



Q4 2017 presentation

16 February 2017

Today's presenters

Per Sjöstrand



Group CEO

Lotta Sjögren



Group CFO

This is Instalco

- A leading multi-disciplinary technical installation company active in the Nordic region
- Focus on mid-size projects
- Decentralised structure – “The Instalco model”

Key financials 2017

Net sales

SEK **3,114** million

Order backlog

SEK **3,194** million

Adjusted EBITA

SEK **264** million

Adjusted EBITA margin

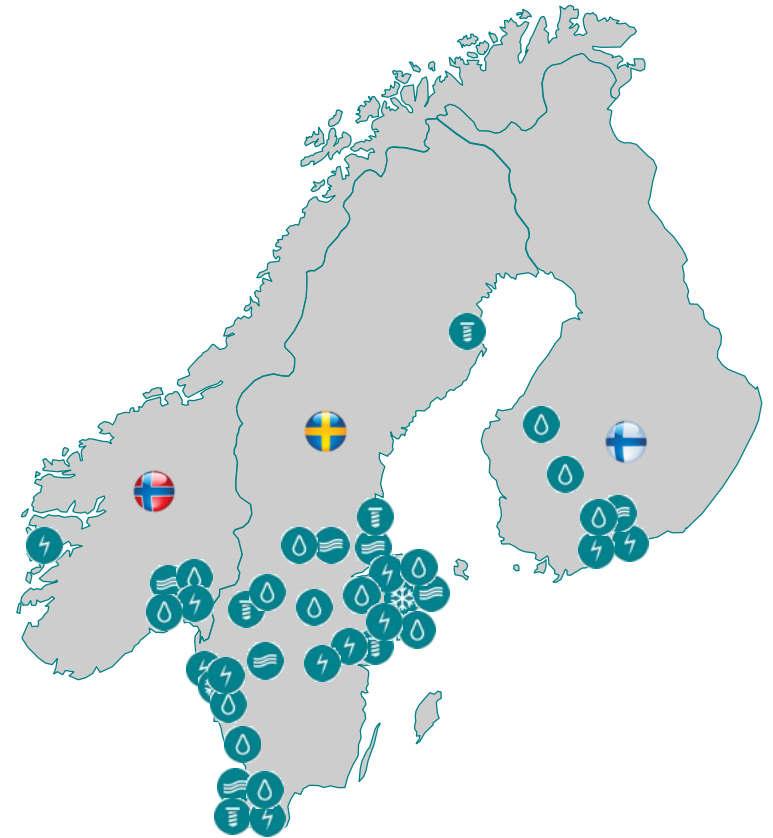
8.5 %

Number of employees

1,844

Acquired annual sales

1,031



National coverage in Sweden, Norway and Finland with strong local positions in key growth regions

2017 Highlights

- Executed acquisition strategy according to plan
 - **18 companies** acquired with combined estimated annual sales of approx. **SEK 1,031 million** (whereof SEK 716m post IPO)
- Expansion in all markets and most technical disciplines
 - Establishment in **growth regions** in Norway and Finland
 - New electrical installation company founded organically in Sweden
- Adj. EBITA margin above long-term target of 8%
 - **8.5%** margin, up from 6.5% in 2016
- Strong increase in order backlog
 - **60%** growth to SEK **3,194 million** (1x 12m rolling net sales)



Q4 2017 Highlights

- Record-high margin
- Net sales growth of 20%
- Strong order backlog increase of 60%
- Acquired annual sales of SEK 484 million
- Board proposes dividend of SEK 1.1
- Continued strong market

