



## Interim Report Second Quarter 2018

### Strong performance in *EV charging*

- Net sales increased 12% to MSEK 214.2 (192.0).
- EBIT rose 1% to MSEK 22.8 (22.5).
- EBIT margin amounted to 10.6% (11.7).
- Net income was MSEK 15.4 (17.9).
- Earnings per share totaled SEK 1.54 (1.79).
- The equity ratio was 47.1% (47.1).
- GARO delivers charging poles to Municipality of Falun.

### Significant event after the close of the period

- Helena Claesson has been appointed new CFO of the group. She will take office no later than 1 January 2019.

MSEK	Apr-Jun 2018	Apr-Jun 2017	%	Jan-Jun 2018	Jan-Jun 2017	%	R12*	2017
Net sales	214.2	192.0	12	421.2	373.6	13	843.6	796.0
EBIT	22.8	22.5	1	47.9	46.1	4	99.9	98.1
EBIT margin, %	10.6	11.7	-	11.4	12.3	-	11.8	12.3
Net income	15.4	17.9	-14	34.5	36.4	-5	83.7	85.6
Earnings per share	1.54	1.79	-14	3.45	3.64	-5	8.37	8.56
Cash flow from operating activities	5.6	12.5	-55	16.3	27.7	-41	40.1	51.5
Equity ratio, %	47.1	47.1	-	47.1	47.1	-	47.1	47.3
Return on equity, %	37.1	42.3	-	37.1	42.3	-	37.1	38.3
Net debt (-) / net cash position (+)	92.9	40.0	-	92.9	40.0	-	92.9	56.1

\*) Rolling 12 months, July 2017 – June 2018.

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 areas: 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 approximately MSEK 796 in 2017 and has 398 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



## CEO's comments on the quarter

GARO is continuing to perform well. Net sales for the second quarter increased 12% to MSEK 214.2, with healthy organic growth. The *EV charging* product area reported strong growth in all markets and the changeover to electric vehicles is continuing at a fast pace. The *Sweden* business area noted growth of 7% driven by the *EV charging* product area, while the rate of increase in construction-related product areas is starting to plateau. *Other markets* grew 23% due to robust growth in all product areas.

EBIT for the quarter increased 1% to MSEK 22.8 and the EBIT margin amounted to 10.6% (11.7). Earnings were negatively impacted by investments made in market and product development, mainly related to *EV charging*, and higher material costs due to the weak SEK and higher global market prices for raw materials. The relocation of manufacturing of several products to the plant in Poland was completed during the quarter and we now see positive effects in lower manufacturing costs and increasing productivity. It was necessary for us to build up our inventory to ensure deliveries during the move and our delivery capacity for the period was high. The buffer stock is now starting to decline in line with our plans.

It is gratifying to see that *EV charging* sales was strong during the quarter. The partnership with E.ON progressed positively. The Europe agreement that was signed in 2017 has resulted in orders to many countries, including the addition of Slovakia and the UK during the period. We also signed an agreement under which the Municipality of Falun will invest in 121 charging poles from GARO in the autumn. Especially gratifying is that EV charging sales in Poland picked up speed during the quarter.

Construction-related product areas in Sweden maintained a high level of activity, although we noted that the growth curve is leveling off in Stockholm while growth in the rest of the country is continuing. We also noted high activity in our other markets. We see a strong performance in the *EV charging* product area and continued expansion of charging infrastructure in all markets. All in all, GARO has a continued positive view of market conditions in 2018.

Carl-Johan Dalin  
President and CEO

## Group

### Net sales

The Group's net sales for the second quarter of 2018 increased 12% to MSEK 214.2 (192.0) as a result of organic growth of 9%, positive currency effect of 2% and the acquisition of WEB-EL Försäljning AB on October 27, 2017, which added 1% to growth.

Analysis of change in net sales	Apr-Jun 2018 (MSEK)	Apr-Jun 2018 (%)	Apr-Jun 2017 (MSEK)	Apr-Jun 2017 (%)
Year-earlier period	192.0	-	159.1	-
Organic growth	17.8	9	13.1	8
Acquisitions and structural changes	0.8	1	17.5	11
Exchange-rate effects	3.6	2	2.3	2
<b>Current period</b>	<b>214.2</b>	<b>12</b>	<b>192.0</b>	<b>21</b>

Analysis of change in net sales	Jan-Jun 2018 (MSEK)	Jan-Jun 2018 (%)	Jan-Jun 2017 (MSEK)	Jan-Jun 2017 (%)
Year-earlier period	373.6	-	308.7	-
Organic growth	41.8	11	35.4	11
Acquisitions and structural changes	1.7	1	24.1	8
Exchange-rate effects	4.1	1	5.4	2
<b>Current period</b>	<b>421.2</b>	<b>13</b>	<b>373.6</b>	<b>21</b>

Activity in the market remained high in Sweden and Ireland in all product areas where GARO has a presence. The markets in Norway and Finland were generally favorable.

