INSTALCO

Instalco

Interim report January – June 2019

Profitability and acquisitions ahead of plan

April – June 2019

- Net sales increased by 19.8 percent to SEK 1,406 (1,174) million. Organic growth was 2.7 (14.4) percent.
- Adjusted EBITA increased to SEK 123 (107) million which corresponds to an adjusted EBITA margin of 8.7 (9.2) percent.
- Operating cash flow for the quarter was SEK 126 (142) million.
- Five acquisitions were made during the quarter, which, on an annual basis, contribute an estimated total sales of SEK 430 million.
- Earnings per share for the quarter amounted to SEK 2.40 (1.52).

January – June 2019

- Net sales increased by 21.9 percent to SEK 2,624 (2,153) million. Organic growth was 2.0 (8.5) percent.
- Adjusted EBITA increased to SEK 215 (180) million, which corresponds to an adjusted EBITA margin of 8.2 (8.4) percent.
- Operating cash flow for the period was SEK 282 (231) million.
- Eight acquisitions were made during the first half of the year, which, on an annual basis contribute an estimated total sales of SEK 657 million.
- Earnings per share for the period amounted to SEK 3.77 (1.95).

Key figures

SEK m	April-June 2019	April-June 2018	Jan-June 2019	Jan-June 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	1,406	1,174	2,624	2,153	4,886	4,414
EBITA	145	101	235	140	428	334
EBITA margin, %	10.3	8.6	9.0	6.5	8.8	7.6
Adjusted EBITA[1)]	123	107	215	180	410	375
Adjusted EBITA margin, %[1)]	8.7	9.2	8.2	8.4	8.4	8.5
Earnings before taxes	143	96	228	130	413	315
Order backlog	4,508	3,875	4,508	3,875	4,508	4,063
Earnings per share, SEK [2)]	2.40	1.52	3.77	1.95	7.02	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 has continued delivering high profitability and robust growth for the first half of the year. Particulary has segment Rest of Nordics showed improved margins. Sales for the quarter amounted to SEK 1,406 (1,174) million. Growth for the quarter was 19.8 percent, of which 2.7 percent was organic growth. Adjusted EBITA for the second quarter was SEK 123 (107) million, which corresponds to an adjusted EBITA margin of 8.7 (9.2) percent.

Order backlog remained stable and at the end of the quarter, it amounted to SEK 4,508 (3,875) million, which corresponds to an increase of 16.3 percent.

New companies and operations

We've continued to actively pursue our acquisition agenda and during the quarter, we acquired several new, interesting companies and operations, which has broadened our geographic coverage and offering. Our acquisition of El & Säkerhet in Katrineholm strengthens our offering of electrical installation services in Södermanland and Mälardalen, while our acquisition of Bogesunds El & Tele in Ulricehamn increases our presence in Västra Götaland.

We also acquired DynaMate's division for technical installations during the period. DynaMate AB is a wholly-owned subsidiary of Scania CV AB in Södertälje.

In Norway, we became established in Kristiansand, which is an exciting new market for us. We achieved this via our acquisition of Moi Rør, which primarily focuses on major heating & plumbing installation projects for industrial customers.

Subsequent to the end of the reporting period, we acquired two Finnish companies, Pohjanmaan Taloteknikka and VIP-Sähkö, as well as OVAB, Rörtema and Milen Ventilation in Sweden. In total, these companies have estimated annual sales of around SEK 350 million. So far this year, it means that we've acquired annual sales of slightly more than SEK 1,000 million, which far exceeds our goal of SEK 600-800 million per year. It leads us to conclude that the acquisition climate remains favourable and interest in becoming part of the Instalco Group is high.

Also worth mentioning is that, during the quarter, we set up two of our own new companies, Insta EL in Malmö and Instamate in Södertälje, as a supplement to our acquisition strategy. Instamate is the company that will run operations of the installation division of DynaMate that we acquired.

Synergies and cross-selling

Creating synergies and cross-selling between our companies are fundamental cornerstones of Instalco's business model. One very clear example of this is our project in Västerås, where five Instalco companies with different areas of specialisation are collaborating in a project for Axfood. Together, we will provide heating & plumbing, electrical and ventilation installations along with control & regulation technology associated with construction of a new Hemköp grocery store.

Our companies in Finland are also making progress and engaging in more collaboration across areas of operations. During the quarter, LVI Paavola and Sähkö-Buumi in Finland won a contract to collaborate on the heating, plumbing and electrical installations at a large office building in Helsinki that is being renovated.

Wide portfolio generates order backlog

We expect to see a continued trend of high demand for installation services in all of our business areas. The rate of construction for residential property has slowed down or fallen in parts of the Nordic region but other markets remain strong. Instalco has a wide portfolio, however, particularly as regards hospitals, schools, office and commercial facilities and because of that, our order backlog has grown even more.

