

## High profitability and wider scope of operations

### October – December 2020

- Net sales increased by 25.8 percent to SEK 2,078 (1,652) million. Organic growth, adjusted for currency effects, was 8.1 (6.0) percent.
- EBIT increased to SEK 190 (144) million, which corresponds to an EBIT margin of 9.1 (8.7) percent.
- Cash flow from operating activities for the period was SEK 277 (152) million.
- Four acquisitions were made during the quarter, which on an annual basis, contribute an estimated total sales of SEK 445 million.
- Earnings per share for the period amounted to SEK 2.94 (2.24).

### January – December 2020

- Net sales increased by 25.1 percent to SEK 7,122 (5,692) million. Organic growth, adjusted for currency effects, was 5.6 (4.0) percent.
- EBIT increased to SEK 604 (492) million, which corresponds to an EBIT margin of 8.5 (8.6) percent.
- Cash flow from operating activities for the period was SEK 689 (495) million.
- 18 acquisitions were made during the period, which on an annual basis contribute an estimated total sales of SEK 1,442 million.
- Earnings per share for the period amounted to SEK 9.0 (7.58).
- The Board proposes dividends of SEK 2.70 (2.30) per share.



### Key figures

SEK m	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	2,078	1,652	7,122	5,692
Operating profit/loss (EBIT)	190	144	604	492
Operating profit/loss (EBIT), %	9.1	8.7	8.5	8.6
EBITA	190	145	605	493
EBITA margin, %	9.2	8.8	8.5	8.7
Adjusted EBITA <sup>1)</sup>	193	157	625	500
Adjusted EBITA margin, % <sup>1)</sup>	9.3	9.5	8.8	8.8
Earnings before taxes	198	137	594	473
Cash flow from operating activities	277	152	689	495
Order backlog	6,625	4,865	6,625	4,865
Earnings per share, SEK <sup>2)</sup>	2.94	2.24	9.00	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.

# CEO Comments

I'm very proud to report that we ended 2020 on a strong note, with a continued trend of stability with high profitability and strong cash flow during the fourth quarter as well. Sales in the quarter were SEK 2,078 (1,652) million, which corresponds to a growth rate of 25.8 percent. Adjusted EBITA for the fourth quarter was SEK 193 (157) million, which corresponds to an adjusted EBITA margin of 9.3 (9.5) percent. Order backlog has remained strong and at the end of the quarter, it amounted to SEK 6,625 (4,865) million, which corresponds to an increase of 36.2 percent.

Despite the ongoing pandemic, we are able to conclude that both our sector, and Instalco specifically, have done very well in the quarter as well as the whole year. The adaptations we made to the business have been successful. Nevertheless, the market outlook is still difficult to assess.

## Technical Consulting launched and expansion of Industrial

The fourth quarter has been particularly exciting for us, mainly because of the launch of our new discipline and business area, Technical Consulting. In order to be able to offer customers the most sustainable and energy-efficient installation solutions, Instalco will now be offering project planning and design. With our own technical consultants, we will be able to get involved at an even earlier stage, with a wider and more sustainable offering, to even more customers.

Our Instalco subsidiary, INTEC, is a key part of all of this and it currently has around one hundred technical consultants working throughout most of Sweden. INTEC's technical consultants have engineering degrees that cover the following areas: electrical, heating & plumbing, ventilation, energy, industrial and fire protection. The core business however is project planning/design and coordination of installation work.

During the quarter, we also expanded the scope of our Industrial business area, primarily by acquiring companies specialised in installations for the industrial sector. Selekt in Avesta and HP Welding in Sundsvall, in business area North, are both specialised in industrial installations and projects. MESAB, is another company that we acquired in the fourth quarter of 2020 to expand our Industrial discipline. It specialises in installation and retrofitting of Ballast Water Treatment Systems and Exhaust Gas Cleaning Systems for the marine sector.

And we ended the year on a high with yet another acquisition in Norway, of Metro Rørleggerservice in Bårum, near Oslo.

I frequently mention the advantages of the Instalco model and how easily we can adapt as we grow. A good example of this happened during the quarter, when we divided our prior business area, West, into two parts, East and West. We also appointed new business area managers for each of these new regions. The aim is to maintain close ties and support our subsidiaries in the best way possible.



## Cross-selling that creates growth

One exciting project that is underway right now in the Industrial area involves EKTK, which has received an order for project planning, delivery and installation of the electric power system in conjunction with expansion of Mora Hospital. As with most of our larger projects, this one is also set up as a partnering project.

Cross-selling is a key component of the Instalco model and it involves our subsidiaries helping each other open avenues to new customers and projects. One great example of this is the project to build the community property called Gyllehemmet in Borlänge, where four Instalco companies have been jointly engaged for installation of the ventilation and heating & plumbing systems, as well as refrigeration and a commercial kitchen.

## Greater responsibility for sustainability and ESG

Implementation of our newly launched sustainability program has gone well and it has yielded good results in the fourth quarter. Summing up the year, we are proud to report that we have had a total of 27 Sustainable Instalco Projects, most of which were added in the fourth quarter. All of them are projects with high sustainability targets derived from the classification system that Instalco has developed itself. Classification as a Sustainable Instalco Project serves as a stamp of quality for the project, customer and the work we perform.

I look forward to 2021 with optimism and enthusiasm about taking even greater responsibility within the realm of sustainability and ESG, which will also involve running a large number of Sustainable Instalco Projects.

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 quite some time. Outbreak of the COVID-19 pandemic has, however, made it difficult to assess the market from a more short-term perspective.

