

Interim report January – March 2020

A strong quarter with additional acquisitions

January – March 2020

- Net sales increased by 37.6 percent to SEK 1,676 (1,218) million. Organic growth, adjusted for currency effects, was 11.4 (5.8) percent.
- EBIT increased to SEK 120 (90) million which corresponds to an EBITA margin of 7.1 (7.4) percent.
- Cash flow from operating activities for the period was SEK 131 (122) million.
- 3 acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 165 million.
- Earnings per share for the period amounted to SEK 1.65 (1.37).



Key figures

SEK m	Jan-March 2020	Jan-March 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	1,676	1,218	6,149	5,692
EBITA	120	90	523	493
EBITA margin, %	7.2	7.4	8.5	8.7
Adjusted EBITA ¹⁾	131	92	538	500
Adjusted EBITA margin, % ¹⁾	7.8	7.6	8.8	8.8
Operating profit/loss (EBIT)	120	90	522	492
EBIT margin, %	7.1	7.4	8.5	8.6
Earnings before taxes	108	85	496	473
Order backlog	5,215	4,391	5,215	4,865
Earnings per share, SEK ²⁾	1.65	1.37	7.87	7.58

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

2) Calculated in relation to the number of shares before dilution 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 as well as in Norway and Finland. Through innovative thinking and efficiency, the operations are conducted in close collaboration with our customers.

CEO Comments

Instalco had a strong quarter, despite the difficult situation we face throughout the world from the COVID 19 pandemic. Sales in the fourth quarter were SEK 1,676 (1,218) million, which corresponds to a growth rate of 37.6 percent, where 11.4 percent was organic growth. Adjusted EBITA for the first quarter was SEK 131 (92) million, which corresponds to an adjusted EBITA margin of 7.8 (7.6) percent. Order backlog has remained stable and at the end of the quarter, it amounted to SEK 5,215 (4,391) million, which corresponds to an increase of 18.8 percent.

Relatively unaffected

The Corona crisis has not hit the construction and installation sector quite as hard as it has other sectors. We've been able to keep our workplaces open. We've also been able to deliver materials to our various ongoing projects and assignments as usual. We are, nevertheless, concerned about the situation and we are taking it very seriously. We expect that our contracts and service will, in some way, be affected. We are preparing for a variety of scenarios and, in all likelihood, we are going to notice the effects, even though, thus far, we have not noticed any significant impact.

What we have noticed, however, is a higher rate of sick leave during the month of March. In Norway and Finland, for example, we have also had employees who have needed to stay home to care for their children because the schools and daycare centres have been closed. We have noticed a bit of a downturn with service assignments, since people have been reluctant to invite others into their homes and workplaces during this pandemic. And for the same reason, there has been a slight decline in assignments at residential property, such as pipe replacement work.

It is very difficult to assess the market and in all sectors, there is a very high level of uncertainty about the future. At Instalco, we are planning and preparing for the impact that is likely to occur in our sector. Instalco has a wide product portfolio and many subsidiaries with strong local ties. Because of that, we have a flexible structure for adapting to fluctuations in the market. Collaboration is a key success factor for Instalco and going forward, there will likely be even more focus on collaboration within the Group as a means of coping with the current situation. We are going to need to be more responsive and flexible so that together with our customers, we can solve problems and cope with all kinds of situations that could arise.

Acquisition plans continue

Instalco has a strong financial position for the future. We are continuing to sign new contracts for new installation jobs, both large and small. We are also still engaging with several acquisition candidates as planned. Our acquisition pipeline is unchanged and we are steadfast in our pursuit of expected annual sales in the range of SEK 600-800 million, which we feel certain of achieving.



We have also started out the year in accordance with our acquisition plan. In Sweden, geographic expansion has continued with the acquisition of the electrical installation company, ELUB in Växjö, which means that Instalco is now, for the first time, represented in Kronoberg County. In Norway, we strengthened our position in Innlandet County, with the acquisition of Haug og Ruud in Lillehammer. The acquisition brings Instalco one step closer to becoming multidisciplinary in the region.

I would also like to proudly emphasize Instalco's collaboration with NCC and Region Sörmland in a major hospital project. We have six Instalco companies participating in the project under the leadership in Rörgruppen and Ohmegi. It is Instalco's largest project to date, where hospitals in Eskilstuna, Katrineholm and Nyköping will be expanded and modernised. The project will be ongoing during the period 2020-2026 with an order value of approximately SEK 700 million, the majority of which will be reported in order intake for the second quarter of 2020.

