

Q3 2019
PRESENTATION
7 NOVEMBER
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.

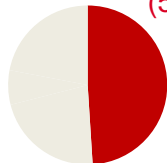


PRODUCT AREAS

ELECTRICAL DISTRIBUTION PRODUCTS



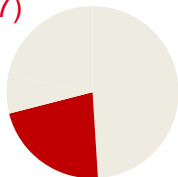
49%
(50)



E-MOBILITY



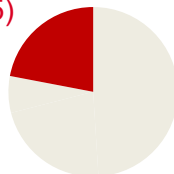
22%
(17)



PROJECT BUSINESS



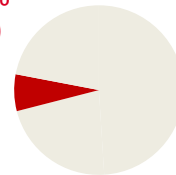
22%
(25)



TEMPORARY POWER



7%
(8)



% of sales January – September 2019



OPERATIONAL HIGHLIGHTS

- Strong growth in *Electrical distribution products*
- *E-mobility* continued to expand
 - The growth was driven mainly in Other markets
 - Subsidies for chargers were reinstated in Sweden with later registration periods than last year, which temporarily dampened demand
- Market presence
 - Investment in sales and marketing for E-mobility
- Agreement with Vattenfall for delivery of charging boxes in Europe



Vattenfall

Agreement. GARO to supply its smart charger GLB+ to the strategically important markets:

- Norway
- Netherlands
- Great Britain
- Sweden

By connecting to Vattenfall's "InCharge" enables payment, remote control and operational monitoring for multi-family housing, workplaces and public environments.

Almedalen 2019

- High presence with hotspots in Visby, Gotland
- Collaboration with Volvo Cars showing GARO's public chargers and Volvo's chargeable hybrid vehicle





Cooperation agreement with OKQ8

Three-year agreement. Provides access for OKQ8 in Sweden and Denmark for the full GARO range of charging products;

- Wallbox
- Public chargers

Possibility to extend the collaboration to other countries in Europe where OKQ8 operates.



Fans and heaters

- Unique in its kind
- Integrating software giving remote control
- Effective energy usage
- Part of the digitalisation within GARO

FINANCIAL HIGHLIGHTS – Q3

Net sales +11%

- All organic growth

EBIT margin amounted to 10,1% (13.4)

- Lower gross margin as a result of unfavourable product mix and currency effect
- Continuing investment in market presence and sales organisation within E-mobility

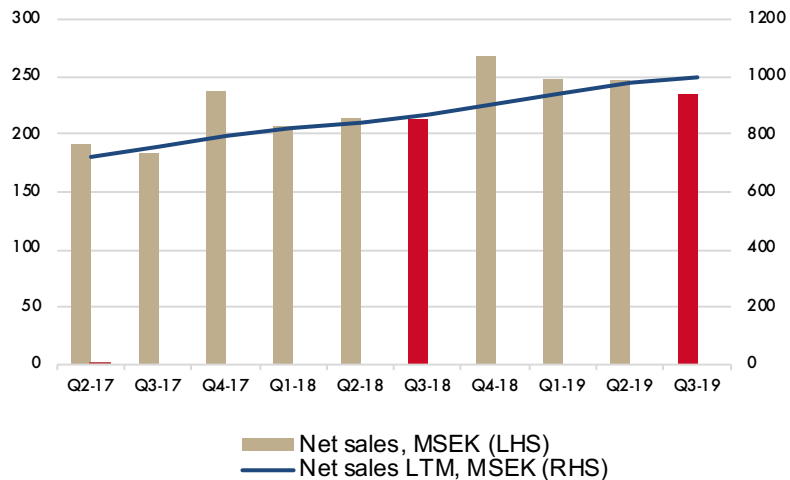
Net income and EPS -21%

- Tax rate in Q3 was 21,5% (17.8)

