

Press release 8 May 2019 (12:00 CET)

Interim report January – March 2019

Continued good profitability, growth and cash flow

January – March 2019

- Net sales increased by 24.4 percent to SEK 1,218 (979) million. Organic growth was 5.8 (3.0) percent.
- Adjusted EBITA increased to SEK 92 (73) million which corresponds to an adjusted EBITA margin of 7.6 (7.4) percent.
- Operating cash flow for the quarter was SEK 156 (90) million.
- Three acquisitions were made during the quarter, which, on an annual basis contribute an estimated total annual sales of SEK 227 million.
- Earnings per share for the quarter amounted to SEK 1.37 (0.42).

Comments from CEO Per Sjöstrand:

Instalco started 2019 with good growth and rising profitability. Sales for the quarter amounted to SEK 1,218 (979) million. Growth for the quarter was 24.4 percent, of which 5.8 percent was organic growth. Adjusted EBITA for the first quarter was SEK 92 (73) million, which corresponds to an adjusted EBITA margin of 7.6 (7.4) percent. Order backlog remained stable and at the end of the quarter, it amounted to SEK 4,391 (3,736) million, which corresponds to an increase of 17.5 percent.

Acquisition of quality companies

During the first quarter, we made three acquisitions of high quality companies in Sweden. ETKK i Sala AB specializes in electricity and distribution networks and the acquisition strengthens our position and offering to industrial companies. In the area of heating & plumbing, we acquired Aquadus VVS AB in Eskilstuna. It is situated in Mälardalen, which is a strategically important area to Instalco. We have also grown in Stockholm via our acquisition of Aircano AB, which is a ventilation company.

During the quarter, we also started up a new company of our own, KWA-rör AB in Ystad. The strategy of starting up own companies has arisen as a supplement to our main acquisition strategy. We will apply Instalco's "start-up model" selectively, when the right conditions and the right local contractors are present.

At the start of the year, we redeployed the CEOs at four of our subsidiaries. The former CEOs at Rörläggaren and Andersen og Aksnes are now working full time as the head of business areas at Instalco. El-Expressen has had a generation change and the former CEO at Rodens Värme & Sanitet is now in charge of growing the company in new installation branches. All of the newly appointed CEOs were internally recruited from within the subsidiary and through Instalco Academy.

Collaboration and synergies

Instalco focuses on the “middle” segment, by which we mean smaller and medium-sized projects. Our companies are highly specialised in their areas of operations, which is a key component of the Instalco model. It also facilitates collaboration between different disciplines, which, in turn, leads to higher efficiency and margins.

One example is the multi-disciplinary project in Bålsta, where DALAB, Sprinklerbolaget and Automationsbolaget are collaborating on installation work for Skanska, which is building a new ICA Maxi grocery store. The project involves installation of heating & plumbing, ventilation and sprinkler systems, along with control and monitoring systems.

Another example is collaboration between VVS -Installatör and DALAB on installations of heating & plumbing, electricity and ventilation systems for Falu Municipality, which is building the Södra School in Falun.

At the beginning of the year, it was also announced that Instalco had been awarded new contracts associated with construction of the ESS research facility in Lund. -Rörläggaren and Bi-Vent have been contracted by Skanska for ventilation and pipe installation work for the campus area of the ESS research institute. Once it is operational in 2023, European Spallation Source (ESS) in Lund will conduct research related to materials, energy, health, the environment and more.

As the Instalco Group grows, we have also noticed an increase in collaboration between our subsidiaries. Cross-selling increases and new customer contacts are made. Furthermore, companies get opportunities to collaborate on projects that they would not have had access to on their own.

During 2019 we will continue our work with an updated group sustainability programme.

Continued stable market

Looking forward, our assessment is that the market will remain stable, with a continued high demand for installation services. However, with the overall slowdown in the economy, it is now taking a bit more time than usual for some of our projects to get going.

I am nevertheless enthusiastic about the year ahead for Instalco, during which we will celebrate our 5th anniversary.

Report presentation

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

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The presentation can also be followed at <https://tv.streamfabriken.com/instalco-q1-2019>

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 May 2019 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 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.