

Instalco Q1 presentation

4 May 2023

This is Instalco

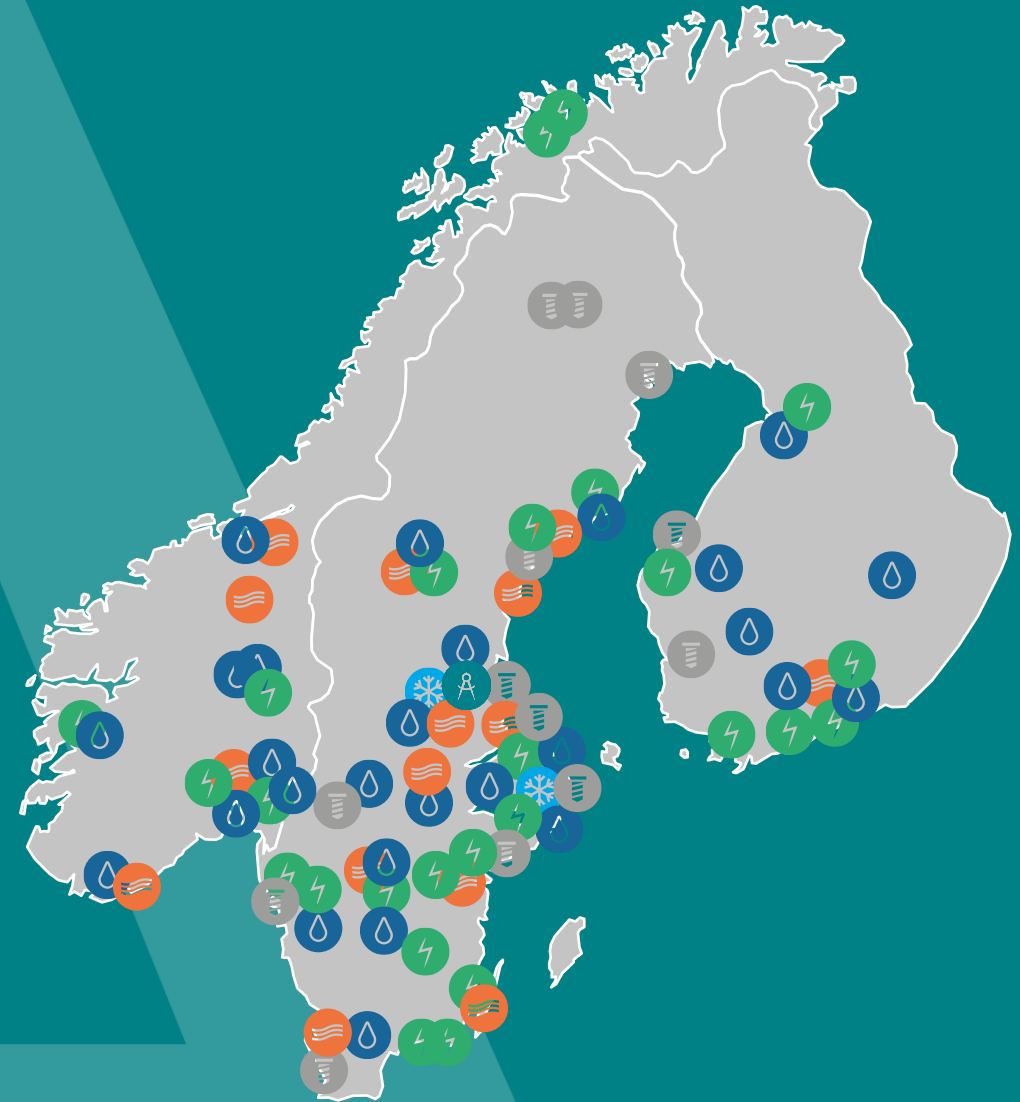
A leading Nordic group within heating and plumbing, electrical, ventilation, cooling, industry and technical consulting

Project planning, installation, service and maintenance of systems installed at properties and facilities

