INSTALCO

Instalco

Interim report January – June 2018

Robust growth and profitability with stable cash flow

April – June 2018

- Net sales increased by 50.2 percent to SEK 1,174 (781) million. Organic growth was 14.4 (–9.0) percent.
- Adjusted EBITA increased to SEK 107 (69) million which corresponds to an adjusted EBITA margin of 9.1 (8.9) percent.
- Operating cash flow for the quarter was SEK 125 (30) million.
- Four acquisitions were made during the quarter, which, on an annual basis contribute an estimated total sales of SEK 238 million.
- Earnings per share for the quarter amounted to SEK 1.52 (0.90).

January – June 2018

- Net sales increased by 46.5 percent to SEK 2,153 (1,470) million. Organic growth was 8.5 (2.8) percent.
- Adjusted EBITA increased to SEK 179 (114) million which corresponds to an adjusted EBITA margin of 8.3 (7.8) percent.
- Operating cash flow for the period was SEK 199 (134) million.
- Nine acquisitions were made during the period, which, on an annual basis are expected to contribute SEK 553 million in sales.
- Earnings per share for the period amounted to SEK 1.95 (1.46).

Key figures

SEK m	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	1,174	781	2,153	1,470	3,797	3,114
EBITA	100	61	139	98	285	244
EBITA margin, %	8.5	7.8	6.4	6.7	7.5	7.8
Adjusted EBITA[1)]	107	69	179	114	328	264
Adjusted EBITA margin, %[1)]	9.1	8.9	8.3	7.8	8.6	8.5
Earnings before taxes	96	54	130	88	272	229
Order backlog	3,875	2,496	3,875	2,496	3,875	3,194
Earnings per share, SEK [2)]	1.52	0.90	1.95	1.46	4.17	3.69

1) Adjusted for items associated with, inter alia, acquisitions.
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

I am proud to be able to summarise a robust first half of 2018 for Instalco, with high growth and profitability in the second quarter. Sales in the second quarter amounted to SEK 1,174 (781) million. The growth was 48.7 percent of which 14.4 percent was organic growth. Adjusted EBITA for the second quarter was SEK 107 (69) million, which corresponds to an adjusted EBITA margin of 9.1 (8.9) percent. With this high level of profitability, we're well on our way towards meeting our pro forma EBITA target of SEK 450 million by 2019.

Order backlog continued to grow and at the end of the quarter, it amounted to SEK 3,875 (2,496) million, which corresponds to an increase of 55.2 percent. For some quarters now, the order backlog has been higher than our last 12 months' sales (well over our historic average), which is now reflected in our sales figures.

Acquisitions in Sweden, Norway and Finland

We've continued to pursue our proactive company acquisition agenda and during the quarter, we acquired four new companies that will contribute to the Group's future performance. Dala Kylmecano in Borlänge is a great supplement to our offering with their special expertise in heat pumps and cooling. The addition of APC Elinstallatören strengthens our position in the expansive region of Östergötland, where the Group already has one other subsidiary, Vallacom, established.

In Norway, we acquired Teknisk Ventilasjon. This acquisition establishes Instalco in a new market in the city of Trondheim and neighbouring regions. Teknisk Ventilasjon is a ventilation expert specialised in indoor climate control.

We also grew our operations in Finland during the quarter with the acquisition of LVI-Urakointi Paavola. The company offers ventilation and heating installations along with ventilation services primarily in Helsinki and the surrounding area. It has been collaborating with several Instalco companies in the Finnish market for quite some time.

Since the beginning of the year, we have acquired companies with annual sales totalling just over SEK 550 million, which puts us on target for our ambition of SEK 600-800 million in acquired sales per year. The climate for acquisitions remains favourable and we are engaged in acquisition discussions with many skilled business owners. As always, we only acquire high-quality companies with proven profitability and mature leadership.

Project that generate benefits to society

We're continuing to increase our sustainability efforts and engagement in projects that generate benefits to society. Our focus is on protecting the environment for everyone and this means both indoor and outdoor climates. Our

contribution lies in discovering new, smart, energy-efficient solutions for our customers.

We are specialised in installations at public buildings such as schools, daycare centres, hospitals and other public service facilities. For example, we completed our work at the newly built Änglunda School in Örebro and Viksberg School in Södertälje during the quarter. Both schools have a high environmental certification and they will officially open at the start of the new school year this fall.

I would also like to highlight our collaboration with Botildenborg Foundation in Rosengård. Our Instalco companies Rörläggaren, Bi-Vent and El-Pågarna are providing managerial expertise (project managers and assemblers) for renovation of the Botildenborg property from the 1800s, while the Foundation has employed new immigrants as labourers at the site. Our companies have also set up field trips and site visits for new immigrants with construction skills aimed at giving them insight into how the industry works in Sweden and helping them enter the workforce.

