



Q3 2018 presentation  
*8 November 2018*

INSTALCO

# Today's presenters

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Per Sjöstrand



*Group CEO*

Lotta Sjögren



*Group CFO*

# This is Instalco

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

## Key financials (LTM)

Net sales

SEK **4,086** million

Order backlog

SEK **3,724** million

Adjusted EBITA

SEK **355** million

Adjusted EBITA margin

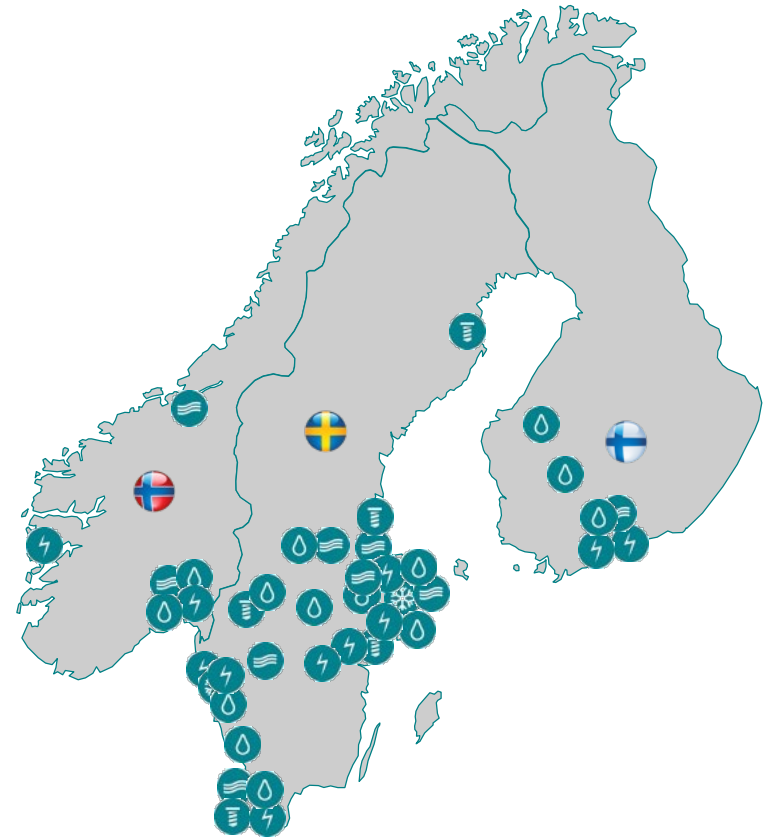
**8.7** %

Average no of employees

**1,958**

Acquired annual sales

**1,037**



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

# Q3 2018 Highlights

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- High growth in sales and profitability
- Net sales growth 40.8%
- Organic growth 8.6%
- Final stage of upcoming acquisitions
- Continued strong market
- Increased demand for energy efficient solutions with increased sustainability requirements

