



Year-end report January – December 2018

Good end to the year with strong growth and improved EBIT

Fourth quarter of 2018

- Net sales increased 13% to MSEK 268.4 (238.3).
- EBIT rose 21% to MSEK 37.5 (31.0).
- EBIT margin amounted to 14.0% (13.0).
- Net income was MSEK 25.5 (26.0).
- Earnings per share totaled SEK 2.55 (2.60).
- The equity ratio was 52.4% (47.3).

Full-year 2018

- Net sales increased 13% to MSEK 902.3 (796.0).
- EBIT rose 16% to MSEK 113.8 (98.1).
- EBIT margin amounted to 12.6% (12.3).
- Net income was MSEK 82.7(85.6).
- Earnings per share amounted to SEK 8.27 (8.56).
- The Board proposes a dividend for 2018 of SEK 4.00 per share (4.00).

Significant event after the end of the period

- The Board of Directors at GARO AB has decided to terminate Carl-Johan Dalin's employment as Chief Executive Officer as communicated in a press release February 18. Patrik Andersson, currently sales- and marketing director, will take the role of acting CEO. A search process for a permanent CEO starts immediately.
- Helena Claesson assumed the position of CFO of GARO AB on January 1.

MSEK	Oct-Dec 2018	Oct-Dec 2017	%	Jan-Dec 2018	Jan-Dec 2017	%
Net sales	268.4	238.3	13	902.3	796.0	13
EBIT	37.5	31.0	21	113.8	98.1	16
EBIT margin, %	14.0	13.0	-	12.6	12.3	-
Net income	25.5	26.0	1	82.7	85.6	-2
Earnings per share*	2.55	2.60	1	8.27	8.56	-2
Cash flow from operating activities	26.8	15.3	75	72.7	51.5	40
Equity ratio, %	52.4	47.3	-	52.4	47.3	-
Return on equity, %	30.1	38.3	-	30.1	38.3	-
Net debt (+) / net cash position (-)	45.7	56.2	-19	45.7	56.2	-19

* Before and after dilution

For definition of key ratios, see page 19

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 902 in 2018 and has 402 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."



CEO's comments on the quarter

GARO is continuing its positive performance. Net sales increased 13% in the fourth quarter to MSEK 268.4, with strong growth reported by the *Sweden* business area and the *Other markets* business area. EBIT rose 21% to MSEK 37.5.

2018 was a year more focused on consolidation compared with 2017 when we strengthened our product development through the acquisition of WEB-EL, strengthened our position in the project business through the acquisition of Emedius AB and expanded the capacity of our Polish plant. In 2018, we focused intently on product development, capturing market shares and increasing profitability, which we also have succeeded with. Sales for full-year 2018 increased 13% to MSEK 902.3, EBIT rose 16% to MSEK 113.8 and the EBIT margin improved to 12.6% (12.3).

The *Sweden* business area continued to note healthy growth during the year, mainly driven by the *EV charging* product area. Overall sales in construction-related product areas were favorable 2018 in a market that displayed slightly lower growth than previously. *Other markets* reported robust growth in all product areas and countries during the year.

Forward-looking product development that meets the demand for more advanced and connected projects is a key factor for success. We launched several exciting products in the *Electrical distribution products* area during the year. We also launched new variants of wall boxes for electric cars with several smart functions such as Internet connection and load balancing. The *EV charging* product area is growing stably and accounted for 18% of the Group's sales in 2018. We continue to see widespread interest in all our markets.

Demand for construction-related products in Sweden remains at a high level, but a gradual slowdown is expected in 2019 as the number of constructions starts will decrease in new housing production. The trend in other markets served by GARO is expected to be favorable. We see strong growth in the *EV charging* product area and the continued expansion of charging infrastructure in all markets. All in all, GARO continues to have a positive view of market conditions in 2019, mainly driven by the expansion of charging infrastructure.

Carl-Johan Dalin
President and CEO

Group

Net sales

The Group's net sales for the fourth quarter of 2018 increased 13% to MSEK 268.4 (238.3) and EBIT rose 13% in the full-year to MSEK 902.3 (796.0). Growth for both the quarter and full-year was the result of organic growth.

Analysis of change in net sales	Oct-Dec 2018 (MSEK)	Oct-Dec 2018 (%)	Oct-Dec 2017 (MSEK)	Oct-Dec 2017 (%)
Year-earlier period	238.3	-	200.9	-
Organic growth	31.8	13%	26.7	13%
Acquisitions and structural changes	0.8	0%	12.3	6%
Exchange-rate effects	-1.7	-	-1.6	-
Current period	268.4	13%	238.3	19%

Analysis of change in net sales	Jan-Dec 2018 (MSEK)	Jan-Dec 2018 (%)	Jan-Dec 2017 (MSEK)	Jan-Dec 2017 (%)
Year-earlier period	796.0	-	657.8	-
Organic growth	96.2	13%	83.0	13%
Acquisitions and structural changes	2.5	0%	51.5	8%
Exchange-rate effects	7.6	-	3.7	-
Current period	902.3	13%	796.0	21%

The *Sweden* business area continued to note healthy growth, mainly driven by the *EV charging* product area in both the quarter and the full-year. Overall sales in construction-related product areas was favorable in the fourth quarter and strong for the full-year.

