Instalco

Interim report January - March 2017

Continued healthy growth and good profitability

January – March 2017

- Net sales increased by SEK 45.2 million to SEK 689 (474) million. Organic growth was 9.3 percent.
- Adjusted EBITA increased to SEK 45 (25) million which corresponds to an adjusted EBITA margin of 6.5 (5.3) percent.
- Operating cash flow was SEK 85 (64) million.
- Five acquisitions were made during the quarter, which, on an annual basis contribute total sales of SEK 315 million.
- Earnings per share for the quarter amounted to SEK 0.56 (0.41)

Key figures

SEK m	Jan-March 2017	Jan-March 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	689	474	2,621	2,407
EBITA	37	23	154	140
EBITA margin, %	5.3	4.8	5.9	5.8
Adjusted EBITA[1)]	45	25	176	156
Adjusted EBITA margin, %[1)]	6.5	5.3	6.7	6.5
Earnings before taxes	33	21	145	132
Order backlog	2,189	1,650	2,189	1,999
Earnings per share, SEK [2)]	0.56	0.41	2.12	1.96

1) Adjusted for costs associated with, inter alia, acquisitions and preparations for the IPO.
2) Calculated in relation to the number of shares after the IPO.

Instalco is a leading Nordic installation and service supplier within the electrical, heating and plumbing, climate and cooling areas. The company is represented in most of Sweden and the Oslo and Helsinki regions. Through innovative thinking and efficiency, the operations are conducted in close collaboration with our customers.

CEO comments

Instalco reported healthy growth and profitability during the first quarter of the year. Sales increased by 45.2 percent to SEK 689 (474) million, of which 9.3 percent was organic growth and 35.9 percent was acquired growth. Adjusted EBITA amounted to SEK 45 million, which corresponds to an EBITA margin of 6.5 percent. We also experienced strong growth in the order backlog, which, at the end of the quarter, amounted to SEK 2,189 (1,650) million and an increase of 32.7 percent.

Active quarter

There was a great deal of activity during the first quarter as regards both acquisitions and projects. Particularly noteworthy is the order worth approximately SEK 250 million that our companies, Ohmegi and Rörgruppen, received in conjunction with the expansion of Södersjukhuset (Stockholm South General Hospital). The order is for installation of new production for two buildings with a total area of 39,000 sq. m.

Five new companies were added to the Group during the quarter – two in Sweden, two in Finland and one in Norway. It is evident that our business model continues to attract reputable companies that recognise the strength in our decentralised decision-making model and excellent collaboration. The assessed annual sales for the new companies is approximately SEK 315 million.

Platform in Finland

For quite some time, we have wanted to increase our presence in Finland. Now, with the acquisition of two new companies providing electricity, heating, plumbing and ventilation solutions, we have a wide platform for being able to offer competitive, multi-disciplinary solutions with a focus on the expansive Helsinki region. We can already see how the collaboration is gaining momentum, with, for example, sharing of staff between the companies. As in other markets, our focus is on identifying leading, stable players with good profitability. We are very satisfied with how our offering on the Finnish market is now starting to take shape.

Initial public offering

Subsequent to the end of the quarter, we were successful in listing Instalco's shares on Nasdaq Stockholm. Interest in our business and business model during this process has been high and I am convinced that the listing will be of great benefit to us as we further develop the Group. I would also like to take this opportunity to welcome our new shareholders to the company.

Future prospects

All in all, I feel optimistic about Instalco's future prospects. The combination of a favourable market and greater collaboration between our companies creates good conditions for organic growth, while we continue making additional acquisitions. Instalco has a competitive offering to entrepreneurs who are interested in selling their company and we have discussions underway with several acquisition candidates.

On the basis of the Instalco model and a clear strategy, we continue pursuing our vision to, by 2020, become one of the leading installation companies in the Nordics within electrical, heating and plumbing, ventilation and cooling.

Per Sjöstrand
CEO

Performance of the Instalco Group

The Nordic market of installation services

The market for technical installation and service in Sweden, Norway and Finland has been stable over time. They are primarily fuelled by the Swedish and Norwegian markets, which are the largest in the Nordic region. According to Industrifakta, they have a value of approximately SEK 170 billion and since 2006 have grown by around 2.7 percent per year. Between 2016 and 2019, the market is expected to grow by around 0.4 percent per year. The market is primarily fuelled by macroeconomic conditions, like GDP, urbanisation, an ageing property portfolio and measures to increase energy efficiency.

Q1 2017

Net sales

Sales for the first quarter amounted to SEK 689 (474) million, which is an increase of 45.2 percent. Organic growth was 9.3 percent and acquired growth was 35.9 percent. The number of acquired companies during the quarter was 5.