Construction sector fuels progress in society

To cope with this pandemic, it is of utmost importance that society keeps functioning as usual, to the largest extent possible. The construction sector currently accounts for a large portion of GDP and it is important that the sector remains strong so that it can continue fuelling progress in society. We need to keep the ball rolling in society and make sure that industrial activity does not come to a standstill.

I very much encourage public sector authorities at the state, regional and municipal levels to revive and pursue all prior projects that have been planned, allocate assignments and place orders. For example, now is an ideal time for completing renovation work at high schools, colleges and universities that are currently closed. It would also be very beneficial to schedule earlier starts on construction projects that are currently in the pipeline. Politicians should, during this crisis, be investing even more in construction and infrastructure such that we can, to the greatest extent possible, minimise the damage that this is having in society and on our economy.

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. Despite the Corona pandemic, there has been very little impact on the installation sector in the Nordic region. The future outlook, however, is very difficult to assess.

To a large extent, the market is fuelled by several long-term trends and developments in society such as urbanisation, housing shortage, technological progress, infrastructure investments and ageing property holdings. Our customers have also demonstrated more environmental awareness, interest in generating benefits to society and the importance of sustainable entrepreneurship.

Net sales

First quarter

Sales for the first quarter amounted to SEK 1,676 (1,218) million, which is an increase of 37.6 percent. Adjusted for currency effects, organic growth was 11.4 (5.8) percent and acquired growth was 26.8 percent. Currency fluctuations had a negative impact on net sales of 0.5 percent. Three new company acquisitions were made during the quarter.

Earnings

First quarter

Adjusted EBITA for the first quarter amounted to SEK 131 (92) million. The adjustment during the quarter of SEK 11 million is primarily attributable to a revaluation of additional consideration. Net financial items for the quarter amounted to SEK -11 (-5) million. Interest expense on external loans was SEK -4 (-3) million. Earnings for the period were SEK 83 (66) million, which corresponds to earnings per share of SEK 1.65 (1.37). Tax for the quarter was SEK -25 (-19) million.

Order backlog

January – March

Outstanding orders at the end of the first quarter amounted to SEK 5,215 (4,391) million, which is an increase of 18.8 percent. For comparable units, order backlog increased by 3.2 percent and acquired growth was 17.2 percent.

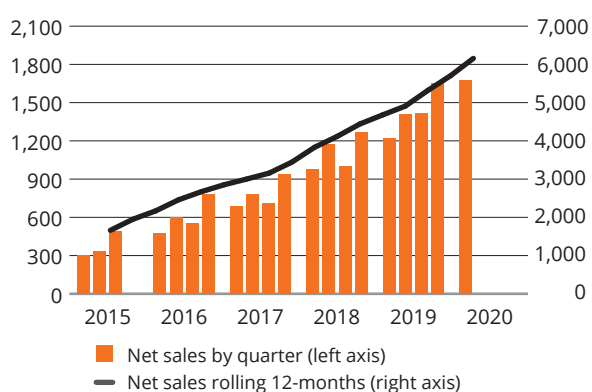
Examples of assignments won by Instalco companies during the first quarter include the order received by El Syd AB by Peab for electrical installation work associated with construction of Malmo's new courthouse. Once completed, it will be one of Sweden's largest courthouses.

Cash flow

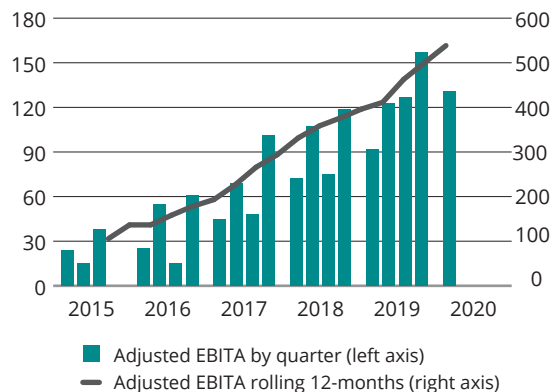
First quarter

Cash flow from operating activities for the period was SEK 131 (122) million. Instalco's cash flow varies over time, primarily because of work-in-progress. There can be significant fluctuations when making comparisons between quarters and this applies in particular to accounts receivable, accounts payable and work-in-progress.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market

Because of the Corona pandemic, it is very difficult to assess the market outlook. For the installation market however, the level of activity has remained high. The rate of growth for construction in the public sector (e.g. schools, preschools, hospitals, clinics and nursing homes) remains high. The same applies to construction of commercial property, such as offices and business facilities.

Net sales

First quarter

Net sales for the first quarter increased by SEK 355 million to SEK 1,261 (906) million compared to the same period last year. Organic growth was 13.5 percent and acquired growth was 25.7 percent.