### EBIT

EBIT rose 1% to MSEK 22.8 (22.5) in the quarter and the EBIT margin amounted to 10.6% (11.7). The EBIT margin mainly declined due to higher material costs resulting from the weak SEK and higher global market prices for raw materials. In addition, investments were made to further strengthen the market position and increase the rate of product development.

GARO Group		Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Key figures						R12
Net sales	MSEK	214.2	192.0	421.2	373.6	843.6
Growth	%	12	21	13	21	17
EBIT	MSEK	22.8	22.5	47.9	46.1	99.9
EBIT margin	%	10.6	11.7	11.4	12.3	11.8
Investments	MSEK	5.4	9.2	13.5	27.1	37.8
Depreciation	MSEK	3.7	3.0	7.4	5.6	14.0
Return on equity	%	37.1	42.3	37.1	42.3	37.1
Equity ratio	%	47.1	47.1	47.1	47.1	47.1
Number of employees		398	330	398	330	398

### Net income

Net income for the second quarter amounted to MSEK 15.4 (17.9) and earnings per share amounted to MSEK 1.54 (1.79). The decline in earnings was attributable to weaker net financial expenses of MSEK -3.2 (-0.2), primarily as a result of the revaluation of currency derivatives. Tax for the quarter was MSEK -4.2 (-4.4) and the average effective tax rate for the Group was 21.4% (19.7).

**Cash flow and investments**

Cash flow from operating activities for the quarter amounted to MSEK 5.6 (12.5), as a result of a higher working capital, primarily from higher accounts receivable and lower accounts payable. Investments during the quarter amounted to MSEK 5.4 (9.2).

**Liquidity and financial position**

The Group's net debt at the end of the period amounted to MSEK 92.9 compared with MSEK 40.0 for the year-earlier period and MSEK 56.1 at the end of 2017.

Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 47.1 (81.4) and the equity ratio was 47.1% (47.1).

**Parent Company**

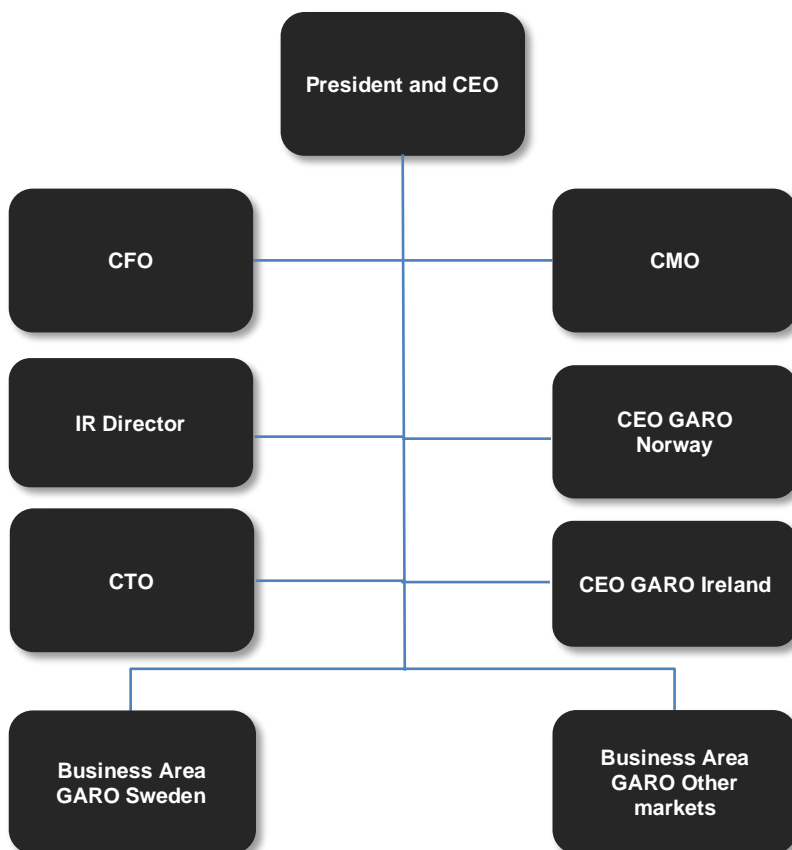
The Parent Company's operations encompass a significant part of the Swedish operations and Group Management, as well as certain Group-wide functions and the Group's Finance function. Net sales for the Parent Company in the second quarter amounted to MSEK 118.9 (103.4), up 15%. Of this amount, MSEK 39.7 (32.0) comprised internal sales to other Group companies. EBIT amounted to MSEK 11.8 (9.6).

## Operations and segments

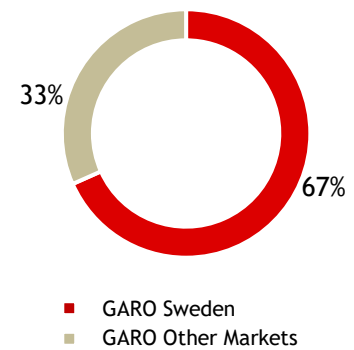
GARO divides its operations into two business areas: *Sweden* and *Other markets*. The Sweden business area comprises the Swedish companies, and the Other markets business area comprises the companies in Norway, Poland, Ireland and Finland.



