

INTERIM REPORT 2017

JANUARY – MARCH 2017

- Order intake increased by 32 per cent, or 16 per cent adjusted for acquisition and currency.
- Sales increased 35 per cent to 36,3 (26,8) MEUR, or 18 per cent adjusted for acquisition and currency.
- Operating profit increased to 6,6 (4,7) MEUR.
- Operating margin increased to 18,2 (17,5) per cent.
- Profit after tax increased to 4,0 (2,8) MEUR.
- Earnings per share was 0,20 (0,14) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	12 Months	12 Months
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Dec 2015
Order intake	38,5	29,1	119,6	104,4
Sales	36,3	26,8	115,8	103,7
Gross profit	14,1	10,9	48,8	44,6
Gross margin, %	38,8	40,7	42,1	43,0
Operating profit	6,6	4,7	25,3	22,4
Operating margin, %	18,2	17,5	21,8	21,6
Profit after tax	4,0	2,8	16,3	13,7
EBITDA	7,5	5,3	28,0	24,6
EBITDA margin, %	20,7	19,8	24,2	23,7
Earnings per share after dilution in €	0,20	0,14	0,82	0,69
Closing rate SEK/EUR	9,55	9,23	9,57	9,14
Earnings per share after dilution in SEK. 1.)	1,91	1,29	7,80	6,26

All figures from Jan 2017 includes Folding Guard.

1.) Earnings per share after dilution in SEK, is calculated based on result in Euro and Closing rate SEK/EUR.

CEO COMMENTS

Troax has started 2017 in a good way with an organic increase in orders of 16%, which clearly is above the historical growth average. We have received several important orders from customers within, automotive, warehouse and property, which shows that the Troax offering is strong. On top of that, we have the newly acquired company Folding Guard in USA, that also has started the year in a good way regarding orders received. Our judgment is that the market development during the first Quarter has been positive for the Group.

The development has been especially strong in Continental Europe, Nordic region and UK. A somewhat lower figure is shown for new markets, since we received fewer large orders last year that influenced the comparison. We have not seen any effect of Brexit in UK. Orders in hand at the end of the quarter continued to be at a good level.

The integration work of the acquired company Folding Guard (end of last year), is continuing well, and according to plan. It contains both personnel changes and an increased focus on growth possibilities. Integration of common functions have been started. The acquisition has so far, been well received by important customers in the US. We see good possibilities to strengthen the customer base, long term, for both brands in the important market of North America.

Sales invoiced increased in the quarter by 35 per cent, compared with the same period last year (excluding acquisition and currency the increase is 18 per cent). The progress was positive in all markets. Totally, the Group has increased to an order intake level of approximately 129 MEUR on a rolling 12 months' basis, including Folding Guard sales invoiced for one quarter.

The result has continued to improve during the quarter, mainly because of good sales volumes, and aided by there being no more inauguration costs for the new paint line. The market investments are continuing per plan, but at a lower level short term, as some internal resources have been dedicated to the integration of our American acquisition.

The operating result was 6,6 (4,7) MEUR, which corresponds to a profit margin of 18,2 per cent to be compared with 17,5 per cent last year. Please note that the consolidation of Folding Guard decreases the margin in percent. We do however, see clear possibilities to increase the margin also for Folding Guard, long term. The Net result has also developed in a positive way, and amounts to 4,0 MEUR for the quarter (2,8 MEUR).

The result per share, after the first quarter is 0,20 EURO to be compared with 0,14 EURO last year.

The Working Capital is on a similar level as last quarter. Work in Progress, has increased and is on a higher level, indicating that some important projects still are under implementation and hence still have not been invoiced. We have continued with good cash generation during the quarter and the net debt is now 59,6 MEUR and our key figure of our lending in comparison with EBITDA is clearly below our target for the Group.

Thomas Widstrand, President and CEO

THE GROUP SUMMARY

JANUARY – MARCH

Total Order intake increased during the fourth quarter. Order intake amounted to 38,5 (29,1) MEUR. During the period, order intake increased by 32 per cent, adjusted for acquisition and currency the increase was 16 per cent. All regions increased their order intake.

