INSTALCO

Instalco

Interim report January – September 2017

Stable growth and favourable profitability

July – September 2017

- Net sales increased by 27.3 percent to SEK 708 (556) million. Organic growth was 0.2 percent.
- Adjusted EBITA increased to SEK 48 (15) million which corresponds to an adjusted EBITA margin of 6.8 (2.7) percent.
- Operating cash flow for the quarter was SEK –3 (64) million.
- One acquisition was made during the quarter, which, on an annual basis is expected to contribute SEK 65 million in sales.
- Earnings per share for the quarter amounted to SEK 0.85 (0.22)

January – September 2017

- Net sales increased by 33.7 percent to SEK 2,178 (1,629) million. Organic growth was 1.5 percent.
- Adjusted EBITA increased to SEK 163 (95) million which corresponds to an adjusted EBITA margin of 7.5 (5.8) percent.
- Order backlog amounted to SEK 2,611 (1,911) million.
- Operating cash flow for the period was SEK 131 (216) million.
- Seven acquisitions were made during the quarter, which, on an annual basis are expected to contribute SEK 548 million in sales.
- Earnings per share for the period amounted to SEK 2.31 (1.44).

Key figures

SEK m	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	708	556	2,178	1,629	2,956	2,407
EBITA	52	11	150	82	208	140
EBITA margin, %	7.4	1.9	6.9	5.0	7.0	5.8
Adjusted EBITA[1)]	48	15	163	95	224	156
Adjusted EBITA margin, %[1)]	6.8	2.7	7.5	5.8	7.6	6.5
Earnings before taxes	50	9	137	76	193	132
Order backlog	2,611	1,911	2,611	1,911	2,611	1,999
Earnings per share, SEK [2)]	0.85	0.22	2.31	1.44	2.46	1.96

1) Adjusted for items associated with, inter alia, acquisitions and preparations for the IPO.
2) Calculated in relation to the number of shares at the end of the reporting period.

Instalco is a leading Nordic company within the electrical, plumbing, climate and cooling areas. The company is represented in most of Sweden and the Oslo and Helsinki regions. Through innovative thinking and efficiency, the operations are conducted in close collaboration with our customers.

CEO Comments

Instalco reported continued stable growth in sales and favourable profitability during the third quarter of the year. Sales increased to SEK 708 (556) million, of which 26.9 was acquired growth and 0.2 percent was organic growth – a notable improvement compared to the second quarter. Adjusted EBITA was SEK 48 million, which corresponds to an adjusted EBITA margin of 6.8 (2.7) percent. Order backlog also continued to grow and at the end of the quarter, it amounted to SEK 2,611 (1,911) million, which corresponds to an increase of 36.6 percent. Overall, we see a high demand for installation services and our primary focus is on delivering our services to ensure customer loyalty and to continually strengthen our customer relations.

In good position for acquisitions

During the quarter, we did one acquisition in Norway, which was AS Elektrisk (electric company). Based in Oslo, it is a full-range supplier of electricity and telecommunication services and the company is very well-established in the region. AS Elektrisk has delivered high, stable profitability for many years and it is an excellent fit with our other companies in Oslo.

As regards our acquisition status in general, we are in the final stages of several processes that we expect to wrap up over the remainder of the year. They are primarily in Sweden and Finland. Since the time of our IPO in May, which has increased Instalco's visibility, many companies have taken the initiative to contact us and we anticipate that interest in the Instalco model will remain strong for the foreseeable future. As always, we are only interested in profitable companies that fit the Group's strategy and can contribute to our growth.

Large amount of projects with an increasing number within services for the public good

Our companies were involved in numerous exciting projects during the quarter. Particularly noteworthy is Rörgruppen's assignment to install plumbing at NCC's new head offices in Solna, along with a major installation assignment that Klimatrör, PoB:s Elektriska and OTK Klimatinstallationer are involved in at what used to be LM Ericsson's head office. It is now being converted into 350 new housing units.

Instalco's exposure in the housing market is approximately 20 percent, of which about half is new production and half is renovations. New production is primarily related to the Stockholm region. In other words, our exposure in the housing market is relatively limited and also declining. Our assessment is that the demand for new housing will remain, despite cyclical fluctuations. However, we expect that rental property will grow in importance when it comes to meeting such demand.

Projects that are beneficial to the community are becoming increasingly relevant and Instalco's companies are currently involved in large-scale hospital projects, projects at police stations and schools and projects involving other important public services. In fact, we are Sweden's leading company for plumbing installation at hospitals. For example, we are currently involved in major projects at Stockholm South General Hospital (Södersjukhuset), buildings 35 and 36 of the New Hospital Area in Malmö and the new surgery unit at buildings 54 and 60 of Karlstad Central Hospital.

Continued good prospects

The installation market is expected to remain strong during the coming year and Instalco has many opportunities for strengthening its position in the Nordic region. Even if there were to be a downturn in the economy, the company has a stability in the business because of its high level of diversification across both project types and markets. We continue our efforts to achieve our long-term goals, with a clear focus on growth and profitability.

