

Press release 15 February 2019 (12:00 CET)

Year-end report 2018

High profitability, strong cashflow and new acquisitions

October – December 2018

- Net sales increased by 35.1 percent to SEK 1,264 (935) million. Organic growth was 1.5 (–5.5) percent.
- Adjusted EBITA increased to SEK 119 (102) million which corresponds to an adjusted EBITA margin of 9.4 (10.9) percent.
- Operating cash flow for the quarter was SEK 175 (96) million.
- Seven acquisitions were made during the quarter, which, on an annual basis contribute an estimated total sales of SEK 206 million.
- Earnings per share for the quarter amounted to SEK 2.03 (1.38).

January – December 2018

- Net sales increased by 41.8 percent to SEK 4,414 (3,114) million. Organic growth was 6.6 (–1.7) percent.
- Adjusted EBITA increased to SEK 372 (264) million which corresponds to an adjusted EBITA margin of 8.4 (8.5) percent.
- Operating cash flow for the period was SEK 382 (227) million.
- Sixteen acquisitions were made during the period, which, on an annual basis are expected to contribute SEK 759 million in sales.
- Earnings per share for the period amounted to SEK 5.20 (3.69).
- The Board proposes dividends of SEK 1.50 (1.10) per share.

Comments from CEO Per Sjöstrand:

I am very pleased that 2018 has ended with a quarter where we had a high profitability and added several new companies to the Instalco family. Sales for the quarter amounted to SEK 1,264 (935) million. Growth in 2018 was 40.3 percent, of which 6.6 percent was organic growth. Adjusted EBITA for the fourth quarter was SEK 119 (102) million, which corresponds to an adjusted EBITA margin of 9.4 (10.9) percent.

Order backlog remained stable and at the end of the quarter, it amounted to SEK 4,063 (3,194) million, which corresponds to an increase of 27.2 percent.

Acquisitions in Sweden and Finland

We continue pursuing our acquisition strategy and during the quarter, we acquired companies in both Sweden and Finland. We strengthened our position in Östergötland with the acquisition of the electrical installation and plumbing company, MSI i Motala. APC and Vallacom are other Instalco companies working in that region. In the plumbing sector, we also acquired Rörman AB in Svedala, which adds to our expertise in Skåne and Business Area, South.

We expanded in Finland via the acquisition two new companies, Twinputki and Sähkö-Buumi. Both companies operate in the Helsinki area. Twinputki, specializes in sprinkler systems and Sähkö-Buumi in electrical installations.

Altogether, our company acquisitions in 2018 contribute annual sales of approximately SEK 759 million, which is in line with our target of acquired sales per year. Our goal for 2019 is to once again achieve sales growth through acquisitions at that same level.

Medium-sized projects

Instalco companies initiated many interesting, profitable projects in 2018. Instalco derives its high margins primarily from small and medium-sized projects, where there is low risk.

One example is VVS-Kraft, which has been contracted to reconstruct the central cooling system at properties for SVT, SR, UR and Berwalldhallen in Stockholm. The assignment requires specialist expertise, with a particular focus on security and ongoing operations.

In the fourth quarter, one project in particular really stood out from the rest and was highly visible to both the end customer and the general public. It involved work by RIKELEKTROS at Kicks' (beauty supply chain) largest store in the Nordic region. RIKELEKTRO was responsible for the shop fittings and all of the technical installations at the new store at Gallerian Mall in Stockholm. It's well worth a visit!

At the end of the year, it was confirmed that Ohmegi had been contracted for electrical installation work at Skanska's new office buildings at Hammarby Sjöstad in Stockholm. Once completed, the buildings will offer 6,000 workplaces and one of them will become Stockholm's tallest buildings.

Collaboration between Instalco companies enables us to deliver attractive solutions to customers that meet all of their needs. For example, three Instalco companies specialized in electrical installations, plumbing and ventilation, collaborated in starting renovation of the illustrious Elite Hotel Savoy in Malmö. The assignment has been set up as a collaborative project, where PEAB is the client.

On track for reaching our financial goals

In total, Instalco now has approximately 60 companies, all of which are involved in identifying new forms of collaboration. Instalco's companies are well-managed and entrepreneurial spirit is high. They all strive for continual development and improvement. We are constantly creating new synergies between our companies. That's what is so exciting about Instalco and its future. It's a company where one plus one really can be more than two, and often is!

Our future acquisition opportunities remain good and we have a close dialogue with several potential candidates. With a slowdown of the economy we still believe in a strong coming year even if it will start somewhat slower.

We can already see that we are well on our way towards achieving our financial target of SEK 450 million in adjusted EBITA (pro forma) by the end of 2019. For that reason, the Board of Directors has decided pursue a growth target of at least 10 percent of average sales growth per year over one business cycle. With growth, attractive margins and high cash conversion, we look forward to 2019 with optimism.

Report presentation

Instalco's CEO Per Sjöstrand and CFO Lotta Sjögren will present the report in a conference call/audiocast today 15 February at 14.00 CET. Dial-ins for participants:

SE: +46 8 505 583 55

UK: +44 333 300 9272

US: +1 646 722 4904

The presentation can also be followed at <https://tv.streamfabriken.com/instalco-q4-2018>

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 15 February 2019 at 12:00 CET.

For further information:

Per Sjöstrand, CEO, per.sjostrand@instalco.se, +46 70-724 51 49

Lotta Sjögren, CFO, lotta.sjogren@instalco.se, +46 70-999 62 44

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 55 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.