

# Instalco Q3 presentation

25 October 2024

# This is Instalco

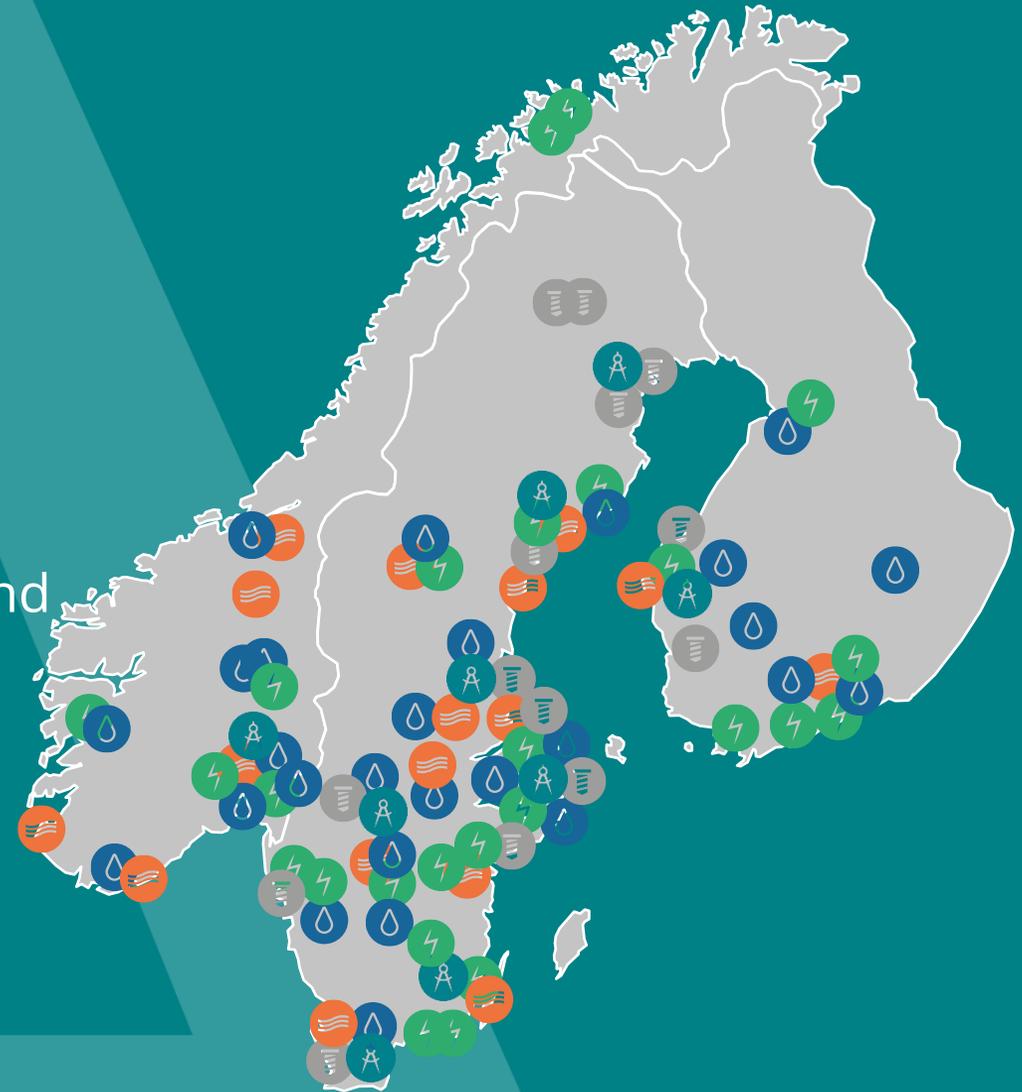
A leading Nordic group within heating and plumbing, electricity, ventilation, industry and technical consulting

Project planning, installation, service and maintenance of systems installed at properties and facilities

Highly decentralised structure – specialised local companies

>6,200 employees

**Driving the green transformation – strong underlying market drivers**



## Key financials, LTM

Net sales, million SEK

**13,956**

EBITA, million SEK

**993**

Cash flow from operations, million SEK

**907**

Order backlog, million SEK

**8,533**

EBITA margin, %

**7.1**

Number of companies

**161**

# Quarterly highlights

- Market challenges reflected in the numbers
- Continued focus on profitability culture
- Subsidiaries collaborating lead to exciting projects
- Start-up concept works – good development for Intec and Inmatiq