Per Sjöstrand
CEO

Performance of the Instalco Group

The Nordic market of installation services

The market for technical installation and service in Sweden, Norway and Finland has been stable over time. They are primarily fuelled by the Swedish and Norwegian markets, which are the largest in the Nordic region. According to Industrifakta, they have a value of approximately SEK 170 billion and since 2006 have grown by around 2.7 percent per year. Between 2016 and 2019, the market is expected to grow by around 0.4 percent per year. The market is primarily fuelled by macroeconomic conditions, like GDP, urbanization, ageing property holdings and measures to increase energy efficiency.

Net sales

Third quarter

Sales for the third quarter amounted to SEK 708 (556) million, which is an increase of 27.1 percent. Organic growth was 0.2 percent and acquired growth was 26.9 percent. Currency fluctuations had a positive impact on net sales of 0.2 percent. One company was acquired during the quarter.

January-September

Net sales for the period amounted to SEK 2,178 (1,629) million, which is an increase of 32.9 percent. Organic growth was 1.5 percent and acquired growth was 31.4 percent. Currency fluctuations had a positive impact on net sales of 0.8 percent. Seven companies were acquired during the period.

Earnings

Third quarter

Adjusted EBITA for the third quarter was SEK 48 (15) million. Net financial items for the quarter amounted to SEK –2 (–2) million. Interest expense on external loans was SEK –2 (–2) million. Earnings were SEK 39 (10) million, which corresponds to earnings per share of SEK 0.85 (0.22). Tax for the quarter was SEK –10 (2) million.

January-September

Adjusted EBITA for the period was SEK 163 (95) million. Net financial items for the period amounted to SEK –13 (–6) million. Interest expense on external loans was SEK –6 (–6) million. Earnings for the period were SEK 107 (67) million, which corresponds to earnings per share of SEK 2.31 (1.44). Tax for the period was SEK –30 (–9) million.

Order backlog

January-September

Order backlog at the end of the third quarter amounted to SEK 2,611 (1,911) million, which is an increase of 36.6 percent. For comparable units, order backlog increased by 13.0 percent and acquired growth was 23.6 percent. During the period, examples of assignments Instalco's companies were involved in were at Stockholm South General Hospital, The Brick housing project and NCC's new head offices in Solna.

Cash flow

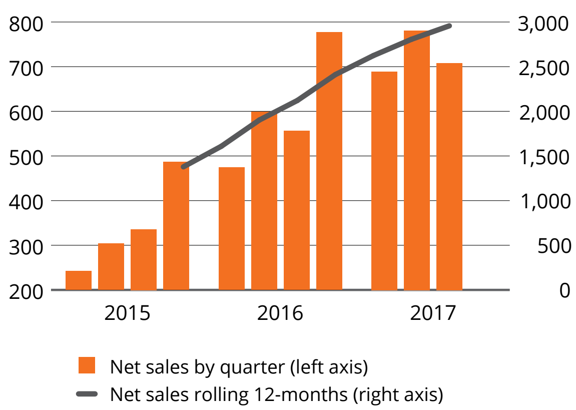
Third quarter

Operating cash flow was SEK –3 (64) million. Instalco's cash flows vary over time primarily dependent on work-in-progress. Accounts receivable, accounts payable and change in work-in-progress may therefore differ materially in comparison between the quarters . The cashflow was weaker this quarter due to strong cashflow earlier this year.

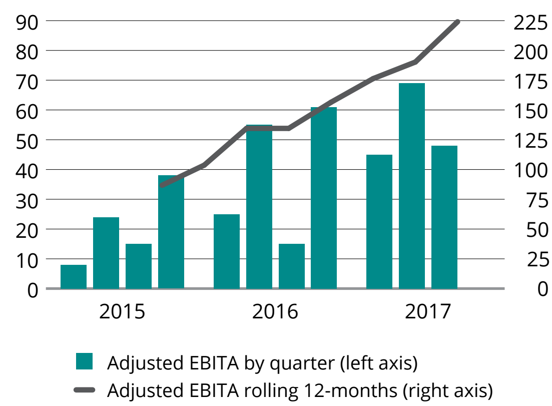
January-September

Operating cash flow was SEK 131 (216) million. Over time, Instalco's goal is to have cash conversion of 100 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market

There is healthy demand in the market as regards housing construction, public facilities, hospitals, and the pulp and paper industry. Demand is particularly strong in the metropolitan regions.

Net sales

Third quarter

Net sales for the third quarter increased by SEK 38 million to SEK 530 (492) million compared to the same period last year. Organic growth was 0.4 percent and acquired growth was 7.2 percent.

January-September

Net sales for the period increased by SEK 279 million to SEK 1,755 (1,476) million compared to the same period last year. Organic growth was 1.6 percent and acquired growth was 17.3 percent.

Earnings

Third quarter

Adjusted EBITA was SEK 49 (23) million.

January-September

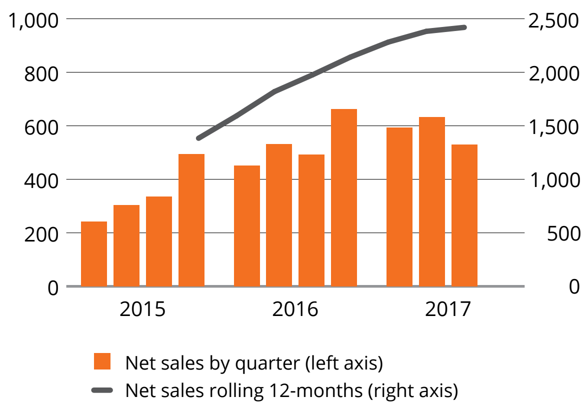
Adjusted EBITA was SEK 164 (102) million. The improvement is attributable to acquisitions and improved processes, more focus on measures to improve profitability and IFOKUS, which is the company's improvement initiative.

