

YEAR-END REPORT 2016

OCTOBER – DECEMBER 2016

- Order intake increased by 21 per cent, or 26 per cent adjusted for acquisition and currency.
- Sales increased 14 per cent to 31,9 (27,9) MEUR, or 19 per cent adjusted for acquisition and currency.
- Operating profit increased to 9,4 (6,6) MEUR. Redemption of bond has influenced the operating result positively in the period 0,6 (0,0) MEUR.
- Operating margin increased to 29,5 (23,7) per cent.
- Profit after tax increased to 6,4 (4,3) MEUR.
- Earnings per share was 0,32 (0,22) EUR.
- Acquisition of Folding Guard, one of the market leading businesses in the North American market.

JANUARY – DECEMBER 2016

- Order intake increased by 15 per cent, or 16 per cent adjusted for acquisition and currency.
- Sales increased 12 per cent to 115,8 (103,7) MEUR, or 13 per cent adjusted for acquisition and currency.
- Operating profit increased to 25,3 (22,4) MEUR. Result has been influenced by cost for starting up the new paint line and increased market investments.
- Operating margin increased to 21,8 (21,6) per cent.
- Profit after tax was 16,3 (13,7) MEUR.
- Earnings per share was 0,82 (0,69) EUR.
- The board suggest a dividend of 3,75 (3,00) SEK (Swedish Krona) per share

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	12 Months	12 Months
	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Order intake	32,9	27,3	119,6	104,4
Sales	31,9	27,9	115,8	103,7
Gross profit	14,0	12,3	48,8	44,6
Gross margin, %	43,9	44,1	42,1	43,0
Operating profit	9,4	6,6	25,3	22,4
Operating margin, %	29,5	23,7	21,8	21,6
Profit after tax	6,4	4,3	16,3	13,7
EBITDA, 1.)	10,4	7,2	28,0	24,6
EBITDA margin, %	32,6	25,8	24,2	23,7
Earnings per share after dilution in €	0,32	0,22	0,82	0,69
Closing rate SEK/EUR	9,57	9,14	9,57	9,14
Earnings per share after dilution in SEK. 2.)	3,06	1,96	7,80	6,26

1.) Figures are not including EBITDA from Folding Guard which Troax acquired end of December 2016.

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

CEO COMMENTS

During the fourth Quarter 2016, Troax showed an increased strength in the development of orders received. This increased by 21 per cent (26 per cent excluding currency and acquisitions). The development in Continental Europe and UK are especially positive. We have not seen any effect of Brexit in the UK so far. In the Nordic areas the finish of the year was strong. New Markets have seen an acceptable increase, albeit these markets still have relatively low absolute figures. At the year end, the order book remains on a good and healthy level.

One of the market leading producers on the American market, Folding Guard was acquired end of 2016.

Sales invoiced increased in the quarter by 14 per cent, compared with the same period last year (excluding acquisition and currency the increase is 19 per cent). The progress was positive in all markets. Totally, the Group has increased to an order intake level of approximately 119 MEUR on a rolling 12 months' basis, excluding Folding Guard in USA which was acquired in late December 2016. Folding Guard's turnover in 2016 was approximately 18 MEURO.

The result has improved during the quarter, mainly because of good sales volumes, but also due to the fact that the main extra costs for the new paint line in its inauguration phase are now over. The market investments are continuing according to plan.

The operating result therefore becomes 9,4 (6,6) MEUR, which corresponds to a profit margin of 29,5 per cent to be compared with 23,7 per cent last year. Redemption of bond has influenced the operating result positively in the period 0,6 (0,0) MEUR. The Net result has also developed in a positive way, and amounts to 6,4 MEUR for the quarter (4,3 MEUR).

The result per share, after the third quarter is 0,82 EURO to be compared with 0,69 EURO last year.

The Working Capital is on a similar level as last year. Work in Progress, has been reduced and is now at a normal level for the Group. We have continued with good cash generation during the quarter and the net debt is now 63,9 MEUR.

Thomas Widstrand, President and CEO

THE GROUP SUMMARY

OCTOBER - DECEMBER

Total Order intake increased during the fourth quarter. Order intake amounted to 32,9 (27,3) MEUR. During the period, order intake increased by 21 per cent, adjusted for acquisition and currency the increase was 26 per cent. All regions increased their order intake.

Net sales amounted to 31,9 (27,9) MEUR, an increase of 14 per cent, or 19 per cent adjusted for acquisitions and currency. All markets increased their net sales.

Operating result amounted to 9,4 (6,6) MEUR, corresponding to an operating margin of 29,5 (23,7) per cent. The increase in result is explained by higher sales volumes.

In December Troax acquired Folding Guard from an American investment company. The purchase price was 25,8 MUSD. Folding Guard is active on the American market, the turnover is approximately 18 MEUR with a lower profitability than Troax. The company is based in Chicago and has 115 employees.

