



En nytänkande kraft



Q2 2018
PRESENTATION
24 AUGUST 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 398 people
- Production units: Gnosjö, Värnamo, Sweden and Szczecin, Poland

FINANCIAL SUMMARY

- **Sales +12%**
 - Good development in *Sweden* and strong in *Other markets*
- **EBIT +1%**
 - *Sweden* +13%
 - *Other markets* -15%
- **Operating margin of 10.6% (11.7)**



OPERATIONAL HIGHLIGHTS

- Overall good development in all product categories
- *EV Charging* strong growth in all markets
 - Poland
 - Municipality of Falun, Sweden
 - Slovakia and the UK
- Move of certain product groups to Polish factory now completed. Productivity is increasing
- Helena Claesson appointed new CFO for GARO AB. She will take office no later than January 1, 2019
- Outlook: Construction-related product areas in Sweden maintained a high level of activity, although the growth curve is leveling off in Stockholm while growth in the rest of the country is continuing. High activity in *Other markets*. All-in-all, a continued positive view on the overall market conditions for 2018.



PRESENTATION OF THE COMPANY PRODUCT AREAS



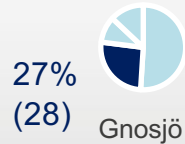
Electrical distribution
products



Gnosjö
Szczecin



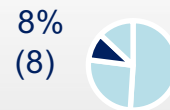
Project business



Gnosjö



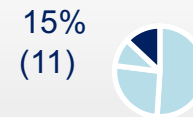
Temporary power



Värnamo
Szczecin



EV charging



Gnosjö
Szczecin

FINANCIAL HIGHLIGHTS Q2

Net sales +12%

- Organic growth 9%, currencies +2 pp and the acquisition of Web-EI contributed with 1 pp to growth

EBIT margin amounted to 10.6% (11.7)

- Lower margin as a result of increased costs for raw materials and negative currency effects
- Investments in market- and product development

MSEK	Q2 2018	Q2 2017	%	H1 2018	H1 2017	%	2017
Net sales	214.2	192.0	12	421.2	373,6	13	796.0
EBIT	22.8	22.5	1	47.9	46,1	4	98.1
<i>EBIT margin,%</i>	<i>10.6</i>	<i>11.7</i>	-	<i>11.4</i>	<i>12,3</i>	-	<i>12.3</i>
Net income	15.4	17.9	-14	34.5	36.4	-5	85.6
EPS, SEK	1.54	1.79	-14	3.45	3.64	-5	8.56

GARO SWEDEN

Net sales increased by 7%

- Market growth for installation products of c. 5% in the quarter and 4% the first half year
- Stable development in construction related areas
- Strong growth in EV Charging

EBIT increased by 13%

- Stable operating margin

MSEK	Q2 2018	Q2 2017	%	H1 2018	H1 2017	%	2017
Net sales	142.3	133.5	7	280.9	255.3	10	543.7
EBIT	15.1	13.4	13	32.6	29.6	10	64.5
<i>EBIT margin, %</i>	<i>10.6</i>	<i>10.0</i>	-	<i>11.6</i>	<i>11.6</i>	-	<i>11.9</i>

OTHER MARKETS

Net sales increased by 23%

- Strong development in all product areas
- Good development in Norway in construction related areas and strong growth in EV charging. Strong growth in Ireland and a positive development in Finland
- Poland completed the transfer of parts of production to the plant. Sales and productivity increased successively and inventory built up started to decline. Robust performance of sales of EV charging products

EBIT decreased by 15%

- Lower operating margins mainly as a result of investments in sales and products, a negative product mix and currency effects

MSEK	Q2 2018	Q2 2017	%	H1 2018	H1 2017	%	2017
Net sales	71.9	58.5	23	140.3	118.3	19	252.3
EBIT	7.7	9.1	-15	15.3	16.5	-7	33.6
<i>EBIT margin, %</i>	<i>10.7</i>	<i>15.6</i>	<i>-</i>	<i>10.9</i>	<i>13.9</i>	<i>-</i>	<i>13.3</i>

CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK 5.6 (12.5) in the quarter
➤ Due to an increase in net working capital, mainly higher customer receivables and lower accounts payable
- Cash flow from investing activities of MSEK -5.1 (-8.4)
- Net debt at MSEK 92.9 (40.0) and net debt / EBITDA at 0.8x (0.4x)

MSEK	Q2 2018	Q2 2017	H1 2018	H1 2017	R12	2017
Cash flow from operating activities	5.6	12.5	16.3	27.7	40.1	51.5
Cash flow from investing activities	-5.1	-8.4	-12.9	-55.8	-52.2	-95.1
Cash flow for the period	-12.0	-8.1	-20.2	-25.6	-7.8	-13.2
Net working capital	184.9	134.5	184.9	134.5	184.9	157.6
NWC / sales (LTM), %	21.9	18.6	21.9	18.6	21.9	19.8
Net debt(+) / net cash (-)	92.9	40.0	92.9	40.0	92.9	56.1
Equity / assets ratio, %	47.1	47.1	47.1	47.1	47.1	47.3

STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



SUMMARY

- Continued good expansion in *Sweden and Other markets*
 - Particularly strong growth within EV charging
- Good profitability although lower operating margins
- Move of certain product groups to Polish factory now completed. Productivity is increasing
- Outlook: Construction-related product areas in Sweden maintained a high level of activity, although the growth curve is leveling off in Stockholm while growth in the rest of the country is continuing. High activity in Other markets. All-in-all, a continued positive view on the overall market conditions for 2018.





GARO®

An innovative force