



Q4 2019 presentation
18 February 2020

Instalco

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

Key financials (LTM)

Net sales

SEK **5,692** million

Order backlog

SEK **4,865** million

Adjusted EBITA

SEK **500** million

Adjusted EBITA margin

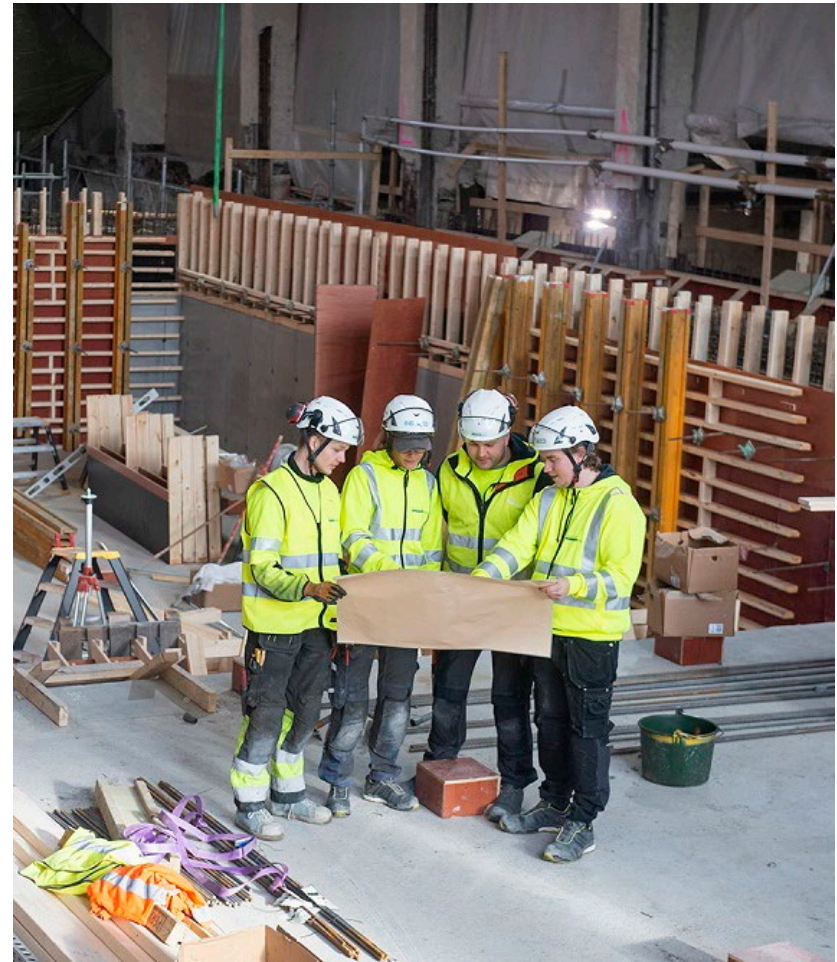
8.8 %

No of employees (31 Dec.)