Sales and profitability

Net sales

SEK **935** million

Adjusted EBITA

SEK **101** million

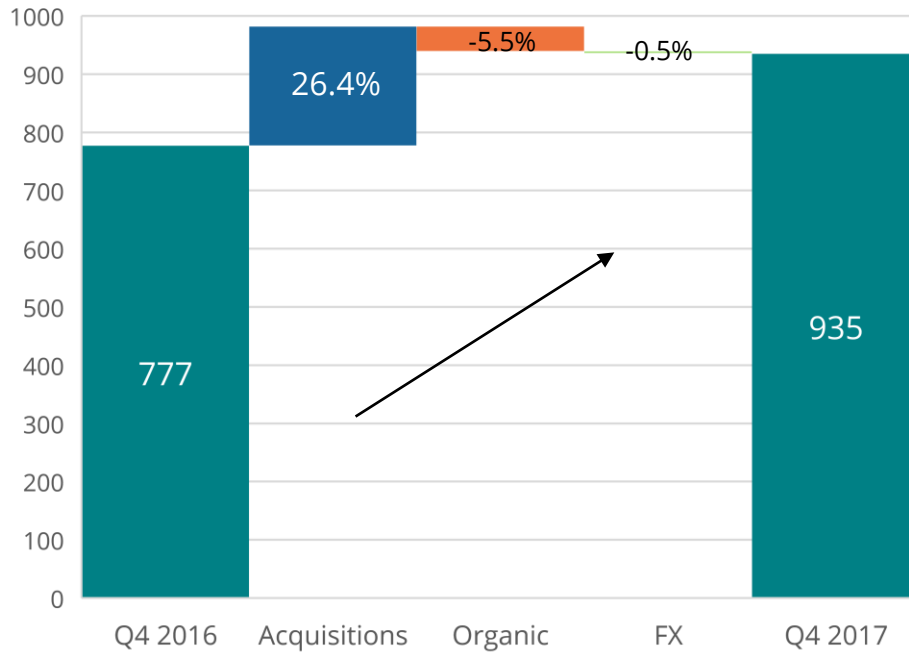
Adjusted EBITA margin

10.8 %

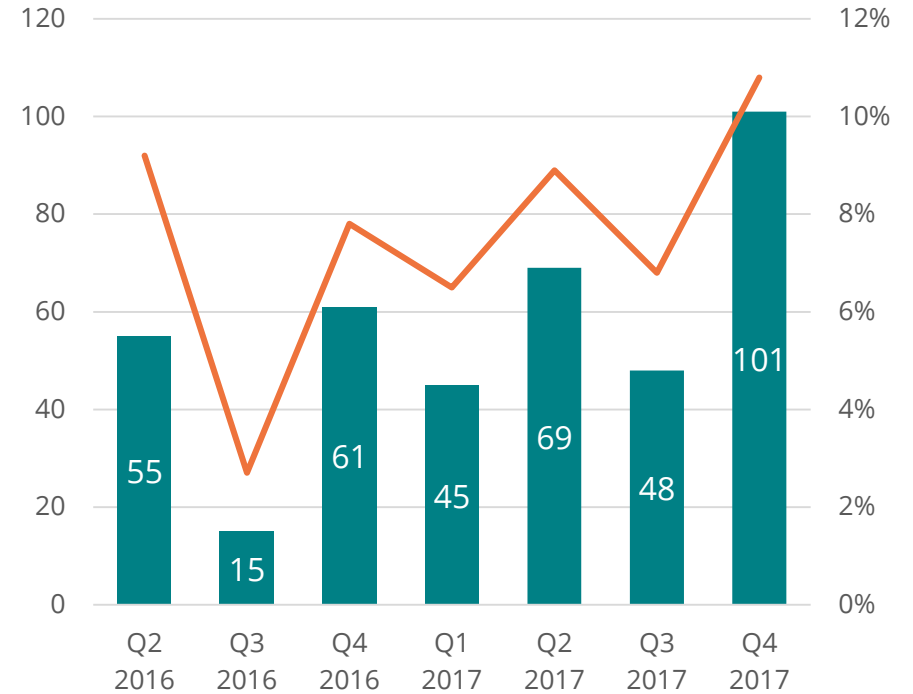


Group development – Net sales and EBITA

Net sales growth (SEK million)