## Sales and profitability

Net sales

SEK **998** million

Adjusted EBITA

SEK **74** million

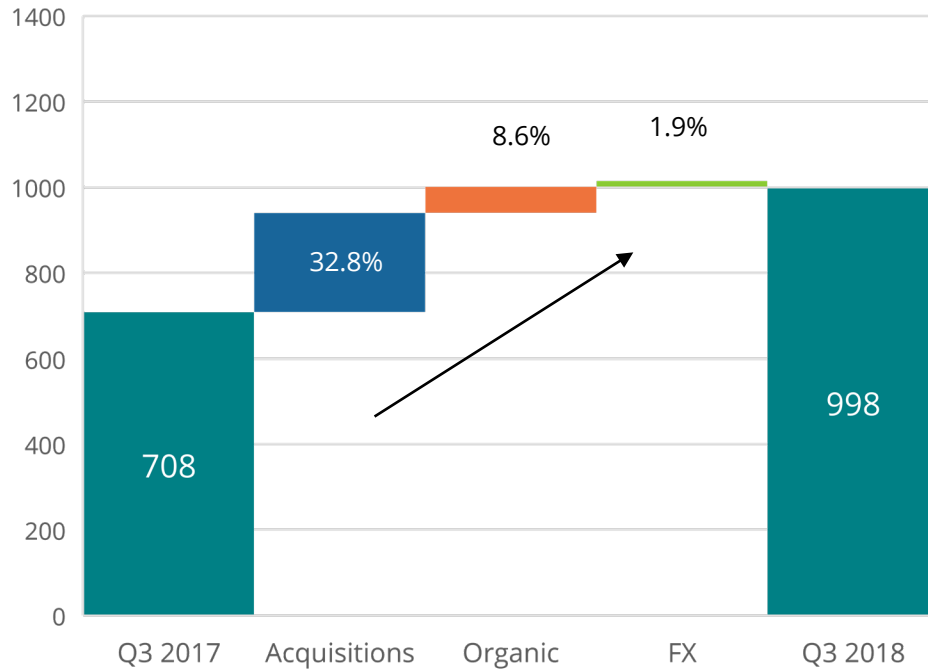
Adjusted EBITA margin

**7.5** %

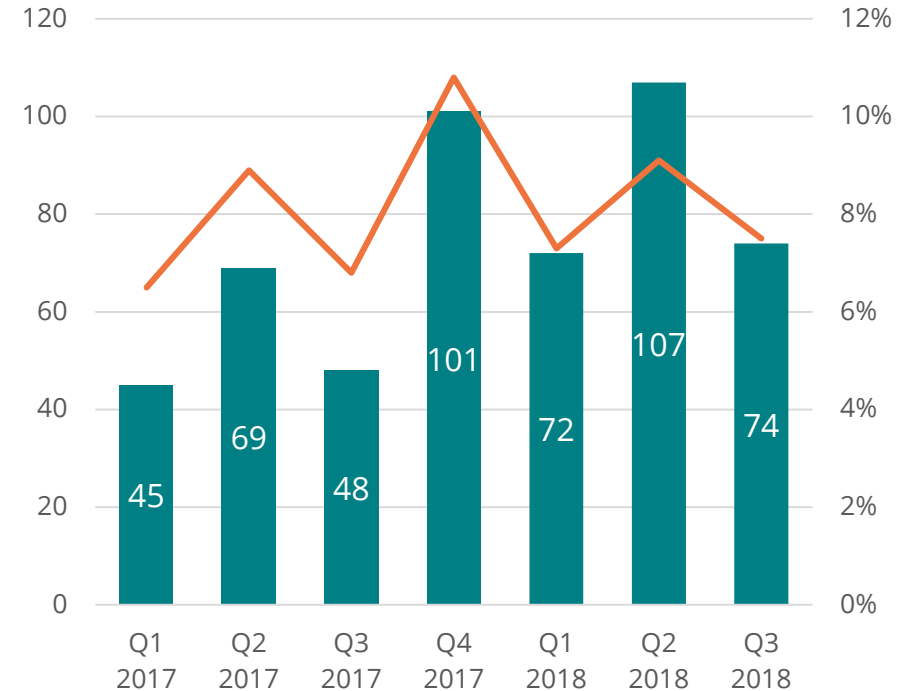


# Group development – Net sales and EBITA

Net sales growth (SEK million)



