

YEAR-END REPORT 2020

(Year-end report January-December 2020 is distributed as an appendix to this press release)

OCTOBER – DECEMBER 2020

- Net sales amounted to MSEK 306.3 (277.8).
- EBIT amounted to MSEK 49.5 (35.9).
- EBIT margin amounted to 16.2% (12.9).
- Net income was MSEK 34.4 (24.6).
- Earnings per share¹ amounted to SEK 3.44 (2.46).

JANUARY – DECEMBER 2020

- Net sales amounted to MSEK 1,039.8 (1,008.1).
- EBIT amounted to MSEK 136.2 (112.6).
- EBIT margin amounted to 13.1% (11.2).
- Net income was MSEK 95.3 (85.7).
- Earnings per share¹ amounted to SEK 9.53 (8.57).
- The Board proposes a dividend of SEK 4.75 per share (0.00).

EVENTS AFTER THE END OF THE QUARTER

On January 1, 2021, GARO completed an incorporation of the E-mobility product area by transferring operations to the wholly-owned subsidiary GARO E-mobility AB. The purpose of the incorporation is to sharpen focus, intensify our development activities and further broaden and strengthen our offering to the market.

PATRIK ANDERSSON, PRESIDENT AND CEO: CONTINUED STRONG GROWTH IN E-MOBILITY

GARO strengthened its position in a year that was otherwise dominated by COVID-19 and its impact on employees, customers, suppliers and society at large. Net sales increased a total of 3% with healthy growth in the GARO Sweden business area and performance in line with the preceding year in the Other markets business area. The sales trend was primarily driven by our quickest growing product area: E-mobility. EBIT for the full-year increased 21% and the EBIT margin was 13.1% (11.2), for which GARO has benefited from increased volumes, improved production efficiency and strict cost control. Profit per share increased to SEK 9.53 (8.57) and the Board proposes a dividend of 4.75 per share.

¹) Earnings per share were not diluted, so earnings per share pertains to before and after dilution.



The fourth quarter a record quarter for GARO

As in previous years, GARO reported a seasonally strong fourth quarter. The fourth quarter was also a record-breaking quarter for sales and EBIT. During the fourth quarter, net sales rose 10% to MSEK 306.3. The market for construction-related product areas performed positively. Markets outside Sweden reported further recovery. Growth was driven by the product areas E-mobility and Electrical distribution products.

The EBIT margin for the quarter improved, due primarily to economies of scale from higher volumes and a favorable product mix compared with 2019. This, combined with general strict cost control, was the key reason for a stronger margin. EBIT for the quarter improved to MSEK 49.5 (35.9) and the EBIT margin amounted to 16.2% (12.9).

MARKET CONDITIONS

We assess that the core market conditions have essentially not changed aside from the pandemic, even though great uncertainty prevails in society in regard to the pandemic's long-term consequences on the economy. The market for charging infrastructure is growing structurally with rising numbers of rechargeable vehicles, and we see a continuing strong trend with further expansion of the charging infrastructure in all markets. Demand for construction-related products in Sweden combined with the important renovation sector is expected to remain stable. Housing construction has slowed down slightly from its peaks during the last few years but the production rate remains high and stable. The trend in other markets served by GARO, aside from the pandemic, is expected to be similar. All in all, GARO has a positive view of long-term market conditions, mainly driven by growth in charging infrastructure.

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