Earnings

First quarter

Adjusted EBITA for the quarter was SEK 128 (77) million.

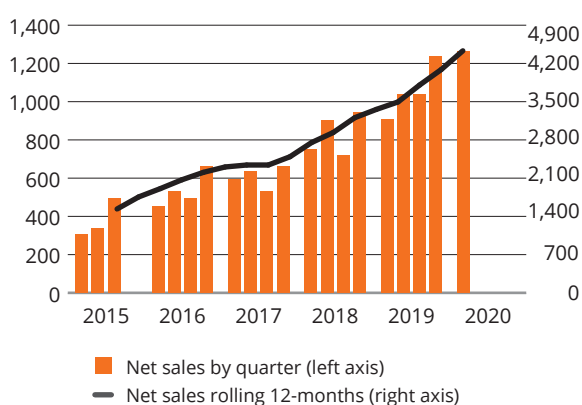
Order backlog

January - March

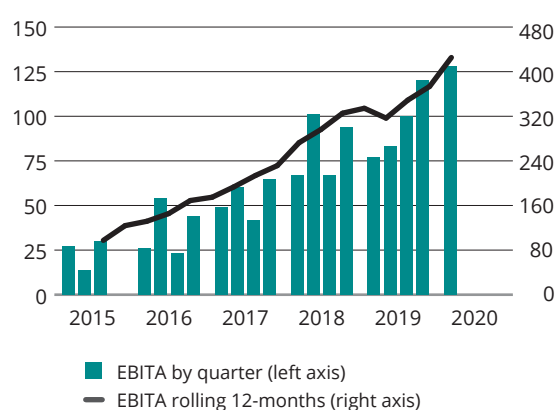
Order backlog at the end of the period amounted to SEK 4,034 (3,385) million, which is an increase of 19.2 percent. For comparable units, order backlog increased by 5.0 percent and acquired growth was 14.2 percent.

Examples of contracts signed by Instalco companies during the quarter include LG Contracting's agreement with NCC for heating & plumbing installations associated with construction of the new experience hotel at Liseberg in Gothenburg. The project will be carried out as a collaborative effort between NCC and Liseberg.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Jan-March 2020	Jan-March 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	1,261	906	4,576	4,221
EBITA	128	77	431	379
EBITA margin, %	10.2	8.5	9.4	9.0
Operating profit/loss (EBIT)	128	77	430	379
EBIT margin, %	10.1	8.5	9.4	9.0
Earnings before taxes	127	76	389	337
Order backlog	4,034	3,385	4,034	3,741

Operations in Rest of Nordic

Market

The short-term outlook for the Norwegian market is stability, with relatively little impact from the Corona pandemic. Over the longer term, there is more uncertainty and the market is difficult to assess. The public sector is investing in public buildings and infrastructure. There is a noticeable increase in new construction and renovation of offices, warehouses and hotels, while construction of new housing has stabilised at a high level.

The market in Finland has grown in recent years, but is now levelling off. The market is still primarily being fuelled by the major metropolitan regions. The future prospects are very difficult to assess due to the Corona pandemic.

Net sales

First quarter

Sales for the first quarter increased by SEK 103 million to SEK 415 (312) million compared to the same period last year. Organic growth, adjusted for currency effects, was 5.4 percent and acquired growth was 30.1 percent.

Earnings

First quarter

Adjusted EBITA for the quarter was SEK 18 (12) million.

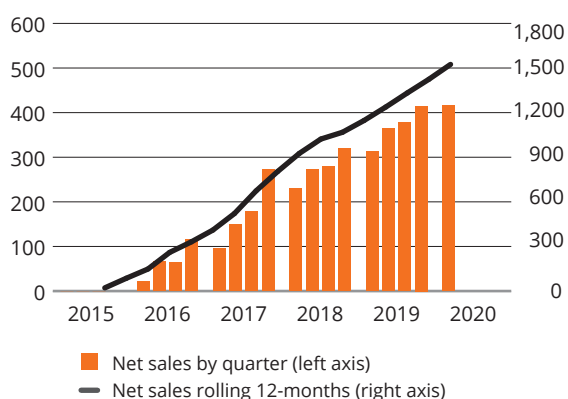
Order backlog

January - March

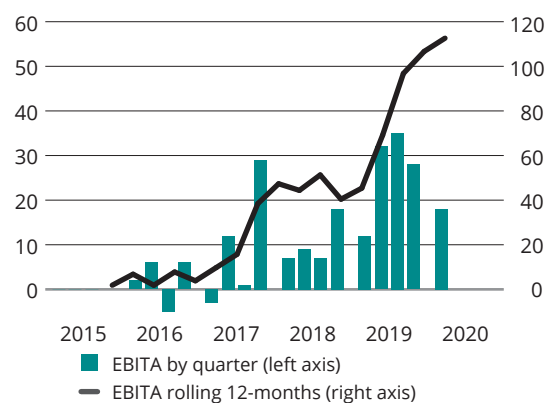
Order backlog at the end of the period amounted to SEK 1,180 (1,006) million, which is an increase of 24.8 percent, adjusted for currency effects. For comparable units, order backlog decreased by 2.7 percent and acquired growth was 27.5 percent.

