

INTERIM REPORT JANUARY – JUNE 2016

APRIL – JUNE 2016

- Order intake increased by 18 per cent, or 17 per cent adjusted for acquisition and currency.
- Sales increased 11 per cent to 28,3 (25,5) MEUR, or 10 per cent adjusted for acquisition and currency.
- Operating profit decreased to 5,1 (5,4) MEUR. Result has been influenced by cost for starting up the new paint line and increased market investments.
- Operating margin decreased to 18,0 (21,2) per cent.
- Profit after tax increased to 3,1 (3,0) MEUR.
- Earnings per share was 0,16 (0,15) EUR.

JANUARY – JUNE 2016

- Order intake increased by 15 per cent, or 14 per cent adjusted for acquisition and currency.
- Sales increased 10 per cent to 55,1 (50,2) MEUR, or 9 per cent adjusted for acquisition and currency.
- Operating profit decreased to 9,8 (10,4) MEUR. Result has been influenced by cost for starting up the new paint line and increased market investments.
- Operating margin decreased to 17,8 (20,7) per cent.
- Profit after tax was 5,9 (5,9) MEUR.
- Earnings per share was 0,30 (0,30) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months	12 Months
	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015	1.) Jan-Dec 2014	Jul/Jun 2015/16
Order intake	30,5	25,8	59,6	51,7	104,4	96,5	112,3
Sales	28,3	25,5	55,1	50,2	103,7	91,2	108,6
Gross profit	11,6	11,2	22,5	21,5	44,6	38,3	45,6
Gross margin, %	41,0	43,9	40,8	42,8	43,0	42,0	42,0
Operating profit	5,1	5,4	9,8	10,4	22,4	14,9	21,8
Operating margin, %	18,0	21,2	17,8	20,7	21,6	16,3	20,1
Adjusted operating profit	5,1	5,4	9,8	10,4	22,4	16,3	21,8
Adjusted operating margin, %	18,0	21,2	17,8	20,7	21,6	17,9	18,7
Profit after tax	3,1	3,0	5,9	5,9	13,7	8,7	13,7
Adjusted EBITDA	5,7	5,9	11,0	11,5	24,6	18,6	24,1
Adjusted EBITDA margin, %	20,1	23,1	20,0	22,9	23,7	20,4	22,2
Earnings per share after dilution in €	0,16	0,15	0,30	0,30	0,69	0,44	0,69
Closing rate SEK/EUR	9,42	9,22	9,42	9,22	9,14	9,52	9,42
Earnings per share after dilution in SEK. 2.)	1,46	1,38	2,78	2,72	6,26	4,14	6,45

1.) The 2014 Column includes Satech figures, as if the acquisition was completed 1st January 2014.

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

CEO COMMENTS

During the second Quarter 2016, Troax showed an increased strength in the development of the orders received. This increased by 18 per cent (17 per cent excluding currency and acquisitions). This is considered to be above the market increase during the quarter. All regions have increased compared with the same quarter last year. The improvement is especially positive in New markets and can be derived from good progress in North America and China. Positive in that we now have the highest order book ever, thanks to the good order intake.

Sales invoiced increased in the quarter by 11 per cent, compared with the same period last year (excluding acquisition and currency the increase is 10 per cent). The progress was positive in all markets except for United Kingdom. Totally, the Group has increased to a turnover level of approximately 108 MEUR on a rolling 12 months' basis.

The result development has been slightly negative during the quarter compared with last year. The deviation is mainly explained by planned market investments in New Markets but also in extra costs connected with the implementation of the new paint line (0,4 MEUR in quarter two). We may conclude that the new line is running well. The extra costs are mainly explained by planned expenditure in connection with startup and corrective adjustments, during April and May.

We have not had any major currency effect in the result this quarter (+0,1) MEUR, last year the effect was +0,3 MEUR. The operating result therefore becomes 5,1 (5,4) MEUR, which corresponds to a profit margin of 18,0 per cent to be compared with 21,2 per cent last year.

The result per share, after the quarter is 0,30 euro to be compared with 0,30 euro last year.

The Working Capital has somewhat increased during the quarter, with a certain increase of the receivables due to the good invoicing level. We have also a greater amount than usual in work in progress (WIP), as we increase work on projects for customers, not yet ready for invoicing. We have continued with good cash generation during the quarter and the net debt is now 48,9 MEUR.

Thomas Widstrand, President and CEO

THE GROUP SUMMARY

APRIL - JUNE

Total Order intake increased during the first quarter. Order intake amounted to 30,5 (25,8) MEUR and was higher than sales. During the period, order intake increased by 18 per cent, adjusted for acquisition and currency the increase was 17 per cent. All markets increased their order intake.