High demand for installation services

We expect to see a continued trend of high demand for installation services in all of our technical areas. The rate of construction for condominiums in metropolitan areas has continued to slow down somewhat, but thanks to the diversification of our portfolio with a special focus on buildings in the public sector our order intake continues to be high. Our largest area is construction and renovation at schools and hospitals.

Lastly, I would like to welcome our new Board members to the company. They were elected at the Annual General Meeting in May. Our Board of Directors now has an equal gender distribution and they offer expertise in a wide variety of areas. I am certain they will make a valuable contribution to the company's future success.

I, along with all of our Instalco companies, look forward to the rest of 2018 with confidence and optimism.

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 and to a large extent, it is fuelled by a number of underlying factors like macroeconomic conditions (e.g. BNP), urbanisation, ageing property holdings, development of technology, environmental awareness and energy efficiency.

Net sales

Second quarter

Sales for the third quarter amounted to SEK 1,174 (781) million, which is an increase of 50.2 percent. Adjusted for currency effects, organic growth was 14.4 percent and acquired growth was 38.3 percent. Currency fluctuations had an effect on net sales of 1.0 percent. Four companies were acquired during the quarter.

January-June

Net sales for the period amounted to SEK 2,153 (1,470) million, which is an increase of 46.5 percent. Organic growth, adjusted for currency effects, was 8.5 percent and acquired growth was 40.3 percent. Currency fluctuations had an effect on net sales of 0.5 percent. Nine companies were acquired during the period.

Earnings

Second quarter

Adjusted EBITA for the second quarter was SEK 107 (69) million. Net financial items for the quarter amounted to SEK –4 (–7) million. Interest expense on external loans was SEK –3 (–2) million. Earnings for the period were SEK 73 (42) million, which corresponds to earnings per share of SEK 1.52 (0.90). Tax for the quarter was SEK 23 (12) million.

January-June

Adjusted EBITA for the period was SEK 179 (114) million. Net financial items for the period amounted to SEK –9 (–10) million. Interest expense on external loans was SEK –6 (–4) million. Earnings for the period were SEK 93 (68) million, which corresponds to earnings per share of SEK 1.95 (1.46). Tax for the period was SEK 37 (20) million.

Order backlog

January-June

Order backlog at the end of the second quarter amounted to SEK 3,875 (2,496) million, which is an increase of 55.2 percent. For comparable units, order backlog increased by 10.6 percent, while acquired growth was 41.4 percent. Examples of orders received by Instalco companies in the second quarter include work at Vestby logistics centre outside Oslo, along with replacing the lighting at 20 XXL stores, and heating and plumping installations at a new aircraft hangar at Bromma Airport in Stockholm.

Cash flow

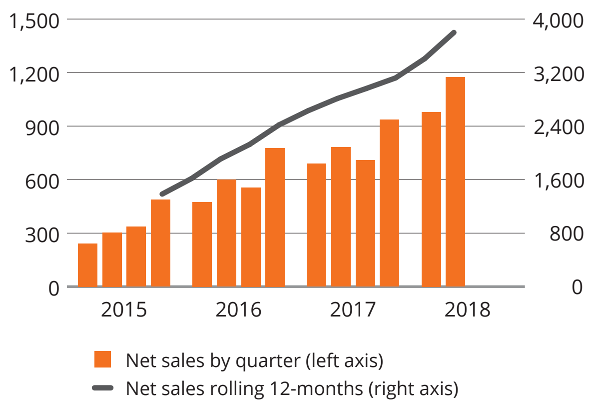
Second quarter

Operating cash flow was SEK 125 (30) million. Instalco's cash flow varies over time, primarily because of work-in-progress. The ending balances of accounts receivable, accounts payable and changes in work-in-progress can therefore differ considerably when making comparisons between quarters.

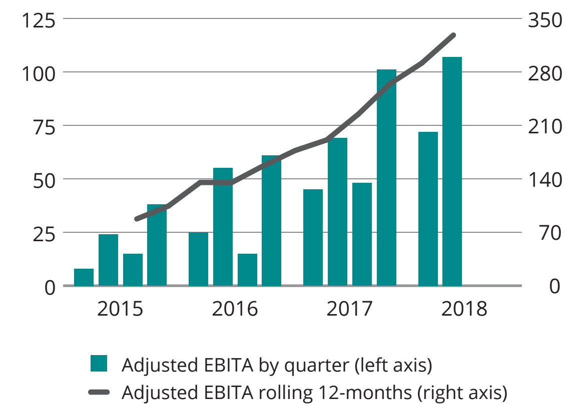
January-June

Operating cash flow was SEK 199 (134) million.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market

There is healthy demand in the market, which is reflected in the growing size of our backlog of orders. During the quarter, there has been some uncertainty and concern in the market for new construction of condominiums, primarily in metropolitan regions. Instalco has not been particularly affected by these developments, since its exposure to new construction is only around 10 percent.