The *Other markets* business area reported strong growth in construction-related product areas overall and in all countries for both the quarter and the full-year.

EBIT

EBIT rose 21% to MSEK 37.5 (31.0) in the quarter. The EBIT margin improved to 14.0% (13.0) mainly as a result of economies of scale from higher volumes. The previous year's EBIT margin was charged with costs to ensure a high delivery capacity.

EBIT for the full-year rose 16% to MSEK 113.8 (98.1) and the EBIT margin amounted to 12.6%, compared with 12.3 in the preceding year.

GARO Group		Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Key figures					
Net sales	MSEK	268.4	238.3	902.3	796.0
Growth	%	13	19	13	21
EBIT	MSEK	37.5	31.0	113.8	98.1
EBIT margin	%	14.0	13.0	12.6	12.3
Investments	MSEK	5.0	5.8	22.7	51.4
Depreciation	MSEK	3.8	3.4	15.0	12.2
Return on equity	%	30.1	38.3	30.1	38.3
Equity ratio	%	52.4	47.3	52.4	47.3
Number of employees		402	376	402	376

Net income

Net income for the fourth quarter amounted to MSEK 25.5 (26.0) and earnings per share amounted to MSEK 2.55 (2.60). Tax for the quarter was MSEK -10.7 (-3.3). The tax expense in the preceding year was reduced by MSEK 2.0 as a result of the deferred tax asset in Poland.

Net income for the full-year 2018 was MSEK 82.7 (85.6) and earnings per share amounted to MSEK 8.27 (8.56). The tax expense for the full-year 2018 was MSEK -23.1 compared with MSEK -10.3 in 2017, which was positively impacted by MSEK 9.6 as a result of the deferred tax asset in Poland. The Group's operations in Poland are conducted in a tax-exempt Special Economic Zone and on December 31, 2018 the company had unutilized tax benefits of MSEK 10.2 (9.6) that can be utilized until 2026. The average tax rate for the Group was 21.8% (10.7) for the full-year.

Cash flow and investments

Cash flow from operating activities in the quarter increased to MSEK 26.8 (15.3), mainly as a result of the positive development of EBITDA. The slightly lower increase in working capital during the quarter compared with the preceding year also contributed to the stronger cash flow. In 2017, the company had a significant inventory build-up in Poland to ensure a high delivery capacity in a period when the expansion of production was being completed.

Cash flow from operating activities for the full-year rose to MSEK 72.7 (51.5).

Investments during the quarter amounted to MSEK 5.0 (5.8), of which MSEK 2.7 refer to investments in product development. In 2017, the investing activities were negatively impacted in the amount of MSEK 15.3 from the factory build-up in Poland. Investments for the full-year declined to MSEK 22.7 compared with MSEK 51.4 in the preceding year when the factory build-up in Poland took place.

Liquidity and financial position

The Group's net debt at the end of the period amounted to MSEK 45.7 compared with MSEK 56.2 at the end of 2017. Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 91.8 (94.5) and the equity ratio was 52.4% (47.3).

Dividend

The Board proposes a dividend for 2018 of SEK 4.00 per share (4.00), corresponding to a total dividend of MSEK 40, which comprises 48% earnings after tax for the period. The company's dividend policy is to distribute approximately 50% of earnings after tax. The dividend policy is to take into account GARO's long-term dividend potential and the Group's general investment and consolidation requirements.

