Instalco

Interim report January – March 2019

Continued good profitability, growth and cash flow.

January – March 2019

- Net sales increased by 24.4 percent to SEK 1,218 (979) million. Organic growth was 5.8 (3.0) percent.
- Adjusted EBITA increased to SEK 92 (73) million which corresponds to an adjusted EBITA margin of 7.6 (7.4) percent.
- Operating cash flow for the quarter was SEK 156 (90) million.
- Three acquisitions were made during the quarter, which, on an annual basis contribute an estimated total annual sales of SEK 227 million.
- Earnings per share for the quarter amounted to SEK 1.37 (0.42).

Key figures

SEK m	Jan-March 2019	Jan-March 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	1,218	979	4,653	4,414
EBITA	90	40	384	334
EBITA margin, %	7.4	4.1	8.2	7.6
Adjusted EBITA[1)]	92	73	395	375
Adjusted EBITA margin, %[1)]	7.6	7.4	8.5	8.5
Earnings before taxes	85	34	366	315
Order backlog	4,391	3,736	4,391	4,063
Earnings per share, SEK [2)]	1.37	0.42	6.14	5.20

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 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 2019 with good growth and rising profitability. Sales for the quarter amounted to SEK 1,218 (979) million. Growth for the quarter was 24.4 percent, of which 5.8 percent was organic growth. Adjusted EBITA for the first quarter was SEK 92 (73) million, which corresponds to an adjusted EBITA margin of 7.6 (7.4) percent.

Order backlog remained stable and at the end of the quarter, it amounted to SEK 4,391 (3,736) million, which corresponds to an increase of 17.5 percent.

Acquisition of quality companies

During the first quarter, we made three acquisitions of high quality companies in Sweden. EKTK i Sala AB specializes in electricity and distribution networks and the acquisition strengthens our position and offering to industrial companies. In the area of heating & plumbing, we acquired Aquadus VVS AB in Eskilstuna. It is situated in Mälardalen, which is a strategically important area to Instalco. We have also grown in Stockholm via our acquisition of Aircano AB, which is a ventilation company.

During the quarter, we also started up a new company of our own, KWA-rör AB in Ystad. The strategy of starting up own companies has arisen as a supplement to our main acquisition strategy. We will apply Instalco's "start-up model" selectively, when the right conditions and the right local contractors are present.

At the start of the year, we redeployed the CEOs at four of our subsidiaries. The former CEOs at Rörläggaren and Andersen og Aksnes are now working full time as the head of business areas at Instalco. El-Expressen has had a generation change and the former CEO at Rodens Värme & Sanitet is now in charge of growing the company in new installation branches. All of the newly appointed CEOs were internally recruited from within the subsidiary and through Instalco Academy.

Collaboration and synergies

Instalco focuses on the "middle" segment, by which we mean smaller and medium-sized projects. 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, which, in turn, leads to higher efficiency and margins.

One example is the multi-disciplinary project in Bålsta, where DALAB, Sprinklerbolaget and Automationsbolaget are collaborating on installation work for Skanska, which is building a new ICA Maxi grocery store. The project involves installation of heating & plumbing, ventilation and sprinkler systems, along with control and monitoring systems.

Another example is collaboration between VVS Installatör and DALAB on installations of heating & plumbing, electricity and ventilation systems for Falu Municipality, which is building the Södra School in Falun.

At the beginning of the year, it was also announced that Instalco had been awarded new contracts associated with construction of the ESS research facility in Lund. Rörläggaren and Bi-Vent have been contracted by Skanska for ventilation and pipe installation work for the campus area of the ESS research institute. Once it is operational in 2023, European Spallation Source (ESS) in Lund will conduct research related to materials, energy, health, the environment and more.

As the Instalco Group grows, we have also noticed an increase in collaboration between our subsidiaries. Cross-selling increases and new customer contacts are made. Furthermore, companies get opportunities to collaborate on projects that they would not have had access to on their own.

During 2019 we will continue our work with an updated group sustainability programme.

Continued stable market

Looking forward, our assessment is that the market will remain stable, with a continued high demand for installation services. However, with the overall slowdown in the economy, it is now taking a bit more time than usual for some of our projects to get going.

I am nevertheless enthusiastic about the year ahead for Instalco, during which we will celebrate our 5th anniversary.