Earnings

Adjusted EBITA for the first quarter was SEK 45 (25) million. Net financial items for the quarter amounted to SEK –3 (–2) million. Interest expense on external loans was SEK –2 (–2) million. Earnings for the period were SEK 26 (19) million, which corresponds to earnings per share of SEK 0.56 (0.41). Tax for the quarter was SEK 8 (2) million.

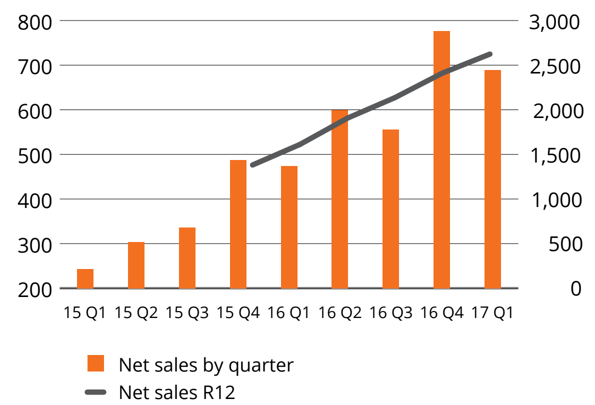
Order backlog

The order backlog at the end of the first quarter amounted to SEK 2,189 (1,650) million, which is an increase of 32.7 percent. For comparable units, outstanding orders increased by 3.9 percent and acquired growth was 28.7 percent.

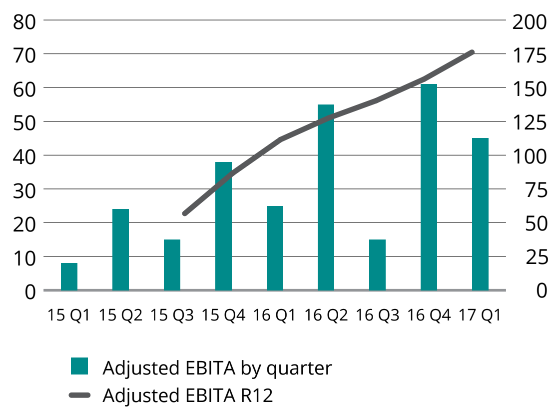
Cash flow

Operating cash flow was SEK 85 (64) million.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market
There is healthy demand in the market as regards housing construction, public facilities, hospitals, and the pulp and paper industry. A new report from the National Board of Housing, Building and Planning states that the rate of housing construction is expected to remain high over the next few years.

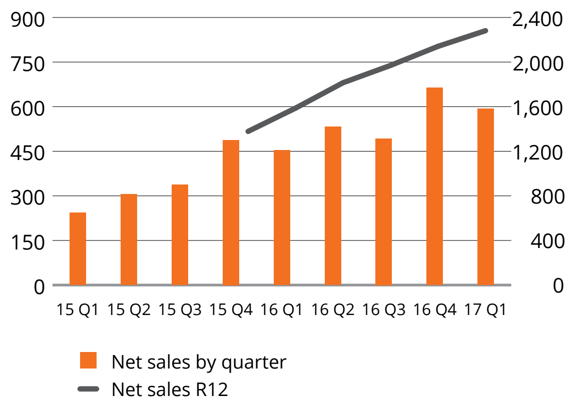
Q1 2017

Net sales
Sales for the first quarter increased by SEK 141 million to SEK 593 (452) million compared to the same period last year. Organic growth was 9.9 percent and acquired growth was 21.3 percent.

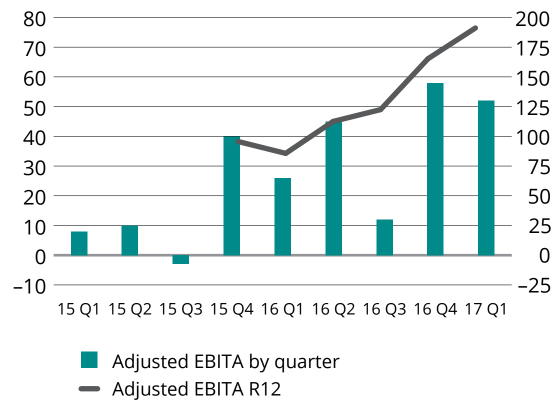
Earnings
Adjusted EBITA was SEK 52 (26) million. The improvement is attributable to acquisitions and improved processes, more focus on measures to improve profitability and IFOKUS, which is the company's improvement initiative.

Order backlog
The order backlog at the end of the period amounted to SEK 1,736 (1,447) million, which is an increase of 20.1 percent. For comparable units, the order backlog increased by 5.7 percent and acquired growth was 14.4 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Jan-March 2017	Jan-March 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	593	452	2,280	2,139
EBITA	52	26	191	165
EBITA %	8.8	5.7	8.4	7.7
Adjusted EBITA	52	26	191	165
Adjusted EBITA, %	8.8	5.7	8.4	7.7
Order backlog	1,736	1,447	1,736	1,685

Operations in Rest of Nordic

Market

The Norwegian market is stable, except for the southwest, where the downturn in the oil and gas sector has also had a negative impact on the construction market. However, Instalco's exposure in that region is limited. In Finland, the market is stable.