Net sales

Second quarter

Sales for the second quarter increased by SEK 268 million to SEK 901 (633) million compared to the same period last year. Organic growth was 14.0 percent and acquired growth was 33.2 percent.

January-June

Net sales for the period increased by SEK 424 million to SEK 1,650 (1,226) million compared to the same period last year. Organic growth was 9.3 percent and acquired growth was 28.9 percent.

Earnings

Second quarter

Adjusted EBITA for the quarter was SEK 105 (63) million.

January-June

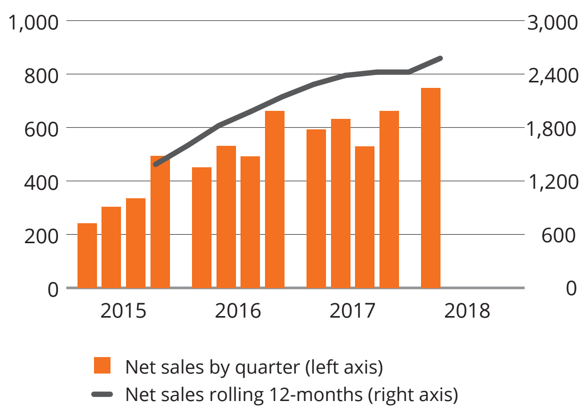
Adjusted EBITA for the period was SEK 175 (116) million. The improvement is attributable to acquisitions and improved processes, more focus on measures to improve profitability and IFOKUS, which is the company's improvement initiative.

Order backlog

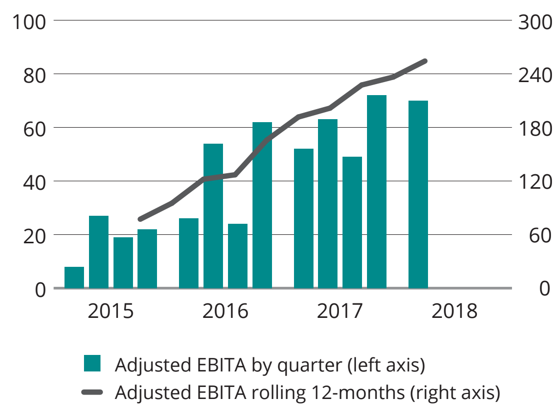
January-June

Order backlog at the end of the period amounted to SEK 2,880 (1,963) million, which is an increase of 46.7 percent. For comparable units, order backlog increased by 3.9 percent and acquired growth was 42.8 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	901	633	1,650	1,226	2,842	2,418
EBITA	105	63	175	116	295	236
EBITA %	11.6	10.0	10.6	9.4	10.4	9.8
Order backlog	2,880	1,963	2,880	1,963	2,880	2,587

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 had somewhat of a negative impact on the construction market. However, Instalco's exposure in that region is limited. The market is stable in Finland, fuelled by activity in the Helsinki region.

Net sales

Second quarter

Net sales for the second quarter increased by SEK 124 million to SEK 273 (149) million compared to the same period last year. Organic growth, adjusted for currency effects, was 16.2 percent and acquired growth was 59.8 percent.

January-June

Net sales for the period increased by SEK 259 million to SEK 503 (244) million compared to the same period last year. Organic growth, adjusted for currency effects, was 4.4 percent and acquired growth was 97.5 percent.

Earnings

Second quarter

Adjusted EBITA for the quarter was SEK 11 (13) million. The margin was impacted by a project writedown in Norway. The project will be completed during the year and will therefore not incur any further costs.

January-June

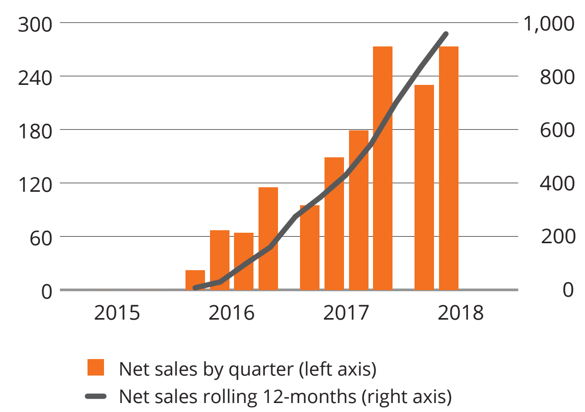
Adjusted EBITA for the period was SEK 20 (11) million.

