



## Third quarter Interim Report July – September 2016

### Continued positive growth and an improved EBIT

- Net sales increased 9% to MSEK 148.2 (136.2)
- EBIT rose 9% to MSEK 22.3 (20.5)
- EBIT margin amounted to 15.0% (15.1)
- Net income was MSEK 17.6 (16.0)
- Earnings per share amounted to SEK 1.76 (1.60)
- The equity ratio was 52.2% (48.8)

MSEK	Jul-Sep 2016	Jul-Sep 2015	%	Jan-Sep 2016	Jan-Sep 2015	%	R12**	2015
Net sales	148.2	136.2	9%	456.9	386.7	18%	624.3	554.1
EBIT	22.3	20.5	9%	43.5	46.0	-5%	59.9	62.4
EBIT margin	15.0%	15.1%	-	9.5%	11.9%	-	9.6%	11.3%
Net income	17.6	16.0	10%	35.3	34.8	1%	46.3	45.8
Earnings per share	1.76	1.60	10%	3.53	3.48	1%	4.63	4.58
Adjusted EBIT	-	-	-	56.1*	46.0	22%	72.5*	62.4
Adjusted EBIT margin	-	-	-	12.3%*	11.9%	-	11.6%*	11.3%
Adjusted net income	-	-	-	45.1*	34.8	30%	56.1*	45.8
Adjusted earnings per share, SEK	-	-	-	4.51*	3.48	30%	5.61*	4.58

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

\*\*) Rolling 12 months, October 2015 - September 2016.

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 has sales of about MSEK 600 and has approximately 260 employees. Its head office is located in Gnosjö.

The business concept is “with simplicity and design, GARO provides the smartest and most profitable solutions – fitted into systems.”



## CEO's comments on the quarter

GARO continues to perform well. The Group's net sales and EBIT increased by 9% year-on-year during the third quarter, with a stable EBIT margin of 15.0%. The sales trend in Sweden remained strong while the growth in *Other markets* was, as expected, slower due to an exceptionally high level of sales during the third quarter in 2015.

During the first three quarters of the year the Group's sales increased by 18% with an EBIT margin of 12.3% (adjusted for IPO costs in the first quarter). The increase in sales and EBIT margin were at levels that far exceeded our long-term targets of a 10% increase in net sales and 10% in EBIT margin during the business cycle.

Net sales for *GARO Sweden* rose 14%, with solid increases in *Electrical distribution products* and *Project business* where we generally are growing faster than the underlying market. The Swedish construction market remained strong and is deemed to stay this way over the coming years as a result of the backlog in demand for new apartments and single-family homes.

The development of charging infrastructure networks continues unabated in Sweden. As a market-leading player we can capitalize on this and can report a significant growth in the product area *EV Charging*. We started delivering LS4, the next generation of semi-fast chargers during the quarter with positive feedback. It is interesting to note that the sales of home chargers show an increasing trend upwards as more and more decide to buy hybrids or pure electric cars.

Net sales for *GARO Other Markets* rose 1%, with solid increases in construction-related products, particularly in Ireland and Norway. However, there was a reduction in sales of charger products due to the strength of the comparative period in Norway.

Garo made a decision in September to invest in the extension of a factory in the Polish operation, which will result in a more than doubling of the factory space and the assembly capacity in Poland. The expansion will be completed during the third quarter of 2017.

We are now in the peak season of increasing supply volumes. It is expected that the trend of strong growth for *GARO Sweden* and the challenging comparative figures for *GARO Other markets* will continue in to the fourth quarter. Overall, we consider that the percentage revenue growth for the entire year of 2016 will be somewhat weakened compared to the outcome of the first nine months of the year. External factors, such as changes in the economic climate, currency fluctuations and political decisions could also impact future sales and profitability.

Finally, I would like to confirm that GARO has strengthened its market-leading position in a growing market and we look forward to a solid end to 2016.

Stefan Jonsson,  
President and CEO

## Group

### Net sales

The Group's net sales for the third quarter of 2016 increased 9% to MSEK 148.2 (136.2) as a result of organic growth of 8%, offset by a positive currency effect of 1% due to a stronger NOK rate.

Analysis of the change in net sales	Jul-Sep 2016 (%)	Jul-Sep 2016 (MSEK)	Jul-Sep 2015 (%)	Jul-Sep 2015 (MSEK)
The preceding period	-	136.2	-	104.0
Organic growth	8%	11.1	31%	32.2
Acquisitions and structural changes	0%	0.0	0%	0.0
Currency effect	1%	0.9	0%	0.0
<b>Current period</b>	<b>9%</b>	<b>148.2</b>	<b>31%</b>	<b>136.2</b>

Analysis of the change in net sales	Jan-Sep 2016 (%)	Jan-Sep 2016 (MSEK)	Jan-Sep 2015 (%)	Jan-Sep 2015 (MSEK)
The preceding period	-	386.7	-	311.5
Organic growth	20%	76.9	24%	74.3
Acquisitions and structural changes	0%	0.0	0%	0.0
Currency effect	-2%	-6.7	0%	0.9
<b>Current period</b>	<b>18%</b>	<b>456.9</b>	<b>24%</b>	<b>386.7</b>

The market remained strong in Sweden and Ireland. The Norwegian construction market looks solid while the oil industry is still operating at a low level. Growth in Finland remained weak but has shown some positive trends in the construction market in the large cities. Growth in GARO's *Electrical distribution products* and *Project business* product areas was higher than average market growth, while the *Temporary electric installations* product area grew in line with the market. Growth in charger products was lower than during the first half of the year, predominantly due to very strong growth within this area in Norway and Finland in the year-earlier period. The *EV charging* product area in Sweden grew in line with the market.