Order backlog

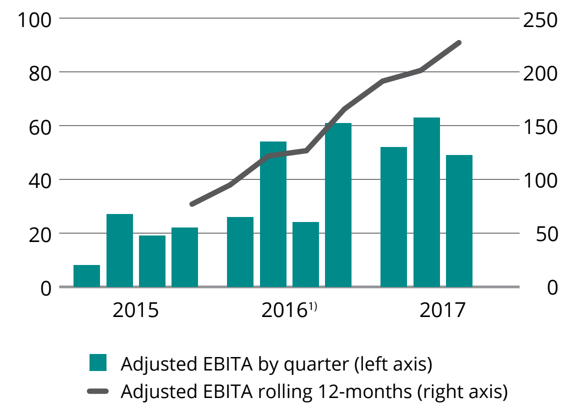
January-September

Order backlog at the end of the period amounted to SEK 1,956 (1,564) million, which is an increase of 25.1 percent. For comparable units, order backlog increased by 16.5 percent and acquired growth was 8.6 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	July-Sept 2017	July-Sept 2016 [1)]	Jan-Sept 2017	Jan-Sept 2016 [1)]	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	530	492	1,755	1,476	2,418	2,139
EBITA	49	23	164	102	227	165
EBITA %	9.2	4.7	9.4	6.9	9.4	7.7
Adjusted EBITA	49	23	164	102	227	165
Adjusted EBITA, %	9.2	4.7	9.4	6.9	9.4	7.7
Order backlog	1,956	1,564	1,956	1,564	1,956	1,685

1) There was a reallocation between Q3 and Q4 which has impacted the quarterly figures compared to prior reports.

Operations in Rest of Nordic

Market

The Norwegian market is stable, except for the southwest, where the downturn in the oil and gas sector has also had a negative impact on the construction market. However, Instalco's exposure in that region is limited. In Finland, the market is stable.

Net sales

Third quarter

Net sales for the third quarter increased by SEK 115 million to SEK 179 (64) million compared to the same period last year. Organic growth was –1.7 percent and acquired growth was 177.4 percent.

January-September

Net sales for the period increased by SEK 270 million to SEK 423 (153) million compared to the same period last year. All growth is attributable to acquisitions.

Earnings

Third quarter

Adjusted EBITA was SEK 3 (–5) million.

January-September

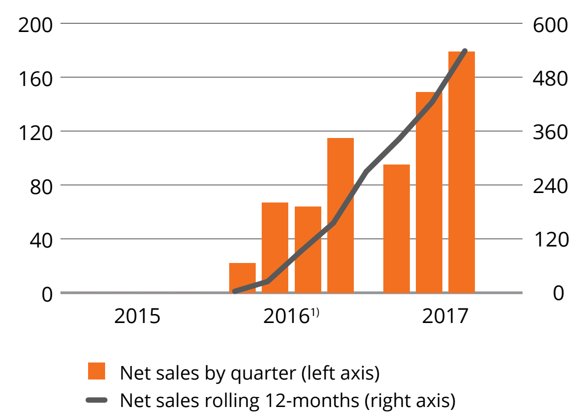
Adjusted EBITA was SEK 14 (2) million. The improvement is attributable to acquisitions and improved processes, more focus on measures to improve profitability and IFOKUS, which is the company's improvement initiative.

Order backlog

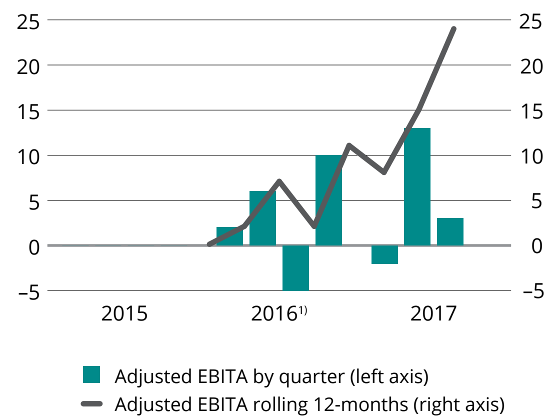
January-September

Order backlog at the end of the period amounted to SEK 655 (338) million, which is an increase of 93.7 percent. All growth for the period stems from acquisitions.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	July-Sept 2017	July-Sept 2016 [1)]	Jan-Sept 2017	Jan-Sept 2016 [1)]	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	179	64	423	153	538	268
EBITA	3	–5	14	2	24	11
EBITA %	1.9	–8.4	3.4	1.1	4.5	4.3
Adjusted EBITA	3	–5	14	2	24	11
Adjusted EBITA, %	1.9	–8.4	3.4	1.1	4.5	4.3
Order backlog	655	338	655	338	655	315

1) There was a reallocation between Q3 and Q4, which has impacted the quarterly figures compared to prior reports.

