

**Q3 RESULTS  
PRESENTATION  
31 OCTOBER  
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 360 people
- Production units are located in Gnosjö, Sweden and Szczecin, Poland





# Summary of Q3 2017



- Sales +24% with continued strong growth in housing and construction and EV charging
- Lower operating margins of 11.5% (15.0) due to increased costs for maintaining good service levels and investments in prioritised areas
- GARO Sweden +32%
  - Good development particularly in *Temporary electric installations* and in the *Project business*
- GARO Other markets +10%
  - Good growth in areas related to housing and construction
  - Strong growth in EV charging

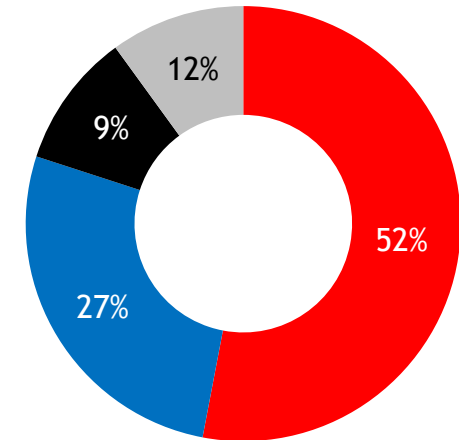


# Operational highlights

- Factory extension in Poland is now ready. Focus now is on training new staff and to ramp up production
- More personnel in Sweden within production, logistics, product development and sales and more personnel in Norway within sales
- Strategic acquisition of WEB-EL to obtain expertise for the further development of customized services
- GARO's market outlook for 2017 remains: Strong construction markets and expansion of charging infrastructure expected to continue



Net sales by product area  
Jan - Sep 2017



- Electrical distribution products
- Project business
- Temporary power
- EV charging



# Financial highlights Q3 2017

- Organic sales +14%
- Acquisition of Emedius contributed with 10pp to growth
- EBIT margin lower at 11.5% (15.0):
  - Higher costs due to extra shifts and temporary staff in logistics
  - More staff in product development, sales and marketing
- Net income helped by a deferred tax asset of MSEK 7.0 in Poland

MSEK	Q3 2017	Q3 2016	Ch., %	9m 2017	9m 2016	Ch., %
Net sales	184.1	148.2	24	557.7	456.9	22
EBIT	21.1	22.3	-5	67.2	56.1*	20
Margin, %	11.5	15.0	-	12.0	12.3*	-
Net income	23.2	17.6	32	59.6	45.1	32
EPS, SEK	2.32	1.76	32	5.96	4.51	32

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

# GARO Sweden



## Net sales increased by 32%

- Market growth for installation products of c. 7% in the quarter and c. 8% in the first nine months of the year.
- Strong growth in *Temporary electric installations* and in the *Project business*
- *EV Charging* continues to expand. The growth rate in the number of rechargeable cars is about 60% year on year



## EBIT increased by 6%

- Lower operating margins as a result of extra shifts in production and extra temporary personnel within logistics to maintain good service levels. Also, increased personnel within product development, sales and marketing.



MSEK	Q3 2017	Q3 2016	Change, %	9m 2017	9m 2016	Change, %	2016
Net sales	124.9	94.5	32	380.2	283.1	34	419.0
EBIT	14.1	13.3	6	43.7	29.4*	49	48.7*
EBIT margin, %	11.3	14.1	-	11.5	10.4*	-	11.6*

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

# GARO Other markets

## Net sales increased by 10%

- Construction related product areas in general and especially within *EV charging* had good volume growth.
- Good growth in Norway in construction related areas as well as *EV charging* following good demand of home chargers and semi-fast chargers
- Good development in Ireland. Finland had a better development than in earlier quarters of this year.

## EBIT decreased by 22%

- Operating margins lower due to more personnel in Norway within sales and marketing as well as more personnel in the Polish operation of which some in order to train new factory and warehouse staff

MSEK	Q3 2017	Q3 2016	Change, %	9m 2017	9m 2016	Change, %	2016
Net sales	59.2	53.7	10	177.5	173.8	2	238.8
EBIT	7.0	9.1	-23	23.5	26.7	-12	37.7
EBIT margin, %	11.8	16.8	-	13.2	15.4	-	15.8

# Cash flow and balance sheet

- Cash flow from operating activities of MSEK 8.5 (12.7)
  - Due to a larger increase in WC in Q3'17 (MSEK 13,9) vs. last year (MSEK 10.9)
- Cash flow from investing activities of MSEK 18.5 (2.8)
  - Investments in the Polish factory
- Net debt at MSEK 50.1 (11.5) and net debt / EBITDA at 0.5x (0.2x) as a result of the acquisition of Emedius and investments in the Polish factory

MSEK	Q3 2017	Q3 2016	9m 2017	9m 2016	2016
Cash flow from operating activities	8.5	12.7	36.2	15.1	48.4
Cash flow from investing activities	-18.5	-2.3	-74.3	-7.5	-11.7
Cash flow for the period	-0.7	-0.9	-26.3	-9.1	16.7
Net working capital	147.3	126.6	147.3	126.6	115.6
NWC / sales (LTM), %	19.4%	20.3%	19.4%	20.3%	17.6%
Net debt(+) / net cash (-)	50.1	11.5	50.1	11.5	-17.3
Equity / assets ratio, %	47.8	52.2	47.8	52.2	52.0



# Operational highlights

- Product areas
  - Temporary electric installations: strong sales of distribution boxes as well as construction lights, boosted by large orders to equipment rental companies
  - Electric installations products: Somewhat weaker than during the beginning of the year.
  - Sales start of a new generation car heater with better functionality, design and with the possibility to connect to the cloud.
  - Project business: Strong development with a solid position on the market following the acquisition of Emedius during the spring.
- Extension of the Polish production plant ready. Production will gradually increase over time.



# Acquisition of WEB-EL Försäljning AB



- WEB-EL develops and sells systems and electronic components for controlling sockets for charging stations, engine heaters, camp sites and marinas
- GARO has had a close co-operation with WEB-EL for many years
- A strategic acquisition that will provide GARO with expertise for the development of customized services
- WEB-EL's personnel will work for GARO to lead the development of these products and services



# STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



# Summary

- Continued strong sales growth, driven both by GARO Sweden and by GARO Other markets
- Lower operating margins due to increased costs for maintaining good service levels and investments in prioritised areas
- Factory extension in Poland is now ready. Focus now is on training new staff and to ramp up production
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- GARO's market outlook for 2017 remains: Strong construction markets and expansion of charging infrastructure expected to continue



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