



Q1 2019 presentation
8 May 2019

Today's presenters

Per Sjöstrand



Group CEO

Lotta Sjögren



Group CFO

Instalco

- A leading Nordic installation group in heating and plumbing, electrical, ventilation and cooling
- Strong local brands
- Highly decentralised structure
- Deliver high margins over time

Key financials (LTM)

Net sales

SEK **4,653** million

Order backlog

SEK **4,391** million

Adjusted EBITA

SEK **395** million

Adjusted EBITA margin

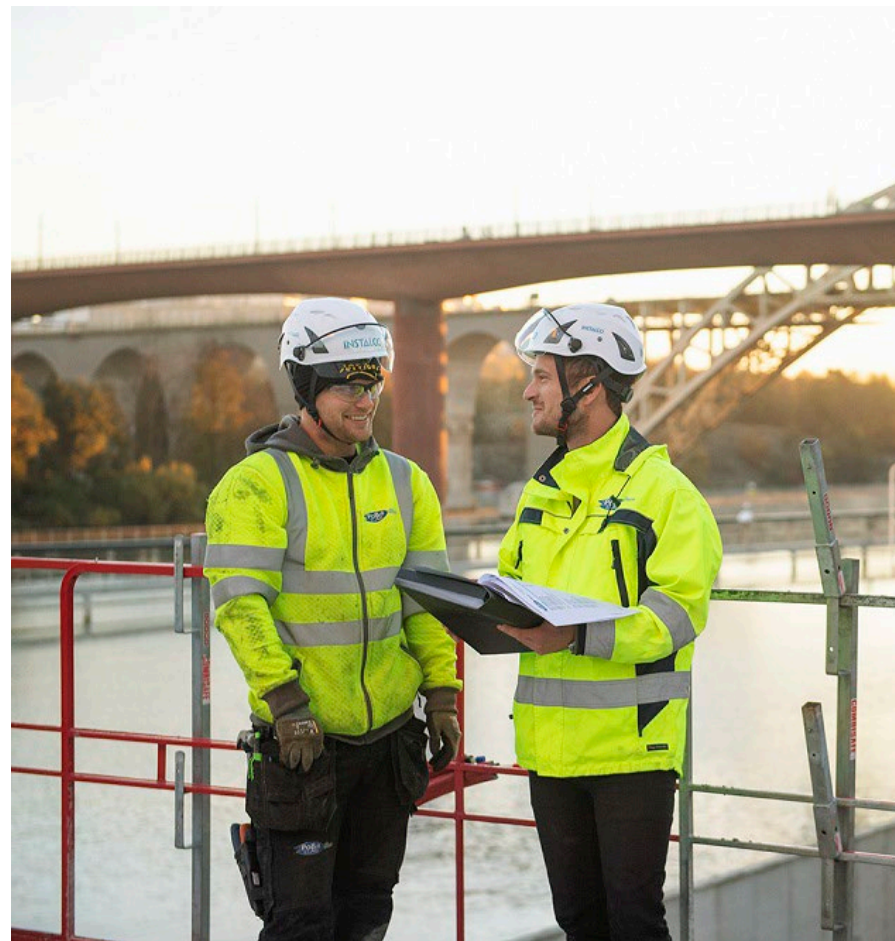
8.5 %

Average no of employees

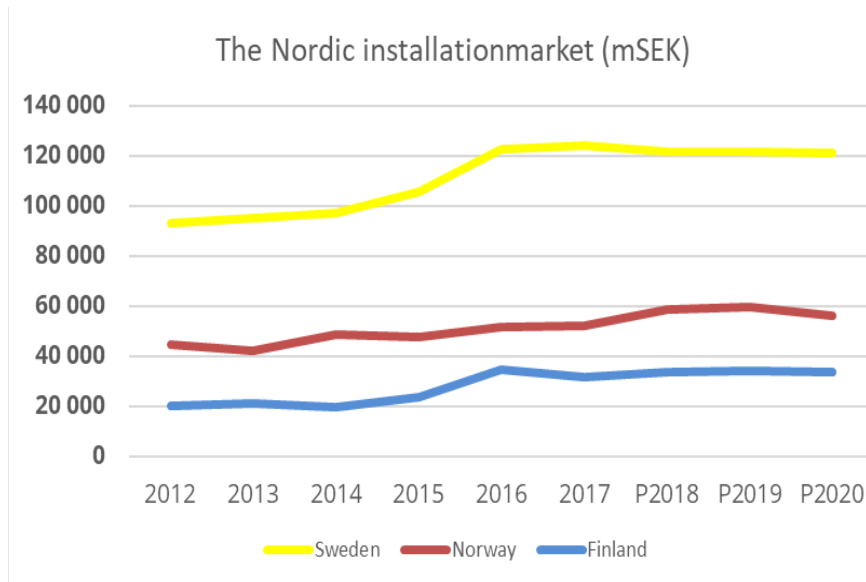
2,156

Acquired annual sales

671



The Nordic installation market



Overall

- Total market of about 200+ billion SEK
- Sweden is the largest market
- Market will level out or even decline the coming years but still stay on high levels

Sweden

- + Population increase and urbanization, low unemployment, investments in industry
- Fewer permits granted for buildings

Norway

- + Urbanization, lower unemployment, oil investments are increasing, increase in energy efficiency regulations
- Higher interest rates, lower population growth

Finland

- + Migration and urbanization, positive development in industry, increased public spending
- Lower granted building permits overall, aging population

Q1 2019 Highlights

- Net sales growth 24.4%
- Organic growth 5.8%
- Acquisitions of three high quality companies
- Strong cash flow
- Strong order backlog

