Instalco

INSTALCO

Interim report January – March 2018

Many acquisitions and good profitability

January – March 2018

- Net sales increased by 42.2 percent to SEK 979 (689) million. Organic growth was 3.0 (9,3) percent.
- Adjusted EBITA increased to SEK 72 (45) million which corresponds to an adjusted EBITA margin of 7.3 (6.5) percent.
- Operating cash flow for the quarter was SEK 74 (104) million.
- Five acquisitions were made during the quarter, which, on an annual basis contribute an estimated total sales of SEK 315 million.
- Earnings per share for the quarter amounted to SEK 0.42 (0.56).

Key figures

SEK m	Jan-March 2018	Jan-March 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	979	689	3,404	3,114
EBITA	39	37	246	244
EBITA margin, %	4.0	5.3	7.2	7.8
Adjusted EBITA[1)]	72	45	291	264
Adjusted EBITA margin, %[1)]	7.3	6.5	8.5	8.5
Earnings before taxes	34	33	230	229
Order backlog	3,736	2,189	3,736	3,194
Earnings per share, SEK [2)]	0.42	0.56	3.54	3.69

1) Adjusted for items associated with, inter alia, acquisitions.
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

Instalco started 2018 with good growth and rising profitability. Sales increased to SEK 979 (689) million, of which 41.3 percent was acquired growth and 3.0 percent was organic growth. Adjusted EBITA for the first quarter was SEK 72 million, which corresponds to an adjusted EBITA margin of 7.3 (6.5) percent. We saw a strong increase in the order backlog and at the end of the quarter, it amounted to SEK 3,736 (2,189) million, which corresponds to an increase of 70.7 percent. We divested the company Expertkyl during the quarter, which had a negative impact on earnings for the period with SEK 30 million and SEK 0.63 on earnings per share. However, it had a positive impact on the Group's organic growth.

Many acquisitions

Many acquisitions were made during the quarter and Instalco continues to grow according to plan. During the quarter, we acquired five new companies, all of which contribute to our further expansion. With the acquisition of Sprinklerbolaget, which has country-wide operations in fire protection and sprinkler systems, we have also widened Instalco's offering by adding a new, exciting business area that has many synergies with our existing operations.

In the area of electricity solutions, we acquired 3EL AB in Västerås and Rikelektro AB, which has operations in Sweden, Norway and Finland. Rikelektro delivers technical installations in electricity, telecom and data, and is specialised in retail, which is partially a new area for Instalco.

We also acquired Vent & Värmeteknik VVT AB, which primarily has its operations in Skåne, and the Stockholm-based company VVS-Kraft Teknikservice AB, which offers heating installations and service.

Our acquisition pipeline is stronger than ever and we will continue our growth journey by expanding and acquiring profitable companies that can contribute to the Group's strategy and development. We're expecting to wrap up more acquisitions during the second quarter.

Our quality requirements for acquisitions are high and our goal is to acquire companies with a total annual sales of SEK 600-800 million and EBITA that is consistent with our margin objective of 8 percent.

Specialisation is key to the Instalco model

We often talk about our large prestige projects. However, the foundation for our high margins is the large number of smaller projects that we run in the "mid-sized" segment. Our companies are highly specialised in their areas of operations, which is a key component of the Instalco model. It also facilitates collaboration between different disciplines.

For example, we recently received our first order covering installation of electricity, heating, ventilation and sprinklers all in the same project. This multi-disciplinary project is located in Uppsala, where DALAB and Sprinklerbolaget are collaborating on installations at a newly constructed store property.

Another smaller, yet also specialised project, is VVS-Installatör's assignment to install a new geothermal heating system at the Haga Courthouse in Solna, where the medical history library of Karolinska Institutet is located. The new system will both lower energy consumption and the risk of a fire, thereby offering a higher level of protection for this important collection of books and documents.

For quite some time, Instalco has been one of Sweden's leading hospital contractors for heating and plumbing installations. We have had even more success in this area during the quarter, when LG Contracting signed an order for SEK 200 million covering new construction at the Skaraborg Hospital in Skövde. Another hospital assignment is at the new hospital area in Malmö, where Rörläggaren is involved in a collaboration project with APQ and Assemblin. This major project will run through mid-2020.

