

Q2 2019
PRESENTATION
22 AUGUST 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.

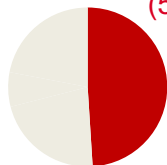


PRODUCT AREAS

ELECTRICAL DISTRIBUTION PRODUCTS



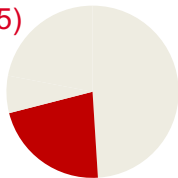
49%
(50)



E-MOBILITY



22%
(15)



PROJECT BUSINESS



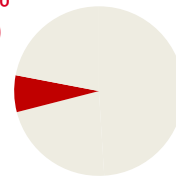
22%
(27)



TEMPORARY POWER



7%
(8)



% of sales January – June 2019



OPERATIONAL HIGHLIGHTS

- *E-Mobility and Electrical distribution products*
 - Strong growth in all markets
- Promising product launches
 - Portable heating- and drying fans
 - Cabel and street light casing
- Market presence
 - Investment in sales and marketing for E-mobility
 - High participation in fairs, for example the world's largest industrial fair in Hannover and Elfack in Gothenburg

FINANCIAL HIGHLIGHTS – Q2

Net sales +15%

- All organic growth

EBIT margin amounted to 9.7% (10.6)

- Stable gross margins
- Investment in market presence and sales organisation within E-mobility

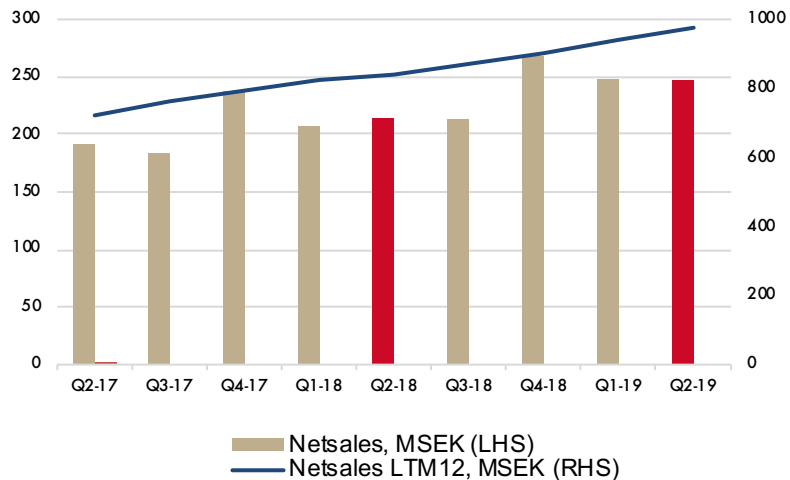
Net income and EPS +20%

- Tax rate in Q2 was 20.4% (21.4)

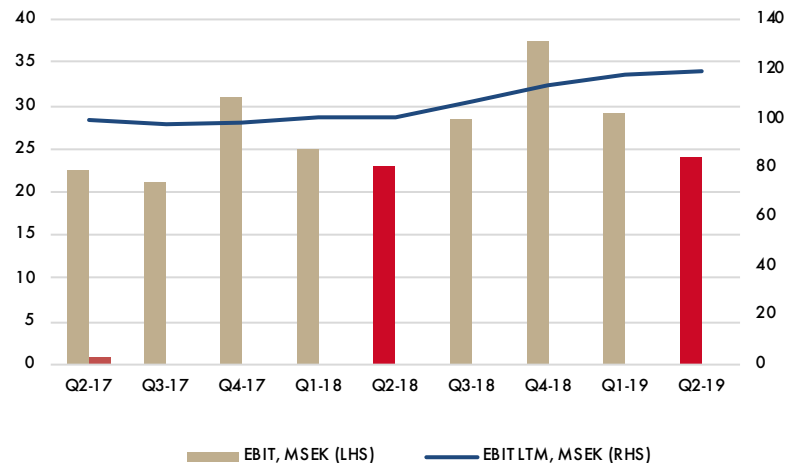
MSEK	Q2 2019	Q2 2018	%	H1 2019	H1 2018	%	2018
Net sales	246.7	214.2	15	495.1	421.2	18	903.7
EBIT	24.0	22.8	5	53.1	47.9	11	113.8
<i>EBIT margin, %</i>	9.7	10.6		10.7	11.4		12.6
Net income	18.4	15.4	20	43.3	34.5	25	82.7
EPS, SEK	1.84	1.54	20	4.33	3.45	25	8.27

