Instalco

Year-end report January – December 2017

Strong profitability trend and many acquisitions

October – December 2017

- Net sales increased by 20.3 percent to SEK 935 (777) million. Organic growth was -5.5 percent.
- Adjusted EBITA increased to SEK 101 (61) million which corresponds to an adjusted EBITA margin of 10.8 (7.9) percent.
- Operating cash flow for the quarter was SEK 96 (73) million.
- 11 acquisitions were made during the quarter, which, on an annual basis is expected to contribute SEK 484 million in sales.
- Earnings per share for the quarter amounted to SEK 1.38 (0.52)

January – December 2017

- Net sales increased by 29.4 percent to SEK 3,114 (2,407) million. Organic growth was -1.7 percent.
- Adjusted EBITA increased to SEK 264 (156) million which corresponds to an adjusted EBITA margin of 8.5 (6.5) percent.
- Operating cash flow for the period was SEK 227 (289) million.
- 18 acquisitions were made during the period, which, on an annual basis are expected to contribute SEK 1,031 million in sales.
- Order backlog was SEK 3,194 (1,999) million.
- Earnings per share for the period amounted to SEK 3.69 (1.96).
- The Board proposes dividends of SEK 1.10 (0) per share.

Key figures

SEK m	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	935	777	3,114	2,407
EBITA	94	58	244	140
EBITA margin, %	10.0	7.4	7.8	5.8
Adjusted EBITA[1)]	101	61	264	156
Adjusted EBITA margin, %[1)]	10.8	7.9	8.5	6.5
Earnings before taxes	92	56	229	132
Order backlog	3,194	1,999	3,194	1,999
Earnings per share, SEK [2)]	1.38	0.52	3.69	1.96

1) Adjusted for items associated with, inter alia, acquisitions and preparations for the IPO.
2) Calculated in relation to the number of shares 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 and the Oslo and Helsinki regions. Through innovative thinking and efficiency, the operations are conducted in close collaboration with our customers.

CEO Comments

I am very pleased that 2017 has ended with a quarter where we had a significant increase in profitability and added several new companies to the Instalco family. Sales for 2017 increased to SEK 3,114 (2,407) million, of which 30.7 percent was acquired growth and –1.7 percent was organic growth. Organic growth was affected by an unusually large project that culminated during the fourth quarter of 2016. Excluding that particular project, organic growth was 1.4 percent. As we enter into 2018, we expect a more stable development of organic growth, since many more of our companies will be included in the basis for calculations.

Adjusted EBITA for the fourth quarter was SEK 101 million, which corresponds to a record-high adjusted EBITA margin of 10.8 (7.9) percent. The improvement in profitability is primarily attributable to our business model, that enables our companies to retain their entrepreneurial profile, along with a high level of specialisation. We do not have any generalist companies in the group.

There was a significant increase in order backlog and at the end of the quarter, it amounted to SEK 3,194 (1,999) million, which corresponds to an increase of 59.8 percent.

New acquisitions in Sweden and Finland

During the fourth quarter, we acquired the Swedish operations of Elkontakt and Elektro-Centralen along with the Finnish companies Telefuusio and Kannosto. The first two strengthen our presence in Western Sweden and we now have so many Finnish companies belonging to Instalco that we are really starting to profit from the synergies.

Looking at the year as a whole, the group added eleven businesses across eighteen companies, with combined sales of SEK 1,031 million. At the end of the fourth quarter, Instalco had 43 companies in the Nordic region.

We are also starting up operations where we have identified market opportunities. One good example is DALAB. During the quarter, it opened a new division focused on electrical installation, thus making it a multidisciplinary supplier.

I am very proud to announce that we also started up our internal training programme, Instalco School, in Norway during the quarter. We have already been running Instalco School in Sweden for some time and its purpose is to train future leaders so that we can attract and retain skilled employees. In Norway, we also appointed a new Business Area Manager for coordination between the Instalco companies in Norway.

Projects should benefit society

Looking back on the past year, we can conclude that the Instalco companies have initiated a vast number of interesting projects, both large and small. In each project, our aim is to provide benefits to society, primarily by lowering environmental impact and energy consumption and increasing sustainability.

During the fourth quarter, and with support from both Rörgruppen and Ohmegi, we have been honoured with the task of helping to construct a new police station in Rinkeby, in northern Stockholm. On the industrial side, we were awarded two major assignments during the fall via ORAB to install pipes for StoraEnso and BillerudKorsnäs at the Skutskär and Gruvön paper mills. ORAB and Rörläggaren are also involved in the second stage of installation at the ESS research facility in Lund.

During the quarter, Bi-Vent signed a contract in Helsingborg to be part of the construction of the new waterfront business district called Ocean Harbour. In Gothenburg, LG Contracting has won the assignment to collaborate with others on plumbing installation in the section of central Gothenburg called Platinan, which is part of the Nordic region's largest urban development project, Älvstaden.

We have not noticed any slowdown in housing construction during the quarter, but there are signs of a shift in focus from the construction of cooperative flats to rental units, which does not have any significant impact on Instalco.

