Instalco

Interim report January – June 2021

Strong growth and high rate of acquisition

April – June 2021

- Net sales increased by 33.9 percent to SEK 2,311 (1,725) million. Organic growth, adjusted for currency effects, was 12.0 (2.3) percent.
- EBIT increased to SEK 197 (154) million, which corresponds to an EBIT margin of 8.5 (8.9) percent.
- Cash flow from operating activities for the period was SEK 104 (190) million.
- Ten acquisitions were made during the quarter, which, on an annual basis, contribute an estimated total sales of SEK 318 million.
- Earnings per share for the period amounted to SEK 2.90 (2.38).

January – June 2021

- Net sales increased by 25.0 percent to SEK 4,253 (3,401) million. Organic growth, adjusted for currency effects, was 5.3 (7.6) percent.
- EBIT increased to SEK 347 (274) million, which corresponds to an EBIT margin of 8.2 (8.1) percent.
- Cash flow from operating activities for the period was SEK 269 (321) million.
- A total of 15 acquisitions were made during the period, which on an annual basis contribute an estimated total sales of SEK 576 million.
- Earnings per share for the period amounted to SEK 4.97 (4.03).

Key figures

SEK m	April-June 2021	April-June 2020	Jan-June 2021	Jan-June 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	2,311	1,725	4,253	3,401	7,973	7,122
Operating profit/loss (EBIT)	197	154	347	274	677	604
Operating profit/loss (EBIT), %	8.5	8.9	8.2	8.1	8.5	8.5
EBITA	199	154	351	274	681	605
EBITA margin, %	8.6	9.0	8.2	8.1	8.5	8.5
Adjusted EBITA[1)]	195	150	349	281	693	625
Adjusted EBITA margin, %[1)]	8.4	8.7	8.2	8.3	8.7	8.8
Earnings before taxes	197	152	337	260	671	594
Cash flow from operating activities	104	190	269	321	636	689
Order backlog	6,610	6,006	6,610	6,006	6,610	6,625
Earnings per share, SEK[2)]	2.90	2.38	4.97	4.03	9.92	9.00

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.

CEO Comments

Sales in the first quarter were SEK 2,311 (1,725) million, which corresponds to a growth rate of 33.9 percent. Adjusted EBITA for the first quarter was SEK 195 (150) million, which corresponds to an adjusted EBITA margin of 8.4 (8.7) percent. Order backlog has remained strong and at the end of the quarter, it amounted to SEK 6,610 (6,006) million, which corresponds to an increase of 10.1 percent.

Instalco has continued delivering high profitability and robust growth for the first half of the year. This, despite the fact that Instalco and the construction & installation sector as a whole is now more intensely experiencing the effects of the pandemic, at a later stage than many other industries.

Despite relatively difficult external circumstances during the quarter, Instalco once again delivered very strong quarterly results, which I am extremely proud of. All of it demonstrates the strength of our business model. We have a positive outlook for the full year, with a steady return to a more normal society after the pandemic.

Broader geographic and operational scope

The second quarter has been busy with acquisitions, in a range of categories. For example, we are now established in Blekinge, where we have not previously been represented, in conjunction with the acquisition of Elinstallationer i Karlshamn AB and Lampans Elinstallationer AB in Karlskrona. One example of an add-on acquisition is by the Instalco subsidiary Henningsons El in Falun, which has expanded into the power and industrial area via the acquisition of Industriprodukter i Söderhamn AB.

We continue searching for, and identifying, new, exciting disciplines that complement our ordinary operations. One example is the acquisition of Nihlén Elmontage AB in Gothenburg, which is specialized in the installation and operation of street lighting, which is an area with great potential.

Among the major new projects worth mentioning is the expansion of the T-bana system in Stockholm. Rörgruppen, Ohmegi and Intec have been engaged by NCC and Region Stockholm in a partnering project to expand the Högdalen depot, which will serve the higher volume of subway trains.

Challenges and opportunities

The installation sector is facing a variety of challenges, but there are also many exciting opportunities. Prices have risen for raw materials, primarily copper and steel. We have our focus on that and measures in place to compensate for it. There is also a risk of a cement shortage in Sweden, which could impact us, as well as higher absenteeism due to the pandemic, all of which is having an impact on our sector. Despite that, there are enormous opportunities in a variety of areas, such as society’s transition to a “green” economy, energy-efficiency projects, investments, renovation and modernization efforts, automation of the industrial and housing sector and much more, which, going forward, will continue to impact our sector favourably.

We started Instalco in 2014 with the vision of becoming the leading company in the Nordic region of electrical, heating & plumbing, ventilation and cooling installations. We are soon there. Seven years have gone by quickly and we have had an amazing journey so far. We now have more than one hundred subsidiaries working daily throughout the Nordic region. Throughout it all, we have delivered strong results and well-executed projects. We have also been influential in developing the industry by launching innovative ideas and actively contributing to a more environmental way of thinking and working. And, we have a modern leadership with incredibly many talented employees. Nevertheless, it still feels like it’s just the start of what we can accomplish.

I will now be moving into a new role, as Chairman of the Board for Instalco and am proud to be handing over a strong report to the market, along with a warm welcome to our new CEO, Robin Boheman. I wish him much success in developing the company further as we continue our journey. For me, as the company’s founder and departing CEO, it has been an honour to have held this role and, together will all our fantastic employees, help build this wonderful company.

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 quite some time. Over the short term, the ongoing pandemic makes it difficult to assess the installation sector, which, thus far, has remained relatively unaffected. The impact on our industry is happening later than it has in other sector.