Highly decentralised structure

130 subsidiaries – specialised local companies

6,000 employees



Key financials, LTM

Net sales, million SEK

12,744

EBITA, million SEK

975

Cash flow, million SEK

765

Order backlog, million SEK

8,987

EBITA margin, %

7.6

Acquired annual sales, million SEK

1,959

Q1 Highlights

- Strong sales growth 26.4%
 - High organic growth 12.5%
- Strengthened profitability
- Strong cash flow at SEK 222 (210) million
- Solid order backlog
- High M&A activity, increasing level of debt but leverage still within target

Key financials Q1 2023

Net sales

SEK **3,264** million

EBITA

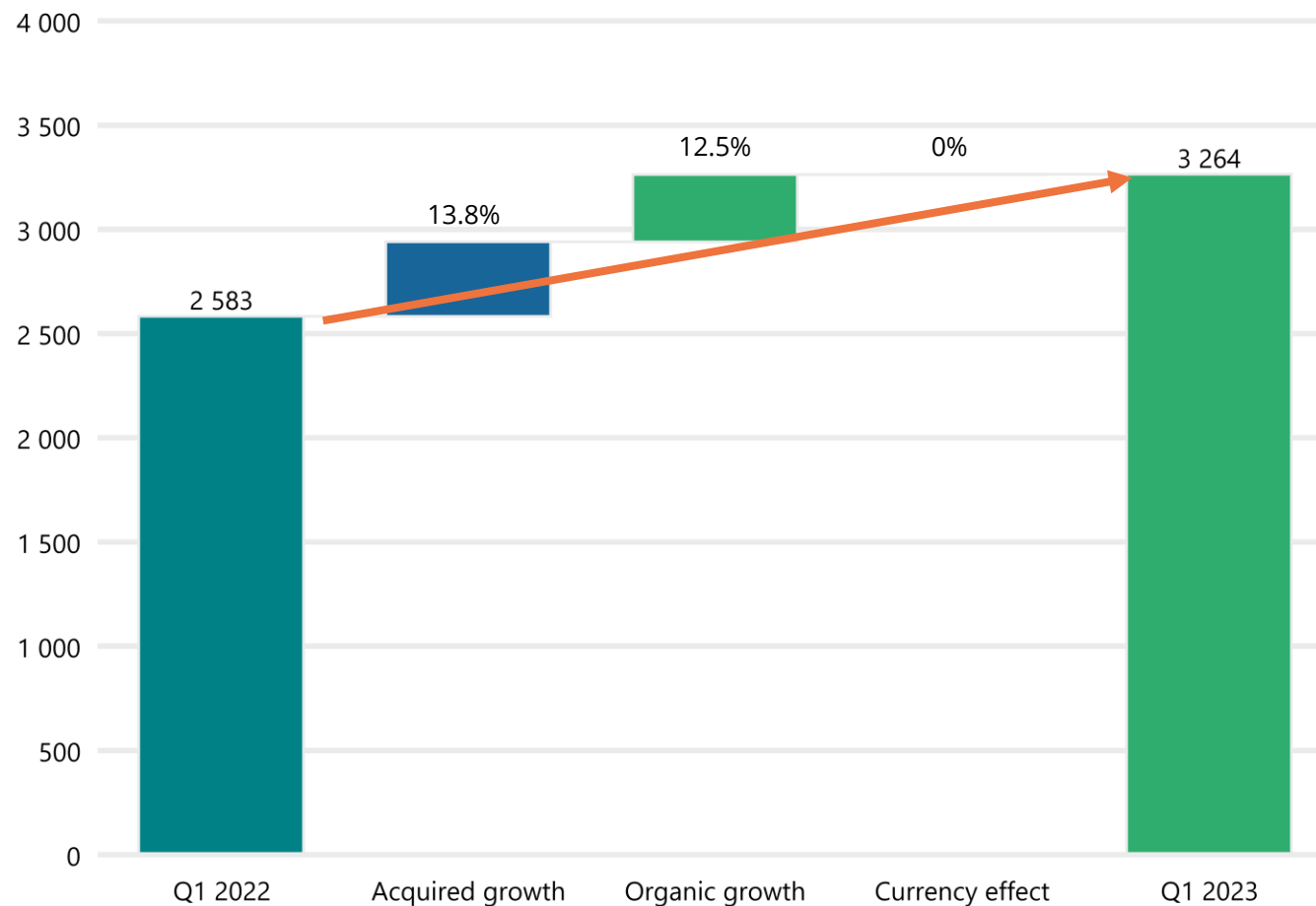
SEK **233** million

EBITA margin

7.1 %

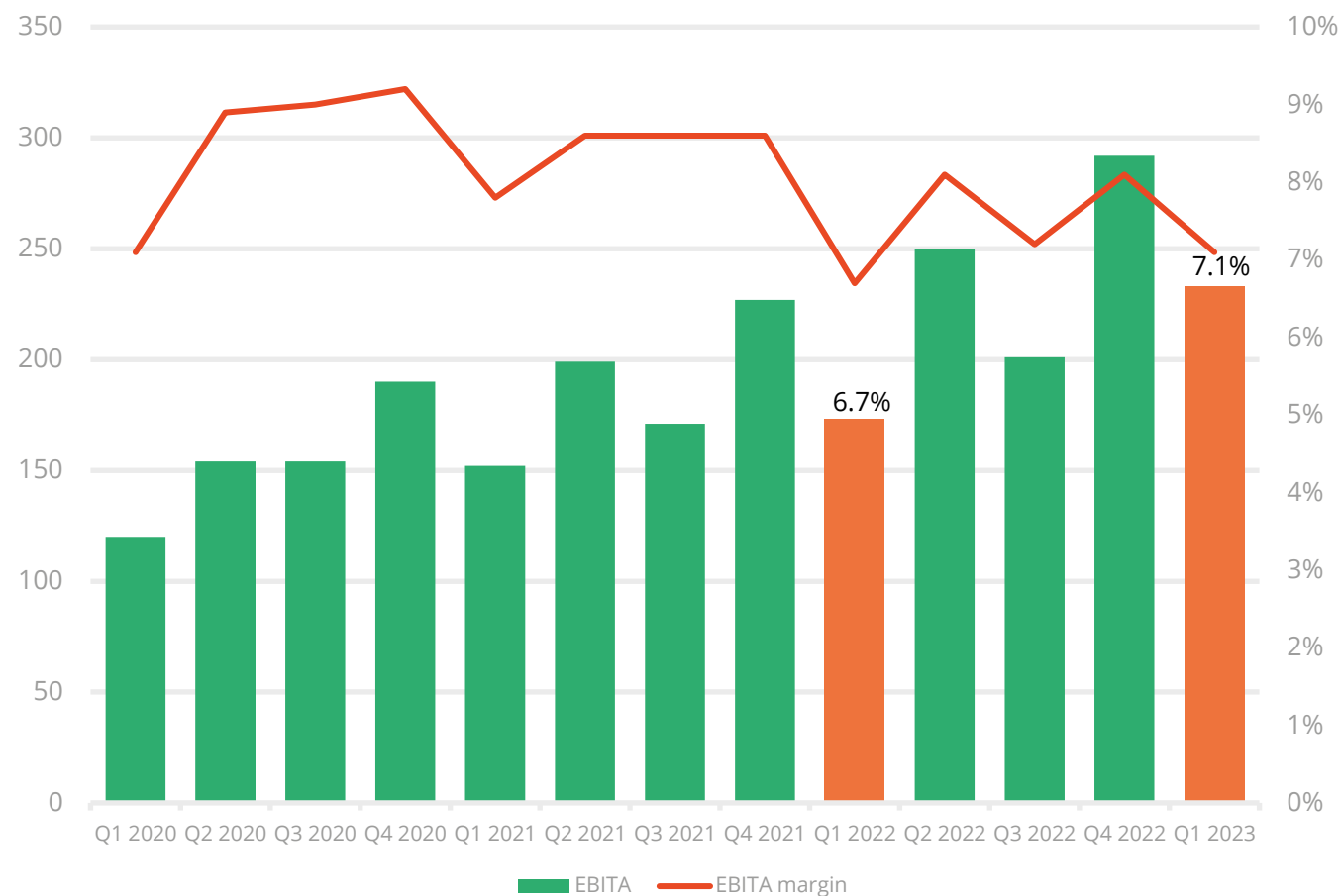
Net sales development (SEK million)