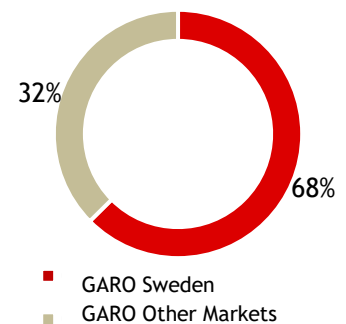
Group Management comprises seven individuals and the function: President and CEO, CFO, IR Director, CMO, CTO, CEO GARO Norway and CEO GARO Ireland.



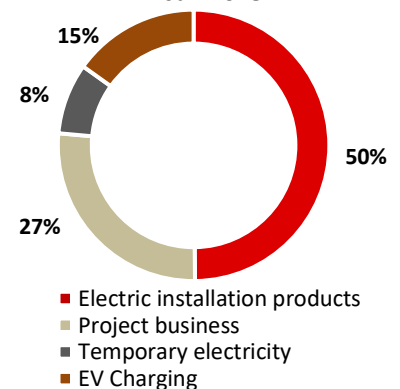
Allocation of net sales by segment, Jan-Jun 2018



Allocation of EBIT by segment, Jan-Jun 2018



Allocation of net sales by product area, Jan-Jun 2018



## GARO Sweden

### Net sales and earnings

Net sales for *GARO Sweden* increased 7% to MSEK 142.3 (133.5) during the second quarter of 2018, driven by strong growth in *EV charging* and a stable overall trend in construction-related product areas.

EBIT rose 13% to MSEK 15.1 (13.4) and the EBIT margin amounted to 10.6% (10.0).

### Product areas

The Electrical distribution products market, in which GARO is represented among all major wholesalers, is estimated to have grown by approximately 5% during the quarter and approximately 4% in the first six months of 2018. GARO reported growth in line with the market in the categories in which the company is represented.

The *Project business* product area reported a solid performance for the quarter. The *Temporary electric installations* product area performed negatively during the quarter, with challenging comparative figures. Activity in the *Temporary electric installations* market displayed a higher degree of volatility during the most recent period.

The *EV charging* product area reported a sharp increase in sales. During the quarter, GARO signed an agreement with the Municipality of Falun regarding the sale of charging poles and secured an order in Slovakia and the UK under our Europe contract with E.ON.

GARO Sweden		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec	
Key figures		2018	2017	2018	2017	R12	2017
Net sales	MSEK	142.3	133.5	280.9	255.3	569.3	543.7
Growth	%	7	37	10	35	17	30
EBIT	MSEK	15.1	13.4	32.6	29.6	67.5	64.5
EBIT margin	%	10.6	10.0	11.6	11.6	11.9	11.9
Investments	MSEK	4.2	3.9	7.5	18.2	16.5	27.2
Depreciation	MSEK	2.7	2.4	5.5	4.4	10.7	9.6
Number of employees		235	217	235	217	235	234

## GARO Other markets

### Net sales and earnings

Net sales for *GARO Other markets* increased 23% to MSEK 71.9 (58.5), with strong volume growth in all product groups.

EBIT was MSEK 7.7 (9.1) and the EBIT margin declined to 10.7% (15.6). The EBIT margin mainly declined in Norway as a result of investments in products and sales, product mix shifts and a weaker currency.

### Countries

During the quarter, sales for GARO Norway performed well in construction-related products and strongly in *EV charging*.

GARO Ireland reported strong growth and GARO Finland continued to perform in a positive direction.

GARO Poland completed the transfer of parts of production to the plant during the quarter. Sales and productivity continued to increase successively and the inventory built up as a buffer ahead of the move has now started to decline. Sales of charger products in the Polish market noted a robust performance for the most recent period.

GARO Other markets		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec	
Key figures		2018	2017	2018	2017	R12	2017
Net sales	MSEK	71.9	58.5	140.3	118.3	274.3	252.3
Growth	%	23	-5	19	-1	16	6
EBIT	MSEK	7.7	9.1	15.3	16.5	32.4	33.6
EBIT margin	%	10.7	15.6	10.9	13.9	11.8	13.3
Investments	MSEK	1.2	5.3	6.0	8.9	21.3	24.2
Depreciation	MSEK	1.0	0.6	1.9	1.2	3.3	2.6
Number of employees		163	113	163	113	163	142

**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.

IFRS 15 came into effect in 2018 and established new rules for determining performance obligations and transaction prices, and when a company is to recognize income. The standard replaced all previously issued standards and interpretations on income. The standard is based on the principle that income is to be recognized when the company satisfies a performance obligation by transferring a good or service to a customer, meaning that the control has been passed to the customer. This can take place over time or at a point in time. The Group's significant income flows and contracts have been analyzed and it was determined that control is primarily transferred at a point in time – when goods are delivered. Based on this, the company believes that the standard will not entail any change in income recognition for these deliveries. The accounting policies applied correspond with the accounting policies and valuation principles presented in the 2017 Annual Report. The 2017 Annual Report is available at [www.garo.se](http://www.garo.se).