Acquisitions

Instalco made seven acquisitions during the period January through September 2017. For each of them, 100 percent of the shares were acquired. The acquisitions do not contain any doubtful debts.

In accordance with agreements on conditional consideration , the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 40 million.

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

Goodwill of SEK 279 million that has arisen from the acquisition is not attributable to any particular balance sheet item and it is not expected to generate any synergy effects.

Company acquisitions

Instalco made the following company acquisitions during the period January – September 2017.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
February	SwedVvs AB	Sweden	26	18
February	Andersen og Aksnes Rørleggerbedrift AS	Rest of Nordic	102	35
March	Uudenmaan Sähkötekniikka JP OY	Rest of Nordic	42	36
March	Rodens Värme och Sanitet AB	Sweden	38	16
March	Uudenmaan LVI-Talo OY	Rest of Nordic	107	53
June	Frøland & Noss Elektro AS	Rest of Nordic	167	130
July	AS Elektrisk	Rest of Nordic	65	41
Total			**548**	**329**

Impact of acquisitions in 2017

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

SEK m	Fair value of Group
Intangible assets	0
Deferred tax receivable	0
Other non-current assets	6
Other current assets	119
Cash and cash equivalents	84
Deferred tax liability	–1
Current liabilities	–123
Total identifiable assets and liabilities (net)	**85**
Goodwill	**279**
Consideration paid	
Cash and cash equivalents	313
Conditional consideration	52
Total transferred consideration	**365**
Impact on cash and cash equivalents	
Cash consideration paid	313
Cash and cash equivalents of the acquired units	–84
Total impact on cash and cash equivalents	**229**
Settled conditional consideration attributable to acquisitions in prior years	11
Exchange rate difference	1
Total impact on cash and cash equivalents	**241**
Impact on operating income and earnings in 2017	
Operating income	189
Earnings	18

Other financial information

Financial position

Equity at the end of the period amounted to SEK 702 (518) million. Net debt as of 30 September 2017 was SEK 392 (210) million. Currency fluctuations did not have any impact on net debt. The gearing ratio as of 30 September 2017 was SEK 55.9 (40.6) percent. For the second quarter, net financial items amounted to SEK –2 (–2) million, of which net interest income/expense was SEK –2 (–2) million. For the period January - September 2017, net financial items amounted to SEK –13 (–6) million, of which net interest income/expense was SEK –6 (–6) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 226 (229) million as of 30 June 2017. The Group's interest-bearing liabilities as of 30 September 2017 were SEK 617 (444) million. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 613 million had been utilized as of 30 September 2017. The change in working capital for the quarter was SEK –52 (55) million. The change is primarily attributable to an increase in accounts receivable, a lower vacation pay liability and a change in work-in-progress. During the period January – September 2017, the change in working capital was SEK –35 (127) million.

Investments, depreciation and amortization

For the year, the Group's net investments, not including company acquisitions, amounted to SEK 1 (2) million. Depreciation on property, plant and equipment was SEK 4 (2) million. Investments in company acquisitions amounted to SEK 230 (217) million. In addition, conditional consideration on prior year acquisitions was paid out in the amount of SEK 11 (0) million.

Parent Company

The main operations of Instalco Intressenter AB are head office activities like group-wide management and administration, along with finance and accounting. The comments below pertain to the period 1 January through 30 September 2017. Net sales for the Parent Company amounted to SEK 6 (0) million. Operating profit/loss was SEK –21 (0) million. Net financial items amounted to SEK –3 (–2) million. Earnings before taxes were SEK –24 (–3) million and earnings for the period were SEK –24 (–3) million. Cash and cash equivalents at the end of the period amounted to SEK 8 (133) million.

Risks and uncertainties

Instalco is active in the Nordic market, where the primary risk factors for the business are market conditions and external factors such as financial turmoil and political decisions that affect the demand for new housing and commercial premises, as well as investments from the public sector and industry. Cyclical fluctuations have less of an impact on the demand for service and maintenance work. The operating risks are attributable to daily operations, like tendering, price risks, capacity utilization and revenue recognition.

The percentage of completion method is applied, with consideration given to a project's percentage of completion and final forecast. Instalco puts great emphasis on continually monitoring the financial status of its projects and it has a well-established process for limiting the risks of incorrect revenue recognition.

The Group is also exposed to impairment of fixed price projects, along with various types of financial risks, like currency, interest and credit risks.

Disputes and legal processes

Instalco's subsidiary, ORAB Entreprenad AB, has been in a dispute with a customer regarding payment for work completed. The dispute has now been resolved through mediation.

Incentive program

At Instalco's AGM on 27 April 2017, it was decided to implement an incentive program for the Group's senior executives and other key individuals at the Company. In total, the scope of the program is, at most, 1,954,504 warrants, where each warrant entitles the holder to subscribe for one new ordinary Series A share in the Company. The price of the warrants corresponded to the market value. The dilutive effect corresponds to, at most, 4.0 percent of share capital and votes after dilution. The warrants can be exercised from the day following the publication of the Company's quarterly report for the first quarter of 2020 through 30 June 2020.

Transactions with related parties

During the period, there were no transactions between Instalco and related parties that had a significant impact on the company's financial position or earnings.

Events after the end of the reporting period

There are no significant events to report.