To a large extent, the market is fuelled by several long-term trends and developments in society such as technological progress, infrastructure investments, urbanisation, housing shortage and ageing property holdings. Environmental awareness, generating benefits to society and sustainability are of growing importance for us, our clients and end customers.

Net sales

Second quarter

Net sales for the second quarter amounted to SEK 2,311 (1,725) million, which is an increase of 33.9 percent. Adjusted for currency effects, organic growth was 12.0 (2.3) percent and acquired growth was 21.9 percent. Currency fluctuations have not had any impact on net sales. Ten new company acquisitions were made during the quarter.

January-June

Net sales for the period amounted to SEK 4,253 (3,401) million, which is an increase of 25.0 percent. Adjusted for currency effects, organic growth was 5.3 (7.6) percent and acquired growth was 20.3 percent. Currency fluctuations had a negative impact on net sales of –0.4 percent. Instalco acquired 15 companies during the period.

Earnings

Second quarter

Adjusted EBITA for the second quarter was SEK 195 (150) million. The adjustment in the quarter of SEK –4 million is primarily attributable to a revaluation of additional consideration. Net financial items for the quarter amounted to SEK 0 (–2) million. Interest expense on external loans was SEK –3 (–5) million. Earnings for the quarter were SEK 154 (120) million, which corresponds to earnings per share of SEK 2.90 (2.38). Tax for the quarter was SEK 43 (32) million.

January-June

Adjusted EBITA for the period was SEK 349 (281) million. The adjustment in the period of SEK –1 million is attributable to a revaluation of additional consideration and acquisition costs. Net financial items for the period amounted to SEK –11 (–14) million. Interest expense on external loans was SEK –6 (–9) million. Earnings for the period were SEK 265 (203) million, which corresponds to earnings per share of SEK 4.97 (4.03). Tax for the period was SEK -–72 (–57) million.

Order backlog

January – June

Order backlog at the end of the period amounted to SEK 6,610 (6,006) million, which is an increase of 10.1 percent. For comparable units, adjusted for currency effects, order backlog decreased by –3.2 percent and acquired growth was 13.0 percent.

During the second quarter and via its subsidiary, Ohmegi, Instalco has been contracted for the design and installation of the electrical solutions in conjunction with the construction of a new, automated logistics centre, 75,000 sq. m., at Roserberg, north of Stockholm. Ohmegi will apply the successful installation models for logistics centres that have been developed by its fellow subsidiary, Elkontakt.

Cash flow

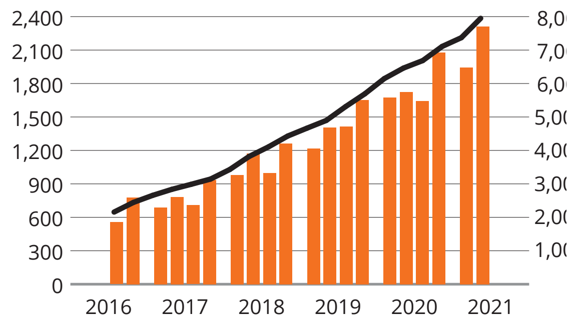
Second quarter

Cash flow from operating activities for the period was SEK 104 (190) 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 work-in-progress, accounts receivable and accounts payable.

January – June

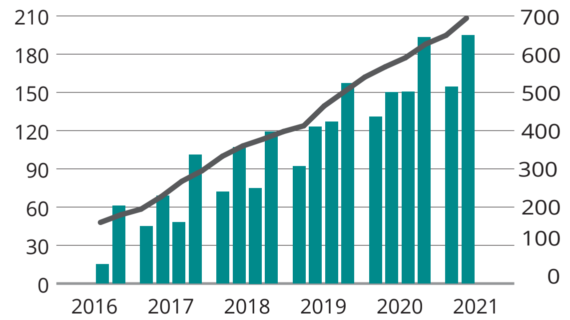
Cash flow from operating activities for the period was SEK 269 (321) million.

NET SALES BY QUARTER, SEK M



Net sales by quarter (left axis)
Net sales rolling 12-months (right axis)

ADJUSTED EBITA BY QUARTER, SEK M



Adjusted EBITA by quarter (left axis)
Adjusted EBITA rolling 12-months (right axis)

Operations in Sweden

Market

Short term, it is difficult to assess the market outlook due to the ongoing pandemic. In general, the rate of growth for construction in the public sector (e.g. schools, preschools, hospitals, clinics and nursing homes) remains high. The same applies to conversion of commercial property, such as offices. Production of apartment complexes, both condominiums and rental property, has remained relatively stable. However, the number of new projects that were started up fell slightly during the year. Still however, the level of new development for residential property is below what is needed to satisfy the long-term needs.

Higher prices for raw materials is a fact. However, thanks to the cost-plus system that Instalco applies, our assessment is that, over the long run, there is no risk of it affecting our margins. Instalco is carefully monitoring the risk of a future cement shortage in Sweden, which could impact the construction sector. At present, it is too early to assess whether we will be impacted.

Net sales

Second quarter

Sales for the second quarter increased by SEK 516 million to SEK 1,825 (1,309) million compared to the same period last year. Organic growth was 16.6 percent and acquired growth was 22.8 percent.

January-June

Net sales for the period increased by SEK 784 million to SEK 3,353 (2,569) million compared to the same period last year. Organic growth was 9.5 percent and acquired growth was 21.0 percent.