Order backlog

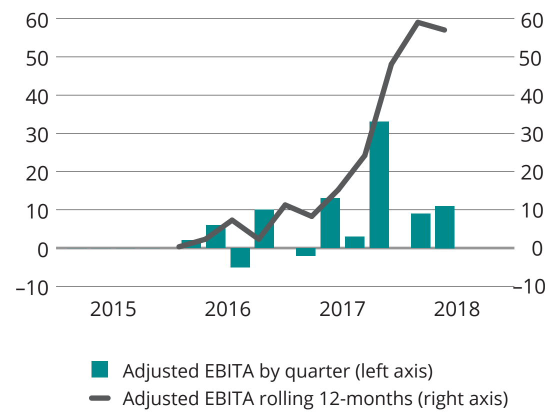
January-June

Order backlog at the end of the period amounted to SEK 995 (534) million, which is an increase of 71.7 percent, adjusted for currency effects. For comparable units, order backlog increased by 35.4 percent and acquired growth was 36.2 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	273	149	503	244	955	695
EBITA	11	13	20	11	57	48
EBITA %	4.0	8.7	3.9	4.5	5.9	6.9
Order backlog	995	534	995	534	995	607

Acquisitions

Instalco made nine acquisitions during the first half of 2018. For each of them, 100 percent of the shares were acquired. Included in the acquisitions are doubtful accounts for SEK 2 million.

In accordance with agreements on conditional consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 127 million, of which SEK 75 million is acquisitions that were made in 2018. The total amount of conditional consideration recognised as a liability amounts to SEK 89 million, of which SEK 56 million is acquisitions that were made in 2018.

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

Goodwill of SEK 261 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 – June 2018.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
January	Trel AB	Sweden	75	26
January	Sprinklerbolaget i Stockholm AB	Sweden	77	45
January	Vent och Värmeteknik VVT AB	Sweden	18	11
February	VVS-Kraft Teknikservice i Stockholm AB	Sweden	85	37
February	RIKElektro AB	Sweden	60	30
April	Dala Kylmecano AB	Sweden	31	15
April	APC Elinstallatören AB	Sweden	50	27
May	Teknisk Ventilasjon AS	Norway	57	17
June	LVI-Urakointi Paavola Oy	Finland	100	45
Total			**553**	**253**

Impact of acquisitions in 2018

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

SEK m	Fair value of Group
Intangible assets	–
Deferred tax receivable	0
Other non-current assets	5
Other current assets	173
Cash and cash equivalents	88
Deferred tax liability	–4
Current liabilities	–167
Total identifiable assets and liabilities (net)	**95**
Goodwill	**261**
Consideration paid	
Cash and cash equivalents	300
Non-controlling interests	0
Conditional consideration	56
Total transferred consideration	**357**
Impact on cash and cash equivalents	
Cash consideration paid	300
Cash and cash equivalents of the acquired units	–88
Total impact on cash and cash equivalents	**213**
Settled conditional consideration attributable to acquisitions in prior years	41
Exchange rate difference	1
Total impact on cash and cash equivalents	**254**
Impact on operating income and earnings in 2018	
Operating income	173
Earnings	20

Other financial information

Financial position

Equity at the end of the period amounted to SEK 942 (656) million. Net debt as of 30 June 2018 was SEK 538 (346) million. Currency changes impacted net debt by SEK –20 million. The gearing ratio as of 30 June 2018 was SEK 57.2 (52.8) percent. For the second quarter, net financial items amounted to SEK –4 (–7) million, of which net interest income/expense was SEK –3 (–2) million. For the period January – June 2018, net financial items amounted to SEK –9 (–10) million, of which net interest income/expense was SEK –6 (–4) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 200 (265) million as of 30 June 2018. The Group's interest-bearing liabilities as of 30 June 2018 were SEK 739 (615) million. Instalco's total amount of granted credit was SEK 1,201 million, of which SEK 828 million had been utilised as of 30 June 2018. The change in working capital for the quarter was SEK 18 (–40) million. The change is primarily attributable to lower accounts receivable, higher accounts payable and a change in work-in-progress.

Investments, depreciation and amortisation

For the year, the Group's net investments, not including company acquisitions, amounted to SEK 2 (1) million. Depreciation on property, plant and equipment was SEK 4 (2) million. Investments in company acquisitions amounted to SEK 254 (218) million. That amount includes conditional consideration on prior year acquisitions that was paid out in the amount of SEK 41 (11) 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 June 2018. Net sales for the Parent Company amounted to SEK 8 (4) million. Operating profit/loss was SEK –4 (–17) million. Net financial items amounted to SEK –2 (–2) million. Earnings before taxes were SEK –6 (–19) million and earnings for the period were SEK –6 –19) million. Cash and cash equivalents at the end of the period amounted to SEK 14 (12) 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 utilisation and revenue recognition.

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

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

Incentive program

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

Transactions with related parties

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

Revenue breakdown

Segment	Operations	
	Contract	Service
Sweden	91%	9%
Rest of Nordic	85%	15%
Group	90%	10%

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. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act, which is in accordance with RFR 2 Accounting for Legal Entities.