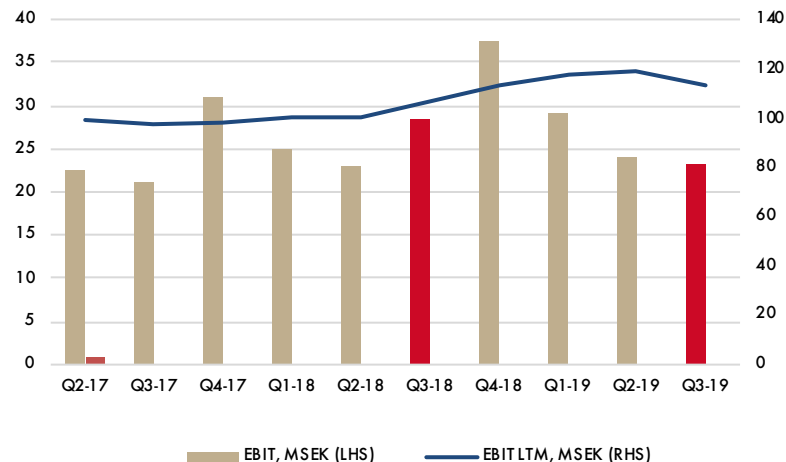
MSEK	Q3 2019	Q3 2018	%	Jan-sep 2019	Jan-sep 2018	%	2018
Net sales	235.3	212.7	11	730.3	633.9	15	903.7
EBIT	23.6	28.4	-17	76.8	76.4	-	113.8
<i>EBIT margin,%</i>	<i>10.1</i>	<i>13.4</i>		<i>10.6</i>	<i>12.0</i>		<i>12.6</i>
Net income	17.9	22.7	-21	61.2	57.2	6	82.7
EPS, SEK	1.79	2.27	-21	6.12	5.72	6	8.27

NET SALES AND EBIT DEVELOPMENT

Net sales



EBIT



NET SALES BY PRODUCT AREA AND SEGMENT

- *Electrical Distribution Products* increased 16% in Segment Sweden and 4% in Other markets.
- *Project Business* grew with 13% in Sweden while Other markets decreased with 13%
- Lower Group sales in *Temporary power* (-17%)
- *E-Mobility* growth of 14% in Sweden and 51% in Other markets

Product area	Segment Sweden		Segment Other markets	
	Jul – sep 19	jul-sep 18	Jul – sep 19	Jul– sep 18
Electrical Distribution Products	69.4	60.0	51.5	49.5
Project Business	40.1	35.6	8.4	9.7
Temporary power	13.3	15.6	1.0	1.6
E-mobility	30.9	27.1	20.6	13.6
Total	153.7	138.3	81.5	74.4

GARO SWEDEN

Net sales increased by 11% in the quarter

- Market growth for electrical distribution products of appr. 16% in the quarter
- Strong quarter for *Electrical distribution products* and *Project* while *Temporary power* still was weak
- Continued good development in *E-Mobility*.
- An initiative from the authorities to further boost demand for home-chargers and semi-fast chargers through subsidies was implemented in July

EBIT decreased by 15% in the quarter

- Lower gross margin as a result of unfavourable product mix and currency effects
- Investment in higher market presence and sales organisation within E-mobility

MSEK	Q3 2019	Q3 2018	%	Jan- sep 2019	Jan- sep 2018	%	2018
Net sales	153.7	138.3	11	477.5	419.2	14	595.5
EBIT	14.9	17.6	-15	46.0	50.3	-9	74.8
EBIT margin, %	9.7	12.7	-	9.7	12.0	-	12.5

OTHER MARKETS

Net sales increased by 10% in the quarter

- Stable growth in *Electrical distribution products* while sales in *Temporary power* and *Project* decreased compared to the same period last year
- Strong growth in *E-mobility* in all countries, albeit from relatively low volumes, with the exception of Norway
- Sales of charging infrastructure is growing fast in all countries

EBIT decreased by -19% in the quarter

- Increased market activities, relocation to new premises and organisational reinforcements within E-Mobility had a negative effect on profitability

MSEK.0	Q3 2019	Q3 2018	%	9M 2019	9M 2018	%	2018
Net sales	81.5	74.4	10	252,8	214.7	18	306.7
EBIT	8.7	10.8	-19	30.8	26.1	-18	39.1
<i>EBIT margin, %</i>	<i>10.7</i>	<i>14.5</i>	-	<i>12.2</i>	<i>12.2</i>	-	<i>12.7</i>

CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK 15.3 (29.5) in the quarter
 - Lower EBITDA in combination with a higher need of working capital compared to last year
- Cash flow from investing activities of MSEK -10.8 (-4.0)
- Net debt at MSEK 94.5 (67.3) and net debt / EBITDA at 0.7x (0.6x)

MSEK	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Cash flow from operating activities	15.3	29.5	47.8	45.8	73.9
Cash flow from investing activities	-10.8	-4.0	-25.2	-16.9	-21.9
Cash flow for the period	0.6	-3.0	-1.2	-23.2	-19.9
Net working capital	214.2	184,9	214,2	184,9	184.9
NWC / sales (LTM), %	22.8	21,7	22,8	21,7	21.8
Net debt(+) / net cash (-)	94.5	67.3	94.5	67.3	45.7
Equity / assets ratio, %	50.6	51.1	50.6	51.1	52.4

STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



GARO'S VISION AND GOAL

Become the leading brand on
its chosen markets



OUTLOOK

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 2020 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.

GARO®

An innovative force