

High growth and good profitability

July – September 2020

- Net sales increased by 16.1 percent to SEK 1,643 (1,416) million. Organic growth, adjusted for currency effects, was -2.7 (14.6) percent.
- EBIT increased to SEK 140 (113) million, which corresponds to an EBIT margin of 8.5 (8.0) percent.
- Cash flow from operating activities for the period was SEK 90 (114) million.
- Six acquisitions were made during the quarter, which on an annual basis contribute an estimated total sales of SEK 496 million.
- Earnings per share for the period amounted to SEK 2.01 (1.59).

January - September 2020

- Net sales increased by 24.9 percent to SEK 5,044 (4,040) million. Organic growth, adjusted for currency effects, was 4.6 (7.6) percent.
- EBIT increased to SEK 414 (348) million, which corresponds to an EBIT margin of 8.2 (8.6) percent.
- Cash flow from operating activities for the period was SEK 412 (343) million.
- 14 acquisitions were made during the period, which on an annual basis contribute an estimated total sales of SEK 997 million.
- Earnings per share for the period amounted to SEK 6.04 (5.34).



Key figures

SEK m	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	1,643	1,416	5,044	4,040	6,696	5,692
Operating profit/loss (EBIT)	140	113	414	348	558	492
Operating profit/loss (EBIT), %	8.5	8.0	8.2	8.6	8.3	8.6
EBITA	140	113	414	348	559	493
EBITA margin, %	8.5	8.0	8.2	8.6	8.3	8.7
Adjusted EBITA ¹⁾	150	127	431	342	589	500
Adjusted EBITA margin, % ¹⁾	9.2	9.0	8.6	8.5	8.8	8.8
Earnings before taxes	137	108	397	335	534	473
Cash flow from operating activities	90	114	412	343	563	495
Order backlog	6,263	4,418	6,263	4,418	6,263	4,865
Earnings per share, SEK ²⁾	2.01	1.59	6.04	5.34	8.28	7.58

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

2) Calculated in relation to the number of shares before dilution at the end of the reporting period.

CEO Comments

For the third quarter, Instalco is yet again reporting high sales growth with good profitability, despite the ongoing pandemic that is affecting all of us in one way or another. Sales in the quarter were SEK 1,643 (1,416) million, which corresponds to a growth rate of 16.1 percent. Adjusted EBITA for the third quarter was SEK 150 (127) million, which corresponds to an adjusted EBITA margin of 9.2 (9.0) percent. Order backlog has remained strong and at the end of the quarter, it amounted to SEK 6,263 (4,418) million, which corresponds to an increase of 41.8 percent.

Strong earnings despite the pandemic

During the quarter, there has been a slight decline in production in some parts of the organization. Sick leave is approximately 3 percent higher than usual, which has impacted production and is reflected in the figures showing negative organic growth. Despite that and the ongoing pandemic, we have coped quite well at the Group level. I am very pleased with the results for segment Sweden, although Rest of Nordic is still performing somewhat below the desired level.

It is still very difficult to assess the market and we are ready to adapt if we become more affected by the pandemic in future quarters.

Growth in ventilation

There was a high level of activity with acquisitions in the third quarter and Instalco continues acquiring high-quality companies that create synergies and cross-selling within the Group. Five of the acquisitions during the quarter were in Sweden and one was in Finland. Already this year, our acquired annual sales is nearly one billion SEK, which far exceeds our target of SEK 600-800 million. Our acquisition pipeline remains strong as well.

VentPartner Group, has its headquarters in Örebro, along with offices in Närke, Västmanland and Östergötland. This is our first major acquisition in the area of ventilation solutions and it further strengthens Instalco's position as a multidisciplinary supplier in central Sweden. In Stockholm, Instalco acquired MR Rör i Storstockholm AB. With its main focus on providing professional service, the acquisition is in line with our long-term strategy to grow in the service area.

We also significantly strengthened our position in Östergötland during the quarter with the acquisition of FTX Teknik och Service AB, Boman El och Larmtjänst i Norrköping AB (both in Norrköping) and Tornby El AB (in Linköping). In Helsinki, we grew our operations in heating & plumbing with the acquisition of Uudenmaan Lämpötekniikka Oy.

Energy-efficient and sustainable solutions

Our sustainability efforts continue via our various projects that create benefits for 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.



One example of a project with high sustainability requirements is LG Contracting's assignment to design and install a geothermal heating system for 650 new apartments in Upplands-Bro. A unique solution was designed based on the client's high energy demands using extremely efficient and powerful heat pumps.

Besides such prestigious projects as these, Instalco is involved in a wide range of other projects, varying in size. Much of our success is rooted in the many smaller, well-run projects of high quality that we are involved in. Our companies have strong local ties and excellent reputations, having established long-term, successful collaboration with their local customers.

One example of such is Tingstad Rörinstallationer's project to renovate the prestigious estate, Wijks Villa (from the early 1900s), situated in Lorensberg, Gothenburg. The work is being carried out as a partnership involving close collaboration between the client, contractor, curator and subcontractors from various disciplines to carefully renovate this protected building of historical value. Tingstad Rörinstallationer was engaged for the heating & plumbing work.