### EBIT

EBIT rose 9% to MSEK 22.3 (20.5), predominantly due to a strong earnings performance in GARO *Other markets*. The EBIT margin amounted to 15.0% (15.1) as a result of relatively unchanged gross margins and stable expenses in relation to net sales.

GARO Koncernen		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	
Nyckeltal		2016	2015	2016	2015	R12	2015
Net sales	MSEK	148.2	136.2	456.9	386.7	624.3	554.1
Growth	%	9%	31%	18%	24%	29%	25%
EBIT	MSEK	22.3	20.5	43.5	46.0	59.9	62.4
EBIT margin	%	15.0%	15.1%	9.5%	11.9%	9.6%	11.3%
Adjusted EBIT	MSEK	-	-	56.1*	46.0	72.5*	62.4
Adjusted EBIT margin	%	-	-	12.3%*	11.9%	11.6%*	11.3%
Investments	MSEK	2.8	0.4	8.0	8.7	13.1	13.8
Depreciation	MSEK	2.7	2.6	8.3	7.8	12.4	11.9
Return on equity	%	28.5%	27.7%	28.5%	27.7%	28.5%	31.3%
Equity / assets ratio	%	52.2%	48.8%	52.2%	48.8%	52.2%	49.8%
Number of employees		271	251	271	251	271	254

\*) Adjusted for items affecting comparability of MSEK -12.6 related to the IPO.

### Net income

Net income for the third quarter amounted to MSEK 17.6 (16.0) and earnings per share amounted to MSEK 1.76 (1.60). The increase in net income was primarily attributable to improved EBIT, but also to improved net financial items. The average effective tax rate for the Group during the nine-month period of 2016 was 21.0% (21.6).

### Cash flow and investments

Cash flow from operating activities in the third quarter amounted to MSEK 12.7 (8.5), as a result of improved EBITDA. Investments during the quarter amounted to MSEK 2.8 (0.4), mainly related to investments in production equipment and product development.

### Liquidity and financial position

The Group's interest-bearing net debt at the end of the period amounted to MSEK 11.5 compared with MSEK 27.1 at the end of the third quarter of 2015, and to MSEK -0.4 at year-end 2015.

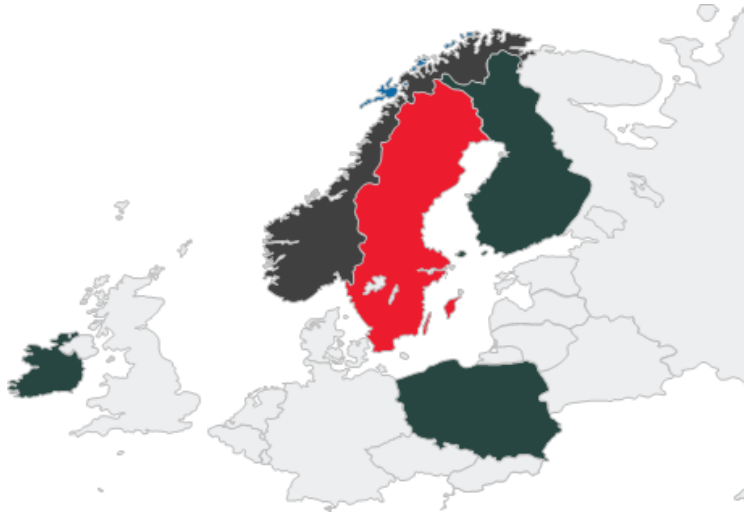
Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 81.8 (47.2) and the equity ratio was 52.2% (48.8).

### Parent Company

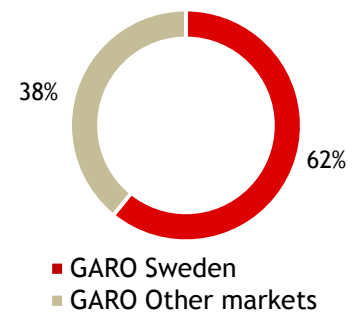
The Parent Company's operations encompass a significant part of the Swedish operations and Group Management, as well as certain Group-wide functions and the Group's Finance function. Sales for the Parent Company in the third quarter of 2016 amounted to MSEK 83.6 (75.3), an increase of 11%. Of this amount, MSEK 22.4 (22.1) comprised internal sales to other Group companies. EBIT amounted to MSEK 9.7 (9.2).