Diversification across both projects and markets

The demand for new housing remains high, but the rate of construction to meet that demand is low, due to a shortage of labour. Focus is also shifting from construction of condominiums to rental units. Instalco's exposure in the housing market is relatively low and the Group's main focus is on installations at commercial properties and public facilities. We have a high level of diversification across both project types and markets, which gives us stability.

The pace of collaboration between our companies is steadily increasing as more companies join the Group and contribute with their specialist expertise. Collaboration, a mature and modern leadership and efficient processes are key aspects in Instalco, where we spread best practice throughout the organisation.

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), urbanisation, ageing property holdings, development of technology, environmental awareness and energy efficiency.

Net sales

First quarter

Sales for the first quarter amounted to SEK 979 (689) million, which is an increase of 42.2 percent. Organic growth was 3.0 percent and acquired growth was 41.3 percent. Currency fluctuations had an effect on net sales of –0.1 percent. Five companies were acquired during the quarter.

Earnings

First quarter

Adjusted EBITA for the first quarter was SEK 72 (45) million. Net financial items for the quarter amounted to SEK –5 (–3) million. Interest expense on external loans was SEK –3 (–2) million. Comprehensive income for the period was SEK 57 (23) million, which corresponds to earnings per share of SEK 0.42 (0.56). Tax for the quarter was SEK –14 (–8) million.

Order backlog

First quarter

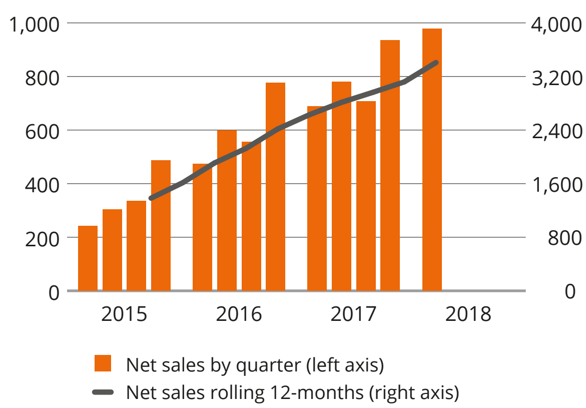
The orderbacklog amounted to SEK 3,736 (2,189) million at the end of the first quarter, which is an increase of 70.7 percent. For comparable units, the order backlog increased by 27.8 percent, while acquired growth was 41.8 percent. During the period, Instalco companies were awarded a number of assignments, including: the new hospital area in Malmö, Skaraborg Hospital in Skövde, Medborgarhuset and Stockholmsverken in Stockholm, Gränby Köpstad in Uppsala and the Swedish Public Employment Service's new headquarters in Solna.

Cash flow

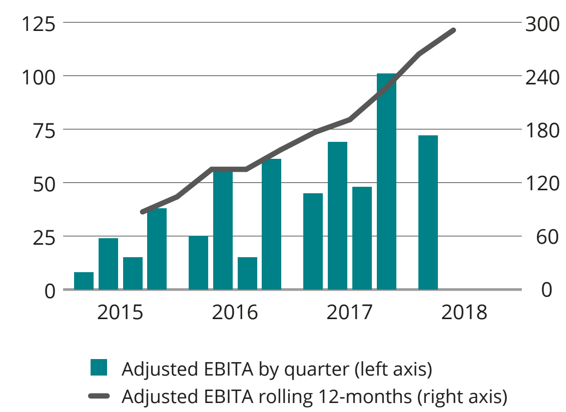
First quarter

Operating cash flow was SEK 74 (104) 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.

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

First quarter

Sales for the first quarter increased by SEK 156 million to SEK 749 (593) million compared to the same period last year. Organic growth was 3.3 percent and acquired growth was 25.2 percent.