High quality acquisitions

In terms of the acquisition process, we are in good shape as we head into 2018. As always, we are interested in profitable companies that fit the Group's strategy and can contribute to our growth. Our acquisition pipeline is stronger than ever, which means that we are on track for achieving EBITA of SEK 450 million by 2020. We are striving to acquire companies with a total sales of SEK 600-800 million per year and an EBITA level in line with our margin goal of 8 percent.

Our efforts continue to develop the collaboration between our companies and areas of technology so that we can offer attractive total solutions to our customers. Keywords for Instalco are cooperation, mature leadership and efficient processes. On that foundation and with that strategy, we continue pursuing our vision of becoming one of the Nordic region's leading installation companies with a clear focus on growth and profitability.

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 and to a large extent, it is fuelled by a number of underlying factors like macroeconomic conditions (e.g. BNP), urbanization, ageing property holdings, development of technology, environmental awareness and energy efficiency.

Net sales

Fourth quarter

Sales for the fourth quarter amounted to SEK 935 (777) million, which is an increase of 20.3 percent. Organic growth was –5.5 percent and acquired growth was 26.4 percent. Currency fluctuations had an effect on net sales of –0.5 percent. Eleven companies were acquired during the quarter.

January-December

Net sales for the period amounted to SEK 3,114 (2,407) million, which is an increase of 29.4 percent. Organic growth was –1.7 percent and acquired growth was 30.7 percent. Currency fluctuations had a positive impact on net sales of 0.3 percent. Eighteen companies were acquired during the period.

Earnings

Fourth quarter

Adjusted EBITA for the fourth quarter was SEK 101 (61) million. Net financial items for the quarter amounted to SEK –2 (–2) million. Interest expense on external loans was SEK –3 (–3) million. Comprehensive income for the period was SEK 57 (22) million, which corresponds to earnings per share of SEK 1.38 (0.52). Tax for the quarter was SEK –28 (–32) million.

January-December

Adjusted EBITA for the period was SEK 264 (156) million. Net financial items for the period amounted to SEK –15 (–8) million. Interest expense on external loans was SEK –9 (–9) million. Comprehensive income for the period was SEK 156 (97) million, which corresponds to earnings per share of SEK 3.69 (1.96). Tax for the period was SEK –58 (–41) million.

Order backlog

January-December

Outstanding orders at the end of the fourth quarter amounted to SEK 3,194 (1,999) million, which is an increase of 59.8 per cent. For comparable units, order backlog increased by 22.0 percent and acquired growth was 39.1 percent. During the period, Instalco's companies were awarded a number of assignments, including Platinan in Gothenburg, European Spallation Source in Lund, construction of a new police station in Rinkeby at the Gruvön and Skutskärs paper mills.

Cash flow

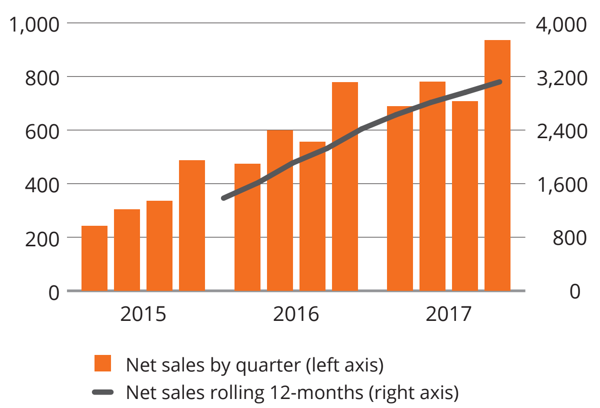
Fourth quarter

Operating cash flow was SEK 96 (73) million. Instalco's cash flow varies over time, primarily because of work-in-progress. The ending balances of accounts receivable, accounts payable and changes in work-in-progress can therefore differ considerably when making comparisons between quarters.

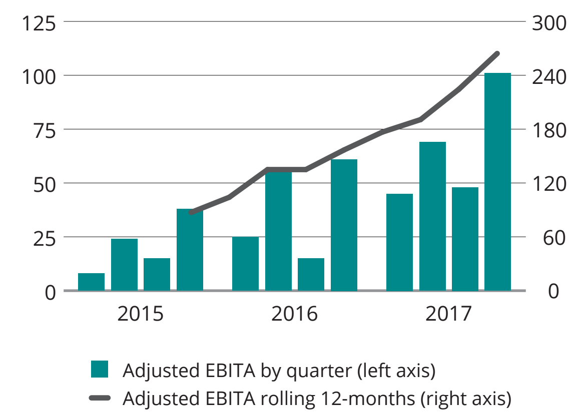
January-December

Operating cash flow was SEK 227 (289) million. Over time, Instalco's goal is to have cash conversion of 100 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market

There is healthy demand in the market, which is reflected in the growing size of our backlog of orders. During the quarter, there has been growing uncertainty and concern in the market for new construction of condominiums, primarily in metropolitan regions. Instalco has not been particularly affected by these developments, since its exposure to new construction is only around 10 percent.