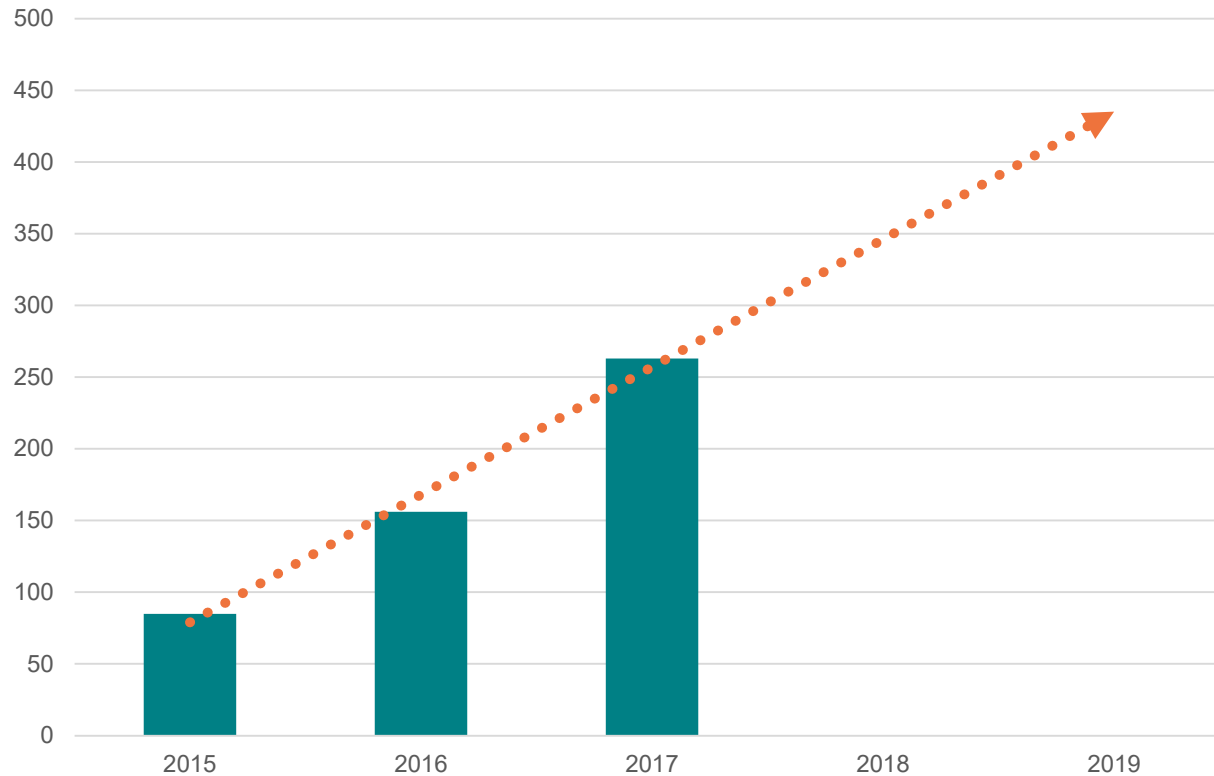
Adj. EBITA (SEK million) and adj. EBITA margin (%)