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. To a great extent, the market is fuelled by a few underlying macroeconomic factors, such as increasing urbanization, a shortage of housing, higher environmental awareness, advances in technology, infrastructure investments, ageing property holdings, sustainable entrepreneurship and generating benefits to society.

Net sales

First quarter

Sales for the first quarter amounted to SEK 1,218 (979) million, which is an increase of 24.4 percent. Adjusted for currency effects, organic growth was 5.8 percent and acquired growth was 18.7 percent. Currency fluctuations had an effect on net sales of 1.0 percent. Three new company acquisitions were made during the quarter.

Earnings

First quarter

Adjusted EBITA for the first quarter was SEK 92 (73) million. The transition to IFRS 16 had a positive impact in EBITDA margin of 1.5 (1.6) percent. Net financial items for the quarter amounted to SEK –5 (–6) million. Interest expense on external loans was SEK –4 (–4) million. Earnings for the period were SEK 66 (20) million, which corresponds to earnings per share of SEK 1.37 (0.42). Tax for the quarter was SEK 19 (14) million.

Order backlog

First quarter

Outstanding orders at the end of the first quarter amounted to SEK 4,391 (3,736) million, which is an increase of 17.5 percent. For comparable units, order backlog increased by 7.5 percent and acquired growth was 9.7 percent.

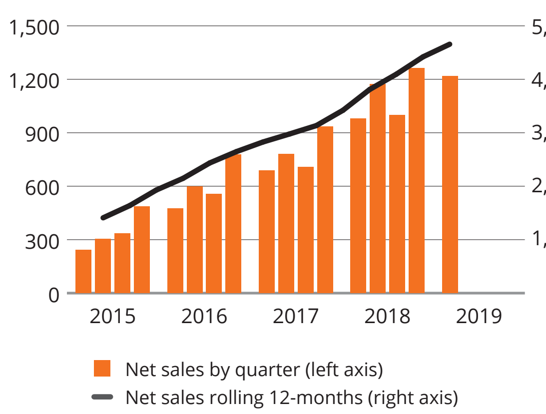
During the first quarter, Instalco companies, including LVI-Urakointi Paavola and Uudenmaan Sähköteknikka, were awarded contracts for ventilation, heating & plumbing, and electrical installations at two new daycare centres that are being constructed in solid wood at Esbo, just outside of Helsinki. In addition, LG Contracting's services have been contracted as part of the construction of a new district in Karlstad, Tullholmsviken. The aim is for the buildings there to be awarded a Nordic Swan Ecolabel, which involves special on environmental & sustainability requirements and guidelines.

Cash flow

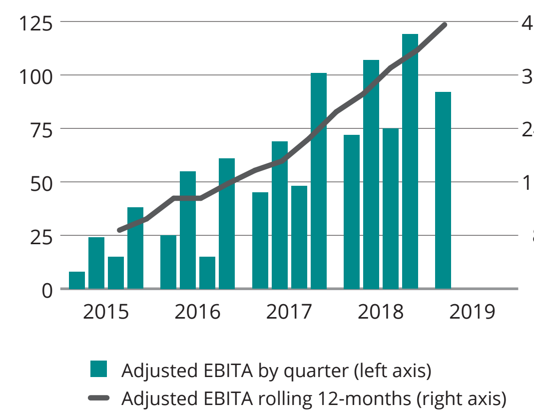
First quarter

Operating cash flow was SEK 156 (90) 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

There is healthy demand in the market, which is reflected in the size of our backlog of orders. Slowdown in housing construction has persisted, particularly for new construction of condominiums in metropolitan regions. Instalco has not been particularly affected by these developments, since its exposure to new construction is only around 10 percent of the Group's annual sales.

Although there has been a dip in housing construction, the rate of construction for schools, preschools and hospitals remains high.

Net sales

First quarter

Sales for the first quarter increased by SEK 157 million to SEK 906 (749) million compared to the same period last year. Organic growth was 4.6 percent and acquired growth was 17.9 percent.

Earnings

First quarter

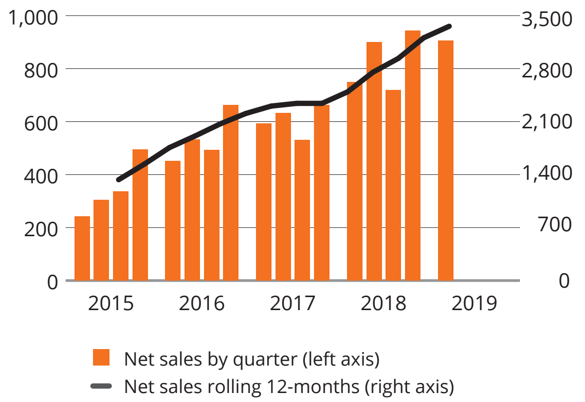
Adjusted EBITA for the quarter was SEK 82 (71) million.