Developing the installation sector

Instalco's focus in the installation sector is on electrical, heating & plumbing, sprinkler and ventilation systems, along with cooling and industrial solutions. We are continually looking for opportunities to strengthen our position in these areas, along with expanding into related areas of operation. One exciting example of such is installation consulting services, where we currently have a small position established and are looking into opportunities for additional growth. Here, we see great potential to develop the installation and construction sector by integrating project planning with technical execution.

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. Future outlook is still difficult to assess due to the ongoing pandemic.

To a large extent, the market is fuelled by several long-term trends and developments in society such as urbanisation, housing shortage, technological progress, infrastructure investments and ageing property holdings. We know, too, that environmental awareness, generating benefits to society and sustainable entrepreneurship are of growing importance to our customers.

Net sales

Third quarter

Sales for the third quarter amounted to SEK 1,643 (1,416) million, which is an increase of 16.1 percent. Adjusted for currency effects, organic growth was -2.7 (14.6) percent and acquired growth was 20.8 percent. Currency fluctuations had a negative impact on net sales of -1.8 percent. Six new company acquisitions were made during the quarter.

January - September

Net sales for the period amounted to SEK 5,044 (4,040) million, which is an increase of 24.9 percent. Adjusted for currency effects, organic growth was 4.6 (3.9) percent and acquired growth was 22.0 percent. Currency fluctuations had a negative impact on net sales of -0.2 percent. Instalco acquired 14 companies during the period.

Earnings

Third quarter

Adjusted EBITA for the third quarter amounted to SEK 150 (127) million. The adjustment during the quarter of SEK 10 million is primarily attributable to a revaluation of additional consideration. Net financial items for the quarter amounted to SEK -3 (-5) million. Interest expense on external loans was SEK -1 (-4) million. Earnings for the period were SEK 105 (80) million, which corresponds to earnings per share of SEK 2.01 (1.59). Tax for the quarter was SEK -32 (-28) million.

January - September

Adjusted EBITA for the period amounted to SEK 431 (342) million. The adjustment during the quarter of SEK 17 million is primarily attributable to a revaluation of additional consideration. Net financial items for the period amounted to SEK -17 (-12) million. Interest expense on external loans was SEK -10 (-10) million. Earnings for the period were SEK 308 (263) million, which corresponds to earnings per share of SEK 6.04 (5.34). Tax for the period was SEK -89 (-73) million.

Order backlog

January - September

Outstanding orders at the end of the third quarter amounted to SEK 6,263 (4,418) million, which is an increase of 41.8 percent. For comparable units, adjusted for currency effects, order backlog increased by 26.2 percent and acquired growth was 18.2 percent.

During the third quarter, the Instalco company, LG Contracting, completed comprehensive pipe installation work at Hasselfors Sawmill in Laxå. It was part of an expansion project, where both district heating and ground heating were being installed.

Cash flow

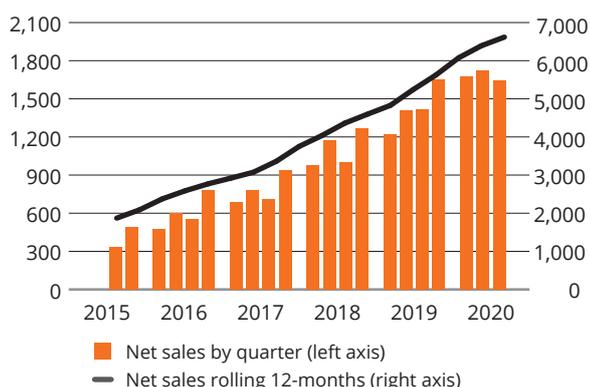
Third quarter

Cash flow from operating activities for the period was SEK 90 (114) million. Instalco's cash flow varies over time, primarily because of work-in-progress. There can be significant fluctuations when making comparisons between quarters and this applies in particular to accounts receivable, accounts payable and work-in-progress.

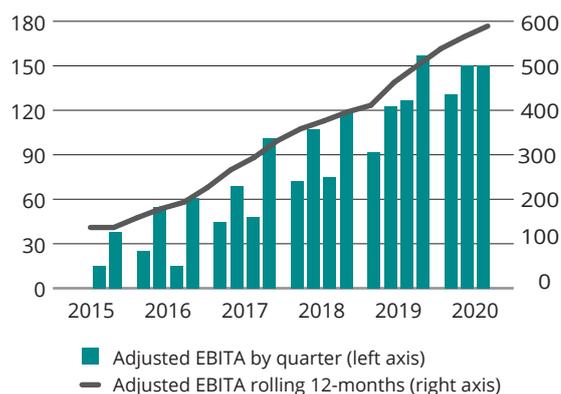
January - September

Cash flow from operating activities for the period was SEK 412 (343) million.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market

Because of the Corona pandemic, it is difficult to assess the market outlook over the long term. In general, the rate of growth for construction in the public sector (e.g. schools, preschools, hospitals, clinics and nursing homes) remains high. The same applies to construction of commercial property, such as offices.