- Q3 seasonally slow due to summer holidays

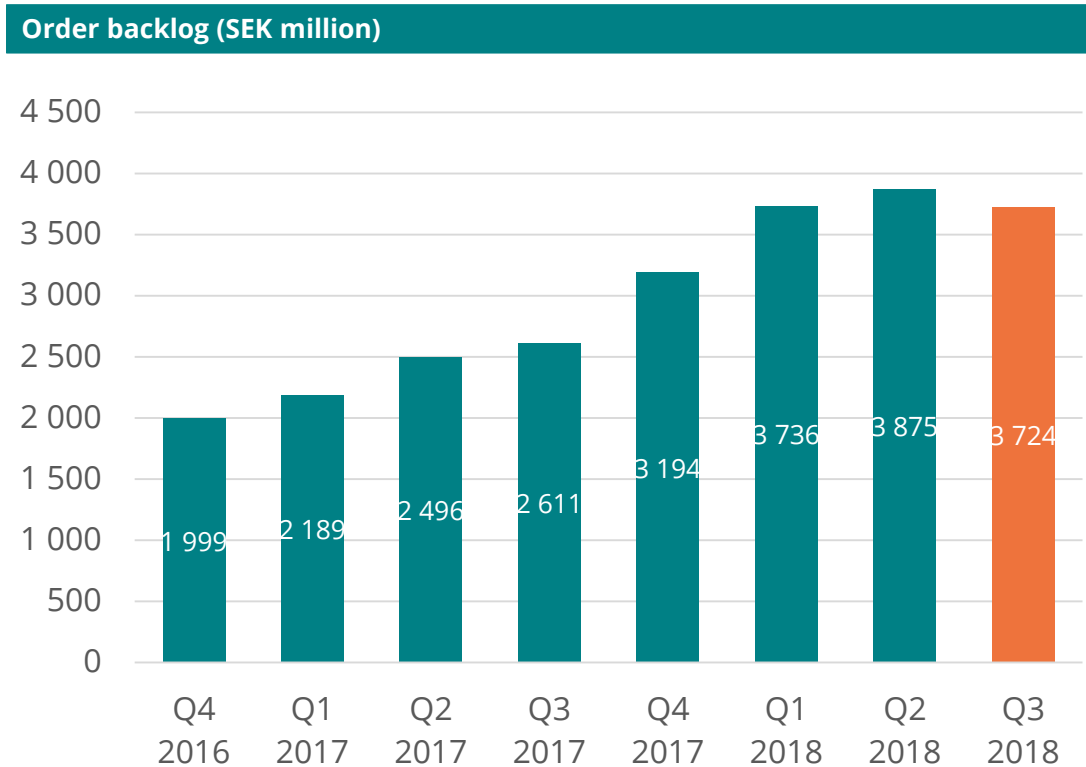
# Towards the 2019 financial target

## Adjusted EBITA



# Group development – Order backlog

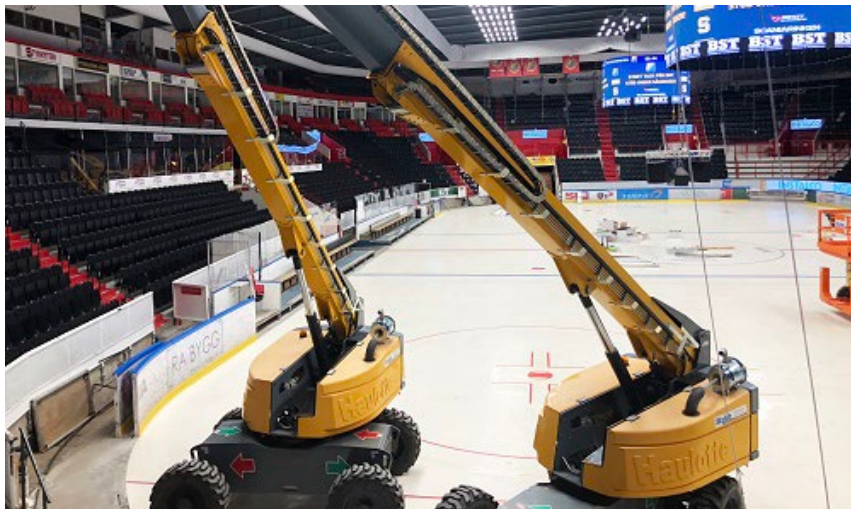
- Growth of 42.6% (compared to Q3 2017)
- Continued high order backlog ratio of 0.9x (relative to 12 months rolling net sales)





# Examples of projects in Q3

Scaniarinken Södertälje



- JN El and OTK Klimatinstallationer
- Renovation of ice hockey facility Scaniarinken
- Electrical and ventilation system installations
- 40 percent energy savings

Stora Enso Hylte bruk Mill



- ORAB
- Rebuilding of Stora Enso's existing facility Hylte bruk paper mill
- Installation of new condensing turbine
- Energy savings



# Examples of projects in Q3

## Billingsprojektet Skövde



- Tofta Plåt & Ventilation Lidköping
- Project planning, development and installation of new ventilation and control systems in several buildings
- Billingen recreation centre - Skövde municipality
- Benefit for public health

## Sergelhuset Stockholm



- Rörgruppen and Ohmegi
- Electrical and plumbing installations
- Renovation of Stockholm city quarter
- Subcontract from NCC and Vasakronan
- Order value SEK 54 million

# Segment development - Sweden

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- Continued strong demand
- Increasing amount of projects in schools, pre schools and hospitals
- Net sales growth of 35.7%
- Organic growth of 6.0%
- Order backlog growth of 44.3% whereof 3.4% in comparable units

## Key financials Q3 2018

Net sales  
SEK **719** million

EBITA  
SEK **72** million

EBITA margin  
**10.0** %

Order backlog  
SEK **2,822** million

# Segment development – Rest of Nordics

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- Continued high demand
- Stable market
- Low margin due to one loss-making project in Norway – ends in 2018
- Net sales growth of 55.9%
- Organic growth of 16.1%
- Order backlog growth of 29.0%  
whereof 8.2% in comparable units

