

## INTERIM REPORT JANUARY - MARCH 2015

### FIRST QUARTER

- Sales increased 38 percent to 24,7 (17,9) MEUR, the acquired business Satech represents 24 percent units of this increase. The organic growth (excluding Satech) was 15 percent.
- Order intake was slightly higher than Sales.
- Operating profit increased to 5,0 (2,2) MEUR.
- Operating margin increased to 20,2 (12,3) percent.
- Adjusted operating margin increased to 20,2 (13,4) percent, mostly explained by higher volumes.
- Earnings per share was 0,11 (0,04) EUR.
- Troax was listed on the NASDAQ Stockholm on 27<sup>th</sup> of March.

### TROAX GROUP FIGURES

M Euro	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014	1.) Jan-Dec 2014	2.) Apr-Mar 2014/2015
Order intake	25,9	18,6	85,8	92,6	96,5
Sales	24,7	17,9	84,5	91,2	94,7
Gross profit	10,3	6,9	34,6	38,3	40,1
Gross margin, %	41,7	38,5	40,9	42,0	42,3
Operating profit	5,0	2,2	13,8	14,9	17,2
Operating margin, %	20,2	12,3	16,3	16,3	18,2
Adjusted operating profit	5,0	2,4	15,0	16,3	18,3
Adjusted operating margin, %	20,2	13,4	17,8	17,9	19,3
Profit after tax	2,9	1,4	8,7	8,7	10,0
Adjusted EBITDA	5,6	3,0	17,3	18,6	20,6
Adjusted EBITDA margin, %	22,7	16,8	20,5	20,4	21,8
Earnings per share after dilution	0,11	0,04	0,28	0,28	0,35

1.) Column 2014 includes Satech figures as if the acquisition was completed 1<sup>st</sup> January 2014.

2.) Column Apr-Mar includes Satech figures as if the acquisition was completed 1<sup>st</sup> January 2014.

## CEO COMMENTS

Troax continued the positive trend from 2014 during first quarter, with increased order levels and results. The organic growth increased during the first quarter by 13 percent, for comparable units in the same period last year. The development has been especially positive in the UK and the Nordic countries. Our development in the New markets has improved during the period, albeit from a low level. The total order levels increased by 18 percent, including the acquired company Satech compared on a pro forma basis, with the corresponding quarter last year.

Excluding acquisition, sales increased with 15 percent, compared with same period last year. We estimate, the general market has continued to grow during this quarter, and we also believe we have continued to take market shares, especially from smaller players in the local markets.

The positive result development has continued during the first quarter. This is mainly explained by the positive volume development and continued good capacity utilization in our manufacturing units. The adjusted operating profit amounted to 5,0 MEUR for the period, which is approximately double the level of Q1 2014. Satech accounts for approximately 1,0 MEUR of the result for the quarter. The integration of Satech is developing according to plan and the company has delivered a significantly higher result than last year.

There is no significant currency impact in the result for the period. The Troax Group continues to hedge a main part of the net currency flow, mainly Euro vs. SEK, for up to 18 months. The Group converted the currency used for accounting to Euro as per 1st of January 2015.

The Working capital has been stable during the quarter, with a certain increase of receivables due to the relative high invoicing level. We have continued our good cash flow generation, even if we, during this first quarter, started to pay some parts of the main investment in the new paint line that will be finished during Q1 2016. In accordance with the agreement that was made in connection with the stock exchange listing, we intend to make a one off amortization of 10M€ of our bond loan during this year.

Troax Group was listed on the NASDAQ Stockholm on the 27<sup>th</sup> March and therefore has a high number of new shareholders. The offer was oversubscribed several times, which of course is positive and indicates a good confidence from the market. We are quite aware of the new requirements and expectations the shareholders and other parties are demanding on us and will try to live up to these expectations in a positive way.

We do not make any forecast for the whole year. In judging the market growth for the remainder of the year, you should note the Group ended 2014 in a good way.

