

Instalco Q2 presentation

22 August 2023

This is Instalco

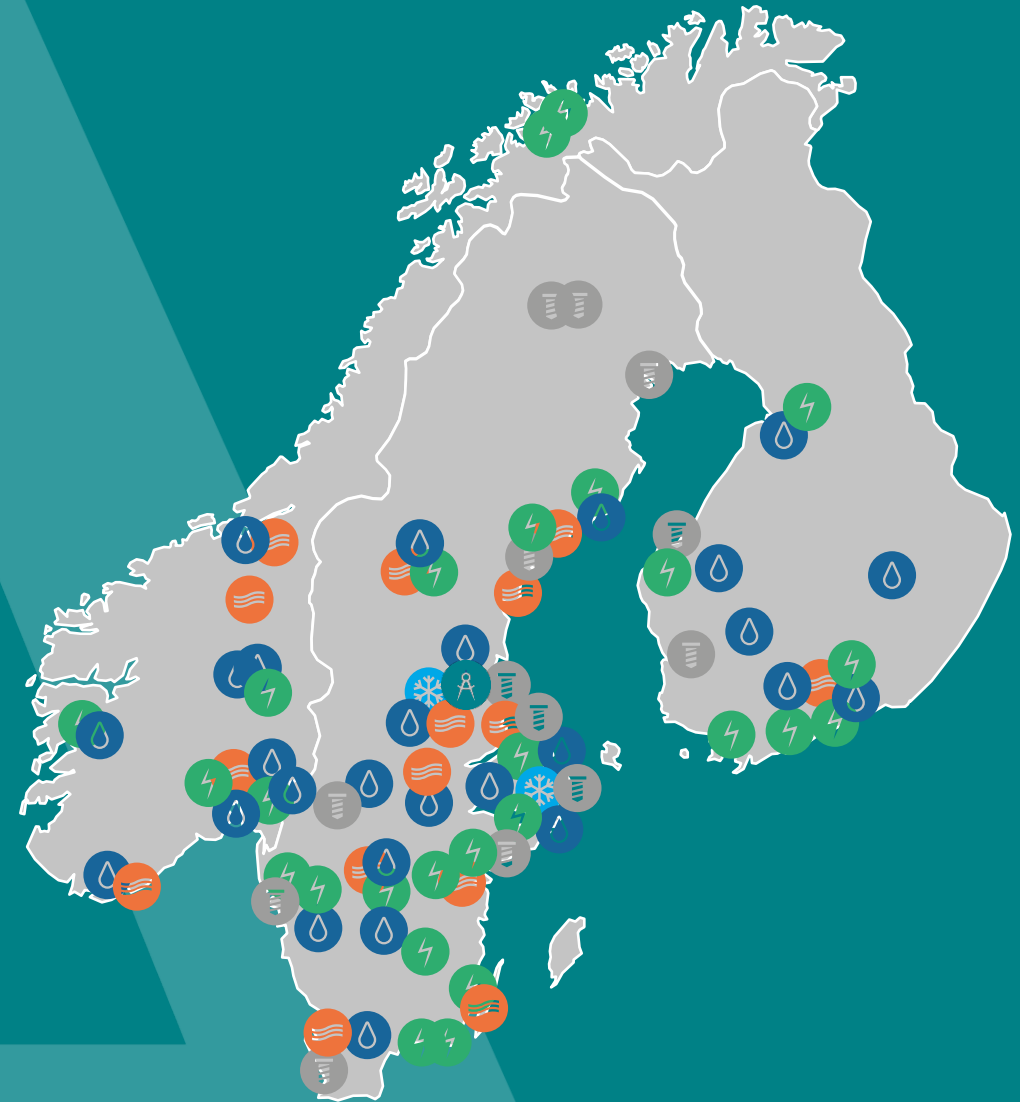
A leading Nordic group within heating and plumbing, electrical, ventilation, industry and technical consulting

Project planning, installation, service and maintenance of systems installed at properties and facilities