Intalco's Board of Directors was re-elected at the AGM in May. Instalco's Board of Directors has a balanced gender distribution with three women and three men.

Furthermore, we shall continue pursuing our efforts to deliver benefits to society. Every day, we deliver installations that save energy and improve both air and water quality. Doing so contributes to a better environment for everyone.

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 large extent, it is fuelled by several long-term trends and underlying factors such as urbanisation, housing shortage, development of technology, infrastructure investments and ageing property holdings.

More recently, there has also been more emphasis on environmental awareness, generating benefits to society and sustainable entrepreneurship in the market.

Net sales

Second quarter

Sales for the second quarter amounted to SEK 1,406 (1,174) million, which is an increase of 19.8 percent. Adjusted for currency effects, organic growth was 2.7 percent and acquired growth was 16.5 percent. Currency fluctuations had an effect on net sales of 0.5 percent. Five new company acquisitions were made during the quarter.

January-June

Sales for the period amounted to SEK 2,624 (2,153) million, which is an increase of 21.9 percent. Organic growth, adjusted for currency effects, was 2.0 percent and acquired growth was 19.7 percent. Currency fluctuations had an effect on net sales of 0.7 percent. Eight companies were acquired during the period.

Earnings

Second quarter

Adjusted EBITA for the second quarter was SEK 123 (107) million. The adjustment stems from prior reported additional earn outs. The transition to IFRS 16 had a positive impact in EBITDA margin of 1.3 (1.4) percent. Net financial items for the quarter amounted to SEK –2 (–5) million. Interest expense on external loans was SEK –3 (–3) million. Earnings for the period were SEK 117 (73) million, which corresponds to earnings per share of SEK 2.40 (1.52). Tax for the quarter was SEK –26 (–23) million.

January-June

Adjusted EBITA for the period was SEK 215 (180) million. The transition to IFRS 16 had a positive impact in EBITDA margin of 1.5 (1.5) percent. Net financial items for the period amounted to SEK –7 (–10) million. Interest expense on external loans was SEK –6 (–6) million. Earnings for the period were SEK 183 (93) million, which corresponds to earnings per share of SEK 3.77 (1.95). Tax for the period was SEK –45 (–37) million.

Order backlog

January-June

Order backlog at the end of the third quarter amounted to SEK 4,508 (3,875) million, which is an increase of 16.3 percent. For comparable units, order backlog increased by 7.2 percent and acquired growth was 9.2 percent. During the second quarter, Instalco's companies, via for example ORAB Entreprenad AB were contracted for pipe installations as part of the expansion of the existing purification plant at Stora Enso's mill in Skogshall, near Karlstad in Sweden. Besides that, five Instalco companies are collaborating on installations associated with construction of a new Hemköp grocery store in Västerås.

Cash flow

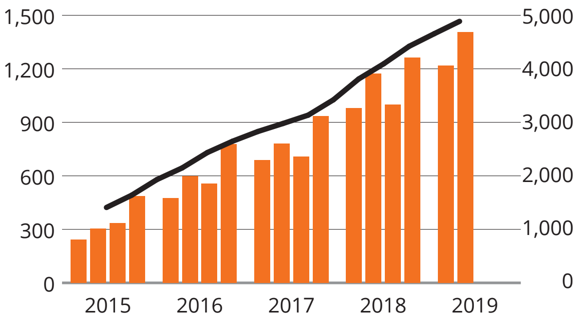
Second quarter

Operating cash flow was SEK 126 (142) 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.

January-June

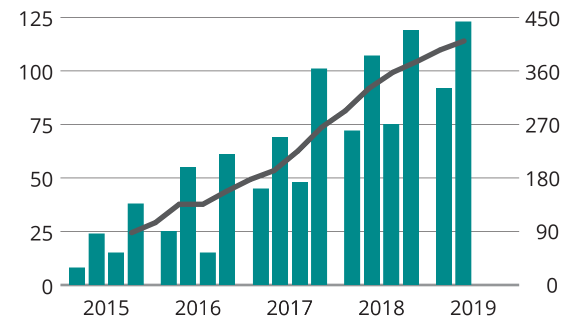
Operating cash flow was SEK 282 (231) million.

NET SALES BY QUARTER, SEK M



Net sales by quarter (left axis)
Net sales rolling 12-months (right axis)

ADJUSTED EBITA BY QUARTER, SEK M



Adjusted EBITA by quarter (left axis)
Adjusted EBITA rolling 12-months (right axis)

Operations in Sweden

Market

There is healthy demand in the installation market, which is reflected in the size of our backlog of orders. The largest area is for electrical installations, with it representing more than half of the total market. In some major metropolitan regions, new investments in residential construction have slowed down, but are now showing signs of stabilising. However, the rate of growth for construction in the public sector (e.g. schools, preschools and hospitals) remains high. The same applies to construction of commercial property, such as offices and business facilities.