Earnings

First quarter

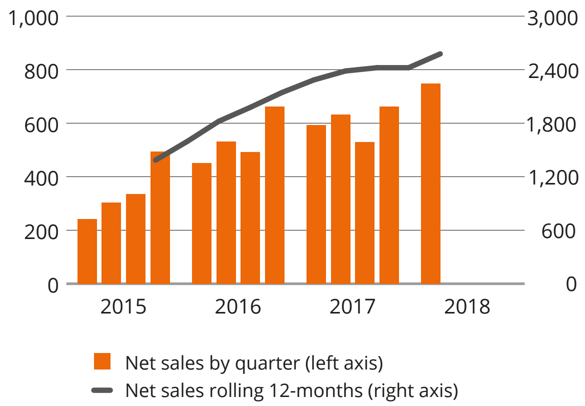
Adjusted EBITA was SEK 70 (52) million.

Order backlog

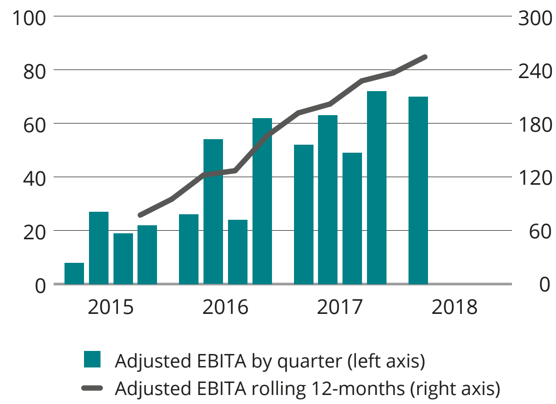
First quarter

Order backlog at the end of the period amounted to SEK 2,865 (1,736) million, which is an increase of 65.0 percent. For comparable units, order backlog increased by 24.9 percent and acquired growth was 40.1 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Jan-March 2018	Jan-March 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	749	593	2,574	2,418
EBITA	70	52	254	236
EBITA %	9.4	8.8	9.9	9.8
Adjusted EBITA	70	52	254	236
Adjusted EBITA, %	9.4	8.8	9.9	9.8
Order backlog	2,865	1,736	2,865	2,587

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

First quarter

Sales for the first quarter increased by SEK 135 million to SEK 230 (95) million compared to the same period last year. Organic growth was 0.9 percent and acquired growth was 141.3 percent.

Earnings

First quarter

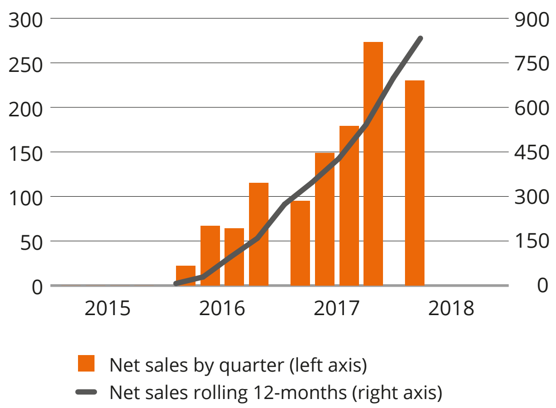
Adjusted EBITA was SEK 9 (–2) million.

Order backlog

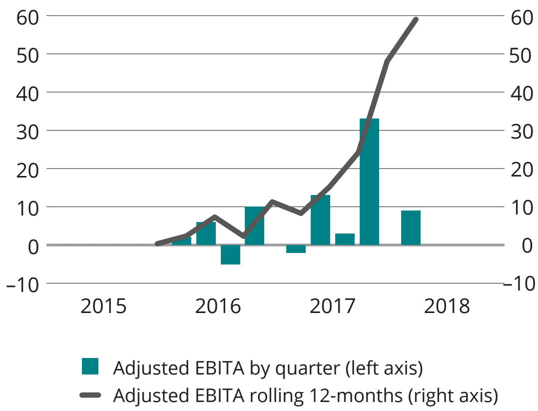
First quarter

Order backlog at the end of the period amounted to SEK 871 (453) million, which is an increase of 87.2 percent. For comparable units, order backlog increased by 38.9 percent and acquired growth was 48.3 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Jan-March 2018	Jan-March 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	230	95	830	695
EBITA	9	–2	59	48
EBITA %	3.9	–2.1	7.1	6.9
Adjusted EBITA	9	–2	59	48
Adjusted EBITA, %	3.9	–2.1	7.1	6.9
Order backlog	871	453	871	607

Acquisitions

Instalco made five acquisitions during period January through March 2018. 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 128 million.