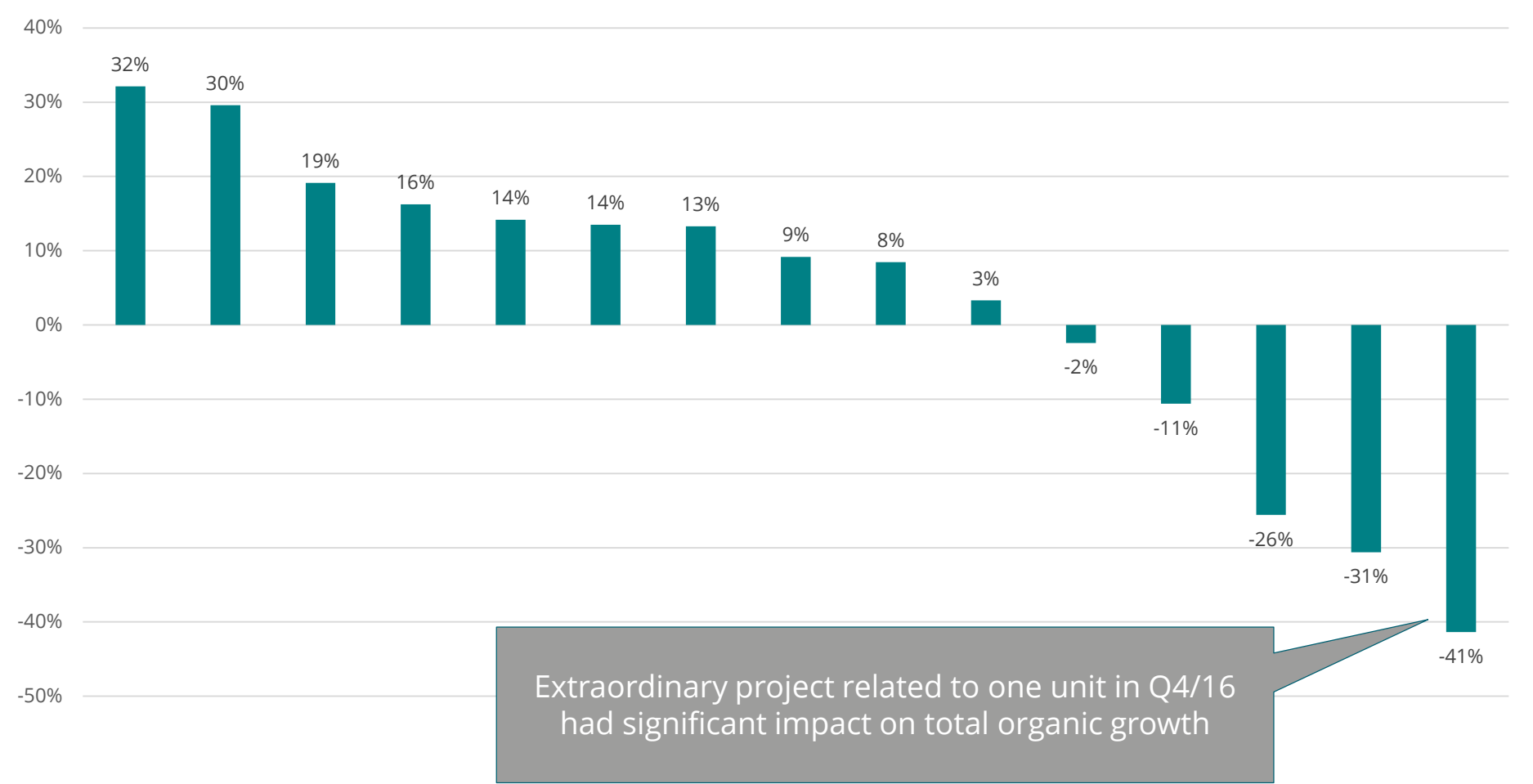


Adj. EBITA (SEK million) and adj. EBITA margin (%)



Organic growth in majority of the companies

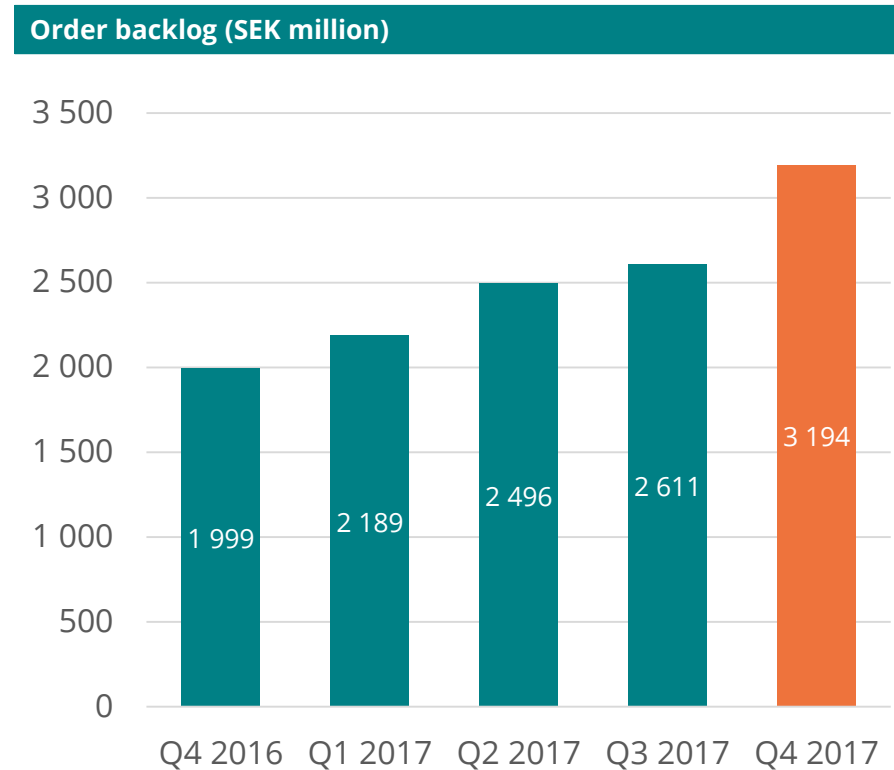
Organic growth per unit, Sweden, 2017



The chart excludes the consultancy company Inkon (started organically in 2016)

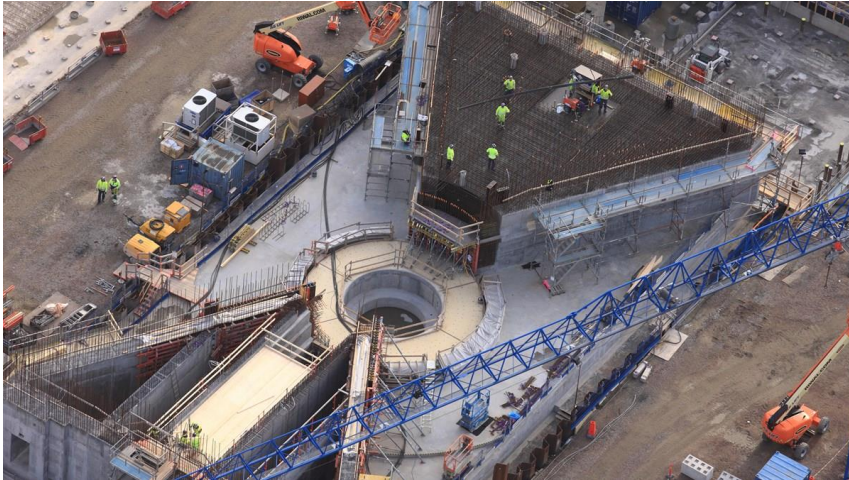
Group development – Order backlog

- Growth of 59.8%
- Record-high order backlog ratio of 1x (relative to 12 months rolling net sales)



