

Press release 8 November 2017 (12:00 CET)

## 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).

#### Comments from CEO Per Sjöstrand:

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.

### **Report presentation**

Instalco's CEO Per Sjöstrand and CFO Lotta Sjögren will present the report in a conference call/audiocast today 8 November at 14.00 CET. Dial-ins for participants:

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The presentation can also be followed at <https://tv.streamfabriken.com/instalco-q3-2017>.

*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.*

### **For further information:**

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*Instalco is one of the leading installation companies in the Nordic region, active in the areas of heating, plumbing, electricity, cooling and industrial solutions. We work closely with customers, offering all the advantages of a local company, along with efficient collaboration and leadership. The operations are conducted through approximately 30 leading and highly specialised local units, with the support of a small central organisation. Instalco is listed at Nasdaq Stockholm under the ticker INSTAL. For further information, visit [www.instalco.se](http://www.instalco.se).*