NET SALES AND EBIT DEVELOPMENT

Netsales



EBIT



NET SALES BY PRODUCT AREA AND SEGMENT

- Electrical Distribution Products increased 17% in Segment *Sweden* and 14% in *Other markets*.
- Lower Group sales in *Project business* (-3%) and *Temporary power* (-24%)
- *E-Mobility* growth of 60% in Sweden and 61% in Other markets

Product area	Segment Sweden		Segment Other markets	
	Apr – jun 19	Apr - jun18	Aprl – jun 19	Apr – jun 18
Electrical Distribution Products	70.8	60.3	54.5	47.6
Project Business	46.0	48.3	9.9	9.6
Temporary power	10.1	12.8	0.9	1.7
E-mobility	33.5	20.9	21.0	13.0
Total	160.4	142.3	86.3	71,9

GARO SWEDEN

Net sales increased by 13% in the quarter

- Market growth for electrical distribution products of appr. 3% in the quarter
- Strong quarter for *Electrical distribution products* while *Temporary power* is showing signs of a slowdown.
- Continued good development in *E-Mobility*.
- The initiative from the authorities to further boost demand for home-chargers and semi-fast chargers through subsidies was implemented in middle of July

EBIT decreased by 2% in the quarter

- Investment in higher market presence and sales organisation within E-mobility

MSEK	Q2 2019	Q2 2018	%	H1 2019	H1 2018	R12	2018
Net sales	160.4	142.3	13	323.8	280.9	638.4	595.5
EBIT	14.8	15.1	-2	31.1	32.7	73.2	74.8
EBIT margin, %	9.2	10.6	-	9.6	11.6	11.5	12.5

OTHER MARKETS

Net sales increased by 20% in the quarter

- Strong development in *E-Mobility*. Stable growth in *Electrical distribution products* while sales in *Temporary power* and *Project* were lower than in the same period last year
- Good overall development in all countries
- Sales of charging infrastructure is growing fast in all countries

EBIT increased by 19% in the quarter

- Operating margins in line with same period last year

MSEK	Q2 2019	Q2 2018	%	H1 2019	H1 2018	R12	2018
Net sales	86.3	71.9	20	171.4	140.3	337.8	306.7
EBIT	9.2	7.7	19	22.1	15.3	45.9	39.1
<i>EBIT margin, %</i>	<i>10.6</i>	<i>10.7</i>	-	<i>12.9</i>	<i>10.9</i>	<i>13.6</i>	<i>12.7</i>

CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK 23.3 (5.6) in the quarter
 - Higher EBITDA in combination with a lower increase in working capital compared to last year
- Cash flow from investing activities of MSEK -7.8 (-5.1)
- Net debt at MSEK 102.3 (92.9) and net debt / EBITDA at 0.7x (0.8x)

MSEK	Q2 2019	Q2 2018	H1 2019	H1 2018	R12	2018
Cash flow from operating activities	23.3	5.6	32.5	16.3	90.1	73.9
Cash flow from investing activities	-7.8	-5.1	-14.4	-12.9	-23.5	-21.9
Cash flow for the period	-0.7	-12.0	-1.9	-20.2	-1.6	-19.9
Net working capital	188,0	184,9	195,1	184,9	192,4	184.9
NWC / sales (LTM), %	20,3	21,9	21,1	21,9	21,7	21.8
Net debt(+) / net cash (-)	102.3	92.9	102.3	92.9	102.3	45.7
Equity / assets ratio, %	46.9	47.1	46.9	47.1	46.9	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 remains favorable but is expected to slow in 2019 in line with fewer construction starts. 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 further 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.

GARO®

An innovative force