During the first quarter, Instalco companies, including the Finnish companies, LVI-Urakointi Paavola Oy and Twinputki Oy, were awarded contracts for installation work that is part of a major sustainability project to build a new daycare centre entirely in solid wood at Esbo in Finland. The work will involve heating & plumbing installations, along with a sprinkler system.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Jan-March 2020	Jan-March 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	415	312	1,573	1,470
EBITA	18	12	114	108
EBITA margin, %	4.5	4.0	7.2	7.3
Operating profit/loss (EBIT)	18	12	114	108
EBIT margin, %	4.5	4.0	7.2	7.3
Earnings before taxes	18	12	113	107
Order backlog	1,180	1,006	1,180	1,124

Acquisitions

Instalco made 3 acquisitions during the period January through March 2020. For each of them, 100 percent of the shares were acquired.

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 179 million, of which SEK 31 million is acquisitions that were made in 2020. The total amount of accrued additional consideration is SEK 102 million, of

which SEK 6 million is for acquisitions made in 2020. The acquisition costs for the year amounted to SEK 3 (2) million. They are reported among Other operating expenses in the income statement.

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

Goodwill of SEK 78 million that has arisen via the acquisitions represents future economic benefits that could not be individually identified and recognized separately.

Company acquisitions

Instalco made the following company acquisitions during the period January – March 2020.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
January	Elinstallationer Ullsand Bengtsson AB (ELUB)	Sweden	69	30
February	Haug og Ruud VVS AS	Rest of Nordic	71	32
March	Östersjö Elektriska AB	Sweden	25	17
Total			165	79

Impact of acquisitions

Acquisitions had the following impact on the Group's assets and liabilities. None of the acquisitions in the period have been assessed as individually significant, which is why the disclosures cover them as a whole.

SEK m	Fair value of Group
Intangible assets	-
Deferred tax receivable	0
Other non-current assets	6
Other current assets	33
Cash and cash equivalents	32
Deferred tax liability	-1
Current liabilities	-32
Total identifiable assets and liabilities (net)	37
Goodwill	78
Consideration paid	
Cash and cash equivalents	109
Non-controlling interests	0
Conditional consideration	6
Total transferred consideration	115
Impact on cash and cash equivalents	
Cash consideration paid	109
Cash and cash equivalents of the acquired units	-32
Total impact on cash and cash equivalents	77
Total settled, including revaluation	12
Exchange rate difference	-1
Total impact on cash and cash equivalents	88
Impact on operating income and earnings in 2020	
Operating income	19
Earnings	1

Financial information

Financial position

Equity at the end of the period amounted to SEK 1,549 (1,187) million. Interest-bearing net debt as of 31 March 2020 was SEK 853 (649) million.

Currency changes impacted net debt by SEK 5 million. The gearing ratio was 55.2 (54.7) percent. During the period, net financial items amounted to SEK -11 (-5) million, of which net interest income/expense was SEK -4 (-4) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 272 (287) million as of 31 March 2020. The Group's interest-bearing liabilities were SEK 1,125 (935) million, including leasing in accordance with IFRS 16. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 908 million had been utilised as of 31 March 2020. For the second quarter, the change in working capital was SEK 2 (49) million and it is primarily attributable to a change in work-in-progress.

Investments, depreciation and amortisation

For the year, the Group's net investments, not including company acquisitions, amounted to SEK 0 (0) million. Depreciation of fixed assets was SEK -30 (-21) million. Investments in company acquisitions amounted to SEK 89 (116) million. That amount includes conditional consideration on prior year acquisitions that was paid out in the amount of SEK 12 (6) million.

Parent Company

The main operations of Instalco 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 2020. Net sales for the Parent Company amounted to SEK 6 (5) million. Operating profit/loss was SEK 0 (0) million. Net financial items amounted to SEK -1 (-1) million. Earnings before taxes were SEK 0 (-1) million and earnings for the period were SEK 0 (-1) million. Cash and cash equivalents at the end of the period amounted to SEK 115 (86) 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, expertise, capacity utilisation and revenue recognition.