New standards and interpretations that enter into for in 2018 and beyond

On 1 January 2018, IFRS 15 Revenue from Contracts with Customers entered into force. The new standard introduces a control-based accounting model for revenue and it provides further guidance on many areas that were not previously covered in detail, such as how to report agreements with several performance commitments, variable pricing, customer's right of return, vendor repurchase rights and other common complexities. In 2016 and 2017, the Group reviewed its revenue and agreements. Instalco's revenue primarily consists of contract work, along with a smaller portion of service. For the first category, invoicing is based on contract work along with any charges for modifications and extras regulated in the contract. The second category is service and smaller projects, along with other items that are not regulated via a contract. IFRS 15 thus requires Instalco to report its revenue in two categories – Contract revenue and Service revenue. There is thus no impact on revenue or reported earnings from the new standard.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement on 1 January 2018. The biggest changes have to do with a new model for impairment of accounts receivable (expected loss vs. incurred loss) and amended rules on hedge accounting. The effects of IFRS 9 have been considered and it has been determined that there is very little impact on Instalco's financial statements. IFRS 9 does not impact how Instalco classifies its financial assets.

IFRS 16 Leasing will replace IAS 17 Leasing and it enters into force on 1 January 2019. When the new standard enters into force, all of Instalco's long-term operating leases will be reported as fixed assets and financial liabilities in the consolidated balance sheet. The work of evaluating the quantitative effects on Instalco's financial statements is ongoing. For an indication of the scope of the new standard, see the 2017 annual report Note 4 Operating leases.

As of the date that these financial reports were approved, other new standards, amendments and interpretations of existing standards that have not yet entered into force have been published by the IASB. The Group has not elected for early adoption of any of these.

Other

Instalco only has conditional consideration valued at fair value reported in its financial statements. Such consideration is valued at fair value via profit or loss. The valuation of conditional consideration is based on other observable data for assets or liabilities, i.e. Level 3 in the IFRS fair value hierarchy. There have not been any reclassifications between the different levels in the hierarchy during the period. The total amount of conditional consideration recognised as a liability amounts to SEK 89 million.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	1,174	781	2,153	1,470	3,797	3,114
Other operating income	5	20	6	22	17	33
Operating income	**1,178**	**801**	**2,159**	**1,492**	**3,814**	**3,147**
Materials and purchased services	–614	–404	–1,129	–778	–1,940	–1,589
Other external services	–82	–71	–146	–122	–279	–256
Personnel costs	–371	–259	–699	–481	–1,249	–1,031
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–2	–1	–4	–2	–8	–6
Other operating expenses	–9	–5	–43	–10	–54	–21
Operating expenses	**–1,079**	**–740**	**–2,020**	**–1,394**	**–3,529**	**–2,903**
Operating profit/loss (EBIT)	**100**	**61**	**139**	**98**	**285**	**244**
Net financial items	–4	–7	–9	–10	–13	–15
Earnings before taxes	**96**	**54**	**130**	**88**	**272**	**229**
Tax on profit for the year	–23	–12	–37	–20	–76	–58
Earnings for the period	**73**	**42**	**93**	**68**	**196**	**171**
Other comprehensive income						
Translation difference	20	–9	57	–12	53	–15
Comprehensive income for the period	**93**	**33**	**150**	**56**	**249**	**156**
Comprehensive income for the period attributable to:						
Parent Company's shareholders	93	33	150	56	249	156
Non-controlling interests	0	–	0	–	0	–
Earnings per share for the period, before dilution, SEK	1.52	0.90	1.95	1.46	4.17	3.69
Earnings per share for the period, after dilution, SEK	1.52	0.87	1.95	1.40	4.09	3.54
Average number of shares before dilution	47,770,306	46,311,608	47,620,944	46,311,608	47,031,924	46,377,256
Average number of shares after dilution[3)]	47,770,306	48,253,891	47,620,944	48,277,121	47,996,749	48,306,906

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

Condensed consolidated balance sheet

AMOUNTS IN SEK M	30 June 2018	30 June 2017	31 Dec 2017
Goodwill	1,528	1,043	1,260
Other non-current assets	23	16	21
Financial assets	1	1	2
Deferred tax receivable	0	0	0
Total non-current assets	**1,553**	**1,059**	**1,282**
Inventories	23	10	14
Accounts receivable	666	416	549
Receivables on customers	248	117	142
Other receivables and investments	54	40	38
Prepaid expenses and accrued income	47	23	61
Cash and cash equivalents	200	265	211
Total current assets	**1,238**	**871**	**1,015**
Total assets	**2,791**	**1,930**	**2,297**
Equity	942	656	793
Non-controlling interests	0	–	–
Total equity	**942**	**656**	**793**
Non-current liabilities	787	647	700
Accounts payable	371	231	262
Liabilities to customers	203	116	136
Other current liabilities	241	82	180
Accrued expenses and deferred income, including provisions	247	199	226
Total liabilities	**1,849**	**1,274**	**1,504**
Total equity and liabilities	**2,791**	**1,930**	**2,297**
Of which interest-bearing liabilities	739	615	657
Equity attributable to:			
Parent Company shareholders	942	656	793
Non-controlling interests	0	–	–