Order backlog

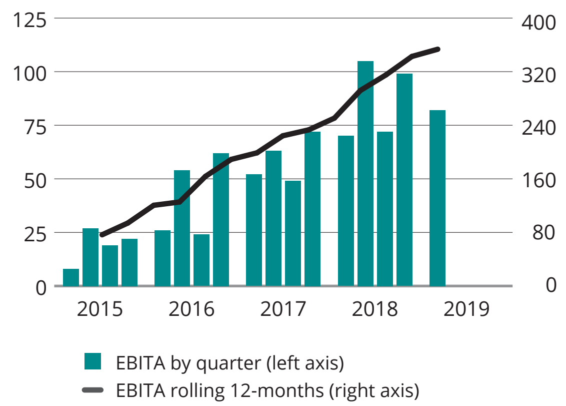
First quarter

Order backlog at the end of the period amounted to SEK 3,385 (2,865) million, which is an increase of 18.2 percent. For comparable units, order backlog increased by 13.5 percent and acquired growth was 4.7 percent.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Jan-March 2019	Jan-March 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	906	749	3,469	3,312
EBITA	82	71	359	348
EBITA %	9.1	9.4	10.4	10.5
Order backlog	3,385	2,865	3,385	3,202

Operations in Rest of Nordic

Market

The Norwegian market is stable, with growth in all areas where Instalco is represented. In the southwest region of the country, the gas sector is recovering, which is resulting in new investments in the construction market. The market is also stable in Finland, fuelled by activity in the Helsinki region.

Net sales

First quarter

Sales for the first quarter increased by SEK 82 million to SEK 312 (230) million compared to the same period last year. Organic growth, adjusted for currency effects, was 9.7 percent and acquired growth was 21.2 percent.

Earnings

First quarter

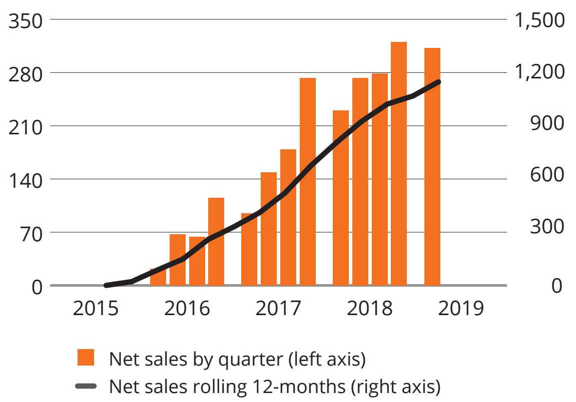
Adjusted EBITA for the quarter was SEK 15 (9) million.

Order backlog

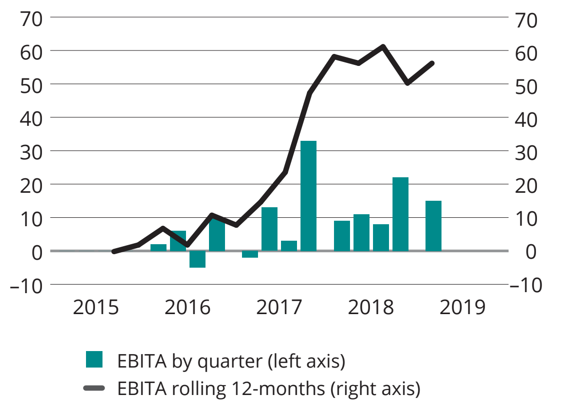
First quarter

Order backlog at the end of the period amounted to SEK 1,006 (871) million, which is an increase of 14.1 percent, adjusted for currency effects. For comparable units, order backlog decreased by -11.9 percent and acquired growth was 26.0 percent. The negative development of the order backlog is due to the phasing out of operrations in Norway.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Jan-March 2019	Jan-March 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	312	230	1,184	1,102
EBITA	15	9	57	51
EBITA %	4.9	4.0	4.8	4.6
Order backlog	1,006	871	1,006	860

Acquisitions

Instalco made three acquisitions during the period January through March 2019. 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 139 million, of which SEK 22 million is acquisitions that were made in 2019. The total amount of accrued additional consideration is SEK 80 million, of which SEK 15 million is for acquisitions made in 2019.