Net sales

Second quarter

Sales for the second quarter increased by SEK 140 million to SEK 1,041 (901) million compared to the same period last year. Organic growth was 2.4 percent and acquired growth was 13.2 percent.

January-June

Sales for the period increased by SEK 297 million compared to the same period last year. Organic growth was 0.6 percent and acquired growth was 18.1 percent.

Earnings

Second quarter

Adjusted EBITA for the quarter was SEK 89 (105) million.

January-June

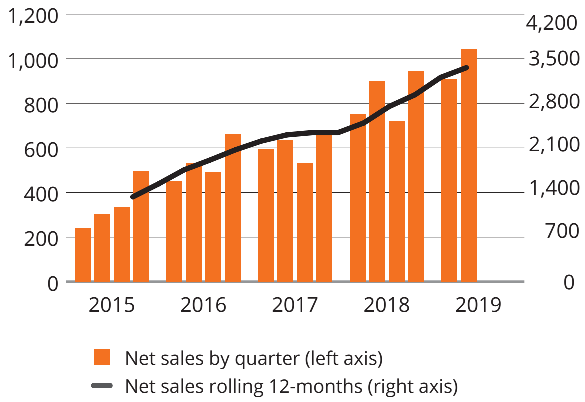
EBITA for the period was SEK 171 (176) million.
The slight decline of margin compared to last year is primarily attributable to an extraordinay margin the same period last year and a delayed start to projects earlier in the year. These are now underway, however.

Order backlog

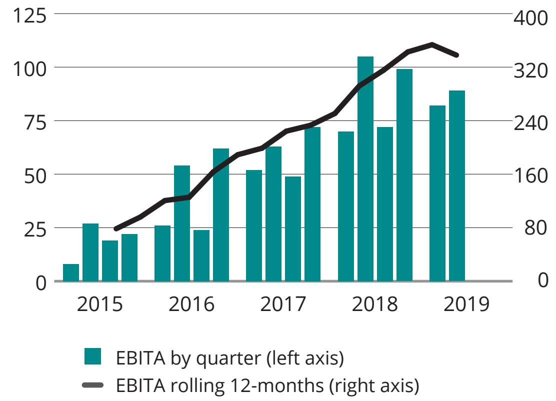
January-June

Order backlog at the end of the period amounted to SEK 3,340 (2,880) million, which is an increase of 16.0 percent. For comparable units, order backlog increased by 9.6 percent and acquired growth was 6.3 percent.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	April-June 2019	April-June 2018	Jan-June 2019	Jan-June 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	1,041	901	1,946	1,650	3,609	3,312
EBITA	89	105	171	176	343	348
EBITA %	8.6	11.7	8.8	10.7	9.5	10.5
Order backlog	3,340	2,880	3,340	2,880	3,340	3,202

Operations in Rest of Nordic

Market

The market in Finland has grown in recent years and it is now starting to level off at a high level. Helsinki is still the main engine for this market. The Norwegian market is stable, with high growth in all areas where Instalco is represented. The public sector is investing in new schools, preschools, hospitals 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.

Net sales

Second quarter

Net sales for the second quarter increased by SEK 92 million to SEK 365 (273) million compared to the same period last year. Organic growth, adjusted for currency effects, was 3.8 percent and acquired growth was 27.6 percent.

January-June

Sales for the period increased by SEK 174 million compared to the same period last year. Organic growth, adjusted for currency effects, was 6.5 percent and acquired growth was 24.7 percent.

Earnings

Second quarter

Adjusted EBITA for the quarter was SEK 35 (11) million.

January-June

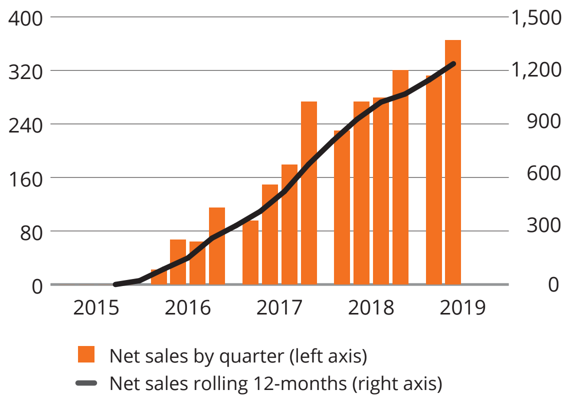
Adjusted EBITA for the period was SEK 51 (20) million. The improvement is attributable to acquisitions and improved processes, more focus on measures to improve profitability and IFOKUS, which is the company's improvement initiative.