Examples of new projects in Q4

Renewed contract at European Spallation Source



- Rörläggaren and ORAB
- Heating, plumbing and process installations
- Subcontract from Skanska
- Order value SEK 220 million

New police station in Rinkeby



- Rörgruppen and Ohmegi
- Heating, plumbing and electrical installations
- Subcontract from NCC
- Order value SEK 55 million

Segment development - Sweden

- Favourable market demand
- Limited exposure to housing market
- Unchanged net sales Y/Y, whereof -8.7% organic and 8.7% acquired growth
- Strong margin
- Order backlog growth of 53.6% Y/Y whereof 27.4% was acquired and 26.1% in comparable units

Key financials Q4 2017

Net sales

SEK **663** million

EBITA

SEK **72** million

EBITA margin

10.8 %

Order backlog

SEK **2,587** million

Segment development – Rest of Nordics

- Overall stable markets
- Net sales growth of 158% whereof 13.1% organic and 128.7% acquired growth
- Strong margin improvement
- Order backlog growth of 93% fully related to acquisitions

Key financials Q4 2017

Net sales

SEK **273** million

EBITA

SEK **33** million

EBITA margin

12.3 %

Order backlog

SEK **607** million

Acquisitions 2017

Acquisition	Discipline	Market / Region	Estimated yearly sales (SEKm)	Acquired
<i>Pre IPO</i>				
SwedVVs	Heating & Plumbing	Sweden - West	26	Feb
Andersen og Aksnes	Heating & Plumbing	Norway	102	Feb
Uudenmaan Sähkötekniikka	Electrical	Finland	42	Mar
Rodens Värme & Sanitet	Heating & Plumbing	Sweden - East	38	Mar
Uudenmaan LVI-Talo	Heating & Plumbing, Ventilation	Finland	107	Mar
Total pre IPO			315	
<i>Post IPO</i>				
Frøland & Noss Elektro	Electrical	Norway	167	Jun
AS Elektrisk	Electrical	Norway	65	Jul
Telefuusio	Electrical	Finland	35	Nov
Elkontakt i Borås	Electrical	Sweden - West	200	Dec
Elektro-Centralen	Electrical	Sweden - West	207	Dec
Vesijohtoliike Kannosto and Kannosto LVI-Talo	Heating & Plumbing, Ventilation	Finland	42	Dec
Total post IPO			716	
GRAND TOTAL			1,031	

New companies that support Instalco's growth strategy

Elkontakt



- Complete provider of electrical, telecommunications and data installation services
- Operations in West, South and East
- Speciality expertise in installations at logistics centers, warehouse and production plants
- Annual sales of approx. SEK 200 million

Kannosto companies



- Providers of heating, plumbing and ventilation
- Operations in the growth regions of Tampere and Seinäjoki
- 50% of sales from service, clearly higher than rest of Instalco companies
- Annual sales of approx. SEK 42 million