Net sales amounted to 28,3 (25,5) MEUR, an increase of 11 per cent, or 10 per cent adjusted for acquisitions and currency. All markets, except United Kingdom, increased their net sales.

Adjusted operating result amounted to 5,1 (5,4) MEUR, corresponding to an operating margin of 18,0 (21,2) per cent. The decrease in result is mainly explained by higher cost for implementation of new paint line, increased market investments and a negative effect on currency.

JANUARY - JUNE

Total Order intake increased during the period. Order intake amounted to 59,6 (51,7) MEUR and was higher than sales. During the period, order intake increased by 15 per cent, adjusted for acquisition and currency the increase was 14 per cent. All markets increased their order intake.

Net sales amounted to 55,1 (50,2) MEUR, an increase of 10 per cent, or 9 per cent adjusted for acquisitions and currency. All markets except United Kingdom increased their Net sales.

Adjusted operating result amounted to 9,8 (10,4) MEUR, corresponding to an operating margin of 17,8 (20,7) per cent. The decrease in result is mainly explained by higher cost for implementation of new paint line, increased market investments and a negative effect on currency.

FINANCIAL NET

The group financial net was -1,8 (-2,5) MEUR in the quarter. The reduction is explained by the amortization of 10 MEUR to the bondholder in June 2015.

TAXES

Taxes increased to 2,1 (2,0) MEUR in the quarter. The increase is mainly due to higher result before tax.

NET RESULT

Net result for the quarter amounted to 3,1 (3,0) MEUR. Mainly explained by higher sales but with higher cost for implementing new paint line and higher investments in market, together with less positive currency effect.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 3,7 (2,1) MEUR. Net debt was after 6,5 MEUR dividend to shareholders in May, 48,9 (51,9) MEUR at the end of the period. Net debt to EBITDA was 2,0 to be compared with the company's financial targets less 2,5.

INVESTMENTS

In the quarter Troax invested 1,6 (2,1) MEUR. The decrease is primarily due to the investment of the new paint line in Hillerstorp last year.

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			3 Months			6 Months			6 Months			12 Months			12 Months		
	Apr-Jun	Apr-Jun	Diff	Jan-Jun	Jan-Jun	Diff	Jan-Jun	Jan-Jun	Diff	Jul/Jun	Jan-Dec	Diff	2015/16	2015	Diff	2015/16	2015	Diff
	2016	2015		2016	2015		2016	2015		2015/16	2015		2015/16	2015		2015/16	2015	
Continental Europe	16,2	14,4	13%	31,6	28,3	12%	59,5	56,2	6%	16,2	14,4	13%	16,2	14,4	13%	59,5	56,2	6%
Nordic region	5,8	5,4	7%	10,7	10,2	5%	21,8	21,3	2%	5,8	5,4	7%	10,7	10,2	5%	21,8	21,3	2%
United Kingdom	4,9	4,4	11%	9,3	9,0	3%	17,7	17,4	2%	4,9	4,4	11%	9,3	9,0	3%	17,7	17,4	2%
New Markets	3,0	1,6	88%	6,8	4,2	62%	12,1	9,5	27%	3,0	1,6	88%	6,8	4,2	62%	12,1	9,5	27%
Order intake excl Acquisitions	29,9	25,8	16%	58,4	51,7	13%	111,1	104,4	6%	29,9	25,8	16%	58,4	51,7	13%	111,1	104,4	6%
Acquisitions	0,6	0,0		1,2			1,2	0,0		0,6	0,0		1,2	0,0		1,2	0,0	
Total Order intake	30,5	25,8	18%	59,6	51,7	15%	112,3	104,4	8%	30,5	25,8	18%	59,6	51,7	15%	112,3	104,4	8%
Total Sales																		
MEUR																		
Continental Europe	15,0	13,7	9%	30,0	27,6	9%	58,4	56,0	4%	15,0	13,7	9%	30,0	27,6	9%	58,4	56,0	4%
Nordic region	5,5	5,1	8%	10,1	9,7	4%	21,3	20,9	2%	5,5	5,1	8%	10,1	9,7	4%	21,3	20,9	2%
United Kingdom	4,3	4,5	-4%	8,4	8,7	-3%	17,1	17,4	-2%	4,3	4,5	-4%	8,4	8,7	-3%	17,1	17,4	-2%
New Markets	2,9	2,2	32%	5,4	4,2	29%	10,6	9,4	13%	2,9	2,2	32%	5,4	4,2	29%	10,6	9,4	13%
Sales excl. Acquisitions	27,7	25,5	9%	53,9	50,2	7%	107,4	103,7	4%	27,7	25,5	9%	53,9	50,2	7%	107,4	103,7	4%
Acquisitions	0,6	0,0		1,2			1,2	0,0		0,6	0,0		1,2	0,0		1,2	0,0	
Total Sales	28,3	25,5	11%	55,1	50,2	10%	108,6	103,7	5%	28,3	25,5	11%	55,1	50,2	10%	108,6	103,7	5%