To a large extent, the market is fuelled by several long-term trends and developments in society such as technological progress, infrastructure investments, urbanisation, housing shortage and ageing property holdings. We know, too, that environmental awareness, generating benefits to society and sustainable entrepreneurship are of growing importance for us, our clients and end customers.

## Net sales

### Fourth quarter

Sales for the fourth quarter amounted to SEK 2,078 (1,652) million, which is an increase of 25.8 percent. Adjusted for currency effects, organic growth was 8.1 (6.0) percent and acquired growth was 19.5 percent. Currency fluctuations had a negative impact on net sales of -1.5 percent. Four new company acquisitions were made during the quarter.

### January - December

Net sales for the period amounted to SEK 7,122 (5,692) million, which is an increase of 25.1 percent. Adjusted for currency effects, organic growth was 5.6 (4.0) percent and acquired growth was 21.3 percent. Currency fluctuations had a negative impact on net sales of -1.4 percent. Instalco acquired 18 companies during the period.

## Earnings

### Fourth quarter

Adjusted EBITA for the fourth quarter amounted to SEK 193 (157) million. The adjustment of SEK 3 million in the quarter is primarily attributable to a revaluation of additional consideration. Net financial items for the quarter amounted to SEK 8 (-7) million. Interest expense on external loans was SEK -3 (-4) million. Earnings for the period

were SEK 154 (109) million, which corresponds to earnings per share of SEK 2.94 (2.24). Tax for the quarter was SEK -44 (-28) million.

### January - December

Adjusted EBITA for the period amounted to SEK 625 (500) million. The adjustment during the period of SEK 20 million is attributable to acquisition costs and a revaluation of additional consideration. Net financial items for the period amounted to SEK -9 (-19) million. Interest expense on external loans was SEK -13 (-14) million. Earnings for the period were SEK 462 (372) million, which corresponds to earnings per share of SEK 9.0 (7.58). Tax for the period was SEK -133 (-101) million.

## Order backlog

### January - December

Outstanding orders at the end of the fourth quarter amounted to SEK 6,625 (4,865) million, which is an increase of 36.2 percent. For comparable units, adjusted for currency effects, order backlog increased by 16.0 percent and acquired growth was 22.3 percent.

During the fourth quarter, Instalco was contracted via LG Contracting for the pipe installations when Peab and Karlstad Municipality build the new Färjestad School and sports center.

## Cash flow

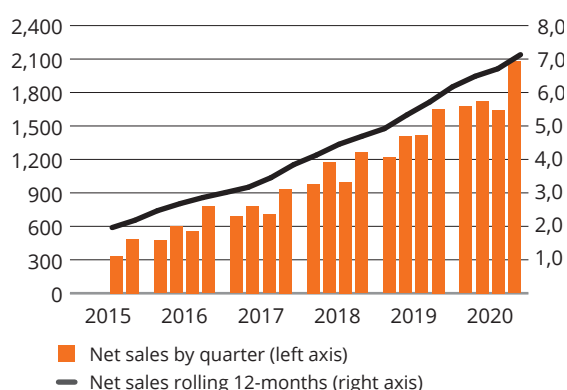
### Fourth quarter

Cash flow from operating activities for the period was SEK 277 (152) 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 work-in-progress, accounts receivable and accounts payable.

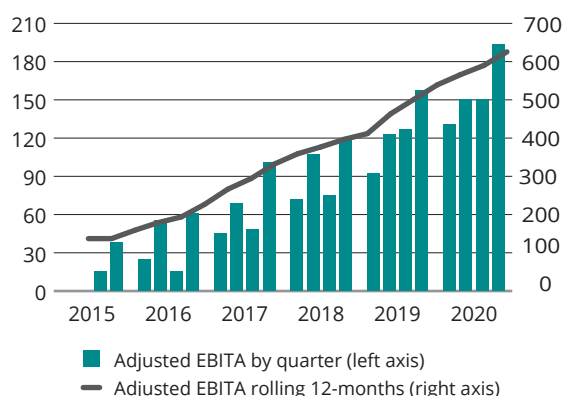
### January - December

Cash flow from operating activities for the period was SEK 689 (495) million.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



# Operations in Sweden

## Market

Short term, it is difficult to assess the market outlook due to the ongoing pandemic. In general, 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 conversion of commercial property, such as offices.

Production of apartment complexes, both condominiums and rental property, has remained relatively stable. However, the number of new projects that were started up fell slightly during the year. Still however, the level of new development for residential property is below what is needed to satisfy the long-term needs.

## Net sales

### Fourth quarter

Net sales for the fourth quarter increased by SEK 392 million to SEK 1,629 (1,236) million compared to the same period last year. Organic growth was 12.1 percent and acquired growth was 19.6 percent.

### January - December

Net sales for the period increased by SEK 1,229 million to SEK 5,451 (4,221) million compared to the same period last year. Organic growth was 9.3 percent and acquired growth was 19.8 percent.

## Earnings

### Fourth quarter

EBITA for the quarter was SEK 167 (120) million, which corresponds to a margin of 10.2 (9.7) percent.

### January - December

EBITA for the period was SEK 537 (379) million, which corresponds to a margin of 9.9 (9.0) percent. It was a very strong fourth quarter and year overall for Sweden. Our projects have progressed well, which has resulted in four strong quarters.

