

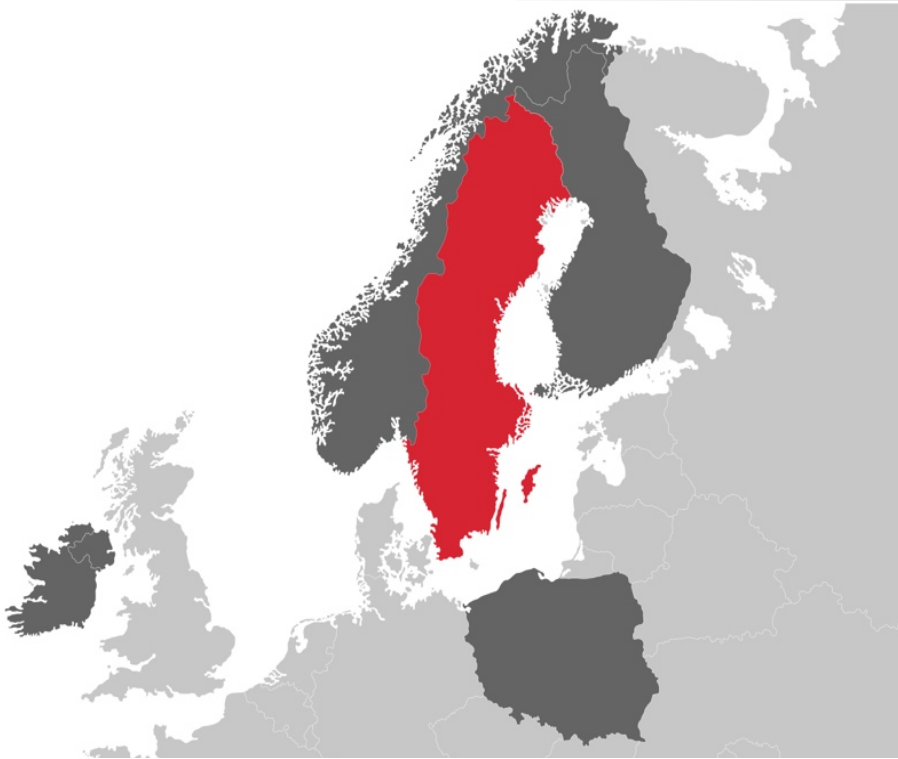


En nytänkande kraft

Q1 2018  
PRESENTATION  
2 MAY 2018



# INTRODUCTION TO THE COMPANY

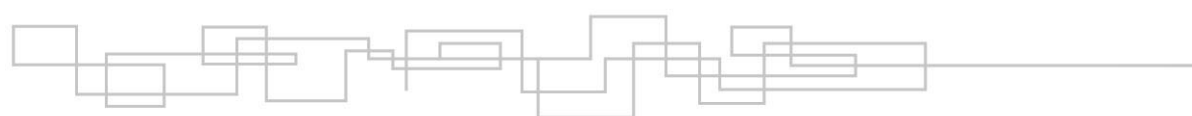


- GARO develops and manufactures innovative products and turnkey solutions for the electric installation market
- Operations in Sweden, Norway, Finland, Ireland, Northern Ireland and Poland
- Two business areas: GARO Sweden and GARO Other markets
- Broad product assortment and market leading within many product areas
- HQ in Gnosjö, Sweden and employs 394 people
- Production units: Gnosjö, Värnamo, Sweden and Szczecin, Poland



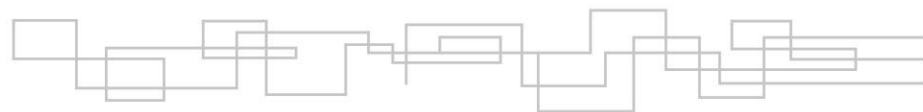
# FINANCIAL SUMMARY

- **Sales +14%**
  - Healthy development in *Sweden* and *Other markets*
  - Sales negatively affected by unusually cold weather in March and an early Easter
- **EBIT +6%**
  - *Sweden* +8%
  - *Other markets* +3%
- **Operating margin of 12.1% (13.0)**
  - Temporary lower productivity in Poland