3,100

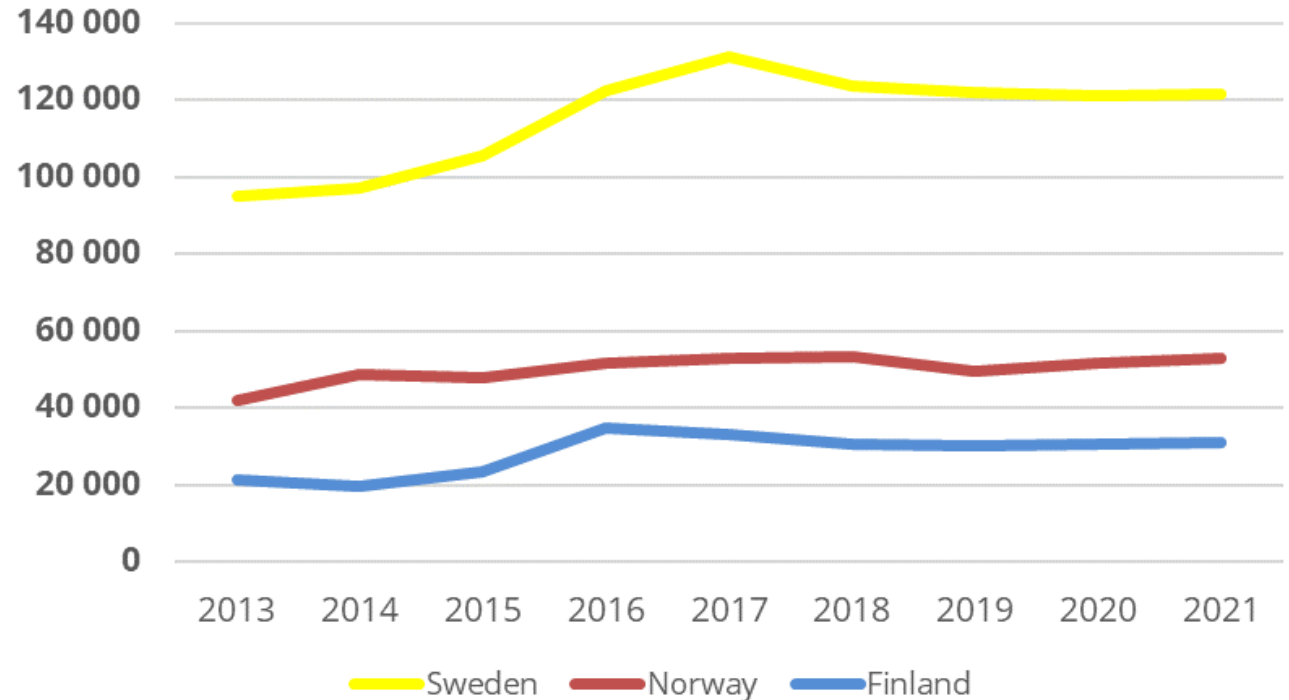
Acquired annual sales

SEK **1,460** million



The Nordic installation market

- Total market of about 200+ billion SEK
- Sweden is the largest market
- Market will level out or even decline the coming years but still stay on high levels
- The downturn in residential buildings is offset by public sector



Q4 2019 Highlights

- Good profitability and strong growth
- Net sales growth 30.7%
- Organic growth 6.0%
- Strong cash flow 186 million
- Stable order backlog
- Robin Boheman appointed as new CFO
- Acquisitions of six high quality companies