Parent Company

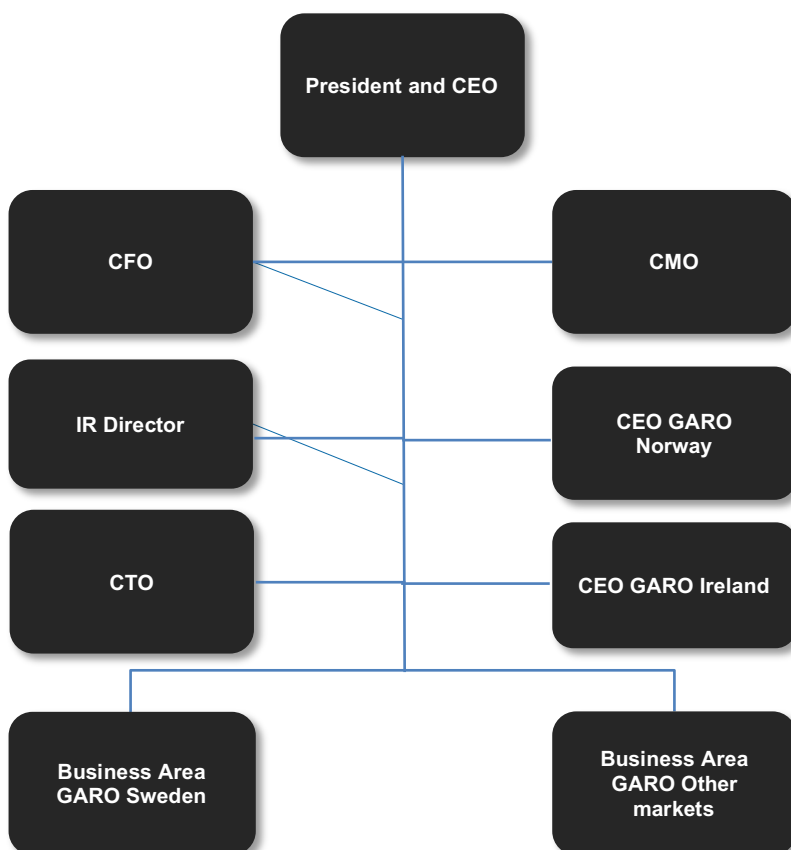
The Parent Company's operations encompass a significant part of the Swedish operations and Group Management, as well as certain Group-wide functions and the Group's Finance function. Net sales for the Parent Company in the fourth quarter amounted to MSEK 165.8 (131.8), up 26%. Of this amount, MSEK 56.9 (42.2) comprised internal sales to other Group companies. EBIT amounted to MSEK 22.6 (12.0).

Operations and segments

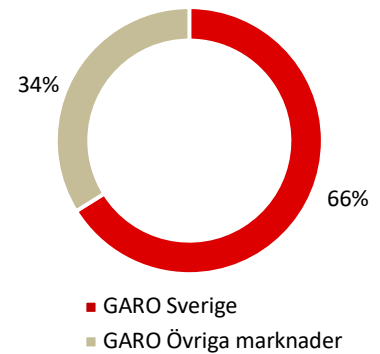
GARO divides its operations into two business areas: *Sweden* and *Other markets*. The Sweden business area comprises the Swedish companies, and the Other markets business area comprises the companies in Norway, Poland, Ireland and Finland.



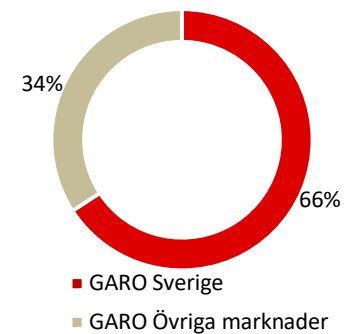
Group Management comprises seven individuals and the function President and CEO, CFO, IR Director, CMO, CTO, CEO GARO Norway and CEO GARO Ireland.



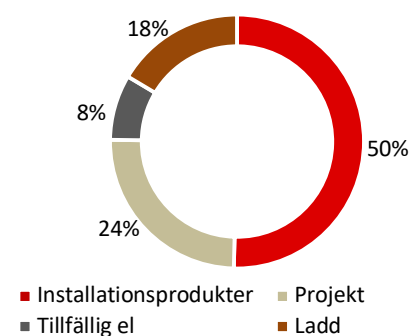
Allocation of net sales by segment, Jan-Dec 2018



Allocation of EBIT by segment, Jan-Dec 2018



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



GARO Sweden

Net sales and earnings

Net sales for *GARO Sweden* increased 8% to MSEK 176.4 (163.5) during the fourth quarter of 2018, mainly driven by strong growth in *EV charging* and some growth in construction-related product areas altogether.

EBIT rose 20% to MSEK 24.5 (20.4) and the EBIT margin amounted to 13.9% (12.5) as a result of a stronger gross margin and economies of scale on increased sales volumes. Year-on-year improvements to the EBIT margin are also attributable to the increased costs charged to the fourth quarter of the preceding year to ensure a high delivery capacity during a period when production capacity and production in the Polish plant increased.

Net sales for full-year 2018 increased 10% to MSEK 595.5 (543.7) and EBIT rose 17% to MSEK 74.8 (64.1).

Product areas

The Electrical distribution products market, in which GARO is represented among all major wholesalers, is estimated to have grown by approximately 5.0% during the quarter. GARO reported growth exceeding the market for both the quarter and the full-year.

The *Project business* product area reported slightly lower growth for the quarter, while *Electrical distribution products* was stable. The *Temporary electric installations* product area performed negatively during the quarter, with comparative figures that remain challenging. Activity in the *Temporary electric installations* market displayed a higher degree of volatility than during the past three quarters.

