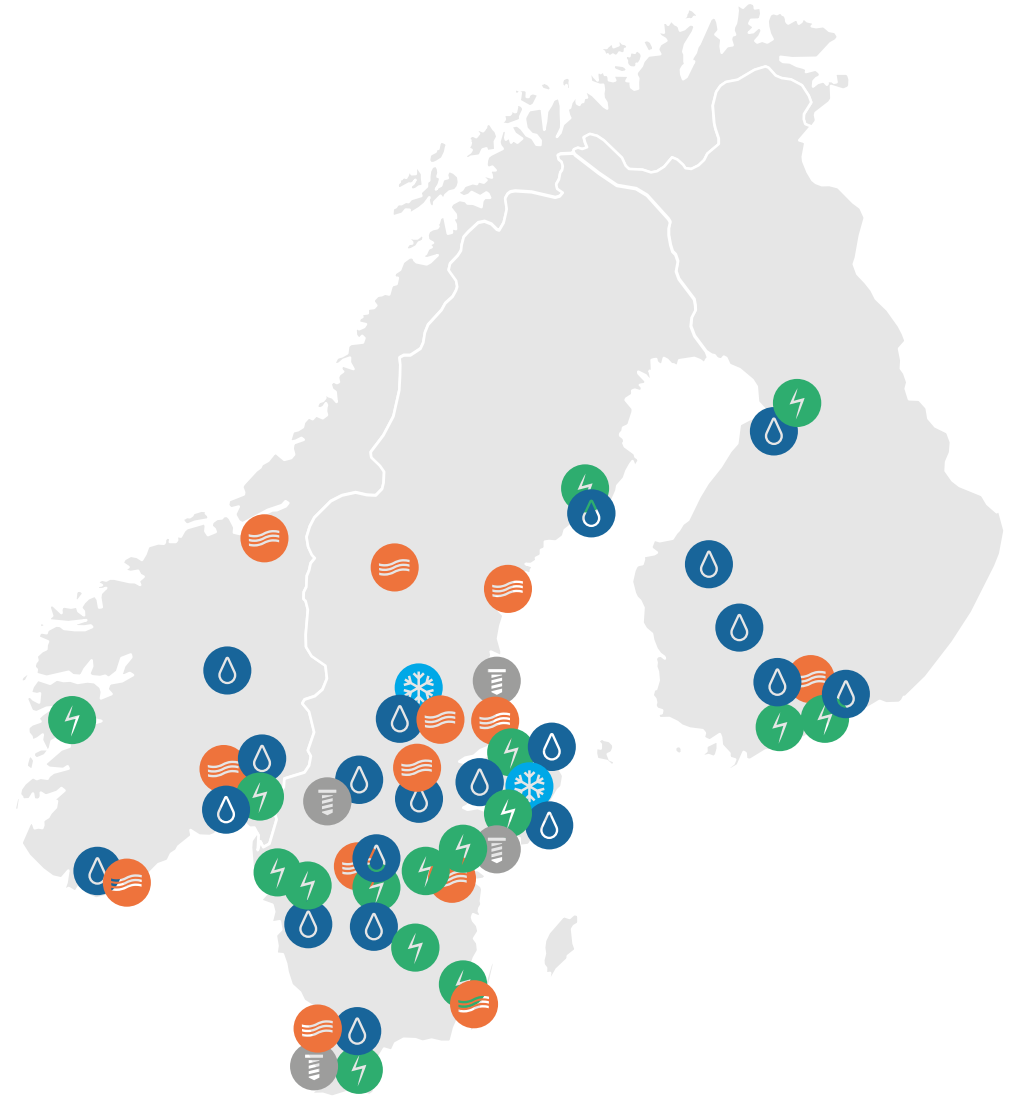


# Instalco Q2 presentation

August 19 2020

# This is Instalco

- A leading Nordic installation group within heating and plumbing, electrical, ventilation and cooling
- 77 subsidiaries – highly specialised local companies
- 3 350 employees
- Highly decentralised structure
- Supported by a small central organisation
- Strong profitability with high margins over time