Sales and profitability

Net sales

SEK **1,652** million

Adjusted EBITA

SEK **157** million

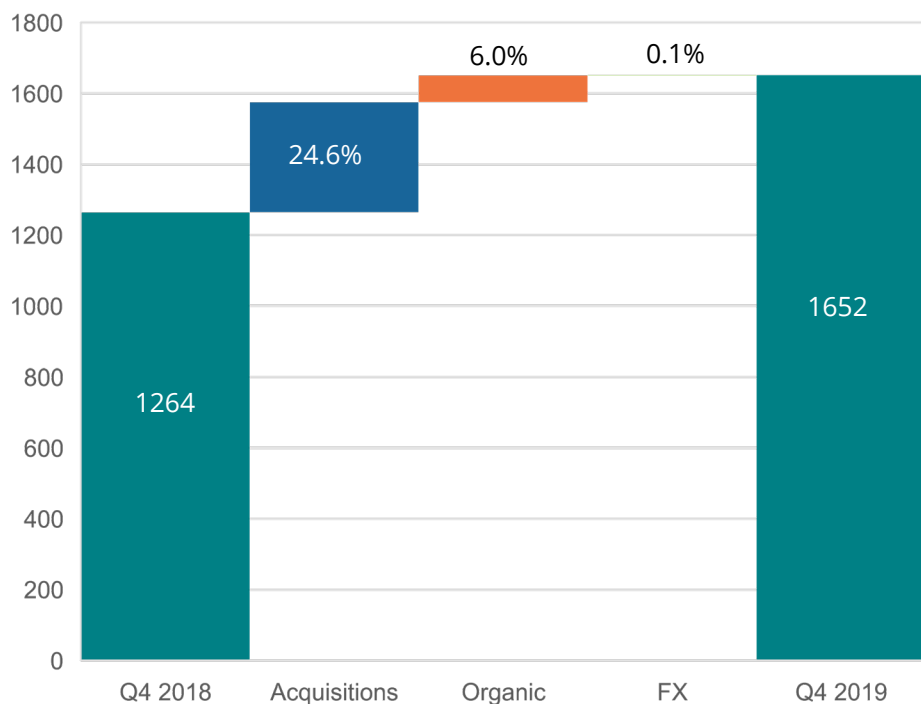
Adjusted EBITA margin

9.5 %

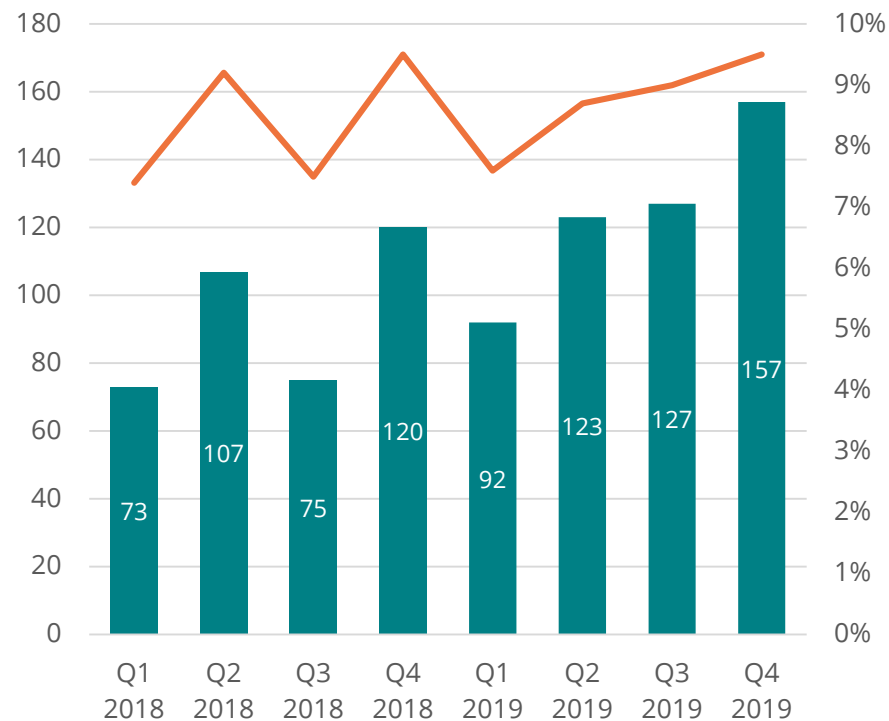


Group development – Net sales and EBITA

Net sales growth (SEK million)