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

Goodwill of SEK 158 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 – March 2018.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
January	Trel AB	Sweden	75	26
January	Sprinklerbolaget Stockholm AB	Sweden	77	45
January	Vent och Värmeteknik VVT AB	Sweden	18	11
February	VVS-Kraft Teknikservice i Stockholm AB	Sweden	85	37
February	RIKELEKTRO AB	Sweden	60	30
Total			**315**	**149**

Impact of acquisitions in 2018

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	4
Other current assets	69
Cash and cash equivalents	47
Deferred tax liability	–4
Current liabilities	–66
Total identifiable assets and liabilities (net)	**52**
Goodwill	**158**
Consideration paid	
Cash and cash equivalents	189
Non-controlling interests	0
Conditional consideration	21
Total transferred consideration	**210**
Impact on cash and cash equivalents	
Cash consideration paid	189
Cash and cash equivalents of the acquired units	–47
Total impact on cash and cash equivalents	**141**
Settled conditional consideration attributable to acquisitions in prior years	0
Exchange rate difference	0
Total impact on cash and cash equivalents	**142**
Impact on operating income and earnings in 2018	
Operating income	24
Earnings	4

Other financial information

Financial position
Equity at the end of the period amounted to SEK 884 (611) million. Net debt as of 31 March 2018 was SEK 493 (30) million. Currency changes impacted net debt by SEK –8 million. The gearing ratio as of 31 March 2018 was SEK 55.7 (49.5) percent. For the first quarter, net financial items amounted to SEK –5 (–3) million, of which net interest income/expense was SEK –3 (–2) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 202 (194) million as of 31 March 2018. The Group's interest-bearing liabilities as of 31 March 2018 were SEK 741 (527) million. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 752 million had been utilised as of 31 March 2018. The change in working capital for the quarter was SEK –14 (–69) million. The change is primarily attributable to lower accounts receivable, higher accounts payable and a change in work-in-progress.

Divestiture of AB Expertkyl HH had a negative impact on earnings during the period of SEK 30 million and a positive impact on cash flow with SEK 4 million.

Investments, depreciation and amortisation
For the year, the Group's net investments, not including company acquisitions, amounted to SEK 0 (0) million. Depreciation on property, plant and equipment was SEK 2 (1) million. Investments in company acquisitions amounted to SEK 142 (181) million. In addition, conditional consideration on prior year acquisitions was paid out in the amount of SEK 0 (0) 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 March 2018. Net sales for the Parent Company amounted to SEK 4 (2) million. Operating profit/loss was SEK –1 (–3) million. Net financial items amounted to SEK –1 (–1) million. Earnings before taxes were SEK –2 (–4) million and earnings for the period were SEK –2 (–4) million. Cash and cash equivalents at the end of the period amounted to SEK 81 (16) 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 utilisation 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 during the 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 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.

Revenue breakdown

Segment	Operations	
	Contract	Service
Sweden	92%	8%
Rest of Nordic	86%	14%
Group	91%	9%

Events after the end of the reporting period
During the second quarter of 2018, Instalco acquired Dala Kylmecano AB in Borlänge, which has expected annual sales of SEK 33 million and 16 employees. Instalco also acquired APC Elinstallatören AB in Linköping, which has expected annual sales of SEK 52 million and 28 employees.

The company has also signed an agreement to acquire Teknisk Ventilasjon AS in Trondheim, which has expected annual sales of SEK 55 million and 16 employees. This acquisition agreement is not, however, included in figures showing "Effects of acquisitions after the end of the reporting period".

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	13
Cash and cash equivalents	26
Total consideration	**39**
Carrying amount of identifiable net assets	
Property, plant and equipment	3
Other current assets	18
Cash and cash equivalents	3
Deferred tax liability	0
Other liabilities	-13
Total identifiable net assets	**10**
Goodwill from acquisitions	28

Accounting policies

The consolidated financial statements have been prepared in accordance withInternational 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, which is in accordance with RFR 2 Accounting for Legal Entities.