Order backlog

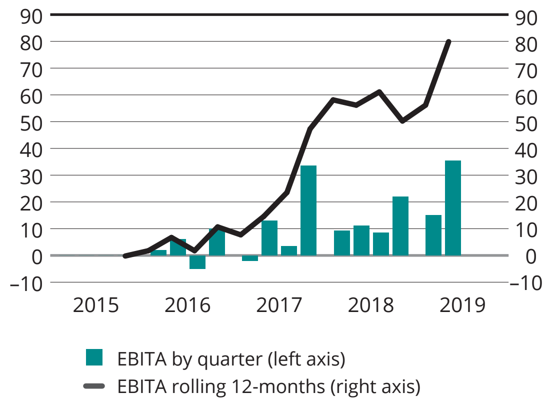
January-June

Order backlog at the end of the period amounted to SEK 1,168 (995) million, which is an increase of 17.3 percent, adjusted for currency effects. For comparable units, order backlog increased by 0.3 percent and acquired growth was 17.5 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	April-June 2019	April-June 2018	Jan-June 2019	Jan-June 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	365	273	678	503	1,277	1,102
EBITA	35	11	51	20	81	51
EBITA %	9.7	4.0	7.5	4.0	6.3	4.6
Order backlog	1,168	995	1,168	995	1,168	860

Acquisitions

Instalco made seven acquisitions during the first half of 2019. For each of them, 100 percent of the shares were acquired. One division of a company was also acquired. Included in the acquisitions are doubtful accounts for SEK 4 million.

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 112 million, of which SEK 61 million is acquisitions that were made in 2019. The total amount of accrued additional consideration is SEK 45 million, of which SEK 25 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 255 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 – June 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
April	El & Säkerhet Sörmland AB	Sweden	110	80
April	Moi Rør AS	Rest of Nordic	75	32
April	Gävle Elbyggnads i Gävle AB	Sweden	18	15
May	Instamate AB	Sweden	135	51
June	Bogesunds El & Tele AB	Sweden	92	40
Total			**657**	**317**

Impact of acquisitions

Acquisitions had the following impact on the Group's assets and liabilities.

SEK m	Fair value of Group
Intangible assets	8
Deferred tax receivable	0
Other non-current assets	8
Other current assets	108
Cash and cash equivalents	82
Deferred tax liability	–3
Current liabilities	–127
Total identifiable assets and liabilities (net)	**74**
Goodwill	**255**
Consideration paid	
Cash and cash equivalents	286
Non-controlling interests	0
Conditional consideration	42
Total transferred consideration	**328**
Impact on cash and cash equivalents	
Cash consideration paid	286
Cash and cash equivalents of the acquired units	–82
Total impact on cash and cash equivalents	**204**
Total settled, including revaluated	39
Exchange rate difference	0
Total impact on cash and cash equivalents	**243**
Impact on operating income and earnings in 2019	
Operating income	167
Earnings	19

Other financial information

Financial position

Equity at the end of the period amounted to SEK 1,263 (940) million. Interest-bearing net debt as of 30 June 2019 was SEK 763 (672) million.
Currency changes impacted net debt by SEK 0 million. The gearing ratio was 60.5 (71.5) percent. During the period, net financial items amounted to SEK –7 (–10) million, of which net interest income/expense was SEK –6 (–7) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 366 (200) million as of 30 June 2019. The Group's interest-bearing liabilities were SEK 1,129 (873) million. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 958 million had been utilised as of 30 June 2019. The change in working capital for the quarter was SEK –18 (18) 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 (–2) million. Depreciation of fixed assets was SEK –21 (–18) million. Investments in company acquisitions amounted to SEK 127 (113) million. That amount includes conditional consideration on prior year acquisitions that was paid out in the amount of SEK 30 (41) 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 30 June 2019. Net sales for the Parent Company amounted to SEK 11 (8) million. Operating profit/loss was SEK 1 (–4) million. Net financial items amounted to SEK –1 (–2) million. Earnings before taxes were SEK –1 (–6) million and earnings for the period were SEK –1 (–6) million. Cash and cash equivalents at the end of the period amounted to SEK 27 (14) 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	90%	10%
Rest of Nordic	86%	14%
Group	89%	11%