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

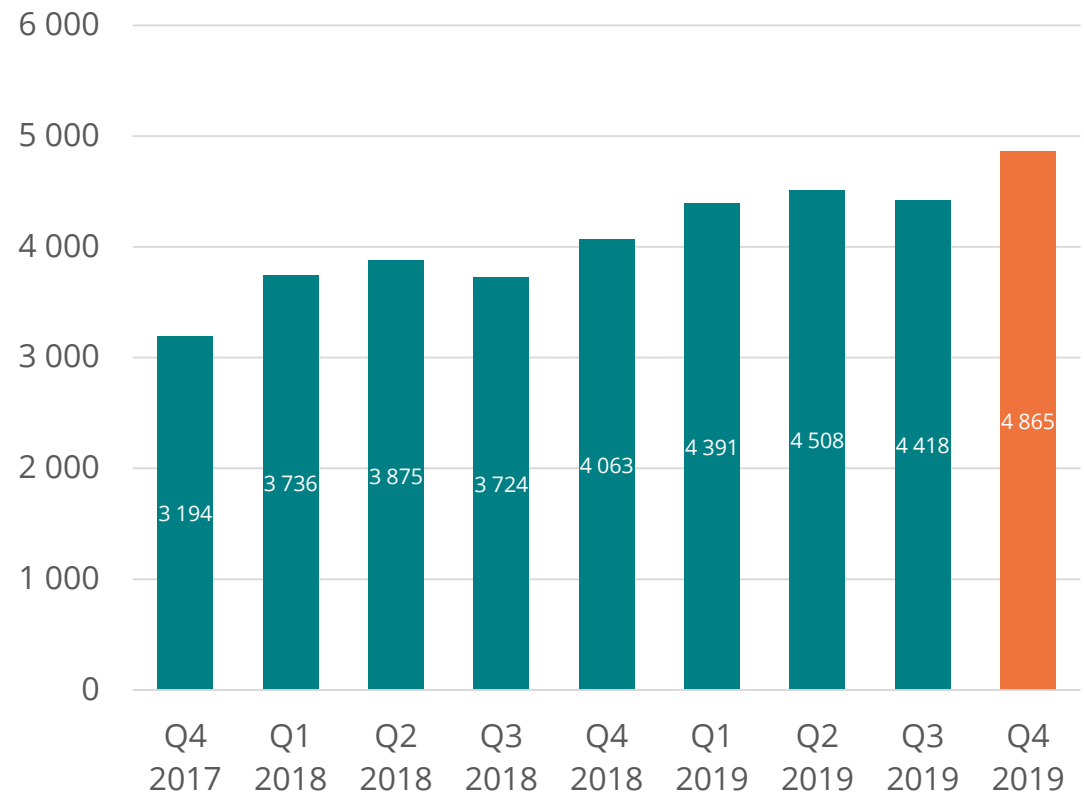


Group development – Order backlog

- Growth of 19.8% (compared with Q4 2018)
- Continued stable order backlog ratio of 0.85x (relative to 12 months rolling net sales)



Order backlog (SEK million)



Examples of projects in Q4

Meglergården og Villa P, Oslo, Norway



- Largest multidisciplinary project in Norway
- Two Instalco subsidiaries: Andersen og Aksnes and Teknisk Ventilasjon
- Installations of heating and plumbing and ventilation systems
- Example of collaboration among Instalco companies in Norway that is starting to take off

Lloyds pharmacy, Malmö, Sweden



- Four Instalco subsidiaries: Rörman, Rikelektro, VFB and Sprinklerbolaget
- Pharmacy in Malmö
- Heating and plumbing, electrical, ventilation and sprinkler
- Great example of the Instalco model

Segment development - Sweden

- The Swedish market remains stable
- High rate of construction for schools, preschools and hospitals
- Net sales growth 30.9%
- Organic growth 6.8%
- Order backlog growth of 16,8% whereof 2.1% in comparable units

Key financials Q4 2019

Net sales

SEK **1,236** million

EBITA

SEK **133** million

EBITA margin

10.7 %

Order backlog

SEK **3,741** million

Segment development – Rest of Nordics

- Continued high demand
- Net sales growth 30.0%
- Organic growth 3.7%
- Order backlog growth 27.1%
- Increase in new construction and renovation of offices, warehouses and hotels, while construction of new housing has stabilized at a high level

Key financials Q4 2019

Net sales

SEK **416** million

EBITA

SEK **31** million

EBITA margin

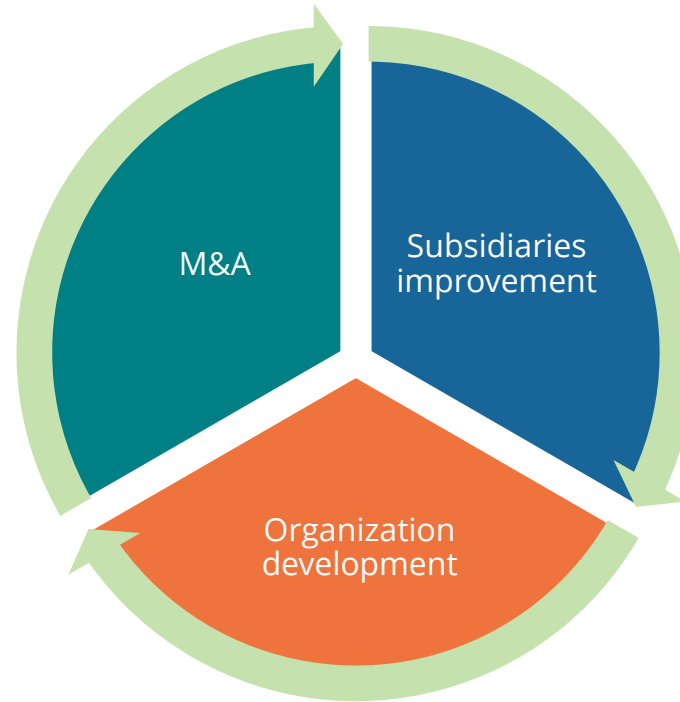
7.6 %

Order backlog

SEK **1,124** million

We create value by...