New standards and interpretations that enter into for in 2018 and beyond

On 1 January 2018, IFRS 15 Revenue from Contracts with Customers entered into force. The new standard introduces a control-based accounting model for revenue and it provides further guidance on many areas that were not previously covered in detail, such as how to report agreements with several performance commitments, variable pricing, customer's right of return, vendor repurchase rights and other common complexities. In 2016 and 2017, the Group reviewed its revenue and agreements. Instalco's revenue primarily consists of contract work, along with a smaller portion of service. For the first category, invoicing is based on contract work along with any charges for modifications and extras regulated in the contract. The second category is service and smaller projects, along with other items that are not regulated via a contract. IFRS 15 thus requires Instalco to report its revenue in two categories – Contract revenue and Service revenue. There is thus no impact on revenue or reported earnings from the new standard.

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. IFRS 9 does not impact how Instalco classifies its financial assets.

IFRS 16 Leasing will replace IAS 17 Leasing and it enters into force on 1 January 2019. 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.

As of the date that these financial reports were approved, other 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.

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	Jan-March 2018	Jan-March 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	979	689	3,404	3,114
Other operating income	1	2	32	33
Operating income	**981**	**691**	**3,437**	**3,147**
Materials and purchased services	–514	–373	–1,729	–1,589
Other external services	–64	–51	–269	–256
Personnel costs	–328	–222	–1,137	–1,031
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–2	–1	–7	–6
Other operating expenses	–33	–6	–49	–21
Operating expenses	**–942**	**–654**	**–3,190**	**–2,903**
Operating profit/loss (EBIT)	**39**	**37**	**246**	**244**
Net financial items	–5	–3	–16	–15
Earnings before taxes	**34**	**33**	**230**	**229**
Tax on profit for the year	–14	–8	–65	–58
Earnings for the period	**20**	**26**	**165**	**171**
Other comprehensive income				
Translation difference	37	–3	24	–15
Comprehensive income for the period	**57**	**23**	**189**	**156**
Comprehensive income for the period attributable to:				
Parent Company's shareholders	57	23	189	156
Non-controlling interests	0	–	–	–
Earnings per share for the period, before dilution, SEK	0.42	0.56	3.54	3.69
Earnings per share for the period, after dilution, SEK	0.42	0.54	3.40	3.54
Average number of shares before dilution	47,319,025	46,311,608	46,629,110	46,377,256
Average number of shares after dilution[3)]	47,319,025	48,300,351	48,547,267	48,306,906

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 March 2018	31 March 2017	31 Dec 2017
Goodwill	1,412	1,000	1,260
Other non-current assets	22	14	21
Financial assets	2	2	2
Deferred tax receivable	0	0	0
Total non-current assets	**1,437**	**1,017**	**1,282**
Inventories	20	10	14
Accounts receivable	597	353	549
Receivables on customers	178	115	142
Other receivables and investments	41	28	38
Prepaid expenses and accrued income	47	24	61
Cash and cash equivalents	202	194	211
Total current assets	**1,084**	**723**	**1,015**
Total assets	**2,522**	**1,740**	**2,297**
Equity	884	611	793
Non-controlling interests	0	–	–
Total equity	**884**	**611**	**793**
Non-current liabilities	741	527	700
Accounts payable	329	223	262
Liabilities to customers	140	98	136
Other current liabilities	187	112	180
Accrued expenses and deferred income, including provisions	241	169	226
Total liabilities	**1,638**	**1,129**	**1,504**
Total equity and liabilities	**2,522**	**1,740**	**2,297**
Of which interest-bearing liabilities	694	501	657
Equity attributable to:			
Parent Company shareholders	884	611	793
Non-controlling interests	–	–	–

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 March 2018	31 March 2017	31 Dec 2017
Opening equity	793	553	553
Total comprehensive income for the period	57	23	156
New issues	35	20	76
Unregistered share capital	0	16	0
Issue warrants	0	0	8
Other	0	0	0
Non-controlling interests	0	0	0
Closing equity	**884**	**611**	**793**
Equity attributable to:			
Parent Company's shareholders	884	611	793
Non-controlling interests	0	–	–

