Instalco

INSTALCO

Year-end report January – December 2019

Many acquisitions and high profitability

October – December 2019

- Net sales increased by 30.7 percent to SEK 1,652 (1,264) million. Organic growth was 6.0 (1.5) percent.
- Adjusted EBITA increased to SEK 157 (120) million, which corresponds to an adjusted EBITA margin of 9.5 (9.5) percent.
- Operating cash flow for the quarter was SEK 186 (193) million.
- Six acquisitions were made during the quarter, which, on an annual basis, contribute an estimated total sales of SEK 444 million.
- Earnings per share for the quarter amounted to SEK 2.24 (2.03).

January – December 2019

- Net sales increased by 28.9 percent to SEK 5,692 (4,414) million. Organic growth was 4.0 (6.6) percent.
- Adjusted EBITA increased to SEK 500 (375) million, which corresponds to an adjusted EBITA margin of 8.8 (8.5) percent.
- Operating cash flow for the period was SEK 613 (450) million.
- 19 acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 1,460 million.
- Earnings per share for the period amounted to SEK 7.58 (5.20).
- The Board proposes dividends of SEK 2.30 (1.50) per share.

Key figures

SEK m	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	1,652	1,264	5,692	4,414
EBITA	145	125	493	334
EBITA margin, %	8.8	9.9	8.7	7.6
Adjusted EBITA[1)]	157	120	500	375
Adjusted EBITA margin, %[1)]	9.5	9.5	8.8	8.5
Earnings before taxes	138	122	473	315
Order backlog	4,865	4,063	4,865	4,063
Earnings per share, SEK[2)]	2.24	2.03	7.58	5.20

1) Adjusted for items associated with, inter alia, acquisitions.
2) Calculated in relation to the number of shares before dilution at the end of the reporting period.

Instalco is a leading Nordic company within the electrical, plumbing, climate and cooling areas. The company is represented in most of Sweden as well as in Norway and Finland. Through innovative thinking and efficiency, the operations are conducted in close collaboration with our customers.

CEO Comments

I'm very proud to report that we ended 2019 on a strong note, with stability and high profitability and strong cash flow during the fourth quarter. Sales in the fourth quarter were SEK 1,652 (1,264) million, which corresponds to a growth rate of 30.7 percent, where 6.0 percent was organic growth. Adjusted EBITA for the fourth quarter was SEK 157 (120) million, which corresponds to an adjusted EBITA margin of 9.5 (9.5) percent. Order backlog has remained stable and at the end of the quarter, it amounted to SEK 4,865 (4,063) million, which corresponds to an increase of 19.8 percent.

Prominent companies and impressive newcomers

In 2019, we acquired 19 new companies with combined annual sales of nearly SEK 1.5 billion, which far exceeds our ambition of acquired sales in the range of SEK 600-800 million per year. During the last quarter of the year, we welcomed four new companies in Sweden, as well as two in Norway, to the Instalco family.

In Sweden, we acquired two well-established, reputable companies that have been doing business for decades. One is Henningsons Elektriska i Falun, established in 1939 and the other is Borås Rörinstallationer, established in 1933. Both of these companies contribute a substantial amount of accumulated knowledge, skill and excellence. It gives us an overall portfolio with a great mix of older and newer companies. We also acquired Tingstad Rörinstallation in Gothenburg and Elovent in Kalmar, which means that Instalco has now, for the first time, established a position in Småland.

In Norway, Instalco is now serving the city of Lillehammer via its acquisition of the heating & plumbing company, Medby AS. And, in Kristiansand, we expanded our operations via the acquisition of the ventilation group, Ventec. The acquisition of Ventec brings us one step closer to having a multidisciplinary offering in the region around Kristiansand in southern Norway.

Collaboration between subsidiaries

Collaboration between Instalco companies enables us to deliver attractive solutions to our customers that meet all of their needs. One example of this was a smaller project where four Instalco companies collaborated on construction of a new Lloyds pharmacy in Malmö. They were contracted for installation of the heating & plumbing, electricity, ventilation and sprinkler systems. With four of our own companies collaborating on the same project, we've been able to deliver quickly, with high quality and cost-effectiveness. It's an excellent example of how the Instalco model works.

In Norway, we won our largest multi-company assignment to date during the quarter. Two Instalco companies, Andersen og Aksnes and Teknisk Ventilasjon have obtained a joint installation assignment for an apartment complex project in Oslo. They will be responsible for the heating & plumbing and ventilation systems. The customer is Betonmast AS, which has been contracted by Stor-Oslo Eiendom.

New sustainability program

Instalco's strategy is to grow both organically and via acquisitions. All growth shall be sustainable, from an economic, social and environmental perspective.

I am therefore particularly proud to have, just days ago, announced the launch of our new sustainability programme called "Sustainable Installations", where we have developed our own certification system. The aim of the programme is to further solidify Instalco's position as a leading installation company in the Nordic region. We are also expanding our approach and taking even greater responsibility in the area of sustainability with our classification system, "Sustainable Instalco Project".

The Sustainability Programme focuses on three main areas that should permeate all areas of the Group's sustainability work: Safe and modern work environment, Sustainable installations and Mature leadership

We are also continuing our efforts to expand our service offering. The goal is for service to account for a larger share of the business, taking it from 15 to 25 percent. To achieve that, we are now building an organization with service departments at our subsidiaries and when projects are completed, their task will be to offer customers service agreements.

We now have around 3,000 employees who have worked very hard to ensure that 2019 was a successful year for Instalco. With their continued dedication and skill, we can look forward to the year ahead with expectations of equal or even greater success.