Production of new rental apartments and condominiums remains at a good level. Here, we have seen indications of both higher demand and competition during the quarter.

Net sales

Third quarter

Net sales for the third quarter increased by SEK 214 million to SEK 1,252 (1,039) million compared to the same period last year. Organic growth was 1.3 percent and acquired growth was 19.3 percent.

January - September

Net sales for the period increased by SEK 837 million to SEK 3,822 (2,985) million compared to the same period last year. Organic growth was 8.2 percent and acquired growth was 19.9 percent.

Earnings

Third quarter

EBITA for the quarter was SEK 117 (100) million, which corresponds to a margin of 9.3 (9.6) percent.

January - September

EBITA for the period was SEK 370 (260) million, which corresponds to a margin of 9.7 (8.7) percent. Thus far, it has been a strong year for Sweden. Our projects have progressed well, which has resulted in three strong quarters.

Order backlog

January - September

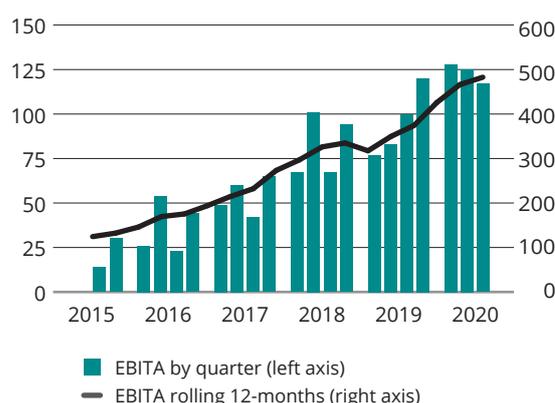
Order backlog at the end of the period amounted to SEK 5,054 (3,295) million, which is an increase of 53.4 percent. For comparable units, order backlog increased by 34.4 percent and acquired growth was 19.0 percent.

One of the highlights of the third quarter was Instalco's completion of a major lighting project at the new Fortnox headquarters, a 10,000 sq. m. building in Växjö. The Instalco company, ELUB, was engaged for designing and installing the lighting system, along with installation of the power, computer networks, alarm/lock/entry & exit systems and EV charging.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	1,252	1,039	3,822	2,985	5,058	4,221
EBITA	117	100	370	260	490	379
EBITA margin, %	9.3	9.6	9.7	8.7	9.7	9.0
Operating profit/loss (EBIT)	117	100	370	259	489	379
Operating profit/loss (EBIT), %	9.3	9.6	9.7	8.7	9.7	9.0
Earnings before taxes	116	98	368	258	447	337
Order backlog	5,054	3,295	5,054	3,295	5,054	3,741

Operations in Rest of Nordic

Market

The Norwegian market has stabilized more quickly than we had predicted in the second quarter. There has, however, been an overall downturn in Norway since the start of 2020. Uncertainty remains as to how the market will be affected by the pandemic over the long term. With interest rates still low, housing prices have been rising which, in turn, has resulted in more new housing projects getting underway. The service market has recovered to normal levels subsequent to shutdowns that were in place earlier, at the height of the Corona pandemic.

The market in Finland has grown in recent years, but is now levelling off. Order backlog for our Instalco companies in Finland is very strong, even though there are indications of an overall decline in the number of building permits for new construction there. The market is still primarily being fuelled by the major metropolitan regions. Future outlook is still difficult to assess due to the prevailing pandemic.

Net sales

Third quarter

Net sales for the third quarter increased by SEK 14 million to SEK 391 (377) million compared to the same period last year. Organic growth, adjusted for currency effects, was -13.7 percent and acquired growth was 25.1 percent.

January - September

Net sales for the period increased by SEK 168 million to SEK 1,222 (1,055) million compared to the same period last year. Organic growth, adjusted for currency effects, was -5.6 percent and acquired growth was 28.0 percent.

Earnings

Third quarter

EBITA for the quarter was SEK 26 (35) million, which corresponds to a margin of 6.7 (9.3) percent.

January - September

EBITA for the period was SEK 68 (80) million, which corresponds to a margin of 5.6 (7.6) percent. Both earnings and margins have been impacted to a certain extent by the pandemic.

Order backlog

January - September

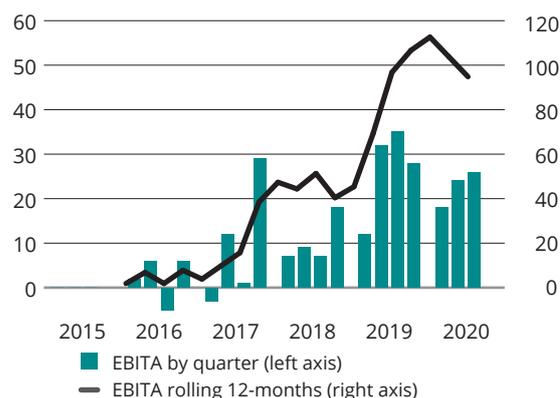
Order backlog at the end of the period amounted to SEK 1,209 (1,123) million, which is an increase of 18.0 percent, adjusted for currency effects. For comparable units, order backlog increased by 2.0 percent and acquired growth was 16.1 percent.