Financial targets and dividend policy

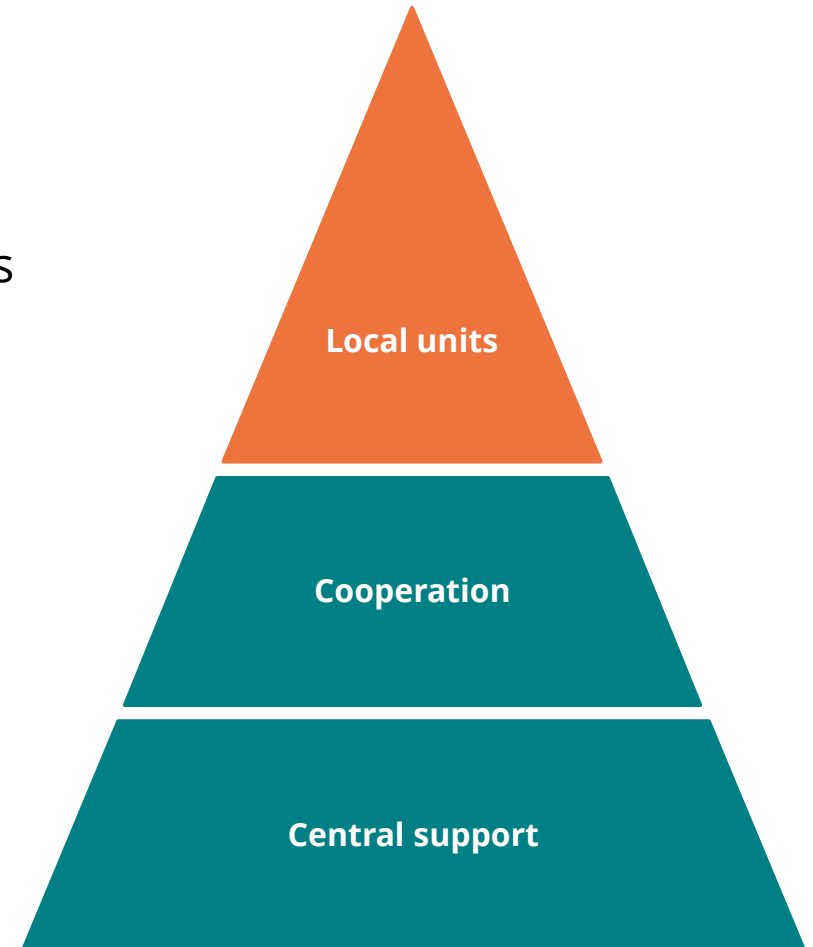
Area	Target	Comment
Growth	<ul style="list-style-type: none"> Adjusted EBITA pro forma¹ shall reach SEK 450m not later than the end of 2019 The average organic sales growth shall amount to 5% over time 	<ul style="list-style-type: none"> Acquired sales and EBITA in line with plan Average yearly organic sales of 16% since 2014³
Margin	<ul style="list-style-type: none"> Instalco aims to deliver an adjusted EBITA margin of 8.0% 	<ul style="list-style-type: none"> 8.5% in 2017
Capital structure	<ul style="list-style-type: none"> Instalco's net debt in relation to adjusted EBITDA² shall not exceed a ratio of 2.5 	<ul style="list-style-type: none"> 1.7x in December 2017
Cash conversion	<ul style="list-style-type: none"> Instalco aims to achieve a cash conversion ratio of 100%, measured over a rolling twelve-month period 	<ul style="list-style-type: none"> 93% in 2017
Dividend policy	<ul style="list-style-type: none"> Instalco targets a dividend payout ratio of 30% of net profit 	<ul style="list-style-type: none"> Proposal of 30% of net profit 2017

Instalco's financial targets set forth above constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of Instalco's industry, business, results of operations and financial condition. Instalco's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which Instalco operates, may differ materially from, and be more negative than, those assumed by Instalco when preparing the financial targets set out above. As a result, Instalco's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurance can be given that Instalco will be able to reach these targets or that Instalco's financial condition or results of operations will not be materially different from these financial targets

1) Adjusted EBITA including full-year pro-forma consolidation of acquisitions and excluding exceptional items
 2) Adjusted EBITDA including full-year pro-forma consolidation of acquisitions and excluding exceptional items
 3) Based on average organic sales 2015, 2016 and 2017

Profitability driven by the Instalco model

- Decentralised structure secures the entrepreneurial spirit in the company
- High degree of specialisation supports margins
- Continuous improvement through the IFOKUS program and best practice sharing
- Increased cross-selling



Market outlook

- The Nordic region experiences a strong economy, which provides high potential for public and infrastructure investments
 - Sweden and Norway have committed to infrastructure investments of SEK 600 billion and NOK 500 billion respectively
- Housing shortage in a clear majority of cities and municipalities
 - Sweden has demand for 600,000 new residences until 2025
 - However, stricter mortgage amortisation rules might impact market for owned apartments
- Increased demand for installation services, but only a few companies can provide specialist services
- Number of building permits indicate a slowdown in new construction, however volumes are still increasing



Summary

Q4

- Record-high margin
- Record-strong order backlog
- Acquisition execution according to plan