- Net sales growth 26.4% to SEK 3,264 (2,583) million
- Organic growth of 12.5%, with both segments contributing
- Acquired growth of 13.8%, an effect of the successful M&A agenda



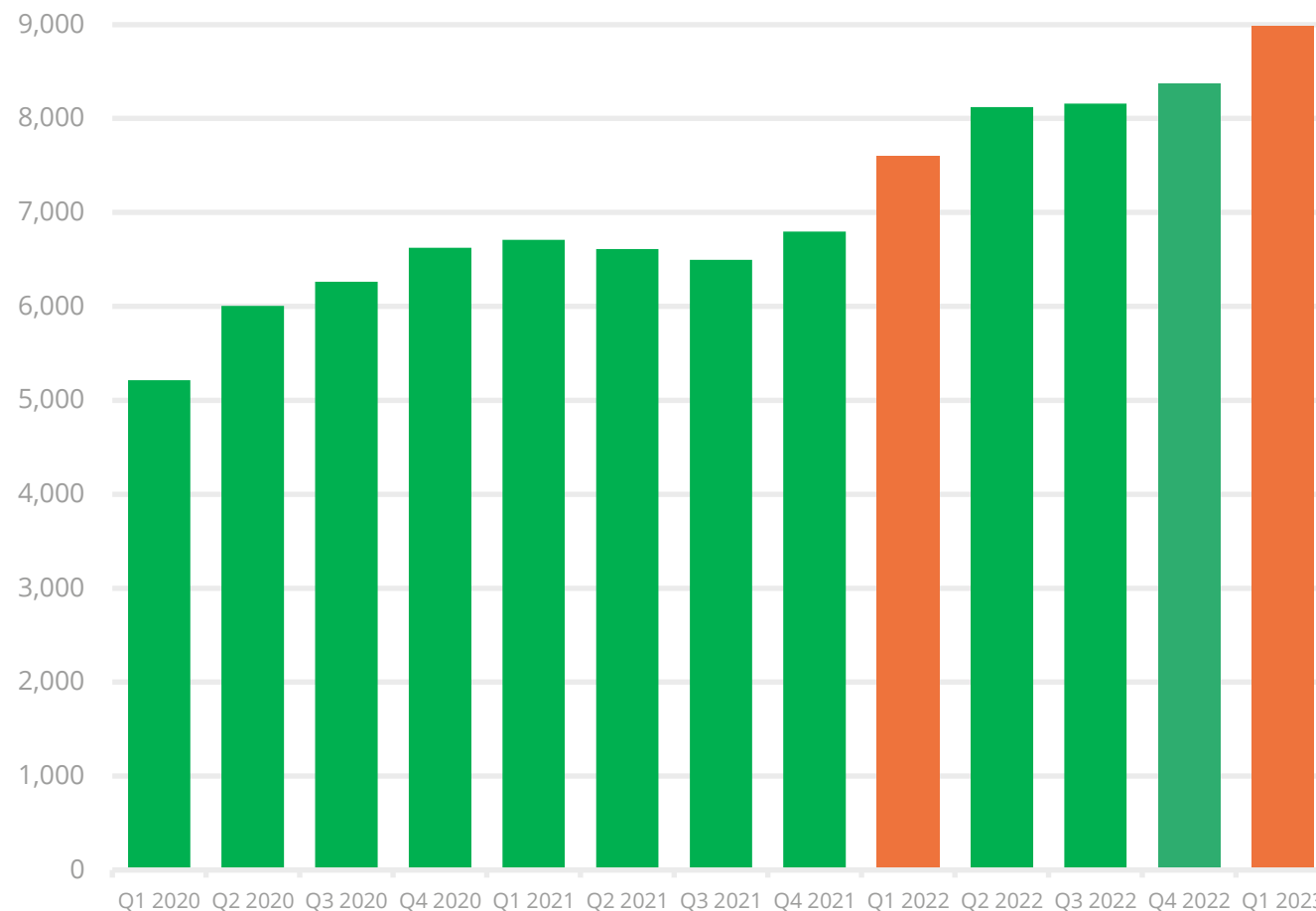
EBITA development (SEK million and margin %)