During the third quarter, Instalco's subsidiary in Norway, Moi Rør, won a contract for installation of the heating, cooling, plumbing and sprinkler systems in conjunction with the construction of Tangvall Skolecenter (a new school near Kristiansand). It is also designated to be the first Sustainable Instalco Project in Norway.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	391	377	1,222	1,055	1,638	1,470
EBITA	26	35	68	80	96	108
EBITA margin, %	6.7	9.3	5.6	7.6	5.9	7.3
Operating profit/loss (EBIT)	26	35	68	80	96	108
Operating profit/loss (EBIT), %	6.7	9.3	5.6	7.6	5.9	7.3
Earnings before taxes	26	35	67	80	94	107
Order backlog	1,209	1,123	1,209	1,123	1,209	1,124

Acquisitions

Instalco made 14 acquisitions during the period January through September 2020. For each of them, 100 percent of the shares were acquired.

In accordance with agreements on additional consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 240 million, of which SEK 165 million is acquisitions that were made in 2020. The total amount of accrued additional consideration is SEK 144 million, of which SEK 89 million is for acquisitions made in 2020. They

are reported among Other current liabilities in the balance sheet. Acquisition costs for the year amount to SEK 8 (7) million and they are reported among Other operating expenses in the income statement.

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

Goodwill of SEK 432 million that has arisen via the acquisitions represents future economic benefits that could not be individually identified and recognized separately.

Company acquisitions

Instalco made the following company acquisitions during the period January – September 2020.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
January	Elinstallationer Ullsand Bengtsson AB (ELUB)	Sweden	69	30
February	Haug og Ruud VVS AS	Rest of Nordic	71	32
March	Östersjö Elektriska AB	Sweden	25	17
April	Avent companies	Sweden	108	60
April	Norrtech VVS and Industri AB	Sweden	36	16
April	Teampipe Sweden AB in Uppsala	Sweden	49	35
June	Miljöventilation i Mellannorrland AB	Sweden	60	23
June	Sähkö-Arktia Oy	Rest of Nordic	83	39
July	FTX Teknik & Service AB	Sweden	45	30
July	Uudenmaan Lämpötekniikka Oy	Rest of Nordic	75	46
July	Vent Partner Group	Sweden	250	100
August	Boman El och Larmtjänst AB	Sweden	73	54
August	Tornby El AB	Sweden	18	12
September	MR Rör i Storstockholm AB	Sweden	35	13
Total			997	507

Impact of acquisitions

Acquisitions had the following impact on the Group's assets and liabilities. None of the acquisitions in the period have been assessed as individually significant, which is why the disclosures cover them as a whole. The acquisition analyses for companies acquired in 2020 are preliminary.

SEK m	Fair value of Group
Intangible assets	0
Deferred tax receivable	0
Other non-current assets	12
Other current assets	166
Cash and cash equivalents	131
Deferred tax liability	-4
Current liabilities	-177
Total identifiable assets and liabilities (net)	128
Goodwill	432
Consideration paid	
Cash and cash equivalents	472
Non-controlling interests	0
Conditional consideration	89
Total transferred consideration	561
Impact on cash and cash equivalents	
Cash consideration paid	472
Cash and cash equivalents of the acquired units	-131
Total impact on cash and cash equivalents	340
Settled additional consideration attributable to acquisitions in the current year and prior years	71
Exchange rate difference	0
Total impact on cash and cash equivalents	411
Impact on operating income and earnings in 2020	
Operating income	299
Earnings	36

Financial information

Financial position

Equity at the end of the period amounted to SEK 1,828 (1,365) million. Interest-bearing net debt as of 30 September 2020 was SEK 974 (785) million.

Currency changes impacted net debt by SEK 17 million. The gearing ratio was 53.3 (57.7) percent. During the period, net financial items amounted to SEK -17 (-12) million, of which net interest income/expense was SEK -12 (-11) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 308 (374) million as of 30 September 2020. The Group's interest-bearing liabilities were SEK 1,282 (1,159) million, including leasing in accordance with IFRS 16. Instalco's total amount of granted credit, not including leasing, was SEK 1,501 million, of which SEK 978 million had been utilised as of 30 September 2020. For the second quarter, the change in working capital was SEK -40 (-13) million and it is primarily attributable to a change in work-in-progress.

Investments, depreciation and amortisation

The Group's net investments for the period, not including company acquisitions, amounted to SEK -1 (-2) million. Depreciation of fixed assets was SEK -94 (-69) million. Investments in company acquisitions amounted to SEK 411 (356) million. The amount includes settled conditional consideration attributable to acquisitions made in the current and prior years equal to SEK 71 (56) million.