Condensed statement of changes in equity

AMOUNTS IN SEK M	30 June 2018	30 June 2017	31 Dec 2017
Opening equity	793	553	553
Total comprehensive income for the period	150	56	156
New issues	52	35	76
Unregistered share capital	–	3	–
Issue warrants	0	8	8
Dividend, external	–52	–	–
Other	0	0	0
Non-controlling interests	0	–	–
Closing equity	**942**	**656**	**793**
Equity attributable to:			
Parent Company's shareholders	942	656	793
Non-controlling interests	0	–	–

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	12-months rolling 2017/2018	Jan-Dec 2017
Cash flow from operating activities						
Earnings before taxes	96	54	130	88	272	229
Adjustment for items not included in cash flow	4	–1	36	12	45	21
Tax paid	–22	–18	–44	–37	–56	–50
Changes in working capital	18	–40	18	17	–40	–41
Cash flow from operating activities	**96**	**–5**	**141**	**80**	**221**	**160**
Investing activities						
Acquisition of subsidiaries and businesses	–113	–37	–254	–218	–462	–426
Divestment of subsidiaries	0	–	4	–	4	–
Other	–2	–1	–2	–1	–4	–3
Cash flow from investing activities	**–114**	**–38**	**–251**	**–219**	**–462**	**–429**
Financing activities						
New issue	18	3	52	38	90	76
Other capital contributions	–	8	0	8	0	8
New loans	45	546	185	648	282	745
Repayment of loan	0	–441	–103	–441	–161	–499
Dividends	–52	–	–52	–	–52	–
Cash flow from financing activities	**10**	**116**	**82**	**253**	**158**	**329**
Cash flow for the period	–8	73	–29	114	–82	60
Cash and cash equivalents at the beginning of the period	202	194	211	155	265	155
Translation differences in cash and cash equivalents	7	–3	18	–4	18	–4
Cash and cash equivalents at the end of the period	**200**	**265**	**200**	**265**	**200**	**211**

Condensed Parent Company income statement

AMOUNTS IN SEK M	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	12-months rolling 2017/2018	Jan-Dec 2017
Net sales	4	2	8	4	19	15
Operating expenses	–7	–16	–12	–21	–23	–32
Operating profit/loss	**–3**	**–14**	**–4**	**–17**	**–4**	**–17**
Net financial items	–1	–1	–2	–2	–3	–4
Earnings before taxes	**–4**	**–16**	**–6**	**–19**	**–7**	**–21**
Tax	–	–	–	–	–	–
Earnings for the period	**–4**	**–16**	**–6**	**–19**	**–7**	**–21**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	30 June 2018	30 June 2017	31 Dec 2017
Shares in subsidiaries	1,315	1,290	1,290
Total non-current assets	**1,315**	**1,290**	**1,290**
Other current assets	8	7	9
Cash and cash equivalents	14	12	46
Total current assets	**22**	**19**	**55**
Total assets	**1,337**	**1,309**	**1,346**
Equity	1,192	1,162	1,198
Total equity	**1,192**	**1,162**	**1,198**
Non-current liabilities	141	140	141
Accounts payable	1	5	1
Other current liabilities	0	0	4
Accrued expenses and deferred income	3	1	2
Total liabilities	**145**	**147**	**148**
Total equity and liabilities	**1,337**	**1,309**	**1,346**

Quarterly data

AMOUNTS IN SEK M	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net sales	1,174	979	935	708	781	689	777	556
Growth in net sales, %	50.2	42.2	20.3	27.3	30.5	45.2	59.7	65.6
EBIT	100	39	94	52	61	37	58	11
EBITA	100	39	94	52	61	37	58	11
EBITDA	102	41	96	54	62	38	60	12
Adjusted EBITA	107	72	101	48	69	45	61	15
Adjusted EBITDA	109	74	103	50	71	46	63	16
EBIT margin, %	8.5	4.0	10.0	7.4	7.8	5.3	7.4	2.0
EBITA margin, %	8.5	4.0	10.0	7.4	7.8	5.3	7.4	2.0
EBITDA margin, %	8.7	4.2	10.2	7.6	8.0	5.5	7.7	2.2
Adjusted EBITA margin, %	9.1	7.3	10.8	6.8	8.9	6.5	7.8	2.7
Adjusted EBITDA margin, %	9.3	7.5	11.0	7.0	9.1	6.7	8.1	2.9
Working capital	–24	–14	–1	15	–26	–69	–17	3
Interest-bearing net debt	538	493	446	392	346	302	241	210
Cash conversion %	115	100	93	–5	42	224	116	399
Gearing ratio, %	57.1	55.7	56.2	55.9	52.8	49.5	43.5	40.6
Net debt/in relation to adjusted EBITDA, times	1.6	1.7	1.7	1.7	1.8	1.7	1.5	1.5
Order backlog	3,875	3,736	3,194	2,611	2,496	2,189	1,999	1,911
Average number of employees	2,039	1,943	1,666	1,594	1,578	1,466	1,240	1,221
Number of employees at the end of the period	2,119	1,985	1,844	1,631	1,590	1,470	1,295	1,257

