



Hillerstorp 26<sup>th</sup> of October 2021, 12:30 CET

## INTERIM REPORT JANUARY- SEPTEMBER 2021

### Continued strong development in the quarter

#### JULY - SEPTEMBER

- Order intake increased by 80 percent to 68,5 (38,1) MEUR. Adjusted for currency and acquisitions the increase was 47 percent compared with the same period last year.
- Sales increased by 56 percent to 65,5 (42,0) MEUR. Adjusted for currency and acquisitions, sales increased by 37 percent compared to the same period last year.
- Operating profit increased to 14,7 (9,3) MEUR.
- Operating margin increased to 22,4 (22,1) percent.
- Financial net was -0,3 (-0,2) MEUR.
- Profit after tax increased to 11,1 (6,9) MEUR.
- Earnings per share after dilution amounted to 0,19 (0,12) EUR.

#### JANUARY - SEPTEMBER

- Order intake increased by 68 percent to 202,3 (120,4) MEUR. Adjusted for currency and acquisitions the increase was 44 percent compared with the same period last year.
- Sales increased by 58 percent to 187,7 (118,7) MEUR. Adjusted for currency and acquisitions, sales increased by 40 percent compared to the same period last year.
- Operating profit increased to 41,1 (22,2\*) MEUR.
- Operating margin increased to 21,9 (18,7) percent.
- Financial net was -0,7 (-0,6) MEUR.
- Profit after tax increased to 31,1 (16,4) MEUR.
- Earnings per share after dilution amounted to 0,52 (0,27) EUR.

\* Operating profit in the second quarter 2020 contains government subsidies of 1,3 MEUR due to the Corona pandemic. The subsidies have been reported on the line "Other operating income and expenses".

### TROAX GROUP FIGURES

MEUR	3 Months	3 Months	9 Months	9 Months	12 months	12 months	12 months
	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Jan-Dec 2019	Oct-Sep 2020/2021
Order intake	68,5	38,1	202,3	120,4	178,4	168,1	260,3
Sales	65,5	42,0	187,7	118,7	163,6	168,0	232,6
Gross profit	24,5	17,3	71,6	46,3	64,2	67,1	89,5
Gross margin, %	37,4	41,2	38,1	39,0	39,2	39,9	38,5
Operating profit	14,7	9,3	41,1	22,2	30,8	32,9	49,7
Operating margin, %	22,4	22,1	21,9	18,7	18,8	19,6	21,4
Profit after tax	11,1	6,9	31,1	16,4	23,2	24,3	37,9
EBITDA 1)	17,0	11,1	48,2	27,6	38,5	38,9	59,1
EBITDA margin, % 1)	26,0	26,4	25,7	23,3	23,5	23,2	25,4
Net debt / EBITDA					1,4	1,3	
Earnings per share after dilution in EUR	0,19	0,12	0,52	0,27	0,39	0,41	0,63
Closing rate SEK/EUR	10,20	10,54	10,20	10,54	10,04	10,45	10,16
Earnings per share after dilution in SEK. 2)	1,89	1,21	5,29	2,88	3,88	4,23	6,42

1) EBITDA is impacted by IFRS 16 (approx. 0,8-1,0 MEUR per quarter in decreased leasing costs).

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



## CEO COMMENTS

Troax increased order intake by 47% organically during the quarter, which is indicative of the continuing strong increase in volume and activity we have been experiencing. Including our newly acquired company in Poland, the corresponding figure for the third quarter will be 80%. These figures include a positive price effect that can be estimated at about 8% for that quarter. Accumulated, the corresponding figures are 44% organic and 68% including acquisitions and currency. Here, the price effect can be estimated at about 5%. The activity in the quarter was again better than expected and is characterized by a continued strong order intake mainly from larger customers in automated warehouses (driven by the need for increased e-commerce solutions). It should be noted that the Group's dependence on these few major customers in automated warehouses has clearly increased over the past two years, due to the positive increase in sales volumes in this area. As in the previous quarter, we have noted some higher activity levels from the automotive sector, although this level can still be described as low, with the exception of activities in North America. In general, we would describe market demand as very strong, driven by a return to normal levels after Corona. We estimate that the previously noticeable effect of delays due to Corona is now fading and will not be noticeable for the rest of the year.

During the quarter, our production units had a very good utilization rate, driven by the strong order intake during the second and third quarters. This resulted in good coverage of fixed costs, which is also reflected in operating profit, despite a noticeable negative effect from price increases on steel, packaging materials and freight. We have, in consultation with our customers, raised prices to compensate for these increases as much as possible, but have continued a certain time lag. A continued increase in internal costs in the form of overtime and hiring of staff to cope with the volume increases has also been noted during the third quarter but is expected to decline to more 'normal' levels during the fourth quarter. During this quarter, Troax also experienced some negative impact on late deliveries of raw materials / components, which affected planning and efficiency, but we have largely succeeded in keeping customers indemnified for these delays.

Our new acquisition Natom Logistic in Poland also shows a continued positive development this quarter, both in terms of order intake and earnings. The new building in which we invested during the first half of the year is now starting to be ready to move into, at least in a first phase. Depending on how quickly the electricity supply can be secured, the move-in will be completely completed by the end of 2022 or during the first half of 2023. The integration work will continue with some lag, due to previous pandemic effects.

The gross margin has been positively affected by good capacity utilization and sales prices have, with some lag, continued to increase during the quarter. The lag in customer pricing is expected to pick up no later than the first quarter of next year. The costs are judged to be under control and together with the good sales volume, this means that Troax delivers an almost all-time high result in the quarter (the second quarter of this year was slightly higher).

Overall, this means that operating profit for the quarter amounted to 14,7 MEUR with a margin of approximately 22,4%. The corresponding figures for the same quarter last year were 9,3 MEUR and 22,1%. Accumulated operating profit amounts to 41,1 MEUR, which gives a margin of 21,9% compared with 18,7% the previous year. Net profit amounts to 11,1 MEUR for the quarter, compared with 6,9 MEUR the previous year. No major changes have taken place regarding the development of working capital compared with the previous year, except for the acquisition of our Polish company which was made during the fourth quarter of 2020. The inventory value is still somewhat high, but at present this is something that increases delivery security in our business. Net debt is still at a low level. At the beginning of the quarter, we acquired ABB's operations in aluminium protection. This business has now been integrated and deliveries to customers have begun on a smaller scale, towards the end of the quarter.

**Thomas Widstrand, President and CEO**



## TELEPHONE CONFERENCE

Invitation to presentation of the third quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 26th of October 2021 at 16:30 CET.

The conference will be held in English. For more information, please refer to

<https://www.troax.com/global/en/press>

### For additional information, please contact:

**Thomas Widstrand**

President and CEO

Troax Group AB

Box 89

SE-335 04 Hillerstorp

Tel +46 (0)370-828 31

[thomas.widstrand@troax.com](mailto:thomas.widstrand@troax.com)

*This information is information that Troax Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication, through the agency of the contact person set out above, at 12:30 CET on the 26th of October 2021.*

### 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 2020 Troax net sales amounted to around 164 MEUR and the number of employees amounted to about 975 persons. The Company's head office is located in Hillerstorp, Sweden. [www.troax.com](http://www.troax.com)*