



Q1 2020 presentation
7 May 2020

Instalco

- A leading Nordic installation group in heating and plumbing, electrical, ventilation and cooling
- 72 individual strong local brands (7 May)
- Highly decentralised structure
- Deliver high margins over time

Key financials (LTM)

Net sales

SEK **6,149** million

Order backlog

SEK **5,215** million

Adjusted EBITA

SEK **538** million

Adjusted EBITA margin

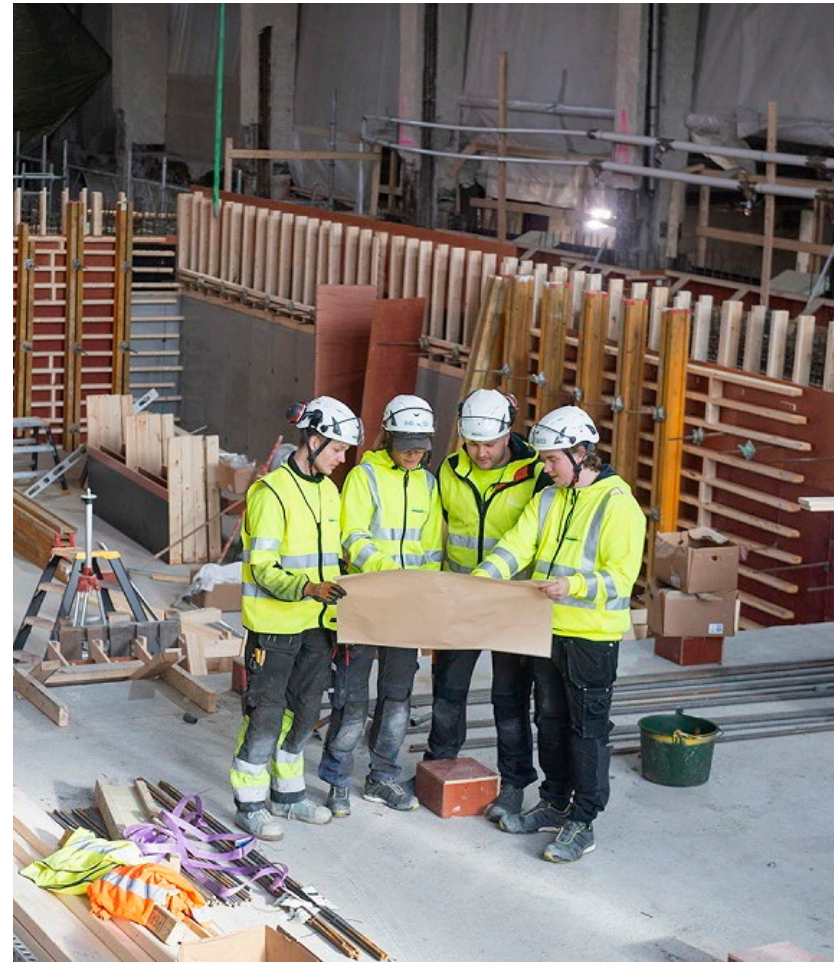
8.8 %

No of employees (31 Mar.)

3,180

Acquired annual sales

SEK **1,398** million



Q1 2020 Highlights

- Strong quarter despite corona situation
- Net sales growth 37.6%
- Organic growth 11.4%
- Strong cash flow 131 million
- Stable order backlog
- Launch of new sustainability program