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	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
(A) Operating profit/loss (EBIT)	100	39	94	52	61	37	58	11
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	–	–	–	–	–	–
(B) EBITA	100	39	94	52	61	37	58	11
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	2	2	2	1	1	1	2	1
(C) EBITDA	102	41	96	54	62	38	60	12
Items affecting comparability								
Additional consideration	4	0	7	–9	–16	4	–	–
Acquisition costs	3	3	1	2	4	2	1	3
Costs associated with refinancing	–	–	–	–	–	1	1	–
Listing costs	–	–	–	2	20	2	1	1
Loss on divestment of subsidiaries	0	30	–	–	–	–	–	–
Total, items affecting comparability	7	33	7	–4	8	8	3	4
(D) Adjusted EBITA	107	72	101	48	69	45	61	15
(E) Adjusted EBITDA	109	74	103	50	71	46	63	16
(F) Net sales	1174	979	935	708	781	689	777	556
(A/F) EBIT margin, %	*8.5*	*4.0*	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*
(B/F) EBIT margin, %	*8.5*	*4.0*	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*
(C/F) EBIT margin, %	*8.7*	*4.2*	*10.2*	*7.6*	*8.0*	*5.5*	*7.7*	*2.2*
(D/F) Adjusted EBITA margin, %	*9.1*	*7.3*	*10.8*	*6.8*	*8.9*	*6.5*	*7.8*	*2.7*
(E/F) Adjusted EBITDA margin, %	*9.3*	*7.5*	*11.0*	*7.0*	*9.1*	*6.7*	*8.1*	*2.9*

Capital structure

Amounts in SEK m	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Calculation of working capital and working capital in relation to net sales								
Inventories	23	20	14	9	10	10	6	5
Accounts receivable	666	597	549	457	416	353	404	349
Earned, but not yet invoiced revenue	248	178	142	144	117	115	57	54
Prepaid expenses and accrued income	47	47	61	31	23	24	38	17
Other current assets	54	41	38	35	36	20	10	9
Accounts payable	–371	–329	–262	–249	–231	–223	–212	–221
Invoiced, but not yet earned income	–203	–140	–136	–137	–116	–98	–63	–24
Other current liabilities	–241	–187	–180	–105	–82	–54	–46	–18
Accrued expenses and deferred income, including provisions	–247	–241	–226	–170	–199	–215	–210	–169
(A) Working capital	**–24**	**–14**	**–1**	**15**	**–26**	**–69**	**–17**	**3**
(B) Net sales (12-months rolling)	3,797	3,404	3,114	2,956	2,804	2,621	2,407	2,116
(A/B) Working capital as a percentage of net sales, %	**–0.6**	**–0.4**	**0.0**	**0.5**	**–0.9**	**–2.6**	**–0.7**	**0.1**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	739	694	657	618	615	493	392	444
Current, interest-bearing financial liabilities	–	–	0	–	–	8	8	–
Short-term investments	–	–	–	0	–4	–4	–4	–4
Cash and cash equivalents	–200	–202	–211	–226	–265	–194	–155	–229
(A) Interest-bearing net debt	**538**	**493**	**446**	**392**	**346**	**302**	**241**	**210**
(B) Equity	942	884	793	702	656	611	553	518
(A/B) Gearing ratio, %	**57.2**	**55.7**	**56.2**	**55.9**	**52.8**	**49.5**	**43.4**	**40.6**
(C) EBITDA (12-months rolling)	293	253	250	214	172	159	144	124
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.8 times**	**1.9 times**	**1.8 times**	**1.8 times**	**2.0 times**	**1.9 times**	**1.7 times**	**1.7 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	109	74	103	50	71	46	63	16
Net investments in property, plant and equipment and intangible assets	–2	0	–2	0	–1	0	5	–7
Changes in working capital	18	0	–5	–52	–40	57	5	55
(B) Operating cash flow	**125**	**74**	**96**	**–3**	**30**	**104**	**73**	**64**
(B/A) Cash conversion %	**115**	**100**	**93**	**–5**	**42**	**226**	**116**	**399**