Net sales

Fourth quarter

Net sales for the fourth quarter were SEK 663 (663) million, which is the same level as the corresponding period last year. Organic growth was –8.7 percent and acquired growth was 8.7 percent.

January-December

Net sales for the period increased by SEK 279 million to SEK 2,418 (2,139) million compared to the same period last year. Organic growth was –1.9 percent and acquired growth was 15.0 percent.

Earnings

Fourth quarter

Adjusted EBITA was SEK 72 (62) million.

January-December

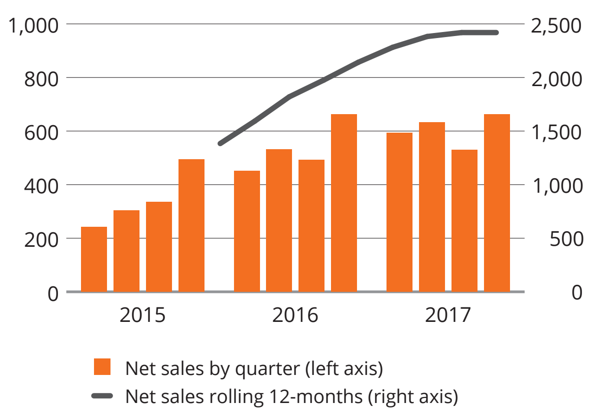
Adjusted EBITA was SEK 236 (165) million.
The improvement is attributable to acquisitions and improved processes, more focus on measures to improve profitability and IFOKUS, which is the company's improvement initiative.

Order backlog

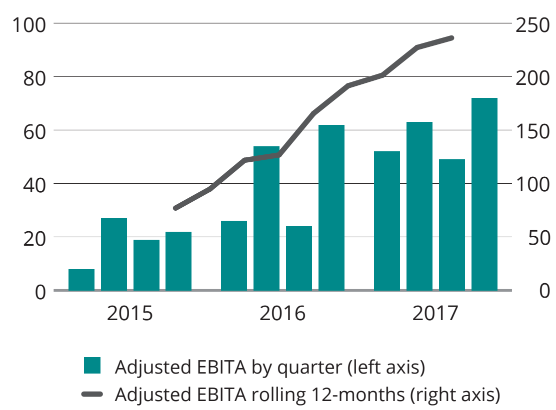
January-December

Order backlog at the end of the period amounted to SEK 2,587 (1,685) million, which is an increase of 53.6 percent. For comparable units, order backlog increased by 26.1 percent and acquired growth was 27.4 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Oct-Dec 2017	Oct-Dec 2016 [1]	Jan-Dec 2017	Jan-Dec 2016 [1]
Net sales	663	663	2,418	2,139
EBITA	72	62	236	165
EBITA %	10.8	9.4	9.8	7.7
Adjusted EBITA	72	62	236	165
Adjusted EBITA, %	10.8	9.4	9.8	7.7
Order backlog	2,587	1,685	2,587	1,685

1) There was a reallocation between Q3 and Q4, which has impacted the quarterly figures compared to prior reports.

Operations in Rest of Nordic

Market

The Norwegian market is stable, except for the southwest, where the downturn in the oil and gas sector has also had a negative impact on the construction market. However, Instalco's exposure in that region is limited. In Finland, the market is stable.

Net sales

Fourth quarter

Net sales for the fourth quarter increased by SEK 158 million to SEK 273 (115) million compared to the same period last year. Organic growth was 13.1 percent and acquired growth was 128.7 percent.

January-December

Net sales for the period increased by SEK 428 million to SEK 695 (268) million compared to the same period last year. All growth is attributable to acquisitions.

Earnings

Fourth quarter

Adjusted EBITA was SEK 33 (10) million.

January-December

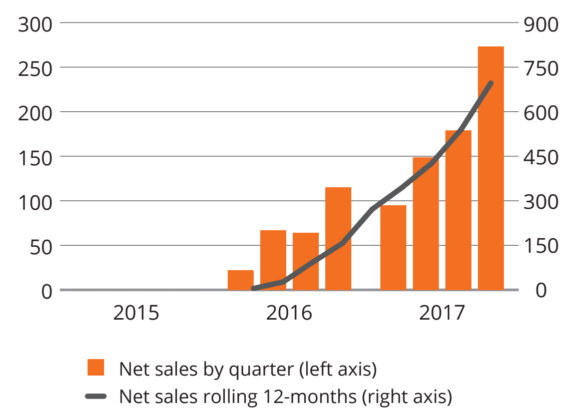
Adjusted EBITA was SEK 48 (11) million.
The improvement is attributable to acquisitions and improved processes, more focus on measures to improve profitability and IFOKUS, which is the company's improvement initiative.

