



Hillerstorp 14th of May 2019, 12:30 CET

TROAX GROUP: INTERIM REPORT JANUARY-MARCH 2019

JANUARY – MARCH

- Order intake decreased by 1 per cent to 39,7 (40,3) MEUR. Adjusted for currency the decrease was 1 per cent.
- Sales increased by 6 per cent to 39,1 (36,7) MEUR. Adjusted for currency the increase was 6 per cent.
- Operating profit decreased to 5,9 (6,5) MEUR.
- Operating margin decreased to 15,1 (17,1) per cent.
- Financial net was -0,3 (-0,3) MEUR.
- Profit after tax decreased to 4,3 (4,6) MEUR.
- Earnings per share after dilution decreased to 0,22 (0,23) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Jan-Dec 2017	Apr-Mar 2018/19
Order intake	39,7	40,3	165,0	152,0	164,4
Sales	39,1	36,7	161,0	152,1	163,4
Gross profit	14,5	14,7	63,6	60,0	63,4
Gross margin, %	37,1	40,1	39,5	39,4	38,8
Operating profit	5,9	6,5	32,8	30,6	32,2
Operating margin, %	15,1	17,7	20,4	20,1	19,7
Profit after tax	4,3	4,6	24,4	17,0	24,1
EBITDA	7,3	7,1	35,6	33,7	35,8
EBITDA margin, %	18,7	19,3	22,1	22,2	21,9
Net debt / EBITDA			1,3	1,6	
Earnings per share after dilution in €	0,22	0,23	1,22	0,85	1,21
Closing rate SEK/EUR	10,42	10,29	10,28	9,85	10,29
Earnings per share after dilution in SEK. 1.)	2,24	2,32	12,54	8,37	12,40

1) Only the 2019 numbers are impacted by IFRS 16 (0,7 MEUR in decreased leasing costs in the first quarter).

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

CEO COMMENTS

After a comparatively strong last quarter of 2018, the Group started slightly weaker in 2019. The first quarter had an order intake slightly lower than the previous year. Only the Nordic region grew in value. The market has been characterized by a sideways movement and has not increased during the quarter. Order intake remains at a high level, but with longer decision times from our customers. We have again received several important orders from customers in automation, warehousing and property but have during this quarter noted a lower activity on larger projects within warehouses, which has not previously been the case. Our assessment is that this lower activity is short-term and will increase again later in the year. The previously reported lower activity in the automotive industry has not changed during the first quarter. In terms of order intake, this is most pronounced in the North American operations, which during the first quarter had a significantly lower order volume from the automotive industry. We are still devoting a great deal of time and effort into the integration and improvement of our Folding Guard unit in Chicago. We can once again conclude that it takes longer than expected to change the culture and attitude towards customer requirements, but that we now see positive changes, and we can concentrate on increasing the efforts in marketing and sales. This has been manifested during the quarter in a new initiative and re-profiling of the brand and a clearly increased activity towards new and old customers. After the end of the period, an important trade fair was held in the USA where our concept and market orientation were well received by customers. We can also note that the quote level for the company is clearly better than the previous year at the end of the quarter, but that order intake and also earnings have still been weak. The market in the US has been good during the first quarter and we can see a good development for our sales under the Troax brand. Our



assessment is that during this quarter the market has been stable, possibly slightly declining in certain geographic markets. The indication is still that most customers have well-filled order books and the activity level has been high, but that, like the fourth quarter last year, market growth has levelled out to a continued high level. The development for the Group has been below the historical average and is not at a desired level. However, the order backlog at the end of the period remains at a good level.

During the fourth quarter of 2018, we started the production of Troax products in our factory in Chicago. This has been welcomed by many customers. We are also in the final phase of investing in a completely new mesh panel production line at the Group's main unit in Hillerstorp. This production line is now manufacturing and is expected to reach full speed during the second quarter of 2019.

Net sales increased by 6 percent in the quarter compared with the corresponding period last year. The development is positive especially in the UK and in the Nordic region. The result for the quarter is lower than in the previous year, as some increased price competition on certain parts of the Group's product range was noted. A certain negative product mix has also been noted, as several larger projects in the warehouse sector were invoiced during the period. We have increased sales and marketing costs according to plan, which together with the lower gross margin, resulted in a lower operating margin compared with the previous year. We still have good capacity utilization in our facilities in Hillerstorp, Sweden and Calco, Italy. During the period, a certain increase in inventories in the UK was made as a result of the uncertainty surrounding Brexit. In total for the Group, the operating margin was 15,1 per cent compared with 17,7 the previous year. The consolidation of Folding Guard continues to adversely affect the Group's operating margin. However, we still see good opportunities to increase the margin for Folding Guard in the long term. Net profit amounted to MEUR 4,3 for the quarter, compared to MEUR 4,6 last year. The decline is mainly attributable to lower operating profit. Earnings per share for the first quarter are EUR 0,22 compared with EUR 0,23 in the corresponding quarter of 2018. Working capital is at the expected level. The balance sheet item "tangible assets" has increased by approximately EUR 6,9 million due to reporting in accordance with IFRS 16. Cash flow during the quarter is lower than the same period in 2018, due to lower earnings and somewhat higher capital tied up in accounts receivable. Investments were charged EUR 1,5 million in cash flow in the quarter. The key figure for net borrowing in relation to EBITDA is now 1,2 which is clearly below the Group's target.

Thomas Widstrand, President and CEO

TELEPHONE CONFERENCE

Invitation to presentation of the first quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 14th of May 2019 at 17:00 CET. The conference will be held in English. For more information, please refer to <https://www.troax.com/en/news>.

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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 42 countries. In 2018 Troax net sales amounted to around 161 MEUR and the number of employees amounted to about 700 persons. The Company's head office is located in Hillerstorp, Sweden. www.troax.com