Highly decentralised structure

130 subsidiaries – specialised local companies

6,000 employees



Key financials, LTM

Net sales, million SEK

13,474

EBITA, million SEK

1,022

Cash flow from operations, million SEK

839

Order backlog, million SEK

9,185

EBITA margin, %

7.6

Acquired annual sales, million SEK

1,488

Q2 Highlights

- Continued strong sales growth 23.5%
 - Organic growth 5.5%
- Strengthened profitability – despite impact of one-off provisions
- Strong cash flow at SEK 225 (151) million
- Solid order backlog
- Two strategic acquisitions

Key financials Q2 2023

Net sales

SEK **3,832** million

EBITA

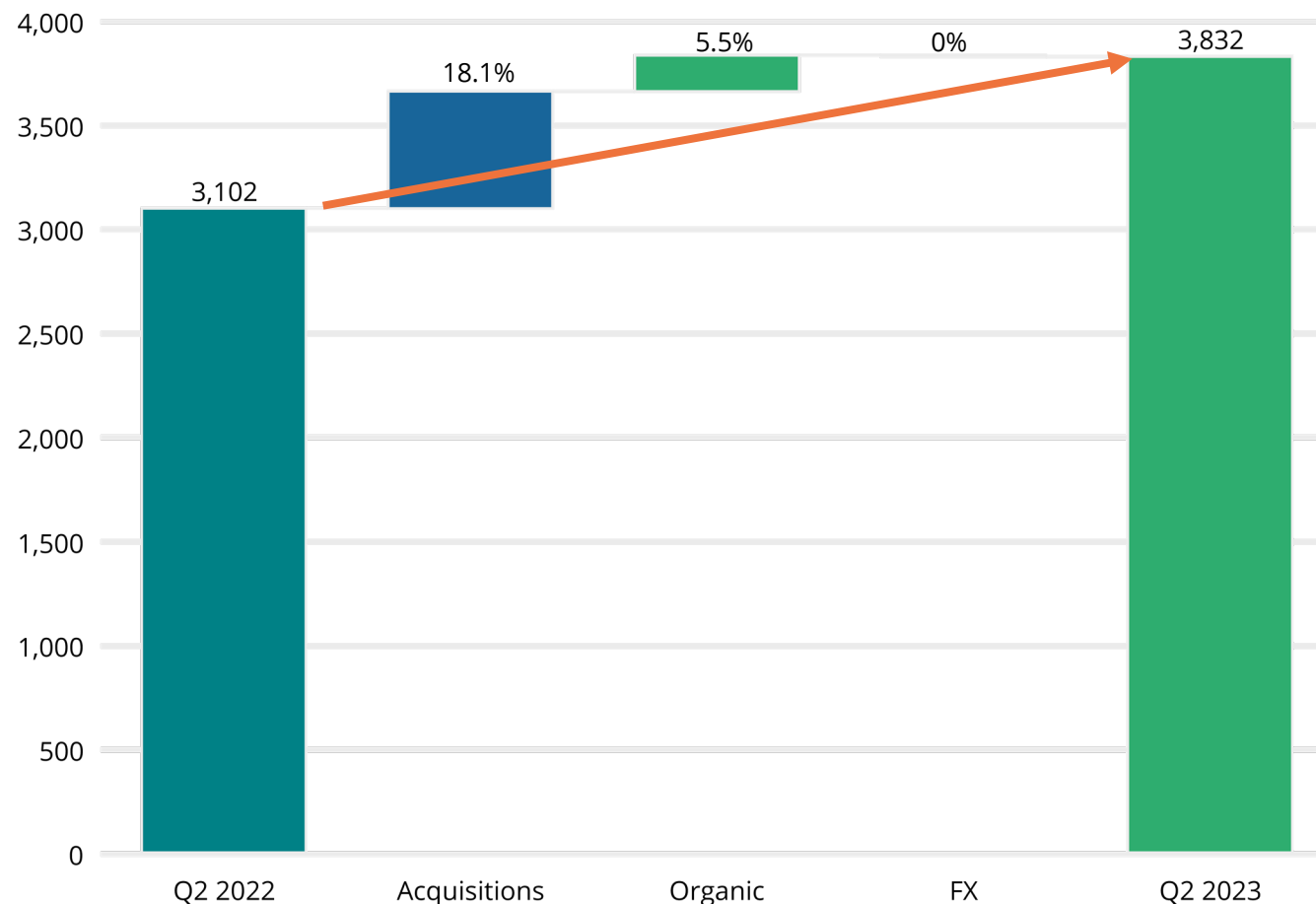
SEK **296** million

EBITA margin

7.7 %

Net sales development (SEK million)

- Net sales growth 23.5% to SEK 3,832 (3,102) million
- Organic growth of 5.5%, with both segments contributing
- Acquired growth of 18.1%, an effect of the successful M&A agenda



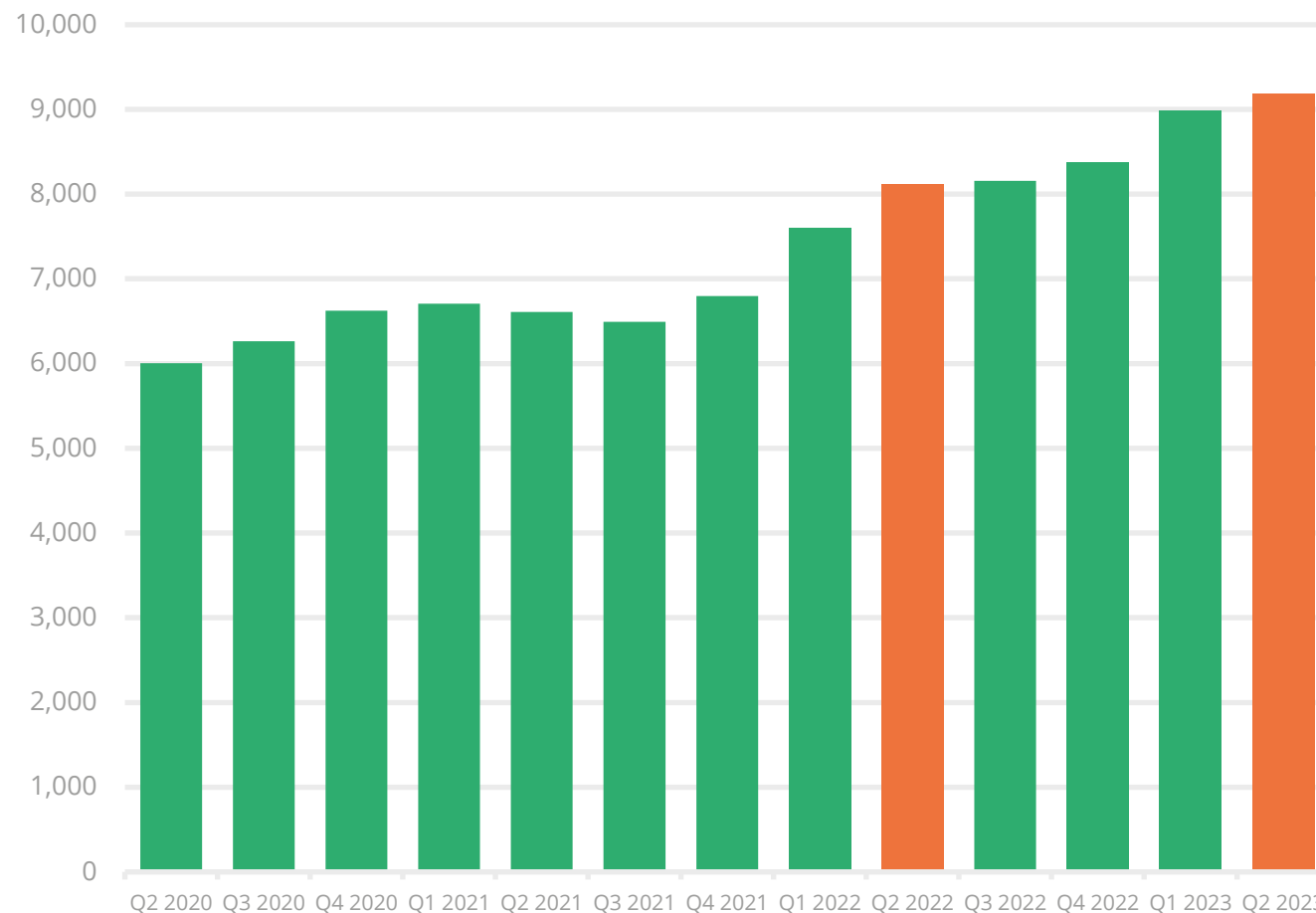
EBITA development (SEK million and margin %)