## Operations and segments

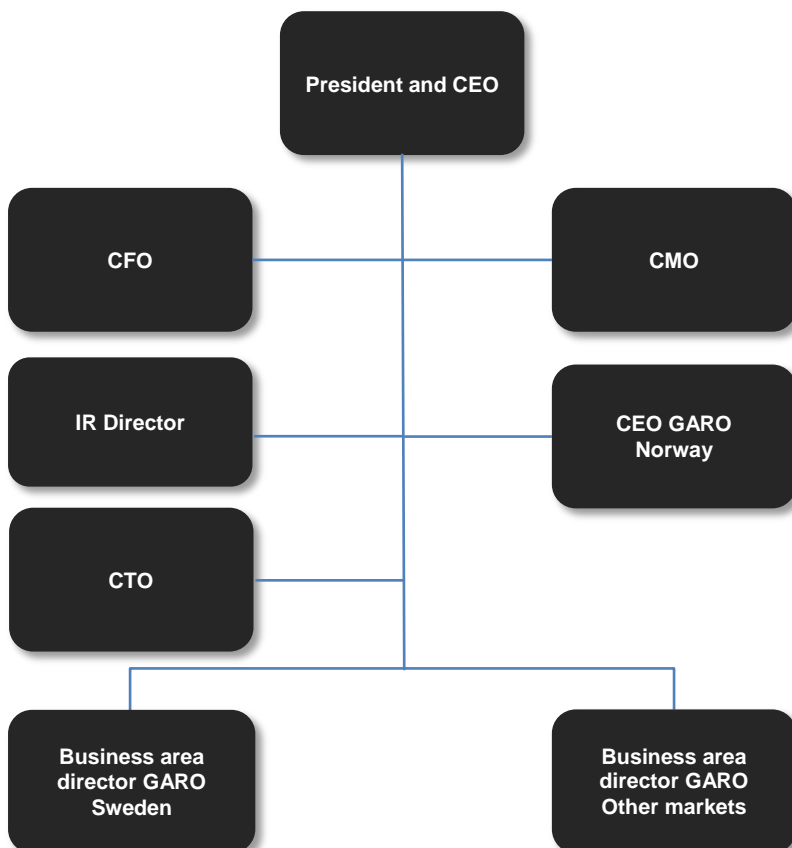
GARO divides its operations into two operating segments based on how the Group is organized: *GARO Sweden* and *GARO Other markets*. *GARO Other markets* includes the operations in Norway, Finland, Ireland and Poland.



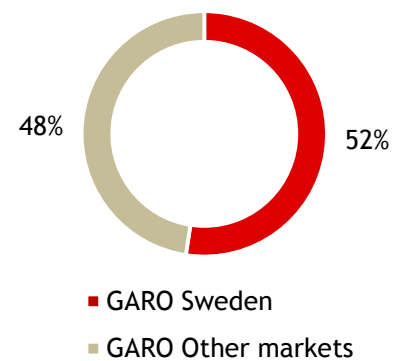
Net sales by segment,  
Jan - Sep 2016



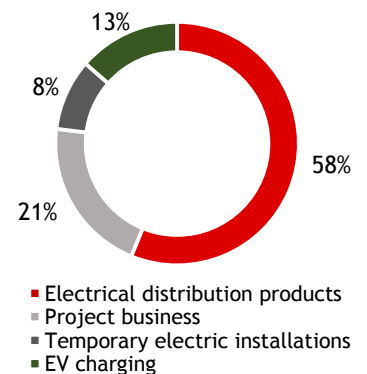
Group Management comprises seven individuals and the functions: President and CEO, CFO, IR Director, Chief Marketing Officer, Chief Technical Officer, CEO GARO Norway and two business area directors responsible for each business area/segment



EBIT by segment, adjusted for items  
affecting comparability,  
Jan - Sep 2016



Net sales by product area



## GARO Sweden

### Net sales and earnings

Net sales for GARO Sweden increased 14% during the third quarter of 2016, with continued strong volume growth in the *Electrical distribution products* and *Project business* product areas, while *Temporary electric installations* showed weaker growth. EBIT amounted to MSEK 13.3 (13.0) and the EBIT margin improved to 14.1% (15.7) primarily as a result of higher expenses in the quarter.

During the period January – September 2016 net sales increased by 16% to MSEK 283.1 (244.6) and adjusted EBIT increased by 13% to MSEK 29.4 (26.0).

### Product areas

The market for electrical distribution products, in which GARO is represented among all major wholesalers, is estimated to have grown by 3% during the quarter. The market is expected to remain favorable albeit with quarterly variations.

The *Electrical distribution products* and *Project business* product areas noted growth that was higher than the market in general. All significant products are reporting high sales due to the strong construction market.

Growth was slightly weaker in the *Temporary electric installations* product area during the quarter. There has been a positive development in sales of major building cabinets during the quarter while sales of workplace lighting have decreased slightly compared to the strong performance of this product last year.

The *EV charging* product area is growing significantly. GARO is a market leader in safe solutions for charging electric cars. Due to increased sales of electric cars, the network of charging stations is being expanded, which benefits GARO. According to plan, we started delivering a next generation of LS4 semi-fast chargers during the quarter. GARO's home chargers have reported a strong sales trend in the quarter.

### Operations

The focus of the operations has been on meeting increased demand by expanding production capacity in all product areas, while maintaining short delivery times.

GARO Sverige		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	
Nyckeltal		2016	2015	2016	2015	R12	2015
Net sales	MSEK	94.5	82.9	283.1	244.6	388.4	349.9
Growth	%	14%	21%	16%	19%	22%	19%
EBIT	MSEK	13.3	13.0	16.8	26.0	25.0	34.2
EBIT margin	%	14.1%	15.7%	5.9%	10.6%	6.4%	9.8%
Adjusted EBIT*	MSEK	13.3	13.0	29.4	26.0	37.6	34.2
Adjusted EBIT margin*	%	14.1%	15.7%	10.4%	10.6%	9.7%	9.8%
Investments	MSEK	2.3	0.4	6.3	7.7	10.2	11.6
Depreciation	MSEK	2.1	2.1	6.4	6.3	9.7	9.6
Number of employees		182	168	182	168	182	170

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

## GARO Other markets

### Net sales and earnings

Net sales for GARO *Other markets* increased 1% to MSEK 53.7 (53.3), with strong volume growth in *Electrical distribution products* and *Temporary electric installations*, while sales of *EV charging* decreased. EBIT amounted to MSEK 9.0 (7.5) and the EBIT margin improved to 16.8% (14.1), primarily as a result of higher gross margins as well as relatively stable expenses in relation to sales.