IFRS 16 Leases will replace IAS 17 from January 1, 2019. The standard eliminates the division of leases between operating and finance leases for the lessee, as required under IAS 17, and instead introduces a shared model for recognizing all leases. Under this model, the lessee is to recognize: (a) assets and liabilities for all leases with a lease term of more than 12 months, except when the underlying asset has a low value; and (b) depreciation of leased assets separated from the lease interest in profit or loss. The forthcoming year-end report will describe the impact of IFRS 16 Leases on the Group's financial statements.

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 50-52 of the 2017 Annual Report. The Annual Report is available at [www.garo.se](http://www.garo.se). No significant changes have arisen that alter the view of risks and uncertainties.

**Related-party transactions**

Related-party transactions took place to the same extent as previously, and the same principles were applied as those described in the 2017 Annual Report.

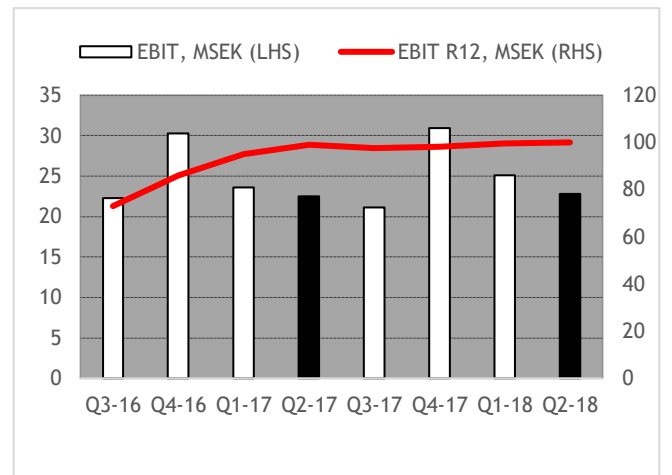
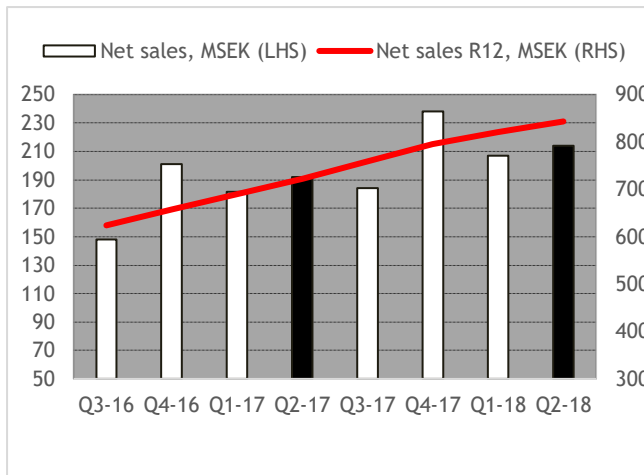
**Significant events during and after the end of the quarter**

The Municipality of Falun signed an agreement under which it will invest in 121 charging poles, entailing 242 charging stations, from GARO for a total value of about MSEK 3.5. The charging poles will be delivered in August-September of this year.

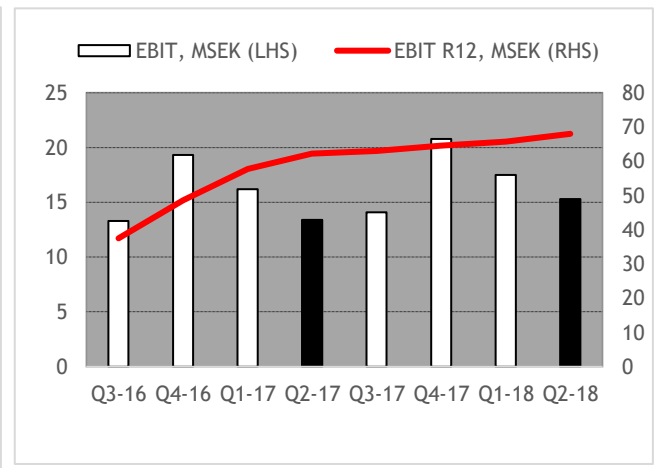
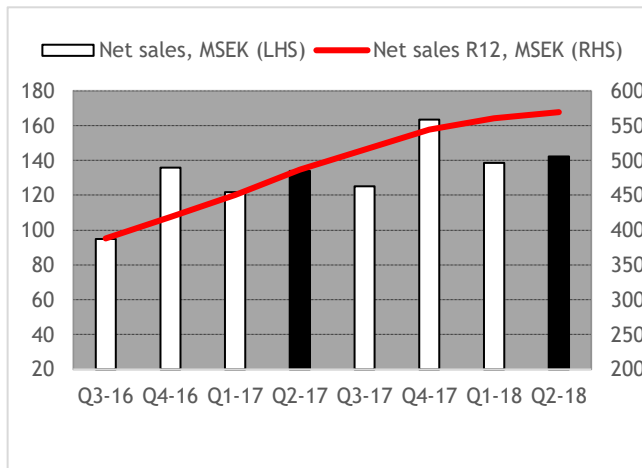
Helena Claesson has been appointed new CFO for GARO AB. Helena comes from Sensys Gatso Sweden AB, where she has been managing director since 2017. Helena will take office as CFO no later than January 1, 2019, following Lars Kvarnsund's resignation in mid-October 2018. Rickard Blomqvist, board member of GARO, will take the role of acting CFO in GARO during the time that Lars leaves and Helena takes over.