Q1 2017

Net sales

Sales for the first quarter were SEK 95 (22) million as compared to the same period last year.

Growth is only attributable to acquisitions and it amounted to 340.3 percent.

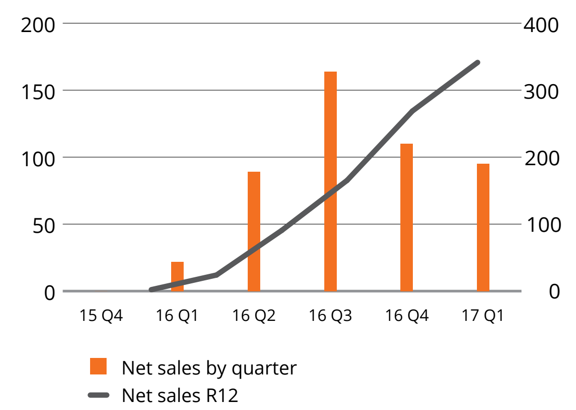
Earnings

Adjusted EBITA was SEK –2 (2) million. The negative earnings are attributable to operations in Norway, which had a slow start in the quarter and also postponement of certain projects.

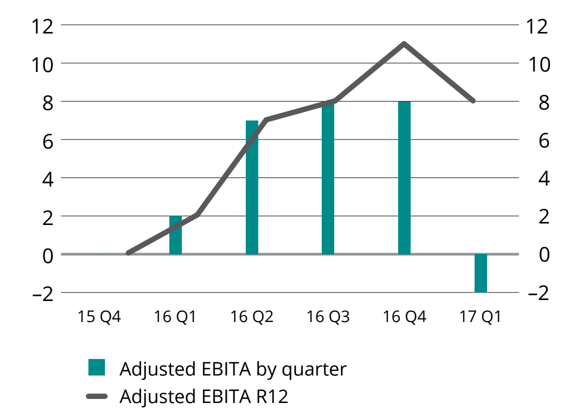
Order backlog

The order backlog at the end of the period amounted to SEK 453 (203) million, which is an increase of 121.3 percent. For comparable units, the order backlog decreased by 8.7 percent and acquired growth was 130.1 percent.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Jan-March 2017	Jan-March 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	95	22	341	268
EBITA	–2	2	8	11
EBITA %	–2.1	7.0	2.3	4.3
Adjusted EBITA	–2	2	8	11
Adjusted EBITA, %	–2.1	7.0	2.3	4.3
Order backlog	453	203	453	315

Acquisitions

Instalco made five acquisitions during the first quarter of 2017. For each of them, 100 percent of the shares were acquired. The acquisitions to do not contain any bad debts.

In accordance with agreements on conditional consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 19.7 million.

The fair value of the conditional consideration is at Level 3 in the IFRS fair value hierarchy.

Goodwill of SEK 178 million that has arisen from the acquisition is not attributable to any particular balance sheet item and it is not expected to generate any synergy effects.

Company acquisitions

Instalco made the following company acquisitions during the period January - March 2017.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
February	SwedVvs AB	Sweden	26	18
February	Andersen og Aksnes Rørleggerbedrift AS	Rest of Nordic	102	35
March	Uudenmaan Sähkötekniikka JP OY	Rest of Nordic	42	36
March	Rodens Värme och Sanitet AB	Sweden	38	16
March	Uudenmaan LVI-Talo OY	Rest of Nordic	107	53
Total			**315**	**158**

Impact of acquisitions in 2017

Acquisitions had the following impact on the Group’s assets and liabilities.

SEK m	Fair value of Group
Property, plant and equipment	0
Deferred tax receivable	0
Other non-current assets	4
Other current assets	56
Cash and cash equivalents	50
Deferred tax liability	–1
Current liabilities	–53
Total identifiable assets and liabilities (net)	**55**
Goodwill	**178**
Consideration paid	
Cash and cash equivalents	220
Conditional consideration	14
Total transferred consideration	**233**
Impact on cash and cash equivalents	
Cash consideration paid	220
Cash and cash equivalents of the acquired units	–50
Total impact on cash and cash equivalents	**170**
Settled conditional consideration attributable to acquisitions in prior years	11
Total impact on cash and cash equivalents	**181**
Impact on operating income and earnings in Q1 2017	
Operating income	14
Earnings	2

Other financial information

Financial position

Equity at the end of the period amounted to SEK 611 (295) million. Net debt as of 31 March 2017 was SEK 302 (293) million. Currency fluctuations did not have any impact on net debt. The net debt/equity ratio as of 31 March 2017 was SEK 49.5 (99.3) percent. For the first quarter, net financial items amounted to SEK –3 (–2) million, of which net interest income/expense was SEK –2 (–2) million. The Group's cash and cash equivalents, together with its other short-term investments amounted to SEK 199 (122) million as of 31 March 2017. The Group's interest-bearing liabilities as of 31 March 2017 were SEK 501 (415) million. Instalco's total amount of granted credit was SEK 792 million, of which SEK 493 million had been utilised as of 31 March 2017.