During the period January – September 2016 net sales increased by 22% to MSEK 173.8 (142.1) and EBIT increased by 33% to MSEK 26.7 (20.0).

GARO Norway has shown a positive development in construction-related products, but a weaker trend in *EV charging*. The high sales growth in electric cars continues, however GARO had particularly strong growth in this area in the third quarter of 2015.

GARO Ireland continued to report healthy growth and is following the positive trend in construction.

GARO Finland enjoyed a positive trend in sales of electrical distribution products but the *EV charging* area reported weaker results. In Finland, the volumes of charger products are still quite small and there have been quarterly shifts of deliveries this year compared to last when the company delivered a large order in the third quarter.

GARO Poland mainly makes internal deliveries to other companies in the Group. The company decided in September to invest MSEK 18.5 to enlarge a factory in the Polish operation. The new factory premises are expected to be complete in September 2017, which will result in a more than doubling of the factory space and the assembly capacity.

### Operations

In 2015 and the first half of 2016, the focus was on meeting increased demand and product launches.

GARO Other markets		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	
Key ratios		2016	2015	2016	2015	R12	2015
Net sales	MSEK	53.7	53.3	173.8	142.1	235.9	204.2
Growth	%	1%	51%	22%	35%	41%	38%
EBIT	MSEK	9.0	7.5	26.7	20.0	34.9	28.2
EBIT margin	%	16.8%	14.1%	15.4%	14.1%	14.8%	13.8%
Investments	MSEK	0.5	-	1.7	1.0	2.9	2.2
Depreciation	MSEK	0.6	0.5	1.9	1.5	2.7	2.3
No of employees		89	83	89	83	89	84

### Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's accounts were prepared in accordance with Chapter 9 of the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.

The accounting policies applied correspond with the accounting policies and valuation principles presented in the 2015 Annual Report. The 2015 Annual Report is available at [www.garo.se](http://www.garo.se) in Swedish.

Performance measures together with the definitions of performance measures in this report are deemed to be sufficient to comply with the new guidelines. The performance measures in this report take into account the nature of the operations and are deemed to provide relevant information to shareholders and other stakeholders and also enable comparability with other companies.

### Risks and uncertainties

GARO's risks and uncertainties are described on pages 10-15 of the prospectus for the IPO. The prospectus is available at [www.garo.se](http://www.garo.se) in Swedish. No significant changes have arisen that alter the view of risks and uncertainties.

### Related-party transactions

Related-party transactions took place at the same extent as previously, by applying the same principles as those described in the most recent annual report and prospectus.

### Nomination Committee

The Annual General Meeting will take place on May 4, 2017, in Gnosjö. The members appointed to the Nomination Committee are: Lars Kongstad Mannheimer Swartling Advokatbyrå (legal firm) appointed by Lars Svensson, Ulf Hedlundh appointed by Svolder AB, Mikael Jönsson appointed by Vätterledens Invest AB and Anders Pålsson in his capacity as Chairman of the Board of GARO AB. Shareholders who wish to submit proposals to the Nomination Committee can send an e-mail to [valberedningen@garo.se](mailto:valberedningen@garo.se) by March 16, 2017 at the latest.

### The Board's assurance

This interim report provides a fair review of the Parent Company's and the Group's operations, financial position and earnings, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Gnosjö, November 15, 2016

Anders Pålsson  
Chairman of the Board

Lars Svensson  
Board member

Sofia Axelsson  
Board member

Rickard Blomqvist  
Board member

Per Holmstedt  
Board member

Stefan Jonsson  
CEO



## **Auditor's Review Report**

### **Introduction**

We have reviewed the condensed interim financial information (interim report) of GARO AB (publ.) (556051-7772) as of September 30, 2016, and the nine months period then ended. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

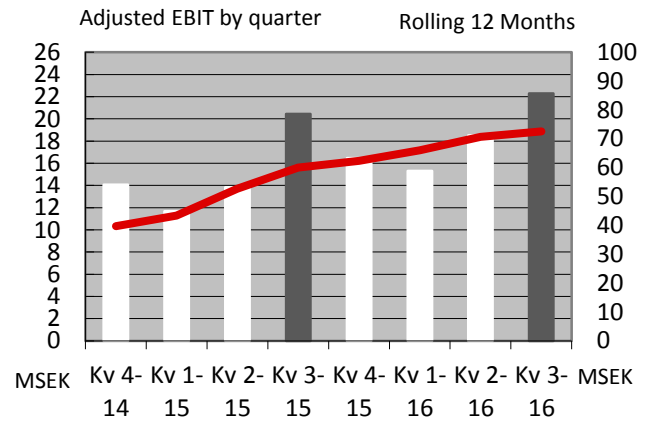
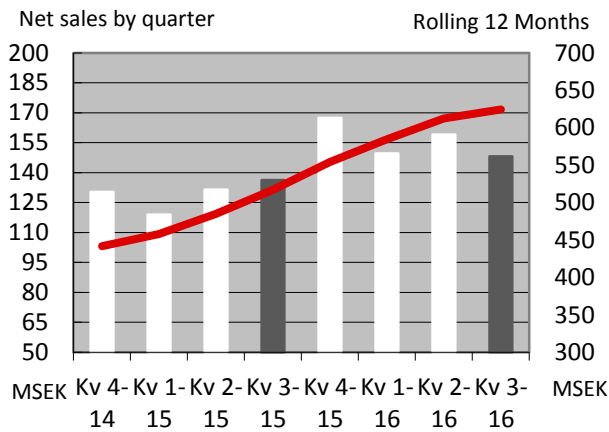
Jönköping, November 15, 2016