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Jan-March 2018	Jan-March 2017	12-months rolling 2017/2018	Jan-Dec 2017
Cash flow from operating activities				
Earnings before taxes	34	33	230	229
Adjustment for items not included in cash flow	32	14	40	21
Tax paid	–22	–19	–52	–50
Changes in working capital	0	57	–98	–41
Cash flow from operating activities	**45**	**85**	**120**	**160**
Investing activities				
Acquisition of subsidiaries and businesses	–142	–181	–387	–426
Divestment of subsidiaries	4	0	4	
Other	0	0	–3	–2
Cash flow from investing activities	**–137**	**–181**	**–385**	**–429**
Financing activities				
New issue	35	35	76	76
Other capital contributions	0	0	8	8
New loans	140	102	784	745
Repayment of loan	–103	0	–602	–499
Cash flow from financing activities	**72**	**136**	**265**	**329**
Cash flow for the period	–21	40	–1	60
Cash and cash equivalents at the beginning of the period	211	155	229	155
Translation differences in cash and cash equivalents	11	–1	11	–4
Cash and cash equivalents at the end of the period	**202**	**194**	**202**	**211**

Condensed Parent Company income statement

AMOUNTS IN SEK M	Jan-March 2018	Jan-March 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	4	2	17	15
Operating expenses	–5	–4	–33	–32
Operating profit/loss	**–1**	**–3**	**–16**	**–17**
Net financial items	–1	–1	–4	–4
Earnings before taxes	**–2**	**–4**	**–19**	**–21**
Tax	0	0	0	0
Earnings for the period	**–2**	**–4**	**–19**	**–21**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 March 2018	31 March 2017	31 Dec 2017
Shares in subsidiaries	1,290	1,290	1,290
Deferred tax receivable	0	0	0
Total non-current assets	**1,290**	**1,290**	**1,290**
Other current assets	4	3	9
Cash and cash equivalents	81	16	46
Total current assets	**86**	**19**	**55**
Total assets	**1,376**	**1,309**	**1,346**
Equity	1,230	1,166	1,198
Total equity	**1,230**	**1,166**	**1,198**
Non-current liabilities	141	131	141
Accounts payable	2	1	1
Other current liabilities	0	8	4
Accrued expenses and deferred income	3	2	2
Total liabilities	**146**	**143**	**148**
Total equity and liabilities	**1,376**	**1,309**	**1,346**

Quarterly data

AMOUNTS IN SEK M	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Net sales	979	935	708	781	689	777	556	599
Growth in net sales, %	42.2	20.3	27.3	30.5	45.2	59.7	65.6	97.1
EBIT	39	94	52	61	37	58	11	49
EBITA	39	94	52	61	37	58	11	49
EBITDA	41	96	54	62	38	60	12	49
Adjusted EBITA	72	101	48	69	45	61	15	55
Adjusted EBITDA	74	103	50	71	46	63	16	56
EBIT margin, %	4.0	10.0	7.4	7.8	5.3	7.4	2.0	8.1
EBITA margin, %	4.0	10.0	7.4	7.8	5.3	7.4	2.0	8.1
EBITDA margin, %	4.2	10.2	7.6	8.0	5.5	7.7	2.2	8.2
Adjusted EBITA margin, %	7.3	10.8	6.8	8.9	6.5	7.8	2.7	9.2
Adjusted EBITDA margin, %	7.5	11.0	7.0	9.1	6.7	8.1	2.9	9.3
Working capital	–14	–1	15	–26	–69	–17	3	15
Interest-bearing net debt	493	446	392	346	302	241	210	265
Cash conversion %	100	93	–5	42	224	116	399	138
Gearing ratio, %	55.7	56.2	55.9	52.8	49.5	43.5	40.6	78.0
Net debt/in relation to adjusted EBITDA, times	1.7	1.7	1.7	1.8	1.7	1.5	1.5	2.0
Order backlog	3,736	3,194	2,611	2,496	2,189	1,999	1,911	1,683
Average number of employees	1,943	1,666	1,594	1,578	1,466	1,240	1,221	1,082
Number of employees at the end of the period	1,985	1,844	1,631	1,590	1,470	1,295	1,257	1,120

