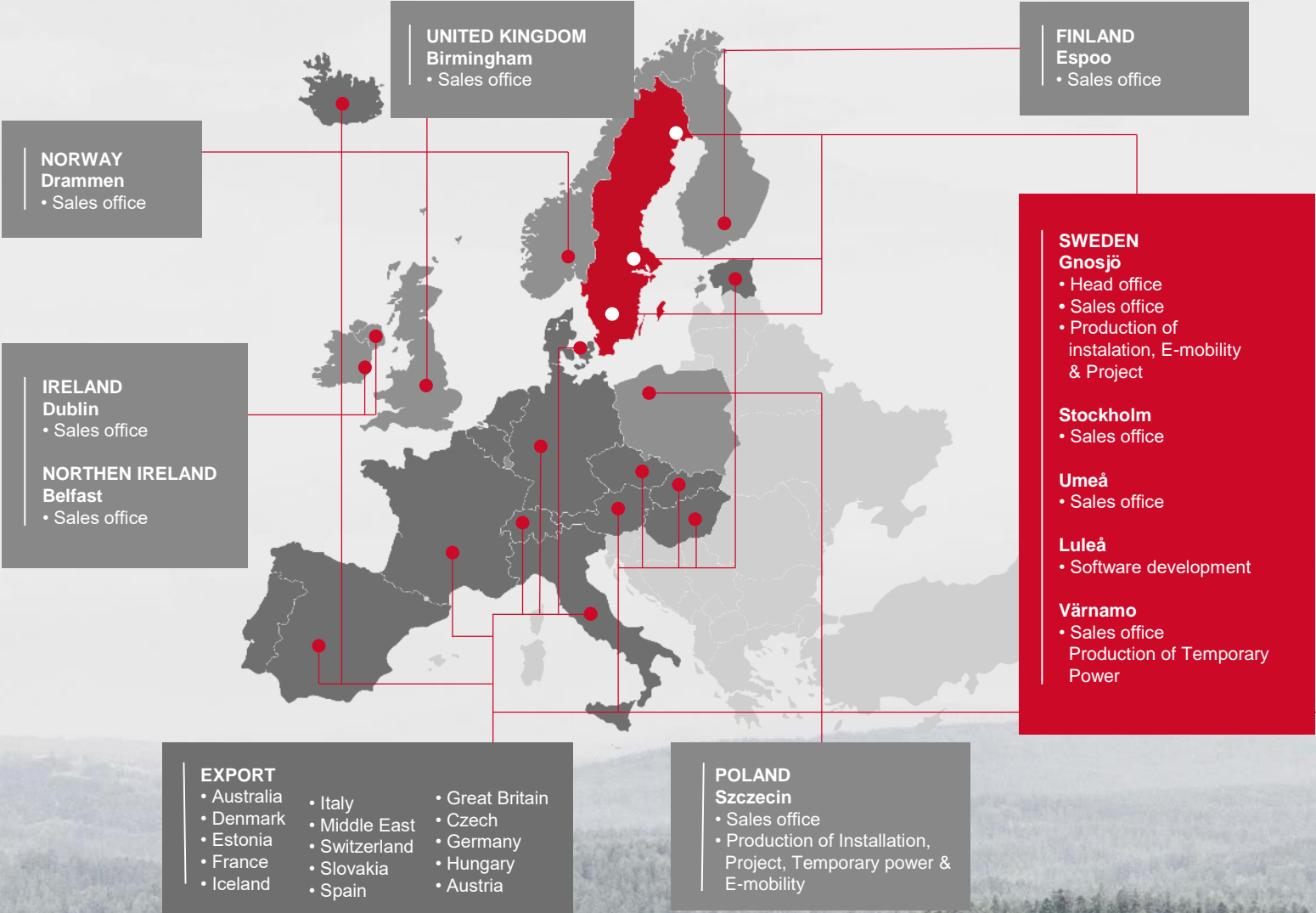


# Q1 2020 PRESENTATION.

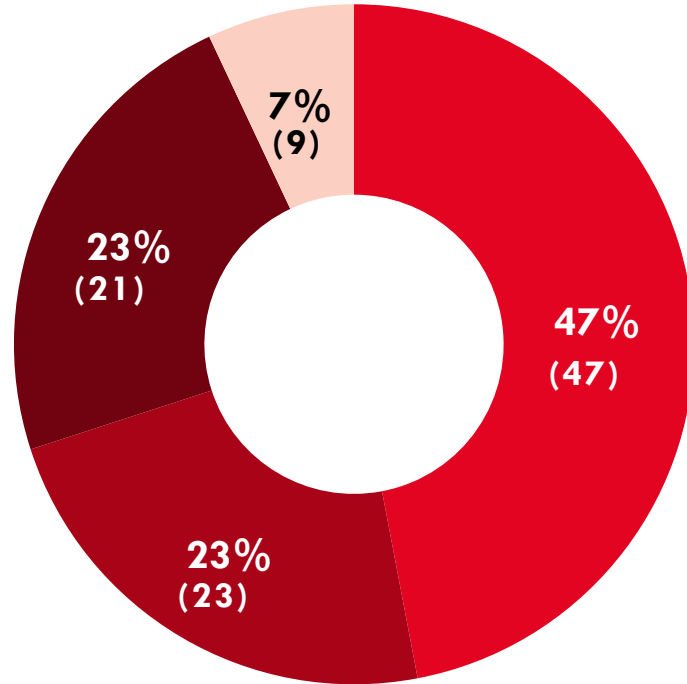
19 MAY 2020



# OUR MARKET



## PRODUCT AREAS



% of sales January – March 2020



### **ELECTRICAL DISTRIBUTION PRODUCTS**

3500 products and turn key solutions for electrical installation market.



### **E-MOBILITY**

All types of vehicle chargers, from home chargers to fast chargers.



### **PROJECT BUSINESS**

Complete and fully customized solutions ready for installation.



### **TEMPORARY POWER**

Temporary electricity, lightning and heating for construction sites.

An aerial photograph of a two-lane asphalt road that curves through a dense forest. The scene is captured during the 'golden hour' of sunset, with a warm, orange glow from the sun low on the horizon. The trees are mostly bare, suggesting late autumn or winter. Two cars are visible on the road: a dark-colored car in the distance and a white car closer to the foreground. The overall mood is serene and scenic.

# OPERATIONAL HIGHLIGHTS

- GARO fast charger was launched - developed in-house.
- A framework agreement was signed with a global player in the automotive industry regarding the supply of charging infrastructure for the European market.
- An efficiency program was launched.
- As a precautionary measure, the Board has revoked the previously announced proposal for dividend.
- GARO entered into an agreement to acquire 70% of the shares in EV Charge Partner Sweden AB, a company active in E-mobility.



# ALTHEA OCH TWIN

## Althea

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

## Twin

- Possible to charge two cars simultaneously, without overloading the property's fuses.
- A built-in smart master card for wireless connection to the property's network makes it is easy to control the charge via the mobile phone or the computer.



# SUSTAINABILITY

In Q1 GARO focused on Sustainable Development Goal number 12 – “Responsible consumption and production” – with a focus on digitalization.

## A few examples:

- GARO continually strives to be at the leading edge when it comes to digital solutions to increase the accessibility of information, thereby indirectly minimizing climate impact by reducing such things as printed material. We affix QR-codes to more of our end products to make product manuals and instruction films available digitally.
- Our end customers can use some of our products with various app solutions, providing an energy-efficient usage of our products while also providing increased flexibility for our end-users.
- Using new tools in information technology making it possible to conduct meetings remotely, and as a result reducing environmental impact.