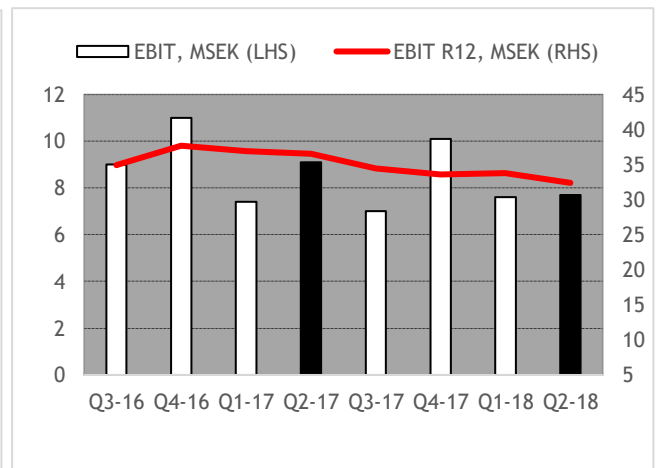
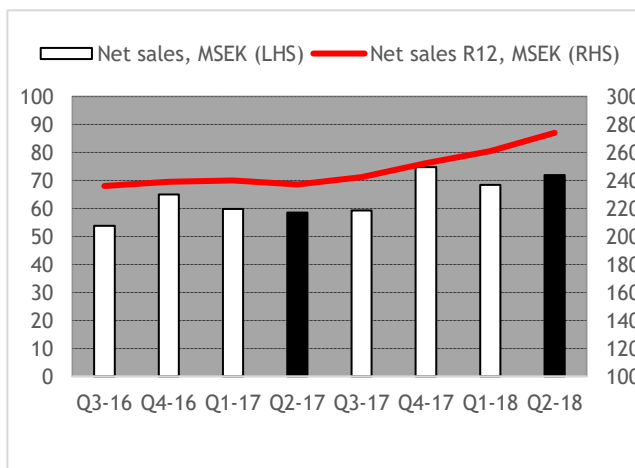
## GARO Group



## GARO Sweden



## GARO Other markets



## Consolidated income statement

<i>Amount in MSEK</i>	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	R12 12 months	Jan-Dec 2017
Net sales	214.2	192.0	421.2	373.6	843.6	796.0
Other operating income	1.1	0.0	2.7	0.2	4.3	1.8
<b>Total income</b>	<b>215.3</b>	<b>192.0</b>	<b>423.9</b>	<b>373.8</b>	<b>847.9</b>	<b>797.8</b>
<b>Operating expenses</b>						
Raw materials and consumables	-108.5	-94.8	-211.9	-187.4	-428.7	-404.2
Other external expenses	-26.5	-23.4	-52.6	-45.7	-107.0	-100.1
Personnel expenses	-53.8	-48.3	-104.1	-89.0	-198.3	-183.2
Depreciation/amortization of tangible and intangible assets	-3.7	-3.0	-7.4	-5.6	-14.0	-12.2
Other operating expenses	-	-	-	-	-	-
<b>EBIT</b>	<b>22.8</b>	<b>22.5</b>	<b>47.9</b>	<b>46.1</b>	<b>99.9</b>	<b>98.1</b>
<b>Result from financial items</b>						
Net financial income/expenses	-3.2	-0.2	-4.0	-0.3	-5.9	-0.2
<b>Profit before tax</b>	<b>19.6</b>	<b>22.3</b>	<b>43.9</b>	<b>45.8</b>	<b>94.0</b>	<b>95.9</b>
Income tax	-4.2	-4.4	-9.4	-9.4	-10.3	-10.3
<b>Net income</b>	<b>15.4</b>	<b>17.9</b>	<b>34.5</b>	<b>36.4</b>	<b>83.7</b>	<b>85.6</b>
<b>Other comprehensive income: Items that may be reclassified to the income statement</b>						
Translation differences	0.1	-0.1	2.8	0.7	4.3	2.2
<b>Other comprehensive income, net</b>	<b>0.1</b>	<b>-0.1</b>	<b>2.8</b>	<b>0.7</b>	<b>4.3</b>	<b>2.2</b>
<b>Total comprehensive income for the year</b>	<b>15.5</b>	<b>17.8</b>	<b>37.3</b>	<b>37.1</b>	<b>88.0</b>	<b>87.8</b>
Net income and total comprehensive income for the year 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	1.54	1.79	3.45	3.64	8.37	8.56