Investments, depreciation and amortisation

For the first quarter, the Group's net investments, not including company acquisitions, amounted to SEK 0 (9) million. Depreciation on property, plant and equipment was SEK 1 (1) million. Investments in company acquisitions amounted to SEK 181 (19) million.

Parent Company

The main operations of Instalco Intressenter AB are head office activities like group-wide management and administration, along with finance and accounting. The comments below pertain to the period 1 January through 31 March 2017. Net sales for the Parent Company amounted to SEK 2 (0) million. Operating profit/loss was SEK –3 (–0) million. Net financial items amounted to SEK –1 (–1) million. Earnings before taxes were SEK –4 (–1) million and earnings for the period were SEK –4 (–1) million. Cash and cash equivalents at the end of the period amounted to SEK 16 (11) million.

Risks and uncertainties

Instalco is active in the Nordic market, where the primary risk factors for the business are market conditions and external factors such as financial turmoil and political decisions that affect the demand for new housing and commercial premises, as well as investments from the public sector and industry. Cyclical fluctuations have less of an impact on the demand for service and maintenance work. The operating risks are attributable to daily operations, like tendering, price risks, capacity utilisation and revenue recognition.

The percentage of completion method is applied, with consideration given to a project's percentage of completion and final forecast. Instalco puts great emphasis on continually monitoring the financial status of its projects and it has a well-established process for limiting the risks of incorrect revenue recognition.

The Group is also exposed to impairment of fixed price projects, along with various types of financial risks, like currency, interest and credit risks.

Transactions with related parties

During the period, there were no transactions between Instalco and related parties that had a significant impact on the company's financial position or earnings.

Events after the end of the reporting period

On 11 May 2017, Instalco's shares became listed on Nasdaq Stockholm under the trading symbol INSTAL. Please visit Instalco's website for more information on the IPO. In conjunction with the IPO, the company entered into a new financing agreement with Danske Bank.

At Instalco's AGM on 27 April 2017, it was decided to implement an incentive programme for the Group's senior executives and other key individuals at the Company. In total, the scope of the programme is, at most, 1,954,504 warrants, where each warrant entitles the holder to subscribe for one new ordinary Series A share in the Company. The price of the warrants corresponded to the market value. The dilutive effect corresponds to, at most, 4.0 percent of share capital and votes after dilution. The calculation of dilutive effect has also taken into consideration the dismantling of the prior ownership structure in conjunction with the Company's IPO.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) along with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application within the EU. The standards and interpretations that have been applied are the ones that go into effect as of 1 January 2017 and which have been adopted by the EU. The Company has also applied recommendations from the Swedish Financial Reporting Board, RFR 1 Supplementary Accounting Rules for Groups. The consolidated financial statements for the interim period have been prepared in accordance with IAS 34 Interim Financial Reporting. Preparation has also been in accordance with the applicable requirements stated in the Annual Accounts Act and the Swedish Securities Market Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Swedish Securities Market Act, which is in accordance with RFR 2 Accounting for Legal Entities.

The accounting policies that were applied are the same as those presented in the 2016 Annual Report, which is available at www.instalco.se.

Other

Instalco only has conditional consideration valued at fair value reported in its financial statements. Such consideration is valued at fair value via profit or loss. The valuation of conditional consideration is based on other observable data for assets or liabilities, i.e. Level 3 in the IFRS fair value hierarchy. There have not been any reclassifications between the different levels in the hierarchy during the period.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Jan-March 2017	Jan-March 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	689	474	2,621	2,407
Other operating income	2	1	5	4
Operating income	**691**	**475**	**2,627**	**2,411**
Materials and purchased services	–373	–268	–1,467	–1,362
Other external services	–51	–31	–188	–168
Personnel costs	–222	–151	–796	–725
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	–1	–1	–5	–4
Other operating expenses	–6	–2	–16	–12
Operating expenses	**–654**	**–452**	**–2,473**	**–2,271**
Operating profit/loss (EBIT)	**37**	**23**	**154**	**140**
Net financial items	–3	–2	–9	–8
Earnings before taxes	**33**	**21**	**145**	**132**
Tax on profit for the year	–8	–2	–47	–41
Earnings for the period	**26**	**19**	**98**	**91**
Other comprehensive income				
Translation difference	–3	–1	–3	6
Comprehensive income for the period	**23**	**18**	**95**	**97**
Comprehensive income for the period attributable to:				
Parent Company's shareholders	23	18	95	97
Non-controlling interests	0	0	0	0
Earnings per share before IPO:				
Earnings per share for the period, before dilution	138.26	143.97	636.76	696.44
Earnings per share for the period, after dilution	138.26	143.97	636.76	696.44
Average number of shares before dilution	110,305	90,144	108,646	96,068
Average number of shares after dilution	110,305	90,144	108,646	96,068
Earnings per share after IPO:				
Earnings per share for the period, before dilution	0.56	0.41	2.12	1.96
Earnings per share for the period, after dilution	0.54	0.39	2.04	1.90
Average number of shares before dilution	46,311,608	46,311,608	46,311,608	46,311,608
Average number of shares after dilution[3)]	47,960,715	47,960,715	47,960,715	47,960,715