- Acquiring best in class companies with strong brands
- Attractive multiples
- Three types of acquisitions: (strategic, opportunistic and adds-on)
- Start-ups
- Multiple arbitrage



- Focusing on value creating activities (lean)
- Effectiveness
- Cooperation between units
- Flat organization
- Decentralised decisions

- Commitment and entrepreneurial spirit
- Demand driven functions
- Keeping our overhead costs extremely low
- IFOKUS (lean, best practise, go and see, Instalco Academy)

Acquisitions 2019

Acquisition	Discipline	Segment	Estimated yearly sales (SEKm)	Acquired
El Kraft Teknik & Konsult i Sala AB	Electrical	Sweden	87	Q1
Aquadus VVS AB	Heating & Plumbing	Sweden	80	Q1
Aircano AB	Ventilation	Sweden	60	Q1
El & Säkerhet Sörmland AB	Electrical	Sweden	110	Q2
Moi Rør	Heating & Plumbing	Rest of Nordics	75	Q2
Gävle Elbyggnads i Gävle AB	Electrical	Sweden	18	Q2
Instamate AB	Electrical, H&P, Ventilation	Sweden	135	Q2
Bogesunds El & Tele AB	Electrical	Sweden	92	Q2
Rörtema i Nyköping AB	Heating & Plumbing	Sweden	50	Q3
Milen Ventilation AB	Ventilation	Sweden	70	Q3
OVAB Optimal Ventilation AB	Ventilation	Sweden	40	Q3
Pohjanmaan Taloteknikka Oy	Heating & Plumbing	Rest of Nordics	105	Q3
VIP-Sähkö Oy	Electrical	Rest of Nordics	94	Q3
Medby AS	Heating & Plumbing	Rest of Nordics	59	Q4
AB Tingstad Rörinstallation	Heating & Plumbing	Sweden	65	Q4
Henningsons Elektriska AB	Electrical	Sweden	135	Q4
Ventec AS	Ventilation	Rest of Nordics	70	Q4
Elovent AB	Electrical	Sweden	40	Q4
AB Borås Rörinstallationer	Heating & Plumbing	Sweden	75	Q4
TOTAL			1 460	

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

Examples of acquired companies in Q4

Ventec AS, Norway



- Acquisition of Ventec AS in Kristiansand
- Specialists in ventilation and air conditioning systems
- Natural partner for collaboration with the Instalco company Moi Rør in Kristiansand
- Annual sales of approx. SEK 70 million

Henningsons Elektriska AB, Sweden



- Henningsons serving the market in Falun and Dalarna
- Prominent and reputable electrical installation company established in 1939
- Strengthens the presence in region Instalco North
- Annual sales of approx. SEK 135 million

INSTALCO

sustainable installations

- Solar panels
- Energy savings programs
- Property automation
- Heat pumps
- Wastewater heat exchanges
- LED lighting
- Charging stations
- Air cleaning



New sustainability program

01

Safe and supportive work environment

- Vision Zero, for work place accidents
- Comfort, health and safety
- Career development

02

Sustainable installations

- The Sustainable Instalco Project
- Generation benefits to society
- Customer satisfaction

03

Mature leadership

- Business ethics
- Corporate social responsibility





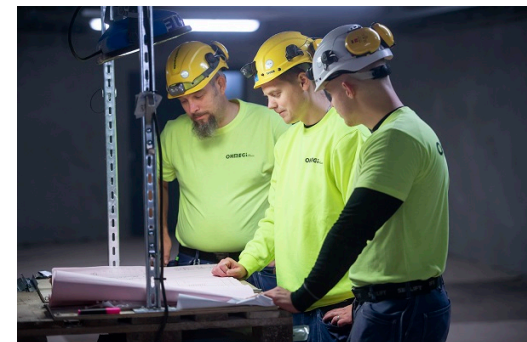
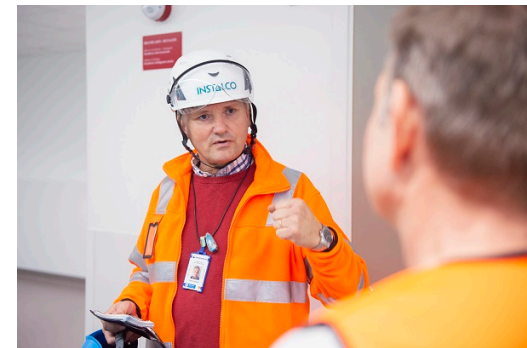
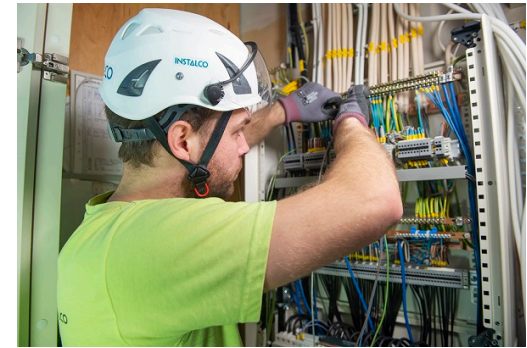
SUSTAINABLE