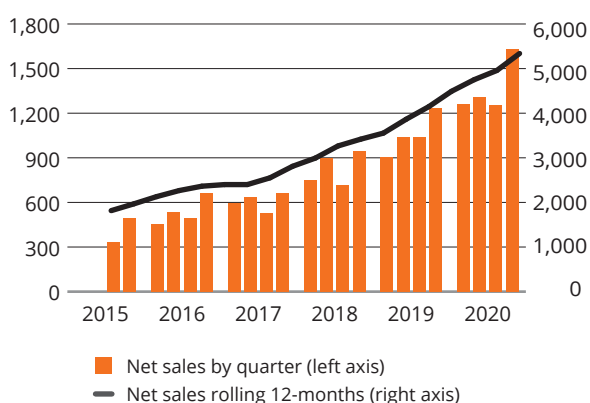
## Order backlog

### January - December

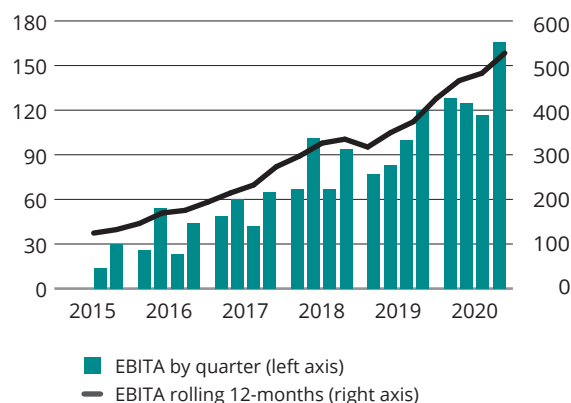
Order backlog at the end of the period amounted to SEK 5,387 (3,741) million, which is an increase of 44.0 percent. For comparable units, order backlog increased by 20.6 percent and acquired growth was 23.3 percent.

During the fourth quarter, and through its subsidiary, Optimal Ventilation in Östersund, Instalco was engaged for ongoing and comprehensive ventilation assignments in the region. Some of the work will be associated with the renovation and expansion of Nord-Locks premises in Mattmar and construction of residential property at the new housing development, Storsjö Strand in Östersund.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



## Key figures for Sweden

SEK m	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	1,629	1,236	5,451	4,221
EBITA	167	120	537	379
EBITA margin, %	10.2	9.7	9.9	9.0
Operating profit/loss (EBIT)	166	120	536	379
Operating profit/loss (EBIT), %	10.2	9.7	9.8	9.0
Earnings before taxes	143	79	510	337
Order backlog	5,387	3,741	5,387	3,741

# Operations in Rest of Nordic

## Market

The Norwegian market has stabilised but there has, however, been an overall downturn in Norway since the start of 2020, mainly due to the pandemic. It is likely that activity in the market during the first part of 2021 also will be affected by the ongoing pandemic and uncertainty remains as to how it will be impacted more long term. With interest rates still low, housing prices have been rising which, in turn, has resulted in a higher percentage of new housing projects. The service market is stable and in general, the order backlog for our Norwegian subsidiaries is strong.

The market in Finland is levelling off. Order backlog for our Instalco companies in Finland is very strong, even though there are indications of an overall decline in the number of building permits for new construction there. The market is still primarily being fuelled by the major metropolitan regions. Future outlook is still difficult to assess due to the prevailing pandemic.

## Net sales

### Fourth quarter

Net sales for the fourth quarter increased by SEK 33 million to SEK 449 (416) million compared to the same period last year. Organic growth, adjusted for currency effects, was -3.8 percent and acquired growth was 19.4 percent.

### January - December

Net sales for the period increased by SEK 201 million to SEK 1,671 (1,470) million compared to the same period last

year. Organic growth, adjusted for currency effects, was -5.1 percent and acquired growth was 25.6 percent.

## Earnings

### Fourth quarter

EBITA for the quarter was SEK 25 (28) million, which corresponds to a margin of 5.7 (6.7) percent.

### January - December

EBITA for the period was SEK 94 (108) million, which corresponds to a margin of 5.6 (7.3) percent. Both earnings and margins have been impacted to a certain extent by the pandemic.

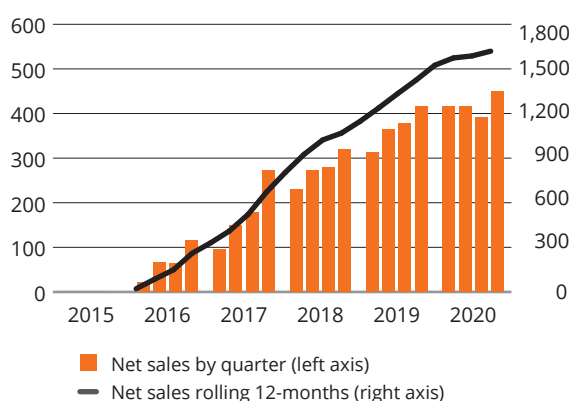
## Order backlog

### January - December

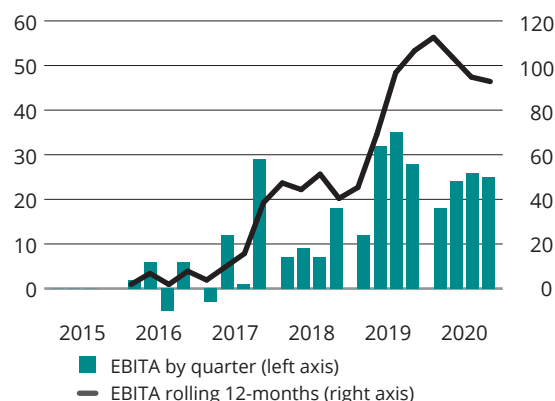
Order backlog at the end of the period amounted to SEK 1,238 (1,124) million, which is an increase of 19.2 percent, adjusted for currency effects. For comparable units, order backlog increased by 0.4 percent and acquired growth was 18.8 percent.