JANUARY - DECEMBER

Total Order intake increased during the period. Order intake amounted to 119,6 (104,4) MEUR and was higher than sales. During the period, order intake increased by 15 per cent, adjusted for acquisition and currency the increase was 16 per cent. All markets increased their order intake.

Net sales amounted to 115,8 (103,7) MEUR, an increase of 12 per cent, or 13 per cent adjusted for acquisitions and currency. All markets increased their Net sales.

Adjusted operating result amounted to 25,3 (22,4) MEUR, corresponding to an operating margin of 21,8 (21,6) per cent.

FINANCIAL NET

The group financial net was -1,1 (-0,7) MEUR in the quarter.

TAXES

Taxes increased to 1,9 (1,6) MEUR in the quarter.

NET RESULT

Net result for the quarter amounted to 6,4 (4,3) MEUR. Mainly explained by higher sales and lower cost.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 7,0 (4,1) MEUR. Net debt was 63,9 (45,8) MEUR at the end of the period. Net debt to EBITDA (including EBITDA from the acquired company Folding Guard) was 2,1 to be compared with the company's financial targets of less than 2,5.

INVESTMENTS

In the quarter Troax invested 25,1 (0,7) MEUR. The increase is primarily due to the investment in the American business Folding Guard at the end of December 2016.

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		Diff	12 Months		Diff
	Oct-Dec 2016	Oct-Dec 2015		Jan-Dec 2016	Jan-Dec 2015	
Continental Europe	18,6	14,9	25%	65,5	56,2	17%
Nordic region	6,3	5,9	7%	21,4	20,9	2%
United Kingdom	5,4	4,0	35%	20,3	17,4	17%
New Markets	3,5	2,1	67%	13,5	9,5	42%
Total excl Currency and Acq.	33,8	26,9	26%	120,7	104,0	16%
Currency effect	-1,1	0,0	-4%	-2,8	0,0	-3%
Acquisitions	0,2	0,4	1%	1,7	0,4	2%
Total Order intake	32,9	27,3	21%	119,6	104,4	15%

Total Sales MEUR	3 Months		Diff	12 Months		Diff
	Oct-Dec 2016	Oct-Dec 2015		Jan-Dec 2016	Jan-Dec 2015	
Continental Europe	17,4	14,6	19%	63,4	56,0	13%
Nordic region	6,3	6,2	2%	20,9	20,5	2%
United Kingdom	5,3	4,2	26%	19,8	17,4	14%
New Markets	3,8	2,5	52%	12,8	9,4	36%
Total excl Currency and Acq.	32,8	27,5	19%	116,9	103,3	13%
Currency effect	-1,1	0,0	-4%	-2,8	0,0	-3%
Acquisitions	0,2	0,4	1%	1,7	0,4	2%
Total Sales	31,9	27,9	14%	115,8	103,7	12%

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 36 countries. In 2016 Troax net sales amounted to around 116 MEUR and the number of employees amounted to about 485 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
	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Sales	31,9	27,9	115,8	103,7
Cost of goods sold	-17,9	-15,6	-67,0	-59,1
Gross profit	14,0	12,3	48,8	44,6
Sales expenses	-4,0	-4,4	-18,0	-17,0
Administrative expenses	-1,8	-1,8	-6,5	-6,3
Other operating income and expenses	1,2	0,5	1,0	1,1
Operating profit	9,4	6,6	25,3	22,4
Financial income and expenses	-1,1	-0,7	-3,9	-4,1
Result after financial expenses	8,3	5,9	21,4	18,3
Taxes	-1,9	-1,6	-5,1	-4,6
Net result for the period	6,4	4,3	16,3	13,7
Earnings per share before dilution	0,32 €	0,22 €	0,82 €	0,88 €
Number of shares after dilution in thousands	20 000	20 000	20 000	15 510
Earnings per share after dilution	0,32 €	0,22 €	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
	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Net result for the period	6,4	4,3	16,3	13,7
Other comprehensive income:				
Items that may be reclassified to the income statement				
Translation differences	0,4	2,3	-3,8	2,9
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0
	0,4	2,3	-3,8	2,9
Items that will not be reclassified to the income statement				
Actuarial gains and losses on defined-benefit pension commitment	0,1	0,2	-0,1	0,2
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0
	0,1	0,2	-0,1	0,2
Other comprehensive income, net of tax	0,5	2,5	-3,9	3,1
Total comprehensive income for the period	6,9	6,8	12,4	16,8
EBITDA				
	9,4	6,6	25,3	22,4
Depreciations	1,0	0,6	2,7	2,2
EBITDA 1.)	10,4	7,2	28,0	24,6

1.) Figures are not including EBITDA from Folding Guard which Troax acquired end of December 2016.