3) In conjunction with the IPO, the Company issued 1,649,107 warrants (see Events after the end of the reporting period)

Condensed consolidated balance sheet

AMOUNTS IN SEK M	31 March 2017	31 March 2016	31 Dec 2016
Goodwill	1,000	538	826
Other non-current assets	14	8	13
Financial assets	2	8	1
Deferred tax receivable	0	2	0
Total non-current assets	**1,017**	**555**	**840**
Inventories	10	4	6
Accounts receivable	353	264	404
Receivables on customers	115	45	57
Other current assets	52	55	64
Cash and cash equivalents	194	118	155
Total current assets	**723**	**486**	**685**
Total assets	**1,740**	**1,041**	**1,525**
Equity	611	295	553
Total equity	**611**	**295**	**553**
Non-current liabilities	527	395	422
Accounts payable	223	151	212
Liabilities to customers	98	11	63
Other current liabilities	281	189	275
Total liabilities	**1,129**	**746**	**972**
Total equity and liabilities	**1,740**	**1,041**	**1,525**
Of which interest-bearing liabilities	501	415	400
Equity attributable to:			
Parent Company shareholders	611	295	553
Non-controlling interests	0	0	0

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 March 2017	31 March 2016	31 Dec 2016
Opening equity	553	266	266
Total comprehensive income for the period	23	18	97
New issues	35	11	188
Other	0	0	3
Closing equity	**611**	**295**	**553**
Equity attributable to:			
Parent Company's shareholders	611	295	553
Non-controlling interests	–	–	–

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Jan-March 2017	Jan-March 2016	12-months rolling 2016/2017	Jan-Dec 2016
Cash flow from operating activities				
Earnings before taxes	33	21	145	132
Adjustment for items not included in cash flow	14	11	11	8
Tax paid	–19	–26	–36	–43
Changes in working capital	57	58	131	132
Cash flow from operating activities	**85**	**64**	**251**	**230**
Investing activities				
Acquisition of subsidiaries and businesses	–181	–19	–488	–325
Other	0	–9	5	–4
Cash flow from investing activities	**–181**	**–27**	**–483**	**–329**
Financing activities				
Repayment of loan	0	0	–8	–8
New loans	102	30	92	20
New issue	35	0	223	188
Cash flow from financing activities	**136**	**30**	**307**	**200**
Cash flow for the period	40	66	75	100
Cash and cash equivalents at the beginning of the period	155	52	155	52
Translation differences in cash and cash equivalents	–1	0	–1	3
Cash and cash equivalents at the end of the period	**194**	**118**	**194**	**155**

Condensed Parent Company income statement

AMOUNTS IN SEK M	Jan-March 2017	Jan-March 2016	12-months rolling 2016/2017	Jan-Dec 2016
Net sales	2	0	4	3
Operating expenses	–4	0	–8	–4
Operating profit/loss	**–3**	**0**	**–4**	**–1**
Net financial items	–1	–1	–3	–3
Earnings before taxes	**–4**	**–1**	**–7**	**–4**
Tax	0	0	–1	–1
Earnings for the period	**–4**	**–1**	**–8**	**–5**

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 March 2017	31 March 2016	31 Dec 2016
Shares in subsidiaries	1,290	1,098	1,270
Deferred tax receivable	0	1	0
Total non-current assets	**1,290**	**1,099**	**1,270**
Other current assets	3	0	0
Cash and cash equivalents	16	11	6
Total current assets	**19**	**11**	**6**
Total assets	**1,309**	**1,110**	**1,277**
Equity	1,166	962	1,135
Total equity	**1,166**	**962**	**1,135**
Non-current liabilities	131	147	131
Accounts payable	1	0	0
Other current liabilities	10	1	10
Total liabilities	**143**	**148**	**142**
Total equity and liabilities	**1,309**	**1,110**	**1,277**