Earnings

Second quarter

EBITA for the quarter was SEK 169 (125) million, which corresponds to a margin of 9.2 (9.6) percent.

January-June

EBITA for the quarter was SEK 305 (253) million, which corresponds to a margin of 9.1 (9.9) percent.

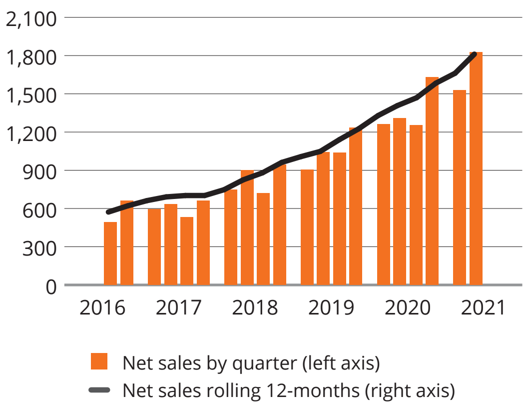
Order backlog

January-June

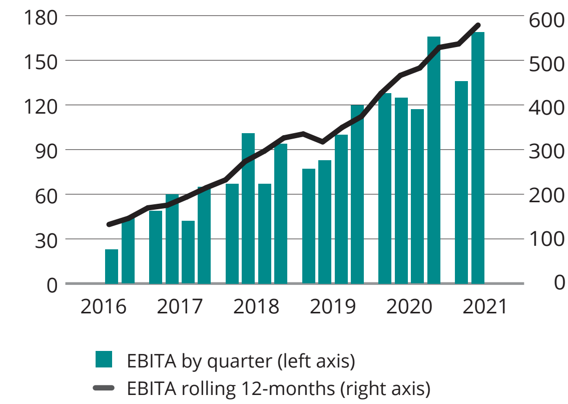
Order backlog at the end of the period amounted to SEK 5,336 (4,802) million, which is an increase of 11.1 percent. For comparable units, order backlog decreased by –3.5 percent and acquired growth was 14.6 percent.

During the second quarter and via its subsidiaries Calmarsunds VVS and Elovent, Instalco collaborated in a unique housing development project at Varvsholmen in Kalmar. Elovent has been engaged for installation of the electrical, network, and alarm/lock/entry & exit systems for two buildings. Calmarsunds is responsible for the heating & plumbing installations.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	April-June 2021	April-June 2020	Jan-June 2021	Jan-June 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	1,825	1,309	3,353	2,569	6,235	5,451
EBITA	169	125	305	253	588	537
EBITA margin, %	9.2	9.6	9.1	9.9	9.4	9.9
Operating profit/loss (EBIT)	169	125	305	253	588	536
Operating profit/loss (EBIT), %	9.2	9.6	9.1	9.8	9.4	9.8
Earnings before taxes	169	125	305	252	563	510
Order backlog	5,336	4,802	5,336	4,802	5,336	5,387

Operations in Rest of Nordic

Market

In Norway, we can see that demand has risen and there are plans in place for major investments in the construction sector in the coming years, particularly as regards new public buildings like schools and hospitals. We have noticed that there is higher interest in energy efficiency measures for the operation of both existing and new buildings.

Over the short term, it is still difficult to assess the Norwegian market, due to the ongoing pandemic. During the quarter, access to foreign labour has been low due to travel entry restrictions. To some extent, we have also been affected by restrictions aimed at lowering the spread of infection, which has resulted in delays for some of our projects. The service market is stable and in general, the order backlog for our Norwegian subsidiaries is strong.

During the quarter, Finland was negatively impacted by the pandemic more than it has been in the past, primarily from higher absence due to illness and periodic shutdowns at construction sites. Order backlog for our Instalco companies in Finland is very strong, even though there are indications of an overall decline in the number of building permits for new construction there. The market is still primarily being fuelled by the major metropolitan regions. Because of the pandemic, it is difficult to assess the outlook over the short term.

Net sales

Second quarter

Net sales for the second quarter increased by SEK 69 million to SEK 486 (416) million compared to the same period last year. Organic growth, adjusted for currency effects, was –2.4 percent and acquired growth was 19.0 percent.

January-June

Net sales for the period increased by SEK 68 million to SEK 899 (832) million compared to the same period last year. Organic growth, adjusted for currency effects, was –7.9 percent and acquired growth was 18.2 percent. We have a specific strategy for our operations in Norway of prioritising profitability above volume.

Earnings

Second quarter

EBITA for the quarter was SEK 25 (24) million, which corresponds to a margin of 5.2 (5.7) percent.

January-June

EBITA for the period was SEK 34 (42) million, which corresponds to a margin of 3.7 (5.1) percent.