Öhrlings PricewaterhouseCoopers AB

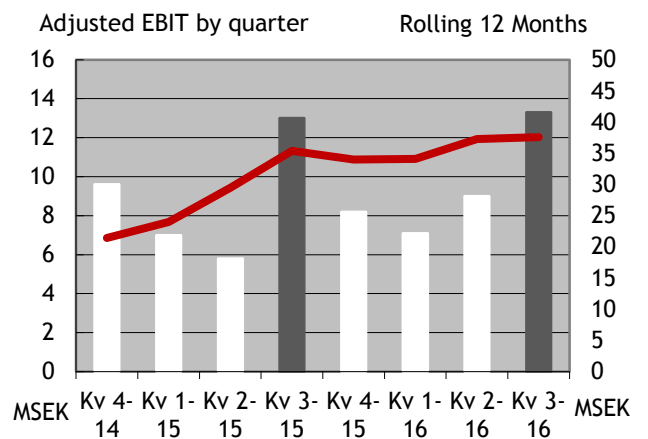
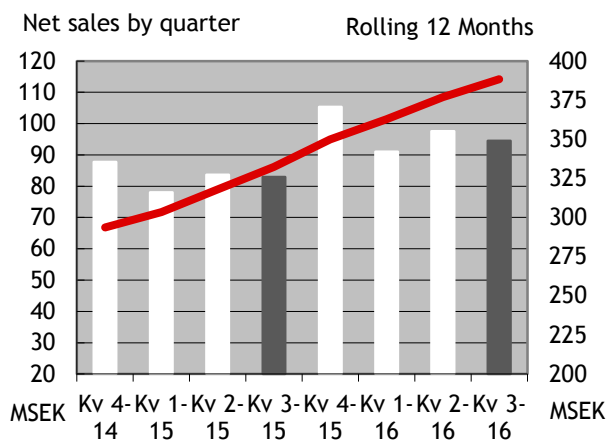
Pierre Fogelberg  
Authorized Public Accountant  
Auditor in Charge

Martin Odqvist  
Authorized Public Accountant

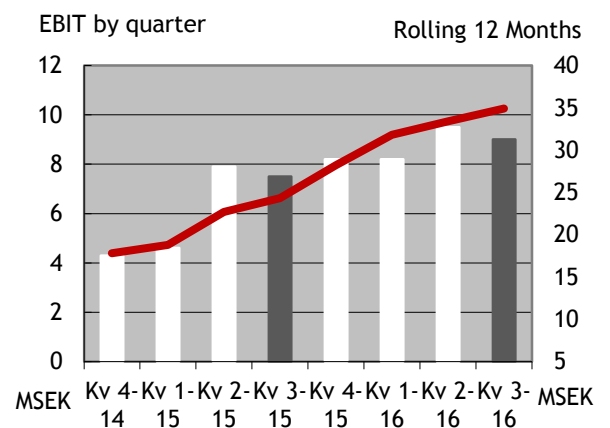
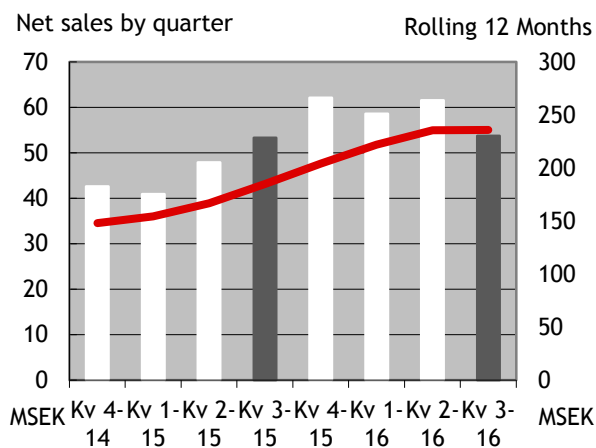
## GARO Group



## GARO Sweden



## GARO Other markets



## Group income statement

<i>MSEK</i>	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 M	Jan-Dec 2015
Net sales	148.2	136.2	456.9	386.7	624.3	554.1
Other operating income	0.8	0.3	1.6	0.4	4.4	3.2
<b>Total income</b>	<b>149.0</b>	<b>136.5</b>	<b>458.5</b>	<b>387.1</b>	<b>628.7</b>	<b>557.3</b>
<b>Operating expenses</b>						
Raw materials and consumables	-77.5	-73.8	-240.7	-202.7	-330.8	-292.8
Other external expenses	-16.6	-14.2	-53.8	-43.1	-79.0	-68.3
Personnel expenses	-29.9	-25.4	-99.6	-87.5	-133.2	-121.1
Depreciation of tangible and intangible assets	-2.7	-2.6	-8.3	-7.8	-12.4	-11.9
Other operating expenses	-	-	-12.6	-	-13.4	-0.8
<b>Operating income</b>	<b>22.3</b>	<b>20.5</b>	<b>43.5</b>	<b>46.0</b>	<b>59.9</b>	<b>62.4</b>
<b>Result from financial items</b>						
Net financial income/expenses	0.1	-0.4	1.2	-1.6	-0.3	-3.1
<b>Profit before tax</b>	<b>22.4</b>	<b>20.1</b>	<b>44.7</b>	<b>44.4</b>	<b>59.6</b>	<b>59.3</b>
Taxes	-4.8	-4.1	-9.4	-9.6	-13.3	-13.5
<b>Net income</b>	<b>17.6</b>	<b>16.0</b>	<b>35.3</b>	<b>34.8</b>	<b>46.3</b>	<b>45.8</b>
<b>Other comprehensive income: Items that may be reclassified to the income statement</b>						
Translation differences	1.5	-	2.2	-	-1.0	-3.2
<b>Other comprehensive income</b>	<b>1.5</b>	<b>-</b>	<b>2.2</b>	<b>-</b>	<b>45.3</b>	<b>-3.2</b>
<b>Total comprehensive income for the period</b>	<b>19.1</b>	<b>16.0</b>	<b>37.5</b>	<b>34.8</b>	<b>45.3</b>	<b>42.6</b>
Net income and total comprehensive income for the period is attributable to shareholders of the Parent company						
<b>Key ratios per share</b>						
Average number of shares	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000
Earnings per share, SEK	1.76	1.60	3.53	3.48	4.63	4.58

