

Quarterly report Q1 2016

to shareholders in Glamox AS

Highlights

- Decrease in order intake of 6.7 % and in turnover of 3.9 %.
- Strong decline within the Oil & Gas segment as a result of very difficult market conditions.
- Operating profit of NOK 60.8 mill (10.1 %), compared to NOK 88.2 mill (14.1 %) last year.
- Sales of LED - based products continues to show strong growth.

Main figures for Glamox Group

Results	Q1		01.01-31.12.
	2016	2015	2015
(mill NOK)			
Order intake	630.2	675.6	2 436.7
Revenues	600.4	625.0	2 498.4
Operating profit	60.8	88.2	298.5
Operating profit margin	10.1%	14.1%	11,9%
Profit before tax	58.2	84.6	293.1
Profit after tax	42.9	61.5	214.4
Cash flow from operations 1)	(11.7)	(17.4)	249.4
Earnings per share (in NOK)	0.65	0.93	3.25
Balance sheet	31.03.2016	31.03.2015	31.12.2015
(MNOK)			
ASSETS			
Fixed assets	283	276	291
Current assets	1 009	875	1 036
TOTAL ASSETS	1 292	1 151	1 327
EQUITY AND LIABILITY			
Equity	560	445	519
Long-term debt	268	267	276
Short-term debt	464	439	532
TOTAL EQUITY AND LIABILITIES	1 292	1 151	1 327

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

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Order Intake and Revenues

The Group's incoming orders for the quarter totalled NOK 630.2 mill (NOK 675.6 mill), a decrease of 6.7%. Adjusted for currency exchange rates, the decrease is of 11.9 %.

The quarterly turnover was NOK 600.4 mill (NOK 625.0 mill), a decrease of 3.9 %. Adjusted for currency exchange rates, a decrease of 11.9 %.

The sale of products with LED-technology continued to grow strongly during the quarter (+ 43 %) and its share of total sales continued to grow.

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 shows weak growth. Despite this the market for lighting solutions for the commercial building sector in Europe is relatively healthy. This is primarily due to growing demand for the relatively more expensive light fittings with LED-technology supplied.

PBS' turnover increased during the quarter. However, growth was not as high as in the preceding quarters. One of the main reasons is that Easter 2016 falls entirely within Q1 compared to Q2 2015. PBS increased turnover in Germany, Ireland, Finland and Denmark in particular. Our efforts to reinforce the sales team and product portfolio continue.

Incoming orders at PBS during the 1st quarter totalled NOK 429.9 mill (NOK 418.7 mill), an increase of 2.7 % compared to last year. Turnover for the quarter was NOK 401.8 mill (NOK 384.5 mill), an increase of 4.5 %.

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 Commercial Marine segment continues to show a weak market development. There were contracted fewer ships by the yards throughout 2015 than the year before. Further, in Q1 2016 60% fewer ships were ordered compared to same period in 2015. Most contracts were placed in China. The only shipping segment that generated more ships orders was Cruise. Italian shipyards in particular have received orders for new cruise ships during the quarter.

The Oil & Gas segment shows strong market decline. The shipyards have not received any orders for new mobile offshore units during the quarter. The North Sea maintenance market is also at a lower level than previously.

The division has begun to receive its first orders for the Johan Sverdrup project. This project will generate activities for the division in 2016 and 2017.

Order intake for GMO in Q1 totalled NOK 198.5 mill (NOK 255.7 mill), a decrease of 22.4 %.

Turnover in the quarter was NOK 198.7 mill (NOK 241.8 mill), a decline of 17.8 %.

Group Profit

The Group had an operating profit in the quarter of NOK 60.8 mill (NOK 88.2 mill). This gave an operating margin of 10.1 % (14.1 %).

Profit before tax for the quarter was NOK 58.2 mill, compared to NOK 84.6 mill last year.

Profit after tax for the quarter was NOK 42.9 mill, compared to NOK 61.5 mill last year.

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The downturn in results for the quarter is primarily due to lower sales and somewhat higher cost level. The downturn in turnover compared to last year is to a large extent due to GMO's lower turnover within the Oil & Gas segment. Turnover was also affected by Easter falling in Q1, causing a drop in the number of working days. Cost increases are in line with planned activities. A weaker Norwegian krone has had a positive effect on results during the period.

Cash Flow and Liquidity

Cash flow from operations after investment was minus NOK 11.7 mill, compared to minus NOK 17.4 mill for the same quarter last year. The result from operations for Q1 was down, but a lower increase in working capital compared with last year compensates.

Quarterly investments amounted to NOK 5.8 mill, compared to NOK 4.8 mill.

The liquidity reserve at the end of the quarter amounted to NOK 444 mill compared to NOK 334 mill at the same point last year.

Capital Situation

The Group had equity of NOK 560 mill (43.3 %) as of 31/03/2016. At the start of the year, it was NOK 519 mill (39.1 %).

The Group's net interest-bearing deposits as of 31/03/2016 were NOK 89 mill. At the same point last year, the Group's net interest-bearing debt amounted to NOK 53 mill.

Outlook

We expect that PBS' markets will have low to moderate growth for the rest of 2016. We expect the markets will continue to be weak for the rest of 2016 for GMO.

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

Glamox has extensive production in Norway. The continued weak Norwegian krone and moderate wage increases in Norway compared to comparable countries are important for the competitiveness of this production.

Oslo, 18 April 2016

Bjørn Arnestad
Chairman of the Board (signature)

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CEO (signature)