INSTALCO

PROJECT

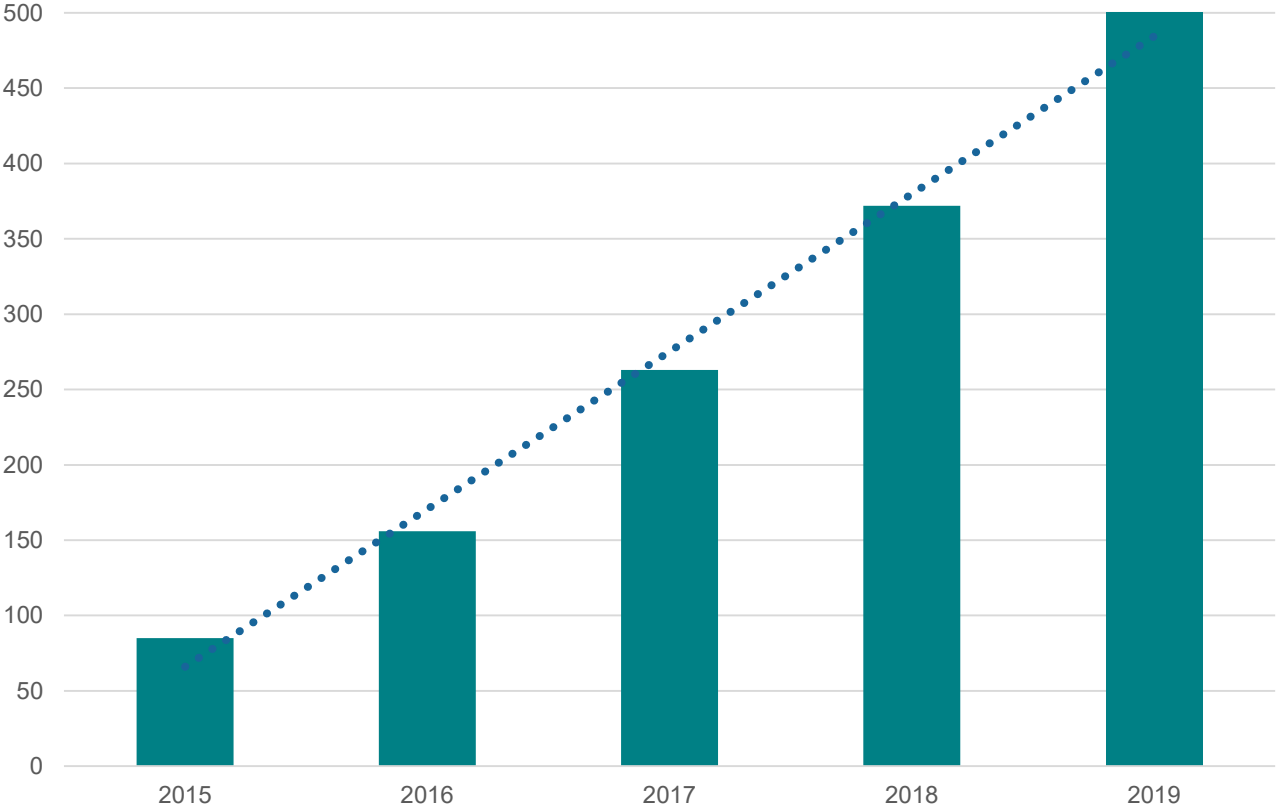
New strategy for increased service offering

- Accurate definition of service in order to be more comparable to the rest of the industry
- Increase from 15 to 25 percent
- Setting up service departments at our subsidiaries
- Possible acquisitions of companies that focus purely on service
- After projects are completed subsidiaries will offer customers service agreements



