

Press release 16 February 2018 (12:00 CET)

Year-end report 2017

Strong profitability trend and many acquisitions

October – December 2017

- Net sales increased by 20.3 percent to SEK 935 (777) million. Organic growth was -5.5 percent.
- Adjusted EBITA increased to SEK 101 (61) million which corresponds to an adjusted EBITA margin of 10.8 (7.9) percent.
- Operating cash flow for the quarter was SEK 96 (73) million.
- 11 acquisitions were made during the quarter, which, on an annual basis is expected to contribute SEK 484 million in sales.
- Earnings per share for the quarter amounted to SEK 1.38 (0.52)

January – December 2017

- Net sales increased by 29.4 percent to SEK 3,114 (2,407) million. Organic growth was -1.7 percent.
- Adjusted EBITA increased to SEK 264 (156) million which corresponds to an adjusted EBITA margin of 8.5 (6.5) percent.
- Operating cash flow for the period was SEK 227 (289) million.
- 18 acquisitions were made during the period, which, on an annual basis are expected to contribute SEK 1,031 million in sales.
- Order backlog was SEK 3,194 (1,999) million.
- Earnings per share for the period amounted to SEK 3.69 (1.96).
- The Board proposes dividends of SEK 1.10 (0) per share.

Comments from CEO Per Sjöstrand:

I am very pleased that 2017 has ended with a quarter where we had a significant increase in profitability and added several new companies to the Instalco family. Sales for 2017 increased to SEK 3,114 (2,407) million, of which 30.7 percent was acquired growth and -1.7 percent was organic growth. Organic growth was affected by an unusually large project that culminated during the fourth quarter of 2016. Excluding that particular project, organic growth was 1.4 percent. As we enter into 2018, we expect a more stable development of organic growth, since many more of our companies will be included in the basis for calculations.

Adjusted EBITA for the fourth quarter was SEK 101 million, which corresponds to a record-high adjusted EBITA margin of 10.8 (7.9) percent. The improvement in profitability is primarily attributable to our business model, that enables our companies to retain their entrepreneurial profile, along with a high level of specialisation. We do not have any generalist companies in the group.

There was a significant increase in order backlog and at the end of the quarter, it amounted to SEK 3,194 (1,999) million, which corresponds to an increase of 59.8 percent.

New acquisitions in Sweden and Finland

During the fourth quarter, we acquired the Swedish operations of Elkontakt and Elektro-Centralen along with the Finnish companies Telefuusio and Kannosto. The first two strengthen our presence in Western Sweden and we now have so many Finnish companies belonging to Instalco that we are really starting to profit from the synergies.

Looking at the year as a whole, the group added eleven businesses across eighteen companies, with combined sales of SEK 1,031 million. At the end of the fourth quarter, Instalco had 43 companies in the Nordic region.

We are also starting up operations where we have identified market opportunities. One good example is DALAB. During the quarter, it opened a new division focused on electrical installation, thus making it a multidisciplinary supplier.

I am very proud to announce that we also started up our internal training programme, Instalco School, in Norway during the quarter. We have already been running Instalco School in Sweden for some time and its purpose is to train future leaders so that we can attract and retain skilled employees. In Norway, we also appointed a new Business Area Manager for coordination between the Instalco companies in Norway.

Projects should benefit society

Looking back on the past year, we can conclude that the Instalco companies have initiated a vast number of interesting projects, both large and small. In each project, our aim is to provide benefits to society, primarily by lowering environmental impact and energy consumption and increasing sustainability.

During the fourth quarter, and with support from both Rörgruppen and Ohmegi, we have been honoured with the task of helping to construct a new police station in Rinkeby, in northern Stockholm. On the industrial side, we were awarded two major assignments during the fall via ORAB to install pipes for StoraEnso and BillerudKorsnäs at the Skutskär and Gruvön paper mills. ORAB and Rörläggaren are also involved in the second stage of installation at the ESS research facility in Lund.

During the quarter, Bi-Vent signed a contract in Helsingborg to be part of the construction of the new waterfront business district called Ocean Harbour. In Gothenburg, LG Contracting has won the assignment to collaborate with others on plumbing installation in the section of central Gothenburg called Platinan, which is part of the Nordic region's largest urban development project, Älvstaden.

We have not noticed any slowdown in housing construction during the quarter, but there are signs of a shift in focus from the construction of cooperative flats to rental units, which does not have any significant impact on Instalco.

High quality acquisitions

In terms of the acquisition process, we are in good shape as we head into 2018. As always, we are interested in profitable companies that fit the Group's strategy and can contribute to our growth. Our acquisition pipeline is stronger than ever, which means that we are on track for achieving EBITA of SEK 450 million by 2020. We are striving to acquire companies with a total sales of SEK 600-800 million per year and an EBITA level in line with our margin goal of 8 percent.

Our efforts continue to develop the collaboration between our companies and areas of technology so that we can offer attractive total solutions to our customers. Keywords for Instalco

are cooperation, mature leadership and efficient processes. On that foundation and with that strategy, we continue pursuing our vision of becoming one of the Nordic region's leading installation companies 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 16 February at 14.00 CET. Dial-ins for participants:

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The presentation can also be followed at <https://tv.streamfabriken.com/instalco-q4-2017>.

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 16 February 2018 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 40 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.