

Q1 2019  
PRESENTATION  
15 MAY 2019



# 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 sites: Gnosjö, Värnamo, Sweden and Szczecin, Poland

GARO AB employs appr. 400 people in total.





# OPERATIONAL HIGHLIGHTS

- *E-Mobility* strong growth in all markets and of all charging products
  - Increasing demand in all countries
  - Several major projects have been finalized and follow-up orders from multiple customers
  - Delivery capacity has now reached stable levels
- Strong development in *Other markets*
  - Especially *E-Mobility* and *Electrical Distribution*
- Higher market presence
  - Strengthened sales organization
  - High participation in industry fairs in Northern Europe and UK.

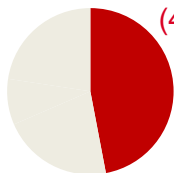


# PRODUCT AREAS

## ELECTRICAL DISTRIBUTION PRODUCTS



47%  
(49)



## E-MOBILITY



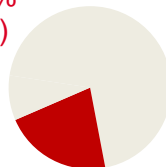
23%  
(15)



## PROJECT BUSINESS



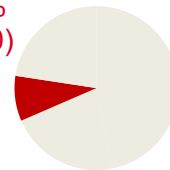
21%  
(26)



## TEMPORARY POWER



9%  
(10)



% of sales January – March 2019

# FINANCIAL HIGHLIGHTS – Q1

## Net sales +20%

- All organic growth

## EBIT margin amounted to 11.7% (12.1)

- 13.5% adjusted for a reservation of MSEK 4.0 related to the severance pay to the former CEO
- Stronger gross margins due to scale benefits from higher volumes and good cost control

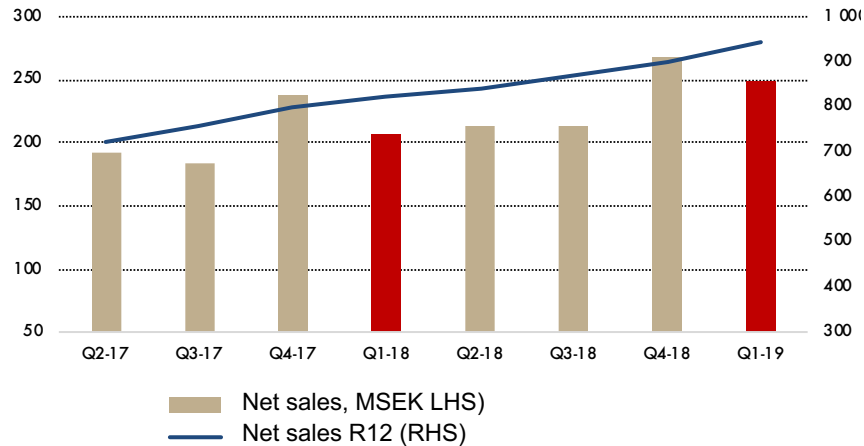
## Net income and EPS +30%

- Tax rate in Q1 was 18,7% (21,4)

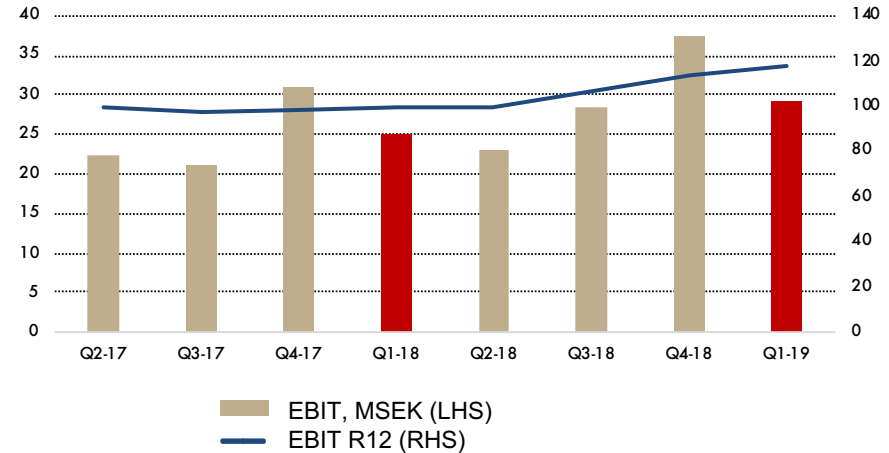
MSEK	Q1 2019	Q1 2018	%
Net sales	248.4	207.0	20
EBIT	29.2	25.1	16
<i>EBIT margin, %</i>	<i>11.7</i>	<i>12.1</i>	
Net income	24.8	19.1	30
EPS, SEK	2.48	1.91	30

