



# **FOURTH QUARTER 2016 PRESENTATION**

**22 FEBRUARY**

# Summary of full year and Q4 2016

- Strong end of the year with Q4 sales +20% and +19% for the full year
- GARO Sweden +29% in Q4 and +20% in 2016
  - ➔ Strong growth in all product areas
  - ➔ Growing more than double the market growth within construction related products both in Q4 and 2016
  - ➔ EV charging grew faster than the market in 2016 and particularly in Q4
- GARO Other markets +5% in Q4 and +17% in 2016
  - ➔ Healthy growth in areas related to housing and construction
  - ➔ Weak growth of EV charging in the second half due to a strong comparable period last year.
- Strong construction markets expected to continue

# Summary of full year and Q4 2016

- Operating income (adjusted for IPO costs) for the full year increased by 38% to MSEK 86,4 (62,4) and operating margins improved to 13,1% (11,3).
  - ➔ Improved gross margins due to higher volumes and successfully completed projects to increase productivity
  - ➔ Relatively stable overhead costs
- Strong balance sheet with a net cash position of MSEK 17.3
- Proposed dividend of SEK 2.85 per share
  - ➔ In line with the dividend policy to distribute approximately 50% of net income

# Financial highlights Q4 2016



- Organic sales +18%
- EBIT +85%
- EBIT margin: 15,1% (9,8)
- Net income and EPS +97%
- Cash flow from operating activities at MSEK 33,3 (33,7)
- Net cash position at MSEK 17,3 (0,4).

MSEK	Q4 2016	Q4 2015	Ch.	2016	2015	Ch.
Net sales	200,9	167,4	20%	657,8	554,1	19%
EBIT	30,3	16,4	85%	86,4*	62,4	38%
Margin	15,1%	9,8	-	13,1%*	11,3%	-
Net income*	21,7	11,0	97%	66,8*	45,8	46%
EPS, SEK	2,17	1,10	97%	6,68*	4,58	46%
Op. cash flow	33,3	33,7	-1%	48,4	54,0	-10%
Net debt	-17,3	-0,4	n.m	-17,3	-0,4	n.m

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

# GARO Sweden



## Net sales increased by 29%

- Market growth for installation products of about 6% in the quarter
- Product areas related to construction grew more than double the market growth
- EV charging grew stronger than the market. GARO to deliver 500-600 chargers to Swedavia in the next three years

## EBIT increased by 135%

- Higher profitability as a result of volume increase, productivity improvement and stable OH expenses



MSEK	Q4 2016	Q4 2015	Change	2016	2015	Change
Net sales	135,9	105,3	29%	419,0	349,9	20%
EBIT	19,3	8,2	135%	48,7*	34,2	+42%
EBIT margin	14,2%	7,8%	-	11,6%*	9,8%	-

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

# GARO Other markets

## Net sales increased by 5%

- Good growth in product areas related to construction while EV charging was in line with last year
- **Norway** – good development of product areas related to the construction market. Weak development of EV charging in the second half as a result of very strong sales in the comparable period
- **Ireland** – benefits from a strong housing and construction market
- **Finland** – good development within construction related areas
- **Poland** – good opportunities and some positive signs especially in EV charging

## EBIT up by 34%

- Improved EBIT as a result of higher volumes and stable overhead expenses in relation to sales

MSEK	Q4 2016	Q4 2015	Change	2016	2015	Change
Net sales	65,0	62,1	5%	238,8	204,2	17%
EBIT	11,0	8,2	34%	37,7	28,2	34%
EBIT margin	16,9%	13,2%	-	15,8%	13,8%	-