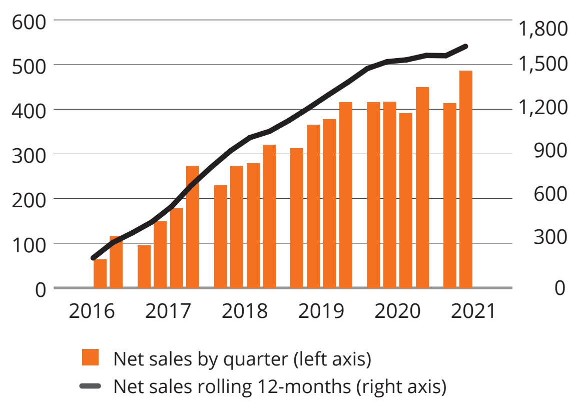
Order backlog

January – June

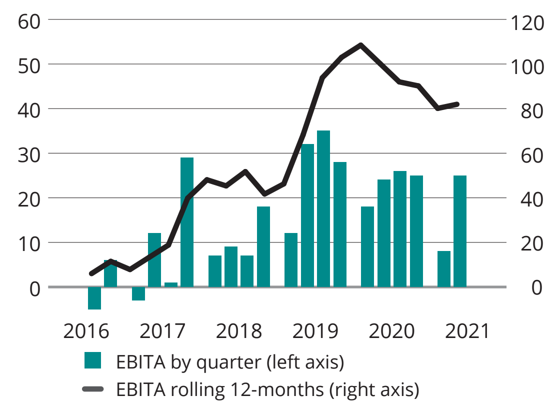
Order backlog at the end of the period amounted to SEK 1,274 (1,205) million, which is an increase of 5.7 percent, adjusted for currency effects. For comparable units, order backlog decreased by –1.9 percent and acquired growth was 6.3 percent.

During the second quarter, one of Instalco's Norwegian subsidiaries, Vito, signed a new framework agreement for ventilation service with Stortinget, which is the Norwegian Parliament. It pertains to technical services concerning the existing ventilation systems, along with new installations, at parliamentary buildings. The duration of the agreement is two years, with options to extend for a total of four years.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	April-June 2021	April-June 2020	Jan-June 2021	Jan-June 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	486	416	899	832	1,739	1,671
EBITA	25	24	34	42	85	94
EBITA margin, %	5.2	5.7	3.7	5.1	4.9	5.6
Operating profit/loss (EBIT)	25	24	34	42	85	94
Operating profit/loss (EBIT), %	5.2	5.7	3.7	5.1	4.9	5.6
Earnings before taxes	25	23	33	41	83	91
Order backlog	1,274	1,205	1,274	1,205	1,274	1,238

Acquisition

Instalco made 15 acquisitions during the period January through June 2021.

In accordance with agreements on contingent consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 353 million, of which SEK 106 million is acquisitions that were made in 2021. The total amount of accrued additional consideration is SEK 283 million, of which SEK 115 million is for acquisitions made in 2021. They are reported among Other current liabilities in the balance sheet. Acquisition costs for the year amount to SEK 4 (6) million and they are reported among Other operating expenses in the income statement.

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

Goodwill of SEK 353 million that has arisen via the acquisitions represents future economic benefits that could not be individually identified and recognised separately.

Company acquisitions

Instalco made the following company acquisitions during the period January – June 2021.

Access gained	Acquisition	Area of technology	Segment	Share of the votes and capital	Assessed annual sales, SEK m	Number of employees
January	JB Elektro AS	Electricity	Rest of Nordic	100%	40	21
January	Lincom AB	Electricity	Sweden	100%	33	25
January	Nässjö Teknikprojektering AB	Technical consulting	Sweden	100%	15	10
February	Stockholm Luftkompetens AB	Ventilation	Sweden	100%	85	20
February	Kempes El AB	Electricity	Sweden	100%	85	66
April	Inva Engineering AS	Heating & plumbing	Rest of Nordic	100%	6	10
April	Calmarsunds VVS AB	Heating & plumbing	Sweden	100%	26	68
May	Rörmokaren i Kolmården AB	Heating & plumbing	Sweden	100%	31	20
May	Lampans Elinstallationer AB	Electricity	Sweden	100%	55	41
May	Elinstallationer i Karlshamn AB	Electricity	Sweden	100%	40	31
June	KaVP och Karlskoga Tak AB	Ventilation	Sweden	100%	30	17
June	Nordengen VVS AS	Heating & plumbing	Rest of Nordic	100%	13	6
June	PlanProj AB	Technical consulting	Sweden	100%	17	14
June	Nihlén Elmontage AB	Electricity	Sweden	100%	80	19
June	Industriprodukter AB	Electricity	Sweden	100%	20	22
Total					**576**	**390**

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. The acquisition analyses for companies acquired in 2021 are preliminary.

SEK m	Fair value of Group
Intangible assets	36
Deferred tax asset	0
Other non-current assets	6
Other current assets	117
Cash and cash equivalents	108
Deferred tax liability	–3
Current liabilities	–105
Total identifiable assets and liabilities (net)	**159**
Goodwill	**353**
Consideration paid	
Cash and cash equivalents	404
Contingent consideration	108
Total transferred consideration	**512**
Impact on cash and cash equivalents	
Cash consideration paid	397
Cash and cash equivalents of the acquired units	–108
Total impact on cash and cash equivalents	**288**
Settled contingent consideration attributable to acquisitions in the current year and prior years	39
Exchange rate difference	0
Total impact on cash and cash equivalents	**327**
Impact on net sales and operating profit/loss 2021	
Net sales	125
Operating profit/loss	15
Consolidated pro forma for net sales and operating profit/loss from 1 January 2021	
Net sales	197
Operating profit/loss	17

Financial information

Financial position

Equity at the end of the period amounted to SEK 2,146 (1,598) million. Interest-bearing net debt as of 30 June 2021 was SEK 1,219 (903) million.

Currency changes impacted net debt positively by SEK 2 million. The gearing ratio was 57.2 (56.7) percent. During the period, net financial items amounted to SEK –11 (–14) million, of which net interest income/expense was SEK –9 (–10) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 323 (313) million as of 30 June 2021. The Group's interest-bearing liabilities were SEK 1,541 (1,215) million, including leasing in accordance with IFRS 16. Instalco's total amount of granted credit, not including leasing, was SEK 1,501 million, of which SEK 1,178 million had been utilised as of 30 June 2021. For the first quarter, the change in working capital was SEK –78 (39) million and it is primarily attributable to accounts receivable and a change in work-in-progress.

