Instalco

Interim report January – March 2021

Stable profitability and steady rate of acquisition

January – March 2021

- Net sales increased by 15.9 percent to SEK 1,942 (1,676) million. Organic growth, adjusted for currency effects, was –1.2 (11.4) percent.
- EBIT increased to SEK 150 (120) million, which corresponds to an EBIT margin of 7.7 (7.1) percent.
- Cash flow from operating activities for the period was SEK 164 (131) million.
- Five acquisitions were made during the quarter, which, on an annual basis, contribute an estimated total sales of SEK 258 million.
- Earnings per share for the period amounted to SEK 2.07 (1.65).

Key figures

SEK m	Jan-March 2021	Jan-March 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	1,942	1,676	7,388	7,122
Operating profit/loss (EBIT)	150	120	634	604
Operating profit/loss (EBIT), %	7.7	7.1	8.6	8.5
EBITA	152	120	637	605
EBITA margin, %	7.8	7.2	8.6	8.5
Adjusted EBITA[1)]	154	131	648	625
Adjusted EBITA margin, %[1)]	8.0	7.8	8.8	8.8
Earnings before taxes	140	108	626	594
Cash flow from operating activities	164	131	722	689
Order backlog	6,708	5,215	6,708	6,625
Earnings per share, SEK [2)]	2.07	1.65	9.40	9.00

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

Sales in the first quarter were SEK 1,942 (1,676) million, which corresponds to a growth rate of 15.9 percent. Adjusted EBITA for the first quarter was SEK 154 (131) million, which corresponds to an adjusted EBITA margin of 8.0 (7.8) percent. Order backlog has remained strong and at the end of the quarter, it amounted to SEK 6,708 (5,215) million, which corresponds to an increase of 28.6 percent.

Thus far, Instalco has faired well throughout the pandemic and has only been impacted marginally. However, it became clear during the first quarter that the pandemic is far from over and we felt the impact of the pandemic more than in previous quarters, with a higher rate of sick leave and periodic shutdowns at construction sites. Segment Sweden delivered a strong performance but, as expected, the impact was greater on our companies in Norway and Finland. We continue pursuing our strategy of prioritising profitability above volume in the Norwegian subsidiaries.

Despite the rather sluggish start to the year, our outlook for the full year is very positive.

Changes in the Group management team

I previously announced my intention of exiting from my role as CEO for Instalco and taking over as Chairman of the Board instead. By doing so, I will be able to focus even more on strategic matters and Instalco's future investments and pursuits. I'm looking very much looking forward to working with Instalco's highly competent Board of Directors.

I am very pleased that Robin Boheman, CFO at Instalco, has accepted the offer to take over as CEO for the Group as of September 1st. Robin and I have worked closely together since Instalco was established in 2014 and his experience of the Group's acquisition pursuits and the accounting/finance function makes him highly suitable and an excellent successor for this role. With Robin as our new CEO, we ensure continuity and that we have a person with the right Instalco spirit.

Stronger organisation and wider scope through acquisitions

During the quarter, we strengthened our organisation in Sweden by acquiring the following companies: Lincom AB (Norrköping), Kempes El AB (Kramfors) and Stockholm Luftkompetens AB (Stockholm). In Norway, we established the business in the very most northern part of the region with the acquisition of JB Elektro AS in Tromsö.

The establishment of our new business area, Technical Consulting, where our subsidiary Intec plays a key role, is also starting to bear fruit. Intec has made several of its own company acquisitions and it now has 150 technical consultants with offices at around a dozen locations in Sweden. Intec collaborates will all types of customers and categories in the construction and installation sector on system design and installation coordination.

Cross-selling between our companies and collaboration in projects is key to Instalco. Two great examples of that during the quarter involve collaboration between four Instalco companies. The first is a contract with NCC involving construction of a nursing home in Stockholm and the second is a contract with Peab concerning construction of Oatly's new head office at the property called Gjuteriet in Malmö. For both projects, we've been able to offer the customer an attractive, multi-disciplinary offer of high quality.

Collaboration for cleaner water

During the quarter, we took the next step in the roll-out of our new Sustainability Programme. Instalco and the Swedish Society for Nature Conservation have joined forces to collaborate on a project to lower the presence of pharmaceuticals in water. It enables the Swedish Society for Nature Conservation to intensify its efforts of lowering the level of water pollution and preventing pharmaceuticals from getting into the water supply, thereby helping make the Nordic region's water cleaner, particularly the Baltic Sea. Making the water and air cleaner is a pursuit that many people care about and support. Each day, we install water and air purification systems and Instalco wants to do its part in improving the environment by contributing where we can. Being able to offer sustainable, energy-efficient solutions to our customers is a big part of what we do every day.

