



Q2 2018 presentation
23 August 2018

Today's presenters

Per Sjöstrand



Group CEO

Lotta Sjögren



Group CFO

This is Instalco

- A leading multi-disciplinary technical installation company active in the Nordic region
- Focus on mid-size projects
- Decentralised structure – “The Instalco model”

Key financials (LTM)

Net sales

SEK **3,797** million

Order backlog

SEK **3,875** million

Adjusted EBITA

SEK **328** million

Adjusted EBITA margin

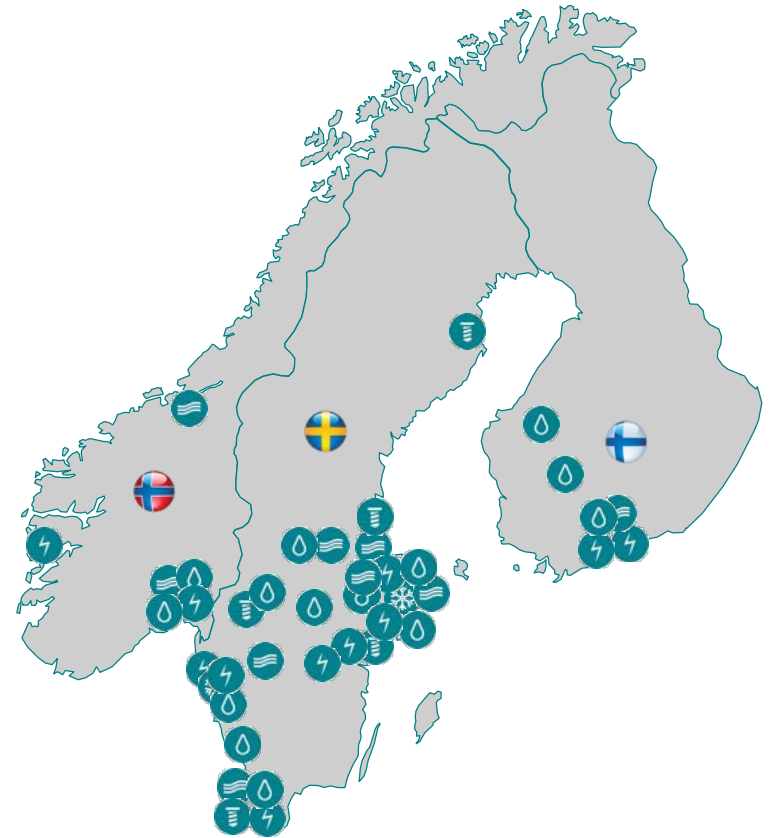
8.6 %

Average no of employees

1,810

Acquired annual sales

1,102



National coverage in Sweden, Norway and Finland with strong local positions in key growth regions

Q2 2018 Highlights

- Strong growth and profitability
- Net sales growth 50.2%
- Organic growth 14.4%
- Stable cash flow SEK 125 million
- 4 companies acquired with combined assessed annual sales of SEK 238 million (YTD: 553m)
- Focus on creating benefits for society