## Key financials, LTM

Net sales, million SEK

**6.469**

Adjusted EBITA, million SEK

**565**

No of employees (30 June)

**3,350**

Order backlog, million SEK

**6.006**

Adjusted EBITA margin, %

**8,7**

Acquired annual sales, million SEK

**1.304**

## Q2 2020 Highlights

- Strong quarter despite covid-19 situation
- Relatively unaffected
- Net sales growth 22.7%
- Strong cash flow 190 million
- Strong order backlog over 6 billion
- Five acquisitions

### Key financials Q2 2020

Net sales

SEK **1,725** million

Adjusted EBITA

SEK **150** million

Adjusted EBITA margin

SEK **8.7** %

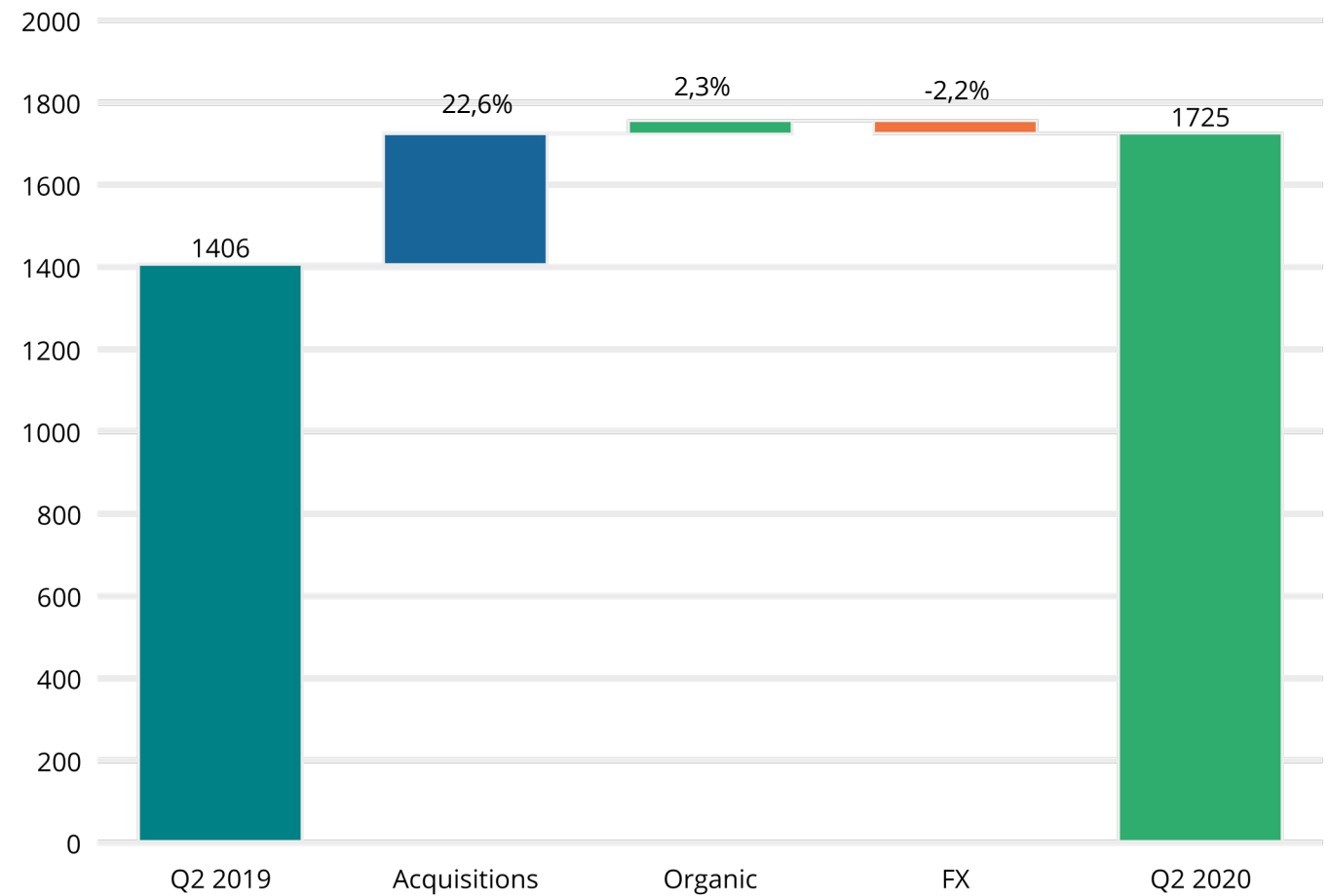
# Managing the covid-19 situation

- Crisis has not hit the construction and installation sector hard
- Relatively unaffected in projects and in acquisitions pace
- Minor disturbances in some projects and services
- Actions has been taken
- Carefully monitoring the situation
- Still very difficult to assess the future market



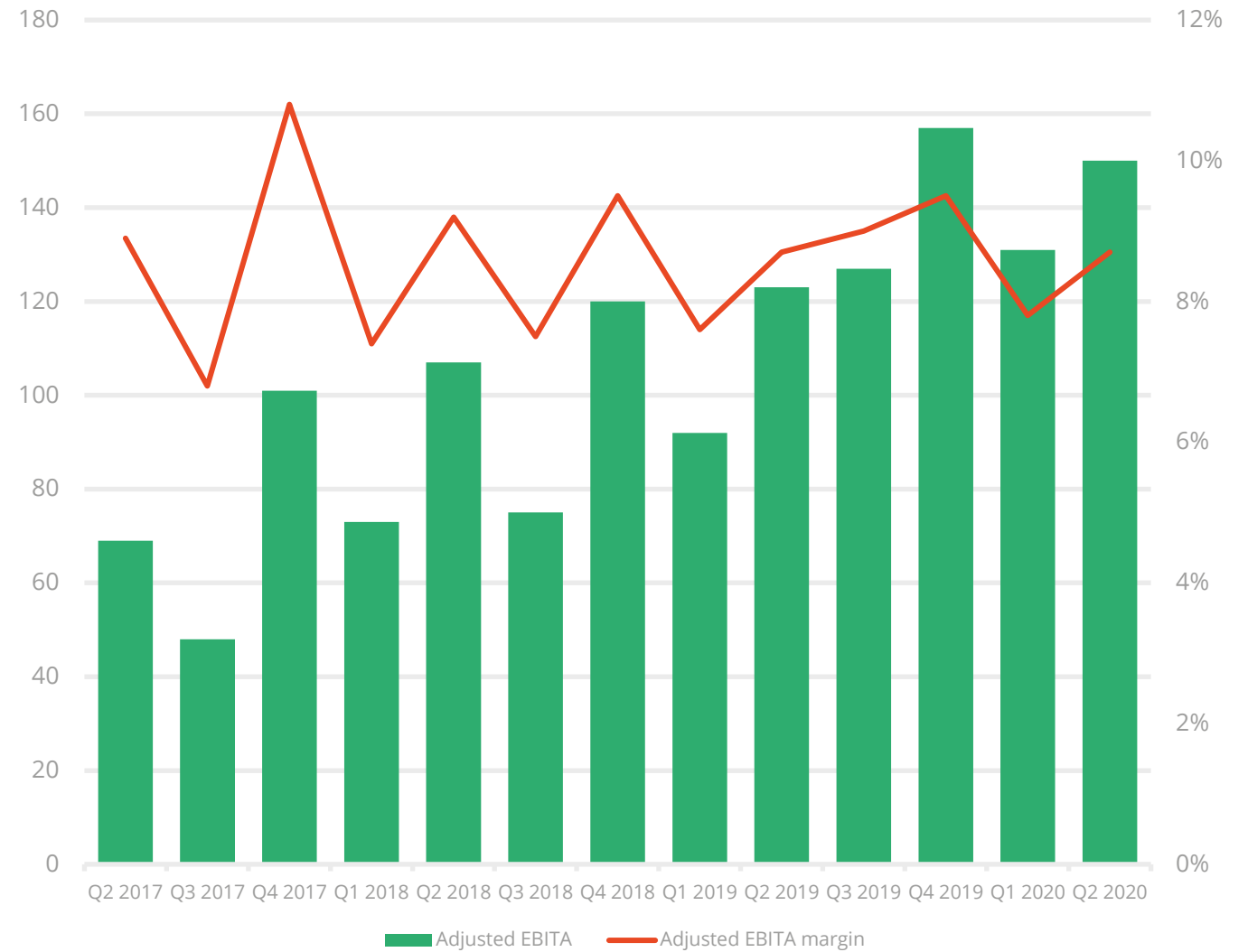
# Net sales

- Net sales growth (SEK million)