Per Sjöstrand, CEO

Performance of the Instalco Group

The Nordic market of installation services

The market for technical installation and service in Sweden, Norway and Finland has been stable over time. To a large extent, it is fuelled by several long-term trends and underlying factors such as urbanisation, housing shortage, development of technology, infrastructure investments and ageing property holdings.

More recently, there has also been more emphasis on environmental awareness, generating benefits to society and sustainable entrepreneurship for our customers.

Net sales

Fourth quarter

Sales for the fourth quarter amounted to SEK 1,652 (1,264) million, which is an increase of 30.7 percent. Adjusted for currency effects, organic growth was 6.0 percent and acquired growth was 24.6 percent. Currency fluctuations had an effect on net sales of 0.1 percent. Six new company acquisitions were made during the quarter.

January-December

Net sales for the period amounted to SEK 5,692 (4,414) million, which is an increase of 28.9 percent. Organic growth, adjusted for currency effects, was 4.0 percent and acquired growth was 24.8 percent. Currency fluctuations had an effect on net sales of 0.4 percent. 19 companies were acquired during the period.

Earnings

Fourth quarter

Adjusted EBITA for the fourth quarter amounted to SEK 157 (120) million. The difference is primarily attributable to a revaluation of additional consideration during the quarter. The transition to IFRS 16 had a positive impact in EBITDA margin of 1.4 (–1.2) percent. Net financial items for the quarter amounted to SEK –7 (–3) million. Interest expense on external loans was SEK –4 (–3) million. Earnings for the period were SEK 109 (97) million, which corresponds to earnings per share of SEK 2.24 (2.03). Tax for the quarter was SEK –28 (–25) million.

January-December

Adjusted EBITA for the period was SEK 500 (375) million. The transition to IFRS 16 had a positive impact in EBITDA margin of 1.5 (1.5) percent. Net financial items for the period amounted to SEK –19 (–18) million. Interest expense on external loans was SEK –14 (–12) million. Earnings for the period were SEK 372 (249) million, which corresponds to earnings per share of SEK 7.58 (5.20). Tax for the period was SEK –101 (–67) million.

Order backlog

January-December

Outstanding orders at the end of the fourth quarter amounted to SEK 4,865 (4,063) million, which is an increase of 19.8 percent. For comparable units, order backlog increased by 3.3 percent and acquired growth was 15.7 percent.

During the fourth quarter, Instalco companies were, for example, contracted via Rikelektro for the extensive renovation of the Åhléns City shopping centre in Stockholm. They will be involved in the renovation work and associated electrical installations.

Cash flow

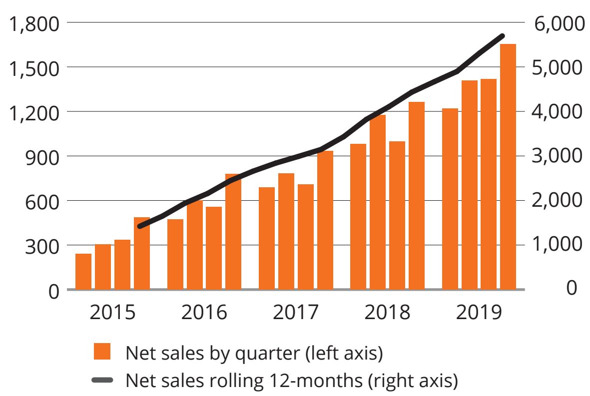
Fourth quarter

Operating cash flow was SEK 186 (193) million. Instalco's cash flow varies over time, primarily because of work-in-progress. There can be significant fluctuations when making comparisons between quarters and this applies in particular to accounts receivable, accounts payable and work-in-progress.

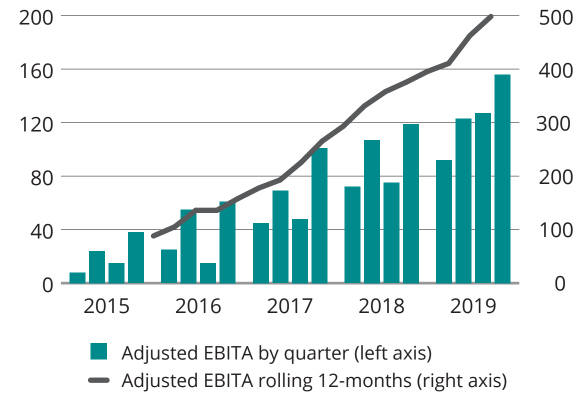
January-December

Operating cash flow was SEK 613 (450) million.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market

The overall demand for installation services remains high. In some major metropolitan regions, new investments in residential construction have slowed down, but are now showing signs of stabilising. The rate of growth for construction in the public sector (e.g. schools, preschools and hospitals) is still high and stable. The same applies to construction of commercial property, such as offices and business facilities.

Net sales

Fourth quarter

Net sales for the fourth quarter increased by SEK 293 million to SEK 1,236 (944) million compared to the same period last year. Organic growth was 6.8 percent and acquired growth was 24.2 percent.

January-December

Net sales for the period increased by SEK 909 million compared to the same period last year. Organic growth was 4.2 percent and acquired growth was 23.6 percent.

Earnings

Fourth quarter

Adjusted EBITA for the quarter was SEK 133 (99) million.

January-December

Adjusted EBITA for the period was SEK 418 (348) million.