The Group recognizes revenue in its projects over time in accordance with the percentage of completion method. This involves comparing actual expenditure to the total expected expenditure at any given time. The Group has a well-established process for following up on the percentage of completion and total expected costs of each project. It includes monitoring and assessing the risk of losses that could occur in the project.

The Group is also exposed to impairment of fixed price projects, along with various types of financial risks, like currency, interest and credit risks.

A detailed description of the Group's risks is provided on pages 34-36 of the 2019 Annual Report.

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 and earnings by segment

Revenue by segment	Operations	
	Contract	Service
Sweden	1,021	240
Rest of Nordic	344	71
Group	1,365	311

Revenue and earnings by segment

	Sweden	Rest of Nordic	Group-wide and	Total
			eliminations	
Net sales	1,261	415	0	1,676
Earnings before taxes	127	18	-37	108

Events after the end of the reporting period

During the second quarter of 2020, Instalco acquired the following companies: Norrtech VVS och Industri AB in Umeå with expected annual sales of 36 million and 16 employees, Teampipe Sweden AB in Uppsala with expected annual sales of SEK 49 million and 35 employees and Avent AB in Kalmar with expected annual sales of SEK 108 million and 60 employees.

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	22
Cash and cash equivalents	62
Total consideration	85

Carrying amount of identifiable net assets

Intangible assets	-
Other non-current assets	1
Other current assets	40
Cash and cash equivalents	13
Deferred tax liability	-1
Other liabilities	-35
Total identifiable net assets	18
Goodwill from acquisitions	67

Accounting policies

The consolidated financial statements have been prepared in accordance with International 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 2020 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. 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 force in 2020 and beyond

As of the date that these financial reports were approved, no other new standards, amendments and interpretations of existing standards that have not yet entered into force or have been published by the IASB have been early-adopted by the Group.

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. The total amount of conditional consideration recognised as a liability amounts to SEK 102 million.

Corona situation

As of the reporting date, the Corona pandemic has not resulted in any significant disturbances at the Group level. There have, however, been some minor disturbances in some projects and service. Most projects have been able to proceed as planned and order intake has been strong. It is currently difficult to assess how the Corona virus will impact the long-term market conditions in the global economy. Like all other companies, Instalco is impacted by a downturn in the economy.

At present, we are unable to assess the extent of the impact from the Corona pandemic, but is carefully monitoring events and implementing measures to limit the negative consequences. In the near future, we are faced with much uncertainty. Accordingly, we are very carefully monitoring all of our business areas and subsidiaries. Due to the situation, some extra customer provisions have been made at the Group level. We are planning for various scenarios and implementing precautionary measures in several areas.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Jan-March 2020	Jan-March 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	1,676	1,218	6,149	5,692
Other operating income	5	8	67	70
Operating income	1,681	1,226	6,217	5,762
Materials and purchased services	-873	-631	-3,179	-2,937
Other external services	-114	-73	-379	-338
Personnel costs	-530	-404	-1,963	-1,836
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-30	-21	-104	-95
Other operating expenses	-14	-7	-70	-64
Operating expenses	-1,561	-1,136	-5,695	-5,270
Operating profit/loss (EBIT)	120	90	522	492
Net financial items	-11	-5	-26	-19
Earnings before taxes	108	85	496	473
Tax on profit for the year	-25	-19	-108	-101
Earnings for the period	83	66	389	372
Other comprehensive income				
Translation difference	-36	30	-49	17
Comprehensive income for the period	47	96	340	390
<i>Comprehensive income for the period attributable to:</i>				
Parent Company's shareholders	45	95	337	388
Non-controlling interests	2	1	3	2
Earnings per share for the period, before dilution, SEK	1.65	1.37	7.87	7.58
Earnings per share for the period, after dilution, SEK	1.59	1.32	7.58	7.30
Average number of shares before dilution	49,462,828	48,452,564	49,096,860	48,844,291
Average number of shares after dilution ³⁾	51,322,306	50,312,042	50,956,338	50,703,769