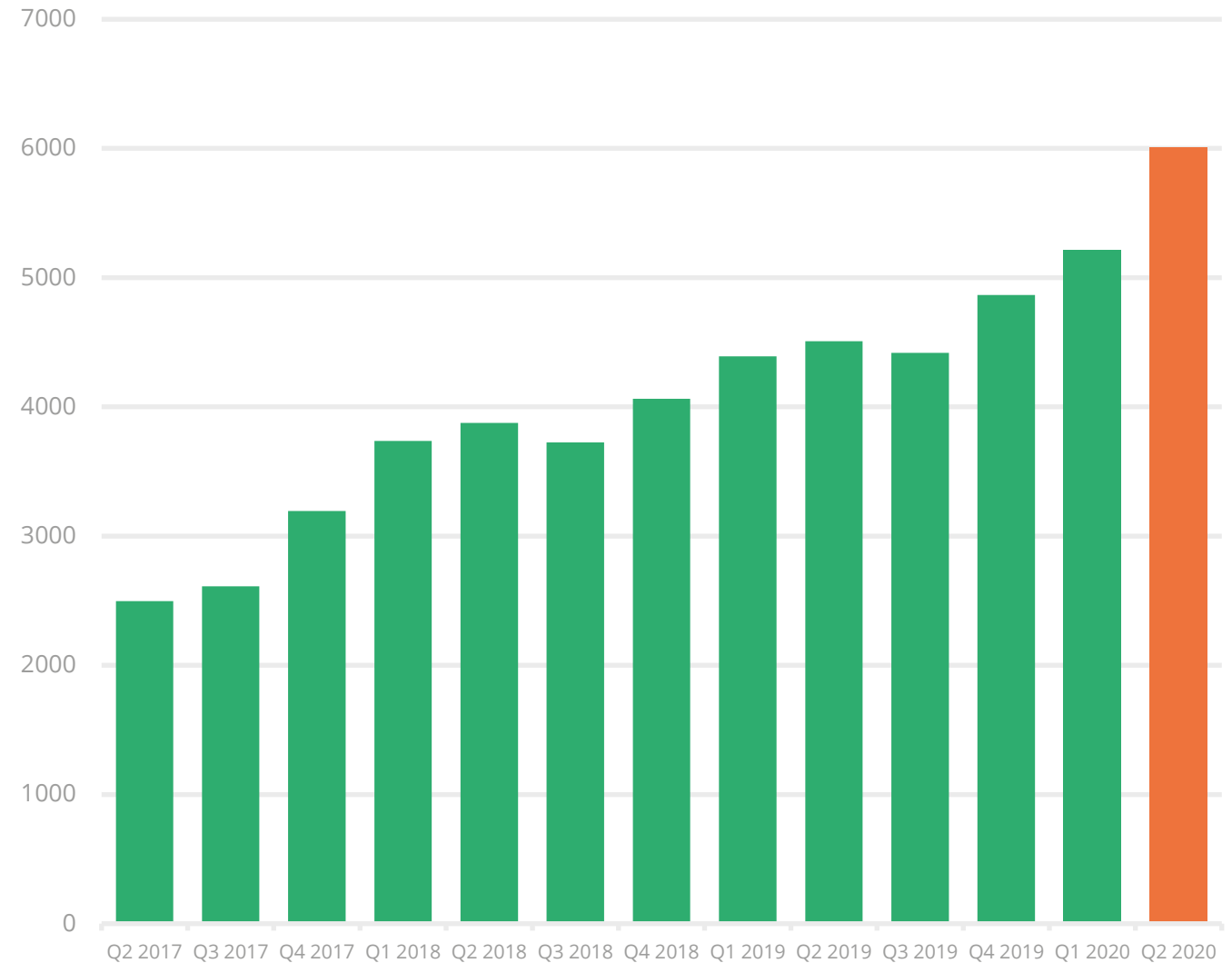
# EBITA

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



# Order backlog

- Growth of 33.2% (compared with Q2 2019)
- Continued stable order backlog ratio of 0.93x (relative to 12 months rolling net sales)