**Thomas Widstrand, CEO and President**

## THE GROUP SUMMARY

### FIRST QUARTER

The total sales developed positively during the first quarter. All geographic markets contributed in a positive way. Order intake amounted to 25,9 (18,9) MEUR and was slightly higher than Sales. In the first quarter the order intake increased by 13 percent for comparable units versus the same period last year.

Sales amounted to 24,7 (17,9) MEUR, equal to an increase of 38 percent of which 15 percent was organic growth. Satech contributed with 4,2 MEUR or 23 percent units. All sales segments increased. Especially the UK and Nordic regions developed well. Also New Markets increased, albeit from a low level.

Operating profit amounted to 5,0 (2,2) MEUR giving an operating margin of 20,2 (12,3) percent. Satech contributed with an operating profit of 1,0 MEUR. Excluding the acquisition, the adjusted operating profit increased by 67% compared to last year. The organic increase is mainly explained by higher volumes and a continued good capacity utilization.

### FINANCIAL NET

The group financial net was -1,0 (-0,6) MEUR in the first quarter. The increase of 0,5 MEUR, is explained by higher financial cost due to the acquisition of Satech and higher cost for the bond (higher interest rate and higher volume).

### TAXES

Taxes increased to 1,1 (0,2) MEUR in the quarter. The increase is mainly due to higher result and the higher tax rates in the acquired Satech company in Italy.

### NET RESULT

Net result for the first quarter period amounted to 2,9 (1,4) MEUR.

### CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 2,9 (1,1) MEUR. Working capital has increased somewhat due to high level of sales. Net debt was 51,3 MEUR at the end of the period. Net debt to EBITDA was 2,5 which is in line with the company's financial targets.

### INVESTMENTS

Troax has an ongoing investment plan to maintain, expand and improve the efficiency in the production units. In the first quarter Troax invested 1,2 (0,1) MEUR. The increase is primarily due to the ongoing investment of the new paint line in Hillerstorp, which will be in operation in the first quarter 2016 and is estimated to amount to 5,8 MEUR in total.

## ABOUT TROAX

Troax is the leading global supplier of indoor perimeter protection ("metal-based mesh panel solutions") for the market segments: Automation & Robotics, Material Handling & Logistics and Property Protection. Troax develops high quality and innovative safety solutions to protect people, property and processes.

Troax Group AB (publ), Reg. No. 556916-4030, has a global organisation with an unparalleled sales force and efficient logistics setup, enabling local presence and short delivery times in 31 countries. In 2014 Troax net sales amounted to around EUR 90 million and the number of employees amounted to about 400 persons. The Company's head office is located in Hillerstorp, Sweden.

## REGIONAL DEVELOPMENT

Troax operations are reported as one segment. As secondary information Order intake and Sales are reported based on geographical regions.

Nordic – Sweden, Denmark, Norway and Finland

Continental Europe – Europe excluding Nordic and United Kingdom

United Kingdom – Great Britain and Ireland

New Markets – rest of the world including all distributors directly connected to Sweden.

<b>Order intake</b> <b>M Euro</b>	<b>3 Months</b>	<b>3 Months</b>	<b>Difference</b>	<b>12 Months</b>	<b>12 Months</b>	<b>Difference</b>
	<b>Jan-Mar</b>	<b>Jan-Mar</b>		<b>1.) Jan-Dec</b>	<b>2.) Apr-Mar</b>	
	<b>2015</b>	<b>2014</b>		<b>2014</b>	<b>2014/2015</b>	
Continental Europe	9,1	9,3	-2%	37,2	37,0	-1%
Nordic region	4,8	4,5	7%	18,8	19,1	2%
United Kingdom	4,6	3,6	28%	15,3	16,3	7%
New Markets	2,6	1,2	117%	5,6	7	25%
<b>Order intake excl Acquisitions</b>	<b>21,1</b>	<b>18,6</b>	<b>13%</b>	<b>76,9</b>	<b>79,4</b>	<b>3%</b>
Acquisitions	4,8	0		15,7	17,2	10%
<b>Total Order intake</b>	<b>25,9</b>	<b>18,6</b>	<b>39%</b>	<b>92,6</b>	<b>96,6</b>	<b>4%</b>