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 2020	31 March 2019	31 Dec 2019
Goodwill	2,239	1,741	2,189
Right-of-use assets	224	152	222
Other non-current assets	50	35	50
Total non-current assets	2,514	1,928	2,461
Inventories	48	27	45
Accounts receivable	818	724	874
Contractual assets	416	256	322
Other current assets	174	105	203
Cash and cash equivalents	272	287	317
Total current assets	1,679	1,371	1,715
Total assets	4,193	3,300	4,176
Equity	1,544	1,185	1,483
Non-controlling interests	5	1	2
Total equity	1,549	1,187	1,485
Non-current liabilities	993	845	1,057
Lease liabilities	129	81	129
Total non-current liabilities	1,122	926	1,186
Lease liabilities	85	66	84
Accounts payable	528	417	420
Contractual liabilities	314	231	357
Other current liabilities	595	473	643
Total current liabilities	1,523	1,187	1,504
Total liabilities	2,644	2,113	2,690
Total equity and liabilities	4,193	3,300	4,176
Of which interest-bearing liabilities	1,125	935	1,188
<i>Equity attributable to:</i>			
Parent Company shareholders	1,544	1,185	1,483
Non-controlling interests	5	1	2

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 March 2020	31 March 2019	31 Dec 2019
Opening equity, after restatement as per IFRS 16	1,485	1,068	1,068
Total comprehensive income for the period	45	95	388
New issues	14	21	89
Unregistered share capital	2	-	11
Issue warrants	-	-	-
Dividend, external	-	-	-73
Other	-	0	0
Non-controlling interests	2	1	2
Closing equity	1,549	1,187	1,485
<i>Equity attributable to:</i>			
Parent Company's shareholders	1,544	1,185	1,483
Non-controlling interests	5	1	2

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Jan-March 2020	Jan-March 2019	12-months rolling 2019/2020	Jan-Dec 2019
Cash flow from operating activities				
Earnings before taxes	108	85	496	473
Adjustment for items not included in cash flow	57	25	136	105
Tax paid	-36	-37	-102	-103
Changes in working capital	2	49	-26	21
Cash flow from operating activities	131	122	504	495
Investing activities				
Acquisition of subsidiaries and businesses	-88	-116	-533	-560
Divestment of subsidiaries	-	0	0	0
Other	0	0	-2	-2
Cash flow from investing activities	-88	-116	-534	-562
Financing activities				
New issue	16	21	94	100
Other capital contributions	-	-	-	-
New loans	0	65	266	331
Repayment of loan	-65	-15	-166	-116
Amortisation of lease liability	-27	-19	-91	-83
Dividends	-	-	-73	-73
Cash flow from financing activities	-76	53	30	159
Cash flow for the period	-33	59	1	93
Cash and cash equivalents at the beginning of the period	317	218	287	218
Translation differences in cash and cash equivalents	-12	10	-16	5
Cash and cash equivalents at the end of the period	272	287	272	317

Condensed Parent Company income statement

AMOUNTS IN SEK M	Jan-March 2020	Jan-March 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	6	5	24	23
Operating expenses	-5	-5	-21	-21
Operating profit/loss	0	0	3	3
Net financial items	-1	-1	-2	-2
Profit/loss after net financial items	0	-1	1	0
Group contributions received	-	-	5	5
Earnings before taxes	0	-1	6	5
Tax	-	-	-1	-1
Earnings for the period	0	-1	5	4

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 March 2020	31 March 2019	31 Dec 2019
Shares in subsidiaries	1,315	1,315	1,315
Total non-current assets	1,315	1,315	1,315
Receivables from Group companies	6	5	5
Other current assets	0	0	0
Cash and cash equivalents	115	86	102
Total current assets	121	92	107
Total assets	1,436	1,407	1,422
Equity	1,285	1,259	1,270
Total equity	1,285	1,259	1,270
Non-current liabilities	142	141	142
Total non-current liabilities	142	141	142
Accounts payable	1	1	0
Other current liabilities	8	5	5
Total current liabilities	8	6	5
Total liabilities	151	147	152
Total equity and liabilities	1,436	1,407	1,422

Quarterly data

AMOUNTS IN SEK M	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net sales	1,676	1,652	1,416	1,406	1,218	1,264	998	1,174
Growth in net sales, %	37.6	30.7	41.9	19.8	24.4	35.1	40.8	50.2
Operating profit/loss (EBIT)	120	144	113	145	90	125	68	101
EBITA	120	145	113	145	90	125	68	101
EBITDA	150	171	139	166	111	145	87	119
Adjusted EBITA	131	157	127	123	92	120	75	107
Adjusted EBITDA	161	183	153	144	114	140	94	126
EBIT margin, %	7.1	8.7	8.0	10.3	7.4	9.9	6.8	8.6
EBITA margin, %	7.2	8.8	8.0	10.3	7.4	9.9	6.8	8.6
EBITDA margin, %	9.0	10.3	9.8	11.8	9.1	11.5	8.7	10.1
Adjusted EBITA margin, %	7.8	9.5	9.0	8.7	7.6	9.5	7.5	9.2
Adjusted EBITDA margin, %	9.6	11.1	10.8	10.3	9.3	11.1	9.4	10.7
Working capital	-30	-22	-40	2	-36	25	64	-31
Interest-bearing net debt	853	872	785	763	649	663	714	672
Gearing ratio, %	55.2	58.8	57.7	60.5	54.7	62.1	72.3	71.5
Net debt/in relation to adjusted EBITDA, times	1.3	1.5	1.4	1.6	1.4	1.5	1.7	1.8
Cash conversion %	102	102	90	87	137	138	27	113
Cash flow from operating activities	131	152	114	107	122	165	1	112
Earnings before taxes	108	137	108	143	85	122	63	96
Equity ratio, %	36.9	35.6	34.6	34.6	36.0	35.4	34.7	32.2
Order backlog	5,215	4,865	4,418	4,508	4,391	4,063	3,724	3,875
Average number of employees	3,075	2,972	2,719	2,524	2,306	2,212	2,067	2,039
Number of employees at the end of the period	3,180	3,103	2,798	2,655	2,379	2,283	2,139	2,119