The EV charging product area reported continued strong sales growth throughout the entire product program in Sweden.

GARO Sweden		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Key figures		2018	2017	2018	2017
Net sales	MSEK	176.4	163.5	595.5	543.7
Growth	%	8	20	10	30
EBIT	MSEK	24.5	20.4	74.8	64.1
EBIT margin	%	13.9	12.5	12.5	11.8
Investments	MSEK	4.8	5.0	15.3	27.2
Depreciation	MSEK	2.7	2.6	11.0	9.6
Number of employees		234	234	234	234

GARO Other markets

Net sales and earnings

Net sales for the quarter for *GARO Other markets* increased 23% to MSEK 92.0 (74.8), with strong volume growth in both *EV charging* and construction-related product areas overall and in all countries in which GARO is represented.

EBIT was MSEK 13.0 (10.1) and the EBIT margin improved to 14.1% (13.4) for the fourth quarter. EBIT margin improved as a result of strong volume growth.

Net sales for full-year 2018 increased 22% to MSEK 306.7 (252.3) and EBIT rose to MSEK 39.1 (33.6).

Countries

During the quarter, sales for GARO Norway performed favorably in construction-related products and noted strong growth in the *EV charging* product area throughout the product program.

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

GARO Poland's sales and productivity continued to increase in line with rising volumes. The inventory increased during the quarter, which is the result of higher production volumes.

Sales of charging infrastructure picked up in all countries.

GARO Other markets		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Key figures		2018	2017	2018	2017
Net sales	MSEK	92.0	74.8	306.7	252.3
Growth	%	23	15	22	6
EBIT	MSEK	13.0	10.1	39.1	33.6
EBIT margin	%	14.1	13.4	12.7	13.3
Investments	MSEK	0.2	0.8	7.4	24.2
Depreciation	MSEK	1.0	0.8	4.0	2.6
Number of employees		168	142	168	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.

IFRS 16 Leases replaces IAS 17 Leases and its related interpretations. The new standard is applied from January 1, 2019. IFRS 16 applies a control model for identifying leases, whereby leases and service agreements are distinguished based on whether there is an identified asset controlled by the lessee. The new standard eliminates the classification of leases as operating and finance leases for the lessee, as required under IAS 17, and instead introduces a single model for recognition. Under the new model, all leases result in the lessee receiving the right to use an asset over the estimated lease term and, if payments are made over time, also obtain financing. Garo's long-term operating leases will be recognized as assets and financial liabilities in the consolidated balance sheet. Instead of operating lease expenses, Garo will recognize depreciation and interest expenses in the Group's comprehensive income. Lease payments will impact cash flow from operating activities (for example, interest, leases for low-value assets and short-term leases) and cash flow from financing activities (repayment of the lease liability) in the cash-flow statement. The new standard contains no material changes in the reporting requirements for the lessor.

Garo will apply the new standard by using the modified retrospective approach, meaning that comparative figures will not be restated. The accumulated effect of applying IFRS 16 will be recognized on January 1, 2019. Lease liabilities attributable to leases that were previously classified as operating leases under IAS 17 will be measured at the present value of the remaining lease payments, discounted by using the incremental borrowing rate on January 1, 2019. Garo will recognize a right-of-use at an amount corresponding to the lease liability, adjusted by the amount of any deferred or accrued payments attributable to the lease, recognized on December 31, 2018. Accordingly, the transition to IFRS 16 will not have any material impact on consolidated equity and results.

Garo will apply the practical exemptions of recognizing payments attributable to short-term leases and leases for low-value assets as an expense in profit or loss. Garo will not apply IFRS 16 to intangible assets. Non-lease components will be expensed and not recognized as part of the right-of-use or

lease liability. On the transition to IFRS 16, Garo will reassess whether an agreement is a lease or contains a lease.

For leases classified as financial leases under IAS 17, the carrying amount of the right-of-use and the lease liability under IFRS 16 on January 1, 2019 will correspond to the carrying amount of the lease asset and the lease liability under IAS 17 immediately prior to the transition to IFRS 16.

The transition to IFRS 16 will have the following preliminary effects on the consolidated balance sheet on the transition date of January 1, 2019.

Preliminary effects of IFRS 16 MSEK	Jan 1, 2019
Right-of-use	10.1
Deferred tax assets	2.2
Increase in non-current assets	12.3
Long-term lease liability	5.8
Deferred tax liabilities	2.2
Short-term lease liability	4.3
Increase in total liabilities	12.3

In the table above, deferred tax assets and tax liabilities attributable to the right-of-use and the lease liability have been recognized net in those cases in which a legal right exists to offset the deferred taxes. Garo has identified leases pertaining to, for example, company cars, office equipment and rental agreements. The most significant assessments in determining the amounts above refer to establishing the lease terms and whether an agreement is or contains a lease.

