strong cash flow from operations in the quarter (NOK 91.5 mill) and for the year (NOK 249.4 mill).
- Provision of NOK 15.7 mill (NOK 14.5 mill) for extraordinary bonus to all employees.
- Proposed ordinary dividend of NOK 1.50 per share.

Main figures for Glamox Group

Results	4th quarter		01.01 - 31.12	
	2015	2014	2015	2014
(MNOK)				
Order intake	622.8	599.9	2 436.7	2 261.1
Revenues	645.4	595.7	2 498.4	2 221.5
Operating profit	47.1	51.5	298.5	259.6
Operating profit margin	7.3%	8.6%	11.9%	11.7%
Profit before tax	47.3	53.9	293.1	264.9
Profit after tax	33.6	38.8	214.4	193.9
Cash flow from operations 1)	91.5	126.8	249.4	248.1
Earnings per share (in NOK)	0.51	0.59	3.25	2.94
Balance sheet			31.12.2015	31.12.2014
(MNOK)				
ASSETS				
Fixed assets			291	275
Current assets			1 036	844
TOTAL ASSETS			1 327	1 119
EQUITY AND LIABILITY				
Equity			519	385
Long-term debt			276	279
Short-term debt			532	455
TOTAL EQUITY AND LIABILITIES			1 327	1 119

1) Profit before tax, 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 622.8 mill (NOK 599.9 mill), an increase of 3.8%. Order intake for 2015 was NOK 2,436.7 mill (NOK 2,261.1 mill), an increase of 7.8%.

The quarterly revenues was NOK 645.4 mill (NOK 595.7 mill), an increase of 8.3%. Revenues for 2015 was NOK 2,498.4 mill (NOK 2,221.5 mill), an increase of 12.5%. Currency neutral growth of 6.1%.

The Group grew in most main regions compared to 2014, with particularly high growth in Scandinavia, Europe, China and Canada.

The sale of products with LED-technology has increased by over 66% in 2015.

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.

The professional building market for Western Europe fell in 2015 by 0.8% according to Euroconstruct. The market for lighting solutions for the commercial building sector in Europe is still relatively healthy. This is primarily due to growing demand for the relatively more expensive LED-technology for light fittings. We have seen a healthy increase in market potential in Norway, Sweden and Germany, whilst Finland and the Baltic States have experienced a slight drop.

PBS enjoyed good growth in turnover in 2015 and took larger market share on several of the main markets. Growth is good in the Nordic Region, Germany, Ireland and Estonia. Our efforts to strengthen the sales team and product portfolio continue.

Incoming orders for PBS during the 4th quarter totalled NOK 416.2 mill (NOK 364.7 mill), an increase of 14.1% compared to last year. Order intake for 2015 was NOK 1,598.0 mill (NOK 1,385.0 mill), an increase of 15.4%.

Revenues for the quarter were NOK 420.9 mill (NOK 346.1 mill), an increase of 21.6%.

Revenues for 2015 were NOK 1,584.6 mill (NOK 1,356.5 mill), an increase of 16.8%.

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.

Market growth in the biggest segments for this division was very weak throughout 2015. Shipyards within the Commercial Marine segment completed around 1,900 ships in 2015. This is the same level as 2014. However, fewer new-build contracts have been signed in 2015 compared with 2014. This weak trend is causing orders to fall for the yards. The decline in the number of ships available has been compensated to a certain degree by contracts for a number of LNG and large container ships. Such ships as these require more complex lighting solutions. The growing proportion of LED-products also contributes to the value per delivery increasing.

Market growth in the Oil & Gas segment has also been weak. Very few mobile offshore drilling units have been ordered within the last two years, and the yards have a very low order reserve for future delivery. The North Sea maintenance market is also at a lower level than previously.

Lower market growth has weakened GMO's rate of order intake over the year. However, the division has maintained satisfactory order intake for yards in China and certain European countries. There has also been an increase in orders within the Cruise & Ferry segment and the Navy segment.

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Incoming orders GMO in the 4th quarter were NOK 205.1 mill (NOK 229.5 mill), a decrease of 10.6%. Order intake for the year as a whole totalled NOK 830.2 mill (NOK 855.4 mill), a decrease of 2.9%.

Revenues in the quarter were NOK 227.5 mill (NOK 248.5 mill), a decline of 8.5%.

Revenues for the year as a whole totalled NOK 928.0 mill (NOK 865.3 mill), an increase of 7.2%.

Group Profit

The Group had an operating profit in the quarter of NOK 47.1 mill (NOK 51.5 mill). This gave an operating margin of 7.3% (8.6%). Operating profit for 2015 as a whole was NOK 298.5 mill (NOK 259.6m) with a gross margin of 11.9% (11.7%).

In recognition of another increase in profits and that the Group achieved its best results ever, the Board has declared an extraordinary bonus for all employees. The results for the quarter include an allocation for this bonus in the amount of NOK 15.7 mill (NOK 14.5 mill in 2014).

Profit before tax for the quarter was NOK 47.3 mill, compared to NOK 53.9 mill last year.

Profit before tax for 2015 as a whole was NOK 293.1 mill, compared with NOK 264.9 last year.

Profit after tax for the quarter was NOK 33.6 mill, compared to NOK 38.8 mill last year.

Consolidated earnings for the group were NOK 214.4 mill, compared to NOK 193.9 mill last year.

Improvement in the results for the year as a whole was primarily due to higher turnover and slightly higher contribution margin. Investment in product development and increasing the sales force in several markets was also a feature of the period, compared to last year. The long-term investment in product development is a vital factor for the growth in profit enjoyed by the group over several years. Glamox has extensive production in Norway. A weaker Norwegian crown has improved competitive strength for this production.

Cash Flow and Liquidity

The quarterly cash flow from operations after investing in business assets was NOK 91.5 mill (NOK 126.8 mill). The cash flow achieved in the quarter is good, however, it is weaker compared to last year due to lower results for the period, higher investments and a lower reduction in working capital. Quarterly investments amount to NOK 18.0 mill, compared to NOK 10.9 mill.

Cash flow from operations for 2015 was NOK 249.4 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 44.4 mill compared with NOK 36.8 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 485 mill (NOK 382 mill).

Capital Situation

The Group had equity of NOK 519 mill (39.1%) as of 31/12/2015. At the start of the year, it was NOK 385 mill (34.4%).

The Group's net interest-bearing deposits as of 31/12/2015 were NOK 126 mill. At the same point last year, the Group's net interest-bearing debt amounted to NOK 13 mill.

Proposal for allocation of the year's profit

The Board proposes that the year's result in Glamox AS of NOK 109,224 be allocated as follows:

Transferred to other equity capital:	TNOK	10,241
Provision for ordinary dividend of (NOK 1.50 per share):	TNOK	(98,983)

Outlook

For PBS we expect the market growth rate moving forward to be low to medium. This is despite our main markets continuing to suffer from uncertainty as a result of the weak economic situation, particularly in Europe. The number of products with LED-technology is expected to continue to grow, thus causing the value of the overall market to increase.

For GMO we expect a weaker market in 2016 than in 2015. The prospect of weaker market development within our main segments - and particularly within Oil & Gas - is the reason. Increased sales efforts in other areas, such as Cruise and Navy, plus greater value per delivery will help compensate for the weaker market growth.

The Group's long-term strategy continues to focus on profitable organic growth and financial strength. The Glamox Group has developed a good position on the lighting market over the years.

For the year as a whole, the Board expects a somewhat lower result than in 2015.

Oslo, 07 March 2016

Bjørn Arnestad
Chairman of the Board (signature)

Rune E. Marthinussen
CEO (signature)