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 20-21.

Earnings measures and margin measures								
AMOUNTS IN SEK M	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018 ¹	Q3 2018 ¹	Q2 2018 ¹
(A) Operating profit/loss (EBIT)	120	144	113	145	90	125	68	101
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	0	0	0
(B) EBITA	120	145	113	145	90	125	68	101
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	30	26	26	21	21	20	19	18
(C) EBITDA	150	171	139	166	111	145	87	119
Non-recurring items								
Additional consideration	8	10	10	-24	1	-10	6	4
Acquisition costs	3	3	4	2	2	3	1	3
Loss on divestment of subsidiaries	-	-	-	-	-	-	-	0
Other	-	-	-	-	-	2	-	-
Total, non-recurring items	11	13	14	-22	2	-5	7	7
(D) Adjusted EBITA	131	157	127	123	92	120	75	107
(E) Adjusted EBITDA	161	183	153	144	114	140	94	126
(F) Net sales	1,676	1,652	1,416	1,406	1,218	1,264	998	1,174
<i>(A/F) EBIT margin, %</i>	7.1	8.7	8.0	10.3	7.4	9.9	6.8	8.6
<i>(B/F) EBIT margin, %</i>	7.2	8.8	8.0	10.3	7.4	9.9	6.8	8.6
<i>(C/F) EBIT margin, %</i>	9.0	10.3	9.8	11.8	9.1	11.5	8.7	10.1
<i>(D/F) Adjusted EBITA margin, %</i>	7.8	9.5	9.0	8.7	7.6	9.5	7.5	9.2
<i>(E/F) Adjusted EBITDA margin, %</i>	9.6	11.1	10.8	10.3	9.3	11.1	9.4	10.7

Capital structure

AMOUNTS IN SEK M	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018 ¹	Q3 2018 ¹	Q2 2018 ¹
Calculation of working capital and working capital in relation to net sales								
Inventories	48	45	31	29	27	29	23	23
Accounts receivable	818	874	785	793	724	698	684	666
Earned, but not yet invoiced revenue	416	322	402	278	256	205	210	248
Prepaid expenses and accrued income	53	93	48	50	33	55	36	40
Other current assets	73	64	54	49	46	48	52	54
Accounts payable	-528	-420	-493	-433	-417	-317	-349	-371
Invoiced, but not yet earned income	-314	-357	-366	-286	-231	-212	-172	-203
Other current liabilities	-223	-289	-231	-190	-183	-208	-195	-241
Accrued expenses and deferred income, including provisions	-373	-354	-271	-287	-290	-272	-226	-246
(A) Working capital	-30	-22	-40	2	-36	25	64	-31
(B) Net sales (12-months rolling)	6,149	5,692	5,304	4,886	4,653	4,414	4,086	3,797
(A/B) Working capital as a percentage of net sales, %	-0.5	-0.4	-0.7	0.1	-0.8	0.6	1.6	-0.8
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,040	1,104	1,081	1,057	869	817	808	815
Current, interest-bearing financial liabilities	85	84	78	72	66	65	57	57
Cash and cash equivalents	-272	-317	-374	-366	-287	-218	-151	-200
(A) Interest-bearing net debt	853	872	785	763	649	663	714	672
(B) Equity	1,544	1,483	1,362	1,261	1,185	1,068	988	940
(A/B) Gearing ratio, %	55.2	58.8	57.7	60.5	54.7	62.1	72.3	71.5
(C) EBITDA (12-months rolling)	626	587	562	510	462	407	358	325
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	1.4 times	1.5 times	1.4 times	1.5 times	1.4 times	1.6 times	2.0 times	2.1 times
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	161	183	153	144	114	140	94	126
Net investments in property, plant and equipment and intangible assets	0	1	-2	0	0	-1	-1	-2
Changes in working capital	2	2	-13	-18	49	54	-68	18
(B) Operating cash flow	164	186	138	126	163	193	25	142
(B/A) Cash conversion %	102	102	90	87	143	138	27	113

Signatures

Future reporting dates

Interim report January – June 2020
Interim Report January – September 2020

19 August 2020
9 November 2020

Stockholm, 7 May 2020
Instalco AB (publ)

Per Sjöstrand
CEO

This report has not been reviewed by the company's auditors.

