

## Glaston's President Says Profit Levels are "Unsatisfactory" This Period

**M**ika Seitovirta, president and chief executive officer of Glaston Corp. in Finland, noted in the company's January-September 2007 interim report that profit levels "remained unsatisfactory" in the third quarter. Seitovirta said that the Group's net sales for the third quarter were at the previous year's levels. Profit for the financial period was EUR 2.6 (USD \$3.8) million. However, Seitovirta added, "The forecast for the final quarter of the year is good, exceeding the level of the third quarter."

Consolidated net sales for the January-September period grew by 17 percent to EUR 181.0 (USD \$266.8) million. Third quarter net sales were EUR 57.3 (USD \$84.4) million. Operating profit for the nine months, excluding non-recurring items, was EUR 9.5 (USD \$14.0) million, or 5.2 percent of net sales, while the third quarter operating profit was EUR 4.0 (USD \$5.8) million, or 6.9 percent of net sales.

Net sales for the Pre-Processing segment in the third quarter were EUR 20.6 (USD \$30.3) million, Heat Treatment's net sales were EUR 30.2 (USD \$44.5) million and the Software Solution business's net sales were EUR 6.8 (USD \$10.0) million. The Pre-Processing business area accounted for EUR 0.3 (USD \$0.4) million of the third

quarter operating profit, Heat Treatment for EUR 3.2 (USD \$4.7) million and Software Solutions for EUR 1.6 (USD \$2.3) million.

According to the interim report, growth in the construction industry continued in all market areas, excluding North America where residential construction was subdued.

"A slowdown of private building and financial market instability in the USA had a weakening effect on the third quarter order book for the heat treatment business area," says Seitovirta.

In contrast with the general market situation, sales for the company's pre-processing business developed well in North America. In the third quarter, measures aimed at improving the efficiency of product delivery were initiated in the business area. The general North American market situation was not reflected in Glaston's software solutions business, however, as a number of large glass manufacturers invested in new software solutions.

The report notes that the Group has a number of programs underway to increase profitability by improving the quality of the delivery chain and enhancing operational efficiency. "The results of the efficiency measures will begin to be seen during 2008," Seitovirta says.

According to the report, the Glaston Group's 2007 net sales and operating profit are expected to grow.

The company also noted in its interim report that its glass processing unit, Tamglass Glass Processing, sold its balcony glass business to Lejo Network Oy on October 1. As part of the consideration, Tamglass Glass Processing acquired a 12 percent shareholding in Lejo Network Oy.

The deal included assets of the balcony glazing business, including balcony system product rights. The business operations sold account for approximately 5 percent of Glass Processing's turnover. The deal had no impact on personnel.

► [www.glaston.net](http://www.glaston.net)

### PPG Reports High Third Quarter Net Income

Pittsburgh-based PPG Industries reports that its third quarter net income was \$191 million, or \$1.15 per share, compared to a third quarter 2006 net income of \$90 million. The 2007 numbers were comprised of net income from continuing operations of \$215 million, or \$1.29 per share, and a loss from discontinued operations, net of tax, of \$24 million, or 14 cents per share. Record sales for the third quarter reached \$2.8 billion, surpassing the

### Glaston Segments Financial Highlights

(in million \$)								
	Net Sales				Operating Profit			
	7-9/2007	7-9/2006	1-9/2007	1-9/2006	7-9/2007	7-9/2006	1-9/2007	1-9/2006
Pre-Processing	30.0	30.5	95.8	91.3	0.4	0.5	1.7	-0.1
Heat Treatment	44.1	51.8	159.9	135.4	4.6	5.8	17.3	12.4
Software Solutions	9.9	-	9.9	-	2.3	-	2.3	-
Parent company + elim.	-0.4	-0.1	-1.3	-0.4	-1.6	-1.3	-7.5	-4.3
<b>Total</b>	<b>83.7</b>	<b>82.2</b>	<b>264.5</b>	<b>226.3</b>	<b>5.8</b>	<b>5.1</b>	<b>13.8</b>	<b>7.8</b>

## PPG Industries Glass Segment Financial Statement

(in million \$)

	Glass Net Sales	Glass Segment Income
3 Months Ended Sept. 30 '07	302	28
3 Months Ended Sept. 30 '06	292	25
9 Months Ended Sept. 30 '07	890	62
9 Months Ended Sept. 30 '06	886	79

prior year's third quarter results by 13 percent.