- EBITA of SEK 233 (173) million
- EBITA margin 7.1% (6.7)
- Clear seasonal effects, yet significant improvements over last year



Order backlog development (SEK million)

- Order backlog growth YoY of 18.2%, to SEK 8,987 (7,602) million
- Ratio of $\approx 0.7x$, relative to 12 months rolling net sales





Segment Sweden Q1 development

- Organic growth and high profitability
- Strong performance despite pressures from inflation
- High order backlog
- Net sales growth 17.2% to SEK 2,327 (1,985) million
 - Organic growth 12.0%
 - Acquired growth of 5.3%

Key financials Q1 2023

Net sales

SEK **2,327** million

EBITA

SEK **185** million

EBITA margin

8.0 %

Order backlog

SEK **6,522** million

Segment Rest of Nordic Q1 development



- Very strong increase of net sales, EBITA and order backlog
- Finnish market tentatively positive
- Net sales growth 56.6% to SEK 937 (598) million
 - Organic growth 14.3%
 - Acquired growth of 42.1%

Key financials Q1 2023

Net sales

SEK **937** million

EBITA

SEK **48** million

EBITA margin

5.1 %

Order backlog

SEK **2,465** million

Financial targets and dividend policy

Area	Target	Comment	Status
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 	26.4% YTD	✓
Margin	<ul style="list-style-type: none"> Instalco aims to deliver an EBITA margin of 8.0% 	7.1% YTD	✓
Capital structure	<ul style="list-style-type: none"> Instalco's net debt in relation to EBITDA shall not exceed a ratio of 2.5 	2.5x	✓
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 	82% YTD	✓
Dividend policy	<ul style="list-style-type: none"> Instalco targets a dividend payout ratio of 30% of net profit 	30%	✓

Acquisitions 2023

		Company	Discipline	Segment	Est. Sales (SEKm)
1	Q1	Telepatrol Oy	Electrical	Rest of Nordic	48
2	Q1	Rörprodukter Montage Sverige AB	Heating & Plumbing	Sweden	24
3	Q1	Lysteknikk Entreprenør AS	Electrical	Rest of Nordic	325
4	Q1	Processus AB	Industry	Sweden	193
5	Q1	SMT Norrbotten AB	Industry	Sweden	40
6	Q1	Enter Ställningar AB	Industry	Sweden	340
		Total			970

Acquisitions: Expansion in the industrial area

- Acquisition of Swedish company Processus AB
- Engineering firm specialised in project management, process design, automation and industrial IT
- Primarily focuses on four segments: pharmaceutical, food, energy and industry
- Opportunities for expansion into the area of pharmaceutical industry



Acquisitions: Expansion in the industrial area

- Acquisition of Swedish company Enter Ställningar AB
- Full service offering in industrial scaffolding
- Excellent complement to our existing scaffolding company Highcon
- Opportunities for synergies with our other Instalco companies
- Strengthening and expanding our offering of scaffolding in the industrial segment



Project: Renovation of apartment complex

- Two Instalco companies:
Calmarsunds VVS and Elovent
- Renovation of apartment complex HSB Graniten in Kalmar
- Typical example of energy efficiency project of housing complex from Million Programme
- General contractor
- Design and installation of the heating & plumbing, ventilation, electrical, control technology and automatics, construction and groundwork