Examples of factors that were considered are: strategic plans, the importance of the underlying asset for Garo's operations and/or expenses associated with not extending or terminating the lease. Garo reassessed whether an agreement is a lease or contains a lease on the date of initial application of IFRS 16. The difference between Garo's minimum lease payments for operating leases under IAS 17 and the lease liability that will be recognized on January 1, 2019 under IFRS 16 is mainly attributable to financial leases, estimated extension periods and reassessments of whether an agreement is or contains a lease.

In addition, Garo has a rental agreement for a property in Norway where the company has not yet started utilizing its right-of-use, which is why this lease is not in the table above. The agreement will be recognized as an asset when the property starts to be used, which is expected to take place in the third quarter of 2019.

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. 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 after the end of the quarter

The Board of Directors at GARO AB has decided to terminate Carl-Johan Dalin's employment as Chief Executive Officer as communicated in a press release February 18. Patrik Andersson, currently sales- and marketing director, will take the role of acting CEO. He has been employed by GARO since 2007. A search process for a permanent CEO starts immediately.

Helena Claesson assumed the position of CFO of GARO AB on January 1 and replaced Rickard Blomqvist who served as Acting CFO of GARO for a transitional period.

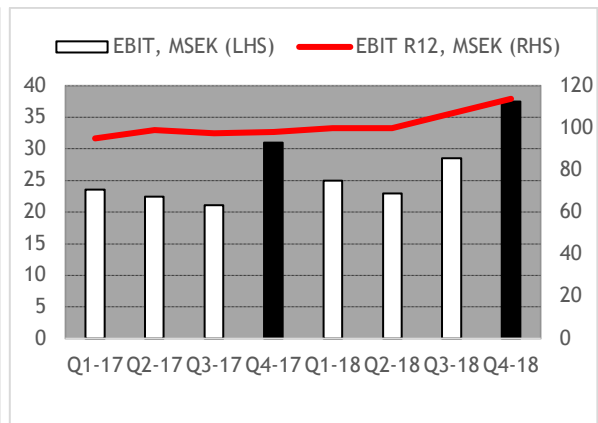
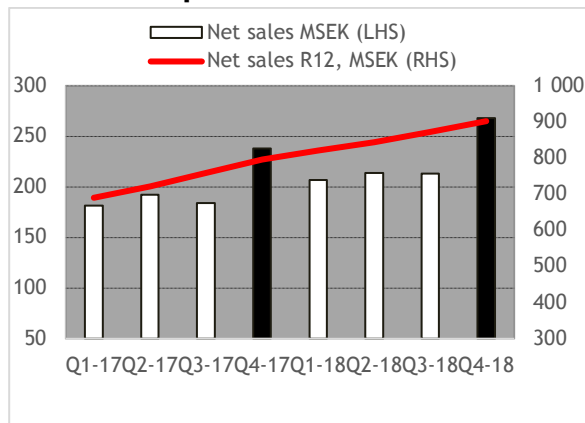
Annual report

Garo's 2018 Annual Report will be published on the company's website not later than April 12, 2019.

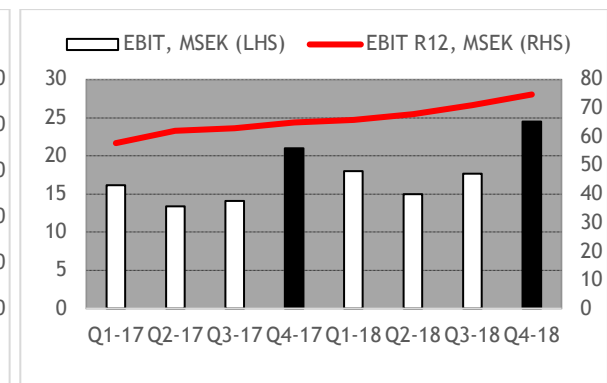
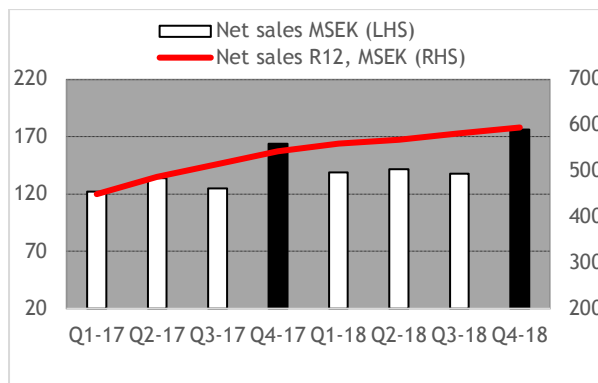
Annual General Meeting

The 2019 Annual General Meeting will take place on May 15, at 5:00 pm in Gnosjö, Sweden. Shareholders who wish to submit proposals for consideration at the AGM should, to ensure that the proposals will be considered at the AGM, send such proposal to the Board no later than March 27, 2019 by e-mail to arsstamma@garo.se or by letter to "AGM," GARO AB, Box 203, SE-335 25 Gnosjö, Sweden. More information about the AGM will be published on the company's website at the following address <http://corporate.garo.se/en/corporate-governance/general-meeting>.