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

Goodwill of SEK 139 million that has arisen from the acquisition is not attributable to any particular balance sheet item and it is not expected to generate any direct synergy effects.

Company acquisitions

Instalco made the following company acquisitions during the period January – March 2019.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
January	El Kraft Teknik & Konsult i Sala AB	Sweden	87	38
January	Aquadus VVS AB	Sweden	80	36
February	Aircano AB	Sweden	60	25
Total			**227**	**99**

Impact of acquisitions

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	47
Cash and cash equivalents	32
Deferred tax liability	–1
Current liabilities	–58
Total identifiable assets and liabilities (net)	**22**
Goodwill	**139**
Consideration paid	
Cash and cash equivalents	142
Non-controlling interests	–
Conditional consideration	20
Total transferred consideration	**162**
Impact on cash and cash equivalents	
Cash consideration paid	142
Cash and cash equivalents of the acquired units	–32
Total impact on cash and cash equivalents	**110**
Total settled, including revaluated	6
Exchange rate difference	–
Total impact on cash and cash equivalents	**116**
Impact on operating income and earnings in 2019	
Operating income	40
Earnings	5

Other financial information

Financial position

Equity at the end of the period amounted to SEK 1,187 (882) million. Interest-bearing net debt as of 31 March 2019 was SEK 649 (629) million. Currency changes impacted net debt by SEK –3 million. The gearing ratio was 54.7 (71.3) percent. For the first quarter, net financial items amounted to SEK –5 (–6) 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 287 (202) million as of 31 March 2019. The Group's interest-bearing liabilities were SEK 935 (830) million. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 788 million had been utilised as of 31 March 2019. The change in working capital for the quarter was SEK 42 (0) million. The change is primarily attributable to higher accounts payable and a change in work-in-progress.

Investments, depreciation and amortisation

The Group's net investments for the quarter, not including company acquisitions, amounted to SEK 0 (0) million. Depreciation of fixed assets was SEK 21 (17) million. Investments in company acquisitions amounted to SEK 116 (142) million. That amount includes conditional consideration on prior year acquisitions that was paid out in the amount of SEK 6 (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 2019. Net sales for the Parent Company amounted to SEK 5 (4) million. Operating profit/loss was SEK 0 (-1) million. Net financial items amounted to SEK –1 (–1) million. Earnings before taxes were SEK –1 (–2) million and earnings for the period were SEK –1 (–2) million. Cash and cash equivalents at the end of the period amounted to SEK 86 (81) 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 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.

A detailed description of the Group's risks is provided on pages 32-34 of the 2018 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 breakdown

Segment	Operations	
	Contract	Service
Sweden	91%	9%
Rest of Nordic	87%	13%
Group	90%	10%

Events after the end of the reporting period

During the second quarter of 2019, Instalco acquired the following companies: El Kraft Teknik & Konsult i Sörmland AB with expected annual sales of SEK 105 million and 74 employees, Moi Rör AS with expected annual sales of SEK 70 million and 32 employees and Gävle Elbyggnads i Gävle AB with expected annual sales of SEK 18 million and 15 employees. The effect of the acquisition of the installation division of DynaMate AB has not been included in the compilation of "Effects of acquisitions after the end of the reporting period".

Instamate AB has expected annual sales of SEK 80 million and 53 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	10
Cash and cash equivalents	84
Total consideration	**95**

Carrying amount of identifiable net assets	
Property, plant and equipment	8
Other current assets	93
Cash and cash equivalents	19
Deferred tax liability	–1
Other liabilities	–98
Total identifiable net assets	**22**
Goodwill from acquisitions	73

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 2019 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 for in 2019 and beyond

The Group applies the new standard, IFRS 16 Leases, which entered into force on 1 January 2019. Instalco applies the full retroactive method. Accordingly, financial information has been restated in accordance with the new standard as of 2018. Instalco applies the standard on leases that were previously identified as leases as per IAS 17 and IFRIC 4 in accordance with simplified approach that is allowed in the standard.

Implementation of this method means that all leases are reported in the balance sheet, except for short-term leases (duration of 12 months or less) and lease assets with a low underlying asset value. The Group's lease agreements include properties (rent of premises), car rentals, tools and machinery.

