



Press release

15 May 2019

(Interim report January - March 2019 is distributed as an appendix to this press release)

JANUARY–MARCH 2019

- Net sales increased 20% to MSEK 248.4 (207.0).
- EBIT rose 16% to MSEK 29.2 (25.1).
- EBIT margin amounted to 11.7% (12.1).
- EBIT excl severance pay of MSEK 4.0 to former CEO amounted to MSEK 33.2 corresponding to an adjusted operating margin of 13.5%.
- Net income was MSEK 24.8 (19.1).
- Earnings per share, before and after dilution, amounted to SEK 2.48 (1.91).
- The equity ratio was 54.4% (51.4).

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Helena Claesson became CFO of the Group on January 1.
- Patrik Andersson has today been appointed as new President and CEO of GARO AB. He assumes his new role with immediate effect. Patrik has been acting CEO of the Group since February 19 this year while retaining his role as sales and marketing director for the Group.

Patrik Andersson, President and CEO:

STRONG START TO THE YEAR

The year has begun with sales growth of 20% to MSEK 248.4. It is gratifying that growth is broad, driven mainly by a robust expansion in E-mobility (previously called EV charging) but also in our base – Electrical distribution products. Growth is strong in both of our business areas. Sweden displayed growth of 18%, and Other markets 24%. It should be noted that the first quarter last year was weak in Electrical distribution products because of the harsh winter.

EBIT for the quarter rose 16% to MSEK 29.2, corresponding to an EBIT margin of 11.7% (12.1). Adjusted for a reserve of MSEK 4.0 included in the results (related to severance pay for the previous CEO), the EBIT margin amounted to 13.5%, a result of the healthy volume growth in combination with efficient cost control.

HIGH MARKET PRESENCE

A forward-looking product development must go hand-in-hand with a strong marketing and sales organization. We have made investments in these areas through strengthening the sales organization with several new recruits. We have had a high market presence during the period. For example, we participated in Hannover Fairground, one of the world's largest industry trade fairs, and several trade fairs in the UK with a focus on charger products. Marketing initiatives have been taken in the Nordic region and northern Europe, which is in line with our strategy to grow in these regions in the coming years.

E-MOBILITY GROWTHS WITH 89%

The E-mobility product area continues to demonstrate increased growth. During the quarter, several major projects in the product area were delivered, and we have received feedback from several customers who value that GARO was able to deliver quickly. This is a result of continuously building up and significantly expanding our delivery capacity, accomplished primarily through investments in our Polish factory as well as an increased capacity in the sub-supplier chain. Product development in E-mobility is continuous, with new functionality and better performance, and interest in our products remains strong in all markets.

MARKET CONDITIONS

Demand for construction-related products in Sweden is good but is expected to gradually slow in 2019, as a reduced number of construction starts. However, the renovation sector has been deemed stable. The trend in other markets served by GARO is expected to remain favorable. We see a strong trend for the E-mobility product area, with continued expansion of the charging infrastructure in all markets. All in all, GARO has a positive view of market conditions, mainly driven by the continued expansion of charging infrastructure.

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This information is such information that GARO aktiebolag is obligated to publish in accordance with the EU Market Abuse Regulation. The information was published by the abovementioned contact persons on May 15, 2019, at 02.30 pm

GARO develops, manufactures and supplies innovative products and systems for the electrical installations industry under its own brand. The company has operations in Sweden, Norway, Finland, Ireland and Poland, and the Group is organized in two business segments: GARO Sweden and GARO Other markets. GARO has a broad product assortment and is a market leader within several product areas. The Group had sales of MSEK 902 in 2018 and has appr 400 employees. Its head office is located in Gnosjö.

The business concept is "with a focus on innovation, sustainability and design, GARO provides profitable complete solutions for the electrical industry."