# FINANCIAL HIGHLIGHTS

- Sales in line with last year, MSEK 248.3 in Q1,
- Operating margin 7.6% ( 11.7), mainly as a result of negative currency movements and changed product mix
- Net income MSEK 14.6

MSEK	Q1 2020	Q1 2019	%	2019
Net sales	248.3	248.4	0	1,008.1
EBIT	18.8	29.2	-36	112.6
<i>EBIT margin, %</i>	7.6	11.7		11.2
Net income	14.6	24.8	-41	85.7
EPS, SEK	1.46	2.48	-41	8.57

# NET SALES BY PRODUCT AREA

- Electrical Distribution Products had a good development in Sweden but weaker in Other Markets
- Project Business had a good development in Sweden and balanced in Other Markets
- Temporary power continued to have slower sales in Sweden but stable in Other Markets
- E-Mobility was stable with stronger growth in the end of the quarter

Product area	Segment Sweden		Segment Other Markets		Group	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Electrical Distribution Products	64.3	62.6	51.2	54.1	115.5	116.8
Project Business	49.1	44.0	8.3	9.3	57.4	53.4
Temporary power	15.4	20.7	1.7	1.5	17.1	22.2
E-mobility	35.6	36.1	21.7	20.1	57.3	56.0
<b>Total</b>	<b>164.4</b>	<b>163.4</b>	<b>82.9</b>	<b>85.0</b>	<b>247.3</b>	<b>248.4</b>



# GARO SWEDEN

## Net sales increased by 1% in the quarter

- Market growth for electrical distribution products was slightly up in the first quarter
- Balanced sales but stronger in Projects and continued weaker in Temporary Power
- Stable development in E-Mobility during the quarter, with a stronger ending of the quarter

## EBIT decreased by 37% in the quarter

- Negative currency movements and a changed product mix

MSEK	Q1 2020	Q1 2019	%	R12	FY 2019
Net sales	164.4	163.4	1	666,2	665.2
EBIT	10.3	16.3	-37	63,7	69.8
<i>EBIT margin, %</i>	6.3	10.0		9,6	10.5

# OTHER MARKETS

## Net sales decreased by 2%

- Growth within E-mobility while Electrical distribution products and Project decreased somewhat compared to last year
- Sales in Norway decreased with 9% while Other markets increased with 7%, mainly as a result of the new subsidiary in the UK.
- Sales affected by restrictions in different markets due to Covid-19

## EBIT decreased by 34% in the quarter

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

MSEK	Q1 2020	Q1 2019	%	R12	FY 2019
Net sales	82.9	85.0	-2	340,8	343.0
EBIT	8.5	12.9	-34	38,5	42.9
<i>EBIT margin, %</i>	10.3	15.1		11,3	12.5

# CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK -8.8 (9.2)
- Lower EBITDA in combination with a higher working capital requirements compared to last year
- Strong balance sheet with a net debt of MSEK 54.5, equity/assets ratio of 56.5% and unutilized overdraft facilities of MSEK 128,7

MSEK	Q1 2020	Q1 2019	R12	FY 2019
Cash flow from operating activities	-8.8	9.2	105.5	121.9
Cash flow from investing activities	-9.1	-6.6	-35.8	-32.1
Cash flow for the period	-21.3	-1.3	12.2	31.9
Net debt(+) / net cash (-)	54.4	49.7	54,4	45.6
Equity / assets ratio, %	56.4	54.4	56,4	52.2





# THE EFFECT OF THE COVID -19

## **Effect of Covid-19:**

- Limited impact on sales in Sweden, Finland and Poland
- Pending effect on sales in Norway, Ireland and UK
- The sharp depreciation of the SEK and NOK compared to the EUR in March contributed to significant losses on exchange rates.

## **Possible effect in Q2:**

- We see stable demand in Sweden while pending in Other markets
- Factories in Sweden and Poland running at good speed

The longer the situation with restrictions proceed, the higher impact on the Group's sales and earnings.

# STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



**GARO'S VISION AND GOAL**

Become the leading brand on its chosen markets



# OUTLOOK

## **Q2 2020 - As of today;**

- Stable demand in Sweden
- Challenging times in other markets
- Factories in Sweden and Poland running at good speed.

## **Long term**

- Looking beyond the Covid-19 virus, our assessment of the core market conditions has not changed.
- Great uncertainty prevails due to the Covid-19's long-term consequences on the economy.
- The market for E-mobility is growing structurally and we see a continuing strong trend with further expansion of the charging infrastructure in all markets.



**GARO®**