Quarterly data

AMOUNTS IN SEK M	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net sales	689	777	556	599	474	487	336	304
Growth in net sales, %	45.2	59.7	65.6	97.1	95.8	104.6	96.5	93.6
EBIT	37	58	11	49	23	38	–7	10
EBITA	37	58	11	49	23	38	–7	10
EBITDA	38	60	12	49	23	39	–6	10
Adjusted EBITA	45	61	15	55	25	38	15	24
Adjusted EBITDA	46	63	16	56	26	39	15	25
EBIT margin, %	5.3	7.4	2.0	8.1	4.8	7.9	–2.0	3.1
EBITA margin, %	5.3	7.4	2.0	8.1	4.8	7.9	–2.0	3.1
EBITDA margin, %	5.5	7.7	2.2	8.2	4.9	8.0	–1.9	3.3
Adjusted EBITA margin, %	6.5	7.8	2.7	9.2	5.3	7.9	4.5	8.0
Adjusted EBITDA margin, %	6.7	8.1	2.9	9.3	5.5	8.0	4.6	8.1
Working capital	–77	–17	3	15	35	100	55	7
Interest-bearing net debt	302	241	210	265	293	332	285	26
Cash conversion %	224	116	399	138	291	5	–245	51
Net debt/equity, %	49.5	43.5	40.6	78.0	99.3	124.5	106.6	5.7
Net debt/adjusted EBITDA, times	1.7	1.5	1.5	2.0	2.8	3.8	n.a.	n.a.
Order backlog	2,189	1,999	1,911	1,683	1,650	1,318	1,116	1,157
Average number of employees	1,466	1,240	1,221	1,082	1,043	870	949	760
Number of employees at the end of the period	1,470	1,295	1,257	1,120	1,060	925	985	786

Reconciliation of key figures not defined in accordance with IFRS

The Company presents certain financial measures in the interim report, which are not defined under IFRS. The Company believes that these measures provide useful supplemental information to investors and the company's management, since they allow for the evaluation relevant trends. Instalco's definitions of these measures may differ from other companies using the same terms. These financial measures should therefore be viewed as a supplement, rather than as a replacement for measures defined under IFRS. Presented below are definitions of measures that are not defined under IFRS and which are not mentioned elsewhere in the interim report. Reconciliation of these measures is provided in the table, below. For definitions of key figures, see page 19.

Earnings measures and margin measures	In accordance with IFRS							
Amounts in SEK m	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
(A) Operating profit/loss (EBIT)	37	58	11	49	23	38	–7	10
Depreciation/amortisation and impairment of acquisition-related intangible assets	–	–	–	–	–	–	–	–
(B) EBITA	37	58	11	49	23	38	–7	10
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	1	2	1	1	1	1	0	0
(C) EBITDA	38	60	12	49	23	39	–6	10
Items affecting comparability								
Additional consideration	4	–	–	6	–	–5	18	12
Acquisition costs	2	1	3	–	2	3	–	3
Costs associated with refinancing	1	1	–	–	–	2	4	–
Listing costs	2	1	1	–	–	–	–	–
Total, items affecting comparability	8	3	4	6	3	0	22	15
(D) Adjusted EBITA	45	61	15	55	25	38	15	24
(E) Adjusted EBITDA	46	63	16	56	26	39	15	25
(F) Net sales	689	777	556	599	474	487	336	304
(A/F) EBIT margin, %	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*	*7.9*	*–2.0*	*3.1*
(B/F) EBIT margin, %	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*	*7.9*	*–2.0*	*3.1*
(C/F) EBIT margin, %	*5.5*	*7.7*	*2.2*	*8.2*	*4.9*	*8.0*	*–1.9*	*3.3*
(D/F) Adjusted EBITA margin, %	*6.5*	*7.8*	*2.7*	*9.2*	*5.3*	*7.9*	*4.5*	*8.0*
(E/F) Adjusted EBITDA margin, %	*6.7*	*8.1*	*2.9*	*9.3*	*5.5*	*8.0*	*4.6*	*8.1*