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. The outbreak of the third wave of the Corona virus makes it difficult to assess the market over the short term and we have noticed a somewhat larger impact on the installation market than before.

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

First quarter

Net sales for the first quarter amounted to SEK 1,942 (1,676) million, which is an increase of 15.9 percent. Adjusted for currency effects, organic growth was –1.2 (11.4) percent and acquired growth was 18.1 percent. Currency fluctuations had a negative impact on net sales of –0.9 percent. Five new company acquisitions were made during the quarter.

Earnings

First quarter

Adjusted EBITA for the first quarter was SEK 154 (131) million. The adjustment in the quarter of SEK 3 million is attributable to acquisition costs. Net financial items for the quarter amounted to SEK –10 (–11) million. Interest expense on external loans was SEK –3 (–4) million. Earnings for the period were SEK 110 (83) million, which corresponds to earnings per share of SEK 2.07 (1.65). Tax for the quarter was SEK –29 (–25) million.

Order backlog

January – March

Outstanding orders at the end of the first quarter amounted to SEK 6,708 (5,215) million, which is an increase of 28.6 percent. For comparable units, adjusted for currency effects, order backlog increased by 14.3 percent and acquired growth was 13.9 percent.

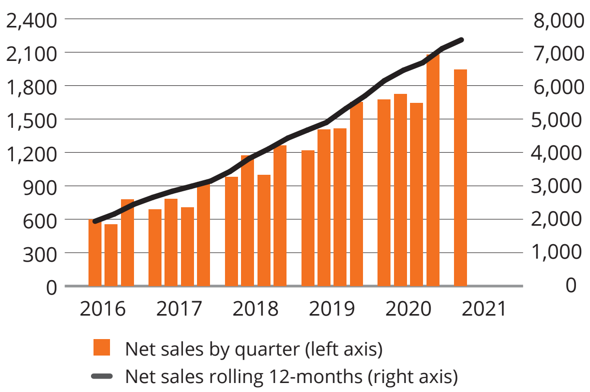
During the first quarter, the Instalco subsidiary, Elub, won an assignment to design and install the electricity infrastructure in a project that requires a large amount of electricity. The customer is Cargotec Kalmar, which is involved in an initiative to transition to electrified trucks for cargo and container handling. The project is being carried out at Cargotec Kalmar's innovation centre at Ljungby in Småland, Sweden.

Cash flow

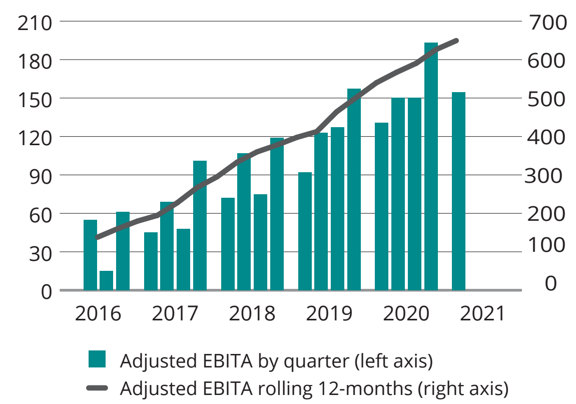
First quarter

Cash flow from operating activities for the period was SEK 164 (131) 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.

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.

Instalco has recently been expanding its Industrial business area, where the first quarter is low season. Due to the extraordinary circumstances associated with the ongoing pandemic, business activity for the Industrial area has been a bit more subdued than normal.

Net sales

First quarter

Net sales for the first quarter increased by SEK 268 million to SEK 1,529 (1,261) million compared to the same period last year. Organic growth was 2.9 percent and acquired growth was 18.4 percent.

Earnings

First quarter

EBITA for the quarter was SEK 136 (128) million, which corresponds to a margin of 8.9 (10.2) percent.