Parent Company

The main operations of Instalco 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 2020. Net sales for the Parent Company amounted to SEK 18 (17) million. Operating profit/loss was SEK 1 (1) million. Net financial items amounted to SEK -1 (-1) million. Earnings before taxes were SEK -1 (-1) million and earnings for the period were SEK -1 (-1) million. Cash and cash equivalents at the end of the period amounted to SEK 18 (56) 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, expertise, capacity utilisation and revenue recognition.

The Group recognizes revenue in its projects over time in accordance with the percentage of completion method. This involves comparing actual expenditure to the total expected expenditure at any given time. The Group has a well-established process for following up on the percentage of completion and total expected costs of each project. It includes monitoring and assessing the risk of losses that could occur in the project.

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

A detailed description of the Group's risks is provided on pages 34-36 of the 2019 Annual Report.

Corona situation

The Corona crisis has not caused any major disturbances at the Group level. Overall for the Group, sick leave was at a higher level than normal during the quarter (by approximately 3 percent), causing a slight decline in production in some parts of the organization which is reflected in the figures showing negative organic growth. Most projects have been able to continue essentially as usual even with adaptations to the prevailing situation and order intake has been robust. Due to the ongoing pandemic, the future market outlook remains uncertain, however.

It is still difficult to assess the long-term effects and we are actively monitoring developments. We are monitoring operations in our business areas and subsidiaries so that we can take additional measures to limit any negative consequences.

Incentive program

At Instalco's AGM on 7 May 2020, it was decided to implement an incentive program for the Group's senior executives and other key individuals at the company. The total scope of the program is, at most, 989,256 warrants. The price of the warrants corresponded to the market value. The dilutive effect corresponds to, at most, 2.0 percent of share capital and votes after dilution. Warrants may be exercised as of 22 May 2023 through 16 June 2023.

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 and earnings by segment

Revenue by segment	Operations	
	Contract	Service
Sweden	3,093	728
Rest of Nordic	976	247
Group	4,069	975

Revenue and earnings by segment				
	Sweden	Rest of Nordic	Group-wide and eliminations	Total
Net sales	3,822	1,222	0	5,044
Earnings before taxes	368	67	-38	397

Events after the end of the reporting period

During the fourth quarter of 2020, Instalco acquired MESAB (Marine Environmental Solution AB), with anticipated sales of SEK 160 million and 20 employees.

Accounting policies

The consolidated financial statements have been prepared in accordance with International 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 2020 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. The same accounting principles and bases of computation have been applied in this interim report as in the most recent annual report.

New standards and interpretations that enter into force in 2020 and beyond

As of the date that these financial reports were approved, no other new standards, amendments and interpretations of existing standards that have not yet entered into force or have been published by the IASB have been early-adopted by the Group.

Other

In its financial statements, Instalco only has conditional consideration liabilities that are valued at fair value through 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 144 million.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	1,643	1,416	5,044	4,040	6,696	5,692
Other operating income	7	0	31	48	53	70
Operating income	1,650	1,415	5,075	4,088	6,749	5,762
Materials and purchased services	-891	-778	-2,684	-2,126	-3,494	-2,937
Other external services	-76	-74	-273	-239	-371	-338
Personnel costs	-498	-409	-1,577	-1,270	-2,144	-1,836
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-31	-26	-94	-69	-120	-95
Other operating expenses	-13	-15	-33	-35	-61	-64
Operating expenses	-1,510	-1,303	-4,661	-3,740	-6,191	-5,270
Operating profit/loss (EBIT)	140	113	414	348	558	492
Net financial items	-3	-5	-17	-12	-24	-19
Earnings before taxes	137	108	397	335	534	473
Tax on profit for the year	-32	-28	-89	-73	-117	-101
Earnings for the period	105	80	308	263	417	372
Other comprehensive income						
Translation difference	-2	2	-65	44	-92	17
Comprehensive income for the period	103	81	243	307	326	390
<i>Comprehensive income for the period attributable to:</i>						
Parent Company's shareholders	102	80	238	304	322	388
Non-controlling interests	1	2	5	3	4	2
Earnings per share for the period, before dilution, SEK	2.01	1.59	6.04	5.34	8.28	7.58
Earnings per share for the period, after dilution, SEK	1.97	1.53	5.89	5.14	8.12	7.30
Average number of shares before dilution	51,417,489	49,003,437	50,193,480	48,707,143	49,959,047	48,844,291
Average number of shares after dilution ¹⁾	52,406,745	50,862,915	51,496,840	50,566,621	50,948,303	50,703,769

1) The company has one warrant scheme outstanding totalling 989,256 warrants (see Incentive program, page 8).