Order backlog

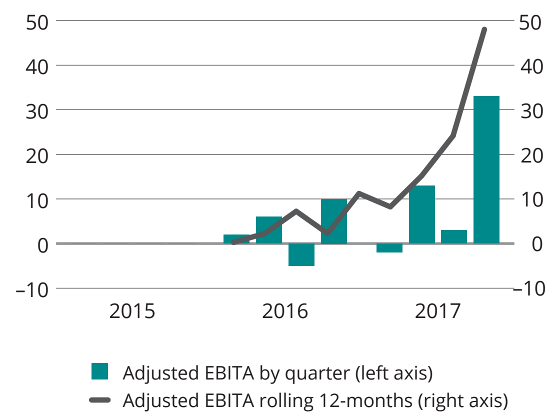
January-December

Order backlog at the end of the period amounted to SEK 607 (315) million, which is an increase of 93.0 percent. All growth for the period stems from acquisitions.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Oct-Dec 2017	Oct-Dec 2016 [1]	Jan-Dec 2017	Jan-Dec 2016 [1]
Net sales	273	115	695	268
EBITA	33	10	48	11
EBITA %	12.3	8.5	6.9	4.3
Adjusted EBITA	33	10	48	11
Adjusted EBITA, %	12.3	8.5	6.9	4.3
Order backlog	607	315	607	315

1) There was a reallocation between Q3 and Q4, which has impacted the quarterly figures compared to prior reports.

Acquisitions

Instalco made 18 acquisitions during period January through December 2017. For each of them, 100 percent of the shares were acquired. The acquisitions do not contain any doubtful debts.

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 103 million.

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

Goodwill of SEK 446 million that has arisen from the acquisition is not attributable to any particular balance sheet item and it is not expected to generate any synergy effects.

Company acquisitions

Instalco made the following company acquisitions during the period January – December 2017.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
February	SwedVvs AB	Sweden	26	18
February	Andersen og Aksnes Rørleggerbedrift AS	Rest of Nordic	102	35
March	Uudenmaan Sähkötekniikka JP OY	Rest of Nordic	42	36
March	Rodens Värme och Sanitet AB	Sweden	38	16
March	Uudenmaan LVI-Talo OY	Rest of Nordic	107	53
June	Frøland & Noss Elektro AS	Rest of Nordic	167	130
July	AS Elektrisk	Rest of Nordic	65	41
November	Telefuusio OY	Rest of Nordic	35	28
December	Elkontakt i Borås AB	Sweden	107	30
December	Elkontakt Entreprenad i Stockholm AB	Sweden	16	8
December	Elkontakt i Göteborg AB	Sweden	61	27
December	Elkontakt i Syd AB	Sweden	16	6
December	Elektro-Centralen Service Hisings Backa AB	Sweden	51	26
December	Elektro-Centralen IT Hisings Backa AB	Sweden	7	10
December	Elektro-Centralen Entreprenad Hisings Backa AB	Sweden	110	37
December	Elektro-Centralen Communication Hisings Backa AB	Sweden	39	21
December	Jalasjärven Vesijohtoliike Kannosto OY	Rest of Nordic	21	10
December	LVI-Talo Kannosto OY	Rest of Nordic	21	13
Total			**1,031**	**545**

Impact of acquisitions in 2017

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

SEK m	Fair value of Group
Intangible assets	0
Deferred tax receivable	0
Other non-current assets	18
Other current assets	215
Cash and cash equivalents	160
Deferred tax liability	–4
Current liabilities	–195
Total identifiable assets and liabilities (net)	**194**
Goodwill	**446**
Consideration paid	
Cash and cash equivalents	554
Conditional consideration	88
Total transferred consideration	**642**
Impact on cash and cash equivalents	
Cash consideration paid	554
Cash and cash equivalents of the acquired units	–160
Total impact on cash and cash equivalents	**394**
Settled conditional consideration attributable to acquisitions in prior years	31
Exchange rate difference	1
Total impact on cash and cash equivalents	**426**
Impact on operating income and earnings in 2017	
Operating income	344
Earnings	51

Other financial information

Financial position

Equity at the end of the period amounted to SEK 793 (553) million. Net debt as of 31 December was SEK 446 (241) million. Currency changes impacted net debt by SEK 5 million. The gearing ratio as of 31 December was SEK 56.2 (43.4) per cent. For the fourth quarter, net financial items amounted to SEK –2 (–2) million, of which net interest income/expense was SEK –3 (–2) million. For the period January - December, net financial items amounted to SEK –15 (–8) million, of which net interest income/expense was SEK –9 (–9) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 207 (155) million as of 31 December. The Group's interest-bearing liabilities as of 30 September were SEK 657 (400) million. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 713 million had been utilized as of 31 December 2017. The change in working capital for the quarter was SEK –5 (4) million. During the period January – December, the change in working capital was SEK –41 (132) million, and the change is primarily attributable to higher accounts receivable, lower accounts payable and the change in work-in-progress.

Investments, depreciation and amortization

For the year, the Group's net investments, not including company acquisitions, amounted to SEK 2 (4) million. Depreciation on property, plant and equipment was SEK 6 (4) million. Investments in company acquisitions amounted to SEK 394 (306) million. In addition, conditional consideration on prior year acquisitions was paid out in the amount of SEK 31 (9) million.