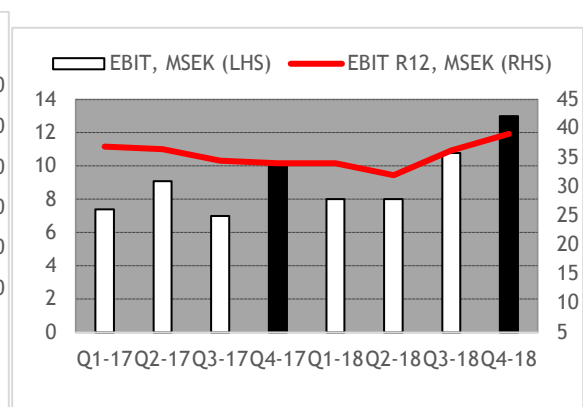
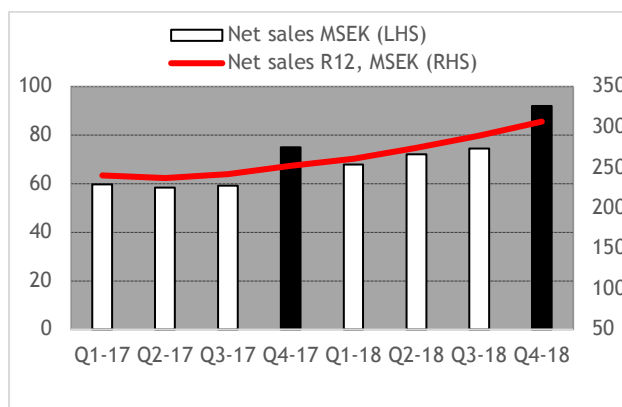
GARO Group



GARO Sweden



GARO Other markets



Consolidated income statement

<i>Amount in MSEK</i>	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	268.4	238.3	902.3	796.0
Other operating income	0.9	1.5	4.2	1.8
Total income	269.3	239.8	906.4	797.8
Operating expenses				
Raw materials and consumables	-135.1	-120.3	-457.1	-404.2
Other external expenses	-36.6	-32.0	-116.1	-100.1
Personnel expenses	-56.3	-53.1	-204.4	-183.2
Depreciation/amortization of tangible and intangible assets	-3.8	-3.4	-15.0	-12.2
Other operating expenses	0.0	-	0.0	-
EBIT	37.5	31.0	113.8	98.1
Result from financial items				
Net financial income/expenses	-1.3	-1.6	-8.1	-2.2
Profit before tax	36.2	29.3	105.8	95.9
Income tax	-10.7	-3.3	-23.1	-10.3
Net income	25.5	26.0	82.7	85.6
Other comprehensive income: Items that may be reclassified to the income statement				
Translation differences	-1.6	2.1	1.5	2.2
Other comprehensive income, net	-1.6	2.1	1.5	2.2
Total comprehensive income for the year	23.9	28.2	84.2	87.8
Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company				
Key ratios per share				
Average number of shares	10,000,000	10,000,000	10,000,000	10,000,000
Earnings per share*, SEK	2.55	2.60	8.27	8.56
* Before and after dilution				

Condensed consolidated balance sheet

<i>Amount in MSEK</i>	Dec 31, 2018	Dec 31, 2017
ASSETS		
Fixed assets		
Intangible assets	55.1	49.9
Tangible assets	100.3	97.8
Financial assets	10.2	9.6
Total fixed assets	165.7	157.3
Current assets		
Inventories	161.8	142.8
Accounts receivable	218.7	196.7
Other current receivables	11.1	8.9
Cash and cash equivalents	8.4	28.2
Total current assets	400.1	376.6
TOTAL ASSETS	565.8	533.9
EQUITY AND LIABILITIES		
Share capital	20.0	20.0
Other reserves	3.6	2.1
Other equity including net income for the period	272.6	230.6
Total equity	296.2	252.7
Long-term liabilities		
Interest-bearing liabilities	36.4	38.3
Other provisions	1.5	1.6
Deferred tax liabilities	2.2	4.5
Total long-term liabilities	40.1	44.4
Short-term liabilities		
Interest-bearing liabilities	17.7	46.0
Accounts payable	103.4	93.7
Other short-term liabilities	108.4	97.1
Total short-term liabilities	229.5	236.8
TOTAL EQUITY AND LIABILITIES	565.8	533.9
Key figures		
Net debt	45.7	56.2
Equity ratio	52.5%	47.3%
Adjusted equity per share, SEK	29.6	25.3
Outstanding number of shares, '000	10,000	10,000