## Consolidated balance sheet

<i>Amount in MSEK</i>	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	52.9	32.6	49.9
Tangible assets	101.3	82.0	97.8
Financial assets	9.6	-	9.6
<b>Total fixed assets</b>	<b>163.8</b>	<b>114.6</b>	<b>157.3</b>
<b>Current assets</b>			
Inventories	151.2	126.7	142.8
Accounts receivable	189.6	163.2	196.7
Other current receivables	17.4	10.0	8.9
Cash and cash equivalents	8.3	15.7	28.2
<b>Total current assets</b>	<b>366.5</b>	<b>315.6</b>	<b>376.6</b>
<b>TOTAL ASSETS</b>	<b>530.3</b>	<b>430.2</b>	<b>533.9</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	20.0	20.0
Other reserves	4.9	0.6	2.1
Other equity including net income for the period	224.7	182.0	230.6
<b>Total equity</b>	<b>249.6</b>	<b>202.6</b>	<b>252.7</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	38.8	24.3	38.3
Other provisions	1.6	1.5	1.6
Deferred tax liabilities	4.6	5.0	4.5
<b>Total long-term liabilities</b>	<b>45.0</b>	<b>30.8</b>	<b>44.4</b>
<b>Short-term liabilities</b>			
Interest-bearing liabilities	62.4	31.4	46.0
Accounts payable	80.8	85.4	93.7
Other short-term liabilities	92.5	80.0	97.1
<b>Total short-term liabilities</b>	<b>235.7</b>	<b>196.8</b>	<b>236.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>530.3</b>	<b>430.2</b>	<b>533.9</b>
<b>Key figures</b>			
Net debt	92.9	40.0	56.1
Equity ratio	47.1%	47.1%	47.3%
Adjusted equity per share, SEK	25.0	20.3	25.3
Outstanding number of shares, '000	10,000.0	10,000.0	10,000.0

**Changes in consolidated equity**

Equity attributable to shareholders in the Parent Company <i>Amount in MSEK</i>	Share capital	Reserves	Retained profit	Total equity
Equity at January 1, 2017	20.0	-0.1	174.5	194.4
Net income for the period			85.6	85.6
Other comprehensive income for the period		2.2		2.2
Dividend to shareholders			-28.9	-28.9
Change in value, liability, put option			-0.7	-0.7
<b>Closing equity, December 31, 2017</b>	<b>20.0</b>	<b>2.1</b>	<b>230.6</b>	<b>252.7</b>
Equity at January 1, 2018	20.0	2.1	230.6	252.7
Net income for the period			34.5	34.5
Other comprehensive income for the period		2.8		2.8
Dividend to shareholders			-40.4	-40.4
<b>Closing equity, June 30, 2018</b>	<b>20.0</b>	<b>4.9</b>	<b>224.7</b>	<b>249.6</b>

**Condensed consolidated cash-flow statement**

<i>Amount in MSEK</i>	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	R12 12 months	Jan-Dec 2017
<b>Operating activities</b>						
Cash flow from operating activities before changes in working capital	21.0	20.2	38.7	36.3	89.3	86.9
Cash flow from changes in working capital	-15.4	-7.7	-22.4	-8.6	-49.2	-35.4
<b>Cash flow from operating activities</b>	<b>5.6</b>	<b>12.5</b>	<b>16.3</b>	<b>27.7</b>	<b>40.1</b>	<b>51.5</b>
<b>Investing activities</b>						
Investments in intangible assets	-3.1	-1.4	-4.3	-3.2	-8.6	-7.5
Acquisition of subsidiaries	-	-0.1	-	-29.9	-15.3	-45.2
Investments in tangible assets	-2.3	-7.8	-9.2	-23.9	-29.2	-43.9
Disposal of tangible assets	0.3	0.9	0.6	1.2	0.9	1.5
<b>Cash flow from investing activities</b>	<b>-5.1</b>	<b>-8.4</b>	<b>-12.9</b>	<b>-55.8</b>	<b>-52.2</b>	<b>-95.1</b>
<b>Financing activities</b>						
Net borrowing/amortization of loans	27.9	16.7	16.8	31.4	44.7	59.3
Dividend paid to shareholders	-40.4	-28.9	-40.4	-28.9	-40.4	-28.9
<b>Cash flow from financing activities</b>	<b>-12.5</b>	<b>-12.2</b>	<b>-23.6</b>	<b>2.5</b>	<b>4.3</b>	<b>30.4</b>
<b>Cash flow for the period</b>	<b>-12.0</b>	<b>-8.1</b>	<b>-20.2</b>	<b>-25.6</b>	<b>-7.8</b>	<b>-13.2</b>
Currency effect in cash and cash equivalents	0.2	-0.2	0.3	-0.3	0.4	-0.2
Cash and cash equivalents, start of the period	20.1	24.0	28.2	41.6	15.7	41.6
<b>Cash and cash equivalents, end of the period</b>	<b>8.3</b>	<b>15.7</b>	<b>8.3</b>	<b>15.7</b>	<b>8.3</b>	<b>28.2</b>