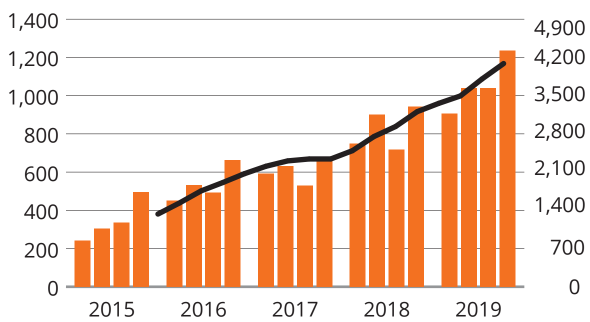
Order backlog

January-December

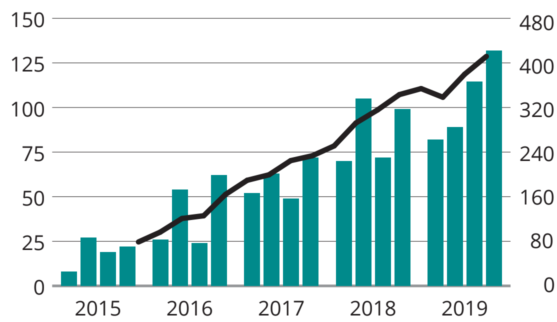
Order backlog at the end of the period amounted to SEK 3,741 (3,202) million, which is an increase of 16.8 percent. For comparable units, order backlog increased by 2.1 percent and acquired growth was 14.7 percent.

During the fourth quarter, Instalco companies (via e.g. Elkontakt) won contracts to participate in a major electrical installation project associated with the addition of 45,000 sq. m to a logistics centre at Viared, near the city of Borås, Sweden.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	1,236	944	4,221	3,312
EBITA	133	99	418	348
EBITA %	10.7	10.5	9.9	10.5
Order backlog	3,741	3,202	3,741	3,202

Operations in Rest of Nordic

Market

The Norwegian market is stable. The public sector is investing in new schools, preschools, hospitals and infrastructure. There is a noticeable increase in new construction and renovation of offices, warehouses and hotels, while construction of new housing has stabilised at a high level.

The market in Finland has grown in recent years, but is now starting to level off. The market is still primarily being fuelled by the major metropolitan regions.

Net sales

Fourth quarter

Net sales for the fourth quarter increased by SEK 96 million to SEK 416 (320) million compared to the same period last year. Organic growth, adjusted for currency effects, was 3.7 percent and acquired growth was 25.8 percent.

January-December

Net sales for the period increased by SEK 368 million compared to the same period last year. Organic growth, adjusted for currency effects, was 3.3 percent and acquired growth was 28.1 percent.

Earnings

Fourth quarter

Adjusted EBITA for the quarter was SEK 31 (22) million.

January-December

Adjusted EBITA for the period was SEK 121 (51) million.

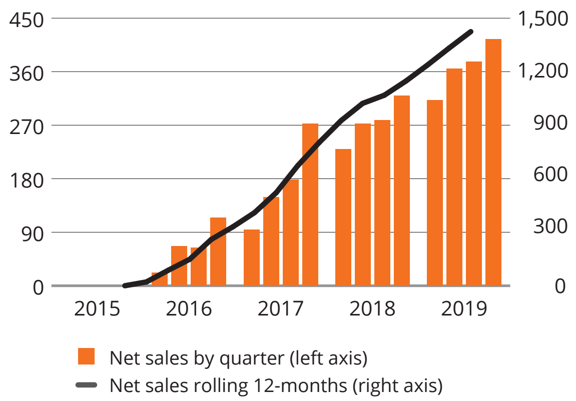
Order backlog

January-December

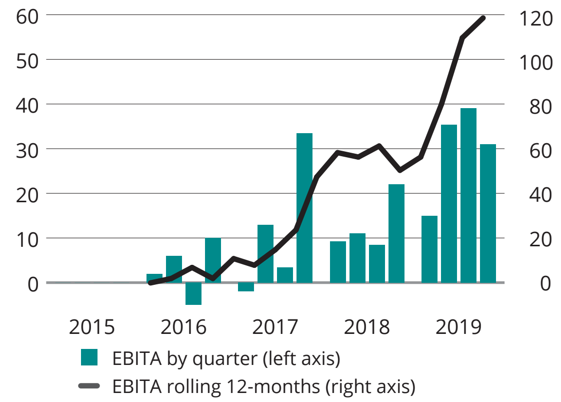
Order backlog at the end of the period amounted to SEK 1,124 (860) million, which is an increase of 27.1 percent, adjusted for currency effects. For comparable units, order backlog increased by 8.0 percent and acquired growth was 19.1 percent.

During the fourth quarter, Instalco companies (via e.g. Frøland & Noss Elektro AS) signed a new framework agreement with Helse Bergen that includes renovation of Haukeland University Hospital.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	416	320	1,470	1,102
EBITA	31	22	121	51
EBITA %	7.6	6.8	8.2	4.6
Order backlog	1,124	860	1,124	860

Acquisitions

Instalco made 19 acquisitions during the period January through December 2019. One of the acquisitions was a division of a company.

In accordance with agreements on conditional consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 163 million, of which SEK 116 million is acquisitions that were made in 2019. The total amount of accrued additional consideration is SEK 105 million, of which SEK 69 million is for acquisitions made in 2019. The acquisition costs for the year amounted to SEK 10 (11) million. They are reported among Other operating expenses in the income statement.

The fair value of the conditional consideration is at Level 3 in the IFRS fair value hierarchy.

Goodwill of SEK 589 million that has arisen via the acquisitions represents future economic benefits that could not be individually identified and recognized separately.