During the fourth quarter, two Instalco companies in Finland won a contract to collaborate on the heating & plumbing and sprinkler systems in conjunction with the expansion of Lipulaiva shopping centre, near Helsinki. The client is Skanska, working on behalf of the end customer, Citycon, which owns, develops, and manages shopping centres and other retail properties in the Nordic countries.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



## Key figures, Rest of Nordic

SEK m	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	449	416	1,671	1,470
EBITA	25	28	94	108
EBITA margin, %	5.7	6.7	5.6	7.3
Operating profit/loss (EBIT)	25	28	94	108
Operating profit/loss (EBIT), %	5.7	6.7	5.6	7.3
Earnings before taxes	24	27	91	107
Order backlog	1,238	1,124	1,238	1,124

# Acquisitions

Instalco made 18 acquisitions during the period January through December 2020. For each of them, 100 percent of the shares were acquired.

In accordance with agreements on contingent consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 307 million, of which SEK 252 million is acquisitions that were made in 2020. The total amount of accrued additional consideration is SEK 210 million, of which SEK 182 million is for acquisitions made in 2020.

They are reported among Other current liabilities in the balance sheet. Acquisition costs for the year amount to SEK 10 (10) million and they are reported among Other operating expenses in the income statement.

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

Goodwill of SEK 648 million that has arisen via the acquisitions represents future economic benefits that could not be individually identified and recognised separately.

## Company acquisitions

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

Access gained	Acquisition	Area of technology	Segment	Share of votes	Assessed annual sales, SEK m	Number of employees
January	Elinstallationer Ullsand Bengtsson AB	Electricity	Sweden	100%	69	30
February	Haug og Ruud VVS AS	Heating & plumbing	Rest of Nordic	100%	71	32
March	Östersjö Elektriska AB	Electricity	Sweden	100%	25	17
April	Avent companies	Electricity	Sweden	100%	108	60
April	Norrtech VVS and Industri AB	Heating & plumbing	Sweden	100%	36	16
April	Teampipe Sweden AB in Uppsala	Industrial	Sweden	100%	49	35
June	Miljöventilation i Mellannorrland AB	Ventilation	Sweden	100%	60	23
June	Sähkö-Arktia Oy	Electricity	Rest of Nordic	100%	83	39
July	FTX Teknik & Service AB	Electricity	Sweden	100%	45	30
July	Uudenmaan Lämpötekniikka Oy	Heating & plumbing	Rest of Nordic	100%	75	46
July	VentPartner Group	Ventilation	Sweden	100%	250	100
August	Boman El och Larmtjänst AB	Electricity	Sweden	100%	73	54
August	Tornby El AB	Electricity	Sweden	100%	18	12
September	MR Rör i Storstockholm AB	Heating & plumbing	Sweden	100%	35	13
October	M.E. Solutions AB	Industrial	Sweden	70%	160	16
November	High Pressure Welding Sweden AB	Industrial	Sweden	100%	90	20
December	Selek Elentreprenad AB	Industrial	Sweden	100%	130	73
December	Metro Rörleggerservice AS	Heating & plumbing	Rest of Nordic	100%	65	22
<b>Total</b>					<b>1,442</b>	<b>638</b>

## 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. The acquisition analyses for companies acquired in 2020 are preliminary.

SEK m	Fair value of Group
Intangible assets	4
Deferred tax receivable	0
Other non-current assets	19
Other current assets	263
Cash and cash equivalents	157
Deferred tax liability	-9
Current liabilities	-255
<b>Total identifiable assets and liabilities (net)</b>	<b>180</b>
<b>Goodwill</b>	<b>648</b>
<b>Consideration paid</b>	
Cash and cash equivalents	642
Conditional consideration	186
<b>Total transferred consideration</b>	<b>828</b>
<b>Impact on cash and cash equivalents</b>	
Cash consideration paid	642
Cash and cash equivalents of the acquired units	-157
<b>Total impact on cash and cash equivalents</b>	<b>484</b>
Settled contingent consideration attributable to acquisitions in the current year and prior years	97
Exchange rate difference	1
<b>Total impact on cash and cash equivalents</b>	<b>582</b>
<b>Impact on operating income and EBIT 2020</b>	
Operating income	583
Operating profit/loss	65
<b>Consolidated pro forma for operating income and EBIT from 1 January 2020</b>	
Operating income	1,399
Operating profit/loss	138

# Financial information

## Financial position

Equity at the end of the period amounted to SEK 1,973 (1,485) million. Interest-bearing net debt as of 31 December 2020 was SEK 912 (872) million.

Currency changes impacted net debt negatively by SEK 21 million. The gearing ratio was 46.5 (58.8) percent. During the period, net financial items amounted to SEK -9 (-19) million, of which net interest income/expense was SEK -16 (-14) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 386 (317) million as of 31 December 2020. The Group's interest-bearing liabilities were SEK 1,298 (1,188) million, including leasing in accordance with IFRS 16. Instalco's total amount of granted credit, not including leasing, was SEK 1,501 million, of which SEK 978 million had been utilised as of 31 December 2020. For the quarter, the change in working capital was SEK 72 (2) million and it is primarily attributable to a change in work-in-progress, accounts receivable and accounts payable.