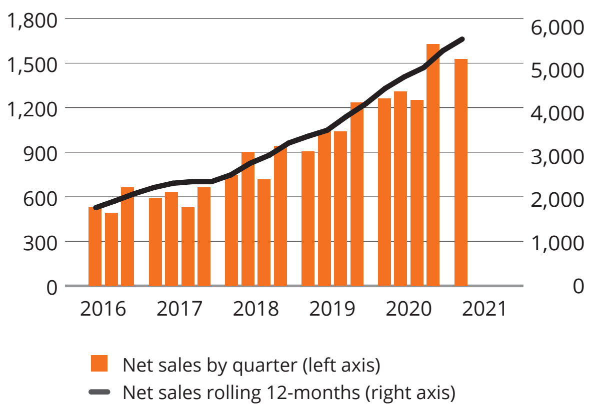
Order backlog

January – March

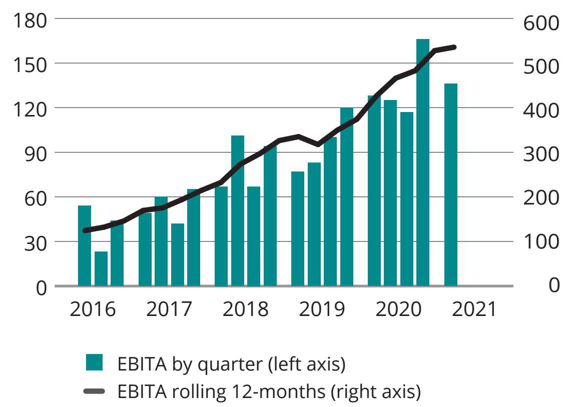
Order backlog at the end of the period amounted to SEK 5,380 (4,034) million, which is an increase of 33.4 percent. For comparable units, order backlog increased by 18.6 percent and acquired growth was 14.8 percent.

During the first quarter and via its subsidiaries, Instalco signed several new framework agreements. For example, El & Säkerhet in Katrineholm signed a new four-year framework agreement with Katrineholm Municipality and Nyköping Municipality for electrical service work. APC Elinstallatören in Linköping signed a new four-year framework agreement with Region Östergötland pertaining to electrical installations, primarily at Linköping University Hospital.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Jan-March 2021	Jan-March 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	1,529	1,261	5,719	5,451
EBITA	136	128	545	537
EBITA margin, %	8.9	10.2	9.5	9.9
Operating profit/loss (EBIT)	136	128	544	536
Operating profit/loss (EBIT), %	8.9	10.1	9.5	9.8
Earnings before taxes	135	127	518	510
Order backlog	5,380	4,034	5,380	5,387

Operations in Rest of Nordic

Market

The Norwegian market has stabilised at a lower level than before, primarily due to the pandemic. The pandemic has also had an impact on the first quarter, mainly in the form of stricter restrictions to control the spread of infection, which has resulted in delays in some of our projects. Activity in the market during the first part of 2021 will continue to be affected by the pandemic and uncertainty remains about how things will development more long term. Housing prices continue to rise, which has also increased the percentage of new housing projects. The service market is stable and on the whole, the Instalco companies in Norway have strong order backlog. A high level of activity is expected throughout the remainder of 2021.

The market in Finland has levelled 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. The future outlook is still difficult to assess due to the prevailing pandemic. In Finland for example, the restrictions are more widespread than in Sweden.

Net sales

First quarter

Sales for the first quarter decreased by SEK 2 million to SEK 413 (415) million compared to the same period last year. Organic growth, adjusted for currency effects, was –13.6 percent and acquired growth was 17.3 percent. We have a specific strategy for our operations in Norway of prioritising profitability above volume.

Earnings

First quarter

EBITA for the quarter was SEK 8 (18) million, which corresponds to a margin of 2.0 (4.5) percent.

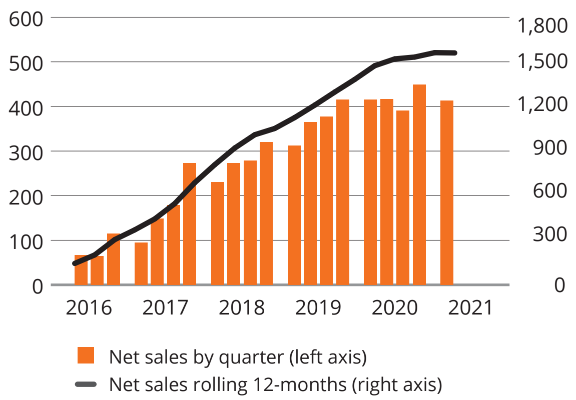
Order backlog

January – March

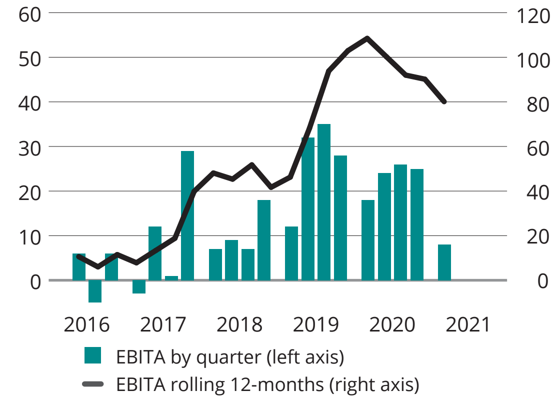
Order backlog at the end of the period amounted to SEK 1,328 (1,180) million, which is an increase of 10.5 percent, adjusted for currency effects. For comparable units, order backlog decreased by –0.2 percent and acquired growth was 10.8 percent.