Investments, depreciation and amortisation

For the first half of the year, the Group's net investments, not including company acquisitions, amounted to SEK 15 (1) million. Depreciation of fixed assets was SEK 83 (63) million. Investments in company acquisitions amounted to SEK 327 (227) million. The amount includes settled contingent consideration attributable to acquisitions made in the current and prior years equal to SEK 39 (55) 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 30 June 2021. Net sales for the Parent Company amounted to SEK 13 (12) million. Operating profit/loss was SEK 1 (1) million. Net financial items amounted to SEK –1 (–1) million. Earnings before taxes were SEK 0 (0) million and earnings for the period were SEK 0 (0) million. Cash and cash equivalents at the end of the period amounted to SEK 2 (65) 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, but not during an ongoing pandemic. The operating risks are attributable to daily operations, like tendering, price risks, expertise, capacity utilisation and revenue recognition.

The Group recognises 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. Besides the risks described on pages 36-39 of the Instalco Annual Report for 2020, Instalco assesses that pandemics, such as COVID-19, could significantly impact the Group's companies in the form of health risks to its employees, customers and suppliers, operational disturbances and a negative impact on the financial position. The Group's structure, with diversified, wide-ranging activities limits all of the various types of aggregated business and financial risks, including this type of risk.

Corona situation

During the quarter, Instalco, along with the entire construction and installation sector, was affected by the consequences of the ongoing pandemic. The main impact has been sluggishness of construction projects, with shutdowns, deferments and delays. We also had somewhat higher absenteeism due to spread of the corona virus.

It is still difficult to assess the effects of the pandemic and we are actively monitoring developments. We are monitoring operations in our business areas and subsidiaries so that we can take additional measures to limit any negative consequences.

Incentive programme

At Instalco's AGM on 7 May 2020, it was decided to implement an incentive program for the Group's senior executives and other key individuals at the company. The total scope of the program is, at most, 989,256 warrants. The price of the warrants corresponded to the market value. The dilutive effect corresponds to, at most, 2.0 percent of share capital and votes after dilution.

Warrants may be exercised as of 22 May 2023 through 16 June 2023.

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	Total
Sweden	2,727	627	3,353
Rest of Nordic	701	199	899
Group	**3,427**	**825**	**4,253**

Revenue and earnings by segment

	Sweden	Rest of Nordic	Group-wide and eliminations	Total
Net sales	3,353	899	0	4,253
EBITA	305	34	12	351
Earnings before taxes	305	33	–1	337

Events after the end of the reporting period

During the third quarter of 2021, Instalco acquired Forsséns Elektriska AB with expected sales of SEK 65 million and 40 employees, Klimateknikk Oslo AS with expected sales of SEK 40 million and 5 employees and App Start-Up AB with expected sales of SEK 97 million and 62 emplyees.

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 2021 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. The same accounting principles and bases of computation have been applied in this interim report as in the most recent annual report.

New standards and interpretations that enter into for in 2021 and beyond

As of the end of this quarter, 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

In its financial statements, Instalco only has liabilities in the form of contingent consideration that are valued at fair value through profit or loss. The valuation of contingent 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 contingent consideration recognised as a liability amounts to SEK 283 million.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	April-June 2021	April-June 2020	Jan-June 2021	Jan-June 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	2,311	1,725	4,253	3,401	7,973	7,122
Other operating income	16	19	35	24	74	63
Operating income	**2,326**	**1,744**	**4,288**	**3,425**	**8,047**	**7,184**
Materials and purchased services	–1,194	–920	–2,168	–1,792	–4,095	–3,720
Other external services	–126	–83	–237	–197	–438	–398
Personnel costs	–760	–549	–1,439	–1,079	–2,634	–2,274
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–44	–32	–83	–63	–156	–135
Other operating expenses	–5	–6	–14	–20	–48	–54
Operating expenses	**–2,129**	**–1,590**	**–3,940**	**–3,151**	**–7,370**	**–6,580**
Operating profit/loss (EBIT)	**197**	**154**	**347**	**274**	**677**	**604**
Net financial items	0	–2	–11	–14	–6	–9
Earnings before taxes	**197**	**152**	**337**	**260**	**671**	**594**
Tax on profit for the year	–43	–32	–72	–57	–148	–133
Earnings for the period	**154**	**120**	**265**	**203**	**523**	**462**
Other comprehensive income						
Translation difference	–29	–27	36	–64	9	–91
Comprehensive income for the period	**125**	**93**	**300**	**139**	**532**	**371**
Comprehensive income for the period attributable to:						
Parent Company's shareholders	122	91	294	136	523	365
Non-controlling interests	4	2	6	3	9	6
Earnings per share for the period, before dilution, SEK	2.90	2.38	4.97	4.03	9.92	9.00
Earnings per share for the period, after dilution, SEK	2.85	2.34	4.88	3.95	9.74	8.79
Average number of shares before dilution	52,020,967	49,700,123	52,007,807	49,581,476	51,822,894	50,609,729
Average number of shares after dilution[1)]	53,010,223	50,761,469	52,997,063	50,642,822	52,812,150	51,834,563

1) The company has one warrant scheme outstanding totalling 989,256 warrants (see Incentive program, page 8).

