



# SECOND QUARTER 2016 PRESENTATION

26 AUGUST

# Summary of Q2 2016

- Strong growth in net sales. GARO Sweden +17% and Other markets +28%.
- Continued good market demand in Sweden and Ireland. Development in Norway is stable. Finland is still weak but have improved somewhat.
- GARO is outgrowing the market in all product areas.
- Operating income increased by 33% as a result of higher volumes and stable level of expenses.

# Financial highlights, Q2 2016

- Organic sales +24%
- EBIT +33%
- Higher EBIT margin
- Profit after tax and EPS +59%
- Cash flow from operating activities at MSEK 5.8
- Net debt at MSEK 21.7

MSEK	Q2 2016	Q2 2015	Ch.	H1 2016	H1 2015	Ch.
Net sales	159.1	131.6	21%	308.7	250.5	23%
EBIT	18.5	13.9	33%	33.8*	25.5	33%
Margin	11.6%	10.6%	-	10.9%	10.2%	-
Net income	15.4	9.7	59%	27.5*	18.8	46%
EPS, SEK	1.54	0.97	59%	2.75*	1.88	46%
Op. cash flow*	5.8	1.0	480%	2.4	11.8	-80%
Net debt	21.7	25.1	-14%	21.7	25.1	-14%

\*) Adjusted for IPO costs of MSEK -12.6 in Q1 2016.

# GARO Sweden



## Net sales increased by 17%

- Market growth of about 6% in the quarter (electr. distribution products)
- Temporary electrical installations benefits from no of housing starts
- EV charging: new contracts signed with Vattenfall and Fortum.
- New EV charger launched – LS4.

## EBIT increased by 50%

- Higher EBIT margin
  - ➔ Higher gross margins
  - ➔ Relatively stable OH expenses.



MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change	R12	2015
Net sales	97.6	83.7	17%	188.6	161.7	17%	376.8	349.9
EBIT	9.0	6.0	50%	16.1*	13.0	24%	37.3*	34.2
EBIT margin	9.2%	7.2%	-	8.5%*	8.0%	-	9.9%*	9.8%

\*) Adjusted for IPO costs of MSEK -12.6 in the first quarter 2016

# GARO Other markets

## Net sales increased by 28%

- Good growth of Electrical distribution products and strong growth of EV charging
- **Norway** – stable market development. EV charging continues to be strong.
- **Ireland** – benefits from a strong housing and construction market
- **Finland** – positive growth in a market that is slightly better than last quarter
- **Poland** – focus is on strengthening the sales organisation

## EBIT up by 20%

- Lower EBIT margins partly as a result of a weaker Norwegian currency.

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change	R12	2015
Net sales	61.5	47.9	28%	120.1	88.8	35%	235.5	204.2
EBIT	9.5	7.9	20%	17.7	12.5	42%	33.4	28.2
EBIT margin	15.4%	16.5%	-	14.7%	14.1%	-	14.2%	13.8%

# Product areas and markets

## Markets

- Strong in Sweden and Ireland
- Generally stable in Norway
- Finland is still weak but improving

## Growth in all product areas

- Benefitting from housing starts and construction activity
- Structural growth in EV charging. Over 100% growth in electrical cars
- EV charging especially strong growth in Norway.
  - ➔ New EV charger (LS4) launched in the quarter. Available as of September.



# Income statement

- Net sales in Q2 driven by volume growth
- Higher EBIT margins
  - ➔ Stable gross margins
  - ➔ OH costs relatively stable
- Net income for the period up strongly also benefited by:
  - ➔ Net finance income vs cost last year



MSEK						
Group	Q2 2016	Q2 2015	H1 2016	H1 2015	R12	2015
Net sales	159.1	131.6	308.7	250.5	612.3	554.1
EBITDA	21.3	16.5	26.8	30.7	70.4	74.3
Depreciation & amortisation	-2.8	-2.6	-5.6	-5.2	-12.3	-11.9
Operating income	18.5	13.9	21.2	25.5	58.1	62.4
Finance income/expenses	1.0	-1.0	1.1	-1.2	-0.8	-3.1
Taxes	-4.1	-3.2	-4.6	-5.5	-12.6	-13.5
Income for the period	15.4	9.7	17.7	18.8	44.7	45.8

# Cash flow

- Cash flow from operating activities increased to MSEK 5.8 (1.0)
  - ➔ Improved EBITDA
  - ➔ Smaller increase of working capital this year (MSEK 8.4) than last year (MSEK 12.6).
  - ➔ Negatively affected by an additional tax payment of MSEK 6.1 from earlier communicated tax ruling.
- Investments amounted to MSEK 2.1 (6.2) related to production equipment



MSEK	Q2 2016	Q2 2015	H1 2016	H1 2015	LTM	2015
Cash flow from operating activities	5.8	1.0	2.4	11.8	44.6	54.0
Cash flow from investing activities	-3.1	-1.9	-5.2	-7.9	-10.4	-13.1



# Balance sheet

- Net debt of MSEK 21.7 (25.1) and -0.4 at year-end.
- NWC to sales: 20.2% (22.4).
- Equity to assets ratio at 48.4% (49.7) and return on equity of 29.8%
- Cash and cash equivalents of MSEK 66.3 (49.7)



MSEK	31 June 2016	31 June 2015
Inventory	97.0	91.5
Receivables	136.2	114.6
Other current receivables	6.7	5.1
Payables	60.2	50.2
Other current liabilities	61.3	52.5
NWC	118.4	108.5
<i>as % of sales (R12)</i>	20.2%	22.4%
Net debt	21.7	25.1
Net debt/EBITDA (R12)	0.3x	0.4x
Equity/assets ratio	48.4%	49.7% <sub>09</sub>

# Summary

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- Continued good market demand in Sweden and Ireland. Development in Norway is stable. Finland is still weak but have improved somewhat.
- GARO is outgrowing the market in all product areas.
- Operating income increased by 33% as a result of higher volumes and stable level of expenses
- We have a positive view of the company's development during 2016. However, be aware of quarterly variations in sales growth.
  - ➔ Phasing of orders and strength in general in the comparable period
  - ➔ External factors such as the construction market, currencies, political decisions.

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