Company acquisitions

Instalco made the following company acquisitions during the period January – December 2019.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
January	El Kraft Teknik & Konsult i Sala AB	Sweden	87	38
January	Aquadus VVS AB	Sweden	80	36
February	Aircano AB	Sweden	60	25
April	El & Säkerhet Sörmland AB	Sweden	110	80
April	Moi Rør AS	Rest of Nordic	75	32
April	Gävle Elbyggnads i Gävle AB	Sweden	18	15
May	Instamate AB	Sweden	135	51
June	Bogesunds El & Tele AB	Sweden	92	40
July	Rörtema i Nyköping AB	Sweden	50	30
July	Milen Ventilation AB	Sweden	70	17
July	OVAB Optimal Ventilation AB	Sweden	40	13
July	Pohjanmaan Talotekniikka Oy	Rest of Nordic	105	23
July	VIP-Sähkö Oy	Rest of Nordic	94	42
October	Medby AS	Rest of Nordic	59	35
October	AB Tingstad Rörinstallation	Sweden	65	24
October	Henningsons Elektriska AB	Sweden	135	72
November	Ventec AS	Rest of Nordic	70	32
December	Elovent AB	Sweden	40	25
December	AB Borås Rörinstallationer	Sweden	75	48
Total			**1,460**	**678**

Impact of acquisitions

Acquisitions had the following impact on the Group's assets and liabilities. None of the acquisitions in the period have been assessed as individually significant, which is why the disclosures cover them as a whole.

SEK m	Fair value of Group
Intangible assets	8
Deferred tax receivable	0
Other non-current assets	27
Other current assets	310
Cash and cash equivalents	203
Deferred tax liability	–7
Current liabilities	–323
Total identifiable assets and liabilities (net)	**218**
Goodwill	**589**
Consideration paid	
Cash and cash equivalents	669
Non-controlling interests	0
Conditional consideration	138
Total transferred consideration	**807**
Impact on cash and cash equivalents	
Cash consideration paid	669
Cash and cash equivalents of the acquired units	–203
Total impact on cash and cash equivalents	**466**
Total settled, including revaluation	94
Exchange rate difference	0
Total impact on cash and cash equivalents	**560**
Impact on operating income and earnings in 2019	
Operating income	678
Earnings	76

Financial information

Financial position

Equity at the end of the period amounted to SEK 1,485 (1,068) million. Interest-bearing net debt as of 31 December 2019 was SEK 872 (663) million.

Currency changes impacted net debt by SEK –8 million. The gearing ratio was 58.8 (62.1) percent. During the period, net financial items amounted to SEK –19 (–18) million, of which net interest income/expense was SEK –14 (–12) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 317 (218) million as of 31 December 2019. The Group's interest-bearing liabilities were SEK 1,188 (882) million, including leasing in accordance with IFRS 16. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 973 million had been utilised as of 31 December 2019. The change in working capital for the quarter was SEK 2 (54) million. The change is primarily attributable to lower accounts payable, higher payroll liabilities and a change in work-in-progress.

Investments, depreciation and amortisation

For the year, the Group's net investments, not including company acquisitions, amounted to SEK –2 (–3) million. Depreciation of fixed assets was SEK –95 (–74) million. Investments in company acquisitions amounted to SEK 560 (369) million. That amount includes conditional consideration on prior year acquisitions that was paid out in the amount of SEK 47 (78) million.

Parent Company

The main operations of Instalco AB are head office activities like group-wide management and administration, along with finance and accounting. The comments below pertain to the period 1 January through 31 December 2019. Net sales for the Parent Company amounted to SEK 23 (24) million. Operating profit/loss was SEK 3 (2) million. Net financial items amounted to SEK –2 (–3) million. Earnings before taxes were SEK 5 (26) million and earnings for the period were SEK 4 (26) million. Cash and cash equivalents at the end of the period amounted to SEK 102 (46) million.

Risks and uncertainties

Instalco is active in the Nordic market, where the primary risk factors for the business are market conditions and external factors such as financial turmoil and political decisions that affect the demand for new housing and commercial premises, as well as investments from the public sector and industry. Cyclical fluctuations have less of an impact on the demand for service and maintenance work. The operating risks are attributable to daily operations, like tendering, price risks, expertise, capacity utilisation and revenue recognition.

The Group recognizes revenue in its projects over time in accordance with the percentage of completion method. This involves comparing actual expenditure to the total expected expenditure at any given time. The Group has a well-established process for following up on the percentage of completion and total expected costs of each project. It includes monitoring and assessing the risk of losses that could occur in the project.

The Group is also exposed to impairment of fixed price projects, along with various types of financial risks, like currency, interest and credit risks.

A detailed description of the Group's risks is provided on pages 32-34 of the 2018 Annual Report.

Incentive program

At Instalco's AGM on 27 April 2017, it was decided to implement an incentive program for the Group's senior executives and other key individuals at the company. In total, the scope of the program is, at most, 1,954,504 warrants, where each warrant entitles the holder to subscribe for one new ordinary Series A share in the company. The warrants can be exercised from the day following the publication of the company's quarterly report for the first quarter of 2020 through 30 June 2020.

Transactions with related parties

During the period, there were no transactions between Instalco and related parties that had a significant impact on the company's financial position or earnings.

Revenue and earnings by segment

Revenue by segment	Operations	
	Contract	Service
Sweden	3,566	656
Rest of Nordic	1,203	267
Group	4,769	922

Revenue and earnings by segment

	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	4,221	1,470	–	–	5,692
Earnings before taxes	337	107	35	–6	473

Events after the end of the reporting period

During the first quarter of 2020, Instalco acquired Elinstallationer Ullsand Bengtsson AB (Elub) in Växjö, with an acquired sales of SEK 69 million and 30 employees.

Effects of acquisitions after the end of the reporting period

Acquisitions had the following impact on the Group's assets and liabilities.