  

<b>Total Sales</b> <b>M Euro</b>	<b>3 Months</b>	<b>3 Months</b>	<b>Difference</b>	<b>12 Months</b>	<b>12 Months</b>	<b>Difference</b>
	<b>Jan-Mar</b>	<b>Jan-Mar</b>		<b>1.) Jan-Dec</b>	<b>2.) Apr-Mar</b>	
	<b>2015</b>	<b>2014</b>		<b>2014</b>	<b>2014/2015</b>	
Continental Europe	9,7	9,2	5%	37,8	38,3	1%
Nordic region	4,6	3,9	18%	17,6	18,3	4%
United Kingdom	4,2	3,6	17%	15,5	16,1	4%
New Markets	2,0	1,2	67%	5,7	6,5	14%
<b>Sales excl. Acquisitions</b>	<b>20,5</b>	<b>17,9</b>	<b>15%</b>	<b>76,6</b>	<b>79,2</b>	<b>3%</b>
Acquisitions	4,2	0,0		14,5	15,4	6%
<b>Total Order intake</b>	<b>24,7</b>	<b>17,9</b>	<b>38%</b>	<b>91,1</b>	<b>94,6</b>	<b>4%</b>

1.) Column 2014 includes Satech figures as if the acquisition was completed 1<sup>st</sup> January 2014.

2.) Column Apr-Mar includes Satech figures as if the acquisition was completed 1<sup>st</sup> January 2014.

## THE GROUP - SUMMARY

M Euro	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014	1.) Jan-Dec 2014	2.) Apr-Mar 2014/2015
<b>Sales</b>	<b>24,7</b>	<b>17,9</b>	<b>84,5</b>	<b>91,2</b>	<b>94,7</b>
Cost of goods sold	-14,4	-11,0	-49,9	-52,9	-54,6
<b>Gross profit</b>	<b>10,3</b>	<b>6,9</b>	<b>34,6</b>	<b>38,3</b>	<b>40,1</b>
Sales expenses	-4,1	-3,2	-14,6	-15,5	-15,7
Administrative expenses	-1,6	-1,3	-5,9	-7,6	-7,4
Other operating income and expenses	0,4	-0,2	-0,3	-0,3	0,2
<b>Operating profit</b>	<b>5,0</b>	<b>2,2</b>	<b>13,8</b>	<b>14,9</b>	<b>17,2</b>
Financial income and expenses	-1,0	-0,6	-3,5	-4,4	-4,8
<b>Result after financial expenses</b>	<b>4,0</b>	<b>1,6</b>	<b>10,3</b>	<b>10,5</b>	<b>12,4</b>
Taxes	-1,1	-0,2	-1,6	-1,8	-2,4
<b>Net result for the period</b>	<b>2,9</b>	<b>1,4</b>	<b>8,7</b>	<b>8,7</b>	<b>10,0</b>
Earnings per share before dilution	2,32	0,86	5,94	5,94	7,38
Earnings per share after dilution	<b>0,11</b>	<b>0,04</b>	<b>0,28</b>	<b>0,28</b>	<b>0,35</b>
Average number of shares in the period in thousands	<b>946</b>	911	930	930	939
Number of shares after dilution in thousands	<b>20 000</b>	-	-	-	20 000

Number of shares increased to total 20 million in connection with the IPO, 27th of March 2014.