During the first quarter, two Instalco companies in Finland, LVI-Urakointi and Sähkö-Buumi won a joint assignment concerning a sustainability project for the Finnish environmental management company, Remeo. It involves installation of both the heating & plumbing and electrical solutions in conjunction with the construction of a new, unique waste management facility at Vanda, in the northern part of Helsinki.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Jan-March 2021	Jan-March 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	413	415	1,669	1,671
EBITA	8	18	83	94
EBITA margin, %	2.0	4.5	5.0	5.6
Operating profit/loss (EBIT)	8	18	83	94
Operating profit/loss (EBIT), %	2.0	4.5	5.0	5.6
Earnings before taxes	8	18	81	91
Order backlog	1,328	1,180	1,328	1,238

Acquisition

Instalco made 5 acquisitions during the period January through March 2021.

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 336 million, of which SEK 54 million is acquisitions that were made in 2021. The total amount of accrued additional consideration is SEK 238 million, of which SEK 52 million is for acquisitions made in 2021. They are reported among Other current liabilities in the balance sheet. Acquisition costs for the year amount to SEK 3 (3) 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 167 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 – March 2021.

Access gained	Acquisition	Area of technology	Segment	Share of the votes and capital	Assessed annual sales, SEK m	Number of employees
January	JB Elektro AS	Electricity	Rest of Nordic	100%	40	21
January	Lincom AB	Electricity	Sweden	100%	33	25
January	Nässjö Teknikprojektering AB	Technical consulting	Sweden	100%	15	10
February	Stockholm Luftkompetens AB	Ventilation	Sweden	100%	85	20
February	Kempes El AB	Electricity	Sweden	100%	85	66
Total					**258**	**142**

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 2021 are preliminary.

SEK m	Fair value of Group
Intangible assets	0
Deferred tax asset	0
Other non-current assets	1
Other current assets	36
Cash and cash equivalents	55
Deferred tax liability	–2
Current liabilities	–37
Total identifiable assets and liabilities (net)	**52**
Goodwill	**167**
Consideration paid	
Cash and cash equivalents	164
Contingent consideration	51
Total transferred consideration	**214**
Impact on cash and cash equivalents	
Cash consideration paid	164
Cash and cash equivalents of the acquired units	–55
Total impact on cash and cash equivalents	**109**
Settled contingent consideration attributable to acquisitions in the current year and prior years	27
Exchange rate difference	0
Total impact on cash and cash equivalents	**135**
Impact on net sales and operating profit/loss 2021	
Net sales	24
Operating profit/loss	4
Consolidated pro forma for net sales and operating profit/loss from 1 January 2021	
Net sales	37
Operating profit/loss	0

Financial information

Financial position

Equity at the end of the period amounted to SEK 2,158 (1,549) million. Interest-bearing net debt as of 31 March 2021 was SEK 911 (853) million.

Currency changes impacted net debt negatively by SEK 2 million. The gearing ratio was 42.4 (55.2) percent. During the period, net financial items amounted to SEK –10 (–11) million, of which net interest income/expense was SEK –3 (–4) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 404 (272) million as of 31 March 2021. The Group's interest-bearing liabilities were SEK 1,315 (1,125) 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 March 2021. For the first quarter, the change in working capital was SEK 34 (2) million and it is primarily attributable to accounts receivable and a change in work-in-progress.

Investments, depreciation and amortisation

The Group's net investments for the period, not including company acquisitions, amounted to SEK –2 (0) million. Depreciation of fixed assets was SEK –39 (–30) million. Investments in company acquisitions amounted to SEK 135 (88) million. The amount includes settled contingent consideration attributable to acquisitions made in the current and prior years equal to SEK 27 (12) million.

Parent Company

The main operations of Instalco AB are head office activities like group-wide management and administration, along with finance and accounting. The comments below pertain to the period 1 January through 31 March 2021. Net sales for the Parent Company amounted to SEK 6 (6) million. Operating profit/loss was SEK 0 (0) million. Net financial items amounted to SEK –1 (–1) million. Earnings before taxes were SEK 0 (0) million and earnings for the period were SEK 0 (0) million. Cash and cash equivalents at the end of the period amounted to SEK 60 (115) 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, but not during an ongoing 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 36-39 of the Instalco Annual Report for 2020, 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

During the quarter, Instalco was negatively impacted by the pandemic more than it has been in the past, primarily from higher absence due to illness and periodic shutdowns at construction sites, particularly in Norway and Finland.