Parent Company

The main operations of Instalco Intressenter 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 2017. Net sales for the Parent Company amounted to SEK 15 (3) million. Operating profit/loss was SEK –17 (–1) million. Net financial items amounted to SEK –4 (–3) million. Earnings before taxes were SEK –21 (–4) million and earnings for the period were SEK –21 (–5) million. Cash and cash equivalents at the end of the period amounted to SEK 46 (6) 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, capacity utilization and revenue recognition.

The percentage of completion method is applied, with consideration given to a project's percentage of completion and final forecast. Instalco puts great emphasis on continually monitoring the financial status of its projects and it has a well-established process for limiting the risks of incorrect revenue recognition.

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

Disputes and legal processes

The subsidiary company, OTK Klimat Installationer AB was involved in a dispute that was resolved after the end of the reporting period. The resolution was on a par with the provision that was made against 2017 profit.

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 price of the warrants corresponded to the market value. The dilutive effect corresponds to, at most, 4.0 percent of share capital and votes after dilution. 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.

Events after the end of the reporting period

The subsidiary company, OTK Klimat Installationer AB was involved in a dispute that was resolved after the end of the reporting period. The resolution was on a par with the provision that was made against 2017 profit. During the first quarter of 2018, Instalco acquired the following companies: Trel AB in Västerås with expected annual sales of SEK 75 million and 26 employees, Sprinklerbolaget Stockholm AB with expected annual sales of SEK 77 million and 45 employees and Vent och Värmeteknik VVT AB with expected annual sales of SEK 18 million and 11 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	9
Cash and cash equivalents	91
Total consideration	**101**
Carrying amount of identifiable net assets	
Property, plant and equipment	2
Other current assets	38
Cash and cash equivalents	27
Deferred tax liability	–2
Other liabilities	–42
Total identifiable net assets	**23**
Goodwill from acquisitions	**77**

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 2017 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 and the Swedish Securities Market Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Swedish Securities Market Act, which is in accordance with RFR 2 Accounting for Legal Entities.

As of the date that these financial reports were approved, certain new standards, amendments and interpretations of existing standards that have not yet entered into force have been published by the IASB. The Group has not elected for early adoption of any of these.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement on 1 January 2018. The biggest changes have to do with a new model for impairment of accounts receivable (expected loss vs. incurred loss) and amended rules on hedge accounting. The effects of IFRS 9 have been considered and it has been determined that there is very little impact on Instalco's financial statements.

Starting in 2018, IFRS 15 Revenue from Contracts with Customers replaces the existing IFRS standards related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contract and IFRIC 13 Customer Loyalty Programmes. IFRS 15 introduces a new way of establishing how and when revenue should be recognized. An evaluation of the effects on Instalco's financial statements has been conducted. IFRS 15 is not expected to have any significant impact on the company's income statement or balance sheet, but it will require more extensive disclosures.

IFRS 16 Leasing will replace IAS 17 Leasing and it comes into force on 1 January 2019. Early adoption is allowed if IFRS 15 Revenue from Contracts with Customers is also implemented. The standard requires the lessee to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability separately in the income statement. When the new standard enters into force, all of Instalco's long-term operating leases will be reported as fixed assets and financial liabilities in the consolidated balance sheet. An evaluation of the effects on Instalco's financial statements has begun, but the company is not yet ready to provide an estimation of the effects.

Annual General Meeting

The 2018 AGM will be held on 8 May in Stockholm. Notice of the AGM will be published on 6 April. Publication of the Annual Report for 2017 is expected to occur during the week of 13.

Dividends

The Board proposes dividends of SEK 1.10 per share for the 2017 financial year. The proposal corresponds to 30 percent of net earnings per share, which is in line with Instalco's dividend policy of 30 percent. The proposal corresponds to a dividend amount of SEK 51 million.

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.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	935	777	3,114	2,407
Other operating income	2	–3	33	4
Operating income	**937**	**774**	**3,147**	**2,411**
Materials and purchased services	–447	–417	–1,589	–1,362
Other external services	–74	–62	–256	–168
Personnel costs	–312	–234	–1,031	–725
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	–2	–2	–6	–4
Other operating expenses	–8	–1	–21	–12
Operating expenses	**–843**	**–716**	**–2,903**	**–2,271**
Operating profit/loss (EBIT)	**94**	**58**	**244**	**140**
Net financial items	–2	–2	–15	–8
Earnings before taxes	**92**	**56**	**229**	**132**
Tax on profit for the year	–28	–32	–58	–41
Earnings for the period	**64**	**24**	**171**	**91**
Other comprehensive income				
Translation difference	–7	–2	–15	6
Comprehensive income for the period	**57**	**22**	**156**	**97**
Comprehensive income for the period attributable to:				
Parent Company's shareholders	57	22	156	97
Non-controlling interests	0	0	0	0
Earnings per share for the period, before dilution, SEK	1.38	0.52	3.69	1.96
Earnings per share for the period, after dilution, SEK	1.32	0.50	3.54	1.89
Average number of shares before dilution	46,472,887	46,311,608	46,377,256	46,311,608
Average number of shares after dilution[3]	48,402,537	48,253,891	48,306,906	48,253,891