## Key financials Q3 2018

Net sales

SEK **279** million

EBITA

SEK **8** million

EBITA margin

**3.0** %

Order backlog

SEK **902** million

# Acquisitions 2018

Acquisition	Discipline	Market / Region	Estimated yearly sales (SEKm)	Acquired
<b>Q1</b>				
Trel AB	Electrical	Sweden - North	75	Jan
Sprinklerbolaget i Stockholm AB	Sprinkler	Sweden	77	Jan
Vent och Värmeteknik VVT AB	Ventilation	Sweden - South	18	Jan
VVS-Kraft Teknikservice AB	Heating & Plumbing	Sweden - East	85	Feb
RIKelektro AB	Electrical	Sweden, Norway, Finland	60	Feb
<b>Total Q1</b>			<b>315</b>	
<b>Q2</b>				
Dala Kylmecano AB	Heating & Plumbing	Sweden - North	31	Apr
APC Elinstallatören AB	Electrical	Sweden - West	50	Apr
Teknisk Ventilasjon AS	Ventilation	Norway	57	May
LVI-Urakointi Paavola Oy	Heating & Plumbing	Finland	100	June
<b>Total Q2</b>			<b>238</b>	
<b>TOTAL YTD</b>			<b>553</b>	

- Two companies (Rörman (est. 33 SEKm) and MSI (est. 100 SEKm)) acquired after the end of the reporting period

# Financial targets and dividend policy

Area	Target	Comment
<b>Growth</b>	<ul style="list-style-type: none"> <li>Adjusted EBITA pro forma<sup>1</sup> shall reach SEK 450m not later than the end of 2019</li> <li>The average organic sales growth shall amount to 5% over time</li> </ul>	<ul style="list-style-type: none"> <li>Acquired sales and EBITA in line with plan</li> <li>Average yearly organic sales of 13.6% since 2014<sup>3</sup>, 7.4% YTD</li> </ul>
<b>Margin</b>	<ul style="list-style-type: none"> <li>Instalco aims to deliver an adjusted EBITA margin of 8.0%</li> </ul>	<ul style="list-style-type: none"> <li>8.7% LTM, 8.0% YTD</li> </ul>
<b>Capital structure</b>	<ul style="list-style-type: none"> <li>Instalco's net debt in relation to adjusted EBITDA<sup>2</sup> shall not exceed a ratio of 2.5</li> </ul>	<ul style="list-style-type: none"> <li>1.6x in September 2018</li> </ul>
<b>Cash conversion</b>	<ul style="list-style-type: none"> <li>Instalco aims to achieve a cash conversion ratio of 100%, measured over a rolling twelve-month period</li> </ul>	<ul style="list-style-type: none"> <li>83% LTM, 80% YTD</li> </ul>
<b>Dividend policy</b>	<ul style="list-style-type: none"> <li>Instalco targets a dividend payout ratio of 30% of net profit</li> </ul>	

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

1) Adjusted EBITA including full-year pro-forma consolidation of acquisitions and excluding exceptional items  
 2) Adjusted EBITDA including full-year pro-forma consolidation of acquisitions and excluding exceptional items  
 3) Based on average organic sales 2015 (26.6%), 2016 (22.0%), 2017 (-1.7%) and first nine months of 2018 (7.4%)

# Looking ahead

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- Favourable market and demand reflected in strong order backlog
- Low exposure to housing market
- Increasing amount of projects in social properties
- Increased focus on energy-efficient solutions and higher demands on sustainability
- Still difficult to find qualified workforce





# Summary

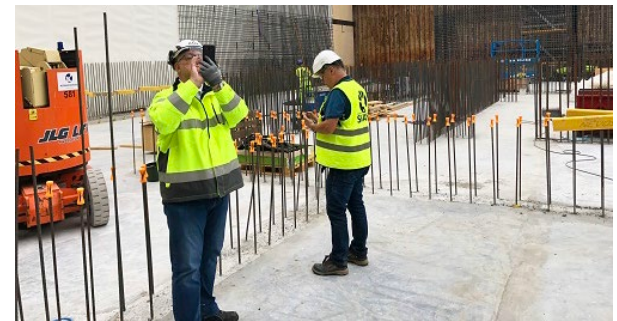
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Q3