Events after the end of the reporting period

During the third quarter of 2019, Instalco acquired the following companies: VIP-Sähkö OY with expected annual sales of SEK 90 million and 45 employees, Pohjanmaan Talotekniikka OY with expected annual sales of SEK 105 million and 22 employees, OVAB Optimal Ventilation AB with expected annual sales of SEK 40 million and 12 employees, Rörtema i Nyköping AB with expected annual sales of SEK 45 million and 30 employees and Milen Ventilation AB with expected annual sales of SEK 70 million and 17 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	43
Cash and cash equivalents	164
Total consideration	**208**

Carrying amount of identifiable net assets	
Property, plant and equipment	1
Other non-current assets	31
Other current assets	100
Cash and cash equivalents	45
Deferred tax liability	–2
Other liabilities	–97
Total identifiable net assets	**78**
Goodwill from acquisitions	130

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 45 million.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	April-June 2019	April-June 2018	Jan-June 2019	Jan-June 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	1,406	1,174	2,624	2,153	4,886	4,414
Other operating income	40	5	48	6	82	39
Operating income	**1,446**	**1,178**	**2,672**	**2,159**	**4,967**	**4,454**
Materials and purchased services	–717	–614	–1,348	–1,129	–2,514	–2,295
Other external services	–92	–65	–165	–114	–292	–241
Personnel costs	–458	–371	–861	–699	–1,600	–1,438
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–21	–18	–43	–35	–81	–74
Other operating expenses	–13	–9	–21	–43	–51	–73
Operating expenses	**–1,301**	**–1,078**	**–2,437**	**–2,019**	**–4,539**	**–4,120**
Operating profit/loss (EBIT)	**145**	**101**	**235**	**140**	**428**	**334**
Net financial items	–2	–5	–7	–10	–16	–18
Earnings before taxes	**143**	**96**	**228**	**130**	**413**	**315**
Tax on profit for the year	–26	–23	–45	–37	–74	–67
Earnings for the period	**117**	**73**	**183**	**93**	**339**	**249**
Other comprehensive income						
Translation difference	12	20	42	57	0	14
Comprehensive income for the period	**129**	**93**	**225**	**150**	**339**	**263**
Comprehensive income for the period attributable to:						
Parent Company's shareholders	129	93	224	150	338	263
Non-controlling interests	0	0	1	0	1	0
Earnings per share for the period, before dilution, SEK	2.40	1.52	3.77	1.95	7.02	5.20
Earnings per share for the period, after dilution, SEK	2.31	1.52	3.63	1.95	6.76	5.10
Average number of shares before dilution	48,665,429	47,770,306	48,558,997	47,620,944	48,312,585	47,843,559
Average number of shares after dilution[3)]	50,524,907	47,770,306	50,418,475	47,620,944	50,172,063	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	30 June 2019	30 June 2018	31 Dec 2018
Goodwill	1,867	1,528	1,582
Other non-current assets	205	161	172
Financial assets	4	1	3
Deferred tax receivable	7	1	7
Total non-current assets	**2,083**	**1,692**	**1,763**
Inventories	29	23	29
Accounts receivable	793	666	698
Claims on clients	278	248	205
Other receivables and investments	49	54	48
Prepaid expenses and accrued income	50	40	55
Cash and cash equivalents	366	200	218
Total current assets	**1,565**	**1,231**	**1,253**
Total assets	**3,648**	**2,923**	**3,016**
Equity	1,261	940	1,068
Non-controlling interests	1	0	0
Total equity	**1,263**	**940**	**1,068**
Non-current liabilities	1,116	864	874
Accounts payable	433	371	317
Liabilities to clients	286	203	212
Other current liabilities	262	298	273
Accrued expenses and deferred income, including provisions	287	246	272
Total liabilities	**2,385**	**1,982**	**1,948**
Total equity and liabilities	**3,648**	**2,923**	**3,016**
Of which interest-bearing liabilities	1,129	873	882
Equity attributable to:			
Parent Company shareholders	1,261	940	1,068
Non-controlling interests	1	0	0

Condensed statement of changes in equity

AMOUNTS IN SEK M	30 June 2019	30 June 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	224	150	263
New issues	33	52	67
Unregistered share capital	9	–	–
Issue warrants	–	0	0
Dividend, external	–73	–52	–52
Other	0	0	–2
Non-controlling interests	1	0	0
Closing equity	**1,263**	**940**	**1,068**
Equity attributable to:			
Parent Company's shareholders	1,261	940	1,068
Non-controlling interests	1	0	0