## Parent Company income statement

<i>Amount in MSEK</i>	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	118.9	103.4	236.1	197.8	428.9
Other operating income	4.6	1.8	6.9	3.5	8.2
<b>Total income</b>	<b>123.5</b>	<b>105.2</b>	<b>243.0</b>	<b>201.3</b>	<b>437.1</b>
<b>Operating expenses</b>					
Raw materials and consumables	-74.7	-59.4	-146.6	-114.5	-255.6
Other external expenses	-15.0	-10.5	-27.2	-21.7	-48.3
Personnel expenses	-19.6	-23.6	-42.2	-43.8	-88.0
Depreciation/amortization of tangible and intangible assets	-2.4	-2.1	-4.9	-4.0	-8.7
Other operating expenses	-	-	-	-	-
<b>EBIT</b>	<b>11.8</b>	<b>9.6</b>	<b>22.1</b>	<b>17.3</b>	<b>36.5</b>
<b>Result from financial items</b>					
Profit from participations in Group companies	18.0	9.3	18.0	9.3	20.4
Net interest income and similar items	0.6	0.3	1.7	0.4	2.1
Net interest expenses and similar items	-2.7	-0.2	-4.4	-0.6	-2.6
<b>Profit before tax</b>	<b>27.7</b>	<b>19.0</b>	<b>37.4</b>	<b>26.4</b>	<b>56.4</b>
Appropriations	-	-	-	-	8.3
Income tax	-2.2	-2.1	-4.3	-3.7	-8.5
<b>Net income</b>	<b>25.5</b>	<b>16.9</b>	<b>33.1</b>	<b>22.7</b>	<b>56.2</b>

## Parent Company balance sheet

<i>Amount in MSEK</i>	<b>Jun 30, 2018</b>	<b>Jun 30, 2017</b>	<b>Dec 31, 2017</b>
<b>ASSETS</b>			
Intangible assets	12.5	5.8	9.3
Tangible assets	49.4	50.7	50.3
Participations in Group companies	43.7	12.8	42.7
Other financial assets	25.4	27.9	36.6
<b>Total fixed assets</b>	<b>131.0</b>	<b>97.2</b>	<b>138.9</b>
<b>Current assets</b>			
Inventories	61.3	60.3	62.4
Accounts receivable	83.1	72.1	84.4
Other receivables	90.1	35.2	70.5
Cash and bank balances	0.0	2.8	0.0
<b>Total current assets</b>	<b>234.5</b>	<b>170.4</b>	<b>217.3</b>
<b>TOTAL ASSETS</b>	<b>365.5</b>	<b>267.6</b>	<b>356.2</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	20.0	20.0
Fund for internal development expenses	1.8	0.8	1.8
Statutory reserve	2.6	2.6	2.6
Non-restricted equity including net income for the period	147.9	122.3	154.8
<b>Total equity</b>	<b>172.3</b>	<b>145.7</b>	<b>179.2</b>
<b>Untaxed reserves</b>	<b>7.9</b>	<b>6.2</b>	<b>7.9</b>
<b>Provisions</b>	<b>3.3</b>	<b>4.9</b>	<b>3.3</b>
<b>Liabilities</b>			
Long-term interest-bearing liabilities	21.9	15.6	23.5
Short-term interest-bearing liabilities	53.8	12.3	35.9
Short-term non-interest-bearing liabilities	106.3	82.9	106.4
<b>Total liabilities</b>	<b>182.0</b>	<b>110.8</b>	<b>165.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>365.5</b>	<b>267.6</b>	<b>356.2</b>

## Sales and EBIT by segment

Segment information	Sweden		Other markets		Elimination		Group	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
<b>Sales</b>								
Total net sales	186.0	166.7	110.2	81.5	-82.0	-56.2	214.2	192.0
Internal net sales	-43.7	-33.2	-38.3	-23.0	82.0	56.2	-	-
<b>External net sales</b>	<b>142.3</b>	<b>133.5</b>	<b>71.9</b>	<b>58.5</b>	<b>-</b>	<b>-</b>	<b>214.2</b>	<b>192.0</b>
<b>EBIT</b>	<b>15.1</b>	<b>13.4</b>	<b>7.7</b>	<b>9.1</b>	<b>-</b>	<b>-</b>	<b>22.8</b>	<b>22.5</b>
Net financial income/expenses	-	-	-	-	-	-	-3.2	-0.2
Tax expense for the year	-	-	-	-	-	-	-4.2	-4.4
<b>Net income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.4</b>	<b>17.9</b>