Accounting policies

The consolidated financial statements have been prepared in accordance withInternational 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 2017 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 and the Swedish Securities Market Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Swedish Securities Market Act, which is in accordance with RFR 2 Accounting for Legal Entities.

The accounting policies that were applied are the same as those presented in the 2016 Annual Report, which is available at www.instalco.se.

Election committee and AGM

The election committee for the 2018 AGM has been set up and information about this is available on the company's website. The AGM will be held on 8 May 2018 in Stockholm.

Other

Instalco only has conditional consideration valued at fair value reported in its financial statements. Such consideration is valued at fair value via profit or loss. The valuation of conditional consideration is based on other observable data for assets or liabilities, i.e. Level 3 in the IFRS fair value hierarchy. There have not been any reclassifications between the different levels in the hierarchy during the period.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	708	556	2,178	1,629	2,956	2,407
Other operating income	9	5	31	8	28	4
Operating income	**718**	**562**	**2,210**	**1,637**	**2,984**	**2,411**
Materials and purchased services	–364	–334	–1,142	–945	–1,559	–1,362
Other external services	–59	–43	–181	–106	–244	–168
Personnel costs	–238	–170	–719	–491	–953	–725
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	–1	–1	–4	–2	–6	–4
Other operating expenses	–3	–3	–14	–11	–15	–12
Operating expenses	**–666**	**–551**	**–2,060**	**–1,555**	**–2,776**	**–2,271**
Operating profit/loss (EBIT)	**52**	**11**	**150**	**82**	**208**	**140**
Net financial items	–2	–2	–13	–6	–14	–8
Earnings before taxes	**50**	**9**	**137**	**76**	**193**	**132**
Tax on profit for the year	–10	2	–30	–9	–62	–41
Earnings for the period	**39**	**10**	**107**	**67**	**131**	**91**
Other comprehensive income						
Translation difference	3	8	–9	8	–9	6
Comprehensive income for the period	**42**	**18**	**98**	**75**	**122**	**97**
Comprehensive income for the period attributable to:						
Parent Company's shareholders	42	18	98	75	122	97
Non-controlling interests	0	0	0	0	0	0
Earnings per share for the period, before dilution, SEK	0.85	0.22	2.31	1.44	2.46	1.96
Earnings per share for the period, after dilution, SEK	0.81	0.21	2.22	1.38	2.37	1.89
Average number of shares before dilution	46,412,920	46,311,608	46,345,379	46,311,608	46,336,936	46,311,608
Average number of shares after dilution[3)]	48,342,570	48,253,891	48,275,029	48,253,891	48,266,586	48,253,891

3) In conjunction with the IPO, the Company issued 1,929,650 warrants (see incentive program)

Condensed consolidated balance sheet

AMOUNTS IN SEK M	30 Sept 2017	30 Sept 2016	31 Dec 2016
Goodwill	1,097	710	826
Other non-current assets	15	13	13
Financial assets	1	1	1
Deferred tax receivable	0	2	0
Total non-current assets	**1,114**	**726**	**840**
Inventories	9	6	6
Accounts receivable	457	349	404
Receivables on customers	144	54	57
Other receivables and investments	35	46	26
Prepaid expenses and accrued income	31	17	38
Cash and cash equivalents	226	229	155
Total current assets	**902**	**701**	**685**
Total assets	**2,015**	**1,428**	**1,525**
Equity	702	518	553
Total equity	**702**	**518**	**553**
Non-current liabilities	652	467	422
Accounts payable	249	221	212
Liabilities to customers	137	24	63
Other current liabilities	105	28	65
Accrued expenses and deferred income, including provisions	170	169	210
Total liabilities	**1,313**	**909**	**972**
Total equity and liabilities	**2,015**	**1,428**	**1,525**
Of which interest-bearing liabilities	617	444	400
Equity attributable to:			
Parent Company shareholders	702	518	553
Non-controlling interests	0	0	0

Condensed statement of changes in equity

AMOUNTS IN SEK M	30 Sept 2017	30 Sept 2016	31 Dec 2016
Opening equity	553	266	266
Total comprehensive income for the period	98	75	97
New issues	43	26	188
Unregistered share capital	0	152	0
Issue warrants	8	0	0
Other	0	0	3
Closing equity	**702**	**518**	**553**
Equity attributable to:			
Parent Company's shareholders	702	518	553
Non-controlling interests	–	–	–

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	12-months rolling 2016/2017	Jan-Dec 2016
Cash flow from operating activities						
Earnings before taxes	50	9	137	76	193	132
Adjustment for items not included in cash flow	–8	24	4	33	–21	8
Tax paid	–9	–9	–46	–38	–51	–43
Changes in working capital	–52	55	–35	127	–30	132
Cash flow from operating activities	**–20**	**79**	**60**	**198**	**92**	**230**
Investing activities						
Acquisition of subsidiaries and businesses	–22	–157	–241	–217	–348	–325
Other	0	–1	–1	–2	–2	–4
Cash flow from investing activities	**–22**	**–158**	**–241**	**–220**	**–351**	**–329**
Financing activities						
New issue	4	132	43	138	93	188
Other capital contributions	0	0	8	0	8	0
New loans	–1	82	646	58	608	20
Repayment of loan	0	0	–441	0	–449	–8
Cash flow from financing activities	**3**	**214**	**256**	**196**	**259**	**200**
Cash flow for the period	–40	135	74	174	0	100
Cash and cash equivalents at the beginning of the period	265	92	155	52	229	52
Translation differences in cash and cash equivalents	1	3	–3	3	–3	3
Cash and cash equivalents at the end of the period	**226**	**229**	**226**	**229**	**226**	**155**