## Group balance sheet

<i>MSEK</i>	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	8.0	8.6	8.5
Tangible assets	58.2	58.4	57.4
Financial assets	-	-	-
<b>Total fixed assets</b>	<b>66.2</b>	<b>67.0</b>	<b>65.9</b>
<b>Current assets</b>			
Inventories	99.7	91.9	92.3
Accounts receivable	148.6	131.5	127.7
Other short term assets	4.8	4.2	5.8
Cash and cash equivalents	14.6	13.6	23.2
<b>Total current assets</b>	<b>267.7</b>	<b>241.2</b>	<b>249.0</b>
<b>TOTAL ASSETS</b>	<b>333.9</b>	<b>308.2</b>	<b>314.9</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	14.0	14.0
Other reserves	0.5	1.5	-1.7
Other equity including net income for the period	153.9	134.8	144.6
<b>Total equity</b>	<b>174.4</b>	<b>150.3</b>	<b>156.9</b>
<b>Long term liabilities</b>			
Interest bearing liabilities	11.0	13.2	12.4
Other provisions	0.9	-	0.7
Deferred tax liabilities	6.0	6.9	6.0
<b>Total long term liabilities</b>	<b>17.9</b>	<b>20.1</b>	<b>19.1</b>
<b>Short term liabilities</b>			
Interest bearing liabilities	15.1	27.5	10.4
Accounts payable	64.4	55.6	60.5
Other current liabilities	62.1	54.7	68.0
<b>Total short term liabilities</b>	<b>141.6</b>	<b>137.8</b>	<b>138.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>333.9</b>	<b>308.2</b>	<b>314.9</b>
<b>Key ratios</b>			
Net debt	11.5	27.1	-0.4
Equity / assets ratio	52.2%	48.8%	49.8%
Equity per share, SEK	17.4	15.0	15.7
Outstanding number of shares, '000	10 000.0	10 000.0	10 000.0

## Changes in group equity

Equity attributable to shareholders in the parent company <i>MSEK</i>	Share capital	Reserves	Retained profits	Total Equity
Equity at 1 Januari 2014	14.0	0.8	117.5	132.2
Net income for the period	-	-	22.9	22.9
Other comprehensive income for the period	-	0.6	-	0.6
Dividend to shareholders	-	-	-20.0	-20.0
Change in valuation to put option	-	-	-0.1	-0.1
Equity at 31 December 2014	14.0	1.5	120.2	135.7
Equity at 1 January 2015	14.0	1.5	120.2	135.7
Net income for the period	-	-	45.8	45.8
Other comprehensive income for the period	-	-3.2	-	-3.2
Dividend to shareholders	-	-	-20.0	-20.0
Change in valuation to put option	-	-	-1.4	-1.4
Equity at 31 December 2015	14.0	-1.7	144.6	156.9
Equity at 1 January 2016	14.0	-1.7	144.6	156.9
Net income for the period	-	-	35.3	35.3
Other comprehensive income for the period	-	2.2	-	2.2
Bonus issue at 12 January 2016	6.0	-	-6.0	-
Dividend to shareholders	-	-	-20.0	-20.0
Equity at 31 December 2016	20.0	0.5	153.9	174.4

## Group cash flow statement in summary

<i>MSEK</i>	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 M	Jan-Dec 2015
<b>Operating activities</b>						
Cash flow from operating activities						
Before changes in working capital	23.6	19.1	35.2	41.5	52.9	59.2
Cash flow from changes in working capital	-10.9	-10.6	-20.1	-21.2	-4.1	-5.2
<b>Cash flow from operating activities</b>	<b>12.7</b>	<b>8.5</b>	<b>15.1</b>	<b>20.3</b>	<b>48.8</b>	<b>54.0</b>
<b>Investing activities</b>						
Investments in intangible assets	-0.8	-	-2.0	-0.7	-4.7	-3.4
Investments in tangible assets	-2.0	-0.4	-6.0	-8.0	-8.4	-10.4
Disposal of tangible assets	0.5	-	0.5	0.4	0.8	0.7
<b>Cash flow from investing activities</b>	<b>-2.3</b>	<b>-0.4</b>	<b>-7.5</b>	<b>-8.3</b>	<b>-12.3</b>	<b>-13.1</b>
<b>Financing activities</b>						
Net borrowing / amortisation of loans	-11.3	5.0	3.3	-0.4	-14.8	-18.5
Dividend paid to shareholders	-	-10.0	-20.0	-20.0	-20.0	-20.0
<b>Cash flow from financing activities</b>	<b>-11.3</b>	<b>-5.0</b>	<b>-16.7</b>	<b>-20.4</b>	<b>-34.8</b>	<b>-38.5</b>
<b>Cash flow for the period</b>	<b>-0.9</b>	<b>3.1</b>	<b>-9.1</b>	<b>-8.4</b>	<b>1.7</b>	<b>2.4</b>
Currency effect in cash and cash equivalents	-0.1	-	0.5	-	-0.7	-1.2
Cash and cash equivalents, start of the period	15.6	10.5	23.2	22.0	13.6	22.0
<b>Cash and cash equivalents, end of the period</b>	<b>14.6</b>	<b>13.6</b>	<b>14.6</b>	<b>13.6</b>	<b>14.6</b>	<b>23.2</b>

