

Instalco Q4 presentation

16 Febuori 2023

This is Instalco

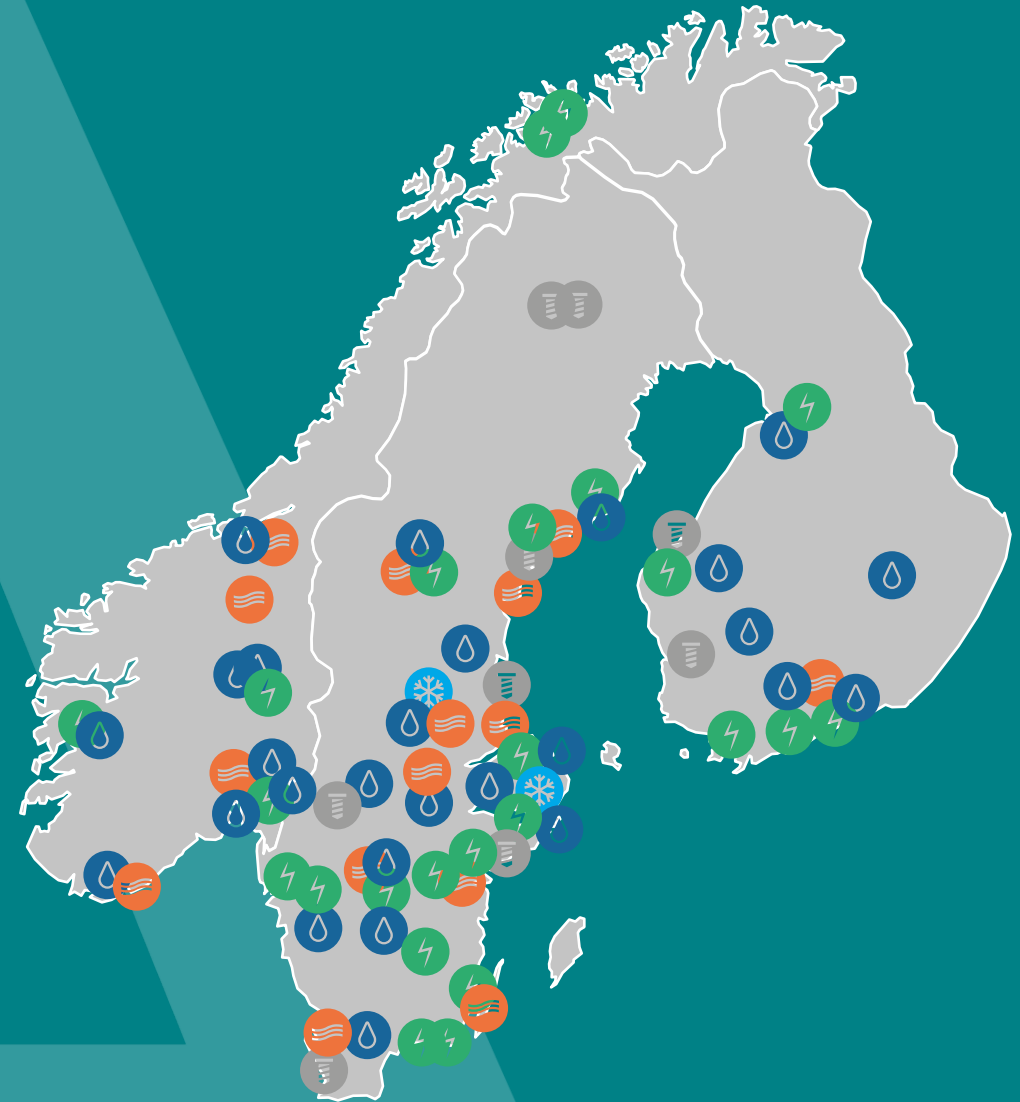
A leading Nordic group within heating and plumbing, electrical, ventilation, cooling, industry and technical consulting

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

Highly decentralised structure

125 subsidiaries – specialised local companies

5 600 employees



Key financials, LTM

Net sales, million SEK

12.063

EBITA, million SEK

916

Cash flow, million SEK

753

Order backlog, million SEK

8.376

EBITA margin, %

7,6

Acquired annual sales, million SEK

1.141

Q4 Highlights

- High sales growth 35.6%
- Organic growth 10.7%
- EBITA margin 8.1 (7.7) %
(excluding an item affecting comparability related to repayment of AFA health insurance)
- Strong order backlog
- Solid cashflow
- Strong demand for energy efficient solutions
- Continued growth in the service area
- Increased presence in Rest of Nordic
- Start-ups and add-ons
- Increased industry development in Finland