Sales and profitability

Net sales

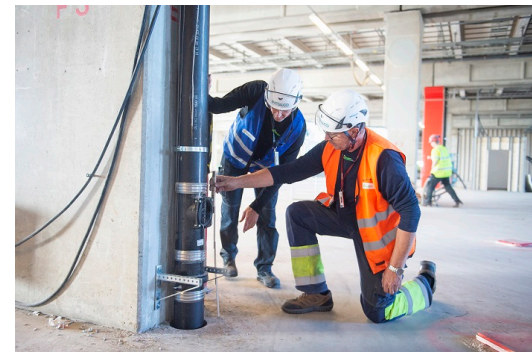
SEK **1,218** million

Adjusted EBITA

SEK **92** million

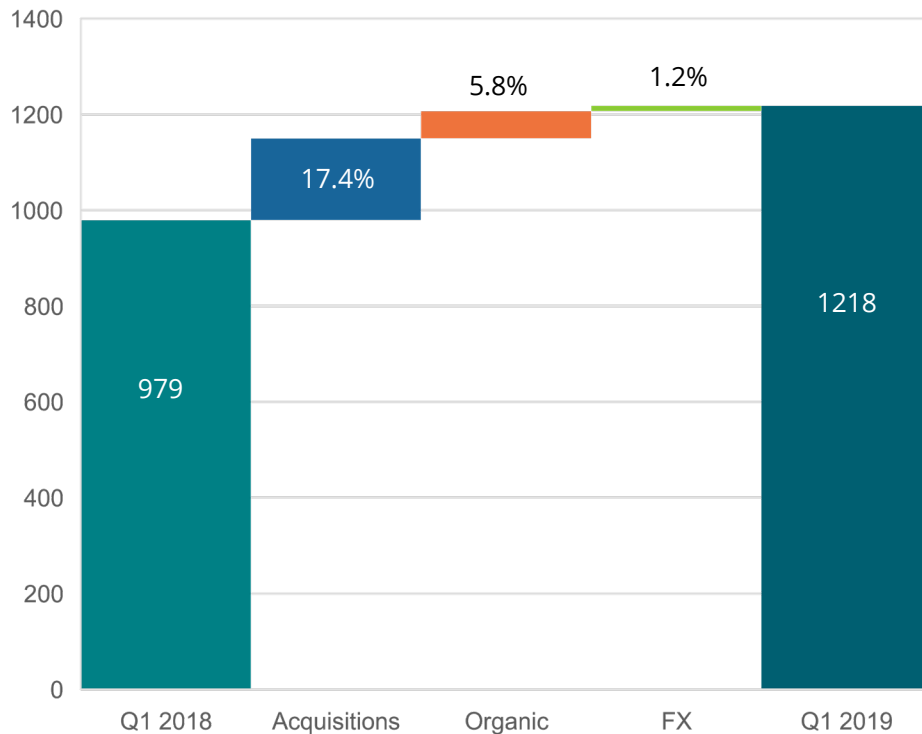
Adjusted EBITA margin

7.6 %

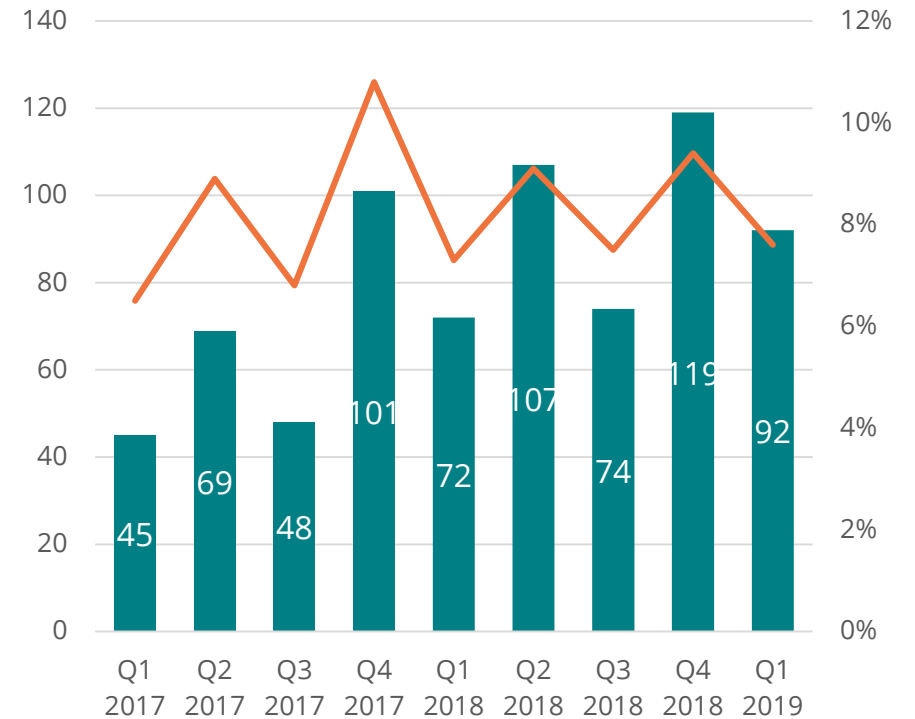


Group development – Net sales and EBITA

Net sales growth (SEK million)

