

Press release 19 August 2020 (11:00 CET)

Interim report January – June 2020

Continued high rate of acquisition and profitability

April – June 2020

- Net sales increased by 22.7 percent to SEK 1,725 (1,406) million. Organic growth, adjusted for currency effects, was 2.3 (2.7) percent.
- EBIT increased to SEK 154 (145) million which corresponds to an EBITA margin of 8.9 (10.3) percent.
- Cash flow from operating activities for the period was SEK 190 (107) million.
- Five acquisitions were made during the quarter, which, on an annual basis, contribute an estimated total sales of SEK 336 million.
- Earnings per share for the period amounted to SEK 2.38 (2.40).

January – June 2020

- Net sales increased by 29.6 percent to SEK 3,401 (2,624) million. Organic growth, adjusted for currency effects, was 7.6 (2.0) percent.
- EBIT increased to SEK 274 (235) million which corresponds to an EBITA margin of 8.1 (9.0) percent.
- Cash flow from operating activities for the period was SEK 321 (229) million.
- 8 acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 501 million.
- Earnings per share for the period amounted to SEK 4.03 (3.77).

Comments from CEO Per Sjöstrand:

Instalco had a strong second quarter for the 2020 financial year, despite the ongoing Corona pandemic. Sales in the second quarter were SEK 1,725 (1,406) million, which corresponds to a growth rate of 22.7 percent, where 2.3 percent was organic growth. Adjusted EBITA for the second quarter was SEK 150 (123) million, which corresponds to an adjusted EBITA margin of 8.7 (8.8) percent. Order backlog has remained strong and at the end of the quarter, it amounted to SEK 6,006 (4,508) million, which corresponds to an increase of 33.2 percent.

Very little impact on our industry

During the second quarter, our observation was that the construction and installation industry has essentially been able to carry out business as usual during the Corona pandemic so far. We take the recommendations from government authorities very seriously and, after having made the necessary adaptations, have been able to run the business essentially as usual. Deliveries have been without disturbances and customers have continued placing new orders. There was very little variation between the months of April, May and June. For the Rest of Nordic business area, however, performance was slightly weaker than what we would have liked to have seen.

It is still difficult to assess the market and we are preparing for a variety of scenarios where we could possibly be more affected by the pandemic in future quarters.

High rate of acquisition

The Corona pandemic has not impacted our rate of acquisition. During the second quarter, we acquired five high-quality companies, all of which have contributed to our strong results. Four of the acquisitions were in Sweden and one was in Finland. In Sweden, we enhanced our operations in three regions, with the acquisition of -Norrtech in Umeå, Teampipe in Uppsala and Avent in Kalmar. Teampipe has established a niche in welding services in sensitive environments, such as the pharmaceutical industry.

The acquisition of Miljöventilation establishes Instalco for the first time in the Sundsvall area, which is a new and exciting market for us. In Finland, we expanded operations in the northern part of the country with the acquisition of Sähkö-Arktia, an electrical installation company located in Uleåborg. It will be an excellent supplement to the heating & plumbing services we already offer there.

Part of our business concept involves identifying and nurturing new leaders for the future. We work closely with the management teams of our subsidiaries and during the quarter, we appointed new CEOs at five of our subsidiaries.

Focus on middle segment

The ongoing pandemic has had very little impact on order intake. During the first quarter, we signed contracts for new installation and service assignments, both large and small, with a focus on what we call the middle segment, i.e. medium-sized projects in the range of SEK 1 to 75 million.

PoB:s Elektriska and El-Pågarna have, jointly, signed a new 3-year framework agreement with JM for electrical installations in conjunction with future construction projects. Since the end of the 1980s, PoB:s Elektriska has worked in close collaboration with JM as a supplier of electrical installations in conjunction with new housing construction.

Creating synergies and cross-selling between our companies are fundamental cornerstones of Instalco's business model. We frequently have situations where two or more Instalco companies are working on the same project, which simplifies things for the customer and provides value added. Once such example is Bi-Vent and Sprinklerbolaget, which have been contracted by Skanska for installation of the ventilation and sprinkler systems for E.ON's new Nordic head office in Malmö.

Besides its work at large construction sites, Instalco also offers installation services to retail shops, primarily via Rikelektro, which recently completed the comprehensive renovation of Åhléns City in Stockholm. It is a good example of the breadth, but also highly specialised nature of our expertise.

Benefits to society

Instalco aims to, every single day, generate benefits to society via its climate-smart, energy-efficient installations that lead to lower consumption of resources and thus a more sustainable planet. Our projects benefit schools, hospitals and other critical public services, helping them function optimally, every day, year round. Instalco also has a new sustainability program called "Sustainable Installations" where there is much focus on energy efficiency. During the quarter, we implemented the program in our markets in Sweden, Norway and Finland.

Report presentation

Instalco's CEO Per Sjöstrand will present the report in a conference call/audiocast today 19 August at 14.00 CET. Dial-ins for participants:

SE: +46 8 505 583 59

UK: +44 333 300 9034

US: +1 833 526 8396

The presentation can also be followed at <https://tv.streamfabriken.com/instalco-q2-2020>

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 19 August 2020 at 11:00 CET.

For further information:

Robin Boheman, CFO, robin.boheman@instalco.se

Fredrik Trahn, IR, fredrik.trahn@instalco.se +46-70-913 67 96

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 75 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