Sales and profitability

Net sales

SEK **1,676** million

Adjusted EBITA

SEK **131** million

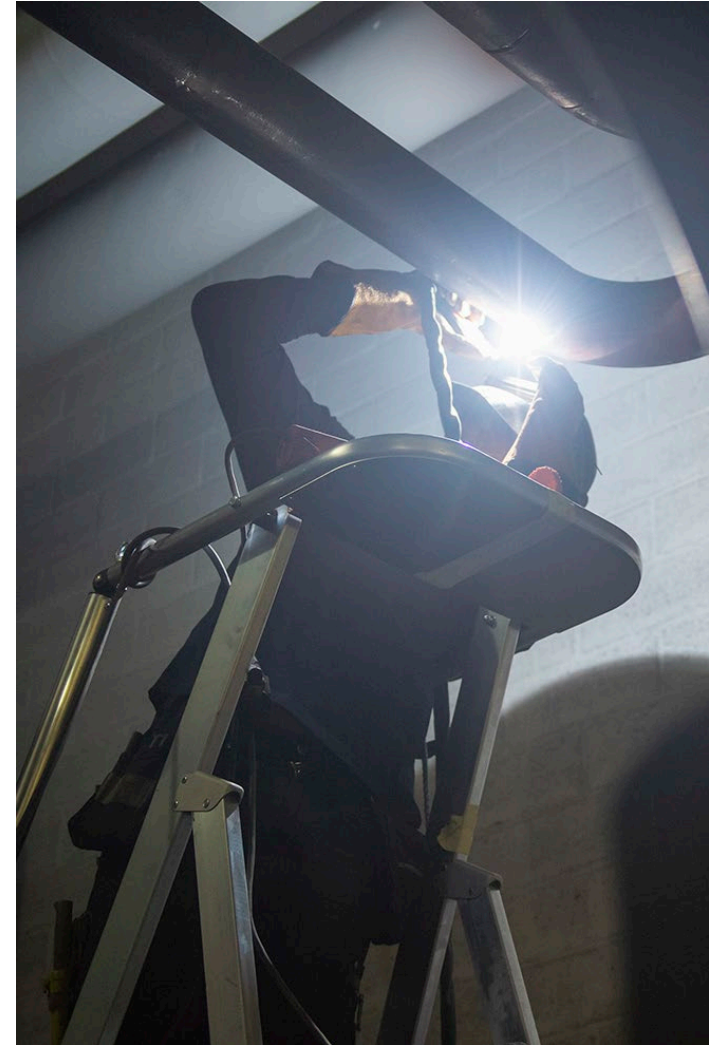
Adjusted EBITA margin

7.8 %



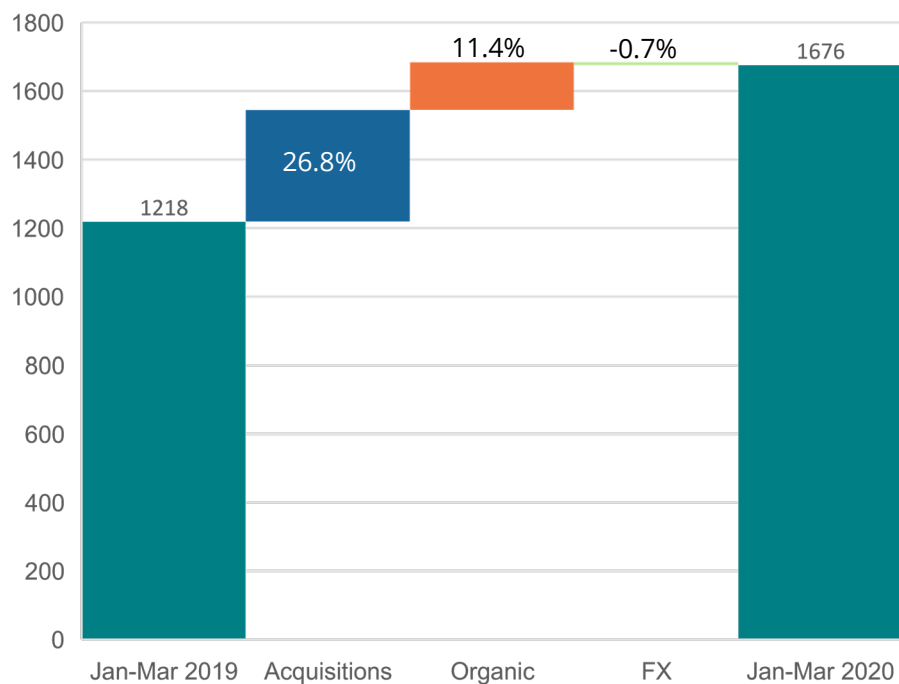
The covid-19 situation

- Crisis has not hit the construction and installation sector quite as hard as it has other sectors
- No significant disturbances
- Minor disturbances in some projects and services
- Deliveries are working
- More sick leave
- Preparing for the impact that is likely to occur
- Carefully monitoring the situation
- Very high level of uncertainty about the future
- Very difficult to assess the market