## Investments, depreciation and amortisation

The Group's net investments for the period, not including company acquisitions, amounted to SEK -2 (-2) million. Depreciation of fixed assets was SEK -135 (-95) million. Investments in company acquisitions amounted to SEK 582 (560) million. The amount includes settled contingent consideration attributable to acquisitions made in the current and prior years equal to SEK 97 (94) 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 December 2020. Net sales for the Parent Company amounted to SEK 23 (23) million. Operating profit/loss was SEK 2 (3) million. Net financial items amounted to SEK -1 (0) million. Earnings before taxes were SEK 6 (5) million and earnings for the period were SEK 5 (4) million. Cash and cash equivalents at the end of the period amounted to SEK 50 (102) 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, although not during the pandemic. The operating risks are attributable to daily operations, like tendering, price risks, expertise, capacity utilisation and revenue recognition.

The Group recognises 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. Besides the risks described on pages 34-36 of the Instalco Annual Report for 2019, Instalco assesses that pandemics, such as COVID-19, could significantly impact the Group's companies in the form of health risks to its employees, customers and suppliers, operational disturbances and a negative impact on the financial position. The Group's structure, with diversified, wide-ranging activities limits all of the various types of aggregated business and financial risks, including this type of risk.

## Corona situation

The pandemic has not caused any major disturbances at the Group level. Most projects have been able to continue essentially as usual even with adaptations to the prevailing situation. Order intake has also been good. Due to the ongoing pandemic, the future market outlook remains uncertain, however.

It is still difficult to assess the long-term effects and we are actively monitoring developments. We are monitoring operations in our business areas and subsidiaries so that we can take additional measures to limit any negative consequences.

## Incentive program

At Instalco's AGM on 7 May 2020, it was decided to implement an incentive program for the Group's senior executives and other key individuals at the company. The total scope of the program is, at most, 989,256 warrants. The price of the warrants corresponded to the market value. The dilutive effect corresponds to, at most, 2.0 percent of share capital and votes after dilution. Warrants may be exercised as of 22 May 2023 through 16 June 2023.

## Other events during the period

The Board of Directors for Instalco AB (publ), in accordance with the authority it was granted at the AGM on 7 May 2020, decided to repurchase own shares. The primary purpose of the repurchase is to use the shares as payment in conjunction with future acquisitions. In total, shares were repurchased for a value of SEK 14 million during the fourth quarter. The share repurchase is reported as a deduction item from equity.

Impairment testing of goodwill has been carried out with the conclusion that there is no write-down requirement. The COVID-19 pandemic has not required any impairment testing of goodwill or other assets.



### 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	4,367	1,084
Rest of Nordic	1,302	369
<b>Group</b>	<b>5,669</b>	<b>1,453</b>

### Revenue and earnings by segment

	Sweden	Rest of Nordic	Group-wide and eliminations	Total
Net sales	5,451	1,671	0	7,122
Earnings before taxes	510	91	-7	594

### Events after the end of the reporting period

During the first quarter of 2021, Instalco acquired the following companies: JB Elektro AS in Tromsø with expected annual sales of 40 million and 21 employees, Lincom AB in Norrköping with expected annual sales of SEK 33 million and 25 employees and Nässjö Teknikprojektering AB in Nässjö with expected annual sales of SEK 15 million and 10 employees.

### 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. The same accounting principles and bases of computation have been applied in this interim report as in the most recent annual report.

Reporting of government grants and notes on government assistance: Typically, Instalco does not receive government assistance. However, due to the extraordinary circumstances associated with the COVID-19 pandemic, companies belonging to the Group have received such support, primarily related to employees. Government assistance is reported as other income in the income statement. It is recognised when there is reasonable certainty that it will be received and when other conditions have been met.

### *New standards and interpretations that enter into force in 2020 and beyond*

As of the end of this quarter, 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

In its financial statements, Instalco only has liabilities in the form of contingent consideration that are valued at fair value through profit or loss. The valuation of contingent 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 210 million.

# Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	2,078	1,652	7,122	5,692
Other operating income	32	22	63	70
<b>Operating income</b>	<b>2,110</b>	<b>1,674</b>	<b>7,184</b>	<b>5,762</b>
Materials and purchased services	-1,036	-811	-3,720	-2,937
Other external services	-125	-98	-398	-338
Personnel costs	-697	-566	-2,274	-1,836
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-41	-26	-135	-95
Other operating expenses	-21	-28	-54	-64
<b>Operating expenses</b>	<b>-1,919</b>	<b>-1,530</b>	<b>-6,580</b>	<b>-5,270</b>
<b>Operating profit/loss (EBIT)</b>	<b>190</b>	<b>144</b>	<b>604</b>	<b>492</b>
Net financial items	8	-7	-9	-19
<b>Earnings before taxes</b>	<b>198</b>	<b>137</b>	<b>594</b>	<b>473</b>
Tax on profit for the year	-44	-28	-133	-101
<b>Earnings for the period</b>	<b>154</b>	<b>109</b>	<b>462</b>	<b>372</b>
<b>Other comprehensive income</b>				
Translation difference	-25	-26	-91	17
<b>Comprehensive income for the period</b>	<b>128</b>	<b>83</b>	<b>371</b>	<b>390</b>
<i>Comprehensive income for the period attributable to:</i>				
Parent Company's shareholders	127	84	365	388
Non-controlling interests	1	-1	6	2
Earnings per share for the period, before dilution, SEK	2.94	2.24	9.00	7.58
Earnings per share for the period, after dilution, SEK	2.88	2.15	8.79	7.30
Average number of shares before dilution	51,858,474	49,255,735	50,609,729	48,844,291
Average number of shares after dilution <sup>1)</sup>	52,847,730	51,115,213	51,834,563	50,703,769

1) The company has one warrant scheme outstanding totalling 989,256 warrants (see Incentive program, page 8).