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	April-June 2019	April-June 2018	Jan-June 2019	Jan-June 2018	12-months rolling 2018/2019	Jan-Dec 2018
Cash flow from operating activities						
Earnings before taxes	143	96	228	130	413	315
Adjustment for items not included in cash flow	7	20	32	67	64	98
Tax paid	–25	–22	–62	–44	–98	–79
Changes in working capital	–18	18	32	18	18	4
Cash flow from operating activities	**107**	**112**	**229**	**171**	**396**	**338**
Investing activities						
Acquisition of subsidiaries and businesses	–127	–113	–243	–254	–358	–369
Divestment of subsidiaries	0	0	0	4	0	4
Other	0	–2	–1	–2	–2	–3
Cash flow from investing activities	**–128**	**–114**	**–244**	**–251**	**–360**	**–368**
Financing activities						
New issue	21	18	42	52	57	67
Other capital contributions	–	–	–	0	0	0
New loans	208	45	273	185	273	185
Repayment of loan	–59	–16	–92	–133	–127	–168
Dividends	–73	–52	–73	–52	–73	–52
Cash flow from financing activities	**96**	**–6**	**149**	**51**	**130**	**32**
Cash flow for the period	75	–8	134	–29	165	2
Cash and cash equivalents at the beginning of the period	287	202	218	211	200	211
Translation differences in cash and cash equivalents	4	7	13	18	1	5
Cash and cash equivalents at the end of the period	**366**	**200**	**366**	**200**	**366**	**218**

Condensed Parent Company income statement

AMOUNTS IN SEK M	April-June 2019	April-June 2018	Jan-June 2019	Jan-June 2018	12-months rolling 2018/2019	Jan-Dec 2018
Net sales	6	4	11	8	27	24
Operating expenses	–6	–7	–10	–12	–21	–22
Operating profit/loss	**1**	**–3**	**1**	**–4**	**7**	**2**
Net financial items	–1	–1	–1	–2	–2	–3
Profit/loss after net financial items	**0**	**–4**	**–1**	**–6**	**4**	**–1**
Group contributions received	–	–	–	–	27	27
Earnings before taxes	**0**	**–4**	**–1**	**–6**	**32**	**26**
Tax	–	–	–	–	–	–
Earnings for the period	**0**	**–4**	**–1**	**–6**	**32**	**26**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	30 June 2019	30 June 2018	31 Dec 2018
Shares in subsidiaries	1,315	1,315	1,315
Deferred tax receivable	–	–	–
Total non-current assets	**1,315**	**1,315**	**1,315**
Receivables from Group companies	11	8	27
Other current assets	0	0	0
Cash and cash equivalents	27	14	46
Total current assets	**38**	**22**	**73**
Total assets	**1,354**	**1,337**	**1,388**
Equity	1,207	1,192	1,239
Total equity	**1,207**	**1,192**	**1,239**
Non-current liabilities	142	141	141
Accounts payable	0	1	1
Other current liabilities	0	0	3
Accrued expenses and deferred income	4	3	5
Total liabilities	**146**	**145**	**149**
Total equity and liabilities	**1,354**	**1,337**	**1,388**

Quarterly data

AMOUNTS IN SEK M	Q2 2019	Q1 2019	Q4 2018[1)]	Q3 2018[1)]	Q2 2018[1)]	Q1 2018[1)]	Q4 2017	Q3 2017
Net sales	1,406	1,218	1,264	998	1,174	979	935	708
Growth in net sales, %	19.8	24.4	35.1	40.8	50.2	42.2	20.3	27.3
EBIT	145	90	125	68	101	40	94	52
EBITA	145	90	125	68	101	40	94	52
EBITDA	166	111	145	87	119	56	96	54
Adjusted EBITA	123	92	120	75	107	73	101	48
Adjusted EBITDA	144	114	140	94	126	89	103	50
EBIT margin, %	10.3	7.4	9.9	6.8	8.6	4.1	10.0	7.4
EBITA margin, %	10.3	7.4	9.9	6.8	8.6	4.1	10.0	7.4
EBITDA margin, %	11.8	9.1	11.5	8.7	10.1	5.8	10.2	7.6
Adjusted EBITA margin, %	8.7	7.6	9.5	7.5	9.2	7.4	10.8	6.8
Adjusted EBITDA margin, %	10.3	9.3	11.1	9.4	10.7	9.1	11.0	7.0
Working capital	2	25	25	64	–31	–20	–1	15
Interest-bearing net debt	763	649	663	714	672	629	446	392
Cash conversion %	87	138	138	27	113	100	93	–5
Gearing ratio, %	60.5	54.7	62.1	72.3	71.5	71.3	56.2	55.9
Net debt/in relation to adjusted EBITDA, times	1.6	1.4	1.5	1.7	1.8	2.2	1.8	1.7
Order backlog	4,508	4,391	4,063	3,724	3,875	3,736	3,194	2,611
Average number of employees	2,524	2,306	2,212	2,067	2,039	1,943	1,781	1,594
Number of employees at the end of the period	2,655	2,379	2,283	2,139	2,119	1,985	1,844	1,631