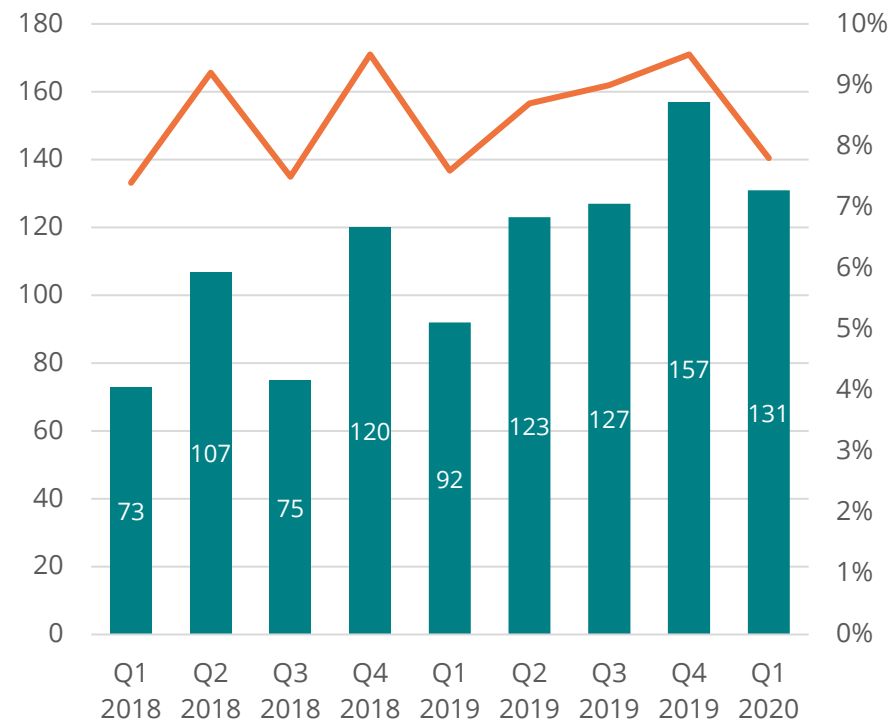


Group development – Net sales and EBITA

Net sales growth (SEK million)