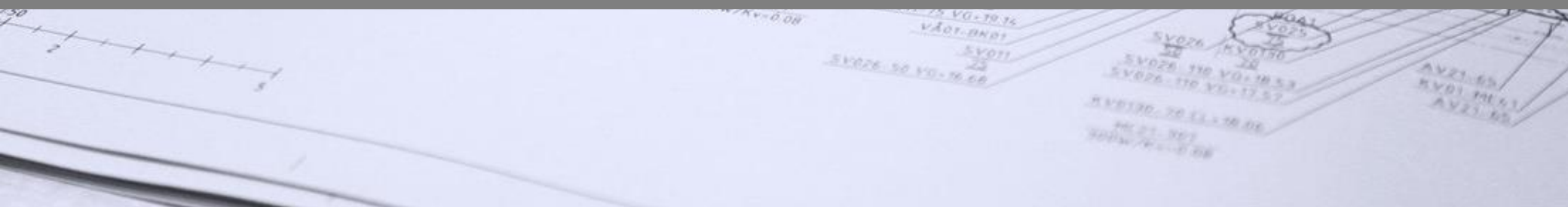
Looking ahead

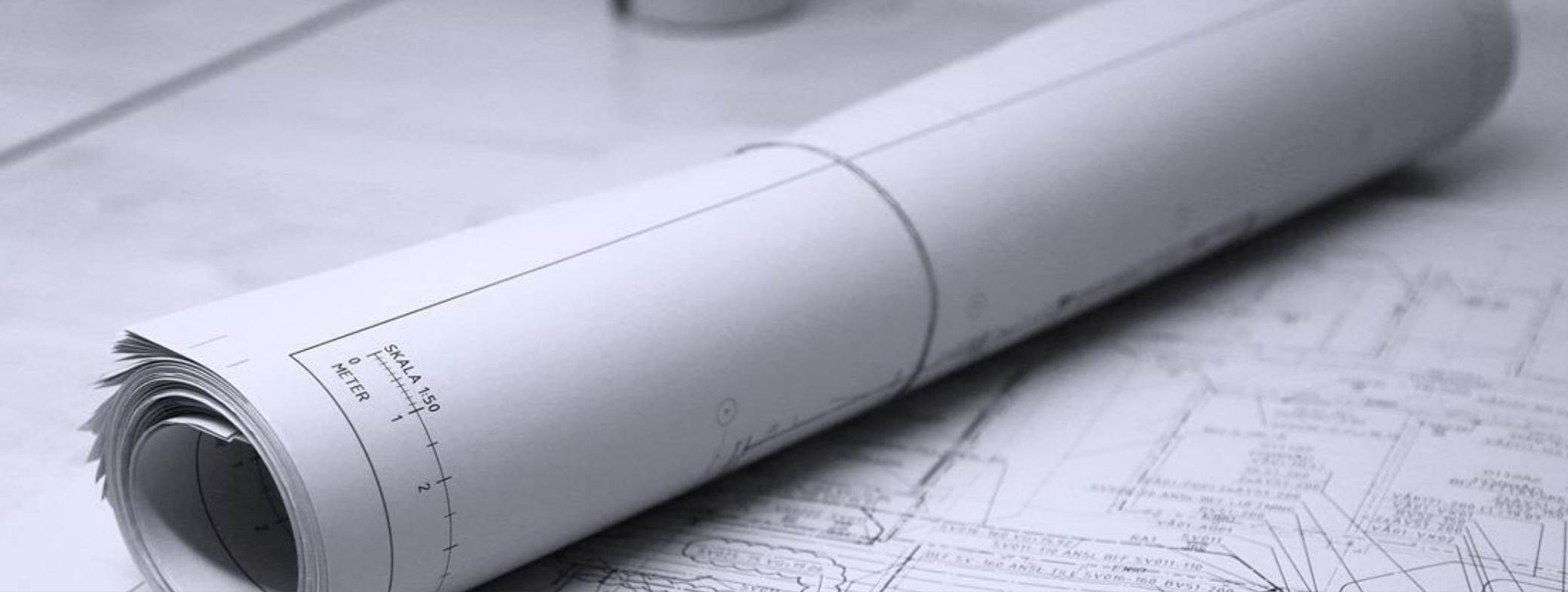
- Attractive acquisition pipeline
 - SEK 170 million acquired YTD
- Organic growth to stabilise over the year as more companies become part of basis for calculation