Condensed Parent Company income statement

AMOUNTS IN SEK M	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	2	0	6	0	8	3
Operating expenses	–6	0	–27	0	–30	–4
Operating profit/loss	**–4**	**0**	**–21**	**0**	**–22**	**–1**
Net financial items	–1	–1	–3	–2	–4	–3
Earnings before taxes	**–5**	**–1**	**–24**	**–3**	**–25**	**–4**
Tax	0	0	0	0	–1	–1
Earnings for the period	**–5**	**–1**	**–24**	**–3**	**–26**	**–5**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	30 Sept 2017	30 Sept 2016	31 Dec 2016
Shares in subsidiaries	1,290	1,125	1,270
Deferred tax receivable	0	1	0
Total non-current assets	**1,290**	**1,126**	**1,270**
Other current assets	6	0	0
Cash and cash equivalents	8	133	6
Total current assets	**14**	**133**	**6**
Total assets	**1,304**	**1,259**	**1,277**
Equity	1,161	1,115	1,135
Total equity	**1,161**	**1,115**	**1,135**
Non-current liabilities	141	143	131
Accounts payable	0	0	0
Other current liabilities	0	0	9
Accrued expenses and deferred income	2	1	1
Total liabilities	**143**	**144**	**142**
Total equity and liabilities	**1,304**	**1,259**	**1,277**

Quarterly data

AMOUNTS IN SEK M	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net sales	708	781	689	777	556	599	474	487
Growth in net sales, %	27.3	30.5	45.2	59.7	65.6	97.1	95.8	104.6
EBIT	52	61	37	58	11	49	23	38
EBITA	52	61	37	58	11	49	23	38
EBITDA	54	62	38	60	12	49	23	39
Adjusted EBITA	48	69	45	61	15	55	25	38
Adjusted EBITDA	50	71	46	63	16	56	26	39
EBIT margin, %	7.4	7.8	5.3	7.4	2.0	8.1	4.8	7.9
EBITA margin, %	7.4	7.8	5.3	7.4	2.0	8.1	4.8	7.9
EBITDA margin, %	7.6	8.0	5.5	7.7	2.2	8.2	4.9	8.0
Adjusted EBITA margin, %	6.8	8.9	6.5	7.8	2.7	9.2	5.3	7.9
Adjusted EBITDA margin, %	7.0	9.1	6.7	8.1	2.9	9.3	5.5	8.0
Working capital	15	–26	–69	–17	3	15	35	100
Interest-bearing net debt	392	346	302	241	210	265	293	332
Cash conversion %	–5	42	226	116	399	138	291	5
Gearing ratio, %	55.9	52.8	49.5	43.5	40.6	78.0	99.3	124.5
Net debt/in relation to adjusted EBITDA, times	1.7	1.8	1.7	1.5	1.5	2.0	2.8	3.8
Order backlog	2,611	2,496	2,189	1,999	1,911	1,683	1,650	1,318
Average number of employees	1,594	1,578	1,466	1,240	1,221	1,082	1,043	870
Number of employees at the end of the period	1,631	1,590	1,470	1,295	1,257	1,120	1,060	925

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.

Earnings measures and margin measures

Amounts in SEK m	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
(A) Operating profit/loss (EBIT)	52	61	37	58	11	49	23	38
Depreciation/amortization and impairment of acquisition-related intangible assets	–	–	–	–	–	–	–	–
(B) EBITA	52	61	37	58	11	49	23	38
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	1	1	1	2	1	1	1	1
(C) EBITDA	54	62	38	60	12	49	23	39
Items affecting comparability								
Additional consideration	–9	–16	4	–	–	6	–	–5
Acquisition costs	2	4	2	1	3	–	2	3
Costs associated with refinancing	–	–	1	1	–	–	–	2
Listing costs	2	20	2	1	1	–	–	–
Total, items affecting comparability	–4	8	8	3	4	6	3	0
(D) Adjusted EBITA	48	69	45	61	15	55	25	38
(E) Adjusted EBITDA	50	71	46	63	16	56	26	39
(F) Net sales	708	781	689	777	556	599	474	487
(A/F) EBIT margin, %	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*	*7.9*
(B/F) EBIT margin, %	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*	*7.9*
(C/F) EBIT margin, %	*7.6*	*8.0*	*5.5*	*7.7*	*2.2*	*8.2*	*4.9*	*8.0*
(D/F) Adjusted EBITA margin, %	*6.8*	*8.9*	*6.5*	*7.8*	*2.7*	*9.2*	*5.3*	*7.9*
(E/F) Adjusted EBITDA margin, %	*7.0*	*9.1*	*6.7*	*8.1*	*2.9*	*9.3*	*5.5*	*8.0*