### STATEMENT OF COMPREHENSIVE INCOME

	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014	1.) Jan-Dec 2014	2.) Apr-Mar 2014/2015
<b>Net result for the period</b>	<b>2,9</b>	<b>1,4</b>	<b>8,7</b>	<b>8,7</b>	<b>10,0</b>
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified to the income statement</b>					
Translation differences	2,1	-1,2	-4,7	-4,7	-1,4
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0
	<b>2,1</b>	<b>-1,2</b>	<b>-4,7</b>	<b>-4,7</b>	<b>-1,4</b>
<b>Items that will not be reclassified to the income statement</b>					
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	-0,6	-0,6	-0,6
Tax related to items that may be reclassified	0,0	0,0	0,1	0,1	0,1
	<b>0,0</b>	<b>0,0</b>	<b>-0,5</b>	<b>-0,5</b>	<b>-0,5</b>
<b>Other comprehensive income, net of tax</b>	<b>2,1</b>	<b>-1,2</b>	<b>-5,2</b>	<b>-5,2</b>	<b>-1,9</b>
<b>Total comprehensive income for the period</b>	<b>5,0</b>	<b>0,2</b>	<b>3,5</b>	<b>3,5</b>	<b>8,1</b>

### Adjusted operating result

	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014	1.) Jan-Dec 2014	2.) Apr-Mar 2014/2015
<b>Operating result</b>	<b>5,0</b>	<b>2,2</b>	<b>13,8</b>	<b>14,9</b>	<b>17,2</b>
Extra ordinary cost in connection with Acquisitions	0,0	0,2	0,4	0,4	0,2
Extra ordinary cost in connection with IPO	0,0	0,0	1,0	1,0	1,0
Extra ordinary cost in connection capital gain property	0,0	0,0	-0,2	-0,2	-0,2
Extra ordinary cost Satech Jan-June 2014	0,0	0,0	0,0	0,2	0,1
	<b>0,0</b>	<b>0,2</b>	<b>1,2</b>	<b>1,4</b>	<b>1,1</b>
<b>Adjusted operating result</b>	<b>5,0</b>	<b>2,4</b>	<b>15,0</b>	<b>16,3</b>	<b>18,3</b>

1.) Column 2014 includes Satech figures as if the Acquisition was completed 1:st of January 2014.

2.) Column Apr-Mar includes Satech figures as if the Acquisition was completed 1:st of January 2014.

## STATEMENT OF FINANCIAL POSITION

M Euro	2015 31-mar	2014 31-mar	2014 31-dec
<b>Assets</b>			
Intangible assets	82,1	63,6	80,7
Tangible assets	16,3	16,5	15,6
Financial fixed assets	0,9	2,4	0,4
<b>Total fixed assets</b>	<b>99,3</b>	<b>82,5</b>	<b>96,7</b>
Inventories	7,0	5,5	6,5
Current receivables	21,5	13,0	20,0
Cash and cash equivalents	14,8	16,5	13,2
<b>Total current assets</b>	<b>43,3</b>	<b>35,0</b>	<b>39,7</b>
<b>TOTAL ASSETS</b>	<b>142,6</b>	<b>117,5</b>	<b>136,4</b>
<b>Equity and liabilities</b>			
Equity	48,2	46,1	43,2
Long-term liabilities	72,9	54,9	73,2
Current liabilities	21,5	16,5	20,0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>142,6</b>	<b>117,5</b>	<b>136,4</b>
Interest-bearing net debt amount to:	51,3	32,8	53,4

### STATEMENT OF CHANGES IN EQUITY ATTRIBUTE TO THE PARENT COMPANY'S SHAREHOLDER

Opening balance	43,2	45,9	45,9
Reduction of the share capital	-	-	-9,8
New share issue	-	-	0,0
Non cash-issue	-	-	3,6
Total comprehensive income for the period	5,0	0,2	3,5
<b>Closing balance</b>	<b>48,2</b>	<b>46,1</b>	<b>43,2</b>