It is still difficult to assess the long-term effects of the pandemic 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 programme

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

Instalco's CEO, Per Sjöstrand has notified the Board of Directors of his desire to resign as CEO. On 19 March 2021, Instalco's election committee announced that it would propose to the AGM that Per Sjöstrand should be appointed as the new Chairman of the Board as of the date when a new CEO takes over that position. The election committee has proposed that Olof Ehrlén should be re-elected to the Board of Directors as a Director as of the date when Per Sjöstrand takes over as Chairman of the Board. For more information, please see the section: Events after the end of the reporting period.

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	Total
Sweden	1,282	247	1,529
Rest of Nordic	323	90	413
Group	**1,605**	**337**	**1,942**

Revenue and earnings by segment

	Sweden	Rest of Nordic	Group-wide and eliminations	Total
Net sales	1,529	413	–	1,942
Earnings before taxes	135	8	–4	140

Events after the end of the reporting period

During the second quarter of 2021, Instalco acquired Inva Engineering AS with expected sales of SEK 10 million and 6 employees and Calmarsunds VVS AB with expected sales of SEK 68 million and 26 employees.

On 22 April 2021, the Board of Directors announced that Robin Boheman, CFO at Instalco, has been appointed as the new CEO. Robin take over as CEO as of 1 September 2021. The recruitment process for a new CFO is underway.

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 2021 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.

New standards and interpretations that enter into for in 2021 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 contingent consideration recognised as a liability amounts to SEK 238 million.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Jan-March 2021	Jan-March 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	1,942	1,676	7,388	7,122
Other operating income	19	5	77	63
Operating income	**1,961**	**1,681**	**7,465**	**7,184**
Materials and purchased services	–974	–873	–3,821	–3,720
Other external services	–111	–114	–395	–398
Personnel costs	–679	–530	–2,423	–2,274
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–39	–30	–144	–135
Other operating expenses	–9	–14	–49	–54
Operating expenses	**–1,811**	**–1,561**	**–6,831**	**–6,580**
Operating profit/loss (EBIT)	**150**	**120**	**634**	**604**
Net financial items	–10	–11	–8	–9
Earnings before taxes	**140**	**108**	**626**	**594**
Tax on profit for the year	–29	–25	–137	–133
Earnings for the period	**110**	**83**	**489**	**462**
Other comprehensive income				
Translation difference	65	–36	11	–91
Comprehensive income for the period	**175**	**47**	**500**	**371**
Comprehensive income for the period attributable to:				
Parent Company's shareholders	173	45	493	365
Non-controlling interests	3	2	7	6
Earnings per share for the period, before dilution, SEK	2.07	1.65	9.40	9.00
Earnings per share for the period, after dilution, SEK	2.03	1.59	9.22	8.79
Average number of shares before dilution	51,994,647	49,462,828	51,242,683	50,609,729
Average number of shares after dilution[1)]	52,983,903	51,322,306	52,231,939	51,834,563

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 March 2021	31 March 2020	31 Dec 2020
ASSETS			
Goodwill	2,964	2,239	2,780
Right-of-use assets	342	224	323
Other non-current assets	96	50	71
Total non-current assets	**3,402**	**2,514**	**3,174**
Accounts receivable	900	818	995
Contract assets	570	416	407
Other current assets	220	174	266
Cash and cash equivalents	404	272	386
Total current assets	**2,095**	**1,679**	**2,054**
Total assets	**5,497**	**4,193**	**5,228**
Equity and liabilities			
Equity	2,147	1,544	1,960
Non-controlling interests	11	5	12
Total equity	**2,158**	**1,549**	**1,973**
Non-current liabilities	1,102	993	1,099
Lease liabilities	218	129	210
Total non-current liabilities	**1,320**	**1,122**	**1,308**
Lease liabilities	112	85	103
Accounts payable	677	528	588
Contract liabilities	344	314	349
Other current liabilities	886	595	907
Total current liabilities	**2,019**	**1,523**	**1,947**
Total liabilities	**3,339**	**2,644**	**3,255**
Total equity and liabilities	**5,497**	**4,193**	**5,228**
Of which interest-bearing liabilities	1,315	1,125	1,298
Equity attributable to:			
Parent Company shareholders	2,147	1,544	1,960
Non-controlling interests	11	5	12

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 March 2021	31 March 2020	31 Dec 2020
Opening equity	**1,973**	**1,485**	**1,485**
Total comprehensive income for the period	173	45	365
New issues	13	16	222[1)]
Issue warrants	–	–	18
Repurchase of own shares	–	–	–14
Dividends	–1	–	–115
Other	1	0	1
Non-controlling interests	–1	2	10
Closing equity	**2,158**	**1,549**	**1,973**
Equity attributable to:			
Parent Company's shareholders	2,147	1,544	1,960
Non-controlling interests	11	5	12