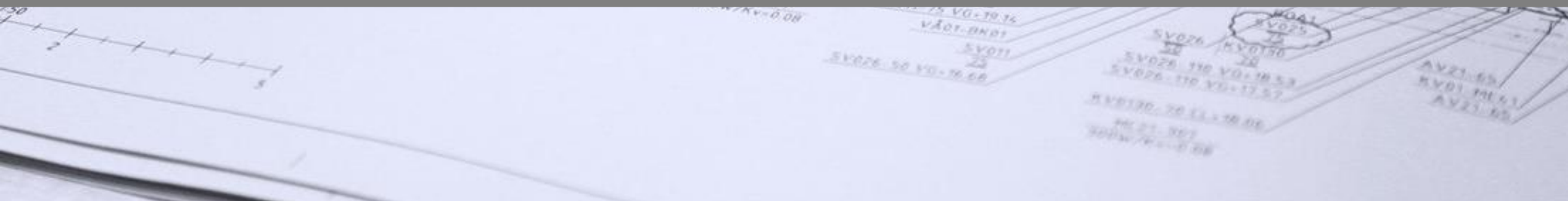


Q&A





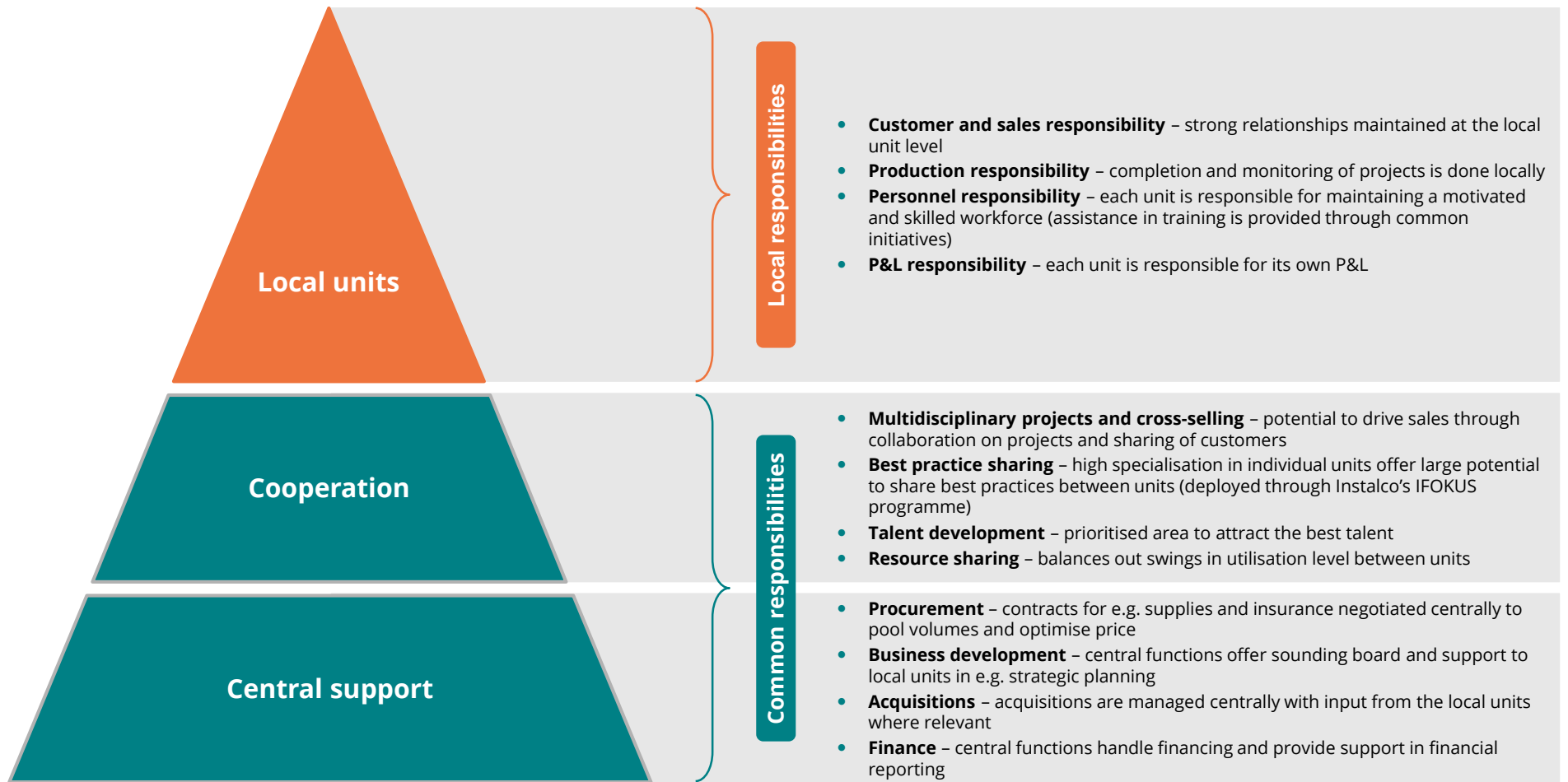
APPENDIX



The Instalco model



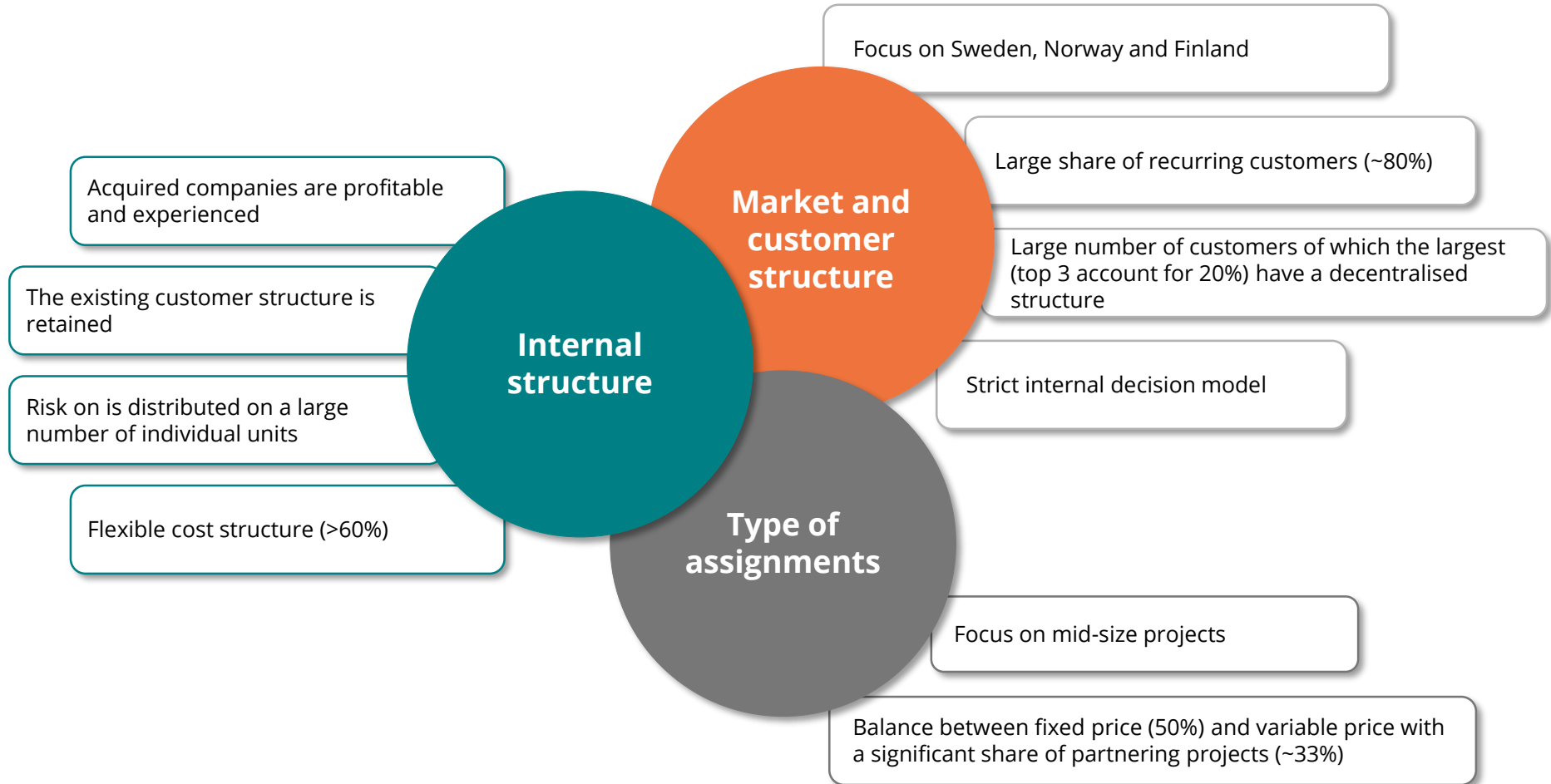
The Instalco model – local units supported by central functions