Net sales amounted to 36,3 (26,8) MEUR, an increase of 35 per cent, or 18 per cent adjusted for acquisitions and currency. All markets increased their net sales.

Operating result amounted to 6,6 (4,7) MEUR, corresponding to an operating margin of 18,2 (17,5) per cent. The increase in result is explained by higher sales volumes.

Since January 2017 the acquired company Folding Guard is included in the financials.

FINANCIAL NET

The group financial net was -1,1 (-0,9) MEUR in the quarter.

TAXES

Taxes increased to 1,5 (1,0) MEUR in the quarter.

NET RESULT

Net result for the quarter amounted to 4,0 (2,8) MEUR. Mainly explained by higher sales and lower cost.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 6,1 (2,0) MEUR. Net debt was 59,6 (44,3) MEUR at the end of the period. Net debt to EBITDA (including EBITDA from the acquired company Folding Guard) was 1,8 to be compared with the company's financial targets of less than 2,5.

INVESTMENTS

In the quarter, Troax invested 1,7 (0,4) MEUR. The increase is primarily due to the investment in machinery.

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.

Order intake MEUR	3 Months			12 Months			12 Months Apr/Mar 2016/17
	Jan-Mar 2017	Jan-Mar 2016	Diff	Jan-Dec 2016	Jan-Dec 2015	Diff	
Continental Europe	18,9	15,4	23%	65,5	56,2	17%	69,0
Nordic region	6,5	5,5	18%	21,4	20,9	2%	22,4
United Kingdom	5,0	4,4	14%	20,3	17,4	17%	20,9
New Markets	3,5	3,8	-8%	13,5	9,5	42%	13,2
Total excl Currency and Acq.	33,9	29,1	16%	120,7	104,0	16%	125,5
Currency effect	-0,5	0,0	-2%	-2,8	0,0	-3%	-3,3
Acquisitions	5,1	0,0	18%	1,7	0,4	2%	6,8
Total Order intake	38,5	29,1	32%	119,6	104,4	15%	129,0

Total Sales MEUR	3 Months			12 Months			12 Months Apr/Mar 2016/17
	Jan-Mar 2017	Jan-Mar 2016	Diff	Jan-Dec 2016	Jan-Dec 2015	Diff	
Continental Europe	18,2	15,0	21%	63,4	56,0	13%	66,6
Nordic region	5,8	5,2	12%	20,9	20,5	2%	21,5
United Kingdom	4,6	4,1	12%	19,8	17,4	14%	20,3
New Markets	3,1	2,5	24%	12,8	9,4	36%	13,4
Total excl Currency and Acq.	31,7	26,8	18%	116,9	103,3	13%	121,8
Currency effect	-0,5	0,0	-2%	-2,8	0,0	-3%	-3,3
Acquisitions	5,1	0,0	19%	1,7	0,4	2%	6,8
Total Sales	36,3	26,8	35%	115,8	103,7	12%	125,3

ABOUT TROAX

Troax is the leading global supplier of indoor perimeter protection ("metal-based mesh panel solutions") for the market segments: Machine guarding, Warehouse partitioning 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 a strong sales force and efficient logistics setup, enabling local presence and short delivery times in 36 countries. In 2016 Troax net sales amounted to around 116 MEUR and the number of employees amounted to about 600 persons. The Company's head office is located in Hillerstorp, Sweden. www.troax.com