# OPERATIONAL HIGHLIGHTS

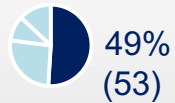
- Good development in all product categories
  - Strong growth in EV Charging and Temporary Power
- Focus on training staff and expanding production in Poland
- Project business: Emedius AB fully integrated in the project business.
- Finland: New MD and strengthened organization
- Outlook: Continued high activity in the construction market in Sweden despite signs of a certain slow down in number of housing starts. Positive view on the market conditions in the other markets



# PRESENTATION OF THE COMPANY PRODUCT AREAS



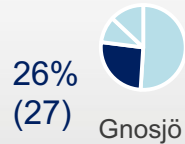
Electrical distribution  
products



Gnosjö  
Szczecin



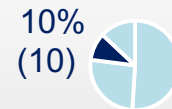
Project business



Gnosjö



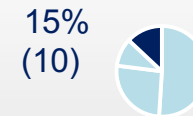
Temporary power



Värnamo  
Szczecin



EV charging



Gnosjö  
Szczecin

# FINANCIAL HIGHLIGHTS Q1

- **Net sales +14%, of which organic growth +13%**
  - Acquisition of Emedius now fully integrated
  - Acquisition of Web-EI contributed with 1 pp to growth
- **EBIT margin amounted to 12.1% (13.0)**
  - Increased costs in Poland related to the expansion of production
  - Further investments in market- and product development

MSEK	Q1 2018	Q1 2017	Change, %
Net sales	207.0	181.6	14
EBIT	25.1	23.6	6
<i>EBIT margin, %</i>	<i>12.1</i>	<i>13.0</i>	-
Net income	19.1	18.5	3
EPS, SEK	1.91	1.85	3



# GARO SWEDEN

- **Net sales increased by 14%**
  - Market growth for installation products of c. 2% in the quarter
  - Healthy growth in all product areas
  - EV Charging continues to expand. In 18 months the number of rechargeable cars has doubled, now over 50,000 rechargeable cars in Sweden ([www.elbilsstatistik.se](http://www.elbilsstatistik.se))
- **EBIT increased by 8%**
  - A prolonged and relatively severe winter and an early Easter compared with last year led to a lower activity in the market

MSEK	Q1 2018	Q1 2017	Change, %	R12	2017
Net sales	138.6	121.8	14	560.5	543.7
EBIT	17.5	16.2	8	65.8	64.5
EBIT margin, %	12.6	13.3	-	11.7	11.9

# OTHER MARKETS

- **Net sales increased by 14%**
  - Construction related product areas in general and especially within EV charging had good volume growth
  - Strong growth in Norway in construction related areas and good development in EV charging
  - Good growth in Ireland as well as in Finland. Increased production and sales in Poland but at reduced productivity
- **EBIT increased by 3%**
  - Lower operating margins mainly as a result of costs for ramping up production in Poland

MSEK	Q1 2018	Q1 2017	Change, %	R12	2017
Net sales	68.4	59.8	14	260.9	252.3
EBIT	7.6	7.4	3	33.8	33.6
EBIT margin, %	11.1	12.4	-	13.0	13.3



# CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK 10.7 (15.2) in the quarter  
➤ Due to an increase in net working capital, mainly higher inventories
- Cash flow from investing activities of MSEK -7.8 (-47.4)
- Net debt at MSEK 53.1 (15.1) and net debt / EBITDA at 0.5x (0.1x)

MSEK	Q1 2018	Q1 2017	R12	2017
Cash flow from operating activities	10.7	15.2	47.0	51.5
Cash flow from investing activities	-7.8	-47.4	-55.5	-95.1
Cash flow for the period	-8.2	-17.5	-3.9	-13.2
Net working capital	170.6	127.1	170.6	157.6
NWC / sales (LTM), %	20.8	18.4	20.8	19.8
Net debt(+) / net cash (-)	53.1	15.1	53.1	56.1
Equity / assets ratio, %	51.4	50.8	51.4	47.3

# STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



# SUMMARY

- Continued good expansion in *Sweden* and *Other markets*
- Lower operating margin due to:
  - costs related to expansion of production in Poland
  - further investments in market and product development
- Positive outlook for 2018: Continued good construction market in *Sweden* and high activity in *Other markets*. Continued development of EV-charging infrastructure.







# GARO®

An innovative force