

Press release 23 August 2018 (12:00 CET)

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).

Comments from CEO Per Sjöstrand:

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 Elinstallatörer 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.

Report presentation

Instalco's CEO Per Sjöstrand and CFO Lotta Sjögren will present the report in a conference call/audiocast today 23 August at 14.00 CET. Dial-ins for participants:

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The presentation can also be followed at <https://tv.streamfabriken.com/instalco-q2-2018>

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.

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 45 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.