A detailed description of the transition effects and the applied accounting principles is provided on pages 59-61 of the 2018 Annual Report for the Instalco Group.

At year-end 2018, the transition effect of IFRS 16 was an increase in lease assets of SEK 141 million, which is SEK 28 million lower than what was initially reported in the 2018 Annual Report for the Instalco Group. However, it does not result in any change to the effect on equity.

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 80 million.

In February, Instalco updated its financial targets as follows:

- **Growth:** Average sales growth shall be at least 10 percent per year over one business cycle. Growth shall occur through a combination of organic growth and successful acquisitions.
- **Cash conversion:** Instalco's goal is to achieve a cash conversion rate of 100 percent on a rolling 12-month basis over one business cycle.

Other financial targets are unchanged.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Jan-March 2019	Jan-March 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	1,218	979	4,653	4,414
Other operating income	8	1	46	39
Operating income	**1,226**	**981**	**4,699**	**4,454**
Materials and purchased services	–631	–514	–2,412	–2,295
Other external services	–73	–49	–265	–241
Personnel costs	–404	–328	–1,514	–1,438
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–21	–17	–78	–74
Other operating expenses	–7	–33	–47	–73
Operating expenses	**–1,136**	**–941**	**–4,315**	**–4,120**
Operating profit/loss (EBIT)	**90**	**40**	**384**	**334**
Net financial items	–5	–6	–18	–18
Earnings before taxes	**85**	**34**	**366**	**315**
Tax on profit for the year	–19	–14	–71	–67
Earnings for the period	**66**	**20**	**295**	**249**
Other comprehensive income				
Translation difference	30	37	8	14
Comprehensive income for the period	**96**	**57**	**303**	**263**
Comprehensive income for the period attributable to:				
Parent Company's shareholders	95	57	301	263
Non-controlling interests	1	0	1	0
Earnings per share for the period, before dilution, SEK	1.37	0.42	6.14	5.20
Earnings per share for the period, after dilution, SEK	1.32	0.42	6.10	5.10
Average number of shares before dilution	48,452,564	47,471,582	48,088,805	47,843,559
Average number of shares after dilution[3)]	50,312,042	47,471,582	48,387,738	48,773,298

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 2019	31 March 2018	31 Dec 2018
Goodwill	1,741	1,412	1,582
Other non-current assets	178	163	172
Financial assets	2	2	3
Deferred tax receivable	7	1	7
Total non-current assets	**1,928**	**1,579**	**1,763**
Inventories	27	20	29
Accounts receivable	724	597	698
Claims on clients	256	178	205
Other receivables and investments	46	41	48
Prepaid expenses and accrued income	33	40	55
Cash and cash equivalents	287	202	218
Total current assets	**1,371**	**1,077**	**1,253**
Total assets	**3,300**	**2,656**	**3,016**
Equity	1,185	882	1,068
Non-controlling interests	1	0	0
Total equity	**1,187**	**882**	**1,068**
Non-current liabilities	926	823	874
Accounts payable	417	329	317
Liabilities to clients	231	140	212
Other current liabilities	249	242	273
Accrued expenses and deferred income, including provisions	290	241	272
Total liabilities	**2,113**	**1,774**	**1,948**
Total equity and liabilities	**3,300**	**2,656**	**3,016**
Of which interest-bearing liabilities	935	830	882
Equity attributable to:			
Parent Company shareholders	1,185	882	1,068
Non-controlling interests	1	0	0

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 March 2019	31 March 2018	31 Dec 2018
Opening equity, prior principles	1,068	793	793
Adjustment as per IFRS 16	–	–2	–2
Opening equity, after restatement as per IFRS 16	**1,068**	**791**	**791**
Total comprehensive income for the period	95	57	263
New issues	21	35	67
Issue warrants	–	0	0
Dividend, external	–	–	–52
Other	0	0	–2
Non-controlling interests	1	0	0
Closing equity	**1,187**	**882**	**1,068**
Equity attributable to:			
Parent Company's shareholders	1,185	882	1,068
Non-controlling interests	1	0	0

