

Q3 2018  
PRESENTATION  
31 OCTOBER  
2018



# INTRODUCTION TO THE COMPANY

GARO develops and manufactures innovative products and turnkey solutions for the electric installation market

Operations in Sweden, Norway, Finland, Ireland, Northern Ireland and Poland

Two business areas: GARO Sweden and GARO Other markets

Broad product assortment and market leading within many product areas

HQ in Gnosjö, Sweden.

Production units: Gnosjö, Värnamo, Sweden and Szczecin, Poland

GARO AB employs 403 people in total.





# FINANCIAL SUMMARY

- Sales +16%
  - Mainly driven by EV-Charging and construction related areas in *Other markets*
- EBIT +35%
  - Sweden +26%
  - Other markets +54%
- Operating margin of 13.4% (11.5)
- Operating cash flow of MSEK 29.5 (8.5)



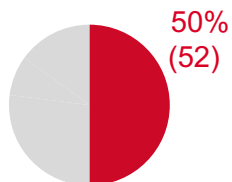
## OPERATIONAL HIGHLIGHTS

- EV Charging strong growth in all markets and of all charging products
  - Increasing demand for more advanced EV Chargers
  - Deliveries of high-power DC chargers to Volvos Cars' test operations
- Strong development in *Other markets*
  - Stronger market positions
  - Strengthened organisation
- Launch of several new products
  - EV Charging
  - Electrical installation
- Lower manufacturing costs and increasing productivity at our Polish factory

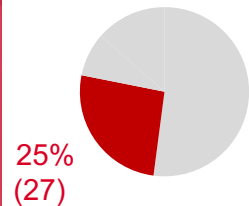


# PRODUCT AREAS

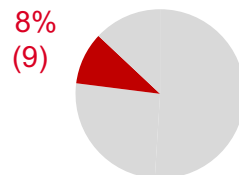
## ELECTRICAL DISTRIBUTION PRODUCTS



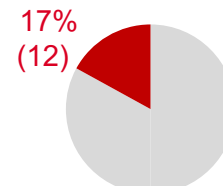
## PROJECT BUSINESS



## TEMPORARY POWER



## EV CHARGING



\*) % of sales January – September 2018

# FINANCIAL HIGHLIGHTS Q3

## Net sales +16%

- Organic growth 12% and currency effects of +3%

## EBIT margin amounted to 13.4% (11.5)

- Stronger gross margins due to price adjustments and scale benefits from higher volumes
- Lower manufacturing costs and higher productivity in our Polish plant. Third quarter last year negatively affected primarily by higher costs to maintain good service levels.

## Net income and EPS -2%

- Weaker net financial expenses as a result of revaluation of currency derivatives
- Net income was positively affected by MSEK 2.0 (7.0) from a deferred tax asset in Poland

MSEK	Q3 2018	Q3 2017	%	9M 2018	9M 2017	%	2017
Net sales	212.7	184.1	16	633.9	557.7	14	796.0
EBIT	28.5	21.1	35	76.4	67.2	14	98.1
<i>EBIT margin, %</i>	13.4	11.5	-	12.1	12.0	-	12.3
Net income	22.7	23.2	-2	57.2	59.6	-4	85.6
EPS, SEK	2.27	2.32	-2	5.72	5.96	-4	8.56

# GARO SWEDEN

## Net sales increased by 11%

- Market growth for installation products of c. 2% in the quarter
- Strong growth in EV Charging
- Modest growth in the construction related areas combined

## EBIT increased by 26%

- Higher gross margins and positive scale effects from higher volumes. Last year's operating margin was negatively affected by costs to secure good service levels

MSEK	Q3 2018	Q3 2017	%	9M 2018	9M 2017	%	2017
Net sales	138.3	124.9	11	419.2	380.2	10	543.7
EBIT	17.7	14.1	26	50.3	43.7	15	64.5
EBIT margin, %	12.8	11.3	-	12.0	11.5	-	11.9

# OTHER MARKETS

## Net sales increased by 26%

- Good development in all product areas and in all countries
- Good development in Norway in construction related areas and strong growth in EV charging. Strong growth in Ireland and a positive development in Finland. Increasing interest in EV Charging products in Ireland and Finland.
- Increasing productivity and lower manufacturing costs in the Polish operations. Steadily higher sales growth of EV Charging products also in Poland.

## EBIT increased by 54%

- Improved operating margins following strong growth in sales volumes

MSEK	Q3 2018	Q3 2017	%	9M 2018	9M 2017	%	2017
Net sales	74.4	59.2	26	214.7	177.5	21	252.3
EBIT	10.8	7.0	54	26.1	23.5	11	33.6
<i>EBIT margin, %</i>	14.5	11.8	-	12.2	13.2	-	13.3



# CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK 29.5 (8.5) in the quarter
  - Due to improved EBITDA and lower working capital requirements
- Cash flow from investing activities of MSEK 4.0 (18.5)
- Net debt at MSEK 67.3 (50.1) and net debt / EBITDA at 0.6x (0.5x)

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	2017
Cash flow from operating activities	29.5	8.5	45.8	36.2	51.5
Cash flow from investing activities	-4.0	-18.5	-16.9	-74.3	-95.1
Cash flow for the period	-3.0	-0.7	-23.2	-26.3	-13.2
Net working capital	178.9	147.3	178.9	147.3	157.6
NWC / sales (LTM), %	20.5	19.4	20.5	19.4	19.8
Net debt(+) / net cash (-)	67.3	50.1	67.3	50.1	56.1
Equity / assets ratio, %	51.1	47.8	51.1	47.8	47.3

# STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



## GARO'S VISION AND GOAL

Become the leading brand on  
its chosen markets



## OUTLOOK

Demand for construction-related products in Sweden remains at a high level. However, we have noted that the growth curve is leveling off, primarily due to the slight slowdown in the Stockholm area. Growth remains high for Other markets.

We see a strong performance in the EV charging product area and the continued expansion of charging infrastructure in all markets.

All in all, GARO continues to have a positive view of market conditions in 2018.

**GARO®**

**An innovative force**