

Press release 7 May 2020 (11:00 CET)

Interim report January – March 2020

A strong quarter with additional acquisitions

January – March 2020

- Net sales increased by 37.6 percent to SEK 1,676 (1,218) million. Organic growth, adjusted for currency effects, was 11.4 (5.8) percent.
- EBIT increased to SEK 120 (90) million which corresponds to an EBITA margin of 7.1 (7.4) percent.
- Cash flow from operating activities for the period was SEK 131 (122) million.
- 3 acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 165 million.
- Earnings per share for the period amounted to SEK 1.65 (1.37).

Comments from CEO Per Sjöstrand:

Instalco had a strong quarter, despite the difficult situation we face throughout the world from the COVID 19 pandemic. Sales in the fourth quarter were SEK 1,676 (1,218) million, which corresponds to a growth rate of 37.6 percent, where 11.4 percent was organic growth. Adjusted EBITA for the first quarter was SEK 131 (92) million, which corresponds to an adjusted EBITA margin of 7.8 (7.6) percent. Order backlog has remained stable and at the end of the quarter, it amounted to SEK 5,215 (4,391) million, which corresponds to an increase of 18.8 percent.

Relatively unaffected

The Corona crisis has not hit the construction and installation sector quite as hard as it has other sectors. We've been able to keep our workplaces open. We've also been able to deliver materials to our various ongoing projects and assignments as usual. We are, nevertheless, concerned about the situation and we are taking it very seriously. We expect that our contracts and service will, in some way, be affected. We are preparing for a variety of scenarios and, in all likelihood, we are going to notice the effects, even though, thus far, we have not noticed any significant impact.

What we have noticed, however, is a higher rate of sick leave during the month of March. In Norway and Finland, for example, we have also had employees who have needed to stay home to care for their children because the schools and daycare centres have been closed. We have noticed a bit of a downturn with service assignments, since people have been reluctant to invite others into their homes and workplaces during this pandemic. And for the same reason, there has been a slight decline in assignments at residential property, such as pipe replacement work.

It is very difficult to assess the market and in all sectors, there is a very high level of uncertainty about the future. At Instalco, we are planning and preparing for the impact that is likely to occur in our sector. Instalco has a wide product portfolio and many subsidiaries with strong local ties. Because of that, we have a flexible structure for adapting to fluctuations in the market.

Collaboration is a key success factor for Instalco and going forward, there will likely be even more focus on collaboration within the Group as a means of coping with the current situation. We are going to need to be more responsive and flexible so that together with our customers, we can solve problems and cope with all kinds of situations that could arise.

Acquisition plans continue

Instalco has a strong financial position for the future. We are continuing to sign new contracts for new installation jobs, both large and small. We are also still engaging with several acquisition candidates as planned. Our acquisition pipeline is unchanged and we are steadfast in our pursuit of expected annual sales in the range of SEK 600-800 million, which we feel certain of achieving.

We have also started out the year in accordance with our acquisition plan. In Sweden, geographic expansion has continued with the acquisition of the electrical installation company, ELUB in Växjö, which means that Instalco is now, for the first time, represented in Kronoberg County. In Norway, we strengthened our position in Innlandet County, with the acquisition of Haug og Ruud in Lillehammer. The acquisition brings Instalco one step closer to becoming multidisciplinary in the region.

I would also like to proudly emphasize Instalco's collaboration with NCC and Region Sörmland in a major hospital project. We have six Instalco companies participating in the project under the leadership in Rörgruppen and Ohmegi. It is Instalco's largest project to date, where hospitals in Eskilstuna, Katrineholm and Nyköping will be expanded and modernised. The project will be ongoing during the period 2020-2026 with an order value of approximately SEK 700 million, the majority of which will be reported in order intake for the second quarter of 2020.

Construction sector fuels progress in society

To cope with this pandemic, it is of utmost importance that society keeps functioning as usual, to the largest extent possible. The construction sector currently accounts for a large portion of GDP and it is important that the sector remains strong so that it can continue fuelling progress in society. We need to keep the ball rolling in society and make sure that industrial activity does not come to a standstill.

I very much encourage public sector authorities at the state, regional and municipal levels to revive and pursue all prior projects that have been planned, allocate assignments and place orders. For example, now is an ideal time for completing renovation work at high schools, colleges and universities that are currently closed. It would also be very beneficial to schedule earlier starts on construction projects that are currently in the pipeline. Politicians should, during this crisis, be investing even more in construction and infrastructure such that we can, to the greatest extent possible, minimise the damage that this is having in society and on our economy.

Report presentation

Instalco's CEO Per Sjöstrand will present the report in a conference call/audiocast today 7 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-q1-2020>

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 7 May 2020 at 11:00 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 offer installation, service and maintenance of systems installed at properties and facilities throughout Sweden, Norway and Finland. The operations are conducted through approximately 70 leading and highly specialised local companies, 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