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Jan-March 2019	Jan-March 2018	12-months rolling 2018/2019	Jan-Dec 2018
Cash flow from operating activities				
Earnings before taxes	85	34	366	315
Adjustment for items not included in cash flow	25	47	76	98
Tax paid	–30	–22	–88	–79
Changes in working capital	42	0	46	4
Cash flow from operating activities	**122**	**59**	**401**	**338**
Investing activities				
Acquisition of subsidiaries and businesses	–116	–142	–343	–369
Divestment of subsidiaries	0	4	0	4
Other	0	0	–4	–3
Cash flow from investing activities	**–116**	**–137**	**–347**	**–368**
Financing activities				
New issue	21	35	54	67
Other capital contributions	–	0	0	0
New loans	65	140	110	185
Repayment of loan	–34	–117	–84	–168
Dividends	–	–	–52	–52
Cash flow from financing activities	**53**	**57**	**27**	**32**
Cash flow for the period	59	–21	82	2
Cash and cash equivalents at the beginning of the period	218	211	202	211
Translation differences in cash and cash equivalents	10	11	4	5
Cash and cash equivalents at the end of the period	**287**	**202**	**287**	**218**

Condensed Parent Company income statement

AMOUNTS IN SEK M	Jan-March 2019	Jan-March 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	5	4	25	24
Operating expenses	–5	–5	–22	–22
Operating profit/loss	**0**	**–1**	**3**	**2**
Net financial items	–1	–1	–3	–3
Profit/loss after net financial items	**–1**	**–2**	**1**	**–1**
Group contributions received	–	–	27	27
Earnings before taxes	**–1**	**–2**	**28**	**26**
Tax	–	–	–	–
Earnings for the period	**–1**	**–2**	**28**	**26**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 March 2019	31 March 2018	31 Dec 2018
Shares in subsidiaries	1,315	1,290	1,315
Deferred tax receivable	–	–	–
Total non-current assets	**1,315**	**1,290**	**1,315**
Receivables from Group companies	5	4	27
Other current assets	0	1	0
Cash and cash equivalents	86	81	46
Total current assets	**92**	**86**	**73**
Total assets	**1,407**	**1,376**	**1,388**
Equity	1,259	1,230	1,239
Total equity	**1,259**	**1,230**	**1,239**
Non-current liabilities	141	141	141
Accounts payable	1	2	1
Other current liabilities	0	0	3
Accrued expenses and deferred income	4	3	5
Total liabilities	**147**	**146**	**149**
Total equity and liabilities	**1,407**	**1,376**	**1,388**

Quarterly data

AMOUNTS IN SEK M	Q1 2019	Q4 [1] 2018	Q3 [1] 2018	Q2 [1] 2018	Q1 [1] 2018	Q4 2017	Q3 2017	Q2 2017
Net sales	1,218	1,264	998	1,174	979	935	708	781
Growth in net sales, %	24.4	35.1	40.8	50.2	42.2	20.3	27.3	30.5
EBIT	90	125	68	101	40	94	52	61
EBITA	90	125	68	101	40	94	52	61
EBITDA	111	145	87	119	56	96	54	62
Adjusted EBITA	92	120	75	107	73	101	48	69
Adjusted EBITDA	114	140	94	126	89	103	50	71
EBIT margin, %	7.4	9.9	6.8	8.6	4.1	10.0	7.4	7.8
EBITA margin, %	7.4	9.9	6.8	8.6	4.1	10.0	7.4	7.8
EBITDA margin, %	9.1	11.5	8.7	10.1	5.8	10.2	7.6	8.0
Adjusted EBITA margin, %	7.6	9.5	7.5	9.2	7.4	10.8	6.8	8.9
Adjusted EBITDA margin, %	9.3	11.1	9.4	10.7	9.1	11.0	7.0	9.1
Working capital	–36	25	64	–31	–20	–1	15	–26
Interest-bearing net debt	649	663	714	672	629	446	392	346
Cash conversion %	137	138	27	113	100	93	–5	42
Gearing ratio, %	54.7	62.1	72.3	71.5	71.3	56.2	55.9	52.8
Net debt/in relation to adjusted EBITDA, times	1.4	1.5	1.7	1.8	2.2	1.8	1.7	1.8
Order backlog	4,391	4,063	3,724	3,875	3,736	3,194	2,611	2,496
Average number of employees	2,306	2,212	2,067	2,039	1,943	1,781	1,594	1,578
Number of employees at the end of the period	2,379	2,283	2,139	2,119	1,985	1,844	1,631	1,590

1) Q1 to Q4 2018 have been restated in accordance with IFRS 16 Leasing

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 21.