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	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
(A) Operating profit/loss (EBIT)	39	94	52	61	37	58	11	49
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	–	–	–	–	–	–	–
(B) EBITA	39	94	52	61	37	58	11	49
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	2	2	1	1	1	2	1	1
(C) EBITDA	41	96	54	62	38	60	12	49
Items affecting comparability								
Additional consideration	0	7	–9	–16	4	–	–	6
Acquisition costs	3	1	2	4	2	1	3	–
Costs associated with refinancing	–	–	–	–	1	1	–	–
Listing costs	–	–	2	20	2	1	1	–
Loss on divestment of subsidiaries	30	–	–	–	–	–	–	–
Total, items affecting comparability	33	7	–4	8	8	3	4	6
(D) Adjusted EBITA	72	101	48	69	45	61	15	55
(E) Adjusted EBITDA	74	103	50	71	46	63	16	56
(F) Net sales	979	935	708	781	689	777	556	599
(A/F) EBIT margin, %	*4.0*	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*
(B/F) EBIT margin, %	*4.0*	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*
(C/F) EBIT margin, %	*4.2*	*10.2*	*7.6*	*8.0*	*5.5*	*7.7*	*2.2*	*8.2*
(D/F) Adjusted EBITA margin, %	*7.3*	*10.8*	*6.8*	*8.9*	*6.5*	*7.8*	*2.7*	*9.2*
(E/F) Adjusted EBITDA margin, %	*7.5*	*11.0*	*7.0*	*9.1*	*6.7*	*8.1*	*2.9*	*9.3*

Capital structure

Amounts in SEK m	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Calculation of working capital and working capital in relation to net sales								
Inventories	20	14	9	10	10	6	5	4
Accounts receivable	597	549	457	416	353	404	349	296
Earned, but not yet invoiced revenue	178	142	144	117	115	57	54	48
Prepaid expenses and accrued income	47	61	31	23	24	38	17	18
Other current assets	41	38	35	36	20	10	9	9
Accounts payable	–329	–262	–249	–231	–223	–212	–221	–175
Invoiced, but not yet earned income	–140	–136	–137	–116	–98	–63	–24	0
Other current liabilities	–187	–180	–105	–82	–54	–46	–18	–30
Accrued expenses and deferred income, including provisions	–241	–226	–170	–199	–215	–210	–169	–155
(A) Working capital	**–14**	**–1**	**15**	**–26**	**–69**	**–17**	**3**	**15**
(B) Net sales (12-months rolling)	3,404	3,114	2,956	2,804	2,621	2,407	2,116	1,896
(A/B) Working capital as a percentage of net sales, %	**–0.4**	**0.0**	**0.5**	**–0.9**	**–2.6**	**–0.7**	**0.1**	**0.8**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	694	657	618	615	493	392	444	321
Current, interest-bearing financial liabilities	0	0	0	0	8	8	–0	40
Short-term investments	0	0	0	–4	–4	–4	–4	–4
Cash and cash equivalents	–202	–211	–226	–265	–194	–155	–229	–92
(A) Interest-bearing net debt	**493**	**446**	**392**	**346**	**302**	**241**	**210**	**265**
(B) Equity	884	793	702	656	611	553	518	340
(A/B) Gearing ratio, %	**55.7**	**56.2**	**55.9**	**52.8**	**49.5**	**43.4**	**40.6**	**78.0**
(C) EBITDA (12-months rolling)	253	250	214	172	159	144	124	105
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.9 times**	**1.8 times**	**1.8 times**	**2.0 times**	**1.9 times**	**1.7 times**	**1.7 times**	**2.5 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	74	103	50	71	46	63	16	56
Net investments in property, plant and equipment and intangible assets	0	–2	0	–1	0	5	–7	7
Changes in working capital	0	-5	–52	–40	57	5	55	14
(B) Operating cash flow	**74**	**96**	**–3**	**30**	**104**	**73**	**64**	**77**
(B/A) Cash conversion %	**100**	**93**	**–5**	**42**	**226**	**116**	**399**	**138**

Signatures

Future reporting dates

Interim report January – June 2018	23 August 2018
Interim Report January – September 2018	8 November 2018

Stockholm, 8 May 2018
Instalco Intressenter AB (publ)

Per Sjöstrand
CEO

This report has not 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 8 May 2018 at 15:00 CET.