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

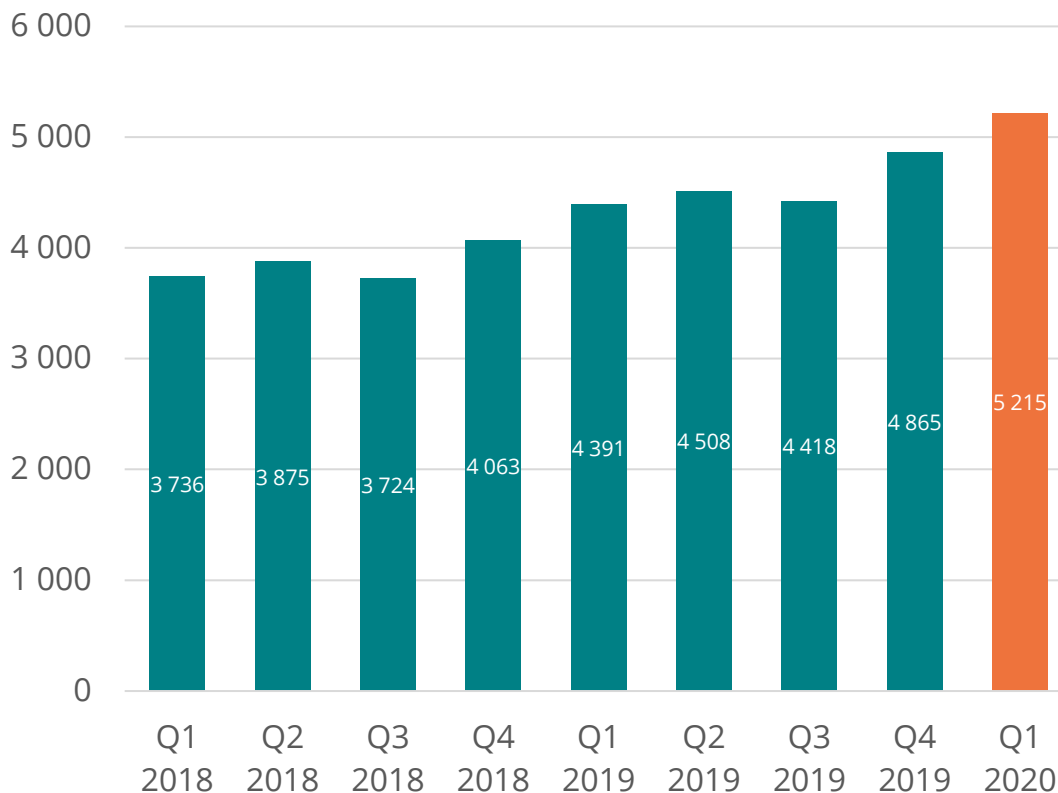


Group development – Order backlog

- Growth of 18.8% (compared with Q1 2019)
- Continued stable order backlog ratio of 0.85x (relative to 12 months rolling net sales)



Order backlog (SEK million)



Examples of projects in Q1

“The Hospital of the future”, Sörmland, Sweden



- Hospital project in collaboration with NCC and Region Sörmland
- Expansion of hospitals in Eskilstuna, Nyköping and Katrineholm
- Six Instalco companies involved
- Instalco’s largest project so far 700 MSEK

Preschool, Esbo, Finland



- Two Instalco subsidiaries: LVI-Urakointi Paavola and Twinputki
- New built preschool
- Heating, plumbing, ventilation, automation and sprinkler
- Built in solid wood – sustainability project in collaboration with City of Esbo

Segment development - Sweden

- The Swedish operations have coped with the Corona pandemic very well
- Still high rate of construction for schools, preschools and hospitals
- Net sales growth 39.2%
- Organic growth 13.5%
- Order backlog growth of 19,2% whereof 5.0% in comparable units

Key financials Q1 2020

Net sales

SEK **1,261** million

EBITA

SEK **128** million

EBITA margin

10.2 %

Order backlog

SEK **4,034** million

Segment development – Rest of Nordics

- Slow start of the year
- Shut-down of society due to Corona situation in Norway and Finland has slowed down the rate of production somewhat
- Net sales growth 33.0%
- Organic growth 5.4%
- Order backlog growth 24.8%

Key financials Q1 2020

Net sales

SEK **415** million

EBITA

SEK **18** million

EBITA margin

4.5 %

Order backlog

SEK **1,180** million

Acquisitions 2020

Acquisition	Discipline	Segment	Estimated yearly sales (SEKm)	Acquired
Elinstallationer Ullsand Bengtsson AB (ELUB)	Electrical	Sweden	69	Q1
Haug og Ruud VVS AS	Heating & Plumbing	Norway	71	Q1
Östersjö Elektriska AB	Electrical	Sweden	25	Q1
TOTAL			165	

*For companies acquired, estimated yearly sales corresponds to reported sales for the latest full financial year.

