

Press release 23 August 2019 (12:00 CET)

Interim report January – June 2019

Profitability and acquisitions ahead of plan

April – June 2019

- Net sales increased by 19.8 percent to SEK 1,406 (1,174) million. Organic growth was 2.7 (14.4) percent.
- Adjusted EBITA increased to SEK 123 (107) million which corresponds to an adjusted EBITA margin of 8.7 (9.2) percent.
- Operating cash flow for the quarter was SEK 126 (142) million.
- Five acquisitions were made during the quarter, which, on an annual basis, contribute an estimated total sale of SEK 430 million.
- Earnings per share for the quarter amounted to SEK 2.40 (1.52).

January – June 2019

- Net sales increased by 21.9 percent to SEK 2,624 (2,153) million. Organic growth was 2.0 (8.5) percent.
- Adjusted EBITA increased to SEK 215 (180) million, which corresponds to an adjusted EBITA margin of 8.2 (8.4) percent.
- Operating cash flow for the period was SEK 282 (231) million.
- Eight acquisitions were made during the first half of the year, which, on an annual basis contribute an estimated total sale of SEK 657 million.
- Earnings per share for the period amounted to SEK 3.77 (1.95).

Comments from CEO Per Sjöstrand:

Instalco has continued delivering high profitability and robust growth for the first half of the year. Particularity has segment Rest of Nordics showed improved margins. Sales for the quarter amounted to SEK 1,406 (1,174) million. Growth for the quarter was 19.8 percent, of which 2.7 percent was organic growth. Adjusted EBITA for the second quarter was SEK 123 (107) million, which corresponds to an adjusted EBITA margin of 8.7 (9.2) percent.

Order backlog remained stable and at the end of the quarter, it amounted to SEK 4,508 (3,875) million, which corresponds to an increase of 16.3 percent.

New companies and operations

We've continued to actively pursue our acquisition agenda and during the quarter, we acquired several new, interesting companies and operations, which has broadened our geographic coverage and offering. Our acquisition of El & Säkerhet in Katrineholm strengthens our offering of electrical installation services in Södermanland and Mälardalen, while our acquisition of Bogesunds El & Tele in Ulricehamn increases our presence in Västra Götaland.

We also acquired DynaMate's division for technical installations during the period. DynaMate AB is a wholly--owned subsidiary of Scania CV AB in Södertälje.

In Norway, we became established in Kristiansand, which is an exciting new market for us. We achieved this via our acquisition of Moi Rør, which primarily focuses on major heating & plumbing installation projects for industrial customers.

Subsequent to the end of the reporting period, we acquired two Finnish companies, Pohjanmaan Taloteknikka and VIP-Sähkö, as well as OVAB, Rörtema and Milen Ventilation in Sweden. In total, these companies have estimated annual sales of around SEK 350 million. So far this year, it means that we've acquired annual sales of slightly more than SEK 1,000 million, which far exceeds our goal of SEK 600-800 million per year. It leads us to conclude that the acquisition climate remains favourable and interest in becoming part of the Instalco Group is high.

Also worth mentioning is that, during the quarter, we set up two of our own new companies, Insta EL in Malmö and Instamate in Södertälje, as a supplement to our acquisition strategy. Instamate is the company that will run operations of the installation division of DynaMate that we acquired.

Synergies and cross-selling

Creating synergies and cross-selling between our companies are fundamental cornerstones of Instalco's business model. One very clear example of this is our project in Västerås, where five Instalco companies with different areas of specialisation are collaborating in a project for Axfood. Together, we will provide heating & plumbing, electrical and ventilation installations along with control & regulation technology associated with construction of a new Hemköp grocery store.

Our companies in Finland are also making progress and engaging in more collaboration across areas of operations. During the quarter, LVI Paavola and Sähkö-Buumi in Finland won a contract to collaborate on the heating, plumbing and electrical installations at a large office building in Helsinki that is being renovated.

Wide portfolio generates order backlog

We expect to see a continued trend of high demand for installation services in all of our business areas. The rate of construction for residential property has slowed down or fallen in parts of the Nordic region but other markets remain strong. Instalco has a wide portfolio, however, particularly as regards hospitals, schools, office and commercial facilities and because of that, our order backlog has grown even more.

Instalco's Board of Directors was re-elected at the AGM in May. Instalco's Board of Directors has a balanced gender distribution with three women and three men.

Furthermore, we shall continue pursuing our efforts to deliver benefits to society. Every day, we deliver installations that save energy and improve both air and water quality. Doing so contributes to a better environment for everyone.

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:

SE: +46 8 505 583 56

UK: +44 333 300 9271

US: +1 833 526 8398

The presentation can also be followed at <https://tv.streamfabriken.com/instalco-q2-2019>

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 2019 at 12:00 CET.

For further information:

Per Sjöstrand, CEO, per.sjostrand@instalco.se, 070-724 51 49

Lotta Sjögren, CFO, lotta.sjogren@instalco.se, 070-999 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 60 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.