Condensed consolidated balance sheet

AMOUNTS IN SEK M	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Goodwill	3,132	2,343	2,780
Right-of-use assets	369	245	323
Other non-current assets	145	53	71
Total non-current assets	**3,646**	**2,640**	**3,174**
Accounts receivable	1,093	889	995
Contract assets	565	470	407
Other current assets	254	184	266
Cash and cash equivalents	323	313	386
Total current assets	**2,235**	**1,856**	**2,054**
Total assets	**5,881**	**4,496**	**5,228**
Equity and liabilities			
Equity	2,130	1,592	1,960
Non-controlling interests	16	6	12
Total equity	**2,146**	**1,598**	**1,973**
Non-current liabilities	1,312	1,065	1,099
Lease liabilities	236	149	210
Total non-current liabilities	**1,548**	**1,214**	**1,308**
Lease liabilities	120	86	103
Accounts payable	755	566	588
Contract liabilities	296	400	349
Other current liabilities	1,017	633	907
Total current liabilities	**2,187**	**1,685**	**1,947**
Total liabilities	**3,735**	**2,899**	**3,255**
Total equity and liabilities	**5,881**	**4,496**	**5,228**
Of which interest-bearing liabilities	1,541	1,215	1,298
Equity attributable to:			
Parent Company shareholders	2,130	1,592	1,960
Non-controlling interests	16	6	12

Condensed statement of changes in equity

AMOUNTS IN SEK M	30 June 2021	30 June 2020	31 Dec 2020
Opening equity	**1,973**	**1,485**	**1,485**
Total comprehensive income for the period	294	136	365
New issues	13	88	222[1)]
Issue warrants	3	0	18
Repurchase of own shares	–	–	–14
Dividends	–141	–115	–115
Other	1	0	1
Non-controlling interests	3	3	10
Closing equity	**2,146**	**1,598**	**1,973**
Equity attributable to:			
Parent Company's shareholders	2,130	1,592	1,960
Non-controlling interests	16	6	12

1) The amount is attributable to redemption of warrants from prior incentive programs along with smaller amounts associated with the acquisition of new companies.

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	April-June 2021	April-June 2020	Jan-June 2021	Jan-June 2020	12-months rolling 2020/2021	Jan-Dec 2020
Cash flow from operating activities						
Earnings before taxes	197	152	337	260	671	594
Adjustment for items not included in cash flow	29	25	72	82	137	146
Tax paid	–44	–26	–96	–62	–159	–125
Changes in working capital	–78	39	–44	42	–13	73
Cash flow from operating activities	**104**	**190**	**269**	**321**	**636**	**689**
Investing activities						
Acquisition of subsidiaries and businesses	–192	–139	–327	–227	–682	–582
Other	–13	–2	–15	–1	–16	–2
Cash flow from investing activities	**–204**	**–141**	**–342**	**–229**	**–698**	**–584**
Financing activities						
New issue	–	72	13	88	147	222
Warrants	3	–	3	–	21	18
Repurchase of own shares	–	–	–	–	–14	–14
New loans	200	70	198	70	198	70
Repayment of loan	–1	0	0	–65	–9	–74
Amortisation of lease liability	–37	–28	–70	–55	–134	–119
Dividends	–140	–115	–141	–115	–141	–115
Cash flow from financing activities	**24**	**–1**	**3**	**–78**	**69**	**–12**
Cash flow for the period	**–76**	**48**	**–70**	**15**	**7**	**92**
Cash and cash equivalents at the beginning of the period	404	272	386	317	313	317
Translation differences in cash and cash equivalents	–5	–7	7	–19	4	–22
Cash and cash equivalents at the end of the period	**323**	**313**	**323**	**313**	**323**	**386**

Condensed Parent Company income statement

AMOUNTS IN SEK M	April-June 2021	April-June 2020	Jan-June 2021	Jan-June 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	7	6	13	12	24	23
Operating expenses	–6	–6	–12	–11	–22	–21
Operating profit/loss	**0**	**0**	**1**	**1**	**2**	**2**
Net financial items	0	–1	–1	–1	–2	–2
Profit/loss after net financial items	**0**	**0**	**0**	**0**	**0**	**–1**
Group contributions received	–	–	–	–	7	7
Earnings before taxes	**0**	**0**	**0**	**0**	**7**	**6**
Tax	–	–	–	–	–2	–2
Earnings for the period	**0**	**0**	**0**	**0**	**5**	**5**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Shares in subsidiaries	1,375	1,315	1,465
Total non-current assets	**1,375**	**1,315**	**1,465**
Receivables from Group companies	13	12	7
Other current assets	1	0	0
Cash and cash equivalents	2	65	50
Total current assets	**16**	**78**	**57**
Total assets	**1,391**	**1,393**	**1,522**
Equity and liabilities			
Equity	1,241	1,243	1,369
Total equity	**1,241**	**1,243**	**1,369**
Liabilities to credit institutions	143	142	142
Total non-current liabilities	**143**	**142**	**142**
Accounts payable	1	0	0
Other current liabilities	6	7	11
Total current liabilities	**7**	**7**	**11**
Total liabilities	**149**	**150**	**154**
Total equity and liabilities	**1,391**	**1,393**	**1,522**