Fair value of consideration at the time of acquisition	SEK m
Conditional consideration	4
Cash and cash equivalents	61
Total consideration	**65**

Carrying amount of identifiable net assets	
Intangible assets	–
Other non-current assets	0
Other current assets	30
Cash and cash equivalents	15
Deferred tax liability	–1
Other liabilities	–20
Total identifiable net assets	**25**
Goodwill from acquisitions	40

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) along with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application within the EU. The standards and interpretations that have been applied are the ones that go into effect as of 1 January 2019 and which have been adopted by the EU. The Company has also applied recommendations from the Swedish Financial Reporting Board, RFR 1 Supplementary Accounting Rules for Groups. The consolidated financial statements for the interim period have been prepared in accordance with IAS 34 Interim Financial Reporting. Preparation has also been in accordance with the applicable requirements stated in the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act, which is in accordance with RFR 2 Accounting for Legal Entities.

New standards and interpretations that enter into for in 2019 and beyond

The Group applies the new standard, IFRS 16 Leases, which entered into force on 1 January 2019. Instalco applies the full retroactive method. Accordingly, financial information has been restated in accordance with the new standard as of 2018. Instalco applies the standard on leases that were previously identified as leases as per IAS 17 and IFRIC 4 in accordance with simplified approach that is allowed in the standard.

Implementation of this method means that all leases are reported in the balance sheet, except for short-term leases (duration of 12 months or less) and lease assets with a low underlying asset value. The Group's lease agreements include properties (rent of premises), car rentals, tools and machinery.

A detailed description of the transition effects and the applied accounting principles is provided on pages 59-61 of the 2018 Annual Report for the Instalco Group.

At year-end 2018, the transition effect of IFRS 16 was an increase in lease assets of SEK 141 million, which is SEK 28 million lower than what was initially reported in the 2018 Annual Report for the Instalco Group. However, it does not result in any change to the effect on equity.

As of the date that these financial reports were approved, no other new standards, amendments and interpretations of existing standards that have not yet entered into force or have been published by the IASB have been early-adopted by the Group.

Other

Instalco only has conditional consideration valued at fair value reported in its financial statements. Such consideration is valued at fair value via profit or loss. The valuation of conditional consideration is based on other observable data for assets or liabilities, i.e. Level 3 in the IFRS fair value hierarchy. There have not been any reclassifications between the different levels in the hierarchy during the period. The total amount of conditional consideration recognised as a liability amounts to SEK 105 million.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	1,652	1,264	5,692	4,414
Other operating income	22	30	70	39
Operating income	**1,674**	**1,294**	**5,762**	**4,454**
Materials and purchased services	–811	–632	–2,937	–2,295
Other external services	–98	–74	–338	–241
Personnel costs	–566	–421	–1,836	–1,438
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–26	–20	–95	–74
Other operating expenses	–28	–22	–64	–73
Operating expenses	**–1,530**	**–1,169**	**–5,270**	**–4,120**
Operating profit/loss (EBIT)	**144**	**125**	**492**	**334**
Net financial items	–7	–3	–19	–18
Earnings before taxes	**138**	**122**	**473**	**315**
Tax on profit for the year	–28	–25	–101	–67
Earnings for the period	**109**	**97**	**372**	**249**
Other comprehensive income				
Translation difference	–26	–32	17	14
Comprehensive income for the period	**83**	**66**	**390**	**263**
Comprehensive income for the period attributable to:				
Parent Company's shareholders	84	66	388	263
Non-controlling interests	–1	0	2	0
Earnings per share for the period, before dilution, SEK	2.24	2.03	7.58	5.20
Earnings per share for the period, after dilution, SEK	2.15	1.95	7.30	5.10
Average number of shares before dilution	49,255,735	48,135,327	48,844,291	47,843,559
Average number of shares after dilution[3)]	51,115,213	49,994,805	50,703,769	48,773,298

3) In conjunction with the IPO, the Company issued 1,929,650 warrants (see incentive program)

Condensed consolidated balance sheet

AMOUNTS IN SEK M	31 Dec 2019	31 Dec 2018
Goodwill	2,189	1,582
Other non-current assets	261	172
Financial assets	8	3
Deferred tax receivable	3	7
Total non-current assets	**2,461**	**1,763**
Inventories	45	29
Accounts receivable	874	698
Claims on clients	322	205
Other receivables and investments	64	48
Prepaid expenses and accrued income	93	55
Cash and cash equivalents	317	218
Total current assets	**1,715**	**1,253**
Total assets	**4,176**	**3,016**
Equity	1,483	1,068
Non-controlling interests	2	0
Total equity	**1,485**	**1,068**
Non-current liabilities	1,186	874
Accounts payable	420	317
Liabilities to clients	357	212
Other current liabilities	373	273
Accrued expenses and deferred income, including provisions	354	272
Total liabilities	**2,690**	**1,948**
Total equity and liabilities	**4,176**	**3,016**
Of which interest-bearing liabilities	1,188	882
Equity attributable to:		
Parent Company shareholders	1,483	1,068
Non-controlling interests	2	0

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 Dec 2019	31 Dec 2018
Opening equity, prior principles	1,068	793
Adjustment as per IFRS 16	–	–2
Opening equity, after restatement as per IFRS 16	**1,068**	**791**
Total comprehensive income for the period	388	263
New issues	89	67
Unregistered share capital	11	–
Issue warrants	–	0
Dividend, external	–73	–52
Other	0	0
Non-controlling interests	2	0
Closing equity	**1,485**	**1,068**
Equity attributable to:		
Parent Company's shareholders	1,483	1,068
Non-controlling interests	2	0