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 an unparalleled sales force and efficient logistics setup, enabling local presence and short delivery times in 33 countries. In 2015 Troax net sales amounted to around 103 MEUR and the number of employees amounted to about 440 persons. The Company's head office is located in Hillerstorp, Sweden. www.troax.com

THE GROUP – SUMMARY

MEUR	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months
	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015	1.) Jan-Dec 2014
Sales	28,3	25,5	55,1	50,2	103,7	91,2
Cost of goods sold	-16,7	-14,3	-32,6	-28,7	-59,1	-52,9
Gross profit	11,6	11,2	22,5	21,5	44,6	38,3
Sales expenses	-5,0	-4,5	-9,5	-8,6	-17,0	-15,5
Administrative expenses	-1,6	-1,6	-3,2	-3,2	-6,3	-7,6
Other operating income and expenses	0,1	0,3	0,0	0,7	1,1	-0,3
Operating profit	5,1	5,4	9,8	10,4	22,4	14,9
Financial income and expenses	-0,9	-1,5	-1,8	-2,5	-4,1	-4,4
Result after financial expenses	4,2	3,9	8,0	7,9	18,3	10,5
Taxes	-1,1	-0,9	-2,1	-2,0	-4,6	-1,8
Net result for the period	3,1	3,0	5,9	5,9	13,7	8,7
Earnings per share before dilution	0,16 €	0,15 €	0,30 €	0,95 €	0,88 €	5,94 €
Number of shares after dilution in thousands	20 000	20 000	20 000	5 425	15 510	929
Earnings per share after dilution	0,16 €	0,15 €	0,30 €	0,30 €	0,69 €	0,44 €
Number of shares after dilution in thousands	20 000	20 000	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	6 Months	6 Months	12 Months	12 Months
	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015	1.) Jan-Dec 2014
Net result for the period	3,1	3,0	5,9	5,9	13,7	8,7
Other comprehensive income:						
Items that may be reclassified to the income statement						
Translation differences	-2,5	0,6	-3,2	2,7	-10,6	-4,7
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,0
	-2,5	0,6	-3,2	2,7	-10,6	-4,7
Items that will not be reclassified to the income statement						
Actuarial gains and losses on defined-benefit pension commitment	0,2	0,0	0,2	0,0	-0,4	-0,6
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,1
	0,2	0,0	0,2	0,0	-0,4	-0,5
Other comprehensive income, net of tax	-2,3	0,6	-3,0	2,7	-11,0	-5,2
Total comprehensive income for the period	0,8	3,6	2,9	8,6	2,7	3,5
Adjusted operating result						
	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec	1.) Jan-Dec
	2016	2015	2016	2015	2015	2014
Operating result	5,1	5,4	9,8	10,4	22,4	14,9
Extra ordinary cost in connection with Acquisitions	0,0	0,0	0,0	0,0	0,0	0,4
Extra ordinary cost in connection with IPO	0,0	0,0	0,0	0,0	0,0	1,0
Extra ordinary cost in connection capital gain property	0,0	0,0	0,0	0,0	0,0	-0,2
Extra ordinary cost Satech Jan-June 2014	0,0	0,0	0,0	0,0	0,0	0,2
	0,0	0,0	0,0	0,0	0,0	1,4
Adjusted operating result	5,1	5,4	9,8	10,4	22,4	16,3

1.) The 2014 Column includes Satech figures, as if the acquisition was completed 1st January 2014.

STATEMENT OF FINANCIAL POSITION

MEUR	2016 30-jun	2015 30-jun	2015 31-dec	2014 31-dec
Assets				
Intangible assets	81,7	82,6	83,6	80,7
Tangible assets	18,7	17,8	18,4	15,6
Financial fixed assets	0,5	2,6	0,5	0,4
Total fixed assets	100,9	103,0	102,5	96,7
Inventories	8,6	8,0	8,0	6,5
Current receivables	24,1	24,1	22,5	20,0
Cash and cash equivalents	7,6	4,7	11,1	13,2
Total current assets	40,3	36,8	41,6	39,7
TOTAL ASSETS	141,2	139,8	144,1	136,4
Equity and liabilities				
Equity	56,4	51,8	60,0	43,2
Long-term liabilities	64,5	65,1	64,5	73,2
Current liabilities	20,3	22,9	19,6	20,0
TOTAL EQUITY AND LIABILITIES	141,2	139,8	144,1	136,4
Net debt = Loan (Bond) less cash and equivalents	48,9	51,9	45,5	53,4