- EBITA of SEK 296 (250) million
- EBITA margin 7.7% (8.1)
- There was a negative impact on EBITA during the quarter of SEK 15 (0) million, which is a provision for projects where there is uncertainty about customer solvency in segment Sweden
- Adjusted for the provision, EBITA would have amounted to SEK 311 (250) million and the EBITA margin would have amounted to 8.1 (8.1) percent



Order backlog development (SEK million)

- Order backlog growth YoY of 13.1%, to SEK 9,185 (8,120) million
- Ratio of $\approx 0.7x$, relative to 12 months rolling net sales





Segment Sweden Q2 development

- Organic growth and high profitability
- Strong performance despite pressures from inflation
- High order backlog
- Net sales growth 11.2% to SEK 2,720 (2,447) million
 - Organic growth 2.2%
 - Acquired growth of 9.0%

Key financials Q2 2023

Net sales

SEK **2,720** million

EBITA

SEK **224** million

EBITA margin

8.2 %

Order backlog

SEK **6,677** million

Segment Rest of Nordic Q2 development



- Strongest quarter so far for the segment, with both countries contributing
- Continued positive signs from the Finnish market
- Net sales growth 69.7% to SEK 1,112 (655) million
 - Organic growth 18.1%
 - Acquired growth of 52.3%

Key financials Q2 2023

Net sales

SEK **1,112** million

EBITA

SEK **75** million

EBITA margin

6.7 %

Order backlog

SEK **2,507** million

Financial targets and dividend policy

Area	Target	Comment	Status
Growth	<ul style="list-style-type: none">• Average sales growth should be at least 10% per year over a business cycle• Growth will take place both organically and through acquisitions	24.8% YTD	✓
Margin	<ul style="list-style-type: none">• Instalco aims to deliver an EBITA margin of 8.0%	7.5% YTD	✓
Capital structure	<ul style="list-style-type: none">• Instalco's net debt in relation to EBITDA shall not exceed a ratio of 2.5	2.5x	✓
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 over a business cycle	81% YTD	✓
Dividend policy	<ul style="list-style-type: none">• Instalco targets a dividend payout ratio of 30% of net profit	30%	✓

Acquisitions 2023

		Company	Discipline	Segment	Est. Sales (SEKm)
1	Q1	Telepatrol Oy	Electrical	Rest of Nordic	48
2	Q1	Rörprodukter Montage Sverige AB	Heating & Plumbing	Sweden	24
3	Q1	Lysteknikk Entreprenør AS	Electrical	Rest of Nordic	325
4	Q1	Processus AB	Industry	Sweden	193
5	Q1	SMT Norrbotten AB	Industry	Sweden	40
6	Q1	Enter Ställningar AB	Industry	Sweden	340
7	Q2	Halvard Thorsen AS	Heating & Plumbing	Rest of Nordic	42
8	Q2	Elektro Västerbotten AB	Electrical	Sweden	50
		Total			1,062