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	Q2 2019	Q1 2019	Q4 2018[1]	Q3 2018[1]	Q2 2018[1]	Q1 2018[1]	Q4 2017	Q3 2017
(A) Operating profit/loss (EBIT)	145	90	125	68	101	40	94	52
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	0	0	0
(B) EBITA	145	90	125	68	101	40	94	52
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	21	21	20	19	18	17	2	1
(C) EBITDA	166	111	145	87	119	56	96	54
Items affecting comparability								
Additional consideration	–24	1	–10	6	4	–	7	–9
Acquisition costs	2	2	3	1	3	3	1	2
Listing costs	–	–	–	–	–	–	–	2
Loss on divestment of subsidiaries	–	–	–	–	0	30	–	–
Other	–	–	2	–	–	–	–	–
Total, items affecting comparability	–22	2	–5	7	7	33	7	–4
(D) Adjusted EBITA	123	92	120	75	107	73	101	48
(E) Adjusted EBITDA	144	114	140	94	126	89	103	50
(F) Net sales	1,406	1,218	1,264	998	1,174	979	935	708
(A/F) EBIT margin, %	*10.3*	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*	*10.0*	*7.4*
(B/F) EBIT margin, %	*10.3*	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*	*10.0*	*7.4*
(C/F) EBIT margin, %	*11.8*	*9.1*	*11.5*	*8.7*	*10.1*	*5.8*	*10.2*	*7.6*
(D/F) Adjusted EBITA margin, %	*8.7*	*7.6*	*9.5*	*7.5*	*9.2*	*7.4*	*10.8*	*6.8*
(E/F) Adjusted EBITDA margin, %	*10.3*	*9.3*	*11.1*	*9.4*	*10.7*	*9.1*	*11.0*	*7.0*

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

Capital structure

Amounts in SEK m	Q2 2019	Q1 2019	Q4 2018[1]	Q3 2018[1]	Q2 2018[1]	Q1 2018[1]	Q4 2017	Q3 2017
Calculation of working capital and working capital in relation to net sales								
Inventories	29	27	29	23	23	20	14	9
Accounts receivable	793	724	698	684	666	597	549	457
Earned, but not yet invoiced revenue	278	256	205	210	248	178	142	144
Prepaid expenses and accrued income	50	33	55	36	40	40	61	31
Other current assets	49	46	48	52	54	41	38	35
Accounts payable	–433	–417	–317	–349	–371	–329	–262	–249
Invoiced, but not yet earned income	–286	–231	–212	–172	–203	–140	–136	–137
Other current liabilities	–190	–183	–208	–195	–241	–187	–180	–105
Accrued expenses and deferred income, including provisions	–287	–290	–272	–226	–246	–241	–226	–170
(A) Working capital	**2**	**–36**	**25**	**64**	**–31**	**–20**	**–1**	**15**
(B) Net sales (12-months rolling)	4,886	4,653	4,414	4,086	3,797	3,404	3,114	2,956
(A/B) Working capital as a percentage of net sales, %	**0.1**	**–0.8**	**0.6**	**1.6**	**–0.8**	**–0.6**	**0.0**	**0.5**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,057	869	817	808	815	775	657	618
Current, interest-bearing financial liabilities	72	66	65	57	57	55	0	–
Short-term investments	–	–	–	–	–	–	–	0
Cash and cash equivalents	–366	–287	–218	–151	–200	–202	–211	–226
(A) Interest-bearing net debt	**763**	**649**	**663**	**714**	**672**	**629**	**446**	**392**
(B) Equity	1,261	1,185	1,068	988	940	882	793	702
(A/B) Gearing ratio, %	**60.5**	**54.7**	**62.1**	**72.3**	**71.5**	**71.3**	**56.2**	**55.9**
(C) EBITDA (12-months rolling)	510	462	407	358	325	268	250	214
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.5 times**	**1.4 times**	**1.6 times**	**2.0 times**	**2.1 times**	**2.3 times**	**1.8 times**	**1.8 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	144	114	140	94	126	89	103	50
Net investments in property, plant and equipment and intangible assets	0	0	–1	–1	–2	0	–2	0
Changes in working capital	–18	42	54	–68	18	0	–5	–52
(B) Operating cash flow	**126**	**156**	**193**	**25**	**142**	**90**	**96**	**–3**
(B/A) Cash conversion %	**87**	**137**	**138**	**27**	**113**	**100**	**93**	**–5**

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

Signatures

Future reporting dates

Interim Report January – September 2019	7 November 2019
Year-end report 2019	18 February 2020
Interim report January – March 2020	7 May 2020
AGM	7 May 2020
Interim report January – June 2020	19 August 2020
Interim Report January – September 2020	9 November 2020

Board of Directors' assurance

The Board of Directors and CEO ensure that the interim report for the first six months of the year provides a fair view of the Group's operations, position and earnings, and describes significant risks and uncertainties faced by company and the companies belonging to the Group.