# Examples of projects i Q2

## Brogårdsstaden, new city district, Sweden

- Design and installation of geothermal heating system
- 650 new built apartments
- LG Contracting
- Order value SEK 60 million

## Lohja plant, Finland

- Gasum new biogas plant
- Sustainability project
- Heating & plumbing and ventilation installations
- LVI-Paavola

## EON Nordic Head Office, Malmö, Sweden

- Two Instalco subsidiaries: Bi-Vent and Sprinklerbolaget
- New built office building
- Ventilation and sprinkler systems
- Skanska and Castellum

## Segment development - Sweden

- The Swedish operations have coped with the covid-19 pandemic very well
- Stable demand for technical installations
- Net sales growth 25.8%
- Organic growth 5.5%
- Order backlog growth of 43,8% whereof 33.2% in comparable units

### Key financials Q2 2020

Net sales

SEK **1,309** million

EBITA

EBITA margin

SEK **125** million **9.6** %

Order backlog

SEK **4,802** million

## Segment development – Rest of Nordics

- Slow start of the year
- Has not performed according to plan
- Action plan for higher margins
- Net sales growth 14.0%
- Acquired growth 29.5%

### Key financials Q2 2020

Net sales

SEK **416** million

EBITA

SEK **24** million

EBITA margin

**5.7** %

Order backlog

SEK **1,205** million

# Acquisitions 2020

Acquisition	Discipline	Segment	Estimated yearly sales (SEKm)	Acquired
ELUB AB	Electrical	Sweden	69	Q1
Haug og Ruud VVS AS	Heating & Plumbing	Norway	71	Q1
Östersjö Elektriska AB	Electrical	Sweden	25	Q1
Avent-gruppen	Ventilation	Sweden	108	Q2
Norrtech VVS och Industri AB	VS	Sweden	36	Q2
Teampipe Sweden AB	VS	Sweden	49	Q2
Miljöventilation AB	Ventilation	Sweden	60	Q2
Sähkö-Arktia Oy	VS	Rest of Nordics	83	Q2
<b>Total</b>			<b>501</b>	

## Examples of acquired companies in Q2

- **Avent group, Kalmar, Sweden**
  - Heating, ventilation and cooling solutions
  - Well-run company with an excellent reputation
  - One step closer to becoming multidisciplinary in the region
  - Annual sales of approx. SEK 108 million
- **Miljöventilation, Sundsvall, Sweden**
  - Project planning, installation, service and maintenance in heating and ventilation
  - Increasing our geographic coverage along the northern east coast
  - Annual sales of approx. SEK 60 million

# Financial targets and dividend policy

Area	Target	Comment	Status
<b>Growth</b>	<ul style="list-style-type: none"> <li>Average sales growth should be at least 10% per year over a business cycle</li> <li>Growth will take place both organically and through acquisitions</li> </ul>	Acquired sales and EBITA in line with plan	✓
<b>Margin</b>	<ul style="list-style-type: none"> <li>Instalco aims to deliver an adjusted EBITA margin of 8.0%</li> </ul>	8,3% YTD	✓
<b>Capital structure</b>	<ul style="list-style-type: none"> <li>Instalco's net debt in relation to adjusted EBITDA shall not exceed a ratio of 2.5</li> </ul>	1.3x June 2020	✓
<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 over a business cycle</li> </ul>	112% YTD	✓
<b>Dividend policy</b>	<ul style="list-style-type: none"> <li>Instalco targets a dividend payout ratio of 30% of net profit</li> </ul>	30% of net profit	✓

# Summary

Strong quarter despite covid-19 situation

Stable demand for technical installations in the construction area, both for new built and renovation

High acquisition pace with five new companies in the group

Good profitability, strong growth and high cash flow