Examples of acquired companies in Q1

ELUB, Sweden



- Acquisition of ELUB in Växjö
- Electrical installation
- Stable and mature company
- Entering new market in Småland and Kronoberg
- Annual sales of approx. SEK 69 million

Haug og Ruud, Norway



- Haug og Ruud VVS in Lillehammer serving the market in county of Innlandet
- Ventilation and heating & plumbing installations as well as follow up-sales
- Well-run company with good profitability
- Annual sales of approx. SEK 71 million



INSTALCO

sustainable installations



SUSTAINABLE

INSTALCO

PROJECT

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"> 7,8% YTD
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"> 1.3x March 2020
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"> 102% YTD
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

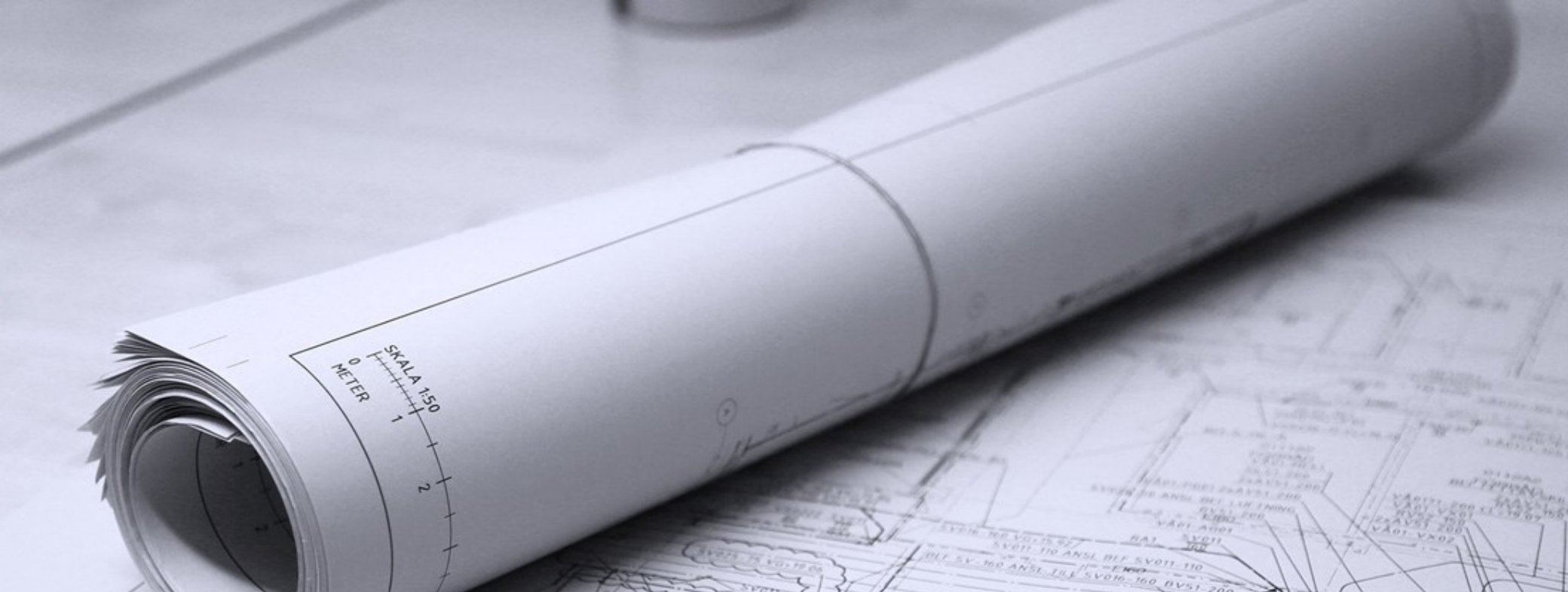
Instalco's financial targets set forth above constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of Instalco's industry, business, results of operations and financial 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