## Parent company income statement

<i>MSEK</i>	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Net sales	83.6	75.3	244.9	211.4	300.3
Other operating income	2.0	1.4	5.5	4.0	8.1
<b>Total income</b>	<b>85.6</b>	<b>76.7</b>	<b>250.4</b>	<b>215.4</b>	<b>308.4</b>
<b>Operating expenses</b>					
Raw materials and consumables	-50.3	-45.5	-146.7	-126.8	-180.7
Other external expenses	-8.1	-6.5	-26.6	-20.2	-36.0
Personnel expenses	-15.4	-13.5	-52.5	-46.6	-63.0
Depreciation of intangible and fixed assets	-2.1	-2.0	-6.1	-6.0	-8.0
Other operating expenses	-	-	-12.6	-	-0.8
<b>Operating income</b>	<b>9.7</b>	<b>9.2</b>	<b>5.9</b>	<b>15.8</b>	<b>19.9</b>
<b>Result from financial items</b>					
Share of associates from group companies	-	-	-	-	19.5
Net interest income and similar items	-0.8	-0.1	0.7	0.3	0.5
Net interest expenses and similar items	1.0	0.2	0.9	-0.5	-1.7
<b>Income after financial items</b>	<b>9.9</b>	<b>9.3</b>	<b>7.5</b>	<b>15.6</b>	<b>38.2</b>
Appropriations	-	-	-	-	12.4
Taxes	-2.0	-1.8	-1.4	-3.4	-7.5
<b>Net income</b>	<b>7.9</b>	<b>7.5</b>	<b>6.1</b>	<b>12.2</b>	<b>43.1</b>

## Parent company balance sheet

<i>MSEK</i>	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>ASSETS</b>			
Intangible assets	7.0	6.3	7.4
Tangible assets	34.9	35.1	34.9
Share of associates in group companies	12.8	12.8	12.8
Other financial assets	8.5	10.3	9.4
<b>Total fixed assets</b>	<b>63.2</b>	<b>64.5</b>	<b>64.5</b>
<b>Current assets</b>			
Inventories	47.0	45.3	46.0
Accounts receivable	70.0	61.6	60.1
Other receivables	27.4	28.8	57.0
Cash and cash equivalents	2.7	0.2	6.1
<b>Total current assets</b>	<b>147.1</b>	<b>135.9</b>	<b>169.2</b>
<b>TOTAL ASSETS</b>	<b>210.3</b>	<b>200.4</b>	<b>233.7</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	14.0	14.0
Statutory reserve	2.6	2.6	2.6
Unrestricted equity including net income for the period	94.2	83.1	114.0
<b>Total equity</b>	<b>116.8</b>	<b>99.7</b>	<b>130.6</b>
<b>Obeskattade reserver</b>	<b>10.6</b>	<b>12.0</b>	<b>10.6</b>
<b>Untaxed reserves</b>	<b>4.6</b>	<b>4.1</b>	<b>4.4</b>
<b>Liabilities</b>			
Long term interest bearing liabilities	8.3	10.0	9.4
Short term interest bearing liabilities	1.8	11.6	1.8
Short term non-interest bearing liabilities	68.2	63.0	76.9
<b>Total liabilities</b>	<b>78.3</b>	<b>84.6</b>	<b>88.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>210.3</b>	<b>200.4</b>	<b>233.7</b>

## Sales and EBIT by segment

	Sweden		Other markets		Elimination		Group	
Information segment	Jul-Sep 2016	Jul-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jul-Sep 2016	Jul-Sep 2015
<b>Sales</b>								
Total net sales	118.0	106.1	69.4	68.1	-39.2	-38.0	148.2	136.2
Internal net sales	-23.5	-23.2	-15.7	-14.8	39.2	38.0	-	-
<b>External net sales</b>	<b>94.5</b>	<b>82.9</b>	<b>53.7</b>	<b>53.3</b>	<b>-</b>	<b>-</b>	<b>148.2</b>	<b>136.2</b>
<b>EBIT</b>	<b>13.3</b>	<b>13.0</b>	<b>9.0</b>	<b>7.5</b>	<b>-</b>	<b>-</b>	<b>22.3</b>	<b>20.5</b>
Net financial cost	-	-	-	-	-	-	0.1	-0.4
Taxes for the period	-	-	-	-	-	-	-4.8	-4.1
<b>Net income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.6</b>	<b>16.0</b>