Reaching the 2019 financial target

Adjusted EBITA



Financial targets and dividend policy

Area	Target	Comment
Growth	<ul style="list-style-type: none"> Average sales growth should be at least 10% per year over a business cycle Growth will take place both organically and through acquisitions 	<ul style="list-style-type: none"> Acquired sales above plan
Margin	<ul style="list-style-type: none"> Instalco aims to deliver an adjusted EBITA margin of 8.0% 	<ul style="list-style-type: none"> 8,8% YTD
Capital structure	<ul style="list-style-type: none"> Instalco's net debt in relation to adjusted EBITDA² shall not exceed a ratio of 2.5 	<ul style="list-style-type: none"> 1.5x December 2019
Cash conversion	<ul style="list-style-type: none"> Instalco aims to achieve a cash conversion ratio of 100%, measured over a rolling twelve-month period over a business cycle 	<ul style="list-style-type: none"> 102% YTD
Dividend policy	<ul style="list-style-type: none"> Instalco targets a dividend payout ratio of 30% of net profit 	<ul style="list-style-type: none"> Proposal of 30% of net profit

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

Summary

- Good profitability, strong growth and high cash flow
- Continued stable market
- Strong performance in both Business Areas: Sweden and Rest of Nordics
- Record high number of acquisitions 2019
- New sustainability program
- New strategy for increased service offering





Quarterly data

SEKm	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Net sales	777	689	781	708	935	979	1,174	998	1,264	1,218	1,406	1,416	1,652
<i>Growth, %</i>	59.7%	45.2%	30.5%	27.3%	20.3%	42.2%	50.2%	40.8%	35,1%	24,4%	19,8%	41,9%	30,7%
EBITDA	60	38	62	54	96	41	119	87	145	111	166	139	171
<i>EBITDA margin, %</i>	7.7%	5.5%	8.0%	7.6%	10.2%	5.8%	10.1%	8.7%	11.5%	9.1%	11.8%	9,8%	10,3%
Adjusted EBITDA	63	46	71	50	103	89	126	94	140	114	144	153	183
<i>Adjusted EBITDA margin, %</i>	8.1%	6.7%	9.1%	7.0%	11.0%	9.1%	10.7%	9.4%	11,1%	9,3%	10,3%	10,8%	11,1%
EBITA	58	37	61	52	94	40	101	68	125	90	145	113	145
<i>EBITA margin, %</i>	7.4%	5.3%	7.8%	7.4%	10.0%	4.1%	8.6%	6.8%	9,9%	7,4%	10,3%	8,0%	8,8%
Adjusted EBITA	61	45	69	48	101	73	107	75	120	92	123	127	157
<i>Adjusted EBITA margin, %</i>	7.8%	5.3%	8.9%	6.8%	10.8%	7.4%	9.2%	6.8%	9,4%	7,6%	8,7%	9,0%	9,5%
Adjustments													
Earn-outs	-	4	-16	-9	7	0	4	6	-10	1	-24	10	10
Acquisition costs	1	2	4	2	1	3	3	1	3	2	2	4	3
Refinancing costs	1	1	-	-	-	-	-	-	-	-	-	-	-
Listing costs	1	2	20	2	-	-	-	-	-	-	-	-	-
Divestment of subsidiary loss	-	-	-	-	-	30	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	2	-	-	-	-
Total adjustments	3	8	8	-4	7	33	7	7	-5	2	-22	14	13
Net debt	241	302	346	392	446	629	672	714	653	649	763	785	872
Net debt /LTM adjusted EBITDA	1.5x	1.7x	1.8x	1.7x	1.7x	2.2x	1.8x	1.7x	1.5x	1.5x	1,6x	1,4x	1,5x
Net working capital	-17	-69	-26	15	-1	-20	-31	64	25	-36	2	-40	-22
<i>Net working capital (% of LTM net sales)</i>	-0.7%	-2.9%	-0.9%	0.5%	0.0%	-0.6%	-0.8%	1.6%	0.6%	-0.8%	0,1%	-0,7%	-0,4%
Order backlog	1,999	2,189	2,496	2,611	3,194	3,736	3,875	3724	4063	4391	4508	4418	4865
Number of operating units at the end of the period	26	31	32	33	43	48	52	47	52	54	57	62	67
Average number of employees	1,240	1,466	1,578	1,594	1,666	1,943	2,039	2067	2212	2306	2524	2719	2972
No. of employ. end of the period	1,295	1,470	1,590	1,631	1,844	1,985	2,119	2139	2283	2379	2555	2798	3103