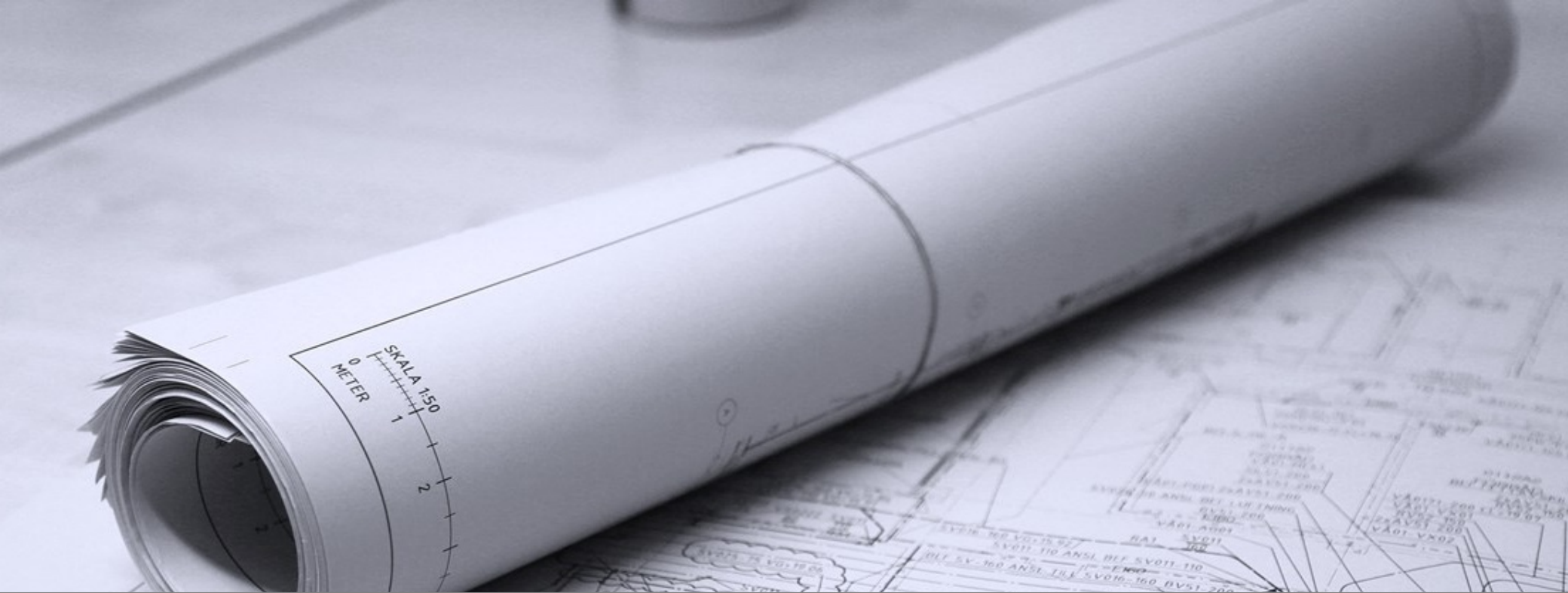
- High growth in sales and profitability
- Increased demand for energy efficient solutions with increased sustainability requirements

*Looking ahead*

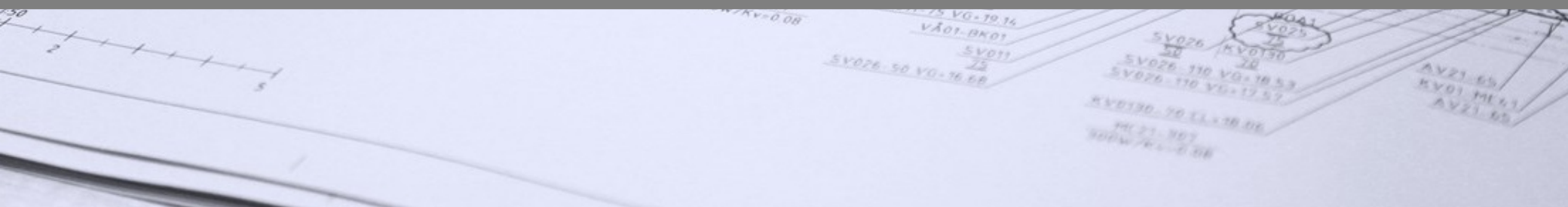
- Final stage of several acquisitions
- Slowdown in housing construction but with continued stability in the installation sector