Sales and profitability

Net sales

SEK **1,174** million

Adjusted EBITA

SEK **107** million

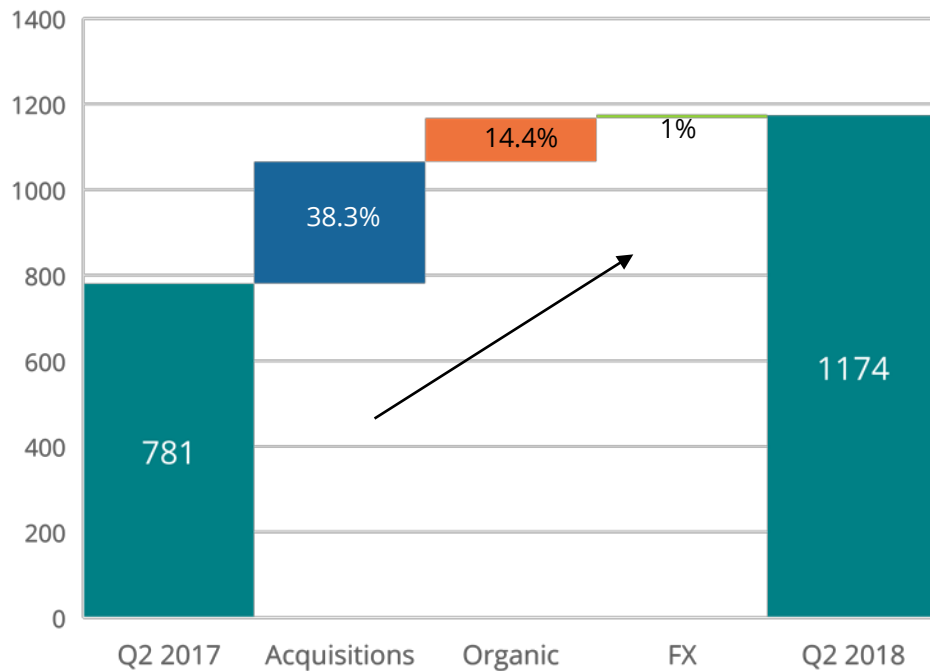
Adjusted EBITA margin

9.1 %

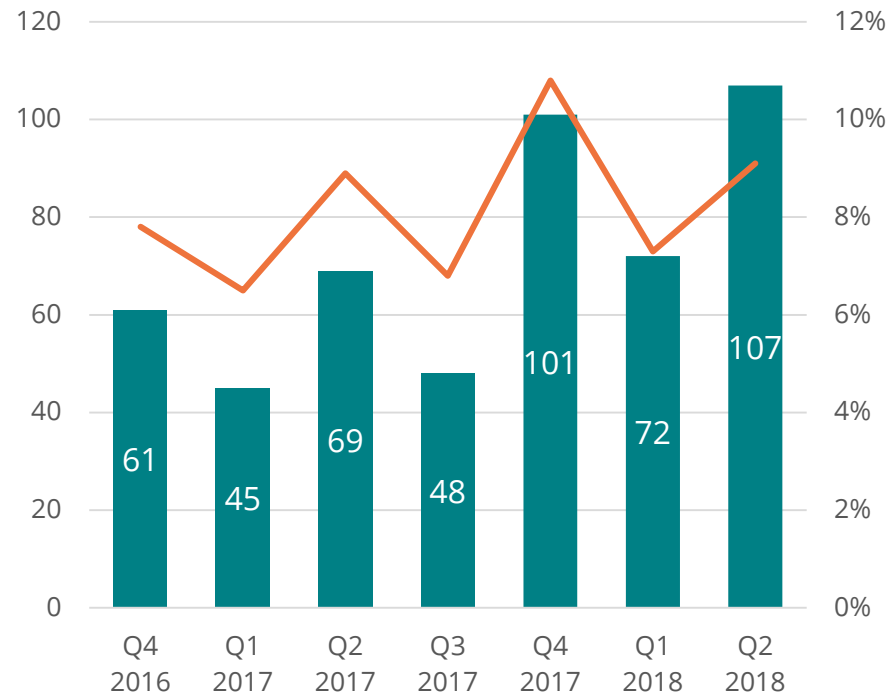


Group development – Net sales and EBITA

Net sales growth (SEK million)