Changes in consolidated equity

Equity attributable to shareholders in the Parent Company Amount in MSEK	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
Closing equity, December 31, 2017	20.0	2.1	230.5	252.7
Equity at January 1, 2018	20.0	2.1	230.5	252.7
Net income for the period			82.7	82.7
Other comprehensive income for the period		1.5		1.5
Dividend to shareholders			-40.4	-40.4
Change in value, liability, put option			-0.3	-0.3
Closing equity, December 31, 2018	20.0	3.6	272.6	296.2

Condensed consolidated cash-flow statement

Amount in MSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating activities				
Cash flow from operating activities before changes in working capital	36.6	29.2	99.9	86.9
Cash flow from changes in working capital	-9.8	-13.9	-27.2	-35.4
Cash flow from operating activities	26.8	15.3	72.7	51.5
Investing activities				
Investments in intangible assets	-2.7	-2.5	-8.5	-7.5
Acquisition of subsidiaries	-	-15.3	-	-45.2
Investments in tangible assets	-2.3	-3.3	-13.9	-43.9
Disposal of tangible assets	-	0.3	0.5	1.5
Cash flow from investing activities	-5.0	-20.8	-21.9	-95.1
Financing activities				
Net borrowing/amortization of loans	-18.5	18.6	-30.3	59.3
Dividend paid to shareholders	-	-	-40.4	-28.9
Cash flow from financing activities	-18.5	18.6	-70.7	30.4
Cash flow for the period	3.3	13.1	-19.9	-13.2
Currency effect in cash and cash equivalents	-0.2	0.2	0.1	-0.2
Cash and cash equivalents, start of the period	5.3	14.9	28.2	41.6
Cash and cash equivalents, end of the period	8.4	28.2	8.4	28.2

Parent Company income statement

<i>Amount in MSEK</i>	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	165.8	131.8	527.5	428.9
Other operating income	2.2	3.1	11.8	8.2
Total income	168.4	134.8	539.3	437.1
Operating expenses				
Raw materials and consumables	-104.4	-79.1	-331.4	-255.6
Other external expenses	-17.5	-16.5	-52.0	-48.3
Personnel expenses	-27.4	-24.9	-95.4	-88.0
Depreciation/amortization of tangible and intangible assets	-2.5	-2.3	-9.9	-8.7
Other operating expenses	5.9	-	5.9	-
EBIT	22.6	12.0	56.5	36.5
Result from financial items				
Profit from participations in Group companies	12.3	11.0	30.3	20.4
Net interest income and similar items	0.5	0.4	2.5	2.1
Net interest expenses and similar items	-1.5	-1.1	-8.3	-2.6
Profit before tax	33.9	22.4	80.9	56.4
Appropriations	13.0	8.3	13.0	8.3
Income tax	-9.2	-3.1	-15.5	-8.5
Net income	37.7	27.6	78.4	56.2

Condensed Parent Company balance sheet

<i>Amount in MSEK</i>	Dec 31, 2018	Dec 31, 2017
ASSETS		
Intangible assets	15.6	9.3
Tangible assets	49.6	50.3
Participations in Group companies	43.7	42.7
Other financial assets	24.1	36.6
Total fixed assets	133.0	138.9
Current assets		
Inventories	55.4	62.4
Accounts receivable	101.1	84.4
Other receivables	96.1	70.5
Cash and bank balances	-	-
Total current assets	252.7	217.3
TOTAL ASSETS	385.7	356.2
EQUITY AND LIABILITIES		
Share capital	20.0	20.0
Fund for internal development expenses	8.2	1.8
Statutory reserve	2.6	2.6
Non-restricted equity including net income for the period	186.8	154.8
Total equity	217.6	179.2
Untaxed reserves	0.9	7.9
Provisions	2.8	3.3
Liabilities		
Long-term interest-bearing liabilities	20.4	23.5
Short-term interest-bearing liabilities	11.1	35.9
Short-term non-interest-bearing liabilities	132.9	106.4
Total liabilities	164.4	165.8
TOTAL EQUITY AND LIABILITIES	385.7	356.2

Sales and EBIT by segment

Segment information	Sweden		Other markets		Elimination		Group	
	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017
Sales								
Total net sales	238.4	209.2	149.9	111.8	-119.9	-82.7	268.4	238.3
Internal net sales	-62.0	-45.7	-57.9	-37.0	119.9	82.7	-	-
External net sales	176.4	163.5	92.0	74.8	-	-	268.4	238.3
EBIT	24.5	20.4	13.0	10.0	-	-	37.5	31.0
Net financial income/expenses	-	-	-	-	-	-	-1.3	-1.6
Tax expense for the year	-	-	-	-	-	-	-10.7	-3.3
Net income for the year	-	-	-	-	-	-	25.5	26.0

