

Q4 2019
PRESENTATION
18 FEBRUARI
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, Poland and UK
- 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. 420 people in total.

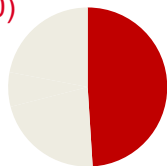


PRODUCT AREAS

ELECTRICAL DISTRIBUTION PRODUCTS



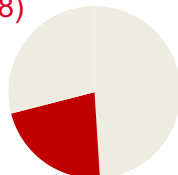
49%
(50)



E-MOBILITY



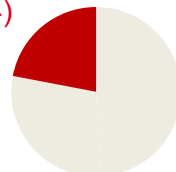
23%
(18)



PROJECT BUSINESS



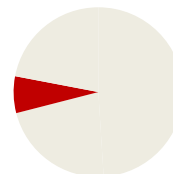
21%
(24)



TEMPORARY POWER



7%
(8)



% of sales January – December 2019



OPERATIONAL HIGHLIGHTS 2019

- Solid growth and market share gains in Electrical distribution products
- E-mobility continued to expand in all markets and of all charging products
- Increased investments in sales and marketing
- New subsidiary in UK
- Agreements signed with OKQ8 and Vattenfall for delivery of charging boxes in Europe



FINANCIAL SUMMARY

Fourth quarter 2019

- Sales +4% mainly as a result of growth in E-mobility
- Lower operating margin, 12.9% (14.0), as a result of market initiatives mainly within E-mobility as well as costs for establishing the UK subsidiary

Full year 2019

- Sales +12% to MSEK 1,008.1
- Operating margin 11.2% (12.6)
- CF from operating activities 114.7 (72.7)
- Proposed dividend per share SEK 4.20 (4.00)

PRODUCT LAUNCHES

- Portable heating - and drying fans
- Cable cabinet
- Wallbox with two outlets - Twin



G-CLOUD

- A subscription based software solution for apartment buildings and workplaces
- Measuring individual and total energy consumption





GARO FAST CHARGER

- DC-charger 50kW
- Developed in-house
- Design
- Can charge all type of cars
- User-friendly - simple touch screen
- The casing is made of environmental friendly material

FINANCIAL HIGHLIGHTS

Net sales +4% in the quarter and +12% in 2019

- All organic growth

Lower EBIT margins

- Lower margins as a result of market activities mainly within E-mobility, and costs for new UK subsidiary.

EPS +4% in 2019

- The net income for 2019 increased partly as a result of a stronger financial net

MSEK	Q4 2019	Q4 2018	%	2019	2018	%
Net sales	277.8	268.4	4	1,008.1	903,7	12
EBIT	35.9	37.5	-4	112.6	113.8	-
<i>EBIT margin,%</i>	12.9	14.0		11.2	12.6	
Net income	24.6	25.5	-4	85.7	82.7	4
EPS, SEK	2.46	2.55	-4	8.57	8.27	4

NET SALES BY PRODUCT AREA

- Electrical Distribution Products increased strongly in 2019 but had a weaker fourth quarter
- Project Business had a stable development in 2019 and in the fourth quarter
- Temporary power decreased sales in the full year but grew slightly in the fourth quarter
- E-Mobility increased by 43% in 2019 and 21% in the fourth quarter.

Product area	Group		Group	
	Q4 2019	Q4 2018	FY 2019	FY 2018
Electrical Distribution Products	127.3	131.9	490.4	452,9
Project Business	56.3	55.8	214.1	213.0
Temporary power	23.1	21.9	70.7	74.6
E-mobility	71.1	58.9	233.0	163.2
Total	277.8	268.4	1,008.1	903,7

Net sales increased by 6% in the quarter and by 11% in 2019

- Market growth for electrical distribution products was slightly down in the fourth quarter while +3% for 2019
- Market share gains within electrical distribution products during the year.
- Continued good development in E-Mobility with a growth of 30% in the fourth quarter and 45% growth in 2019
- Sales within E-Mobility driven by charging solutions for homes, workplaces and public charging encompassing wall-boxes and charging posts.

EBIT decreased by 3% in the quarter and by 7% in 2019

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

MSEK	Q4 2019	Q4 2018	%	FY 2019	FY 2018	%
Net sales	187.7	176.4	6	665.2	596,8	11
	23.8	24.5	-3	69.8	74.7	-7
<i>EBIT margin, %</i>	12.7	13.9	-	10.5	12.5	-

OTHER MARKETS

Net sales decreased by 2% in the quarter and increased by 12% in 2019

- Solid growth within Electrical distribution products in 2019 while sales in Temporary power and Project decreased somewhat compared to last year
- Strong growth in E-mobility in all countries, albeit from relatively low volumes, with the exception of Norway
- Less number of DC chargers sold compared to fourth quarter 2018
- Sales of charging infrastructure is growing fast in all countries

EBIT decreased by 7% in the quarter and increased by 10% in 2019

- The lower EBIT in the quarter was mainly the result of costs related to the opening of a local subsidiary in the UK

MSEK	Q4 2019	Q4 2018	%	FY 2019	FY 2018	%
Net sales	90.1	92.0	-2	343.0	306.7	12
EBIT	12.1	13.0	-7	42.9	39.1	10
EBIT margin, %	13.4	14.1	-	12.5	12.7	-

CASH FLOW AND BALANCE SHEET 2019

- Cash flow from operating activities of MSEK 114,7 (72,7) for 2019
 - Stable EBITDA in combination with a lower need of working capital compared to last year
- Cash flow from investing activities of MSEK -32,2 (21,9) for 2019, whereof 15,0 MSEK related to product development
- Net debt at MSEK 45.6 (45.7) and Equity/asset ratio was 52,2 (52,4)

MSEK	Q4 2019	Q4 2018	FY 2019	FY 2018
Cash flow from operating activities	66.9	26.8	114.7	72.7
Cash flow from investing activities	-7.6	-5.0	-32.7	-21.9
Cash flow for the period	33.5	3.3	32.2	-19.9
Net debt(+) / net cash (-)	45.6	45.7	45.6	45.7
Equity / assets ratio, %	52.2	52.4	52.2	52.4

STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



GARO'S VISION AND GOAL

Become the leading brand on
its chosen markets



OUTLOOK

In the market for E-mobility we see a strong trend 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