Presentation of the report

The report will be presented in a telephone conference/audiocast today, 7 May at 14:00 CET via <https://tv.streamfabriken.com/instalco-q1-2020> To participate by phone: +46(0)8-566 426 93.

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 7 May 2020 at 11:00 CET.

Additional information

Per Sjöstrand, CEO per.sjostrand@instalco.se +46 70-724 51 49

Definitions with explanation

General

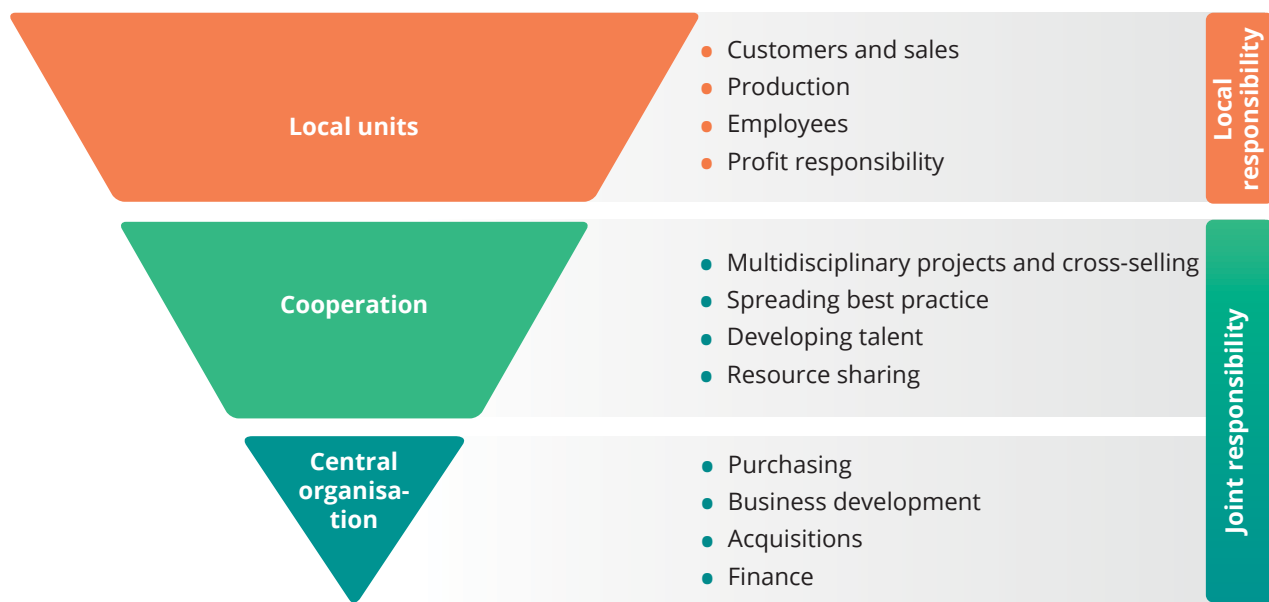
Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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.
Operating profit/loss (EBIT)	Earnings before interest and taxes.	Operating profit/loss (EBIT) provides an overall picture of the profit generated from operating activities.
EBIT margin	Earnings before interest and taxes, 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.
Non-recurring items	Non-recurring items, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
Adjusted EBITA	EBITA adjusted for non-recurring items.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITA margin excludes the effect of items affecting non-recurring items, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITDA margin excludes the effect of non-recurring items, 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.

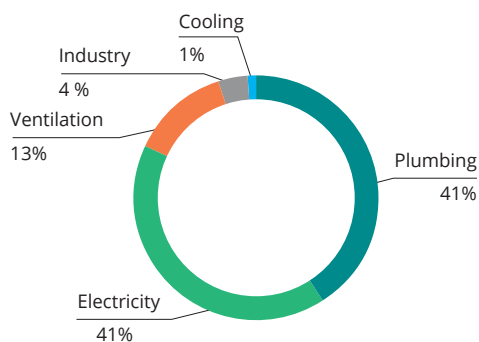
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current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