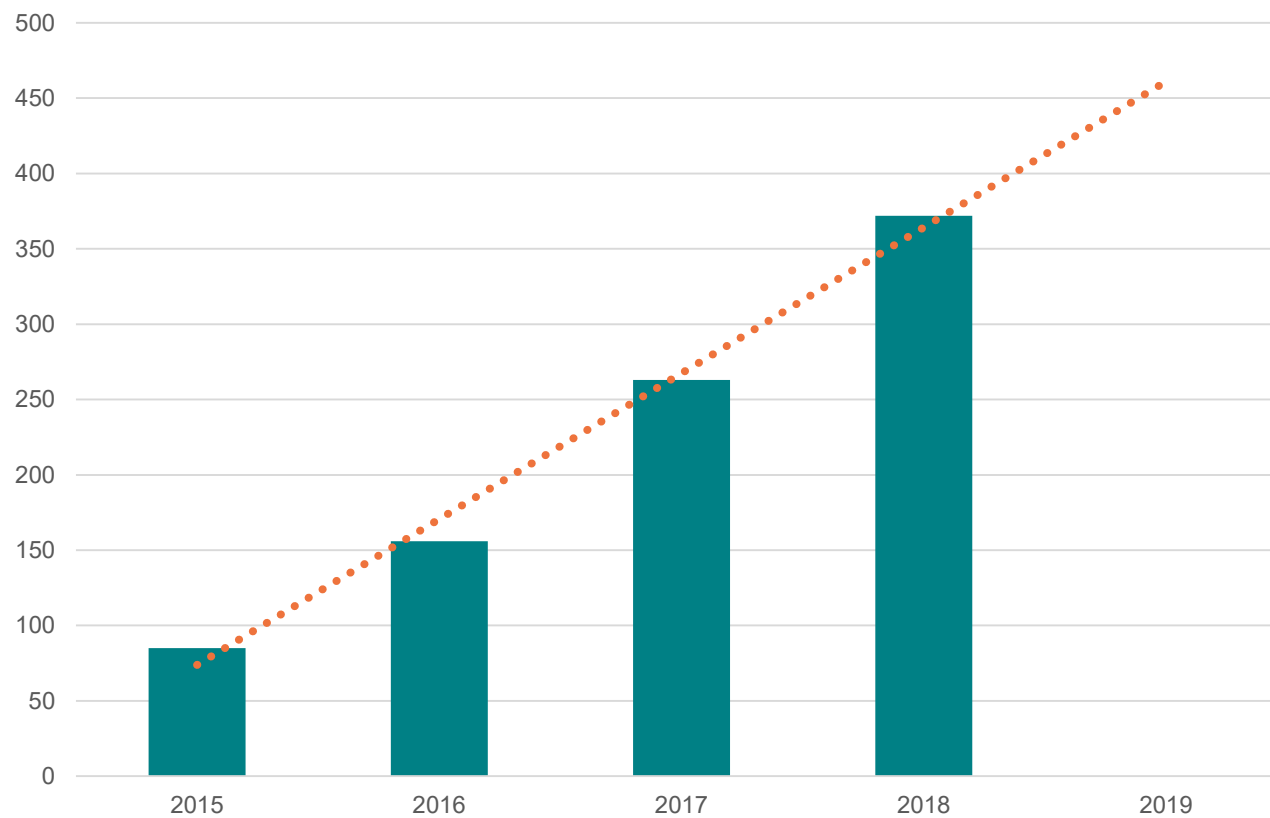


Adj. EBITA (SEK million) and adj. EBITA margin (%)



Towards the 2019 financial target

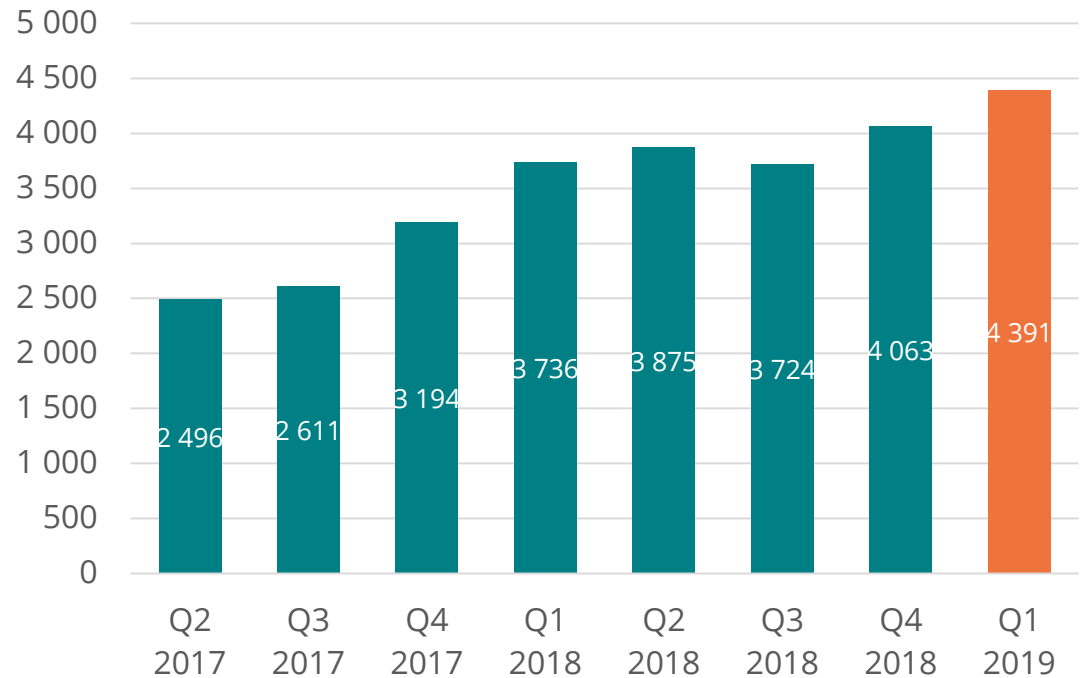
Adjusted EBITA



Group development – Order backlog

- Growth of 17.5% (compared to Q1 2018)
- Continued high order backlog ratio of 0.9x (relative to 12 months rolling net sales)

