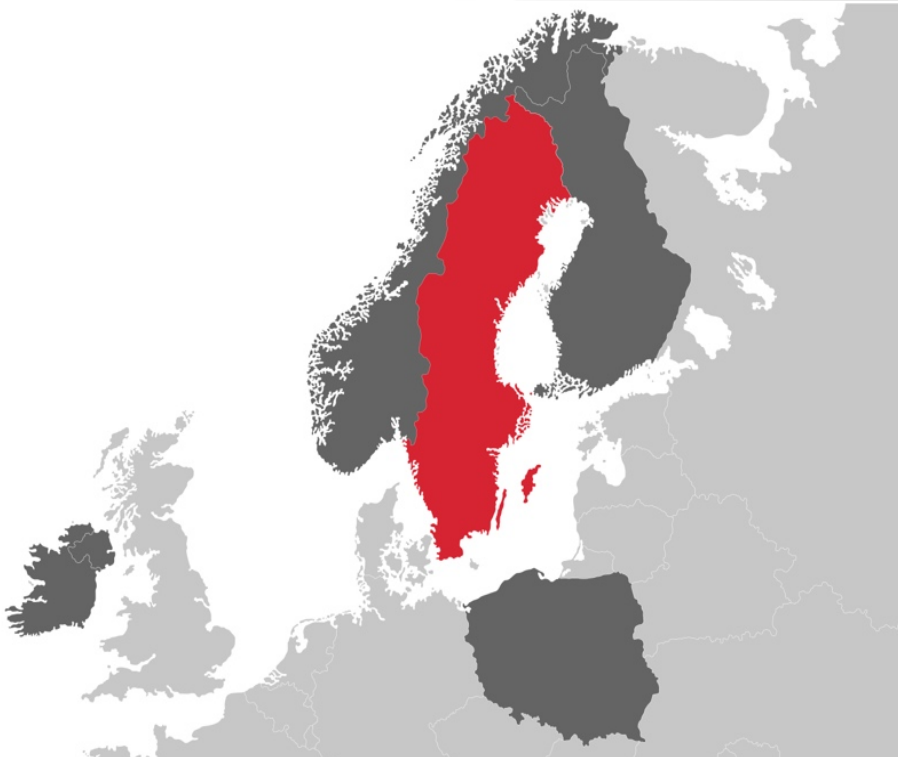


Q4 2017  
PRESENTATION  
21 FEBRUARY  
2018



# 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 segments: GARO Sweden and GARO Other markets
- Broad product assortment and is market leading within many product areas
- HQ in Gnosjö, Sweden and employs 376 people
- Production units: Gnosjö, Värnamo, Sweden and Szczecin, Poland



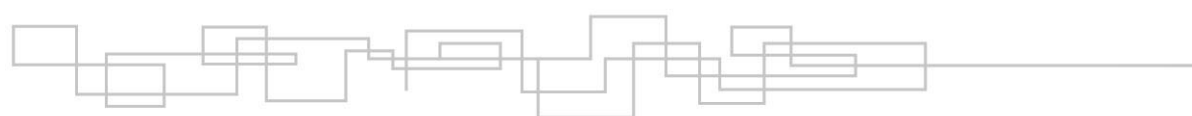
# FINANCIAL SUMMARY

## Fourth quarter 2017

- Sales +19%. Strong development in Sweden and Other markets
- Lower operating margin of 13.0% (15.1) due to more sales- and market activities and investments to increase capacity

## Full year 2017

- Sales +21%. All product areas had a positive development
- Operating margin of 12.3% (13.1\*) due to investments in prioritized areas mainly in the second half of the year
- Proposed dividend per share of 4.00 (2.85)



# OPERATIONAL HIGHLIGHTS 2017

- **Investments to increase capacity**
  - Factory in Poland: Doubling of capacity. Hiring and training of staff
  - Temporary electric installations: move to larger facility in Värnamo. 50% increase in staff
- **Strategic acquisitions**
  - Emedius AB within the Project business
  - WEB-EL to obtain expertise for the further development of customized services
- **Strengthened product- and market organisation**
  - More staff and increased market activities
  - New market: Northern Ireland
- **Positive outlook for 2018**
  - Continued good construction market in Sweden and high activity in Other markets combined. Continued build-out of EV-Charging infrastructure.