Capital structure	In accordance with IFRS							
Amounts in SEK m	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Calculation of working capital and working capital in relation to net sales								
Inventories	10	6	5	4	4	4	3	3
Accounts receivable	353	404	349	296	264	273	196	176
Earned, but not yet invoiced revenue	115	57	54	48	45	47	30	21
Prepaid expenses and accrued income	24	38	17	18	29	41	32	14
Other current assets	20	10	9	9	9	20	5	7
Accounts payable	–223	–212	–221	–175	–151	–123	–123	–106
Invoiced, but not yet earned income	–98	–63	–24	0	0	–17	–1	–3
Other current liabilities	–54	–46	–18	–30	–20	–42	–9	–15
Accrued expenses and deferred income, including provisions	–215	–210	–169	–155	–145	–103	–78	–89
(A) Working capital	**–69**	**–17**	**3**	**15**	**35**	**100**	**55**	**7**
(B) Net sales (12-months rolling)	2,621	2,407	2,116	1,896	1,601	1,369	–	–
(A/B) Working capital as a percentage of net sales, %	**–2.9**	**–0.7**	**0.1**	**0.8**	**2.2**	**7.3**	**–**	**–**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	493	392	444	321	375	344	200	–0
Current, interest-bearing financial liabilities	8	8	–0	40	40	40	140	120
Short-term investments	–4	–4	–4	–4	–4	–	–	–
Cash and cash equivalents	–194	–155	–229	–92	–118	–52	–55	–94
(A) Interest-bearing net debt	**302**	**241**	**210**	**265**	**293**	**332**	**285**	**26**
(B) Equity	611	553	518	340	295	266	267	449
(A/B) Gearing ratio, %	**49.5**	**43.4**	**40.6**	**78.0**	**99.3**	**124.5**	**106.6**	**5.7**
(C) EBITDA (12-months rolling)	159	144	124	105	66	51	–	–
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	1.9 times	**1.7 times**	**1.7 times**	**2.5 times**	**4.4 times**	**6.5 times**	**–**	**–**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	46	63	16	56	26	39	15	25
Net investments in property, plant and equipment and intangible assets	0	5	-7	7	-9	5	-4	0
Changes in working capital	57	5	55	14	58	-42	-47	-12
(B) Operating cash flow	**104**	**73**	**64**	**77**	**75**	**2**	**-37**	**13**
(B/A) Cash conversion %	**224**	**116**	**399**	**138**	**291**	**5**	**-245**	**51**

Signature

This report has been reviewed by the company's auditors.

This information is information that Instalco is required to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication by the contact person set out below, on 29 May 2017 at 08:30 CET.

Additional 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

Future reporting dates

Interim report January-June 2017	25 August 2017
Interim report January-September 2017	8 November 2017

Stockholm, 29 May 2017
Instalco Intressenter AB (publ)

Per Sjöstrand
CEO

This document is a translation of the original Swedish version of the interim report. In the event of any discrepancy, the Swedish wording shall prevail.

Auditor’s review report

Auditor's report on review of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act (1995:1554).

Instalco Intressenter AB (publ)
CIN 559015-8944

Introduction

We have conducted a review of the condensed interim financial information (interim report) for Instalco Intressenter AB as of 31 March 2017 and for the three-month period that ended on that date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted the review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information conducted by the company’s independent auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review and taking other review procedures. A review has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with ISA and generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a review does not therefore give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group, has not, in all material respects, been prepared in accordance with IAS 34 and the Annual Accounts Act and, for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, 29 May 2017