- The local units are the core of Instalco's operations – have full responsibility to drive the day-to-day business
- Instalco aims to provide an ecosystem for local market leaders to thrive and grow in
- Lean approach to central functions – services only added if they are requested by the local units

Balanced risk approach

Balanced risk is fundamental to Instalco's business model. This foundation is based on the following ten strategic principles for risk management, applicable since the company started:



Quarterly data

SEKm	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Net sales	487	474	599	556	777	689	781	708	935
<i>Growth, %</i>	<i>n.a.</i>	<i>95.8%</i>	<i>97.1%</i>	<i>65.6%</i>	<i>59.7%</i>	<i>45.2%</i>	<i>30.5%</i>	<i>27.3%</i>	<i>20.3%</i>
EBITDA	39	23	49	12	60	38	62	54	94
<i>EBITDA margin, %</i>	<i>8.0%</i>	<i>4.9%</i>	<i>8.2%</i>	<i>2.2%</i>	<i>7.7%</i>	<i>5.5%</i>	<i>8.0%</i>	<i>7.6%</i>	<i>10.2%</i>
Adjusted EBITDA	39	26	56	16	63	46	71	50	103
<i>Adjusted EBITDA margin, %</i>	<i>8.0%</i>	<i>5.5%</i>	<i>9.3%</i>	<i>2.9%</i>	<i>8.1%</i>	<i>6.7%</i>	<i>9.1%</i>	<i>7.0%</i>	<i>11.0%</i>
EBITA	38	23	49	11	58	37	61	52	94
<i>EBITA margin, %</i>	<i>7.9%</i>	<i>4.8%</i>	<i>8.1%</i>	<i>2.0%</i>	<i>7.4%</i>	<i>5.3%</i>	<i>7.8%</i>	<i>7.4%</i>	<i>10.0%</i>
Adjusted EBITA	38	25	55	15	61	45	69	48	101
<i>Adjusted EBITA margin, %</i>	<i>7.9%</i>	<i>5.3%</i>	<i>9.2%</i>	<i>2.7%</i>	<i>7.8%</i>	<i>5.3%</i>	<i>8.9%</i>	<i>6.8%</i>	<i>10.8%</i>
Adjustments									
Earn-outs	-5	-	6	0	-	4	-16	-9	7
Acquisition costs	3	2	0	3	1	2	4	2	1
Refinancing costs	2	0	0	0	1	1	0	0	0
Listing costs	-	-	-	1	1	2	20	2	-
Total adjustments	-0	3	6	4	3	8	8	-4	7
Net debt	332	293	265	210	241	302	346	392	446
Net debt /LTM adjusted EBITDA	3.8x	2.8x	2.0x	1.5x	1.5x	1.7x	1.8x	1.7x	1.7x
Net working capital	100	35	15	3	-17	-69	-26	15	3
<i>Net working capital (% of LTM net sales)</i>	<i>7.3%</i>	<i>2.2%</i>	<i>0.8%</i>	<i>0.1%</i>	<i>-0.7%</i>	<i>-2.9%</i>	<i>-0.9%</i>	<i>0.5%</i>	<i>0.0%</i>
Order backlog	1,318	1,650	1,683	1,911	1,999	2,189	2,496	2,611	3,194
Number of operating units at the end of the period	15	18	19	24	26	31	32	33	43
Average number of employees	870	1,043	1,082	1,221	1,240	1,466	1,578	1,594	1,666
Number of employees at the end of the period	925	1,060	1,120	1,257	1,295	1,470	1,590	1,631	1,844