Key financials Q4 2022

Net sales

SEK **3,590** million

EBITA

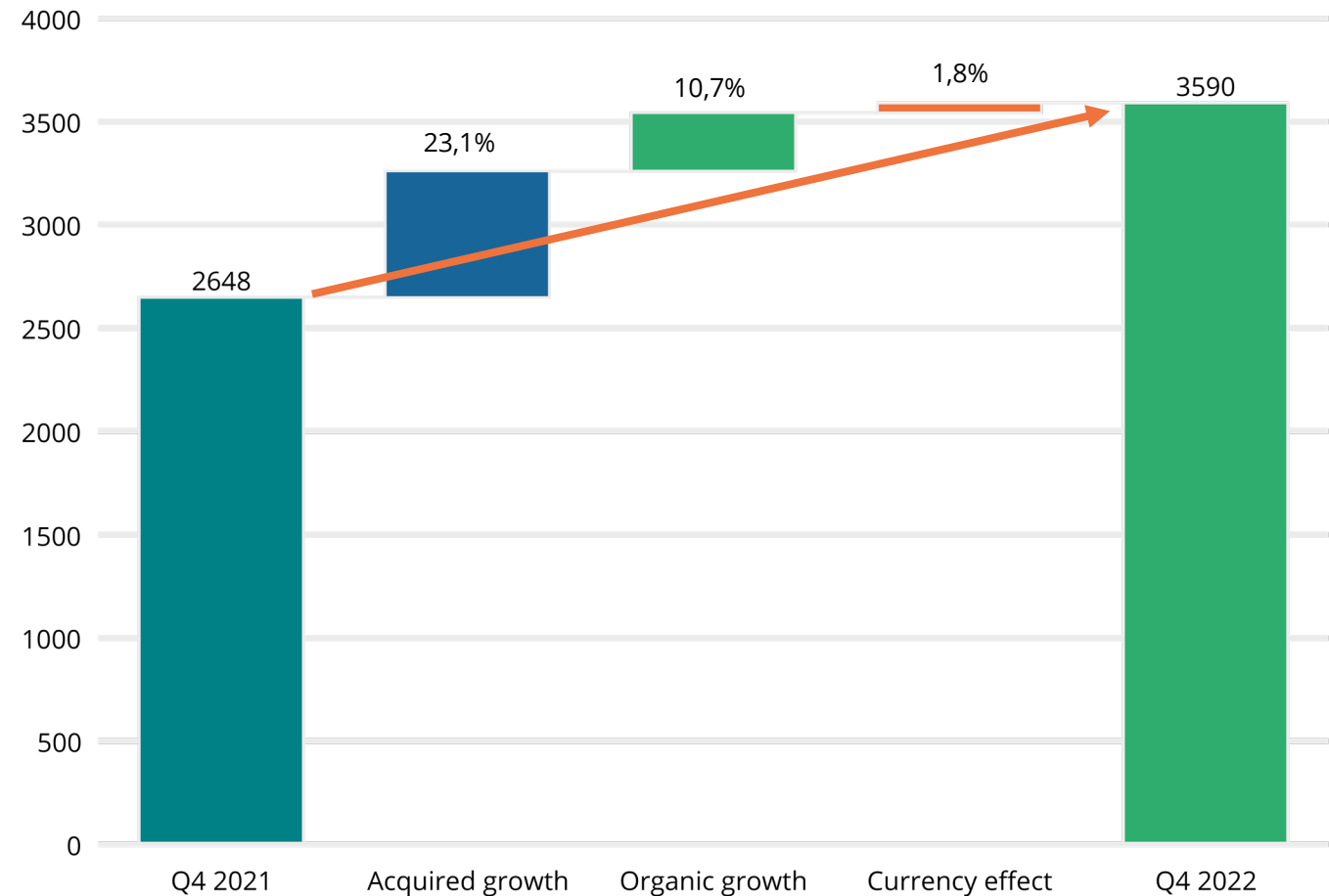
SEK **292** million

EBITA margin

SEK **8.1** %

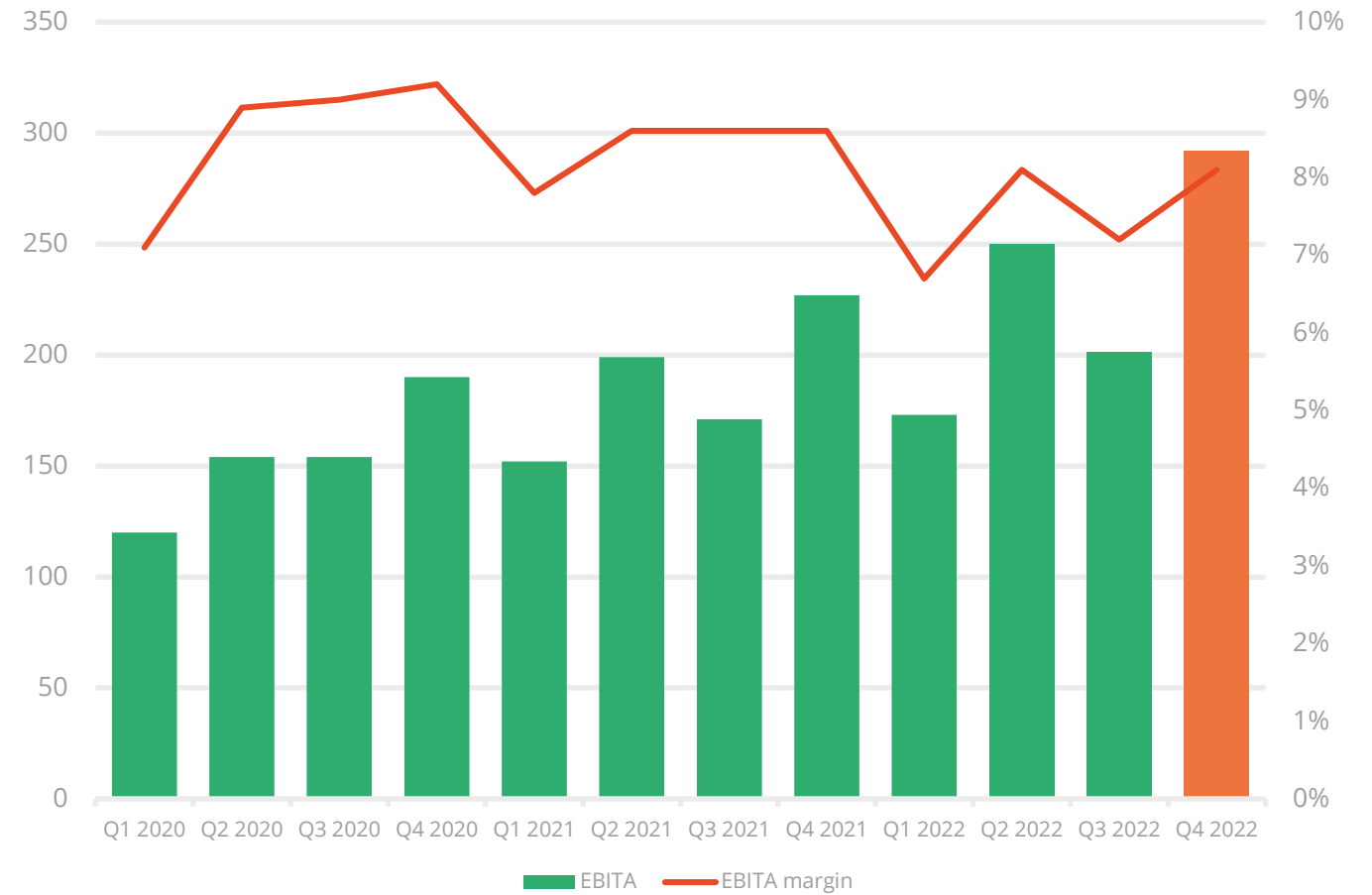
Net sales development (SEK million)

- Net sales growth 35.6% to SEK 3,590 (2,648) million
- Organic growth of 10.7%, a strong proof of the synergies, collaboration and cross-selling concept
- Acquired growth of 23.1%, an effect of the successful M&A agenda