Grant Thornton AB

Jörgen Sandell
Authorised Public Accountant

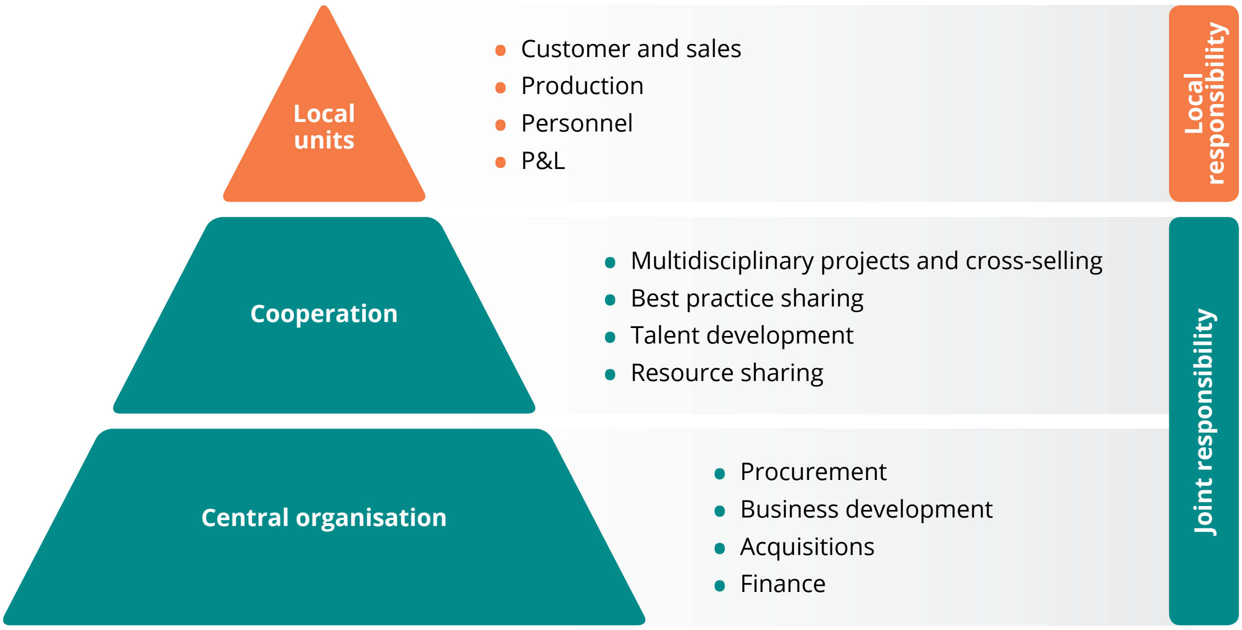
Definitions with explanation

General	Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.	
Key figures	**Definition/calculation**	**Purpose**
Growth in net sales	Change in net sales as a percentage of net sales in the comparable period, prior year.	The change in net sales reflects the Groups realised sales growth over time.
Organic growth in net sales	The change in net sales for comparable units after adjustment for acquisition and currency effects, as a percentage of net sales during the comparison period.	Organic growth in net sales does not include the effects of changes in the Group's structure and exchange rates, which enables a comparison of net sales over time.
Acquired growth in net sales	Change in net sales as a percentage of net sales during the comparable period, fuelled by acquisitions. Acquired net sales is defined as net sales during the period that are attributable to companies that were acquired during the last 12-month period and for these companies, the only amounts that are considered as acquired net sales are their sales up until 12 months after the acquisition date.	Acquired net sales growth reflects the acquired units' impact on net sales.
EBIT margin	Operating profit/loss (EBIT), as a percentage of net sales.	EBIT margin is used to measure operational profitability.
EBITA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets.	EBITA provides an overall picture of the profit generated from operating activities.
EBITA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets, as a percentage of net sales.	EBIT margin is used to measure operational profitability.
EBITDA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets	EBITDA, together with EBITA provides an overall picture of the profit generated from operating activities.
EBITDA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets, as a percentage of net sales.	EBITDA margin is used to measure operational profitability.
Items affecting comparability	Items affecting comparability, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding items affecting profitability, it is easier to compare earnings between periods.
Adjusted EBITA	EBITA adjusted for items affecting comparability.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITDA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.
Operating cash flow	Adjusted EBITDA less investments in property, plant and equipment and intangible assets, along with an adjustment for cash flow from change in working capital.	Operating cash flow is used to monitor the cash flow generated from operating activities.
Cash conversion	Operating cash flow as a percentage of adjusted EBITDA	Cash conversion is used to monitor how effective the Group is in managing ongoing investments and working capital.

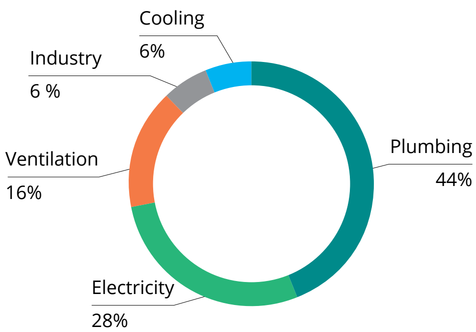
Key figures	Definition/calculation	Purpose
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current liabilities.	Working capital is used to measure the company's ability to meet short-term capital requirements.
Working capital as a percentage of net sales	Working capital at the end of the period as a percentage of net sales on a 12-month rolling basis.	Working capital as a percentage of net sales is used to measure the extent to which working capital is tied up.
Interest-bearing net debt	Non-current and current interest bearing liabilities less cash and other short-term investments.	Interest-bearing net debt is used as a measure that shows the Groups total debt.
Net debt in relation to adjusted EBITDA	Net debt at end of period divided by adjusted EBITDA, on a 12-month rolling basis.	Net debt in relation to adjusted EBITDA provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay back the debt if the net debt and adjusted EBITDA is kept constant, without taking into account the cash flows relating to interest, taxes and investments.
Net debt/equity ratio	Interest-bearing net debt as a percentage of total equity.	Gearing ratio measures the extent to which the Group is financed by loans. Because cash and other short-term investments can be used to pay off the debt on short notice, net debt is used instead of gross debt in the calculation.
Outstanding orders	The value of outstanding, not yet accrued project revenue from received orders at the end of the period.	Outstanding orders provides an indication of the Group's remaining project revenue from orders already received.

Instalco in brief

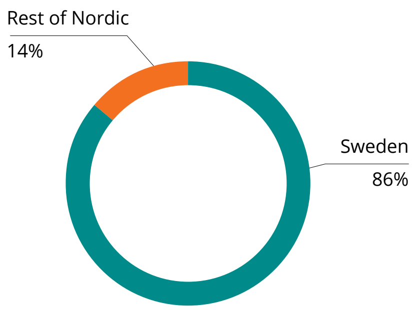
Instalco has a decentralised structure, where operations are conducted in each unit, in close relation to the customer and with the support of a small central organisation. The Instalco model is structured to utilise the advantages of both a strong local footing and joint functions.



NET SALES BY AREA OF OPERATION



NET SALES BY MARKET AREA



INSTALCO

Instalco Intressenter AB (publ)
Lilla Bantorget 11
111 23 Stockholm

info@instalco.se