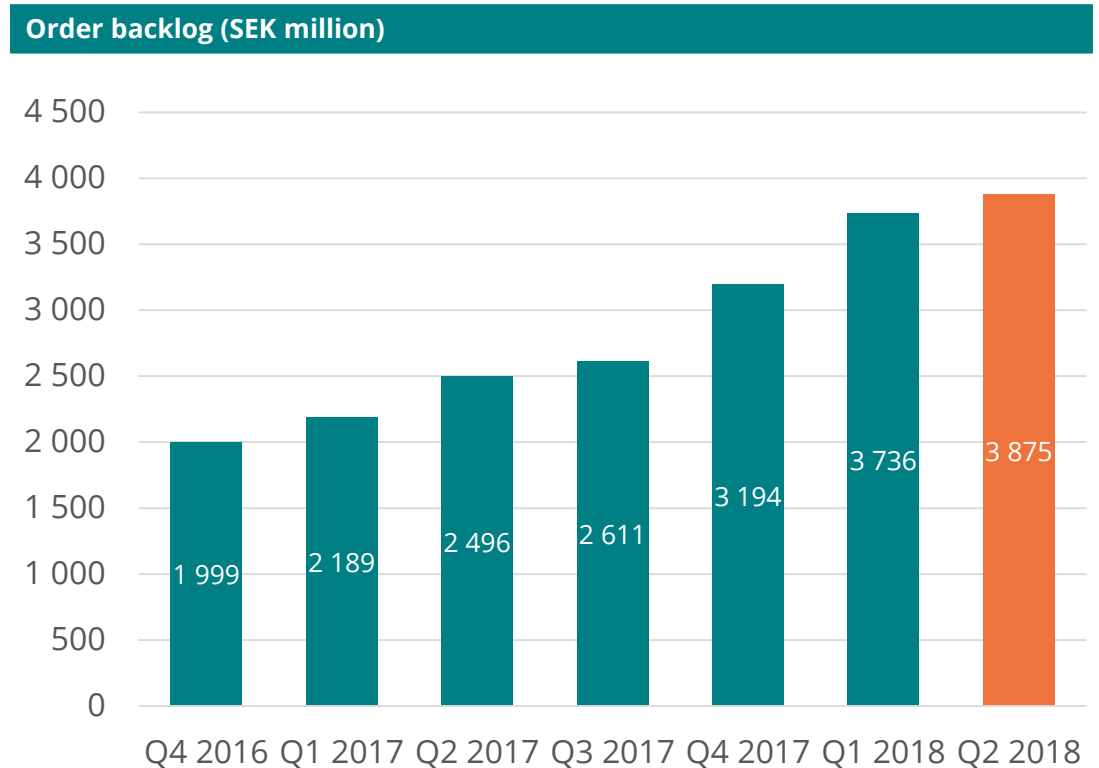


Adj. EBITA (SEK million) and adj. EBITA margin (%)



Group development – Order backlog

- Growth of 55.2%
- Continued high order backlog ratio of 1x (relative to 12 months rolling net sales)



Examples of projects in Q2

Swedish-Norwegian collaboration



- Elkontakt (Sweden) and Vito (Norway) in collaboration
- Electrical and sprinkler system installations
- Vestby logistics centre Oslo
- Elkontakt's first contract outside Sweden

Solar energy in unique wooden building



- Vallacom Linköping
- Installation of solar panels on the façade and roof of round wooden building
- Low environmental impact and energy efficient solutions
- Benefit for the society

Segment development - Sweden

- Continued strong demand
- All time high margin
- Net sales growth of 42.3%
- Organic growth of 14.0%
- Order backlog growth of 46.7% whereof 3.9% in comparable units

Key financials Q2 2018

Net sales

SEK **901** million

EBITA

SEK **105** million

EBITA margin

11.6 %

Order backlog

SEK **2,880** million

Segment development – Rest of Nordics

- Continued high demand
- Margin decrease due to one loss-making project in Norway – ends in 2018
- Net sales growth of 83.2%
- Organic growth of 16.2%
- Order backlog growth of 71.7%
whereof 35.4% in comparable units

Key financials Q2 2018

Net sales
SEK **273** million

EBITA
SEK **11** million

EBITA margin
4.0 %

Order backlog
SEK **995** million

Examples of new companies that support Instalco's growth strategy

APC Elinstallatören



- Offer services within electrical installations, service and maintenance
- Strengthens Instalco's electricity operations in the Östergötland region
- Annual sales of approx. SEK 50 million

LVI-Urakointi Paavola



- Providers of heating, plumbing and ventilation installations
- Operations in Helsinki and surrounding areas
- Existing collaboration with other Instalco companies in Finland
- Annual sales of approx. SEK 100 million

Acquisitions 2018

Acquisition	Discipline	Market / Region	Estimated yearly sales (SEKm)	Acquired
Q1				
Trel AB	Electrical	Sweden - North	75	Jan
Sprinklerbolaget i Stockholm AB	Sprinkler	Sweden	77	Jan
Vent och Värmeteknik VVT AB	Ventilation	Sweden - South	18	Jan
VVS-Kraft Teknikservice AB	Heating & Plumbing	Sweden - East	85	Feb
RIKelektro AB	Electrical	Sweden, Norway, Finland	60	Feb
Total Q1			315	
Q2				
Dala Kylmecano AB	Heating & Plumbing	Sweden - North	31	Apr
APC Elinstallatören AB	Electrical	Sweden - West	50	Apr
Teknisk Ventilasjon AS	Ventilation	Norway	57	May
LVI-Urakointi Paavola Oy	Heating & Plumbing	Finland	100	June
Total Q2			238	
TOTAL YTD			553	

*For companies acquired in Q2, estimated yearly sales corresponds to reported sales for the latest full financial year.