Earnings measures and margin measures

Amounts in SEK m	Q1 2019	Q4 [1) 2018	Q3 [1) 2018	Q2 [1) 2018	Q1 [1) 2018	Q4 2017	Q3 2017	Q2 2017
(A) Operating profit/loss (EBIT)	90	125	68	101	40	94	52	61
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	–	–	–
(B) EBITA	90	125	68	101	40	94	52	61
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	21	20	19	18	17	2	1	1
(C) EBITDA	111	145	87	119	56	96	54	62
Items affecting comparability								
Additional consideration	1	–10	6	4	–	7	–9	–16
Acquisition costs	2	3	1	3	3	1	2	4
Costs associated with refinancing	–	–	–	–	–	–	–	–
Listing costs	–	–	–	–	–	–	2	20
Loss on divestment of subsidiaries	–	–	–	0	30	–	–	–
Other	–	2	–	–	–	–	–	–
Total, items affecting comparability	2	–5	7	7	33	7	–4	8
(D) Adjusted EBITA	92	120	75	107	73	101	48	69
(E) Adjusted EBITDA	114	140	94	126	89	103	50	71
(F) Net sales	1,218	1,264	998	1,174	979	935	708	781
(A/F) EBIT margin, %	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*	*10.0*	*7.4*	*7.8*
(B/F) EBIT margin, %	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*	*10.0*	*7.4*	*7.8*
(C/F) EBIT margin, %	*9.1*	*11.5*	*8.7*	*10.1*	*5.8*	*10.2*	*7.6*	*8.0*
(D/F) Adjusted EBITA margin, %	*7.6*	*9.5*	*7.5*	*9.2*	*7.4*	*10.8*	*6.8*	*8.9*
(E/F) Adjusted EBITDA margin, %	*9.3*	*11.1*	*9.4*	*10.7*	*9.1*	*11.0*	*7.0*	*9.1*

1) Q1 to Q4 2018 have been restated in accordance with IFRS 16 Leasing

Capital structure

Amounts in SEK m	Q1 2019	Q4 [1)] 2018	Q3 [1)] 2018	Q2 [1)] 2018	Q1 [1)] 2018	Q4 2017	Q3 2017	Q2 2017
Calculation of working capital and working capital in relation to net sales								
Inventories	27	29	23	23	20	14	9	10
Accounts receivable	724	698	684	666	597	549	457	416
Earned, but not yet invoiced revenue	256	205	210	248	178	142	144	117
Prepaid expenses and accrued income	33	55	36	40	40	61	31	23
Other current assets	46	48	52	54	41	38	35	36
Accounts payable	–417	–317	–349	–371	–329	–262	–249	–231
Invoiced, but not yet earned income	–231	–212	–172	–203	–140	–136	–137	–116
Other current liabilities	–183	–208	–195	–241	–187	–180	–105	–82
Accrued expenses and deferred income, including provisions	–290	–272	–226	–246	–241	–226	–170	–199
(A) Working capital	**–36**	**25**	**64**	**–31**	**–20**	**–1**	**15**	**–26**
(B) Net sales (12-months rolling)	4,653	4,414	4,086	3,797	3,404	3,114	2,956	2,804
(A/B) Working capital as a percentage of net sales, %	**–0.8**	**0.6**	**1.6**	**–0.8**	**–0.6**	**0.0**	**0.5**	**–0.9**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	869	817	808	815	775	657	618	615
Current, interest-bearing financial liabilities	66	65	57	57	55	0	–	–
Short-term investments	–	–	–	–	–	–	0	–4
Cash and cash equivalents	–287	–218	–151	–200	–202	–211	–226	–265
(A) Interest-bearing net debt	**649**	**663**	**714**	**672**	**629**	**446**	**392**	**346**
(B) Equity	1,185	1,068	988	940	882	793	702	656
(A/B) Gearing ratio, %	**54.7**	**62.1**	**72.3**	**71.5**	**71.3**	**56.2**	**55.9**	**52.8**
(C) EBITDA (12-months rolling)	462	407	358	325	268	250	214	172
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.4 times**	**1.6 times**	**2.0 times**	**2.1 times**	**2.3 times**	**1.8 times**	**1.8 times**	**2.0 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	114	140	94	126	89	103	50	71
Net investments in property, plant and equipment and intangible assets	0	–1	–1	–2	0	–2	0	–1
Changes in working capital	42	54	–68	18	0	–5	–52	–40
(B) Operating cash flow	**156**	**193**	**25**	**142**	**90**	**96**	**–3**	**30**
(B/A) Cash conversion %	**137**	**138**	**27**	**113**	**100**	**93**	**–5**	**42**

1) Q1 to Q4 2018 have been restated in accordance with IFRS 16 Leasing

Signatures

Future reporting dates

Interim report January – June 2019	23 August 2019
Interim Report January – September 2019	7 November 2019

Stockholm, 8 May 2019
Instalco Intressenter 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, 8 May at 14:00 CET via https://tv.streamfabriken.com/instalco-q1-2019 To participate by phone: +46(0)8-505 583 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 8 May 2019 at 12:00 CET.