Glass segment sales increased \$10 million, or 3 percent, due to improved volumes and the positive impact of stronger foreign currencies. Segment earnings improved by \$3 million due primarily to improved sales volumes.

PPG reported in September 2007 the signing of agreements to sell its two automotive glass businesses and its fine chemicals business. Consequently, the results of operations for those businesses for the current and prior periods will be reported as discontinued operations in a separate component of PPG's earnings.

"We're accelerating the transformation of our business portfolio," notes Charles E. Bunch, PPG's chairperson and chief executive officer. "We recently announced the pending acquisition of SigmaKalon and the divestiture of our automotive glass and fine chemicals businesses. These pending transactions will dramatically enhance our focus on coatings and optical and specialty products and significantly shift our geographic presence. When these deals are completed, more than 50 percent of our sales will be outside the United States and Canada.

### Vitro Reports Continued Sales Growth in Third Quarter

During the third quarter of 2007 Monterrey, Mexico-based Vitro's net income dropped from \$8 million to \$3 million, compared to the same period last year. The company reports that the drop was primarily the result of an increase in financing costs and high expenses associated with the acquisition

of the additional 50 percent stake in Vitro AFG (see October 2007 *USGlass*, page 21). These factors were partially offset by lower income taxes.

Consolidated net sales for the quarter increased 7.1 percent to \$665 million from \$621 million last year. Consolidated EBITDA for the quarter decreased 10.5 percent to \$94 million from \$105 million in the third quarter 2006.

Flat glass sales for the quarter increased 11.1 percent to \$318 million. Domestic sales increased 6 percent, mainly as a result of a higher sale volume to the automotive segment. Float glass sales remained relatively stable; the segment experienced a 1-percent

increase due to a better price mix, although the increase was offset by a 12-percent decline in volumes. Export sales increased 26.1 percent for this quarter, primarily due to higher volumes in the construction-related and automotive business lines. During the quarter, EBITDA of flat glass increased 6.1 percent to \$31 million from \$29 million last year.

Sales from foreign subsidiaries rose 9.2 percent from last year to \$175 million and maintained their upward trend. Sales at Vitro Cristalglass, the company's Spanish subsidiary, increased 32 percent, which, the company says, was the result of the stronger demand of more value-added products from the construction market. Sales at Vitro Colombia increased 39 percent compared with the same quarter last year due to higher volumes linked to the strong demand from the Venezuelan and Ecuadorian markets.

▶▶ [www.vitro.com](http://www.vitro.com) ■

## Vitro's Third Quarter Financial Highlights

(in million \$)

	Third Quarter '07	Third Quarter '06	Percent Change
Consolidated Net Sales	665	621	7.1%
Glass Containers Net Sales	339	326	4.2%
Flat Glass Net Sales	318	286	11.1%
Cost of Sales	483	446	8.2%
Gross Income	182	175	4.4%
Gross Margins	27.4%	28.1%	-0.7pp
SG&A	129	118	10.0%
SG&A % of Sales	19.5%	19.0%	0.5pp
EBIT	53	57	-7.1%
EBIT Margins	7.9%	9.2%	-1.3pp
EBITDA	94	105	-10.5%
Glass Containers EBITDA	66	75	-12.2%
Flat Glass EBITDA	31	29	6.1%
EBITDA Margins	14.1%	16.9%	-2.8pp
Net Income	(3)	8	-
Net Income Margins	-0.5%	1.3%	-2pp
Total Debt	1,382	1,209	14.3%
Short Term Debt	80	492	-83.7%
Long Term Debt	1,302	717	81.6%
Average Life of Debt	7.1	3.5	81.6%
Cash & Cash Equivalents	173	77	125.8%
Total Net Debt	1,209	1,132	6.8%