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	Jan-March 2021	Jan-March 2020	12-months rolling 2020/2021	Jan-Dec 2020
Cash flow from operating activities				
Earnings before taxes	140	108	626	594
Adjustment for items not included in cash flow	43	57	133	146
Tax paid	–52	–36	–142	–125
Changes in working capital	34	2	105	73
Cash flow from operating activities	**164**	**131**	**722**	**689**
Investing activities				
Acquisition of subsidiaries and businesses	–135	–88	–629	–582
Other	–2	0	–5	–2
Cash flow from investing activities	**–138**	**–88**	**–634**	**–584**
Financing activities				
New issue	13	16	219	222
Warrants	–	–	18	18
Repurchase of own shares	–	–	–14	–14
New loans	0	0	70	70
Repayment of loan	–1	–65	–10	–74
Amortisation of lease liability	–33	–27	–125	–119
Dividends	–1	–	–116	–115
Cash flow from financing activities	**–21**	**–76**	**43**	**–12**
Cash flow for the period	**6**	**–33**	**131**	**92**
Cash and cash equivalents at the beginning of the period	386	317	272	317
Translation differences in cash and cash equivalents	12	–12	2	–22
Cash and cash equivalents at the end of the period	**404**	**272**	**404**	**386**

Condensed Parent Company income statement

AMOUNTS IN SEK M	Jan-March 2021	Jan-March 2020	12-months rolling 2020/2021	Jan-Dec 2020
Net sales	6	6	24	23
Operating expenses	–6	–5	–22	–21
Operating profit/loss	**0**	**0**	**2**	**2**
Net financial items	–1	–1	–2	–2
Profit/loss after net financial items	**0**	**0**	**–1**	**–1**
Group contributions received	–	–	7	7
Earnings before taxes	**0**	**0**	**6**	**6**
Tax	–	–	–2	–2
Earnings for the period	**0**	**0**	**5**	**5**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 March 2021	31 March 2020	31 Dec 2020
ASSETS			
Shares in subsidiaries	1,465	1,315	1,465
Total non-current assets	**1,465**	**1,315**	**1,465**
Receivables from Group companies	6	6	7
Other current assets	1	0	0
Cash and cash equivalents	60	115	50
Total current assets	**67**	**121**	**57**
Total assets	**1,532**	**1,436**	**1,522**
Equity and liabilities			
Equity	1,382	1,285	1,369
Total equity	**1,382**	**1,285**	**1,369**
Liabilities to credit institutions	142	142	142
Total non-current liabilities	**142**	**142**	**142**
Accounts payable	0	1	0
Other current liabilities	7	8	11
Total current liabilities	**8**	**8**	**11**
Total liabilities	**150**	**151**	**154**
Total equity and liabilities	**1,532**	**1,436**	**1,522**

Quarterly data

AMOUNTS IN SEK M	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net sales	1,942	2,078	1,643	1,725	1,676	1,652	1,416	1,406
Growth in net sales, %	15.9	25.8	16.1	22.7	37.6	30.7	41.9	19.8
Operating profit/loss (EBIT)	150	190	140	154	120	144	113	145
EBITA	152	190	140	154	120	145	113	145
EBITDA	189	231	171	186	150	171	139	166
Adjusted EBITA	154	193	150	150	131	157	127	123
Adjusted EBITDA	192	234	182	182	161	183	153	144
EBIT margin, %	7.7	9.1	8.5	8.9	7.1	8.7	8.0	10.3
EBITA margin, %	7.8	9.2	8.5	9.0	7.2	8.8	8.0	10.3
EBITDA margin, %	9.7	11.1	10.4	10.8	9.0	10.3	9.8	11.8
Adjusted EBITA margin, %	8.0	9.3	9.2	8.7	7.8	9.5	9.0	8.7
Adjusted EBITDA margin, %	9.9	11.3	11.0	10.6	9.6	11.1	10.8	10.3
Working capital	–216	–176	–60	–55	–30	–22	–40	2
Interest-bearing net debt	911	912	974	903	853	872	785	763
Gearing ratio, %	42.4	46.5	53.5	56.7	55.2	58.8	57.7	60.5
Net debt/in relation to adjusted EBITDA, times	1.2	1.2	1.4	1.3	1.3	1.5	1.4	1.6
Cash conversion %	117	130	78	121	102	102	90	87
Cash flow from operating activities	164	277	90	190	131	152	114	107
Earnings before taxes	140	198	137	152	108	137	108	143
Equity ratio, %	39.3	37.7	38.2	35.5	36.9	35.6	34.6	34.6
Order backlog	6,708	6,625	6,263	6,006	5,215	4,865	4,418	4,508
Average number of employees	3,876	3,609	3,474	3,202	3,075	2,972	2,719	2,524
Number of employees at the end of the period	3,993	3,856	3,630	3,352	3,180	3,103	2,798	2,655

Reconciliation of key figures not defined in accordance with IFRS

The Company presents certain financial measures in the interim report, which are not defined under IFRS. The Company believes that these measures provide useful supplemental information to investors and the company's management, since they allow for the evaluation relevant trends. Instalco's definitions of these measures may differ from other companies using the same terms. These financial measures should therefore be viewed as a supplement, rather than as a replacement for measures defined under IFRS. Presented below are definitions of measures that are not defined under IFRS and which are not mentioned elsewhere in the interim report. Reconciliation of these measures is provided in the table, below. For definitions of key figures, see page 20-21.