Additional information

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Definitions with explanation

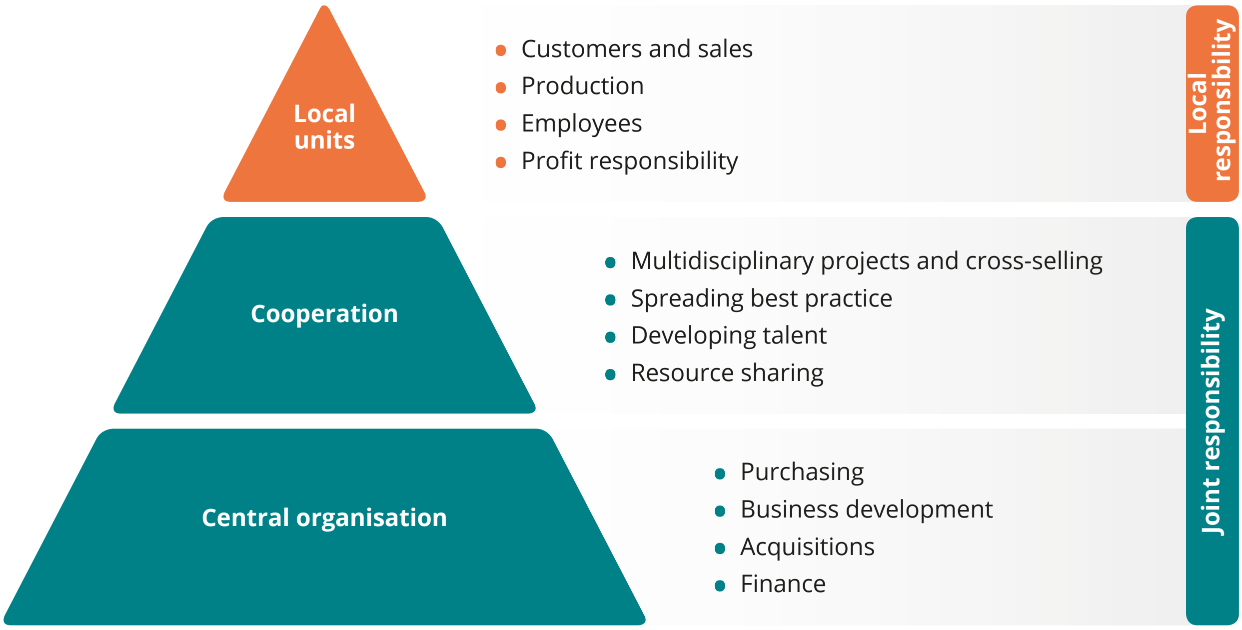
General	Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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 realised 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/amortisation 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/amortisation 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/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation 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/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation 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.

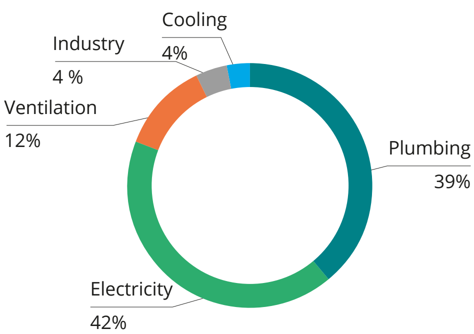
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current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

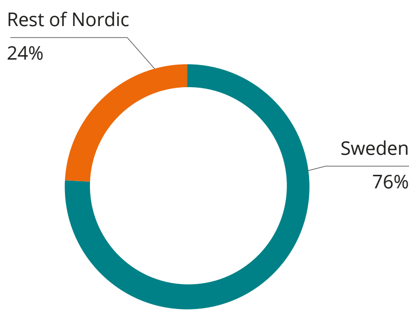
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

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