STATEMENT OF FINANCIAL POSITION

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

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

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

CASH FLOW

MEUR	3 Months 2016 31-dec	3 Months 2015 31-dec	12 Months 2016 31-dec	12 Months 2015 31-dec
Operating profit	9,4	6,6	25,3	22,4
Interest received and paid, tax paid and adjustments	-1,9	0,3	-6,5	-4,5
Changes in working capital	-0,2	-2,8	-2,4	-4,6
Cash flow from operating activities	7,3	4,1	16,4	13,3
Net investments	-25,1	-0,7	-27,6	-5,7
Cash flow after investing activities	-17,8	3,4	-11,2	7,6
Financing activities	19,6	0,0	12,9	-10,0
Cash flow for the period	1,8	3,4	1,7	-2,4
Cash and cash equivalents at the start of the period	10,4	7,4	10,8	13,2
Translation difference in cash and cash equivalents	0,0	0,0	-0,3	0,0
Cash and cash equivalents at the end of the period	12,2	10,8	12,2	10,8

PARENT COMPANY - SUMMARY

INCOME STATEMENT	3 Months		12 Months	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
MEUR	2016	2015	2016	2015
Administrative expenses	-0,9	-0,4	-1,2	-0,2
Other operating income and expenses	1,8	0,3	1,6	0,3
Operating profit	0,9	-0,1	0,4	0,1
Financial income and expenses	-1,1	-0,8	-3,8	-3,8
Result after financial expenses	-0,2	-0,9	-3,4	-3,7
Year-end appropriations	7,6	9,2	7,6	9,2
Profit before tax	7,4	8,3	4,2	5,5
Taxes	-1,6	-1,8	-0,9	-1,2
Net result for the period	5,8	6,5	3,3	4,3

STATEMENT OF COMPREHENSIVE INCOME

Net result for the period	5,8	6,5	3,3	4,3
Other comprehensive income, net of tax	-5,8	-1,3	-6,6	0,0
Total comprehensive income for the period	0,0	5,2	-3,3	4,3

STATEMENT OF FINANCIAL POSITION

MEUR	31-dec		CASH FLOW		31-dec	
	2016	2015	MEUR	2016	2015	
Assets			Operating profit	0,4	0,1	
Financial fixes assets	87,7	87,7	Interest, paid, tax paid, adjustments	-3,8	-4,5	
Total fixed assets	87,7	87,7	Changes in working capital	-17,4	12,3	
Current receivables	29,6	12,5	Cash flow from operating activities	-20,8	7,9	
Cash and cash equivalents	0,0	0,0	Net investments	0,0	0,0	
Total current assets	29,6	12,5	Cash flow after investing activities	-20,8	7,9	
TOTAL ASSETS	117,3	100,2	Financing activities	20,8	-8,0	
Equity and liabilities			Cash flow for the period	0,0	-0,1	
Equity	37,4	40,7	Cash at the start of the period	0,0	0,1	
Untaxed reserv	1,3	0,0	Translation difference	0,0	0,0	
Long-term liabilities	76,9	57,5	Cash at the end of the period	0,0	0,0	
Current liabilities	1,7	2,0				
TOTAL EQUITY AND LIABILITIES	117,3	100,2				

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 2015 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 2015 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 485 (446) employees. Temporary staff accounts for 17 of the increase of 39. The acquired company Folding Guard will add another 115 employees to this figure, so in total the group have in total 600 employees.

OTHER EVENTS DURING THE QUARTER

At the end of December 2016, Troax acquired all shares in Folding Guard. Folding Guard will add market share and production in North America to the Troax Group. Chicago based Folding Guard's turnover in 2016 was approximately 18 MEUR. The acquisition will add approximately 14 MEUR in Intangible assets which were in the most part Goodwill. Deferred tax assets will increase with 7 MEUR due to the acquisition.

OTHER EVENTS AFTER THE QUARTER

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

AUDIT

This report has not been reviewed by the auditors.

NEXT REPORT

Annual report 2016, will be published on www.troax.com during week 16, 2017.

Interim report Q1, 10th of May 2017.

Interim report Q2, 16th of August 2017.

Interim report Q3, 6th of November 2017.

DIVIDEND

The board suggest a dividend of 3,75 SEK (Swedish Krona) per share to the owners (3,00 SEK last year). Total 75 MSEK. The dividend is 48% of the Net result in 2016. The proposed reconciliation date for the dividend is the 12th May 2017.

SHAREHOLDERS MEETING

The Annual General Meeting will be held at Troax in Hillerstorp on the 10th May 2017, at 15:00hrs. Shareholders who wish to add topics to be handled during the Shareholders Meeting can send their suggestions to the Chairman, Troax Group AB, attention "Topic for the Shareholders Meeting", Box 89, 330 33 Hillerstorp, Sweden.

The topics must arrive at least seven weeks prior to the meeting, and by the 22nd March 2017 at the latest, enabling them to be presented in the notice to the meeting. The complete notice to the shareholders meeting will be presented on the Troax website at the latest on 8th of April. Applications to attend the shareholders meeting can be made from 8th of April.

PHONE CONFERENCE

Invitation to presentation of the third quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 14th of February 2017 at 16:30 CET. The conference will be held in English. For more information, please refer to

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



Hillerstorp 14-02-2017

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This information is information that Troax Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 12:30 CET on 14th of February, 2017.

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