Earnings measures and margin measures

AMOUNTS IN SEK M	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
(A) Operating profit/loss (EBIT)	150	190	140	154	120	144	113	145
Depreciation/amortisation and impairment of acquisition-related intangible assets	2	0	0	0	0	0	0	0
(B) EBITA	152	190	140	154	120	145	113	145
Depreciation/amortisation and impairment of other property, plant and equipment and intangible assets	37	41	31	32	30	26	26	21
(C) EBITDA	189	231	171	186	150	171	139	166
Non-recurring items								
Additional consideration	0	1	8	–7	8	10	10	–24
Acquisition costs	3	2	2	2	3	3	4	2
Total, non-recurring items	3	3	10	–4	11	13	14	–22
(D) Adjusted EBITA	154	193	150	150	131	157	127	123
(E) Adjusted EBITDA	192	234	182	182	161	183	153	144
(F) Net sales	1,942	2,078	1,643	1,725	1,676	1,652	1,416	1,406
(A/F) EBIT margin, %	*7.7*	*9.1*	*8.5*	*8.9*	*7.1*	*8.7*	*8.0*	*10.3*
(B/F) EBIT margin, %	*7.8*	*9.2*	*8.5*	*9.0*	*7.2*	*8.8*	*8.0*	*10.3*
(C/F) EBIT margin, %	*9.7*	*11.1*	*10.4*	*10.8*	*9.0*	*10.3*	*9.8*	*11.8*
(D/F) Adjusted EBITA margin, %	*8.0*	*9.3*	*9.2*	*8.7*	*7.8*	*9.5*	*9.0*	*8.7*
(E/F) Adjusted EBITDA margin, %	*9.9*	*11.3*	*11.0*	*10.6*	*9.6*	*11.1*	*10.8*	*10.3*

Capital structure

AMOUNTS IN SEK M	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Calculation of working capital and working capital in relation to net sales								
Inventories	68	62	52	50	48	45	31	29
Accounts receivable	900	995	878	889	818	874	785	793
Contract assets	570	407	452	470	416	322	402	278
Prepaid expenses and accrued income	54	107	56	47	53	93	48	50
Other current assets	99	96	88	87	73	64	54	49
Accounts payable	–677	–588	–616	–566	–528	–420	–493	–433
Contract liabilities	–344	–349	–308	–400	–314	–357	–366	–286
Other current liabilities	–399	–431	–293	–244	–223	–289	–231	–190
Accrued expenses and deferred income, including provisions	–487	–476	–369	–388	–373	–354	–271	–287
(A) Working capital	**–216**	**–176**	**–60**	**–55**	**–30**	**–22**	**–40**	**2**
(B) Net sales (12-months rolling)	7,388	7,122	6,696	6,469	6,149	5,692	5,304	4,886
(A/B) Working capital as a percentage of net sales, %	**–2.9**	**–2.5**	**–0.9**	**–0.9**	**–0.5**	**–0.4**	**–0.7**	**0.1**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,204	1,196	1,178	1,129	1,040	1,104	1,081	1,057
Current, interest-bearing financial liabilities	112	103	104	86	85	84	78	72
Cash and cash equivalents	–404	–386	–308	–313	–272	–317	–374	–366
(A) Interest-bearing net debt	**911**	**912**	**974**	**903**	**853**	**872**	**785**	**763**
(B) Equity	2,147	1,960	1,820	1,592	1,544	1,483	1,362	1,261
(A/B) Gearing ratio, %	**42.4**	**46.5**	**53.5**	**56.7**	**55.2**	**58.8**	**57.7**	**60.5**
(C) EBITDA (12-months rolling)	778	739	678	646	626	587	562	510
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.2 times**	**1.2 times**	**1.4 times**	**1.4 times**	**1.4 times**	**1.5 times**	**1.4 times**	**1.5 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	192	234	182	182	161	183	153	144
Net investments in property, plant and equipment and intangible assets	–2	–1	0	–2	0	1	–2	0
Changes in working capital	34	72	–41	39	2	2	–13	–18
(B) Operating cash flow	**223**	**305**	**141**	**220**	**164**	**186**	**138**	**126**
(B/A) Cash conversion %	**117**	**130**	**78**	**121**	**102**	**102**	**90**	**87**

Signatures

Future reporting dates

Interim report January – June 2021	25 August 2021
Interim Report January – September 2021	9 November 2021

Stockholm, 6 May 2021
Instalco AB (publ)

Per Sjöstrand
CEO

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

Presentation of the report

The report will be presented in a telephone conference/audiocast today, 6 May at 14:00 CET via https://tv.streamfabriken.com/instalco-q1-2021To participate by phone: +46(0)8-566 427 04.