THE GROUP – SUMMARY

MEUR	3 Months	3 Months	12 Months	12 Months
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Dec 2015
Sales	36,3	26,8	115,8	103,7
Cost of goods sold	-22,2	-15,9	-67,0	-59,1
Gross profit	14,1	10,9	48,8	44,6
Sales expenses	-5,1	-4,5	-18,0	-17,0
Administrative expenses	-2,1	-1,6	-6,5	-6,3
Other operating income and expenses	-0,3	-0,1	1,0	1,1
Operating profit	6,6	4,7	25,3	22,4
Financial income and expenses	-1,1	-0,9	-3,9	-4,1
Result after financial expenses	5,5	3,8	21,4	18,3
Taxes	-1,5	-1,0	-5,1	-4,6
Net result for the period	4,0	2,8	16,3	13,7
Earnings per share before dilution	0,20 €	0,14 €	0,82 €	0,88 €
Number of shares after dilution in thousands	20 000	20 000	20 000	15 510
Earnings per share after dilution	0,20 €	0,14 €	0,82 €	0,69 €
Number of shares after dilution in thousands	20 000	20 000	20 000	20 000

Number of shares increased to total 20 million in connection with the IPO, 27th of March 2015.

STATEMENT OF COMPREHENSIVE INCOME

	3 Months	3 Months	12 Months	12 Months
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Dec 2015
Net result for the period	4,0	2,8	16,3	13,7
Other comprehensive income:				
Items that may be reclassified to the income statement				
Translation differences	0,2	-0,7	-3,8	2,9
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0
	0,2	-0,7	-3,8	2,9
Items that will not be reclassified to the income statement				
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	-0,1	0,2
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0
	0,0	0,0	-0,1	0,2
Other comprehensive income, net of tax	0,2	-0,7	-3,9	3,1
Total comprehensive income for the period	4,2	2,1	12,4	16,8
EBITDA				
Operating result	6,6	4,7	25,3	22,4
Depreciations	0,9	-1,3	2,7	2,2
EBITDA 1.)	7,5	5,3	28,0	24,6

All figures from Jan 2017 includes Folding Guard.

STATEMENT OF FINANCIAL POSITION

MEUR	2017 31-mar	2016 31-mar	2016 31-dec	2015 31-dec
Assets				
Intangible assets	93,2	82,9	94,6	83,6
Tangible assets	20,8	18,1	19,7	18,4
Financial fixed assets	7,2	0,5	7,2	0,5
Total fixed assets	121,2	101,5	121,5	102,5
Inventories	11,6	8,3	10,6	8,0
Current receivables	29,1	22,7	28,2	22,8
Cash and cash equivalents	16,6	12,4	12,2	10,8
Total current assets	57,3	43,4	51,0	41,6
TOTAL ASSETS	178,5	144,9	172,5	144,1
Equity and liabilities				
Equity	70,2	62,1	65,9	60,0
Long-term liabilities	79,8	64,5	79,7	64,5
Current liabilities	28,5	18,3	26,9	19,6
TOTAL EQUITY AND LIABILITIES	178,5	144,9	172,5	144,1
Net debt = Loan (Bond) less cash and equivalents	59,6	44,3	63,9	45,8

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

Opening balance	65,9	60,0	60,0	43,2
New share issue	0,0	-	-6,5	-
Total comprehensive income for the period	4,2	2,1	12,4	16,8
Closing balance	70,2	62,1	65,9	60,0

CASH FLOW

MEUR	3 Months 2017 31-mar	3 Months 2016 31-mar	12 Months 2016 31-dec	12 Months 2015 31-dec
Operating profit	6,6	4,7	25,3	22,4
Interest received and paid, tax paid and adjustments	-0,1	-1,1	-6,6	-4,5
Changes in working capital	-0,4	-1,6	-2,5	-4,6
Cash flow from operating activities	6,1	2,0	16,2	13,3
Net investments	-1,7	-0,4	-27,4	-5,7
Cash flow after investing activities	4,4	1,6	-11,2	7,6
Financing activities	0,0	-0,2	12,9	-10,0
Cash flow for the period	4,4	1,4	1,7	-2,4
Cash and cash equivalents at the start of the period	12,2	10,8	10,8	13,2
Translation difference in cash and cash equivalents	0,0	0,2	-0,3	0,0
Cash and cash equivalents at the end of the period	16,6	12,4	12,2	10,8