## CASH FLOW

M Euro	3 Months 2015 31-mar	3 Months 2014 31-mar	12 Months 2014 31-dec
<b>Operating profit</b>	<b>5,0</b>	<b>1,5</b>	<b>13,8</b>
Interest received and paid, tax paid and adjustments	-1,5	0,2	-3,4
Changes in working capital	-0,6	-0,6	0,8
<b>Cash flow from operating activities</b>	<b>2,9</b>	<b>1,1</b>	<b>11,2</b>
Net investments	-1,2	-0,1	-18,2
<b>Cash flow after investing activities</b>	<b>1,7</b>	<b>1,0</b>	<b>-7,0</b>
Financing activities	0,0	0,0	5,7
<b>Cash flow for the period</b>	<b>1,7</b>	<b>1,0</b>	<b>-1,3</b>
Cash and cash equivalents at the start of the period	13,2	15,5	15,5
Translation difference in cash and cash equivalents	-0,1	0,0	-1,0
<b>Cash and cash equivalents at the end of the period</b>	<b>14,8</b>	<b>16,5</b>	<b>13,2</b>

## PARENT COMPANY - SUMMARY

INCOME STATEMENT	3 Months	3 Months	12 Months
	Jan-Mar	Jan-Mar	Jan-Dec
M Euro	2015	2014	2014
Administrative expenses	-0,2	-0,1	-1,0
Other operating income and expenses	0,0	0,0	0,0
<b>Operating profit</b>	<b>-0,2</b>	<b>-0,1</b>	<b>-1,0</b>
Financial income and expenses	0,0	0,0	1,9
<b>Result after financial expenses</b>	<b>-0,2</b>	<b>-0,1</b>	<b>0,9</b>
Year-end appropriations	0,0	0,0	-0,7
<b>Profit before tax</b>	<b>-0,2</b>	<b>-0,1</b>	<b>0,2</b>
Taxes	0,0	0,0	-0,2
<b>Net result for the period</b>	<b>-0,2</b>	<b>-0,1</b>	<b>0,0</b>

STATEMENT OF COMPREHENSIVE INCOME	3 Months	3 Months	12 Months
	Jan-Mar	Jan-Mar	Jan-Dec
Net result for the period	-0,2	-0,1	0,0
Other comprehensive income, net of tax	0,0	0,0	0,0
<b>Total comprehensive income for the period</b>	<b>-0,2</b>	<b>-0,1</b>	<b>0,0</b>

STATEMENT OF FINANCIAL POSITION	31-mar	31-mar
	2015	2014
<b>M Euro</b>		
<b>Assets</b>		
Financial fixes assets	7,8	4,7
<b>Total fixed assets</b>	<b>7,8</b>	<b>4,7</b>
Current receivables	38,2	39,0
Cash and cash equivalents	0,3	-
<b>Total current assets</b>	<b>38,5</b>	<b>39,0</b>
<b>TOTAL ASSETS</b>	<b>46,3</b>	<b>43,7</b>
<b>Equity and liabilities</b>		
Equity	35,0	43,6
Long-term liabilities	10,2	0,0
Current liabilities	1,1	0,1
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>46,3</b>	<b>43,7</b>

CASH FLOW	31-mar	31-mar
	2015	2014
<b>M Euro</b>		
Operating profit	-0,2	-0,1
Interest received and paid, tax paid, adjustments	0,0	0,0
Changes in working capital	0,0	0,0
<b>Cash flow from operating activities</b>	<b>-0,2</b>	<b>-0,1</b>
Net investments	0,0	0,0
<b>Cash flow after investing activities</b>	<b>-0,2</b>	<b>-0,1</b>
Financing activities	0,4	0,1
<b>Cash flow for the period</b>	<b>0,2</b>	<b>0,0</b>
Cash at the start of the period	0,1	0,0
Translation difference	0,0	0,0
<b>Cash at the end of the period</b>	<b>0,3</b>	<b>0,0</b>

## FINANCIAL TARGETS

Troax Group's financial targets connected to the company's strategic initiative are presented below. All expressed opinions in this part are future orientated.