Signatures

Future reporting dates

Interim Report January – September 2018	8 November 2018
Year-end report 2018	15 February 2018
Interim report January-March 2019	8 May 2019
AGM	8 May 2019
Interim report January – June 2019	23 August 2019
Interim Report January – September 2019	7 November 2019

Board of Directors' assurance

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

Stockholm, 23 August 2018
Instalco Intressenter AB (publ)

Olof Ehrlén Chairman	Johnny Alvarsson Board member	Camilla Öberg Board member	Carina Qvarngård Board member

Per Leopoldsson Board member	Carina Edblad Board member	Per Sjöstrand CEO

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

Presentation of the report

The report will be presented during a telephone conference/audiocast today, 23 August at 14.00 CET via https://tv.streamfabriken.com/instalco-q2-2018. To participate by phone, call: +46 (0)8-5033 65 62.

Note

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was made public by the contact person listed below, on 23 August 2018 at 12:00 CET.

Additional information

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

Definitions with explanation

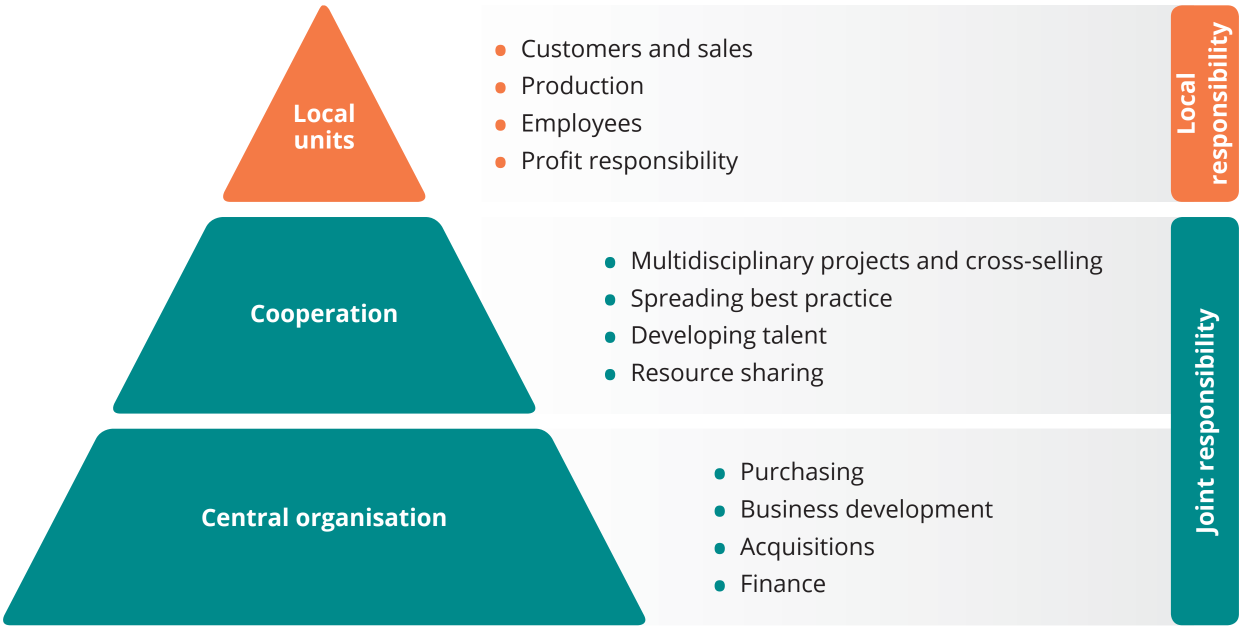
General	Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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

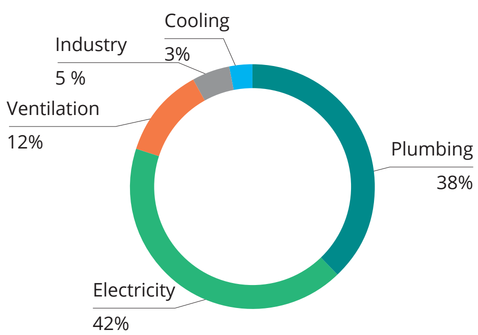
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current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

Instalco in brief

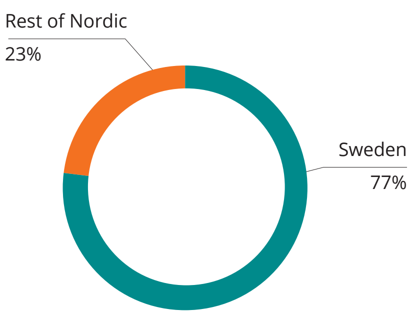
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

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

info@instalco.se