Stockholm, 23 August 2019
Instalco AB (publ)

Olof Ehrlén
Chairman of the Board

Johnny Alvarsson
Board member

Camilla Öberg
Board member

Carina Qvarngård
Board member

Per Leopoldsson
Board member

Carina Edblad
Board member

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, 23 August at 14:00 CET via https://tv.streamfabriken.com/instalco-q2-2019 To participate by phone: +46(0)8-505 583 56.

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 23 August 2019 at 12:00 CET.

Additional information

Per Sjöstrand, CEO per.sjostrand@instalco.se +46 70-724 51 49
Lotta Sjögren CFO lotta.sjogren@instalco.se +46 70-999 62 44

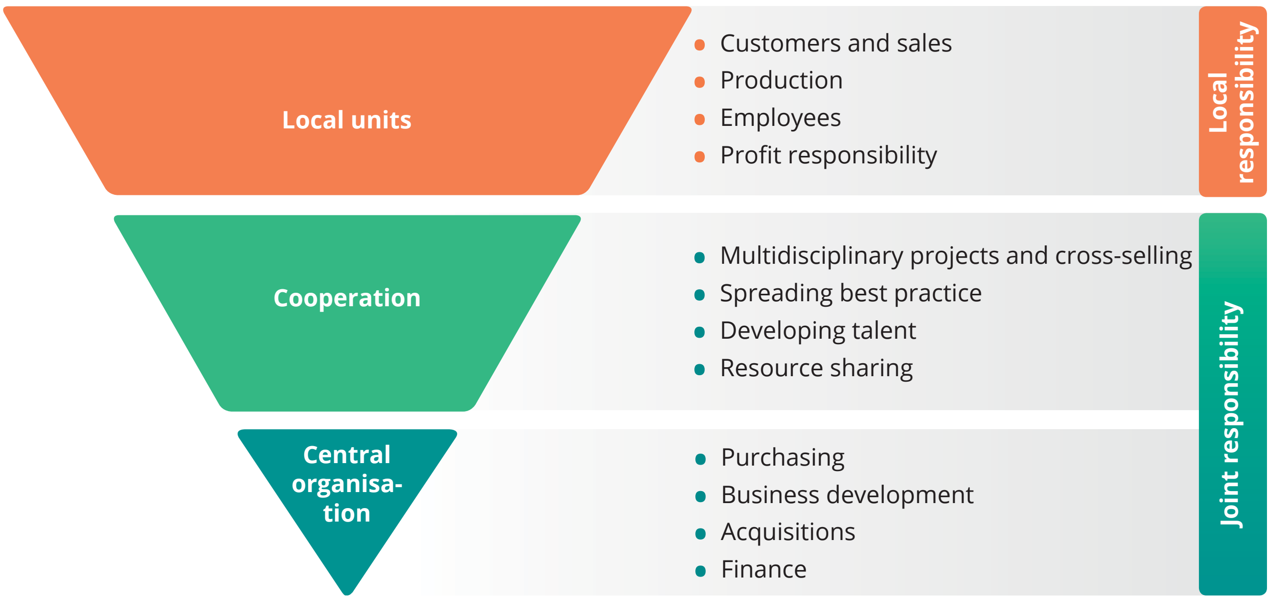
Definitions with explanation

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.

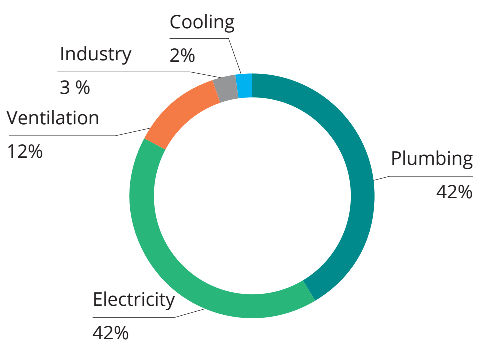
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current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

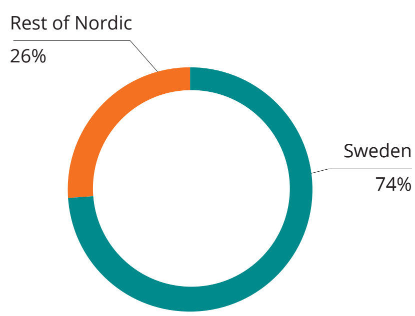
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

Instalco Intressenter AB (publ)
Lilla Bantorget 11
111 23 Stockholm

info@instalco.se