Order backlog (SEK million)



Examples of projects in Q1

ICA Maxi supermarket Bålsta



- Three Instalco subsidiaries: DALAB, Sprinklerbolaget and Automationsbolaget
- New 7 000 square meters supermarket
- Heating and plumbing, ventilation, sprinkler and control system installations

ESS research institute Lund



- Rörläggaren and Bi-Vent
- Construction of the ESS Campus
- Installations of heating and plumbing and ventilation systems
- European Spallation Source (ESS) will have the world's most powerful neutron source.

Segment development - Sweden

- Continued healthy demand
- Public sector continues to build hospitals, schools and pre-schools
- Net sales growth of 21%
- Organic growth of 4.6%
- Order backlog growth of 18.2% whereof 13.5% in comparable units

Key financials Q1 2019

Net sales

SEK **906** million

EBITA

SEK **82** million

EBITA margin

9.1 %

Order backlog

SEK **3,385** million

Segment development – Rest of Nordics

- Continued high demand
- Organic growth of 9.7%
- Net sales growth of 35.6%
- Order backlog growth of 14.1%
- Public sector continues to build hospitals, schools and pre-schools

Key financials Q1 2019

Net sales

SEK **312** million

EBITA

SEK **15** million

EBITA margin

4.9 %

Order backlog

SEK **1,006** million

Examples of acquired companies in Q1

EKTK, Sweden



- EKTK specializes in electric power solutions for the process industry
- New area for Instalco - excellent fit with other subsidiaries
- Annual sales of approx. SEK 87 million

Aquadus, Sweden



- Offers contract work and service in the heating and plumbing sector in the area of Mälardalen
- Good fit into Instalco that will create new synergies
- Annual sales of approx. SEK 80 million

Financial targets and dividend policy

Area	Target	Comment
Growth	<ul style="list-style-type: none"> Average sales growth should be at least 10% per year over a business cycle Growth will take place both organically and through acquisitions 	<ul style="list-style-type: none"> Acquired sales and EBITA in line with plan
Margin	<ul style="list-style-type: none"> Instalco aims to deliver an adjusted EBITA margin of 8.0% 	<ul style="list-style-type: none"> 7.4% YTD, 8,5% RTM
Capital structure	<ul style="list-style-type: none"> Instalco's net debt in relation to adjusted EBITDA² shall not exceed a ratio of 2.5 	<ul style="list-style-type: none"> 1.4x March 2019
Cash conversion	<ul style="list-style-type: none"> Instalco aims to achieve a cash conversion ratio of 100%, measured over a rolling twelve-month period over a business cycle 	<ul style="list-style-type: none"> 136% YTD, 109% RTM
Dividend policy	<ul style="list-style-type: none"> Instalco targets a dividend payout ratio of 30% of net profit 	<ul style="list-style-type: none"> Proposal of 30% of net profit

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

Looking ahead

- Stable market and continued high demand reflected in strong order backlog
- Dip in housing construction but with continued stability in the installation sector
- The rate of construction for schools, preschools and hospitals remains high
- Still difficult to find qualified workforce
- Upcoming acquisitions
- Three acquisitions made after Q1



Summary

Q1

- Stable growth in sales and profitability
- Continued stable market
- Confident in reaching our financial targets