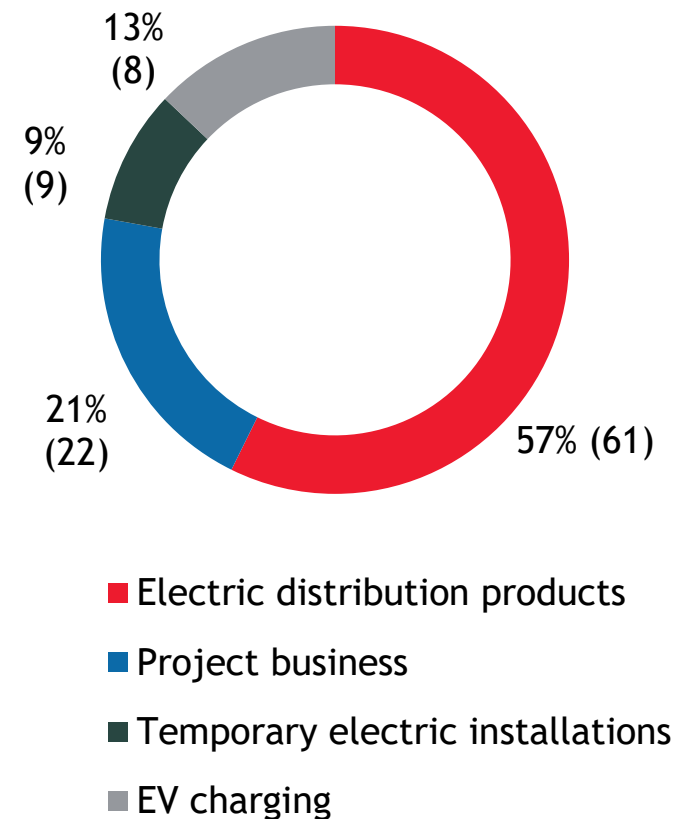
# Product areas

- Electrical distribution products, Project business and Temporary electric installations benefitting from no of housing starts and construction activity
- Structural growth of EV charging: 80% growth in electrical cars in Sweden during the last twelve months\*
- Number of electrical cars in Norway 59% growth in 2016\*\*
- A new cohesive organisation for charging infrastructure for electric vehicles was created with the aim of co-ordinating the market activities in the group

\*) Source: Power Circle January 2017

\*\*) Source: Elbil.no

Net sales by product area 2016



# Income statement

- Net sales in Q4 driven by volume growth in Sweden
- Stronger EBIT margins
  - ➔ Improved gross margins and lower OH costs in relation to sales
- Net income for the full year up also benefited by:
  - ➔ Lower finance costs compared to last year



MSEK				
Group	Q4 2016	Q4 2015	2016	2015
Net sales	200,9	167,4	657,8	554,1
EBITDA	33,0	20,5	84,8	74,3
Depreciation & amortisation	-2,7	-4,1	-11,0	-11,9
Operating income	30,3	16,4	73,8	62,4
Finance income/expenses	-2,2	-1,5	-1,0	-3,1
Taxes	-6,4	-3,9	-15,8	-13,5
Net income	21,7	11,0	57,0	45,8



# Cash flow

- Cash flow from operating activities amounted to MSEK 33.3 (33.7)
  - ➔ Improved EBITDA
  - ➔ Decrease of working capital this year of MSEK 3.7 compared to last year MSEK 16.0
- Investments amounted to MSEK 4.8 (5.1) and was related to production equipment and product development



MSEK	Q4 2016	Q4 2015	2016	2015
Cash flow from operating activities	33.3	33.7	48.4	54.0
Cash flow from investing activities	-4.2	-4.8	-11.7	-13.1
Cash flow for the period	25.8	10.8	16.7	2.4

# Balance sheet

- Net cash position of MSEK 17.3 (0.4) at year-end 2016
- NWC to sales: 17.6% (17.6)
- Equity to assets ratio at 52.0% (49.8) and return on equity of 32.4%
- Cash and cash equivalents of MSEK 109.7 (73.0)



MSEK	31 December 2016	31 December 2015
Inventory	97.3	92.3
Receivables	163.5	127.7
Other current receivables	4.2	5.8
Payables	67.4	60.5
Other current liabilities	81.7	68.0
NWC	115.9	97.3
<i>as of sales</i>	17.6%	17.6%
Net debt	-17.3	-0.4
Net debt/EBITDA (R12)	-0.2	-
Equity/assets ratio	52.0%	49.8

# Summary

- Strong last quarter of the year driven mainly by GARO Sweden but also by construction related product areas in GARO Other markets
- Construction related business very strong as a result of good underlying demand and successful product launches during last years
- Structural growth in EV charging infrastructure continues. A new cohesive organisation for charging infrastructure was created with the aim of coordinating the market activities in the group
- Operating income increased strongly as a result of higher volumes, improved productivity and stable overhead costs
- Net cash position in the balance sheet
- Fourth quarter 2016 was the strongest quarter ever and 2016 was the strongest year ever in GARO's history
- We look forward to coming years

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