# PRESENTATION OF THE COMPANY PRODUCT AREAS



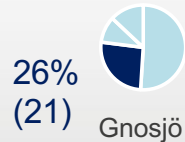
Electrical distribution  
products



Gnosjö  
Szczecin



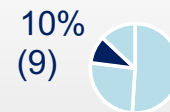
Project business



Gnosjö



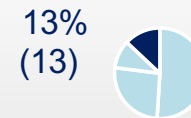
Temporary power



Värnamo  
Szczecin



EV charging



Gnosjö  
Szczecin



# ELECTRIC DISTRIBUTION PRODUCTS

- Sales driven by the high activity within the housing construction sector
- Approximately 3,500 products
- The product development team has increased by 50% in 2017
- A new generation controlling sockets for charging stations, engine heaters, camp sites and marinas. GARO is the clear market leader within this area.
- KNX – a smart control system for electronic equipment
- Ground mounted meter cabinets to newly built houses
- Solar energy. Increasing demand for panels



# PROJECT BUSINESS

- The Swedish housing construction sector will require increased capacity in the years to come
  - Increased demand for complete and customized solutions
- Project business strengthened by the acquisition of Emedius
  - GARO is the clear market leader
- E-commerce 24 hours/day. In the app, the installer can configure his project solution of a consumer unit. Orders before 12.00 are assembled at GARO and delivered the same day



# TEMPORARY ELECTRIC INSTALLATIONS

- Strong sales of building cabinets and workplace lighting during the year
  - Sensitive for changes in the construction activity
- Operations moved to a new facility in Värnamo with more production space. The organization have been strengthened and the number of employees have doubled

## Deals during the year:

- New delivery agreement with Derome Byggvaror
- Contract to deliver 1,000 large cabinets to one of the largest rental equipment companies in Sweden.
- 10 000 GARO Ball construction lights to rental equipment company Cramo.
- Lighting and distribution cabinets to Förbifart Stockholm (road construction) together with wholesaler Ahlsell





# EV CHARGING

- The market for chargeable cars increased by 60% in Sweden in 2017
- More than 50% of newly registered cars in Norway were electric or hybrids in 2017
- Increased production capacity in Sweden and Poland
- Will offer customised services together with newly acquired WEB-EL which adds valuable digital know-how.
- Deals during the year:
  - Multiyear agreement with E.on for chargers in several Northern and Central European countries.
  - Cooperation with an Austrian company regarding sales and distribution of chargers in Austria, Switzerland, Poland and the Baltics
  - Additional order from Fortum
  - Cooperation with Vattenfall has been developed with many common projects
  - Agreement with Swedavia together with Rexel for delivery to 10 Swedish airports.



# FINANCIAL HIGHLIGHTS Q4

- Net sales +19%, of which organic growth +13%
- Acquisition of Emedius contributed with 6 pp to growth
- EBIT margin decreased to 13.0% (15.1):
  - Higher costs due to strengthened product and market organisation and increased market activities
  - Initial costs in Poland for expansion of production and training of new staff
- Net income helped by a deferred tax asset of MSEK 1.9 in Poland

MSEK	Q4 2017	Q4 2016	Change, %
Net sales	238,3	200.9	19
EBIT	30.9	30.3	2
Margin, %	13.0	15.1	-
Net income	26.0	21.7	20
EPS, SEK	2.60	2.17	20

# FINANCIAL HIGHLIGHTS – FULL YEAR 2017

- Net sales +21%, of which organic growth +13%
- Acquisition of Emedius contributed by 8 pp to growth
- EBIT margin increased to at 12.3% (13,1\*):
  - Strengthened product and market organisation, increased market activities
  - Initial costs in Poland for expansion of production
- Net income helped by a deferred tax asset of MSEK 8.9 in Poland

MSEK	2017	2016	Change, %
Net sales	<b>796.0</b>	657.8	21
EBIT (adjusted)	<b>98.1</b>	86.4*	14
Margin, %	<b>12.3</b>	13.1*	-
Net income	<b>85.6</b>	57.0	50
EPS, SEK	<b>8.56</b>	5.70	50

\*Adjusted for items affecting comparability of MSEK -12.6 in EBIT and MSEK -9.8 in net income related to the IPO in 2016.