# Condensed consolidated balance sheet

AMOUNTS IN SEK M	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
Goodwill	2,780	2,189
Right-of-use assets	323	222
Other non-current assets	71	50
<b>Total non-current assets</b>	<b>3,174</b>	<b>2,461</b>
Accounts receivable	995	874
Contract assets	407	322
Other current assets	266	203
Cash and cash equivalents	386	317
<b>Total current assets</b>	<b>2,054</b>	<b>1,715</b>
<b>Total assets</b>	<b>5,228</b>	<b>4,176</b>
<b>Equity and liabilities</b>		
Equity	1,960	1,483
Non-controlling interests	12	2
<b>Total equity</b>	<b>1,973</b>	<b>1,485</b>
Non-current liabilities	1,099	1,057
Lease liabilities	210	129
<b>Total non-current liabilities</b>	<b>1,308</b>	<b>1,186</b>
Lease liabilities	103	84
Accounts payable	588	420
Contract liabilities	349	357
Other current liabilities	907	643
<b>Total current liabilities</b>	<b>1,947</b>	<b>1,504</b>
<b>Total liabilities</b>	<b>3,255</b>	<b>2,690</b>
<b>Total equity and liabilities</b>	<b>5,228</b>	<b>4,176</b>
Of which interest-bearing liabilities	1,298	1,188
<i>Equity attributable to:</i>		
Parent Company shareholders	1,960	1,483
Non-controlling interests	12	2

# Condensed statement of changes in equity

AMOUNTS IN SEK M	31 Dec 2020	31 Dec 2019
<b>Opening equity</b>	<b>1,485</b>	<b>1,068</b>
Total comprehensive income for the period	365	388
New issues <sup>1)</sup>	214	89
Unregistered share capital	7	11
Issue warrants	18	-
Repurchase of own shares	-14	-
Dividends	-115	-73
Other	1	0
Non-controlling interests	10	2
<b>Closing equity</b>	<b>1,973</b>	<b>1,485</b>
<i>Equity attributable to:</i>		
Parent Company's shareholders	1,960	1,483
Non-controlling interests	12	2

1) The amount is attributable to redemption of warrants from prior incentive programs along with smaller amounts associated with the acquisition of new companies.

# Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Cash flow from operating activities</b>				
Earnings before taxes	198	137	594	473
Adjustment for items not included in cash flow	35	34	146	105
Tax paid	-28	-22	-125	-103
Changes in working capital	72	2	73	21
<b>Cash flow from operating activities</b>	<b>277</b>	<b>152</b>	<b>689</b>	<b>495</b>
<b>Investing activities</b>				
Acquisition of subsidiaries and businesses	-171	-204	-582	-560
Divestment of subsidiaries	-	-	-	0
Other	-1	1	-2	-2
<b>Cash flow from investing activities</b>	<b>-172</b>	<b>-203</b>	<b>-584</b>	<b>-562</b>
<b>Financing activities</b>				
New issue	26	38	222	100
Warrants	0	-	18	-
Repurchase of own shares	-14	-	-14	-
New loans	0	17	70	331
Repayment of loan	-3	-30	-74	-116
Amortisation of lease liability	-34	-22	-119	-83
Dividends	-	-	-115	-73
<b>Cash flow from financing activities</b>	<b>-24</b>	<b>3</b>	<b>-12</b>	<b>159</b>
<b>Cash flow for the period</b>	<b>81</b>	<b>-48</b>	<b>92</b>	<b>93</b>
Cash and cash equivalents at the beginning of the period	308	374	317	218
Translation differences in cash and cash equivalents	-3	-9	-22	5
<b>Cash and cash equivalents at the end of the period</b>	<b>386</b>	<b>317</b>	<b>386</b>	<b>317</b>

# Condensed Parent Company income statement

AMOUNTS IN SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	5	7	23	23
Operating expenses	-5	-5	-21	-21
<b>Operating profit/loss</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>
Net financial items	0	-1	-2	-2
<b>Profit/loss after net financial items</b>	<b>0</b>	<b>1</b>	<b>-1</b>	<b>0</b>
Group contributions received	7	5	7	5
<b>Earnings before taxes</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>5</b>
Tax	-2	-1	-2	-1
<b>Earnings for the period</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>4</b>

# Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
Shares in subsidiaries	1,465	1,315
<b>Total non-current assets</b>	<b>1,465</b>	<b>1,315</b>
Receivables from Group companies	7	5
Other current assets	0	0
Cash and cash equivalents	50	102
<b>Total current assets</b>	<b>57</b>	<b>107</b>
<b>Total assets</b>	<b>1,522</b>	<b>1,422</b>
<b>Equity and liabilities</b>		
Equity	1,369	1,270
<b>Total equity</b>	<b>1,369</b>	<b>1,270</b>
Liabilities to credit institutions	142	142
<b>Total non-current liabilities</b>	<b>142</b>	<b>142</b>
Accounts payable	0	0
Other current liabilities	11	10
<b>Total current liabilities</b>	<b>11</b>	<b>10</b>
<b>Total liabilities</b>	<b>154</b>	<b>152</b>
<b>Total equity and liabilities</b>	<b>1,522</b>	<b>1,422</b>