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 2017	31 Dec 2016
Goodwill	1,260	826
Other non-current assets	21	13
Financial assets	2	1
Deferred tax receivable	0	0
Total non-current assets	**1,282**	**840**
Inventories	14	6
Accounts receivable	549	404
Receivables on customers	142	57
Other receivables and investments	38	26
Prepaid expenses and accrued income	61	38
Cash and cash equivalents	211	155
Total current assets	**1,015**	**685**
Total assets	**2,297**	**1,525**
Equity	793	553
Total equity	**793**	**553**
Non-current liabilities	700	422
Accounts payable	262	212
Liabilities to customers	136	63
Other current liabilities	180	106
Accrued expenses and deferred income, including provisions	226	169
Total liabilities	**1,504**	**972**
Total equity and liabilities	**2,297**	**1,525**
Of which interest-bearing liabilities	657	400
Equity attributable to:		
Parent Company shareholders	793	553
Non-controlling interests	–	0

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 Dec 2017	31 Dec 2016
Opening equity	553	266
Total comprehensive income for the period	156	97
New issues	76	188
Unregistered share capital	0	0
Issue warrants	8	0
Other	0	3
Closing equity	**793**	**553**
Equity attributable to:		
Parent Company's shareholders	793	553
Non-controlling interests	–	–

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Cash flow from operating activities				
Earnings before taxes	92	56	229	132
Adjustment for items not included in cash flow	17	–24	21	8
Tax paid	–3	–5	–50	–43
Changes in working capital	–5	4	–41	132
Cash flow from operating activities	**100**	**32**	**160**	**230**
Investing activities				
Acquisition of subsidiaries and businesses	–186	–108	–426	–325
Other	–2	–2	–2	–4
Cash flow from investing activities	**–187**	**–110**	**–429**	**–329**
Financing activities				
New issue	33	50	76	188
Other capital contributions	0	0	8	0
New loans	99	–38	745	20
Repayment of loan	–58	–8	–499	–8
Cash flow from financing activities	**74**	**4**	**329**	**200**
Cash flow for the period	–14	–74	60	100
Cash and cash equivalents at the beginning of the period	226	229	155	52
Translation differences in cash and cash equivalents	–1	0	–4	3
Cash and cash equivalents at the end of the period	**211**	**155**	**211**	**155**

Condensed Parent Company income statement

AMOUNTS IN SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	9	3	15	3
Operating expenses	–5	–4	–32	–4
Operating profit/loss	**4**	**–1**	**–17**	**–1**
Net financial items	–1	–1	–4	–3
Earnings before taxes	**3**	**–1**	**–21**	**–4**
Tax	0	–1	0	–1
Earnings for the period	**3**	**–2**	**–21**	**–5**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 Dec 2017	31 Dec 2016
Shares in subsidiaries	1,290	1,270
Deferred tax receivable	0	0
Total non-current assets	**1,290**	**1,270**
Other current assets	9	0
Cash and cash equivalents	46	6
Total current assets	**55**	**6**
Total assets	**1,346**	**1,277**
Equity	1,198	1,135
Total equity	**1,198**	**1,135**
Non-current liabilities	141	131
Accounts payable	1	0
Other current liabilities	4	9
Accrued expenses and deferred income	2	1
Total liabilities	**148**	**142**
Total equity and liabilities	**1,346**	**1,277**

Quarterly data

AMOUNTS IN SEK M	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Net sales	935	708	781	689	777	556	599	474
Growth in net sales, %	20.3	27.3	30.5	45.2	59.7	65.6	97.1	95.8
EBIT	94	52	61	37	58	11	49	23
EBITA	94	52	61	37	58	11	49	23
EBITDA	96	54	62	38	60	12	49	23
Adjusted EBITA	101	48	69	45	61	15	55	25
Adjusted EBITDA	103	50	71	46	63	16	56	26
EBIT margin, %	10.0	7.4	7.8	5.3	7.4	2.0	8.1	4.8
EBITA margin, %	10.0	7.4	7.8	5.3	7.4	2.0	8.1	4.8
EBITDA margin, %	10.2	7.6	8.0	5.5	7.7	2.2	8.2	4.9
Adjusted EBITA margin, %	10.8	6.8	8.9	6.5	7.8	2.7	9.2	5.3
Adjusted EBITDA margin, %	11.0	7.0	9.1	6.7	8.1	2.9	9.3	5.5
Working capital	-1	15	–26	–69	–17	3	15	35
Interest-bearing net debt	446	392	346	302	241	210	265	293
Cash conversion %	93	–5	42	224	116	399	138	291
Gearing ratio, %	56.2	55.9	52.8	49.5	43.5	40.6	78.0	99.3
Net debt/in relation to adjusted EBIT-DA, times	1.7	1.7	1.8	1.7	1.5	1.5	2.0	2.8
Order backlog	3,194	2,611	2,496	2,189	1,999	1,911	1,683	1,650
Average number of employees	1,666	1,594	1,578	1,466	1,240	1,221	1,082	1,043
Number of employees at the end of the period	1,844	1,631	1,590	1,470	1,295	1,257	1,120	1,060

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.