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operating activities				
Earnings before taxes	138	122	473	315
Adjustment for items not included in cash flow	34	6	105	98
Tax paid	–22	–18	–103	–79
Changes in working capital	2	54	21	4
Cash flow from operating activities	**152**	**165**	**495**	**338**
Investing activities				
Acquisition of subsidiaries and businesses	–204	–85	–560	–369
Divestment of subsidiaries	–	–	0	4
Other	1	–1	–2	–3
Cash flow from investing activities	**–203**	**–86**	**–562**	**–368**
Financing activities				
New issue	38	15	100	67
Other capital contributions	–	–	–	0
New loans	17	0	331	185
Repayment of loan	–52	–18	–198	–168
Dividends	0	0	–73	–52
Cash flow from financing activities	**3**	**–3**	**159**	**32**
Cash flow for the period	–48	76	93	2
Cash and cash equivalents at the beginning of the period	374	151	218	211
Translation differences in cash and cash equivalents	–9	–9	5	5
Cash and cash equivalents at the end of the period	**317**	**218**	**317**	**218**

Condensed Parent Company income statement

AMOUNTS IN SEK M	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	7	6	23	24
Operating expenses	–5	–6	–21	–22
Operating profit/loss	**2**	**0**	**3**	**2**
Net financial items	–1	–1	–2	–3
Profit/loss after net financial items	**1**	**–1**	**0**	**–1**
Group contributions received	5	27	5	27
Earnings before taxes	**6**	**27**	**5**	**26**
Tax	–1	–6	–1	–
Earnings for the period	**5**	**21**	**4**	**26**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 Dec 2019	31 Dec 2018
Shares in subsidiaries	1,315	1,315
Total non-current assets	**1,315**	**1,315**
Receivables from Group companies	5	27
Other current assets	0	0
Cash and cash equivalents	102	46
Total current assets	**107**	**73**
Total assets	**1,422**	**1,388**
Equity	1,270	1,239
Total equity	**1,270**	**1,239**
Non-current liabilities	142	141
Accounts payable	0	1
Other current liabilities	5	3
Accrued expenses and deferred income	6	5
Total liabilities	**152**	**149**
Total equity and liabilities	**1,422**	**1,388**

Quarterly data

AMOUNTS IN SEK M	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018[1)]	Q3 2018[1)]	Q2 2018[1)]	Q1 2018[1)]
Net sales	1,652	1,416	1,406	1,218	1,264	998	1,174	979
Growth in net sales, %	30.7	41.9	19.8	24.4	35.1	40.8	50.2	42.2
EBIT	144	113	145	90	125	68	101	40
EBITA	145	113	145	90	125	68	101	40
EBITDA	171	139	166	111	145	87	119	56
Adjusted EBITA	157	127	123	92	120	75	107	73
Adjusted EBITDA	183	153	144	114	140	94	126	89
EBIT margin, %	8.7	8.0	10.3	7.4	9.9	6.8	8.6	4.1
EBITA margin, %	8.8	8.0	10.3	7.4	9.9	6.8	8.6	4.1
EBITDA margin, %	10.3	9.8	11.8	9.1	11.5	8.7	10.1	5.8
Adjusted EBITA margin, %	9.5	9.0	8.7	7.6	9.5	7.5	9.2	7.4
Adjusted EBITDA margin, %	11.1	10.8	10.3	9.3	11.1	9.4	10.7	9.1
Working capital	–22	–40	2	–36	25	64	–31	–20
Interest-bearing net debt	872	785	763	649	663	714	672	629
Cash conversion %	102	90	87	137	138	27	113	100
Gearing ratio, %	58.8	57.7	60.5	54.7	62.1	72.3	71.5	71.3
Net debt/in relation to adjusted EBITDA, times	1.5	1.4	1.6	1.4	1.5	1.7	1.8	2.2
Order backlog	4,865	4,418	4,508	4,391	4,063	3,724	3,875	3,736
Average number of employees	2,972	2,719	2,524	2,306	2,212	2,067	2,039	1,943
Number of employees at the end of the period	3,103	2,798	2,655	2,379	2,283	2,139	2,119	1,985

1) Q1 to Q4 2018 have been restated in accordance with IFRS 16 Leasing

Reconciliation of key figures not defined in accordance with IFRS

The Company presents certain financial measures in the interim report, which are not defined under IFRS. The Company believes that these measures provide useful supplemental information to investors and the company's management, since they allow for the evaluation relevant trends. Instalco's definitions of these measures may differ from other companies using the same terms. These financial measures should therefore be viewed as a supplement, rather than as a replacement for measures defined under IFRS. Presented below are definitions of measures that are not defined under IFRS and which are not mentioned elsewhere in the interim report. Reconciliation of these measures is provided in the table, below. For definitions of key figures, see page 20-21.