<b>Growth</b>	Troax's objective is to exceed the growth in the company's current markets through organic growth, as well as selective acquisitions.
<b>Profitability</b>	Troax's target is to have an operating margin in excess of 20%.
<b>Financial Structure</b>	Net debt in relation to EBITDA, excluding temporary deviations, shall not exceed 2.5 times
<b>Dividend</b>	Troax's target is to pay approximately 50 per cent of its net profit in dividends. The dividend proposal shall take into account Troax's long-term development potential, its financial position and its investment needs.

The financial targets represent future oriented information. Future oriented information shall not be considered as guarantees for future result or development. The actual result may and can materially vary from what is expressed in the future oriented information.

## OTHER INFORMATION

### ACCOUNTING PRINCIPLES

This interim report have been prepared in accordance with IAS 34, Interim Financial Reporting, the Annual Accounts Act and the Swedish Financial reporting Board recommendation RFR 2, Accounting for Legal Entities. The Accounting principles that have been applied coincide with those accounting principles used for preparing the latest Annual Report.

### RISK AND RISK ASSESSMENT

Exposure for risk is a natural part of business activity which is reflected in Troax approach to risk assessments. The aim is to identify and prevent and reduce the risks and limit the damages these risk might cause. The most essential risk for the Group is related to how the general business cycle affects demand.

### SEASONAL VARIATIONS

Seasonal variations have some impact on Troax business. Sales are normally in general stable between the quarters but can fluctuate between the months in the quarter. Sales can be somewhat lower in the summer months (July-August) and from December to January. In periods with high production the company normally ties up more money in Working Capital. Cash is then released from working capital after a high season when produced goods are installed and the customer's receivables paid.

### TRANSACTIONS

At the start of the period there was a shareholder agreement between FSN and other shareholders in the company. This agreement was cancelled and has expired in connection with the listing on NASDAQ Stockholm at the end of March.

### EMPLOYEES

At the end of the period the Group had 412 (332) employee. The acquisition of Satech increased the numbers with 73.

### EXTRA GENERAL MEETING

On request from Investment AB Latour and Svolder AB, together holding 40% of the shares and votes in Troax Group AB, an extra general meeting will take place in order to change the constitution of the board. The meeting will be held at Näringslivets Hus, Storgatan 19, Stockholm on the 28<sup>th</sup> May, 2015 at 15:00. For more information please see [www.troax.com](http://www.troax.com).

### OTHER EVENTS DURING FIRST QUARTER

The parent company of the group, Troax Holding AB (publ) changed corporate name to Troax Group AB (publ) in connection with the IPO. Former Troax Group AB changed the corporate name to Troax Corp AB. Troax Group AB and Troax Corp AB changed official accounting currency to Euro on the 1st January 2015.

On the 30th January 2015 the terms for Troax Corps Bond were changed. Troax Corp can now transfer contribution to Troax Group AB (publ) so dividends to shareholders are possible. Troax Group AB has agreed to amortize 10 MEUR to the bondholders before any dividend can be paid. The board suggest that this amortization of the bond will be carried out before the end of 2015.

Troax Group AB (publ) were listed on NASDAQ Stockholm on the 27th March 2015.

### AUDIT

This report has not been reviewed by the auditors.



## NEXT REPORT

**Interim report for the period January - June**

14<sup>th</sup> August 2015

**Interim report for the period January - September**

6<sup>th</sup> November 2015

## PHONE CONFERENCE

Invitation to presentation of the first quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 8<sup>th</sup> May 2015 at 10:00 CET. Conference will be held in English. For more information see [www.troax.com](http://www.troax.com).



Hillerstorp 2015-05-08

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*This information is in accordance with the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act and/or the regulations of NASDAQ Stockholm. The information was submitted for publication at May 8, 2015 at 08.00.*

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