Earnings measures and margin measures

Amounts in SEK m	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
(A) Operating profit/loss (EBIT)	94	52	61	37	58	11	49	23
Depreciation/amortization and impairment of acquisition-related intangible assets	–	–	–	–	–	–	–	–
(B) EBITA	94	52	61	37	58	11	49	23
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	2	1	1	1	2	1	1	1
(C) EBITDA	96	54	62	38	60	12	49	23
Items affecting comparability								
Additional consideration	7	–9	–16	4	–	–	6	–
Acquisition costs	1	2	4	2	1	3	–	2
Costs associated with refinancing	–	–	–	1	1	–	–	–
Listing costs	–	2	20	2	1	1	–	–
Total, items affecting comparability	7	–4	8	8	3	4	6	3
(D) Adjusted EBITA	101	48	69	45	61	15	55	25
(E) Adjusted EBITDA	103	50	71	46	63	16	56	26
(F) Net sales	935	708	781	689	777	556	599	474
(A/F) EBIT margin, %	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*
(B/F) EBIT margin, %	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*
(C/F) EBIT margin, %	*10.2*	*7.6*	*8.0*	*5.5*	*7.7*	*2.2*	*8.2*	*4.9*
(D/F) Adjusted EBITA margin, %	*10.8*	*6.8*	*8.9*	*6.5*	*7.8*	*2.7*	*9.2*	*5.3*
(E/F) Adjusted EBITDA margin, %	*11.0*	*7.0*	*9.1*	*6.7*	*8.1*	*2.9*	*9.3*	*5.5*

Capital structure

Amounts in SEK m	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Calculation of working capital and working capital in relation to net sales								
Inventories	14	9	10	10	6	5	4	4
Accounts receivable	549	457	416	353	404	349	296	264
Earned, but not yet invoiced revenue	142	144	117	115	57	54	48	45
Prepaid expenses and accrued income	61	31	23	24	38	17	18	29
Other current assets	38	35	36	20	10	9	9	9
Accounts payable	–262	–249	–231	–223	–212	–221	–175	–151
Invoiced, but not yet earned income	–136	–137	–116	–98	–63	–24	0	0
Other current liabilities	–180	–105	–82	–54	–46	–18	–30	–20
Accrued expenses and deferred income, including provisions	–226	–170	–199	–215	–210	–169	–155	–145
(A) Working capital	**-1**	**15**	**–26**	**–69**	**–17**	**3**	**15**	**35**
(B) Net sales (12-months rolling)	3,114	2,956	2,804	2,621	2,407	2,116	1,896	1,601
(A/B) Working capital as a percentage of net sales, %	**0.0**	**0.5**	**–0.9**	**–2.6**	**–0.7**	**0.1**	**0.8**	**2.2**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	657	618	615	493	392	444	321	375
Current, interest-bearing financial liabilities	0	0	0	8	8	–0	40	40
Short-term investments	0	0	–4	–4	–4	–4	–4	–4
Cash and cash equivalents	–211	–226	–265	–194	–155	–229	–92	–118
(A) Interest-bearing net debt	**446**	**392**	**346**	**302**	**241**	**210**	**265**	**293**
(B) Equity	793	702	656	611	553	518	340	295
(A/B) Gearing ratio, %	**56.2**	**55.9**	**52.8**	**49.5**	**43.4**	**40.6**	**78.0**	**99.3**
(C) EBITDA (12-months rolling)	250	214	172	159	144	124	105	66
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.8 times**	**1.8 times**	**2.0 times**	**1.9 times**	**1.7 times**	**1.7 times**	**2.5 times**	**4.4 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	103	50	71	46	63	16	56	26
Net investments in property, plant and equipment and intangible assets	–2	0	–1	0	5	–7	7	–9
Changes in working capital	–5	–52	–40	57	5	55	14	58
(B) Operating cash flow	**96**	**–3**	**30**	**104**	**73**	**64**	**77**	**75**
(B/A) Cash conversion %	**93**	**–5**	**42**	**226**	**116**	**399**	**138**	**291**

Signatures

Future reporting dates

Annual report	Week 13 2018
Interim report January – March 2018	8 May 2018
AGM	8 May 2018
Interim report January – June 2018	23 August 2018
Interim report January – September 2018	8 November 2018

Stockholm 16 February 2018
Instalco Intressenter AB (publ)

Per Sjöstrand
CEO

This report has been reviewed by the company's auditors.

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 16 February 2018 at 12:00 CET.

Additional information

Per Sjöstrand, CEO per.sjostrand@instalco.se +46 70-724 51 49
Lotta Sjögren CFO lotta.sjogren@instalco.se +46 70-999 62 44

Presentation of the report

The report will be presented in a telephone conference/audiocast today, 16 February at 14.00 CET via https://tv.streamfabriken.com/instalco-q4-2017.

Participants call in to the following numbers:
SE: +46 8 566 42 690
UK: +44 203 008 9808
US: +1 855 831 5947

Auditor’s review report

Auditor's report on review of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act (1995:1554).