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 6 May 2021 at 11:00 CET.

Additional information

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

Definitions with explanation

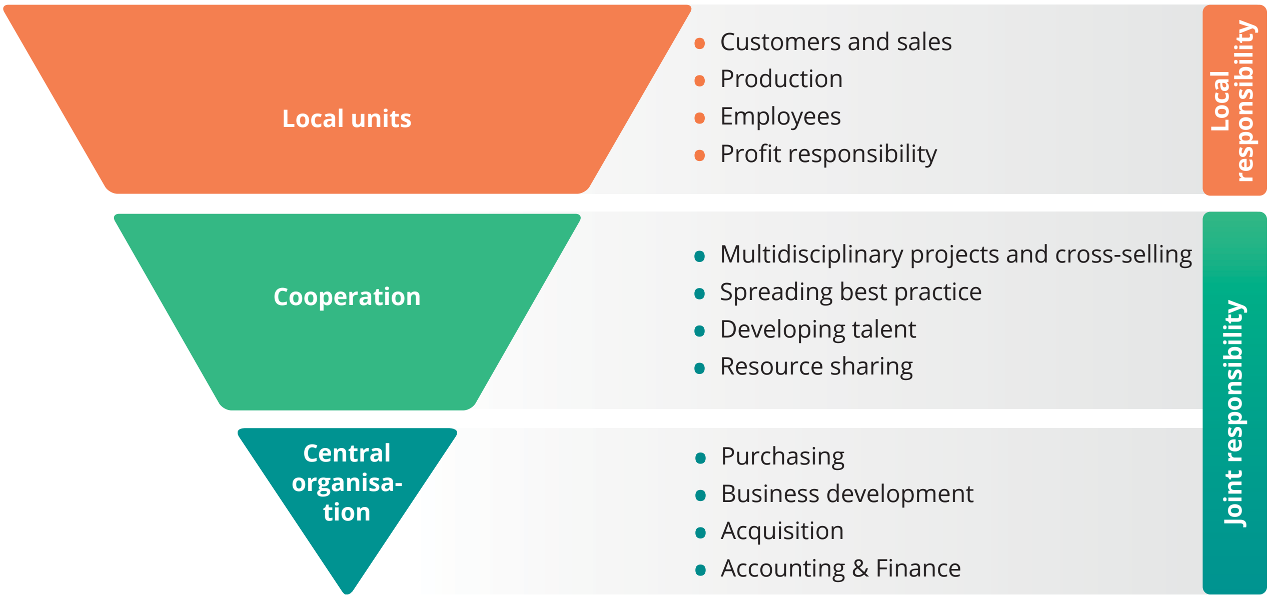
General	Unless otherwise indicated, all amounts in the report and tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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.
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.
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.
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.
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.

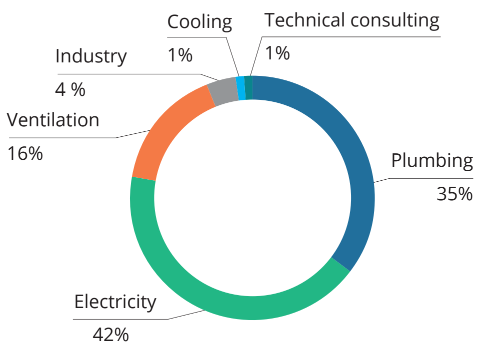
Key figures	Definition/calculation	Purpose
Operating cash flow	Adjusted EBITDA less investments in property, plant and equipment and intangible assets, along with an adjustment for cash flow from change in working capital.	Operating cash flow is used to monitor the cash flow generated from operating 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

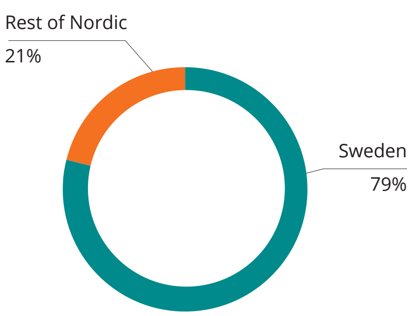
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

Instalco AB (publ)
Lilla Bantorget 11
111 23 Stockholm

info@instalco.se