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

Opening balance	60,0	43,2	43,2	45,9
Reduction of the share capital	-	-	-	-9,8
New share issue	-6,5	-	-	-
Non cash-issue	-	-	-	3,6
Total comprehensive income for the period	2,9	8,6	16,8	3,5
Closing balance	56,4	51,8	60,0	43,2

CASH FLOW

MEUR	3 Months 2016 30-jun	3 Months 2015 30-jun	6 Months 2016 31-dec	6 Months 2015 31-dec	12 Months 2015 31-dec	12 Months 2014 31-dec
Operating profit	5,1	5,4	9,8	10,4	22,4	13,8
Interest received and paid, tax paid and adjustments	-1,9	-1,1	-3,0	-2,6	-4,5	-3,4
Changes in working capital	0,5	-2,2	-1,1	-2,8	-4,3	0,8
Cash flow from operating activities	3,7	2,1	5,7	5,0	13,6	11,2
Net investments	-1,6	-2,1	-2,0	-3,3	-5,7	-18,2
Cash flow after investing activities	2,1	0,0	3,7	1,7	7,9	-7,0
Financing activities	-6,5	-10,1	-6,7	-10,1	-10,0	5,7
Cash flow for the period	-4,4	-10,1	-3,0	-8,4	-2,1	-1,3
Cash and cash equivalents at the start of the period	12,4	14,8	11,1	13,2	13,2	15,5
Translation difference in cash and cash equivalents	-0,4	0,0	-0,5	-0,1	0,0	-1,0
Cash and cash equivalents at the end of the period	7,6	4,7	7,6	4,7	11,1	13,2

PARENT COMPANY - SUMMARY

INCOME STATEMENT	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months
	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015	Jan-Dec 2014
MEUR						
Administrative expenses	-0,1	-0,1	-0,2	-0,3	-0,2	-1,1
Other operating income and expenses	-0,1	0,0	-0,2	0,0	0,3	0,0
Operating profit	-0,2	-0,1	-0,4	-0,3	0,1	-1,1
Financial income and expenses	-0,9	0,0	-1,8	0,0	-3,8	2,0
Result after financial expenses	-1,1	-0,1	-2,2	-0,3	-3,7	0,9
Year-end appropriations	0,0	0,0	0,0	0,0	9,2	-0,9
Profit before tax	-1,1	-0,1	-2,2	-0,3	5,5	0,0
Taxes	0,3	0,1	0,5	0,1	-1,2	0,0
Net result for the period	-0,8	0,0	-1,7	-0,2	4,3	0,0
				0	0	0
STATEMENT OF COMPREHENSIVE INCOME				0	0	0
Net result for the period	-0,8	0,0	-1,7	-0,2	4,3	0,0
Other comprehensive income, net of tax	-0,5	0,0	-0,6	0,0	0,1	0,3
Total comprehensive income for the period	-1,3	0,0	-2,3	-0,2	4,4	0,3
STATEMENT OF FINANCIAL POSITION						
	30-jun	30-jun				
MEUR	2016	2015				
Assets						
Financial fixes assets	87,7	7,8				
Total fixed assets	87,7	7,8				
Current receivables	5,9	38,2				
Cash and cash equivalents	0,0	0,0				
Total current assets	5,9	38,2				
TOTAL ASSETS	93,6	46,0				
Equity and liabilities						
Equity	31,9	35,0				
Long-term liabilities	60,9	10,7				
Current liabilities	0,8	0,3				
TOTAL EQUITY AND LIABILITIES	93,6	46,0				
CASH FLOW						
	30-jun	30-jun				
MEUR	2016	2015				
Operating profit	-0,4	-0,3				
Interest, paid, tax paid, adjustments	-1,8	0,1				
Changes in working capital	6,6	0,0				
Cash flow from operating activities	4,4	-0,2				
	0,0	0,0				
Net investments	0,0	0,0				
Cash flow after investing activities	4,4	-0,2				
Financing activities	-4,4	0,1				
Cash flow for the period	0,0	-0,1				
Cash at the start of the period	0,0	0,1				
Translation difference	0,0	0,0				
Cash at the end of the period	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 exceed the growth in the company's current markets through organic growth, as well as 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.

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.

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 475 (446) employee. Temporary staff accounts for 14 of the increase of 29.

OTHER EVENTS DURING FOURTH QUARTER

There is no significant other events to report in the quarter.

OTHER EVENTS AFTER THE FOURTH QUARTER

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

AUDIT

This report has not been reviewed by the auditors.

NEXT REPORT

Interim report Q3, 7th of November 2016

Year-end report period January – December, 14th of February 2017.

PHONE CONFERENCE

Invitation to presentation of the fourth quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 11th of August 2016 at 16:30 CET. The conference will be held in English. For more information please refer to

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



Hillerstorp 11-08-2016

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