Segment information	Sweden		Other markets		Elimination		Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Sales								
Total net sales	792.2	686.2	473.9	357.8	-363.8	-248.0	902.3	796.0
Internal net sales	-196.4	-142.5	-166.9	-105.5	-363.8	248.0	-	-
External net sales	595.8	543.7	307.0	252.3	-	-	902.3	796.0
EBIT	74.7	64.5	39.1	33.6	-	-	113.9	98.1
Net financial income/expenses	-	-	-	-	-	-	-8.1	-2.2
Tax expense for the year	-	-	-	-	-	-	-23.1	-10.3
Net income for the year	-	-	-	-	-	-	82.7	85.6

GARO Group		Oct-Dec	Oct-Dec	Full-year	Full-year	Full-year	Full-year	Full-year
Multi-year overview and key ratios		2018	2017	2018	2017	2016	2015	2014
Net sales	MSEK	268.4	238.3	902.3	796.0	657.8	554.1	441.7
Growth	%	13	19	13	21	19	25	15
EBITDA	MSEK	41.3	34.4	128.8	110.3	84.8	74.3	50.6
EBITDA margin	%	15.4	14.4	14.3	13.9	12.9	13.4	11.5
EBIT	MSEK	37.5	31.0	113.8	98.1	73.8	62.4	39.8
EBIT margin	%	14.0	13.0	12.6	12.3	11.2	11.3	9.0
Adjusted EBIT	MSEK	-	-	-	-	86.4	-	-
Adjusted EBIT margin	%	-	-	-	-	13.1	-	-
Investments	MSEK	5.0	5.8	22.7	51.4	12.8	13.8	6.3
Depreciation	MSEK	3.8	3.4	15.0	12.2	11.0	11.9	10.8
Return on equity*	%	30.1	38.3	30.1	38.3	32.4	31.3	17.1
Equity ratio	%	52.4	47.3	52.4	47.3	52.0	49.8	48.5
Net debt	MSEK	45.7	56.2	45.7	56.1	-17.3	-0.4	19.3
Net debt/EBITDA*	multiple	0.4	0.5	0.4	0.5	-0.2	0.0	0.4
Number of employees		402	376	402	376	274	254	244

*) Key ratios are calculated on the last 12 months

Quarterly figures

Consolidated income statement	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Amount in MSEK	2018	2018	2018	2018	2017	2017	2017	2017	2016
Net sales	268.4	212.7	214.2	207.0	238.3	184.1	192.0	181.6	200.9
Operating expenses	-230.9	-184.2	-191.4	-181.9	-207.4	-163.0	-169.5	-158.0	-170.6
EBIT	37.5	28.5	22.8	25.1	30.9	21.1	22.5	23.6	30.3
Net financial income/expenses	-1.3	-2.8	-3.2	-0.8	-1.6	-0.3	-0.2	-0.1	-2.2
Profit before tax	36.2	25.7	19.6	24.3	29.3	20.8	22.3	23.5	28.1
Tax	-10.7	-3.0	-4.2	-5.2	-3.3	2.4	-4.4	-5.0	-6.4
Net income	25.5	22.7	15.4	19.1	26.0	23.2	17.9	18.5	21.7
Net sales per segment	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Amount in MSEK	2018	2018	2018	2018	2017	2017	2017	2017	2016
GARO Sweden	176.4	138.3	142.3	138.6	163.5	124.9	133.5	121.8	135.9
GARO Other markets	92.0	74.4	71.9	68.4	74.8	59.2	58.5	59.8	65.0
Total Group	268.4	212.7	214.2	207.0	238.3	184.1	192.0	181.6	200.9
EBIT per segment	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Amount in MSEK	2018	2018	2018	2018	2017	2017	2017	2017	2016
GARO Sweden	24.5	17.7	15.1	17.5	20.8	14.1	13.4	16.2	19.3
GARO Other markets	13.0	10.8	7.7	7.6	10.1	7.0	9.1	7.4	11.0
Total Group	37.5	28.5	22.8	25.1	30.9	21.1	22.5	23.6	30.3

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 February 19 at 9:30 a.m.

Telephone numbers:

Sweden: +46 10 884 80 16

International: +44 20 3936 2999

Code: 820632

The presentation used during this teleconference can be downloaded at 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

Annual Report 2018: not later than April 12, 2019

Annual General Meeting and report for the first quarter of 2019: May 15, 2019

Second quarter of 2019: August 22, 2019

Third quarter of 2019: November 7, 2019

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, February 19, 2019

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

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 February 19, 2019, at 7:30 a.m.