Earnings measures and margin measures

Amounts in SEK m	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018[1)]	Q3 2018[1)]	Q2 2018[1)]	Q1 2018[1)]
(A) Operating profit/loss (EBIT)	144	113	145	90	125	68	101	40
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	0	0	0
(B) EBITA	145	113	145	90	125	68	101	40
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	26	26	21	21	20	19	18	17
(C) EBITDA	171	139	166	111	145	87	119	56
Non-recurring items								
Additional consideration	10	10	–24	1	–10	6	4	–
Acquisition costs	3	4	2	2	3	1	3	3
Listing costs	–	–	–	–	–	–	–	–
Loss on divestment of subsidiaries	–	–	–	–	–	–	0	30
Other	–	–	–	–	2	–	–	–
Total, non-recurring items	13	14	–22	2	–5	7	7	33
(D) Adjusted EBITA	157	127	123	92	120	75	107	73
(E) Adjusted EBITDA	183	153	144	114	140	94	126	89
(F) Net sales	1,652	1,416	1,406	1,218	1,264	998	1,174	979
(A/F) EBIT margin, %	*8.7*	*8.0*	*10.3*	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*
(B/F) EBIT margin, %	*8.8*	*8.0*	*10.3*	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*
(C/F) EBIT margin, %	*10.3*	*9.8*	*11.8*	*9.1*	*11.5*	*8.7*	*10.1*	*5.8*
(D/F) Adjusted EBITA margin, %	*9.5*	*9.0*	*8.7*	*7.6*	*9.5*	*7.5*	*9.2*	*7.4*
(E/F) Adjusted EBITDA margin, %	*11.1*	*10.8*	*10.3*	*9.3*	*11.1*	*9.4*	*10.7*	*9.1*

1) Q1 to Q4 2018 have been restated in accordance with IFRS 16 Leasing

Capital structure

Amounts in SEK m	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018[1]	Q3 2018[1]	Q2 2018[1]	Q1 2018[1]
Calculation of working capital and working capital in relation to net sales								
Inventories	45	31	29	27	29	23	23	20
Accounts receivable	874	785	793	724	698	684	666	597
Earned, but not yet invoiced revenue	322	402	278	256	205	210	248	178
Prepaid expenses and accrued income	93	48	50	33	55	36	40	40
Other current assets	64	54	49	46	48	52	54	41
Accounts payable	–420	–493	–433	–417	–317	–349	–371	–329
Invoiced, but not yet earned income	–357	–366	–286	–231	–212	–172	–203	–140
Other current liabilities	–289	–231	–190	–183	–208	–195	–241	–187
Accrued expenses and deferred income, including provisions	–354	–271	–287	–290	–272	–226	–246	–241
(A) Working capital	**–22**	**–40**	**2**	**–36**	**25**	**64**	**–31**	**–20**
(B) Net sales (12-months rolling)	5,692	5,304	4,886	4,653	4,414	4,086	3,797	3,404
(A/B) Working capital as a percentage of net sales, %	**–0.4**	**–0.7**	**0.1**	**–0.8**	**0.6**	**1.6**	**–0.8**	**–0.6**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,104	1,081	1,057	869	817	808	815	775
Current, interest-bearing financial liabilities	84	78	72	66	65	57	57	55
Short-term investments	–	–	–	–	–	–	–	–
Cash and cash equivalents	–317	–374	–366	–287	–218	–151	–200	–202
(A) Interest-bearing net debt	**872**	**785**	**763**	**649**	**663**	**714**	**672**	**629**
(B) Equity	1,483	1,362	1,261	1,185	1,068	988	940	882
(A/B) Gearing ratio, %	**58.8**	**57.7**	**60.5**	**54.7**	**62.1**	**72.3**	**71.5**	**71.3**
(C) EBITDA (12-months rolling)	587	562	510	462	407	358	325	268
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.5 times**	**1.4 times**	**1.5 times**	**1.4 times**	**1.6 times**	**2.0 times**	**2.1 times**	**2.3 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	183	153	144	114	140	94	126	89
Net investments in property, plant and equipment and intangible assets	1	–2	0	0	–1	–1	–2	0
Changes in working capital	2	–13	–18	49	54	–68	18	0
(B) Operating cash flow	**186**	**138**	**126**	**163**	**193**	**25**	**142**	**90**
(B/A) Cash conversion %	**102**	**90**	**87**	**143**	**138**	**27**	**113**	**100**

1) Q1 to Q4 2018 have been restated in accordance with IFRS 16 Leasing

Signatures

Future reporting dates

Interim report January-March 2020	7 May 2020
AGM	7 May 2020
Interim report January – June 2020	19 August 2020
Interim Report January – September 2020	9 November 2020

Stockholm 18 February 2020
Instalco AB (publ)

Per Sjöstrand
CEO

This report has not been reviewed by the company's auditors.

Presentation of the report

The report will be presented in a telephone conference/audiocast today, 18 February at 14:00 CET via https://tv.streamfabriken.com/instalco-q4-2019 To participate by phone: +46(0)8-566 583 93.

Note

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation. The information was made public by the contact person listed below, on 18 February 2020 at 11:00 CET.