Acquisitions: Growth in Umeå

- Acquisition of Swedish company Elektro Västerbotten AB
- Offers electrical installations to both commercial and private customers and it does both contract work and service
- Largest customers include Peab, Skanska and Selbergs Entreprenad
- A nice match with the Instalco model, and the acquisition brings us one important step closer to becoming multidisciplinary for installations in Umeå



Project: Ilmalan Aura

- Two Instalco companies: Uudenmaan Lvi-Talo and Milvent
- Piping, heating, cooling and ventilation in Ilmalan Aura in close collaboration
- The assignment is to be carried out during 2023-2024 and has an order value of approximately SEK 60 million
- The five-story office building Ilmalan Aura in Helsinki, of approximately 17,000 square meters, is to be completed in 2024



CEO's theme

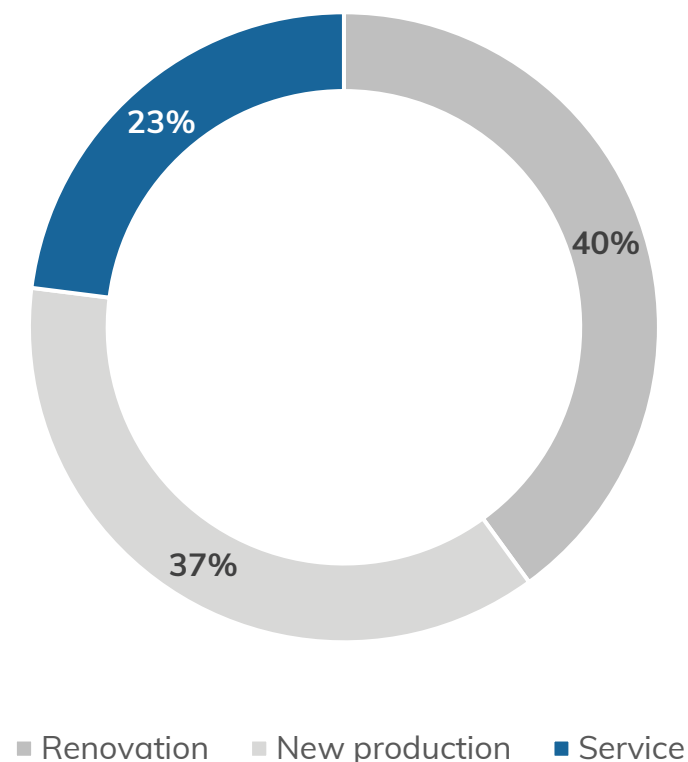
Service



A more resilient part of our business

- Expanded our offering in service and maintenance – service contracts, facilities management and starting to sign multidisciplinary agreements
- Further strengthening our existing relationships with customers and benefitting from our knowledge of completed projects
- A way to reach new customers when servicing existing solutions
- More sustainable – proper maintenance by knowledgeable technicians extends the solutions' lifetime
- One of our strategic priorities for 2023

Sales per contract type FY'22



Defining service

- No set standard in the industry for the classification of service, which makes comparisons between companies difficult
- Service revenue reported separately by our companies' according to a number of criteria:

