



Hillerstorp 28th of October 2020, 12:30 CET

INTERIM REPORT JANUARY - SEPTEMBER 2020

JULY - SEPTEMBER

- Order intake decreased by 5 percent to 38,1 (40,0) MEUR. Adjusted for currency the decrease was 4 percent.
- Sales were unchanged and amounted to 42,0 (42,2) MEUR. Adjusted for currency sales were unchanged compared to the same period last year.
- Operating profit decreased to 9,3 (9,8) MEUR. Operating profit does not contain any government subsidies in the period due to the Corona pandemic.
- Operating margin decreased to 22,1 (23,2) percent.
- Financial net was -0,2 (-0,3) MEUR.
- Profit after tax decreased to 6,9 (7,3) MEUR.
- Earnings per share after dilution amounted to 0,12 (0,12) EUR.

JANUARY - SEPTEMBER

- Order intake decreased by 5 percent to 120,4 (126,3) MEUR. Adjusted for currency the decrease was 5 percent.
- Sales decreased organically by 4 percent to 118,7 (123,6) MEUR. Adjusted for currency the decrease was 4 percent.
- Operating profit decreased to 22,2 (24,2) MEUR. The operating profit includes government subsidies in the USA and the UK during the period at the amount of 1,3 MEUR related to the Corona pandemic. The subsidies have been reported on the line "Other operating income and expenses".
- Operating margin decreased to 18,7 (19,6) percent.
- Financial net was -0,6 (-0,7) MEUR.
- Profit after tax decreased to 16,4 (17,9) MEUR.
- Earnings per share after dilution amounted to 0,27 (0,30) EUR.

TROAX GROUP FIGURES

	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept	Jul-Sept	Jan-Sept	Jan-Sept	Jan-Dec	Jan-Dec	Oct-Sept
MEUR	2020	2019	2020	2019	2019	2018	2019/2020
Order intake	38,1	40,0	120,4	126,3	168,1	165,0	162,2
Sales	42,0	42,2	118,7	123,6	168,0	161,0	163,1
Gross profit	17,3	17,7	46,3	49,3	67,1	63,6	64,1
Gross margin, %	41,2	41,9	39,0	39,9	39,9	39,5	39,3
Operating profit	9,3	9,8	22,2	24,2	32,9	32,8	30,9
Operating margin, %	22,1	23,2	18,7	19,6	19,6	20,4	18,9
Profit after tax	6,9	7,3	16,4	17,9	24,3	24,4	22,8
EBITDA 1)	11,1	11,4	27,6	28,7	38,9	35,6	37,8
EBITDA margin, % 1)	26,4	27,0	23,3	23,2	23,2	22,1	23,2
Net debt / EBITDA					1,3	1,3	
Earnings per share after dilution in EUR 2)	0,12	0,12	0,27	0,30	0,41	0,41	0,38
Closing rate SEK/EUR	10,54	10,73	10,54	10,73	10,45	10,29	10,57
Earnings per share after dilution in SEK. 2,3)	1,21	1,31	2,88	3,20	4,23	4,18	4,02

1) The 2019 and 2020 numbers are impacted by IFRS 16 (0,7-0,8 MEUR per quarter in decreased leasing costs).

2) Earnings per share for all periods is calculated based on 60 000 000 shares after the split 3:1 on June 19th 2019

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



CEO COMMENTS

Troax reduced order intake by 5% during the quarter, which can be described as a good development compared to the conditions due to Covid. The quarter was less turbulent than expected and is characterized by a strong order intake mainly from larger customers in automated warehouse solutions driven by the need for increased e-commerce solutions. On the other hand, there was a continued weak demand from the automotive sector and a generally lower demand from small and medium-sized customers. We believe that there is a certain amount of catchup effect in the order intake for the third quarter, although this should not be exaggerated as several large orders were received during the period that are not considered to be affected by any Corona effects. On the positive side, market activity was acceptable throughout the quarter and fairly evenly distributed. Although the overall impression from the third quarter is clearly positive, we believe that we will lose some order intake during the fourth quarter compared with the previous year, as the market may still be described as weaker than 2019.

What seems to have been most negatively affected during the third quarter are smaller orders from small and medium-sized customers, where these customers probably have shorter order books compared with larger customers. As is well known, Troax is late in the business cycle but if we do not experience additional declines due to new closedowns of markets due to Corona restrictions, then we believe that the market has begun to stabilize at a lower level than before, but with continued good growth opportunities, especially in continued automation and e-commerce solutions.

During the quarter, with some exceptions, our production units had a good capacity utilization rate, which is also reflected in a stable operating profit for the period. It is particularly welcome that the development has been positive in North America, both from an efficiency point of view and results. Invoicing during the quarter was at the same level as last year, which is better than expected. Regionally, we have also had a good development in the Nordic region and in New markets, while Continental Europe and the UK show weaker figures. In summary, we believe that despite the decrease in order intake (-5% after 9 months 2020), we have continued to gain market share.

The latest investments in increased production capacity at our facilities in Sweden and Italy were mainly financially completed during the second quarter. The last part of the investment in new improved warehouse / logistics in the unit in Hillerstorp, has also entered its final phase and will be completed within the next few months.

The gross margin is positively affected by relatively good utilization in our production facilities and sales prices have been largely unaffected. The costs are again judged to be under control and continue to fall in the short term (no trade fairs, travel, etc.). However, continued investments in the area of digitization will continue as planned. Overall, this means that operating profit decreased by 0,5 MEUR, which in its entirety can be attributed to the positive foreign exchange gains we had during the third quarter of 2019, primarily due to a stronger USD. In total, operating profit was 9,3 MEUR compared with 9,8 MEUR the previous year. Expressed in operating margin, the figure was 22,1% this year compared to 23,2% the previous year. Net profit amounts to 6,9 MEUR for the quarter compared with 7,3 MEUR the previous year. No major changes have taken place regarding the development of working capital compared with the previous year. It should be noted that the dividend was paid to the shareholders during the third quarter of this year due to the postponed Annual General Meeting.

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 28th of October 2020 at 16:00 CET.

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

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



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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