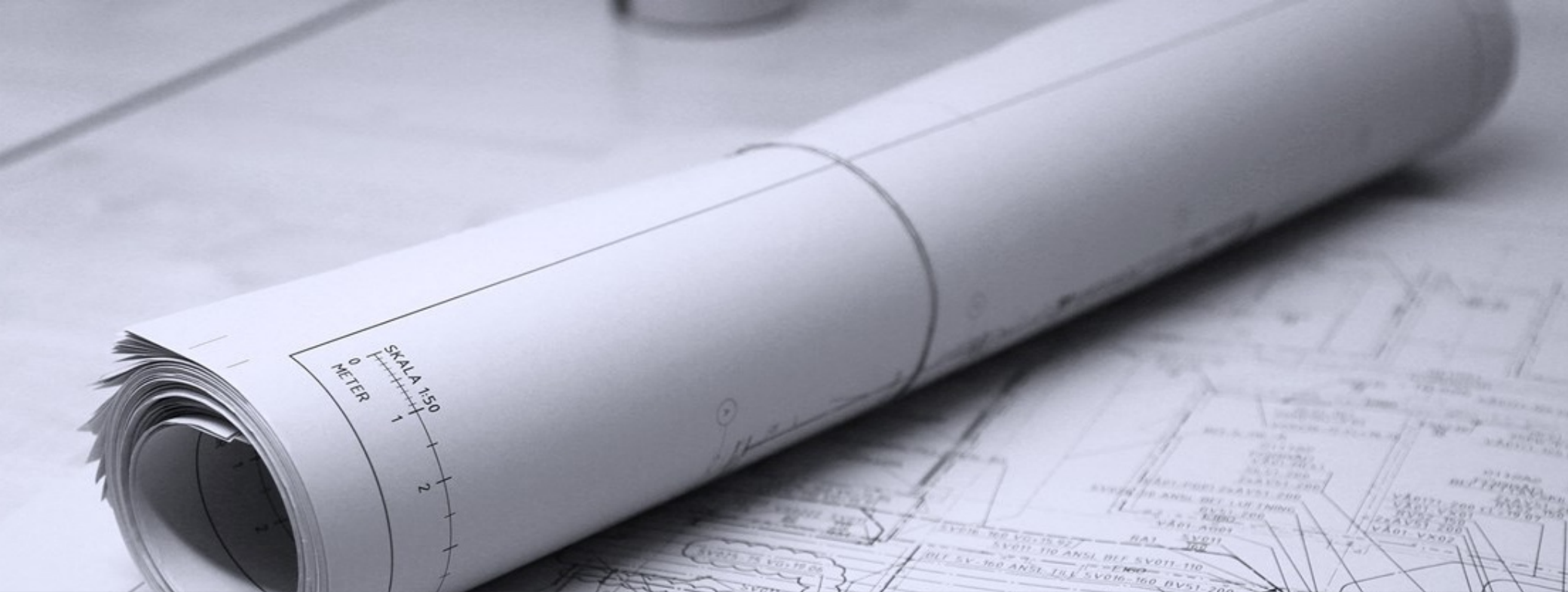




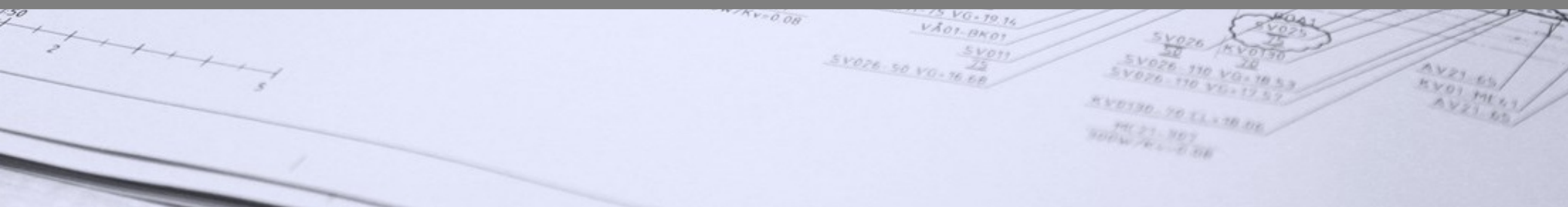
## Q&A







# APPENDIX



# Quarterly data

SEKm	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3
<b>Net sales</b>	<b>474</b>	<b>599</b>	<b>556</b>	<b>777</b>	<b>689</b>	<b>781</b>	<b>708</b>	<b>935</b>	<b>979</b>	<b>1,174</b>	<b>998</b>
<i>Growth, %</i>	95.8%	97.1%	65.6%	59.7%	45.2%	30.5%	27.3%	20.3%	42.2%	50.2%	40.8%
<b>EBITDA</b>	<b>23</b>	<b>49</b>	<b>12</b>	<b>60</b>	<b>38</b>	<b>62</b>	<b>54</b>	<b>96</b>	<b>41</b>	<b>102</b>	<b>70</b>
<i>EBITDA margin, %</i>	4.9%	8.2%	2.2%	7.7%	5.5%	8.0%	7.6%	10.2%	4.2%	8.7%	7.0%
<b>Adjusted EBITDA</b>	<b>26</b>	<b>56</b>	<b>16</b>	<b>63</b>	<b>46</b>	<b>71</b>	<b>50</b>	<b>103</b>	<b>74</b>	<b>109</b>	<b>77</b>
<i>Adjusted EBITDA margin, %</i>	5.5%	9.3%	2.9%	8.1%	6.7%	9.1%	7.0%	11.0%	7.5%	9.3%	7.7%
<b>EBITA</b>	<b>23</b>	<b>49</b>	<b>11</b>	<b>58</b>	<b>37</b>	<b>61</b>	<b>52</b>	<b>94</b>	<b>39</b>	<b>100</b>	<b>68</b>
<i>EBITA margin, %</i>	4.8%	8.1%	2.0%	7.4%	5.3%	7.8%	7.4%	10.0%	4.0%	8.5%	6.8%
<b>Adjusted EBITA</b>	<b>25</b>	<b>55</b>	<b>15</b>	<b>61</b>	<b>45</b>	<b>69</b>	<b>48</b>	<b>101</b>	<b>72</b>	<b>107</b>	<b>74</b>