PARENT COMPANY - SUMMARY

INCOME STATEMENT	3 Months	3 Months	12 Months	12 Months	
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Dec 2015	
MEUR					
Administrative expenses	-0,3	-0,1	-1,2	-0,2	
Other operating income and expenses	-0,1	-0,1	1,6	0,3	
Operating profit	-0,4	-0,2	0,4	0,1	
Financial income and expenses	-0,7	-0,9	-3,8	-3,8	
Result after financial expenses	-1,1	-1,1	-3,4	-3,7	
Year-end appropriations	0,0	0,0	7,6	9,2	
Profit before tax	-1,1	-1,1	4,2	5,5	
Taxes	0,0	0,2	-0,9	-1,2	
Net result for the period	-1,1	-0,9	3,3	4,3	
STATEMENT OF COMPREHENSIVE INCOME					
Net result for the period	-1,1	-0,9	3,3	4,3	
Other comprehensive income, net of tax	0,0	-0,1	-6,6	0,0	
Total comprehensive income for the period	-1,1	-1,0	-3,3	4,3	
STATEMENT OF FINANCIAL POSITION					
MEUR	KASSAFLÖDE				
	Jan-Mar 2017	Jan-Mar 2016	MEUR	Jan-Mar 2017	Jan-Mar 2016
Assets			Rörelseresultat	-0,4	-0,2
Financial fixes assets	87,7	87,7	Betalad och erhållen ränta, skatt, justeringar	-0,7	-1,0
Total fixed assets	87,7	87,7	Förändring av rörelsekapital	-2,8	1,4
Current receivables	32,3	12,6	Kassa flöde från den löpande verksamheten	-3,9	0,2
Cash and cash equivalents	0,0	0,0	Investeringar	0,0	0,0
Total current assets	32,3	12,6	Kassa flöde efter investeringsverksamheten	-3,9	0,2
TOTAL ASSETS	120,0	100,3	Kassaflöde från finansieringsverksamheten	3,8	-0,2
Equity and liabilities			Periodens kassaflöde	-0,1	0,0
Equity	36,3	39,7	Likvida medel vid periodens början	0,1	0,0
Untaxed reserv	1,3	0,0	Omräkningsdifferenser	0,0	0,0
Long-term liabilities	80,8	59,8	Likvida medel vid periodens slut	0,0	0,0
Current liabilities	1,6	0,8			
TOTAL EQUITY AND LIABILITIES	120,0	100,3		0,0	0,0

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.

Growth	Troax's objective is to grow in its current markets, both organically and by selective acquisitions.
Profitability	Troax's target is to have an operating margin in excess of 20 per cent.
Financial Structure	Net debt in relation to EBITDA, excluding temporary deviations, shall not exceed 2.5 times
Dividend	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 has 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. The Annual report for 2016 is available on www.troax.com

RISK AND RISK ASSESSMENT

Exposure to risk is a natural part of business activity which is reflected in the Troax approach to risk assessment. The aim is to identify and prevent and reduce the risks and limit the damages these risks might cause. The most essential risk for the Group is related to how the general business cycle effects demand. For further information, see the Annual report 2016 note 24.

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 of high production, the company normally ties up more money in Working Capital. Cash is then released from working capital after a high season when manufactured goods are installed and the customer's receivables paid.

TRANSACTIONS

No special transaction to report.

EMPLOYEES

At the end of the period the Group had 644 (477) employees. Of the total increase of 167 employees, 142 are related to the acquired company Folding Guard.

OTHER EVENTS DURING THE QUARTER

There is no other significant information to report for the first quarter.

OTHER EVENTS AFTER THE QUARTER

There is no significant information to report after the first quarter.

AUDIT

This report has not been reviewed by the auditors.

NEXT REPORT

Interim report Q2, 16th of August 2017.

Interim report Q3, 6th of November 2017.

PHONE CONFERENCE

Invitation to presentation of the first quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 10th of May 2017 at 17:00 CET. The conference will be held in English. For more information, please refer to

<http://www.troax.com/en/news>.



Hillerstorp 10-05-2017

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