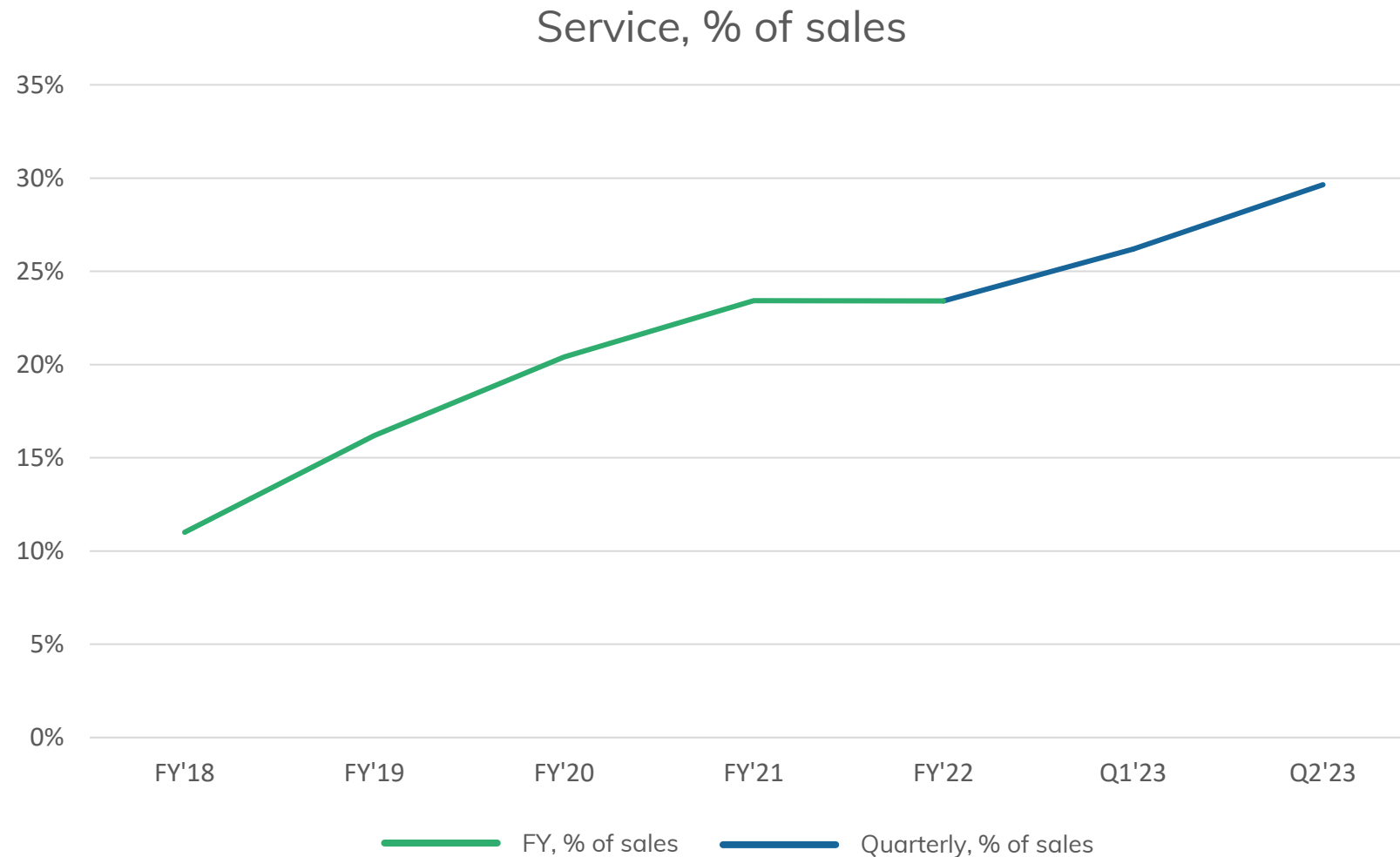


Smaller, ongoing assignments – often as part of service agreements or assignments sent to the companies' service departments



- Revenue that does not fall under the need for percentage-of-completion
- Assignments on a running account without a budget

A steady increase to a healthy service level



How we have grown our service business

- Shifted to acquiring companies with a proven service track record
- Established service departments at companies where it has never been a focus
- Started a service manager branch of the Instalco Academy where they are offered training in behavioural change, business economics, personal development, planning, sales and added value to the customer



Summary

- Strong development with continued good profitability despite a challenging market
- Continued positive signs in Finland
- EBITA margin 7.7% (8.1) – or 8.1% adjusted for buffer reserve
- Solid order backlog
- Service has grown to a healthy level
- We remain committed to our M&A strategy



Q&A - session

INSTALCO



Climate-smart, sustainable installations enable us to lower our energy consumption.