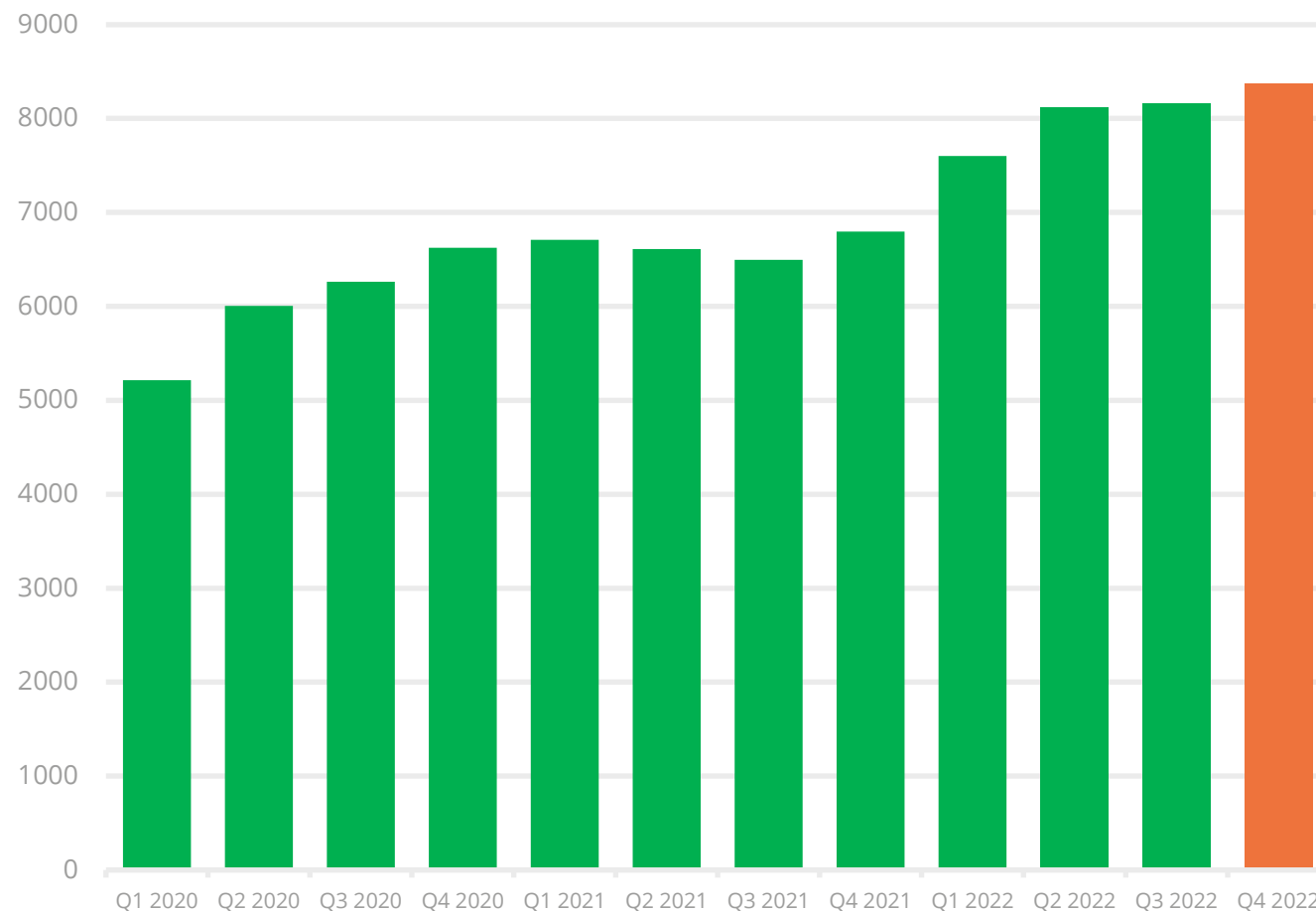
EBITA development (SEK million and margin %)

- EBITA 292 million
- EBITA margin 8,1%



Order backlog development (SEK million)

- Order backlog growth YoY of 23.3%, to SEK 8,376 (6,795) million
- Ratio of $\approx 0.7x$, relative to 12 months rolling net sales





Segment Sweden Q4 development

- Strong performance
- Good profitability and strong growth
- High order backlog
- Net sales growth 27.4% to SEK 2,686 (2,108) million
 - Organic growth 10.7%
 - Acquired growth of 16.7%