Financial targets and dividend policy

Area	Target	Comment
Growth	<ul style="list-style-type: none"> Adjusted EBITA pro forma¹ shall reach SEK 450m not later than the end of 2019 The average organic sales growth shall amount to 5% over time 	<ul style="list-style-type: none"> Acquired sales and EBITA in line with plan Average yearly organic sales of 14% since 2014³, 8.5% YTD
Margin	<ul style="list-style-type: none"> Instalco aims to deliver an adjusted EBITA margin of 8.0% 	<ul style="list-style-type: none"> 8.6% LTM, 8.3% YTD
Capital structure	<ul style="list-style-type: none"> Instalco's net debt in relation to adjusted EBITDA² shall not exceed a ratio of 2.5 	<ul style="list-style-type: none"> 1.6x in June 2018
Cash conversion	<ul style="list-style-type: none"> Instalco aims to achieve a cash conversion ratio of 100%, measured over a rolling twelve-month period 	<ul style="list-style-type: none"> 87% LTM, 109% YTD
Dividend policy	<ul style="list-style-type: none"> Instalco targets a dividend payout ratio of 30% of net profit 	<ul style="list-style-type: none"> N/A

Instalco's financial targets set forth above constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of Instalco's industry, business, results of operations and financial condition. Instalco's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which Instalco operates, may differ materially from, and be more negative than, those assumed by Instalco when preparing the financial targets set out above. As a result, Instalco's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurance can be given that Instalco will be able to reach these targets or that Instalco's financial condition or results of operations will not be materially different from these financial targets

1) Adjusted EBITA including full-year pro-forma consolidation of acquisitions and excluding exceptional items
 2) Adjusted EBITDA including full-year pro-forma consolidation of acquisitions and excluding exceptional items
 3) Based on average organic sales 2015 (26.6%), 2016 (22.0%), 2017 (-1.7%) and first six months of 2018 (8.5%)

Looking ahead

- Favourable market and demand reflected in record strong order backlog
- Increasing amount of small to mid sized projects in order backlog provides low risk and good pricing
- Low exposure to housing market
- Increased raw material prices impact material cost, however cost plus system and negotiation power provide stability



Summary

Q2

- Strong growth, profitability and cash flow
- Acquisition execution according to plan

Looking ahead

- Strong market reflected in backlog ratio >1x
- Attractive acquisition pipeline
- Good progress towards EBITA target