# GARO SWEDEN

## Net sales increased by 20%

- Market growth for installation products of c. 8% in the quarter and c. 8% in the full-year
- Strong growth in Temporary electric installations and in the Project business, helped by the acquisition of Emedius AB.
- EV Charging continues to expand. The number of rechargeable cars increased by 62% Y/Y ([www.elbilsstatistik.se](http://www.elbilsstatistik.se))

## EBIT increased by 8%

- Operating margins lower due to strengthened product and marketing organisation and increased marketing activities

MSEK	Q4 2017	Q4 2016	Change, %	2017	2016	Change, %
Net sales	163.5	135.9	20	543.7	419.0	30
EBIT (adjusted)	20.8	19.3	8	64.5	48.7	32
EBIT margin, %	12.7	14.2	-	11.9	11.6	-

# OTHER MARKETS

## Net sales increased by 15%

- Construction related product areas in general and especially within EV charging had good volume growth.
- Strong growth in Norway in construction related areas and good development in EV charging
- Good growth in Ireland as well as Finland

## EBIT decreased by 8%

- Lower operating margins as a result of initial costs in Poland and a strengthened sales and market organisation.

MSEK	Q4 2017	Q4 2016	Change, %	2017	2016	Change, %
Net sales	74.8	65.0	15	252.2	238.8	6
EBIT	10.1	11.0	-8	33.6	37.7	-11
EBIT margin, %	13.5	16.9	-	13.3	15.8	-

# CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities of MSEK 15.3 (33.3) in the quarter  
➤ Due to an increase in net working capital of MSEK 13.9 (-3.7)
- Cash flow from investing activities of MSEK -20.8 (-4.2)  
➤ Acquisition of WEB-EL MSEK -15.3
- Net debt at MSEK 56.1 (-17.3) and net debt / EBITDA at 0.5x (-0.2x) as a result of the acquisitions of Emedius and WEB-EL and investments in the Polish factory

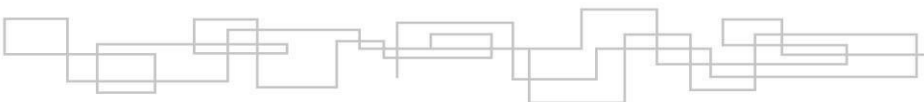
MSEK	Q4 2017	Q4 2016	2017	2016
Cash flow from operating activities	15.3	33.3	51.5	48.4
Cash flow from investing activities	-20.8	-4.2	-95.1	-11.7
Cash flow for the period	13.1	25.8	-13.2	16.7
Net working capital	157.6	115.9	157.6	115.9
NWC / sales (LTM), %	19.8	17.6	19.8	17.6
Net debt(+) / net cash (-)	56.1	-17.3	56.1	-17.3
Equity / assets ratio, %	47.3	52.0	47.3	52.0



# FINANCIAL TARGETS

Target		Outcome 2017
Sales growth	GARO's objective is to grow at least 10% organically over a business cycle	13%
Profitability	GARO's target is to have an operating margin (EBIT margin) of at least 10% over a business cycle	12,3%
Capital efficiency	Return of equity of 20% or higher	38.3%
Capital structure	Equity ratio of 30% or higher	47.3%
Dividend policy	GARO's target is to pay approx. 50 percent of its net profit in dividends. The dividend proposal shall take into account GARO's long-term dividend potential and the group's investment and consolidation needs	46.7%

# STRONG GROWTH AND DEVELOPMENT OPPORTUNITIES



# SUMMARY

- Continued strong expansion in Sweden and Other markets
- Lower operating margins due to more sales- and market activities, product development and investments to increase capacity
- Strengthened organisation within product development, sales and markets
- Strategic acquisitions of Emedius and WEB-EL
- Positive outlook for 2018: Continued good construction market in Sweden and high activity in Other markets combined. Continued development of EV-charging infrastructure.







# GARO®

An innovative force