# Quarterly data

AMOUNTS IN SEK M	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales	2,078	1,643	1,725	1,676	1,652	1,416	1,406	1,218
Growth in net sales, %	25.8	16.1	22.7	37.6	30.7	41.9	19.8	24.4
Operating profit/loss (EBIT)	190	140	154	120	144	113	145	90
EBITA	190	140	154	120	145	113	145	90
EBITDA	231	171	186	150	171	139	166	111
Adjusted EBITA	193	150	150	131	157	127	123	92
Adjusted EBITDA	234	182	182	161	183	153	144	114
EBIT margin, %	9.1	8.5	8.9	7.1	8.7	8.0	10.3	7.4
EBITA margin, %	9.2	8.5	9.0	7.2	8.8	8.0	10.3	7.4
EBITDA margin, %	11.1	10.4	10.8	9.0	10.3	9.8	11.8	9.1
Adjusted EBITA margin, %	9.3	9.2	8.7	7.8	9.5	9.0	8.7	7.6
Adjusted EBITDA margin, %	11.3	11.0	10.6	9.6	11.1	10.8	10.3	9.3
Working capital	-176	-60	-55	-30	-22	-40	2	-36
Interest-bearing net debt	912	974	903	853	872	785	763	649
Gearing ratio, %	46.5	53.5	56.7	55.2	58.8	57.7	60.5	54.7
Net debt/in relation to adjusted EBITDA, times	1.2	1.4	1.3	1.3	1.5	1.4	1.6	1.4
Cash conversion %	130	78	121	102	102	90	87	137
Cash flow from operating activities	277	90	190	131	152	114	107	122
Earnings before taxes	198	137	152	108	137	108	143	85
Equity ratio, %	37.7	38.2	35.5	36.9	35.6	34.6	34.6	36.0
Order backlog	6,625	6,263	6,006	5,215	4,865	4,418	4,508	4,391
Average number of employees	3,609	3,474	3,202	3,075	2,972	2,719	2,524	2,306
Number of employees at the end of the period	3,856	3,630	3,352	3,180	3,103	2,798	2,655	2,379



## 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	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>(A) Operating profit/loss (EBIT)</b>	190	140	154	120	144	113	145	90
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	0	0	0
<b>(B) EBITA</b>	190	140	154	120	145	113	145	90
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	41	31	32	30	26	26	21	21
<b>(C) EBITDA</b>	231	171	186	150	171	139	166	111
<b>Non-recurring items</b>								
Additional consideration	1	8	-7	8	10	10	-24	1
Acquisition costs	2	2	2	3	3	4	2	2
Loss on divestment of subsidiaries	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total, non-recurring items</b>	3	10	-4	11	13	14	-22	2
<b>(D) Adjusted EBITA</b>	193	150	150	131	157	127	123	92
<b>(E) Adjusted EBITDA</b>	234	182	182	161	183	153	144	114
<b>(F) Net sales</b>	2,078	1,643	1,725	1,676	1,652	1,416	1,406	1,218
<i>(A/F) EBIT margin, %</i>	9.1	8.5	8.9	7.1	8.7	8.0	10.3	7.4
<i>(B/F) EBIT margin, %</i>	9.2	8.5	9.0	7.2	8.8	8.0	10.3	7.4
<i>(C/F) EBIT margin, %</i>	11.1	10.4	10.8	9.0	10.3	9.8	11.8	9.1
<i>(D/F) Adjusted EBITA margin, %</i>	9.3	9.2	8.7	7.8	9.5	9.0	8.7	7.6
<i>(E/F) Adjusted EBITDA margin, %</i>	11.3	11.0	10.6	9.6	11.1	10.8	10.3	9.3

## Capital structure

AMOUNTS IN SEK M	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Calculation of working capital and working capital in relation to net sales</b>								
Inventories	62	52	50	48	45	31	29	27
Accounts receivable	995	878	889	818	874	785	793	724
Contract assets	407	452	470	416	322	402	278	256
Prepaid expenses and accrued income	107	56	47	53	93	48	50	33
Other current assets	96	88	87	73	64	54	49	46
Accounts payable	-588	-616	-566	-528	-420	-493	-433	-417
Contract liabilities	-349	-308	-400	-314	-357	-366	-286	-231
Other current liabilities	-431	-293	-244	-223	-289	-231	-190	-183
Accrued expenses and deferred income, including provisions	-476	-369	-388	-373	-354	-271	-287	-290
<b>(A) Working capital</b>	<b>-176</b>	<b>-60</b>	<b>-55</b>	<b>-30</b>	<b>-22</b>	<b>-40</b>	<b>2</b>	<b>-36</b>
(B) Net sales (12-months rolling)	7,122	6,696	6,469	6,149	5,692	5,304	4,886	4,653
<b>(A/B) Working capital as a percentage of net sales, %</b>	<b>-2.5</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.5</b>	<b>-0.4</b>	<b>-0.7</b>	<b>0.1</b>	<b>-0.8</b>
<b>Calculation of interest-bearing net debt and gearing ratio</b>								
Non-current, interest-bearing financial liabilities	1,196	1,178	1,129	1,040	1,104	1,081	1,057	869
Current, interest-bearing financial liabilities	103	104	86	85	84	78	72	66
Cash and cash equivalents	-386	-308	-313	-272	-317	-374	-366	-287
<b>(A) Interest-bearing net debt</b>	<b>912</b>	<b>974</b>	<b>903</b>	<b>853</b>	<b>872</b>	<b>785</b>	<b>763</b>	<b>649</b>
(B) Equity	1,960	1,820	1,592	1,544	1,483	1,362	1,261	1,185
<b>(A/B) Gearing ratio, %</b>	<b>46.5</b>	<b>53.5</b>	<b>56.7</b>	<b>55.2</b>	<b>58.8</b>	<b>57.7</b>	<b>60.5</b>	<b>54.7</b>
(C) EBITDA (12-months rolling)	739	678	646	626	587	562	510	462
<b>(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)</b>	<b>1.2 times</b>	<b>1.4 times</b>	<b>1.4 times</b>	<b>1.4 times</b>	<b>1.5 times</b>	<b>1.4 times</b>	<b>1.5 times</b>	<b>1.4 times</b>
<b>Calculation of operating cash flow and cash conversion</b>								
(A) Adjusted EBITDA	234	182	182	161	183	153	144	114
Net investments in property, plant and equipment and intangible assets	-1	0	-2	0	1	-2	0	0
Changes in working capital	72	-41	39	2	2	-13	-18	49
<b>(B) Operating cash flow</b>	<b>305</b>	<b>141</b>	<b>220</b>	<b>164</b>	<b>186</b>	<b>138</b>	<b>126</b>	<b>163</b>
<b>(B/A) Cash conversion %</b>	<b>130</b>	<b>78</b>	<b>121</b>	<b>102</b>	<b>102</b>	<b>90</b>	<b>87</b>	<b>143</b>