Looking ahead

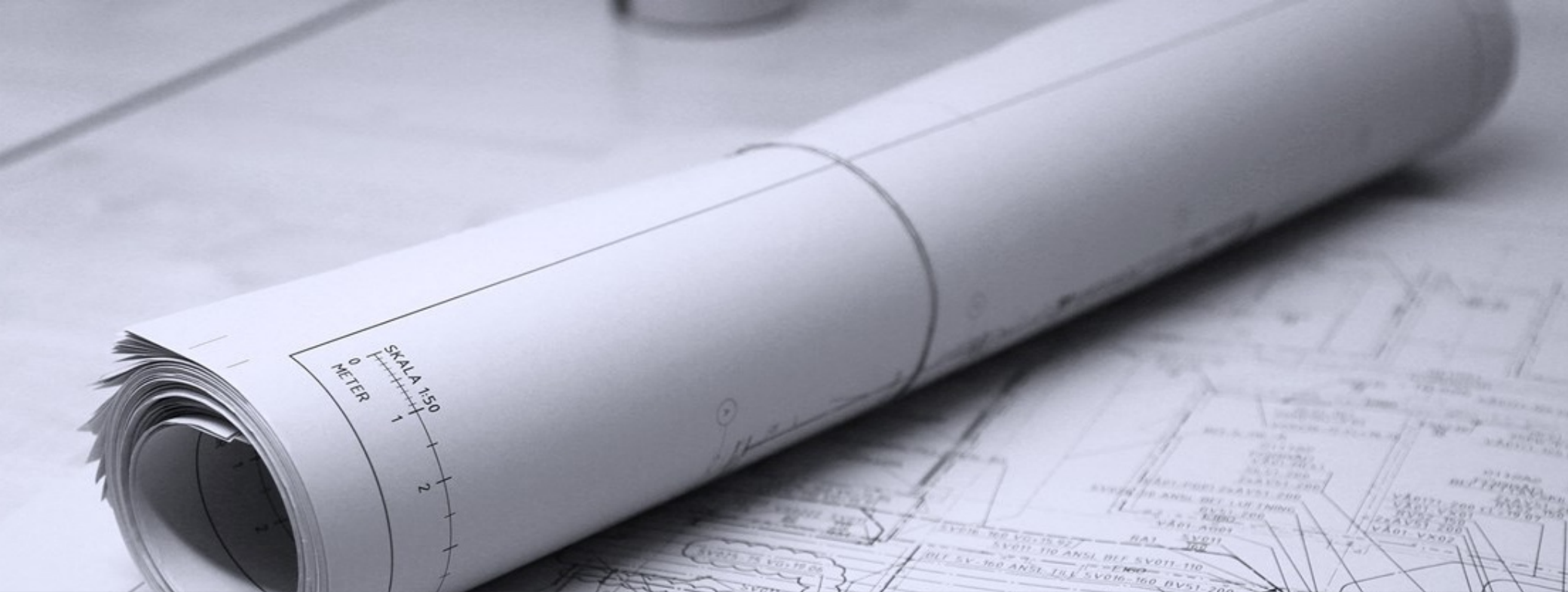
- Several upcoming acquisitions and start-ups
- Focus on energy-efficient solutions and high demands on sustainability



