



Press release

19 May 2020

(Interim report January – March 2020 is distributed as an appendix to this press release)

JANUARY – MARCH 2020

- Net sales amounted to MSEK 248.3 (248.4).
- EBIT amounted to MSEK 18.8 (29.2).
- EBIT margin amounted to 7.6% (11.7).
- Negative currency effects of MSEK -6.5 (-0.6) were charged to EBIT.
- Net income was MSEK 14.6 (24.8).
- Earnings per share, before and after dilution, amounted to SEK 1.46 (2.48).

SIGNIFICANT EVENTS DURING AND AFTER THE END OF QUARTER

- In February, an in-house fastcharger, GARO Fast Charger, was launched.
- In February, a framework agreement with a global player in the automotive industry was signed for supplying charging infrastructure for the European market.
- In April, GARO has carried out an efficiency program resulting in the reduction of personnel in 18 positions, primarily comprising white-collar employees in Sweden and Poland.
- In April, the Board of Directors withdrew the previously communicated proposal concerning dividends as a precautionary measure.
- On May 15, GARO press released that it has signed an agreement for the acquisition of 70% of shares in EV Charge Partner Sweden AB, a company active within service and support of E-mobility infrastructure.

PATRIK ANDERSSON, PRESIDENT AND CEO:

STABLE SALES IN A CHALLENGING TIME

Net sales for the first quarter amounted to MSEK 248, which was in line with the year-earlier period. The sales trend was stable in both Sweden and Other markets segments. The market for Electrical distribution products remained healthy in Sweden during the first quarter and GARO reported growth in the product areas of Electrical distribution products and Project business. Sales in Norway decreased primarily as a result of the restrictive measures that were put in place at the end of the quarter to combat the spread of coronavirus, while sales in Finland and the UK increased somewhat.

EBIT for the quarter declined to MSEK 18.8 (29.2) and the EBIT margin amounted to 7.6% (11.7). EBIT was negatively impacted by movements in exchange rates of MSEK -6.5 (-0.6) toward the end of the quarter, as the SEK and NOK fell markedly against the EUR, an important purchasing currency. EBIT was also affected by underlying lower volumes at the beginning of the quarter as well as continued market investments in the UK.

E-MOBILITY

Demand for our E-mobility products was weaker than expected for the beginning of the quarter, particularly in Norway, but recovered in March and remained in line with the long-term growth trend. The positive sales trend in E-mobility continued in April and the beginning of May. GARO's investments in the area led us to being able to launch an in-house developed fastcharger – GARO Fast Charger. The product is characterized by its user-friendliness, reliability and durability.

SECOND QUARTER UPDATE

The ongoing corona pandemic has, to date, had a relatively limited effect on GARO's demand in Sweden. The Group's future risks are deemed to be mainly related to lower demand in the markets that have extensively restricted activity in the economy due to the effects of COVID-19, which has happened in Norway and Ireland. The longer that the situation continues, the more will it impact the Group's sales and earnings during the second quarter.

At the time of writing, demand in Sweden remained stable whilst the development in Other markets is slowing down. We have currently a healthy rate of production in both Poland and Sweden. GARO has a strong balance sheet with a high equity ratio, low net debt and good liquidity.

MARKET CONDITIONS

We assess that the core market conditions have essentially not changed aside from the pandemic, even though great uncertainty prevails in society in regard to the pandemic's long-term consequences on the economy.

The market for E-mobility is growing structurally with rising numbers of rechargeable vehicles, and we see a continuing strong trend with further expansion of the charging infrastructure in all markets. Demand for construction-related products in Sweden combined with the important renovation sector is expected to remain stable. However, housing construction is expected to slow in line with a reduced number of construction starts. The trend in other markets served by GARO, aside from the pandemic, is expected to be similar. All in all, GARO has a positive view of long-term market conditions, mainly driven by growth in E-mobility.

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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 19, 2020, at 14.30 CEST.