Condensed consolidated balance sheet

AMOUNTS IN SEK M	30 Sept 2020	30 Sept 2019	31 Dec 2019
Goodwill	2,578	2,011	2,189
Right-of-use assets	314	191	222
Other non-current assets	53	50	50
Total non-current assets	2,946	2,252	2,461
Accounts receivable	878	785	874
Contractual assets	452	402	322
Other current assets	196	133	203
Cash and cash equivalents	308	374	317
Total current assets	1,833	1,694	1,715
Total assets	4,779	3,946	4,176
Equity	1,820	1,362	1,483
Non-controlling interests	7	3	2
Total equity	1,828	1,365	1,485
Non-current liabilities	1,065	1,038	1,057
Lease liabilities	197	105	129
Total non-current liabilities	1,262	1,143	1,186
Lease liabilities	104	78	84
Accounts payable	616	493	420
Contractual liabilities	308	366	357
Other current liabilities	662	502	643
Total current liabilities	1,690	1,439	1,504
Total liabilities	2,951	2,582	2,690
Total equity and liabilities	4,779	3,946	4,176
Of which interest-bearing liabilities	1,282	1,159	1,188
<i>Equity attributable to:</i>			
Parent Company shareholders	1,820	1,362	1,483
Non-controlling interests	7	3	2

Condensed statement of changes in equity

AMOUNTS IN SEK M	30 Sept 2020	30 Sept 2019	31 Dec 2019
Opening equity	1,485	1,068	1,068
Total comprehensive income for the period	238	304	388
New issues ¹⁾	192	62	89
Unregistered share capital	4	0	11
Issue warrants	18	-	-
Dividends	-115	-73	-73
Other	1	0	0
Non-controlling interests	5	3	2
Closing equity	1,828	1,365	1,485
<i>Equity attributable to:</i>			
Parent Company's shareholders	1,820	1,362	1,483
Non-controlling interests	7	3	2

1) The amount is attributable to redemption of warrants from prior incentive programs along with smaller amounts associated with the acquisition of new companies.

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	12-months rolling 2019/2020	Jan-Dec 2019
Cash flow from operating activities						
Earnings before taxes	137	108	397	335	534	473
Adjustment for items not included in cash flow	29	38	111	71	145	105
Tax paid	-35	-19	-97	-82	-119	-103
Changes in working capital	-41	-13	1	19	3	21
Cash flow from operating activities	90	114	412	343	563	495
Investing activities						
Acquisition of subsidiaries and businesses	-184	-113	-411	-356	-615	-560
Divestment of subsidiaries	-	-	-	0	-	0
Other	0	-2	-1	-3	0	-2
Cash flow from investing activities	-183	-115	-412	-359	-615	-562
Financing activities						
New issue	108	20	196	62	233	100
Warrants	18	-	18	-	18	-
New loans	0	41	70	313	87	331
Repayment of loan	-6	-30	-72	-86	-102	-116
Amortisation of lease liability	-30	-23	-85	-60	-107	-83
Dividends	0	1	-115	-73	-115	-73
Cash flow from financing activities	89	8	12	157	15	159
Cash flow for the period	-4	7	11	141	-37	93
Cash and cash equivalents at the beginning of the period	313	366	317	218	374	218
Translation differences in cash and cash equivalents	-1	1	-20	15	-29	5
Cash and cash equivalents at the end of the period	308	374	308	374	308	317

Condensed Parent Company income statement

AMOUNTS IN SEK M	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	12-months rolling 2019/2020	Jan-Dec 2019
Net sales	6	6	18	17	24	23
Operating expenses	-5	-5	-17	-16	-21	-21
Operating profit/loss	0	0	1	1	3	3
Net financial items	-1	-1	-2	-2	-2	-2
Profit/loss after net financial items	0	0	-1	-1	1	0
Group contributions received	-	-	-	-	5	5
Earnings before taxes	0	0	-1	-1	5	5
Tax	-	-	-	-	-1	-1
Earnings for the period	0	0	-1	-1	4	4

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	30 Sept 2020	30 Sept 2019	31 Dec 2019
Shares in subsidiaries	1,465	1,315	1,315
Total non-current assets	1,465	1,315	1,315
Receivables from Group companies	18	6	5
Other current assets	0	0	0
Cash and cash equivalents	18	56	102
Total current assets	36	62	107
Total assets	1,501	1,377	1,422
Equity	1,351	1,227	1,270
Total equity	1,351	1,227	1,270
Non-current liabilities	142	142	142
Total non-current liabilities	142	142	142
Accounts payable	1	0	0
Other current liabilities	7	8	5
Total current liabilities	8	8	5
Total liabilities	151	150	152
Total equity and liabilities	1,501	1,377	1,422