# NET SALES AND EBIT DEVELOPMENT

## Net sales



## EBIT



# NET SALES BY PRODUCT AREA AND SEGMENT

- Electrical Distribution Products increased 12% in Segment *Sweden* and 19% in *Other markets*. Sales in *Sweden* in the same period last year was relatively weak as a result of the severe winter in Northern Europe by the end of the quarter.
- The *Project business* and *Temporary power* was stable
- *E-Mobility* growth of 109% in Sweden and 61% in Other markets

Product area	Segment Sweden		Segment Other markets	
	Jan – mar 19	Jan – mar 18	Jan – mar 19	Jan – mar 18
Electrical Distribution Products	62.6	56.1	54.1	45.6
Project Business	44.0	45.4	9.4	8.8
Temporary power	20.6	20.0	1.5	1.2
E-mobility	36.0	17.2	20.1	12.5
<b>Total</b>	<b>163.4</b>	<b>138.6</b>	<b>85.0</b>	<b>68.4</b>

# GARO SWEDEN

## Net sales increased by 18% in the quarter

- Market growth for installation products of approx 5% in the quarter
- Strong growth in *E-Mobility*
- Strong growth in *Electrical distribution products* partly related to a weak first quarter last year. Minor slowdown in the *Project business* and volatile development in *Temporary power*

## EBIT decreased by 5% in the quarter

- EBIT in line with 2018 when adjusted for a reservation of MSEK 4,0 (severance pay to former CEO)
- Higher gross margins due to positive scale effects from higher volumes

MSEK	Q1 2019	Q1 2018	%	R12	2018	%
Net sales	163.4	138.6	18	620.3	595.5	10
EBIT	16.3	17.3	-5	73.8	74.8	-1
<i>EBIT margin, %</i>	<i>10.0</i>	<i>12.5</i>	-	<i>11.9</i>	<i>12.5</i>	-



# OTHER MARKETS

## Net sales increased by 24% in the quarter

- Strong development in *E-Mobility* as well as construction related areas combined
- Good development in all countries
- Sales of charging infrastructure was strong in all countries

## EBIT increased by 70% in the quarter

- Improved operating margins following strong growth in sales volumes in the quarter

MSEK	Q1 2019	Q1 2018	%	R12	2018	%
Net sales	85.0	68.4	24	323.3	306.7	24
EBIT	12.9	7.6	70	44.4	39.1	14
<i>EBIT margin, %</i>	<i>15.1</i>	<i>11.1</i>	-	<i>13.7</i>	<i>12.7</i>	-

# CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK 9.2 (10.7) in the quarter
  - Higher EBITDA offset by higher working capital requirements
- Cash flow from investing activities of MSEK -6.6 (-7.8)
- Net debt at MSEK 44.6 (53.1) and net debt / EBITDA at 0.3x (0.5x)

MSEK	Q1 2019	Q1 2018	R12	2018
Cash flow from operating activities	9.2	10.7	72.5	73.9
Cash flow from investing activities	-6.6	-7.8	-20.8	-21.9
Cash flow for the period	-1.3	-8.2	-13.1	-19.9
Net working capital	204,9	170,6	189,9	184,9
NWC / sales (LTM), %	23,0	20,8	21,9	21,8
Net debt(+) / net cash (-)	44.6	53.1	44.6	45.7
Equity / assets ratio, %	54.4	51.4	54.4	52.4

# 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 is good but is expected to gradually slow down in 2019. However, the renovation sector has been deemed stable.

The trend in other markets served by GARO is expected to remain favorable.

We see a strong trend for the E-mobility product area, with continued expansion of the charging infrastructure in all markets.

All in all, GARO has a positive view of market conditions, mainly driven by the continued expansion of charging infrastructure.

**CARO®**

**An innovative force**