Capital structure

Amounts in SEK m	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Calculation of working capital and working capital in relation to net sales								
Inventories	9	10	10	6	5	4	4	4
Accounts receivable	457	416	353	404	349	296	264	273
Earned, but not yet invoiced revenue	144	117	115	57	54	48	45	47
Prepaid expenses and accrued income	31	23	24	38	17	18	29	41
Other current assets	35	36	20	10	9	9	9	20
Accounts payable	–249	–231	–223	–212	–221	–175	–151	–123
Invoiced, but not yet earned income	–137	–116	–98	–63	–24	0	0	–17
Other current liabilities	–105	–82	–54	–46	–18	–30	–20	–42
Accrued expenses and deferred income, including provisions	–170	–199	–215	–210	–169	–155	–145	–103
(A) Working capital	**15**	**–26**	**–69**	**–17**	**3**	**15**	**35**	**100**
(B) Net sales (12-months rolling)	2,956	2,804	2,621	2,407	2,116	1,896	1,601	1,369
(A/B) Working capital as a percentage of net sales, %	**0.5**	**–0.9**	**–2.6**	**–0.7**	**0.1**	**0.8**	**2.2**	**7.3**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	618	615	493	392	444	321	375	344
Current, interest-bearing financial liabilities	0	0	8	8	–0	40	40	40
Short-term investments	0	–4	–4	–4	–4	–4	–4	–
Cash and cash equivalents	–226	–265	–194	–155	–229	–92	–118	–52
(A) Interest-bearing net debt	**392**	**346**	**302**	**241**	**210**	**265**	**293**	**332**
(B) Equity	702	656	611	553	518	340	295	266
(A/B) Gearing ratio, %	**55.9**	**52.8**	**49.5**	**43.4**	**40.6**	**78.0**	**99.3**	**124.5**
(C) EBITDA (12-months rolling)	214	172	159	144	124	105	66	51
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.8 times**	**2.0 times**	**1.9 times**	**1.7 times**	**1.7 times**	**2.5 times**	**4.4 times**	**6.5 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	50	71	46	63	16	56	26	39
Net investments in property, plant and equipment and intangible assets	0	–1	0	5	–7	7	–9	5
Changes in working capital	–52	–40	57	5	55	14	58	–42
(B) Operating cash flow	**–3**	**30**	**104**	**73**	**64**	**77**	**75**	**2**
(B/A) Cash conversion %	**–5**	**42**	**226**	**116**	**399**	**138**	**291**	**5**

Signatures

Future reporting dates

Year-end report 2017	16 February 2018
Interim report January - April 2018	8 May 2018
AGM	8 May 2018
Interim report January - June 2018	23 August 2018
Interim report January- September 2018	8 November 2018

Stockholm, 8 November 2017
Instalco Intressenter AB (publ)

Per Sjöstrand
CEO

This report has been reviewed by the company's auditors.

Note

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation. The information was made public by the contact person listed below, on 8 November 2017 at 12:00 CET.

Additional information

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

Presentation of the report

The report has been presented during a telephone conference/audiocast today, 8 November at 14.00 CET via https://tv.streamfabriken.com/instalco-q3-2017.

Participants call in to the following numbers:
SE: +46 8 566 42 690
UK: +44 203 008 9808
US: +1 855 831 5947

Auditor's review report

Auditor's report on review of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act (1995:1554).

Instalco Intressenter AB (publ)
CIN 559015-8944

Introduction

We have conducted a review of the condensed interim financial information (interim report) for Instalco Intressenter AB as of 30 September 2017 and for the three-month period that ended on that date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted the review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information conducted by the company's independent auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review and taking other review procedures. A review has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with ISA and generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a review does not therefore give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group, has not, in all material respects, been prepared in accordance with IAS 34 and the Annual Accounts Act and, for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, 8 November 2017

Grant Thornton AB

Jörgen Sandell
Authorised Public Accountant

Definitions with explanation

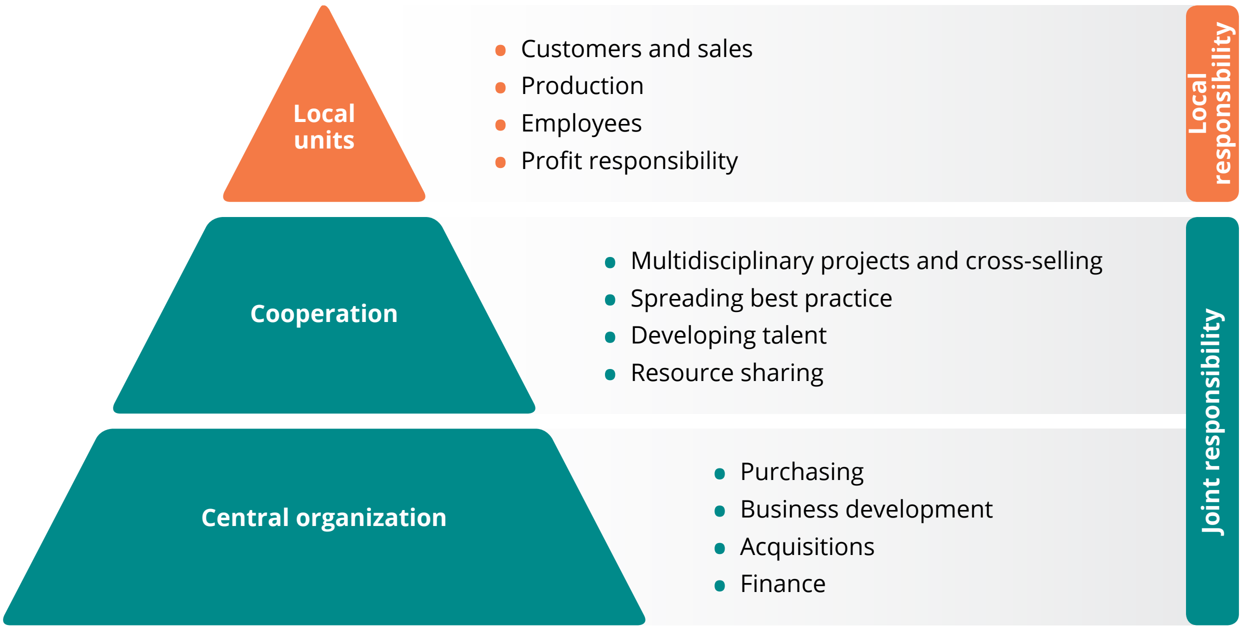
General Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