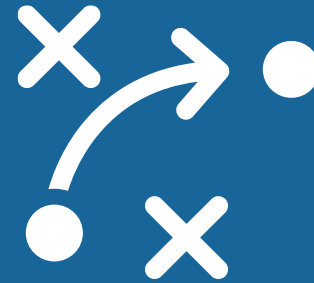
CEO's theme

Start-up

Varying rationale for acquisitions



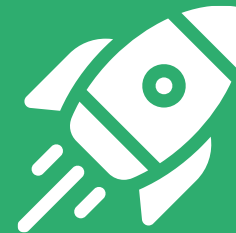
Strategic



Opportunistic



Add-on



Start-up

The Instalco start-up model

- Established in 2016
- Sweden, Norway, Finland
- Finding the right entrepreneur
- When we are interested in setting up operations, but a suitable acquisition candidate does not exist

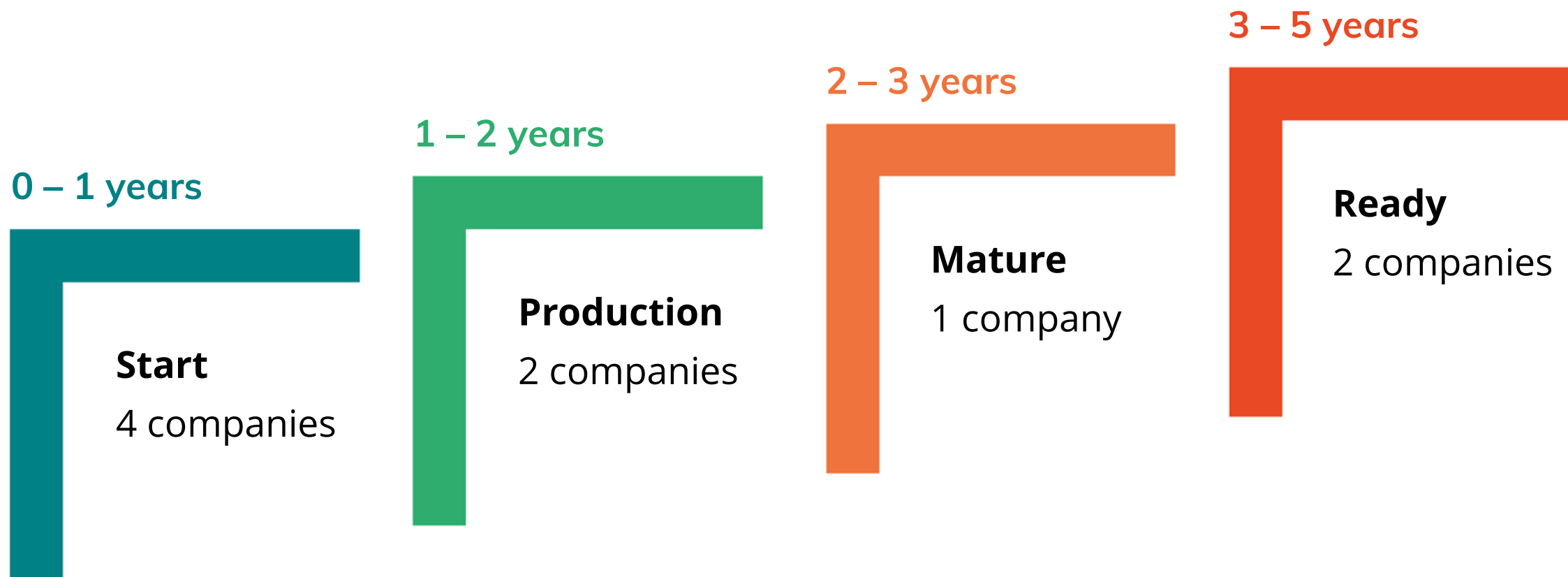


Instalco major start-up companies

- 9 start-up companies during 2022
- Technical consulting built with start-up model
- INTEC x 25
- Expansion possible through subsidiary branches using the start-up model



Start-up lifecycle



650 MSEK
 Estimated LTM net sales from start-up companies, including INTEC

Summary

- Strong quarter
- Normal seasonal effects, but profitability improvement
- High M&A activity
- Six acquisitions made during the period adding estimated sales of SEK 970 million



Q&A - session

INSTALCO



Climate-smart, sustainable installations enable us to lower our energy consumption.