GARO Group		Apr- Jun	Apr- Jun	Jan- Jun	Jan- Jun		Full- year	Full- year	Full- year	Full- year
Multi-year overview and key ratios		2018	2017	2018	2017	R12	2017	2016	2015	2014
						843.		657.		
Net sales	MSEK	214.2	192.0	421.2	373.6	6	796.0	8	554.1	441.7
Growth	%	12	21	13	21	17	21	19	25	15
						113.				
EBITDA	MSEK	26.5	25.5	55.3	51.7	9	110.3	84.8	74.3	50.6
EBITDA margin	%	12.4	13.3	13.1	13.8	13.5	13.9	12.9	13.4	11.5
EBIT	MSEK	22.8	22.5	47.9	46.1	99.9	98.1	73.8	62.4	39.8
EBIT margin	%	10.6	11.7	11.4	12.3	11.8	12.3	11.2	11.3	9.0
Adjusted EBIT	MSEK	-	-	-	-	-	-	86.4	-	-
Adjusted EBIT margin	%	-	-	-	-	-	-	13.1	-	-
Investments	MSEK	5.4	9.2	13.5	27.1	37.8	51.4	12.8	13.8	6.3
Depreciation	MSEK	3.7	3.0	7.4	5.6	14.0	12.2	11.0	11.9	10.8
Return on equity*	%	37.1	42.3	37.1	42.3	37.1	38.3	32.4	31.3	17.1
Equity ratio	%	47.1	47.1	47.1	47.1	47.1	47.3	52.0	49.8	48.5
Net debt	MSEK	92.9	40.0	92.9	40.0	92.9	56.1	-17.3	-0.4	19.3
Net debt/EBITDA*	multiple	0.8	0.4	0.8	0.4	0.8	0.5	-0.2	0.0	0.4
Number of employees		398	330	398	330	398	376	274	254	244

\*) Key ratios are calculated on the last 12 months

**Quarterly figures**

<b>Consolidated income statement</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
<b>Amount in MSEK</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
Net sales	214.2	207.0	238.3	184.1	192.0	181.6	200.9	148.2	159.1
Operating expenses	-191.4	-181.9	-207.4	-163.0	-169.5	-158.0	-170.6	-125.9	-140.6
EBIT	22.8	25.1	30.9	21.1	22.5	23.6	30.3	22.3	18.5
Net financial income/expenses	-3.2	-0.8	-1.6	-0.3	-0.2	-0.1	-2.2	0.1	1.0
Profit before tax	19.6	24.3	29.3	20.8	22.3	23.5	28.1	22.4	19.5
Tax	-4.2	-5.2	-3.3	2.4	-4.4	-5.0	-6.4	-4.8	-4.1
Net income	15.4	19.1	26.0	23.2	17.9	18.5	21.7	17.6	15.4

<b>Net sales per segment</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
<b>Amount in MSEK</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
GARO Sweden	142.3	138.6	163.5	124.9	133.5	121.8	135.9	94.5	97.6
GARO Other markets	71.9	68.4	74.8	59.2	58.5	59.8	65.0	53.7	61.5
Total Group	214.2	207.0	238.3	184.1	192.0	181.6	200.9	148.2	159.1

<b>EBIT per segment</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
<b>Amount in MSEK</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
GARO Sweden	15.1	17.5	20.8	14.1	13.4	16.2	19.3	13.3	9.0
GARO Other markets	7.7	7.6	10.1	7.0	9.1	7.4	11.0	9.0	9.5
Total Group	22.8	25.1	30.9	21.1	22.5	23.6	30.3	22.3	18.5

**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 minus assets including cash and cash equivalents

**Net debt/EBITDA, multiple:**

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 teleconference for investors will be held on August 24 at 9:30 a.m.

Telephone numbers:

Sweden: +46 10 884 80 16

International: +44 20 39362999

Code: 817188

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.

**For more information, please contact:**

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**Financial calendar**

Third quarter of 2018: October 31, 2018

Fourth quarter of 2019: February 19, 2019

*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. The information was published by the abovementioned contact persons on August 24, 2018, at 7:30 a.m.*

**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.

**Assurance by the Board and CEO**

The CEO and Board assure that this interim report provides a fair review of the Group's and Parent Company'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, August 24, 2018

GARO AB (publ), (Corp. ID. No. 556051-7772)

Stefan Jonsson  
Chairman

Rickard Blomqvist  
Board member

Susanna Hilleskog  
Board member

Per Holmstedt  
Board member

Lars-Åke Rydh  
Board member

Lars Svensson  
Board member

Carl-Johan Dalin  
President and CEO

The information in this interim report is unaudited.