Additional information

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Lotta Sjögren CFO lotta.sjogren@instalco.se +46 70-999 62 44

Definitions with explanation

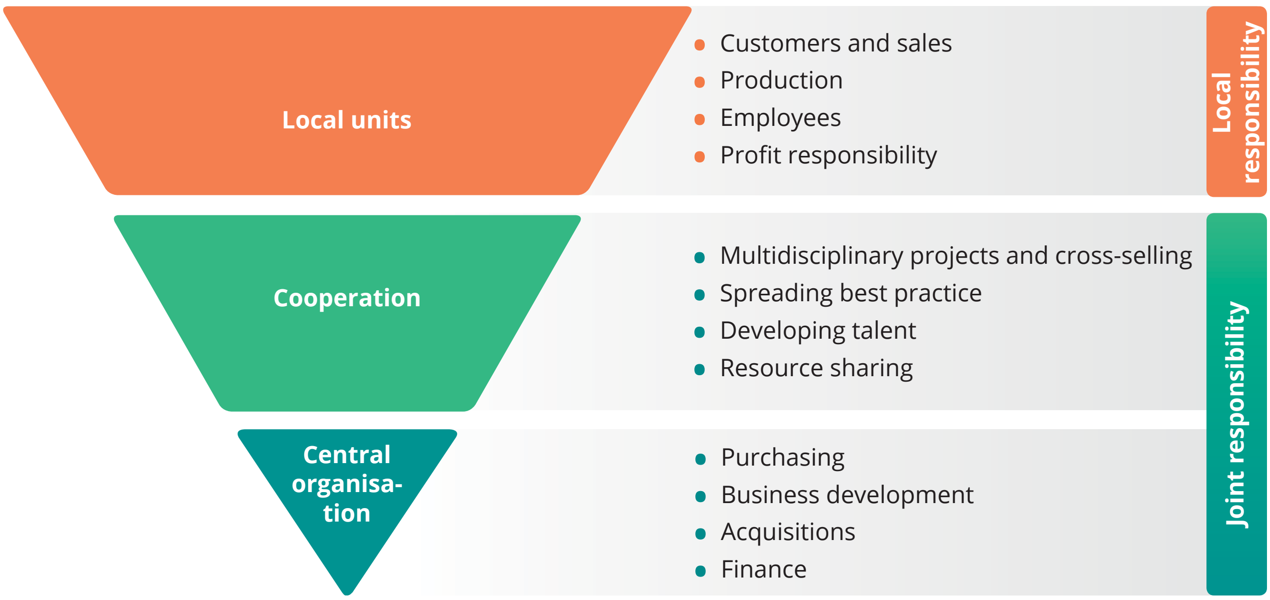
General Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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.

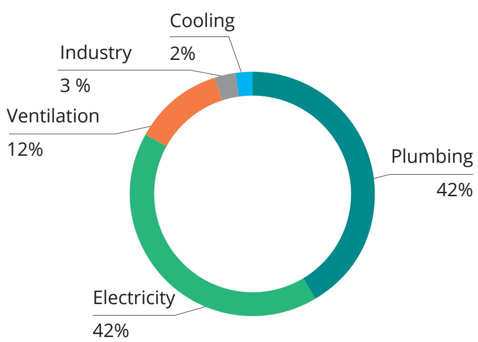
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current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

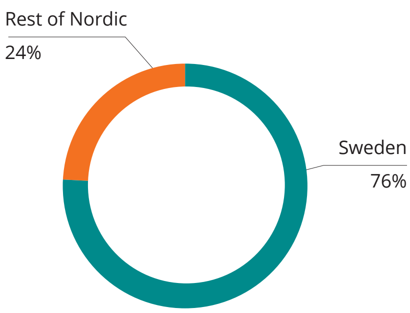
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

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