Key figures	Definition/calculation	Purpose
Growth in net sales	Change in net sales as a percentage of net sales in the comparable period, prior year.	The change in net sales reflects the Groups realized sales growth over time.
Organic growth in net sales	The change in net sales for comparable units after adjustment for acquisition and currency effects, as a percentage of net sales during the comparison period.	Organic growth in net sales does not include the effects of changes in the Group's structure and exchange rates, which enables a comparison of net sales over time.
Acquired growth in net sales	Change in net sales as a percentage of net sales during the comparable period, fuelled by acquisitions. Acquired net sales is defined as net sales during the period that are attributable to companies that were acquired during the last 12-month period and for these companies, the only amounts that are considered as acquired net sales are their sales up until 12 months after the acquisition date.	Acquired net sales growth reflects the acquired units' impact on net sales.
EBIT margin	Operating profit/loss (EBIT), as a percentage of net sales.	EBIT margin is used to measure operational profitability.
EBITA	Operating profit/loss (EBIT) before depreciation/amortization 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/amortization 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/amortization and impairment of acquisition-related intangible assets and depreciation/amortization 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/amortization and impairment of acquisition-related intangible assets and depreciation/amortization and impairment of property, plant and equipment and intangible assets, as a percentage of net sales.	EBITDA margin is used to measure operational profitability.
Items affecting comparability	Items affecting comparability, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding items affecting profitability, it is easier to compare earnings between periods.
Adjusted EBITA	EBITA adjusted for items affecting comparability.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITDA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.
Operating cash flow	Adjusted EBITDA less investments in property, plant and equipment and intangible assets, along with an adjustment for cash flow from change in working capital.	Operating cash flow is used to monitor the cash flow generated from operating activities.
Cash conversion	Operating cash flow as a percentage of adjusted EBITDA	Cash conversion is used to monitor how effective the Group is in managing ongoing investments and working capital.

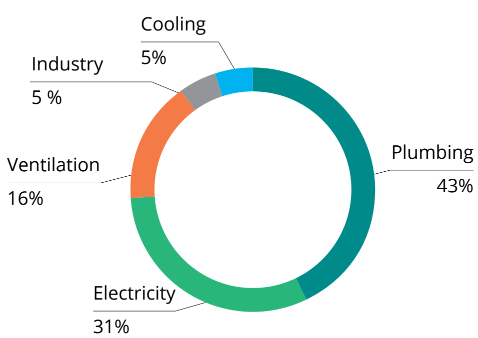
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current liabilities.	Working capital is used to measure the company's ability to meet short-term capital requirements.
Working capital as a percentage of net sales	Working capital at the end of the period as a percentage of net sales on a 12-month rolling basis.	Working capital as a percentage of net sales is used to measure the extent to which working capital is tied up.
Interest-bearing net debt	Non-current and current interest bearing liabilities less cash and other short-term investments.	Interest-bearing net debt is used as a measure that shows the Groups total debt.
Net debt in relation to adjusted EBITDA	Net debt at end of period divided by adjusted EBITDA, on a 12-month rolling basis.	Net debt in relation to adjusted EBITDA provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay back the debt if the net debt and adjusted EBITDA is kept constant, without taking into account the cash flows relating to interest, taxes and invest-ments.
Gearing ratio	Interest-bearing net debt as a percentage of total equity.	Gearing ratio measures the extent to which the Group is financed by loans. Because cash and other short-term investments can be used to pay off the debt on short notice, net debt is used instead of gross debt in the calculation.
Order backlog	The value of outstanding, not yet accrued project revenue from received orders at the end of the period.	Order backlog provides an indication of the Group's remaining project revenue from orders already received.

Instalco in brief

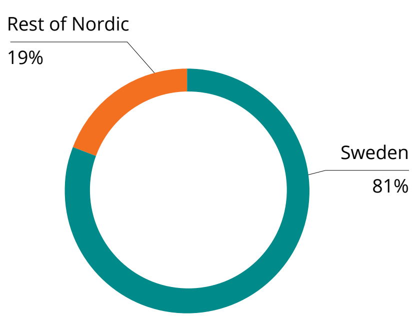
Instalco has a decentralized structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organization. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

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