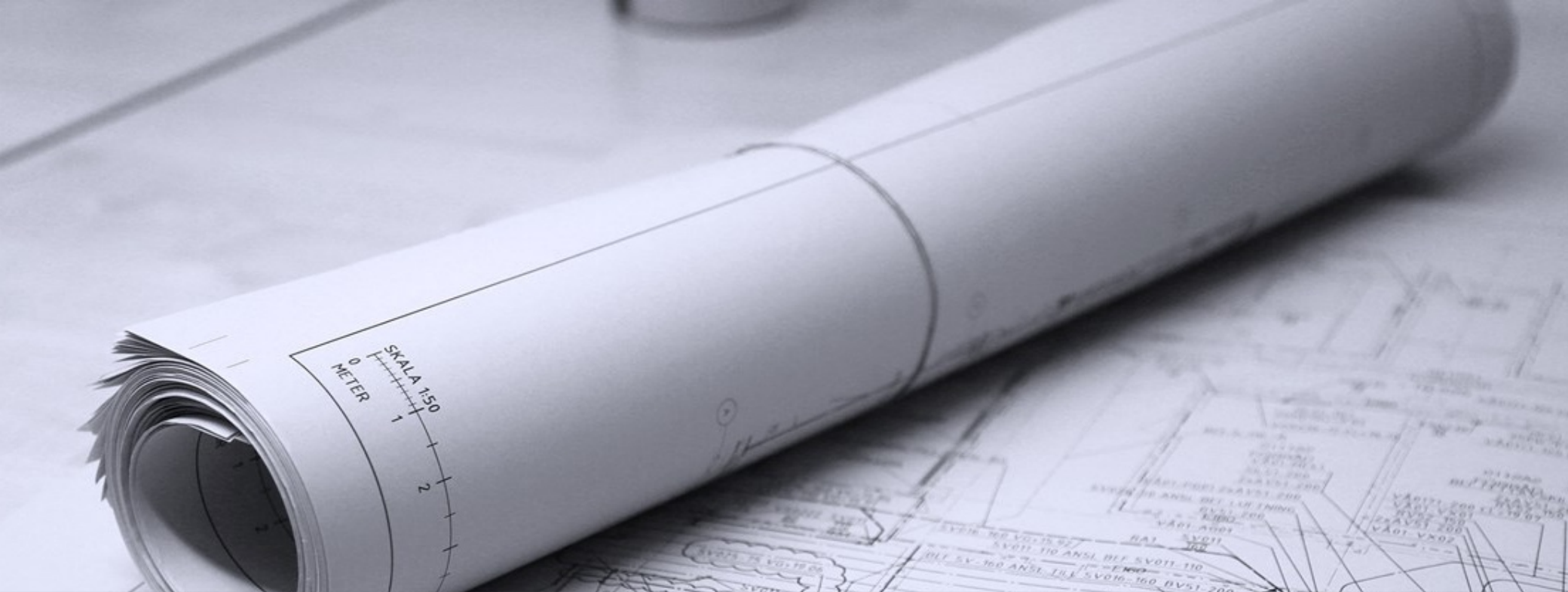


THE ROLLING STONES

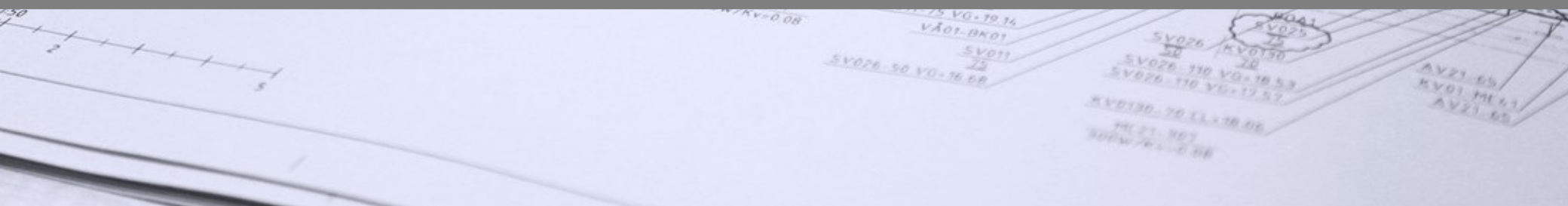
TIME IS ON MY SIDE

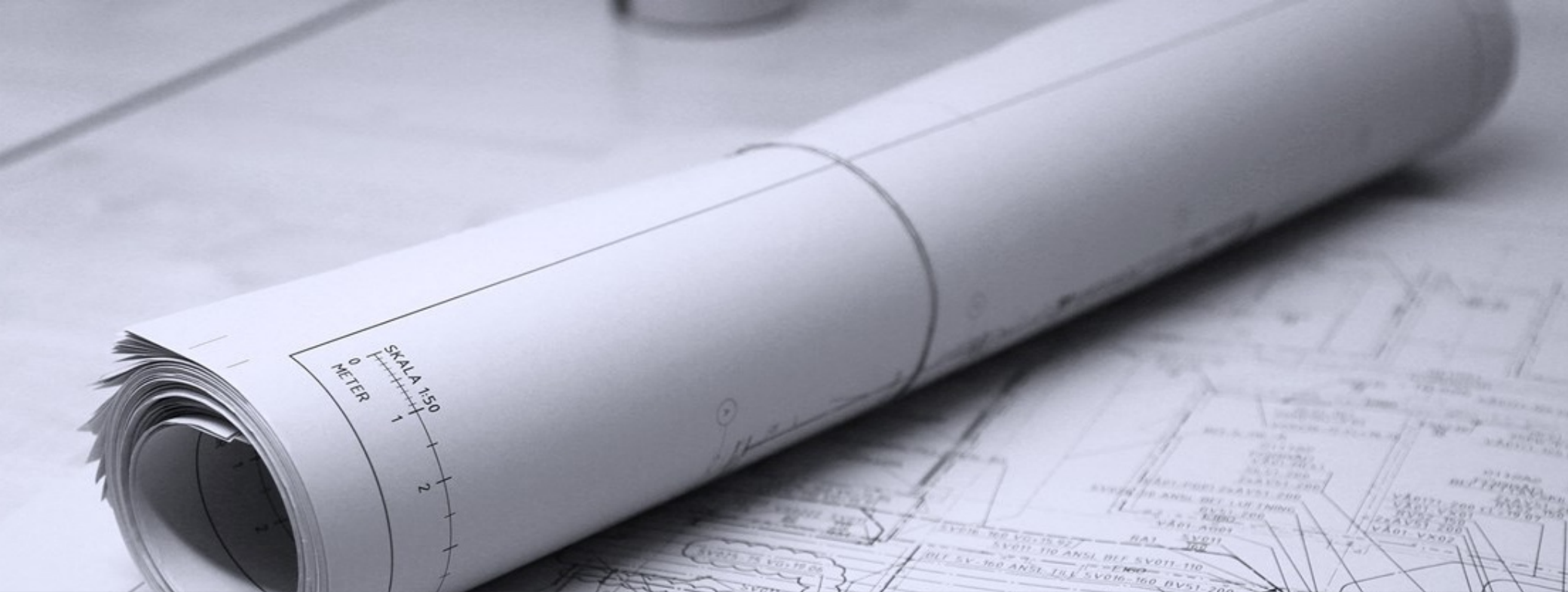
b/w CONGRATULATIONS



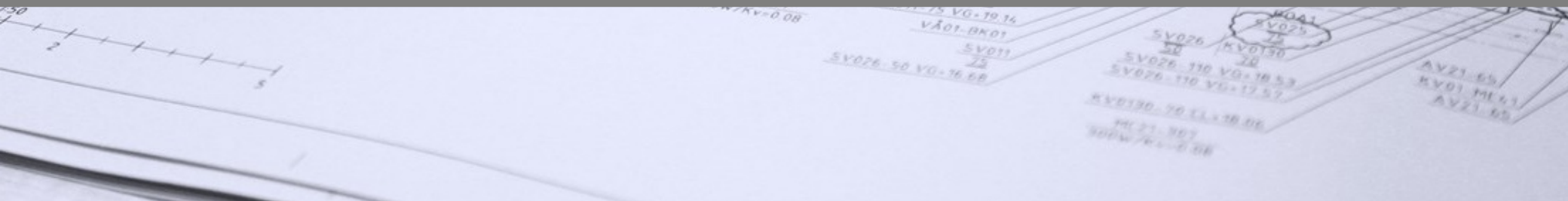


Q&A





APPENDIX



Quarterly data

SEKm	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Net sales	474	599	556	777	689	781	708	935	979	1,174
<i>Growth, %</i>	95.8%	97.1%	65.6%	59.7%	45.2%	30.5%	27.3%	20.3%	42.2%	50.2%
EBITDA	23	49	12	60	38	62	54	96	41	102
<i>EBITDA margin, %</i>	4.9%	8.2%	2.2%	7.7%	5.5%	8.0%	7.6%	10.2%	4.2%	8.7%
Adjusted EBITDA	26	56	16	63	46	71	50	103	74	109
<i>Adjusted EBITDA margin, %</i>	5.5%	9.3%	2.9%	8.1%	6.7%	9.1%	7.0%	11.0%	7.5%	9.3%
EBITA	23	49	11	58	37	61	52	94	39	100
<i>EBITA margin, %</i>	4.8%	8.1%	2.0%	7.4%	5.3%	7.8%	7.4%	10.0%	4.0%	8.5%
Adjusted EBITA	25	55	15	61	45	69	48	101	72	107
<i>Adjusted EBITA margin, %</i>	5.3%	9.2%	2.7%	7.8%	5.3%	8.9%	6.8%	10.8%	7.3%	9.1%