Key financials Q4 2022

Net sales

SEK **2,686** million

EBITA

SEK **244** million

EBITA margin

9.1 %

Order backlog

SEK **6,355** million

Segment Rest of Nordic Q4 development



- Very strong increase of net sales, EBITA and order backlog
- Increased presence in Norway and Finland thanks to strong acquisitions
- Net sales growth 67.5% to SEK 905 (540) million
 - Organic growth 10.7%
 - Acquired growth of 48.1%

Key financials Q4 2022

Net sales

SEK **905** million

EBITA

SEK **50** million






EBITA margin

5.5 %

Order backlog

SEK **1,925** 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 | 35.7% YTD |  |
| Margin | <ul style="list-style-type: none">• Instalco aims to deliver an EBITA margin of 8.0% | 7,6% 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 | 2.1x |  |
| 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 | 85% YTD |  |
| Dividend policy | <ul style="list-style-type: none">• Instalco targets a dividend payout ratio of 30% of net profit | 30% |  |

New project: Expansion of Falu hospital

- Three Instalco companies: Henningsons El, Dalab and Intec
- Partnering agreement with ByggDialog and Regionfastigheter Dalarna.
- Renovation and expansion of the intensive care unit at Falu Hospital.
- Project planning, design and installations of electricity and ventilation.
- High environmental focus with energy efficient solutions.
- Budget for order: SEK 140million.



Acquisition: Expansion in northern Norway

- Acquisition of Norwegian company Imes AS in Tromsø.
- Focus on service and installations for the fishing industry.
- Increased presence in northern Norway.
- Opportunities for synergies and collaboration in the region with Instalco company JB Elektro.



Acquisitions 2022

| | | Company | Discipline | Segment | Est. Sales (SEKm) |
|----|----|---------------------------------|--------------------|----------------|-------------------|
| 1 | Q1 | Manglerud AS | Heating & Plumbing | Rest of Nordic | 25 |
| 2 | Q1 | TC-Kraft AB / Z-Signaler AB | Electrical | Sweden | 50 |
| 3 | Q1 | Kyrön Sähkö Oy | Electrical | Rest of Nordic | 77 |
| 4 | Q2 | Highcon AB | Industry | Sweden | 325 |
| 5 | Q2 | Liab Instrumenteringar AB | Industry | Sweden | 36 |
| 6 | Q2 | Kuopion LVI-Talo Oy | Heating & Plumbing | Rest of Nordic | 65 |
| 7 | Q2 | Christiania Rörleggerbedrift AS | Heating & Plumbing | Rest of Nordic | 148 |
| 8 | Q3 | Inlands Luft AB | Ventilation | Sweden | 39 |
| 9 | Q3 | Keyvent AB | Ventilation | Sweden | 25 |
| 10 | Q3 | Melins Plåtslageri AB | Ventilation | Sweden | 29 |
| 11 | Q3 | Grums Rör AB | Heating & Plumbing | Sweden | 32 |
| 12 | Q3 | Grevstad & Tvedt AS | Heating & Plumbing | Rest of Nordic | 110 |
| 13 | Q3 | URD Klima AS companies | Ventilation | Rest of Nordic | 48 |
| | | | | | |

CEO's theme

Towards 2027

External factors that has affected us in 2022

Global pandemic

- Uncertainty & volatility in demand/investments
- Major disruptions in the value chain
- Challenges with staffing

Invasion of Ukraine

- Increased raw material prices
- Disruptions in the value chain
- Energy crisis: expensive electricity, fuel & transport

Inflation

- Willingness to invest due to rise in interest rates
- Slowdown in new housing construction
- Cost pressure on materials & labour

Areas that give us opportunities going forward



Sustainability



**Energy shortage &
green transition**



**Industrial
investments in the
Nordics**

Creating a new vision

- Interactive process within the Group
- Focus on employees, customers, sustainability and continued growth
- Roadmap to 2027

Our vision

“We enable our companies, employees and customers to grow by collaborating on installations for the transition to a green society for the next generation.

We are the most competent and effective installation partner for our customers.”

Summary

- Strong quarter
- High growth and good profitability
- Strong demand
- Leading position in the hospital construction area
- The Instalco model works well even in challenging times



Q&A - session

INSTALCO



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