GARO Group		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Year		Year	Year	Year
Yearly overview and key ratios		2016	2015	2016	2015	R12	2015	2014	2013	2012
Net sales	MSEK	148.2	136.2	456.9	386.7	624.3	554.1	441.7	383.1	378.2
Growth	%	9%	31%	18%	24%	29%	25%	15%	1%	-5%
EBITDA	MSEK	25.0	23.1	51.8	53.8	72.3	74.3	50.6	34.8	34.3
EBITDA margin	%	16.9%	17.0%	11.3%	13.9%	11.6%	13.4%	11.5%	9.1%	9.1%
EBIT	MSEK	22.3	20.5	43.5	46.0	59.9	62.4	39.8	24.0	24.3
EBIT margin	%	15.0%	15.1%	9.5%	11.9%	9.6%	11.3%	9.0%	6.3%	6.4%
Adjusted EBIT	MSEK	22.3	20.5	56.1	46.0	72.5	62.4	39.8	24.0	24.3
Adjusted EBIT margin	%	15.0%	15.1%	12.3%	11.9%	11.6%	11.3%	9.0%	6.3%	6.4%
Investments	MSEK	2.8	0.4	8.0	8.7	13.1	13.8	6.3	10.4	34.5
Depreciation	MSEK	2.7	2.6	8.3	7.8	12.4	11.9	10.8	10.8	10.0
Return on equity*	%	28.5%	27.7%	28.5%	27.7%	28.5%	31.3%	17.1%	11.7%	14.8%
Equity / assets ratio	%	52.2%	48.8%	52.2%	48.8%	52.2%	49.8%	48.5%	51.3%	50.5%
Net debt	MSEK	11.5	27.1	11.5	27.1	11.5	-0.4	19.3	39.5	30.4
Net debt / EBITDA*		0.2	0.4	0.2	0.4	0.2	0.0	0.4	1.1	0.9
No of employees		271	251	271	251	271	254	244	224	227

\*) Key ratios are calculated on last twelve months



**Quarterly figures**

Group income statement <i>MSEK</i>	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Net sales	148.2	159.1	149.6	167.4	136.2	131.6	118.9	130.2	104.0
Operating expenses	-125.9	-140.6	-146.9	-151.0	-115.7	-117.7	-107.3	-116.2	-90.8
<b>EBIT</b>	<b>22.3</b>	<b>18.5</b>	<b>2.7</b>	<b>16.4</b>	<b>20.5</b>	<b>13.9</b>	<b>11.6</b>	<b>14.0</b>	<b>13.2</b>
Net financial income/expenses	0.1	1.0	0.1	-1.5	-0.4	-1.0	-0.2	-0.8	-0.8
<b>Profit before tax</b>	<b>22.4</b>	<b>19.5</b>	<b>2.8</b>	<b>14.9</b>	<b>20.1</b>	<b>12.9</b>	<b>11.4</b>	<b>13.2</b>	<b>12.4</b>
Tax	-4.8	-4.1	-0.5	-3.9	-4.1	-3.2	-2.3	-9.0	-2.6
<b>Net income</b>	<b>17.6</b>	<b>15.4</b>	<b>2.3</b>	<b>11.0</b>	<b>16.0</b>	<b>9.7</b>	<b>9.1</b>	<b>4.2</b>	<b>9.8</b>

Net sales by segment <i>MSEK</i>	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
GARO Sweden	94.5	97.6	91.0	105.3	82.9	83.7	78.0	87.6	68.6
GARO Other markets	53.7	61.5	58.6	62.1	53.3	47.9	40.9	42.6	35.4
<b>Total group</b>	<b>148.2</b>	<b>159.1</b>	<b>149.6</b>	<b>167.4</b>	<b>136.2</b>	<b>131.6</b>	<b>118.9</b>	<b>130.2</b>	<b>104.0</b>

EBIT by segment <i>MSEK</i>	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
GARO Sweden	13.3	9.0	-5.5	8.2	13.0	6.0	7.0	9.7	7.3
GARO Other markets	9.0	9.5	8.2	8.2	7.5	7.9	4.6	4.3	5.9
<b>Total group</b>	<b>22.3</b>	<b>18.5</b>	<b>2.7</b>	<b>16.4</b>	<b>20.5</b>	<b>13.9</b>	<b>11.6</b>	<b>14.0</b>	<b>13.2</b>

**Definitions****EBITDA:**

Earnings before interest, tax, depreciation and amortization

**EBIT:**

Earnings before interest and tax

**EBITDA margin, %:**

EBITDA as a percentage of net sales for the period

**EBIT margin, %:**

EBIT as a percentage of net sales for the period

**Net debt:**

Interest-bearing liabilities less assets including cash and cash equivalents

**Net debt/ EBITDA, multiples:**

Net debt at the end of the period as a percentage of EBITDA for the past 12 months

**R12:**

Rolling 12 months

**Equity per share:**

Equity divided by the number of shares at the end of the period

**Return on equity, %:**

Net income for the past 12 months divided by average equity

**Equity ratio, %:**

Equity as a percentage of total assets

**Earnings per share:**

Earnings for the period divided by average number of shares

**Teleconference**

A conference call for investors will be held on 15 November at 09.30 CET.

Telephone numbers:

Sweden: +46 8 50 510 036

International: +44 20 3059 8125

The presentation used during this teleconference can be downloaded at [www.garo.se](http://www.garo.se) under Investor Relations. A recording of the teleconference will be available on the company's website afterwards.

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**Financial calendar**

Fourth quarter of 2016: February 22, 2017

Första kvartalet 2017: 4 maj 2017

Årssämma 2017: 4 maj 2017

Second quarter of 2017: 25 augusti 2017

This information is such information that GARO aktiebolag is obligated to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. Informationen lämnades, genom ovanstående kontaktpersons försorg, för offentliggörande den 15 november 2016 kl. 07.30.

**Forward-looking information**

Certain statements in this report are forward-looking and the actual outcome may be significantly different. In addition to the specifically mentioned factors, other factors may have a material impact on the actual outcome. Such factors include, but are not limited to, the general economic climate, exchange-rate fluctuations and changes in interest rates, political developments, the impact of competing products and the prices of such products, difficulties associated with product development and commercialization, technical problems, interruptions to the access to raw materials and credit losses attributable to major customers