Quarterly data

AMOUNTS IN SEK M	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales	2,311	1,942	2,078	1,643	1,725	1,676	1,652	1,416
Growth in net sales, %	33.9	15.9	25.8	16.1	22.7	37.6	30.7	41.9
Operating profit/loss (EBIT)	197	150	190	140	154	120	144	113
EBITA	199	152	190	140	154	120	145	113
EBITDA	241	189	231	171	186	150	171	139
Adjusted EBITA	195	154	193	150	150	131	157	127
Adjusted EBITDA	237	192	234	182	182	161	183	153
EBIT margin, %	8.5	7.7	9.1	8.5	8.9	7.1	8.7	8.0
EBITA margin, %	8.6	7.8	9.2	8.5	9.0	7.2	8.8	8.0
EBITDA margin, %	10.4	9.7	11.1	10.4	10.8	9.0	10.3	9.8
Adjusted EBITA margin, %	8.4	8.0	9.3	9.2	8.7	7.8	9.5	9.0
Adjusted EBITDA margin, %	10.3	9.9	11.3	11.0	10.6	9.6	11.1	10.8
Working capital	–156	–216	–176	–60	–55	–30	–22	–40
Interest-bearing net debt	1,219	911	912	974	903	853	872	785
Gearing ratio, %	57.2	42.4	46.5	53.5	56.7	55.2	58.8	57.7
Net debt/in relation to adjusted EBITDA, times	1.4	1.2	1.2	1.4	1.3	1.3	1.5	1.4
Cash conversion %	62	117	130	78	121	102	102	90
Cash flow from operating activities	104	164	277	90	190	131	152	114
Earnings before taxes	197	140	198	137	152	108	137	108
Equity ratio, %	36.5	39.3	37.7	38.2	35.5	36.9	35.6	34.6
Order backlog	6,610	6,708	6,625	6,263	6,006	5,215	4,865	4,418
Average number of employees	4,085	3,876	3,609	3,474	3,202	3,075	2,972	2,719
Number of employees at the end of the period	4,256	3,993	3,856	3,630	3,352	3,180	3,103	2,798

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	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
(A) Operating profit/loss (EBIT)	197	150	190	140	154	120	144	113
Depreciation/amortisation and impairment of acquisition-related intangible assets	2	2	0	0	0	0	0	0
(B) EBITA	199	152	190	140	154	120	145	113
Depreciation/amortisation and impairment of other property, plant and equipment and intangible assets	44	37	41	31	32	30	26	26
(C) EBITDA	241	189	231	171	186	150	171	139
Non-recurring items								
Additional consideration	–5	0	1	8	–7	8	10	10
Acquisition costs	1	3	2	2	2	3	3	4
Total, non-recurring items	–4	3	3	10	–4	11	13	14
(D) Adjusted EBITA	195	154	193	150	150	131	157	127
(E) Adjusted EBITDA	237	192	234	182	182	161	183	153
(F) Net sales	2,311	1,942	2,078	1,643	1,725	1,676	1,652	1,416
(A/F) EBIT margin, %	*8.5*	*7.7*	*9.1*	*8.5*	*8.9*	*7.1*	*8.7*	*8.0*
(B/F) EBIT margin, %	*8.6*	*7.8*	*9.2*	*8.5*	*9.0*	*7.2*	*8.8*	*8.0*
(C/F) EBIT margin, %	*10.4*	*9.7*	*11.1*	*10.4*	*10.8*	*9.0*	*10.3*	*9.8*
(D/F) Adjusted EBITA margin, %	*8.4*	*8.0*	*9.3*	*9.2*	*8.7*	*7.8*	*9.5*	*9.0*
(E/F) Adjusted EBITDA margin, %	*10.3*	*9.9*	*11.3*	*11.0*	*10.6*	*9.6*	*11.1*	*10.8*

Capital structure

AMOUNTS IN SEK M	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Calculation of working capital and working capital in relation to net sales								
Inventories	76	68	62	52	50	48	45	31
Accounts receivable	1,093	900	995	878	889	818	874	785
Contract assets	565	570	407	452	470	416	322	402
Prepaid expenses and accrued income	67	54	107	56	47	53	93	48
Other current assets	111	99	96	88	87	73	64	54
Accounts payable	–755	–677	–588	–616	–566	–528	–420	–493
Contract liabilities	–296	–344	–349	–308	–400	–314	–357	–366
Other current liabilities	–489	–399	–431	–293	–244	–223	–289	–231
Accrued expenses and deferred income, including provisions	–529	–487	–476	–369	–388	–373	–354	–271
(A) Working capital	**–156**	**–216**	**–176**	**–60**	**–55**	**–30**	**–22**	**–40**
(B) Net sales (12-months rolling)	7,973	7,388	7,122	6,696	6,469	6,149	5,692	5,304
(A/B) Working capital as a percentage of net sales, %	**–2.0**	**–2.9**	**–2.5**	**–0.9**	**–0.9**	**–0.5**	**–0.4**	**–0.7**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,423	1,204	1,196	1,178	1,129	1,040	1,104	1,081
Current, interest-bearing financial liabilities	120	112	103	104	86	85	84	78
Cash and cash equivalents	–323	–404	–386	–308	–313	–272	–317	–374
(A) Interest-bearing net debt	**1,219**	**911**	**912**	**974**	**903**	**853**	**872**	**785**
(B) Equity	2,130	2,147	1,960	1,820	1,592	1,544	1,483	1,362
(A/B) Gearing ratio, %	**57.2**	**42.4**	**46.5**	**53.5**	**56.7**	**55.2**	**58.8**	**57.7**
(C) EBITDA (12-months rolling)	833	778	739	678	646	626	587	562
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.5 times**	**1.2 times**	**1.2 times**	**1.4 times**	**1.4 times**	**1.4 times**	**1.5 times**	**1.4 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	237	192	234	182	182	161	183	153
Net investments in property, plant and equipment and intangible assets	–13	–2	–1	0	–2	0	1	–2
Changes in working capital	–78	34	72	–41	39	2	2	–13
(B) Operating cash flow	**146**	**223**	**305**	**141**	**220**	**164**	**186**	**138**
(B/A) Cash conversion %	**62**	**117**	**130**	**78**	**121**	**102**	**102**	**90**

