



Press release

22 August 2019

(Interim report April - June 2019 is distributed as an appendix to this press release)

APRIL-JUNE 2019

- Net sales increased 15% to MSEK 246.7 (214.2).
- EBIT rose 5% to MSEK 24.0 (22.8).
- EBIT margin amounted to 9.7% (10.6).
- Net income was MSEK 18.4 (15.4).
- Earnings per share, before and after dilution, amounted to SEK 1.84 (1.54).

JANUARY-JUNE 2019

- Net sales increased 18% to MSEK 495.1 (421.2).
- EBIT rose 11% to MSEK 53.1 (47.9).
- Net income was MSEK 43.3 (34.5).
- Earnings per share, before and after dilution, amounted to SEK 4.33 (3.45).

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Patrik Andersson assumed the position of CEO for the Group on May 15.
- Orvar Hurtig was appointed as Head of Product Area *E-mobility*.

Patrik Andersson, President and CEO:

CONTINUED FAVORABLE PERFORMANCE

GARO continued to grow positively during the quarter, with sales growth of 15% to MSEK 246.7 (214.2) and 18% to MSEK 495.1 (421.2) for the first six months. Growth continues to be driven by robust expansion in E-mobility and also in our base Electrical distribution products while we are beginning to see signs of a slight slowdown in Temporary electric installations. During the quarter, growth in the Sweden business area was 13% and in Other markets 20%, while the corresponding figures for the six-month period were 15% and 22%, respectively.

EBIT for the quarter rose 5% to MSEK 24.0 (22.8), corresponding to an EBIT margin of 9.7% (10.6). In order to meet the rapidly growing demand within E-mobility, GARO made a number of investments during the quarter in the form of market activities and organizational reinforcements resulting in somewhat lower operating margins.

EBIT for the first six months rose 11% to MSEK 53.1 (47.9), corresponding to an EBIT margin of 10.7% (11.4). Adjusted for an item affecting comparability from the first quarter, EBIT was MSEK 56.2, corresponding to an EBIT margin of 11.4%, in line with the year-earlier period.

CONTINUED HIGH ACTIVITY IN E-MOBILITY

The E-mobility product area continues to demonstrate high activity and grew 62% during the second quarter. It is gratifying that growth was evenly distributed between Sweden and Other markets. The government has decided to reintroduce "Klimatklivet" and "Laddahemma" subsidies to support the construction of charging infrastructure for electric and chargeable hybrid cars. The programs, which are available for homes and semi-public chargers, opened up in the middle of July this year. We can see that interest in our products remains strong in all markets.

LAUNCHING NEW PRODUCTS

During the quarter, we launched two new products in the Temporary electric installations product area at the Elfack trade fair in Gothenburg: fan heaters and fans. With these launches, our product offering in the construction sector is complete. Both of these products are unique among their kind, since we used software to provide efficient energy use as a part of GARO's digitalization strategy.

During the quarter, we also launched a new cable and street light casing that will open up new markets in the Electrical distribution products and Project business product areas.

MARKET CONDITIONS

We see a strong trend for the *E-mobility* product area, with further expansion of the charging infrastructure in all markets. Demand for construction-related products in Sweden remains favorable but is expected to slow in 2019 in line with fewer construction starts. However, the important renovation sector has been deemed stable. The trend in other markets served by GARO is expected to remain favorable. All in all, GARO has a positive view of market conditions, mainly driven by the continued expansion of charging infrastructure.

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This information is such information that GARO aktiebolag is obligated to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was published by the abovementioned contact persons on August 22, 2019, at 07:30 CEST.

GARO develops, manufactures and supplies innovative products and systems for the electrical installations industry under its own brand. The company has operations in Sweden, Norway, Finland, Ireland and Poland, and the Group is organized in two business segments: GARO Sweden and GARO Other markets. GARO has a broad product assortment and is a market leader within several product areas. The Group had sales of MSEK 902 in 2018 and has appr 400 employees. Its head office is located in Gnosjö.

The business concept is "with a focus on innovation, sustainability and design, GARO provides profitable complete solutions for the electrical industry."