<i>Adjusted EBITA margin, %</i>	5.3%	9.2%	2.7%	7.8%	5.3%	8.9%	6.8%	10.8%	7.3%	91%	6.8%
<b>Adjustments</b>											
Earn-outs	-	6	0	-	4	-16	-9	7	0	4	6
Acquisition costs	2	0	3	1	2	4	2	1	3	3	1
Refinancing costs	-	-	-	1	1	-	-	-	-	-	-
Listing costs	-	-	1	1	2	20	2	-	-	-	-
Divestment of subsidiary loss	-	-	-	-	-	-	-	-	30	-	-
<b>Total adjustments</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>-4</b>	<b>7</b>	<b>33</b>	<b>7</b>	<b>7</b>
Net debt	293	265	210	241	302	346	392	446	493	538	588
Net debt /LTM adjusted EBITDA	2.8x	2.0x	1.5x	1.5x	1.7x	1.8x	1.7x	1.7x	1.7x	1.6x	1.6x
Net working capital	35	15	3	-17	-69	-26	15	-1	-14	-24	71
<i>Net working capital (% of LTM net sales)</i>	2.2%	0.8%	0.1%	-0.7%	-2.9%	-0.9%	0.5%	0.0%	-0.4%	-0.6%	1.7%
Order backlog	1,650	1,683	1,911	1,999	2,189	2,496	2,611	3,194	3,736	3,875	3,724
Number of operating units at the end of the period	18	19	24	26	31	32	33	43	48	52	47
Average number of employees	1,043	1,082	1,221	1,240	1,466	1,578	1,594	1,666	1,943	2,039	2,067
Number of employees at the end of the period	1,060	1,120	1,257	1,295	1,470	1,590	1,631	1,844	1,985	2,119	2,139