Signatures

Future reporting dates

Interim Report January – September 2021	9 November 2021
Year-end report 2021	17 February 2022
Interim report January – March 2022	5 May 2022
AGM	5 May 2022
Interim report January – June 2022	25 August 2022
Interim Report January – September 2022	9 November 2022

Board of Directors' assurance

The Board of Directors and CEO ensure that this interim report for the first six months of the year provides a fair view of the company's and the Group's operations, position and earnings, and describes significant risks and uncertainties faced by the company and the companies belonging to the Group.

Stockholm, 25 August 2021
Instalco AB (publ)

Olof Ehrlén
Chairman of the Board

Johnny Alvarsson
Board member

Camilla Öberg
Board member

Carina Qvarngård
Board member

Per Leopoldsson
Board member

Carina Edblad
Board member

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, 25 August at 14:00 CET via https://tv.streamfabriken.com/instalco-q2-2021 To participate by phone: +46 (0)8-566 427 07.

Note

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was made public by the contact person listed below, on 25 August 2021 at 11:00 CET.

Additional information

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Fredrik Trahn, IR, fredrik.trahn@instalco.se +46 (0)70 913 67 96

Definitions with explanation

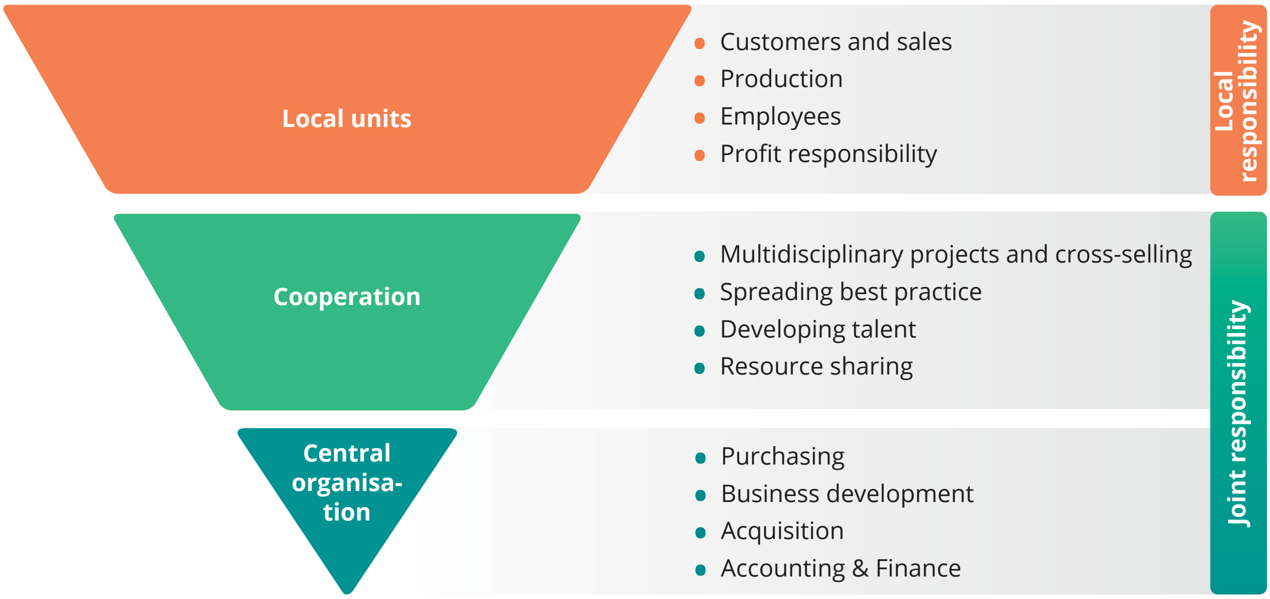
General	Unless otherwise indicated, all amounts in the report and tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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	Earnings before interest and taxes, 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.
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.

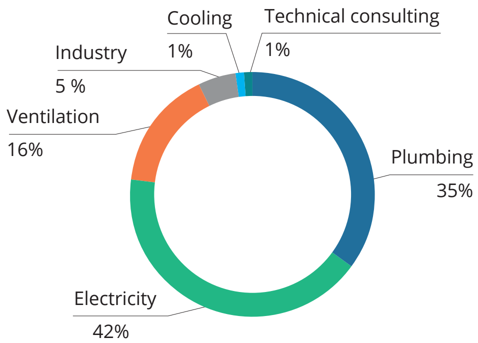
Key figures	Definition/calculation	Purpose
Non-recurring items	Non-recurring items, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
Operating 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.
Operating profit/loss (EBIT)	Earnings before interest and taxes.	Operating profit/loss (EBIT) provides an overall picture of the profit generated from operating activities.
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, adjusted for currency effects	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.
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

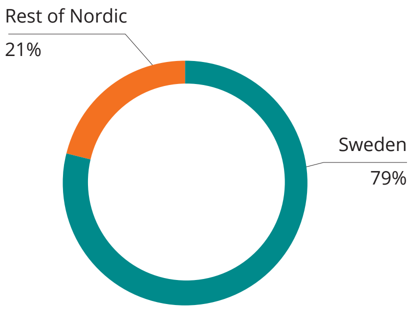
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



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