

**Q2 RESULTS
PRESENTATION
25 AUGUST 2017**



Introduction to the company

Company overview

- GARO develops and manufactures innovative products and turnkey solutions for the electric installation market
- The Company has operations in Sweden, Norway, Finland, Ireland and Poland, and is organised in two business segments GARO Sweden and GARO Other markets
- GARO has a broad product assortment and is market leading within many product areas
- The Company is headquartered in Gnosjö, Sweden and employs 330 people
- Production units are located in Gnosjö, Sweden and Szczecin, Poland



Summary of Q2 2017



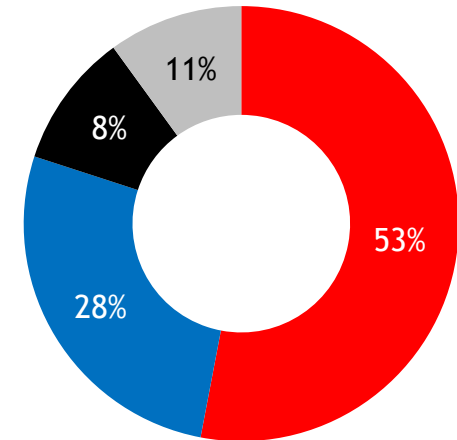
- Sales +21% helped by the acquisition of Emedius but negatively impacted by fewer sales days due to the Easter holiday
- EBIT +22% and operating margins of 11.7% (11.6)
- GARO Sweden +37%
 - Good development in all product areas and particularly in the *Project business* and in *Temporary electric installations*
- GARO Other markets -5%
 - Good growth in areas related to housing and construction
 - Weaker development than expected of EV charging



Summary of Q2 2017



Net sales by product area H1'17



- Electrical installation products
- Project business
- Temporary electric installations
- EV charging

- Integration of Emedius proceeds in line with plans
- Extension of the production plant in Poland in line with plans. Expected to be ready by end-September
- Product launches during the quarter: New generation car heater and EV wall box and KNX
- GARO's market outlook remains: Strong construction markets and expansion of charging infrastructure expected to continue



Financial highlights Q2 2017



- Organic sales +8% negatively impacted by the timing of the Easter holiday
- Acquisition of Emedius contributed with 11pp to growth
- EBIT +22% with stable underlying margins. A lower number of sales days negatively impacted overhead coverage
- Cash flow from operating activities at MSEK 12.5 (5.8)
- Net debt at MSEK 40.0 (21.7)

MSEK	Q2 2017	Q2 2016	Ch.	H1 2017	H1 2016	Ch.
Net sales	192.0	159.1	21%	373.6	308.7	21%
EBIT	22.5	18.5	22%	46.1	33.8*	36%
Margin	11.7%	11.6%	-	12.3%	10.9%*	-
Net income	17.9	15.4	16%	36.4	27.5*	32%
EPS, SEK	1.79	1.54	16%	3.64	2.75*	32%
Op. cash flow*	12.5	5.8	156%	27.7	2.4	n.m
Net debt	40.0	21.7	-	40.0	21.7	-

*) Adjusted for IPO costs of MSEK -12.6 in Q1 2016 in EBIT and MSEK -9.8 net income.

GARO Sweden



Net sales increased by 37%

- Market growth for installation products of about 2% in the quarter and 8% in the first six months. Adjusted for the timing effect of the Easter holiday, the underlying growth for Q1 and Q2 was about the same.
- Good growth in all construction related product areas and especially within *Project*. The integration of Emedius proceeds in line with our plan.
- EV Charging continues to expand although at a lower rate than in the previous quarter.

EBIT increased by 49%

- Improved profitability as an effect of higher volumes and good capacity utilisation.



MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	2016
Net sales	133.5	97.6	37%	255.3	188.6	35%	419.0
EBIT	13.4	9.0	49%	29.6	16.1*	84%	48.7*
EBIT margin	10.0%	9.2%	-	11.6%	8.5%*	-	11.6%*

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

GARO Other markets

Net sales decreased by 5%

- Construction related product areas in general and especially within *Project* had good volume growth. Considerable negative timing effect in Norway due to the Easter holiday.
- EV charging* had lower sales compared to last year. This impacted mainly fast chargers while semi-fast chargers and home chargers grew.
- Good development in Ireland while Finland had a weaker development.
- The extension of the Polish plant is proceeding according to plans. It is expected to be ready by the end of September and will double the production capacity.

EBIT decreased by 4%

- Stable operating margins at 15.6% (15.4) despite lower sales.

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	2016
Net sales	58.5	61.5	-5%	118.3	120.1	-1%	238.8
EBIT	9.1	9.5	-4%	16.5	17.7	-7%	37.7
EBIT margin	15.6%	15.4%	-	13.9%	14.7%	-	15.8%

Cash flow and balance sheet

- Cash flow from operating activities of MSEK 12.5 (5.8)
 - Improved EBITDA in 2017
 - Paid tax liability of MSEK 6.1 last year
- Cash flow from investing activities of MSEK -8.4 (-3.1)
 - Investments in the Polish factory
- Stable net working capital / sales during the last two years at around 18-19%
- Net debt at MSEK 40.0 (21.7) and net debt / EBITDA at 0.4x (0.3x) as a result of the acquisition of Emedius.

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Cash flow from operating activities	12.5	5.8	27.7	2.4	48.4
Cash flow from investing activities	-8.4	-3.1	-55.8	-5.2	-11.7
Cash flow for the period	-8.1	2.2	-25.6	-8.2	16.7
Net working capital	133	118	133	118	97
NWC / sales (LTM)	18.4%	19.3%	18.4%	19.3%	17.6%
Net debt(+) / net cash (-)	40.0	21.7	40.0	21.7	-17.3
Equity / assets ratio	47.1%	48.4%	47.1%	48.4%	52.0%

Operational highlights



- Product development:
 - New generation car heater introduced with better functionality, design and with the possibility to connect to the cloud.
 - KNX
 - New generation of EV wall box with features such as wifi connection and rfid identification
- Extension of the Polish production plant is proceeding in line with plans. Expected to be ready by the end of September. Will double capacity.
- GARO ElfleX has moved to a new facility with more production- and warehousing space and good logistical opportunities



STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



Summary

- Continued good development driven mainly by GARO *Sweden* but also by construction related product areas in GARO *Other markets*.
- Integration of Emedius in line with plans. The acquisition added 11pp to sales growth.
- New generation car heaters introduced
- New generation of EV wall box introduced
- Sales of EV chargers still strong in Sweden although at a lower rate while sales of fast chargers in Norway was weaker as a result of very strong comparable figures.
- Strong profitability as a result of higher volumes and better capacity utilisation.
- Carl-Johan Dalin, new CEO, will join Garo on 4 September. Stefan Jonsson will support him in his new role and continue as board member

CARO



Disclaimer

This presentation contains various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. The words "believe," "expect," "anticipate," "intend," "may," "plan," "estimate," "should," "could," "aim," "target," "might," or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company's control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company's ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.