Instalco Intressenter AB (publ)
CIN 559015-8944

Introduction

We have conducted a review of the year-end report for Instalco Intressenter AB as of 31 December 2017 and for the twelve-month period that ended on that date. The Board of Directors and CEO are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this year-end report based on our review.

Focus and scope of the review

We conducted the review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information conducted by the company’s independent auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review and taking other review procedures. A review has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with ISA and generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a review does not therefore give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end report for the Group, has not, in all material respects, been prepared in accordance with IAS 34 and the Annual Accounts Act and, for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, 16 februari 2018

Grant Thornton AB

Jörgen Sandell
Authorised Public Accountant

Definitions with explanation

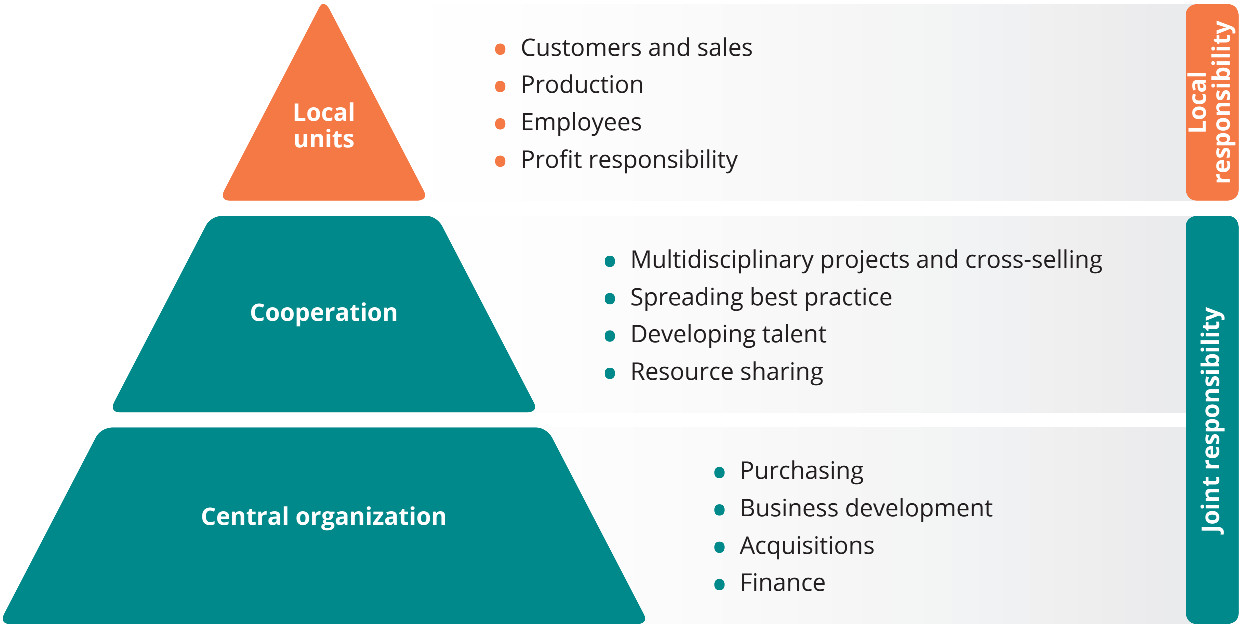
General	Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

Key figures	Definition/calculation	Purpose
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 realized sales growth over time.
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.
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.
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/amortization 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/amortization 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/amortization and impairment of acquisition-related intangible assets and depreciation/amortization 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/amortization and impairment of acquisition-related intangible assets and depreciation/amortization and impairment of property, plant and equipment and intangible assets, as a percentage of net sales.	EBITDA margin is used to measure operational profitability.
Items affecting comparability	Items affecting comparability, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding items affecting profitability, it is easier to compare earnings between periods.
Adjusted EBITA	EBITA adjusted for items affecting comparability.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITDA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.
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.
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.

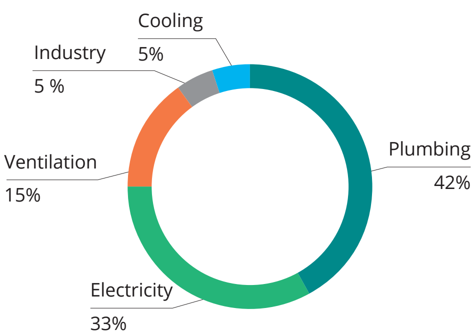
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current 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.
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.
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.
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.

Instalco in brief

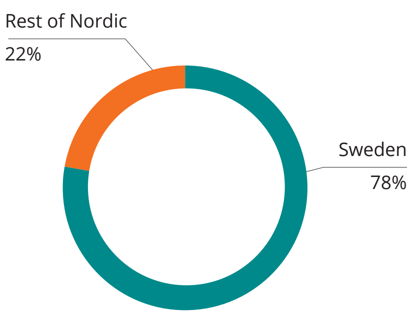
Instalco has a decentralized structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organization. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

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