Summary

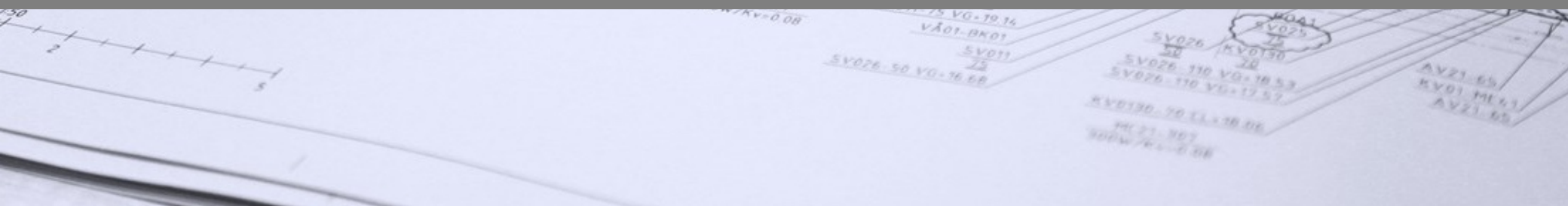
- Strong quarter despite Corona situation
- Crisis has not hit the construction and installation sector quite as hard as it has other sectors
- Good profitability, strong growth and high cash flow
- Launch of New sustainability program
- New strategy for increased service offering
- Very high level of uncertainty about the future
- Very difficult to assess the market







Q&A



Quarterly data

SEKm	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Net sales	689	781	708	935	979	1,174	998	1,264	1,218	1,406	1,416	1,652	1,676
<i>Growth, %</i>	45.2%	30.5%	27.3%	20.3%	42.2%	50.2%	40.8%	35,1%	24,4%	19,8%	41,9%	30,7%	37,6%
EBITDA	38	62	54	96	41	119	87	145	111	166	139	171	150
<i>EBITDA margin, %</i>	5.5%	8.0%	7.6%	10.2%	5.8%	10.1%	8.7%	11.5%	9.1%	11.8%	9,8%	10,3%	9,0%
Adjusted EBITDA	46	71	50	103	89	126	94	140	114	144	153	183	161
<i>Adjusted EBITDA margin, %</i>	6.7%	9.1%	7.0%	11.0%	9.1%	10.7%	9.4%	11,1%	9,3%	10,3%	10,8%	11,1%	9,6%
EBITA	37	61	52	94	40	101	68	125	90	145	113	145	120
<i>EBITA margin, %</i>	5.3%	7.8%	7.4%	10.0%	4.1%	8.6%	6.8%	9,9%	7,4%	10,3%	8,0%	8,8%	7,2%
Adjusted EBITA	45	69	48	101	73	107	75	120	92	123	127	157	131
<i>Adjusted EBITA margin, %</i>	5.3%	8.9%	6.8%	10.8%	7.4%	9.2%	6.8%	9,4%	7,6%	8,7%	9,0%	9,5%	7,8
Adjustments													
Earn-outs	4	-16	-9	7	0	4	6	-10	1	-24	10	10	8
Acquisition costs	2	4	2	1	3	3	1	3	2	2	4	3	3
Refinancing costs	1	-	-	-	-	-	-	-	-	-	-	-	-
Listing costs	2	20	2	-	-	-	-	-	-	-	-	-	-
Divestment of subsidiary loss	-	-	-	-	30	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	2	-	-	-	-	-
Total adjustments	8	8	-4	7	33	7	7	-5	2	-22	14	13	11
Net debt	302	346	392	446	629	672	714	653	649	763	785	872	853
Net debt /LTM adjusted EBITDA	1.7x	1.8x	1.7x	1.7x	2.2x	1.8x	1.7x	1.5x	1.5x	1,6x	1,4x	1,5x	1,3x
Net working capital	-69	-26	15	-1	-20	-31	64	25	-36	2	-40	-22	-30
<i>Net working capital (% of LTM net sales)</i>	-2.9%	-0.9%	0.5%	0.0%	-0.6%	-0.8%	1.6%	0.6%	-0.8%	0,1%	-0,7%	-0,4%	-0,5%
Order backlog	2,189	2,496	2,611	3,194	3,736	3,875	3724	4063	4391	4508	4418	4865	5215
Number of operating units at the end of the period	31	32	33	43	48	52	47	52	54	57	62	67	69
Average number of employees	1,466	1,578	1,594	1,666	1,943	2,039	2067	2212	2306	2524	2719	2972	3075
No. of employ. end of the period	1,470	1,590	1,631	1,844	1,985	2,119	2139	2283	2379	2555	2798	3103	3180