Adjustments										
Earn-outs	-	6	0	-	4	-16	-9	7	0	4
Acquisition costs	2	0	3	1	2	4	2	1	3	3
Refinancing costs	-	-	-	1	1	-	-	-	-	-
Listing costs	-	-	1	1	2	20	2	-	-	-
Divestment of subsidiary loss	-	-	-	-	-	-	-	-	30	-
Total adjustments	3	6	4	3	8	8	-4	7	33	7
Net debt	293	265	210	241	302	346	392	446	493	538
Net debt /LTM adjusted EBITDA	2.8x	2.0x	1.5x	1.5x	1.7x	1.8x	1.7x	1.7x	1.7x	1.6x
Net working capital	35	15	3	-17	-69	-26	15	-1	-14	-24
<i>Net working capital (% of LTM net sales)</i>	2.2%	0.8%	0.1%	-0.7%	-2.9%	-0.9%	0.5%	0.0%	-0.4%	-0.6%
Order backlog	1,650	1,683	1,911	1,999	2,189	2,496	2,611	3,194	3,736	3,875
Number of operating units at the end of the period	18	19	24	26	31	32	33	43	48	52
Average number of employees	1,043	1,082	1,221	1,240	1,466	1,578	1,594	1,666	1,943	2,039
Number of employees at the end of the period	1,060	1,120	1,257	1,295	1,470	1,590	1,631	1,844	1,985	2,119