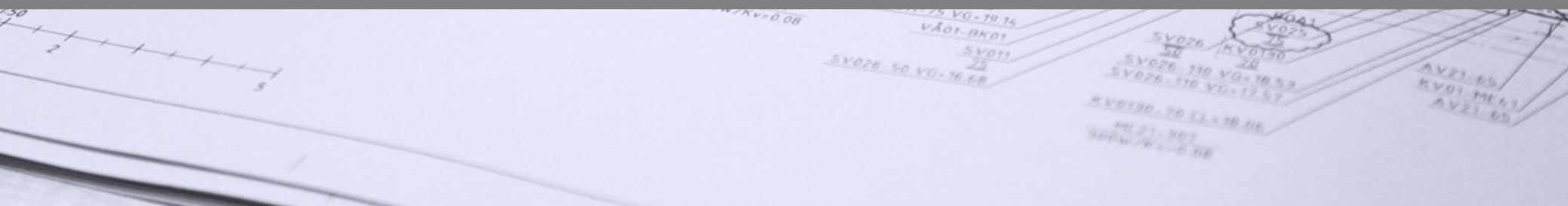


halvvägs
till
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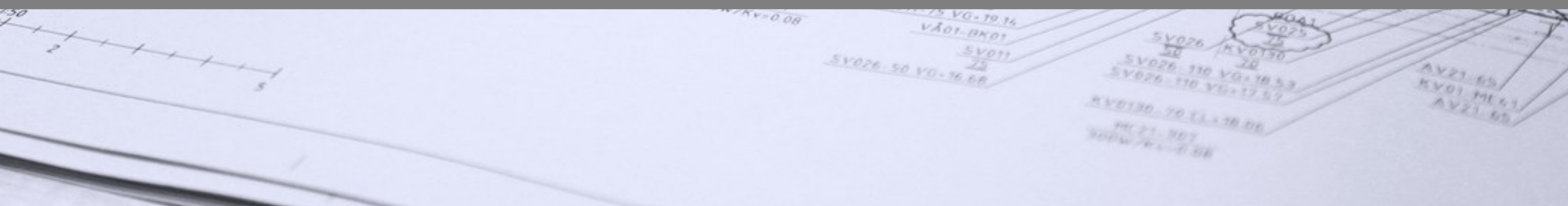


Q&A





APPENDIX



Quarterly data

SEKm	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Q1 2019
Net sales	599	556	777	689	781	708	935	979	1,174	998	1,264	1,218
<i>Growth, %</i>	97.1%	65.6%	59.7%	45.2%	30.5%	27.3%	20.3%	42.2%	50.2%	40.8%	35,1%	24,4%
EBITDA	49	12	60	38	62	54	96	41	102	70	127	111
<i>EBITDA margin, %</i>	8.2%	2.2%	7.7%	5.5%	8.0%	7.6%	10.2%	4.2%	8.7%	7.0%	10.0%	9.1%
Adjusted EBITDA	56	16	63	46	71	50	103	74	109	77	122	114
<i>Adjusted EBITDA margin, %</i>	9.3%	2.9%	8.1%	6.7%	9.1%	7.0%	11.0%	7.5%	9.3%	7.7%	9,6%	9,3%
EBITA	49	11	58	37	61	52	94	39	100	68	124	90
<i>EBITA margin, %</i>	8.1%	2.0%	7.4%	5.3%	7.8%	7.4%	10.0%	4.0%	8.5%	6.8%	9,8%	7,4%
Adjusted EBITA	55	15	61	45	69	48	101	72	107	74	119	92
<i>Adjusted EBITA margin, %</i>	9.2%	2.7%	7.8%	5.3%	8.9%	6.8%	10.8%	7.3%	91%	6.8%	9,4%	7,6%
Adjustments												
Earn-outs	6	0	-	4	-16	-9	7	0	4	6	-10	1
Acquisition costs	0	3	1	2	4	2	1	3	3	1	3	2
Refinancing costs	-	-	1	1	-	-	-	-	-	-	-	-
Listing costs	-	1	1	2	20	2	-	-	-	-	-	-
Divestment of subsidiary loss	-	-	-	-	-	-	-	30	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	2	-
Total adjustments	6	4	3	8	8	-4	7	33	7	7	-5	2
Net debt	265	210	241	302	346	392	446	493	538	588	520	649
Net debt /LTM adjusted EBITDA	2.0x	1.5x	1.5x	1.7x	1.8x	1.7x	1.7x	1.7x	1.6x	1.6x	1.4x	1.5x
Net working capital	15	3	-17	-69	-26	15	-1	-14	-24	71	33	-36
<i>Net working capital (% of LTM net sales)</i>	0.8%	0.1%	-0.7%	-2.9%	-0.9%	0.5%	0.0%	-0.4%	-0.6%	1.7%	0.8%	-0.8%
Order backlog	1,683	1,911	1,999	2,189	2,496	2,611	3,194	3,736	3,875	3724	4063	4391
Number of operating units at the end of the period	19	24	26	31	32	33	43	48	52	47	52	54
Average number of employees	1,082	1,221	1,240	1,466	1,578	1,594	1,666	1,943	2,039	2067	2212	2306
Nb of employ. end of the period	1,120	1,257	1,295	1,470	1,590	1,631	1,844	1,985	2,119	2139	2283	2379