Additional information

Per Sjöstrand, CEO per.sjostrand@instalco.se +46 70-724 51 49

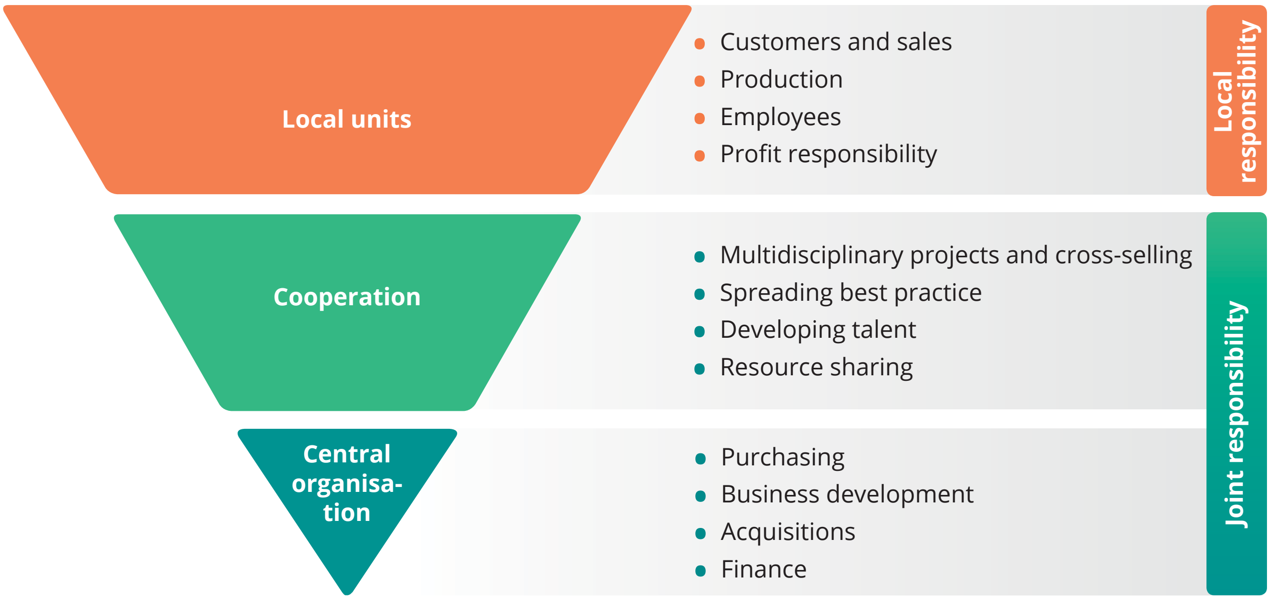
Definitions with explanation

General	Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.	
Key figures	**Definition/calculation**	**Purpose**
Acquired growth in net sales	Change in net sales as a percentage of net sales during the comparable period, fuelled by acquisitions. Acquired net sales is defined as net sales during the period that are attributable to companies that were acquired during the last 12-month period and for these companies, the only amounts that are considered as acquired net sales are their sales up until 12 months after the acquisition date.	Acquired net sales growth reflects the acquired units' impact on net sales.
Adjusted EBITA	EBITA adjusted for non-recurring items.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITA margin excludes the effect of items affecting non-recurring items, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITDA margin excludes the effect of non-recurring items, which facilitates a comparison of the underlying operational profitability.
Cash conversion	Operating cash flow as a percentage of adjusted EBITDA	Cash conversion is used to monitor how effective the Group is in managing ongoing investments and working capital.
EBIT margin	Operating profit/loss (EBIT), as a percentage of net sales.	EBIT margin is used to measure operational profitability.
EBITA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets.	EBITA provides an overall picture of the profit generated from operating activities.
EBITA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets, as a percentage of net sales.	EBIT margin is used to measure operational profitability.
EBITDA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets	EBITDA, together with EBITA provides an overall picture of the profit generated from operating activities.
EBITDA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets, as a percentage of net sales.	EBITDA margin is used to measure operational profitability.
Gearing ratio	Interest-bearing net debt as a percentage of total equity.	Gearing ratio measures the extent to which the Group is financed by loans. Because cash and other short-term investments can be used to pay off the debt on short notice, net debt is used instead of gross debt in the calculation.
Growth in net sales	Change in net sales as a percentage of net sales in the comparable period, prior year.	The change in net sales reflects the Groups realised sales growth over time.
Interest-bearing net debt	Non-current and current interest bearing liabilities less cash and other short-term investments.	Interest-bearing net debt is used as a measure that shows the Groups total debt.
Operating cash flow	Adjusted EBITDA less investments in property, plant and equipment and intangible assets, along with an adjustment for cash flow from change in working capital.	Operating cash flow is used to monitor the cash flow generated from operating activities.

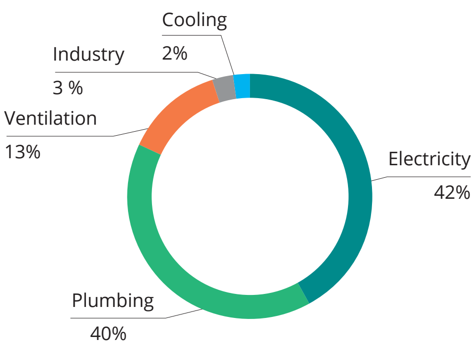
Key figures	Definition/calculation	Purpose
Order backlog	The value of outstanding, not yet accrued project revenue from received orders at the end of the period.	Order backlog provides an indication of the Group's remaining project revenue from orders already received.
Organic growth in net sales	The change in net sales for comparable units after adjustment for acquisition and currency effects, as a percentage of net sales during the comparison period.	Organic growth in net sales does not include the effects of changes in the Group's structure and exchange rates, which enables a comparison of net sales over time.
Net debt in relation to adjusted EBITDA	Net debt at end of period divided by adjusted EBITDA, on a 12-month rolling basis.	Net debt in relation to adjusted EBITDA provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay back the debt if the net debt and adjusted EBITDA is kept constant, without taking into account the cash flows relating to interest, taxes and investments.
Non-recurring items	Non-recurring items, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current liabilities.	Working capital is used to measure the company's ability to meet short-term capital requirements.
Working capital as a percentage of net sales	Working capital at the end of the period as a percentage of net sales on a 12-month rolling basis.	Working capital as a percentage of net sales is used to measure the extent to which working capital is tied up.

Instalco in brief

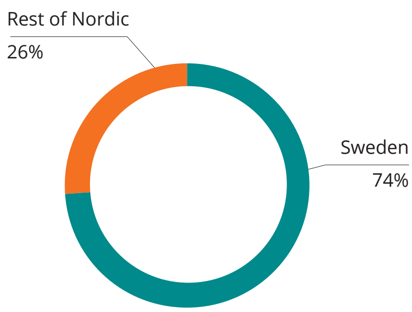
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



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