Quarterly data

AMOUNTS IN SEK M	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net sales	1,643	1,725	1,676	1,652	1,416	1,406	1,218	1,264
Growth in net sales, %	16.1	22.7	37.6	30.7	41.9	19.8	24.4	35.1
Operating profit/loss (EBIT)	140	154	120	144	113	145	90	125
EBITA	140	154	120	145	113	145	90	125
EBITDA	171	186	150	171	139	166	111	145
Adjusted EBITA	150	150	131	157	127	123	92	120
Adjusted EBITDA	182	182	161	183	153	144	114	140
EBIT margin, %	8.5	8.9	7.1	8.7	8.0	10.3	7.4	9.9
EBITA margin, %	8.5	9.0	7.2	8.8	8.0	10.3	7.4	9.9
EBITDA margin, %	10.4	10.8	9.0	10.3	9.8	11.8	9.1	11.5
Adjusted EBITA margin, %	9.2	8.7	7.8	9.5	9.0	8.7	7.6	9.5
Adjusted EBITDA margin, %	11.0	10.6	9.6	11.1	10.8	10.3	9.3	11.1
Working capital	-60	-55	-30	-22	-40	2	-36	25
Interest-bearing net debt	974	903	853	872	785	763	649	663
Gearing ratio, %	53.5	56.7	55.2	58.8	57.7	60.5	54.7	62.1
Net debt/in relation to adjusted EBITDA, times	1.4	1.3	1.3	1.5	1.4	1.6	1.4	1.5
Cash conversion %	78	121	102	102	90	87	137	138
Cash flow from operating activities	90	190	131	152	114	107	122	165
Earnings before taxes	137	152	108	137	108	143	85	122
Equity ratio, %	38.2	35.5	36.9	35.6	34.6	34.6	36.0	35.4
Order backlog	6,263	6,006	5,215	4,865	4,418	4,508	4,391	4,063
Average number of employees	3,474	3,202	3,075	2,972	2,719	2,524	2,306	2,212
Number of employees at the end of the period	3,630	3,352	3,180	3,103	2,798	2,655	2,379	2,283

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 20-21.

Earnings measures and margin measures								
AMOUNTS IN SEK M	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
(A) Operating profit/loss (EBIT)	140	154	120	144	113	145	90	125
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	0	0	0
(B) EBITA	140	154	120	145	113	145	90	125
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	31	32	30	26	26	21	21	20
(C) EBITDA	171	186	150	171	139	166	111	145
Non-recurring items								
Additional consideration	8	-7	8	10	10	-24	1	-10
Acquisition costs	2	2	3	3	4	2	2	3
Loss on divestment of subsidiaries	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	2
Total, non-recurring items	10	-4	11	13	14	-22	2	-5
(D) Adjusted EBITA	150	150	131	157	127	123	92	120
(E) Adjusted EBITDA	182	182	161	183	153	144	114	140
(F) Net sales	1,643	1,725	1,676	1,652	1,416	1,406	1,218	1,264
<i>(A/F) EBIT margin, %</i>	8.5	8.9	7.1	8.7	8.0	10.3	7.4	9.9
<i>(B/F) EBIT margin, %</i>	8.5	9.0	7.2	8.8	8.0	10.3	7.4	9.9
<i>(C/F) EBIT margin, %</i>	10.4	10.8	9.0	10.3	9.8	11.8	9.1	11.5
<i>(D/F) Adjusted EBITA margin, %</i>	9.2	8.7	7.8	9.5	9.0	8.7	7.6	9.5
<i>(E/F) Adjusted EBITDA margin, %</i>	11.0	10.6	9.6	11.1	10.8	10.3	9.3	11.1

Capital structure

AMOUNTS IN SEK M	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Calculation of working capital and working capital in relation to net sales								
Inventories	52	50	48	45	31	29	27	29
Accounts receivable	878	889	818	874	785	793	724	698
Contractual assets	452	470	416	322	402	278	256	205
Prepaid expenses and accrued income	56	47	53	93	48	50	33	55
Other current assets	88	87	73	64	54	49	46	48
Accounts payable	-616	-566	-528	-420	-493	-433	-417	-317
Contractual liabilities	-308	-400	-314	-357	-366	-286	-231	-212
Other current liabilities	-293	-244	-223	-289	-231	-190	-183	-208
Accrued expenses and deferred income, including provisions	-369	-388	-373	-354	-271	-287	-290	-272
(A) Working capital	-60	-55	-30	-22	-40	2	-36	25
(B) Net sales (12-months rolling)	6,696	6,469	6,149	5,692	5,304	4,886	4,653	4,414
(A/B) Working capital as a percentage of net sales, %	-0.9	-0.9	-0.5	-0.4	-0.7	0.1	-0.8	0.6
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,178	1,129	1,040	1,104	1,081	1,057	869	817
Current, interest-bearing financial liabilities	104	86	85	84	78	72	66	65
Cash and cash equivalents	-308	-313	-272	-317	-374	-366	-287	-218
(A) Interest-bearing net debt	974	903	853	872	785	763	649	663
(B) Equity	1,820	1,592	1,544	1,483	1,362	1,261	1,185	1,068
(A/B) Gearing ratio, %	53.5	56.7	55.2	58.8	57.7	60.5	54.7	62.1
(C) EBITDA (12-months rolling)	678	646	626	587	562	510	462	407
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	1.4 times	1.4 times	1.4 times	1.5 times	1.4 times	1.5 times	1.4 times	1.6 times
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	182	182	161	183	153	144	114	140
Net investments in property, plant and equipment and intangible assets	0	-2	0	1	-2	0	0	-1
Changes in working capital	-41	39	2	2	-13	-18	49	54
(B) Operating cash flow	141	220	164	186	138	126	163	193
(B/A) Cash conversion %	78	121	102	102	90	87	143	138

Signatures

Future reporting dates

Year-end report 2020	18 February 2021
Interim report January – March 2021	6 May 2021
AGM	6 May 2021
Interim report January – June 2021	25 August 2021
Interim Report January – September 2021	9 November 2021

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, 9 November 2020

Instalco AB (publ)

Olof Ehrlén
Chairman of the Board

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 been reviewed by the company's auditors.