# Signatures

## Future reporting dates

Annual Report 2020	Published on the company's website week of 22 March, 2021
Interim report January – March 2021	6 May 2021
AGM 2021	6 May 2021
Interim report January – June 2021	25 August 2021
Interim Report January – September 2021	9 November 2021

## 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 18 February 2021

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, 18 February at 14:00 CET via <https://tv.streamfabriken.com/instalco-q4-2020>. To participate by phone: +46(0)8-505 583 65.

## 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 18 February 2021 at 11:00 CET.

## Additional information

Robin Boheman, CFO, [robin.boheman@instalco.se](mailto:robin.boheman@instalco.se)  
Fredrik Trahn, IR, [fredrik.trahn@instalco.se](mailto:fredrik.trahn@instalco.se) +46 (0)70-913 67 96

# Definitions with explanation

## General

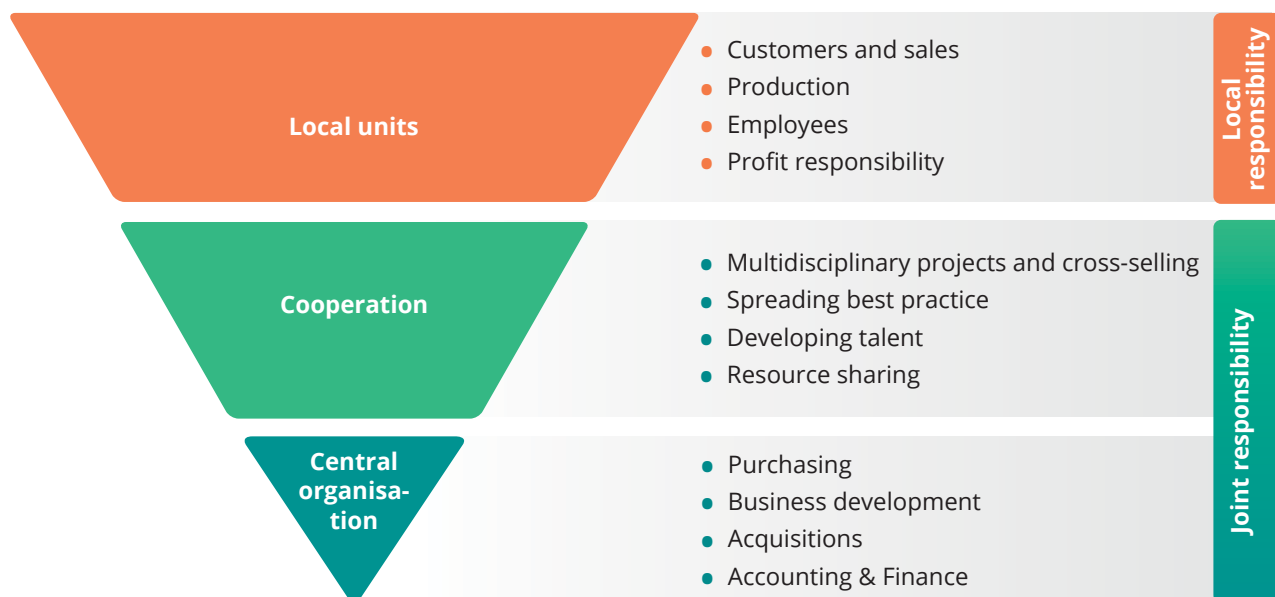
Unless otherwise indicated, all amounts in the report and tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

Key figures	Definition/calculation	Purpose
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.
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.
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.
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.
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.
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.
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.

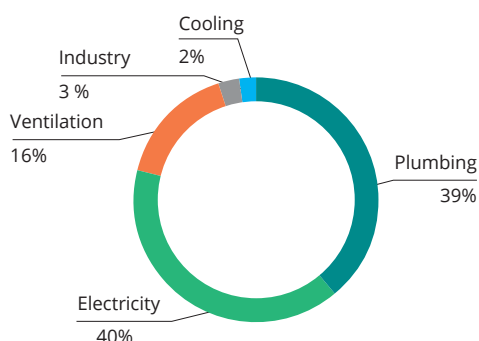
<b>Key figures</b>	<b>Definition/calculation</b>	<b>Purpose</b>
Non-recurring items	Non-recurring items, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
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.
Operating profit/loss (EBIT)	Earnings before interest and taxes.	Operating profit/loss (EBIT) provides an overall picture of the profit generated from operating activities.
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.
Organic growth, adjusted for currency effects	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.
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.

# 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