Presentation of the report

The report will be presented in a telephone conference/audiocast today, 9 November at 14:00 CET via <https://tv.streamfabriken.com/instalco-q3-2020> To participate by phone: +46 (0)8-505 583 73.

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 9 November 2020 at 11:00 CET.

Additional information

Robin Boheman, CFO, robin.boheman@instalco.se
Fredrik Trahn, IR, fredrik.trahn@instalco.se +46 (0)70-913 67 96

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 AB (publ)
CIN 559015-8944*

Introduction

We have conducted a review of the condensed interim financial information (interim report) for Instalco AB as of 30 September 2020 and for the nine-month period that ended on that date. The Board of Directors and CEO 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, 9 November 2020
Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant

Definitions with explanation

General

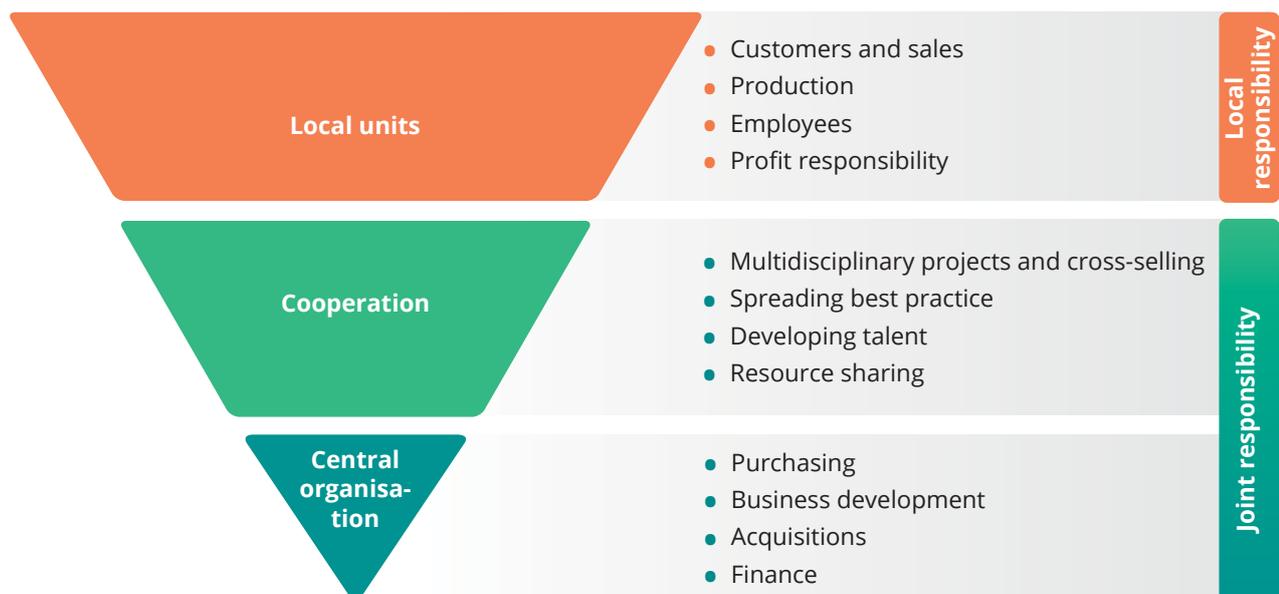
Unless otherwise indicated, all amounts in the report and tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

Key figures	Definition/calculation	Purpose
Adjusted EBITA	EBITA adjusted for non-recurring items.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITA margin excludes the effect of items affecting non-recurring items, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITDA margin excludes the effect of non-recurring items, which facilitates a comparison of the underlying operational profitability.
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.
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.
EBIT margin	Earnings before interest and taxes, 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.
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.
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.
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.

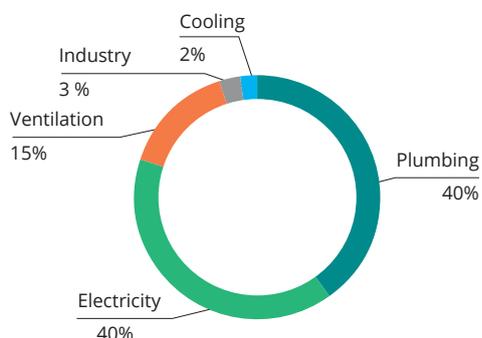
Key figures	Definition/calculation	Purpose
Non-recurring items	Non-recurring items, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
Operating profit/loss (EBIT)	Earnings before interest and taxes.	Operating profit/loss (EBIT) provides an overall picture of the profit generated from operating activities.
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.
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.
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.
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.

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