## Key financials Q3 2024

Net sales

SEK **3,144** million

EBITA

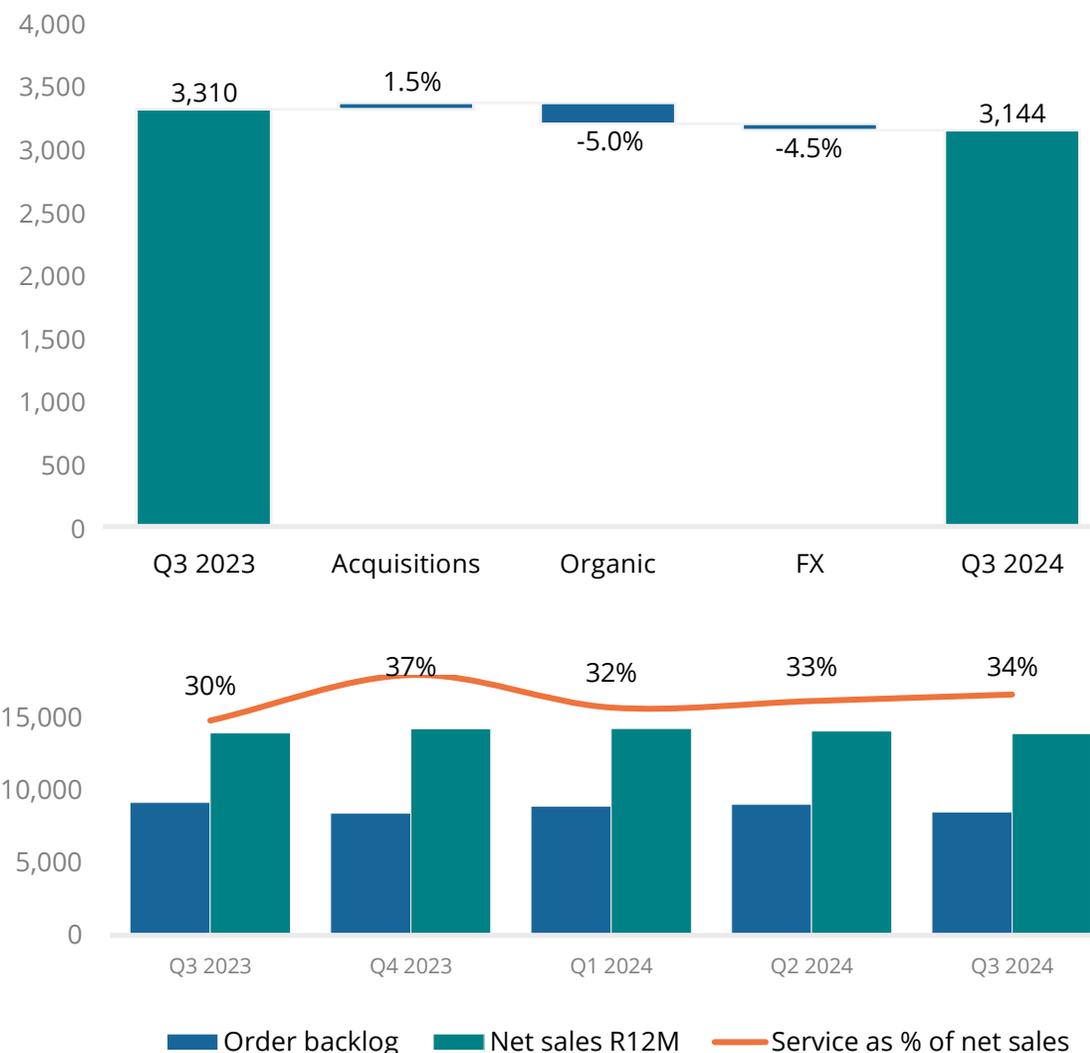
SEK **188** million

EBITA margin

**6.0** %

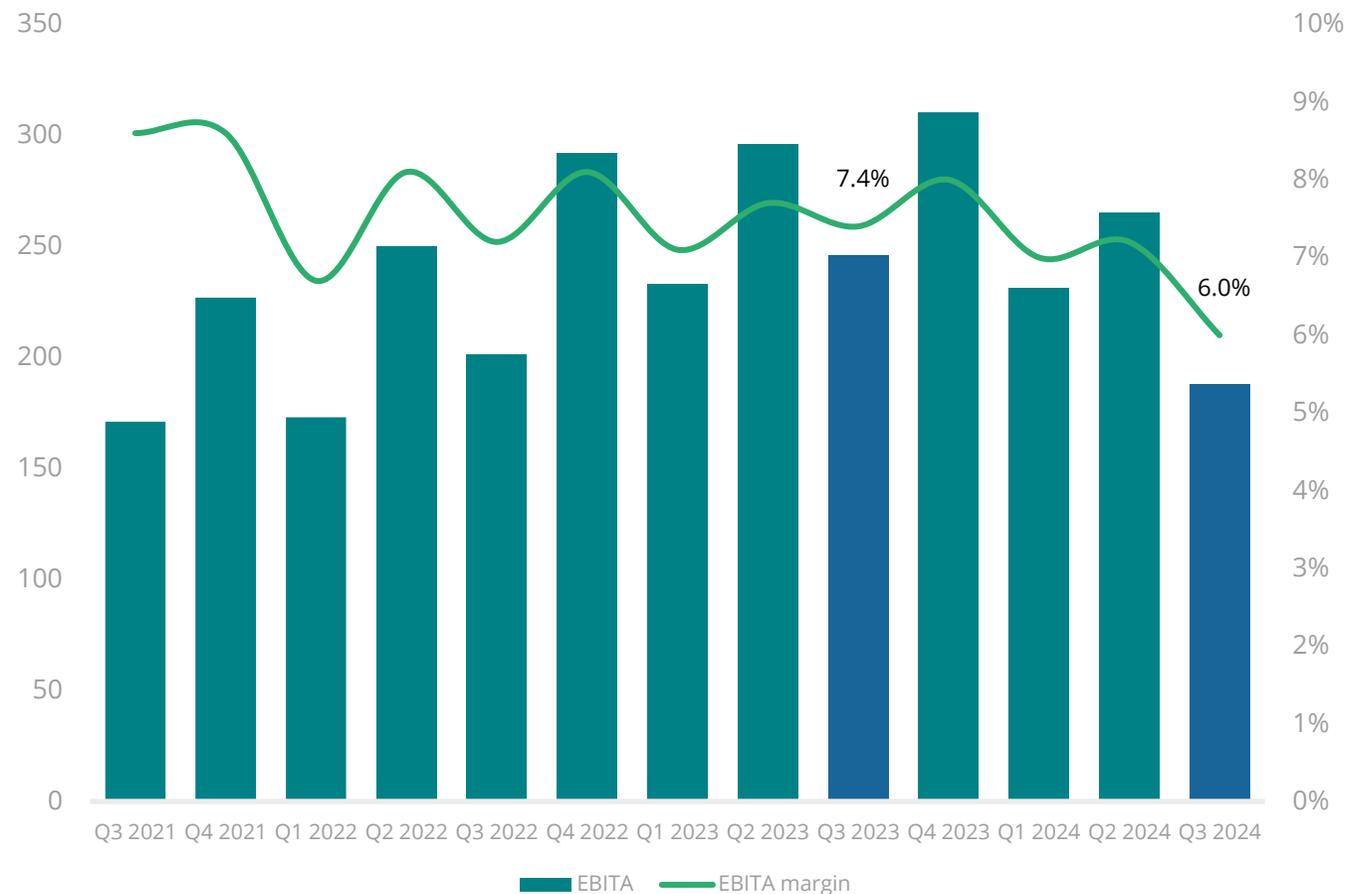
# Net sales and order backlog (SEK million)

- Net sales development of -5.0% to SEK 3,144 (3,310) million
- Organic development -5.0%, while acquired growth contributed 1.5%
- We remain cautious to building backlog given market pricing of projects
- Service, not included in order backlog, made up 34% of sales in the quarter



# EBITA development (SEK million and margin %)

- EBITA amounted to SEK 188 (246) million
- EBITA margin of 6.0% (7.4)
  - A result of the weak market and less favourable project completions





# Segment Sweden

- Net sales amounted to SEK 2,166 (2,213) million
  - Organic development -3.0%
  - Acquired growth of 1.0%
- EBITA down to SEK 119 (177) million, corresponding to a margin of 5.5% (8.0)

## Key financials Q3 2024

Net sales

SEK **2,166** million

EBITA

EBITA margin

SEK **119** million **5.5** %

Order backlog

SEK **6,429** million



# Segment Rest of Nordics

- Net sales amounted to SEK 978 (1,098) million
  - Organic development -9.0%
  - Acquired growth of 2.6%
- EBITA flat at SEK 68 (68) million, despite lower topline, corresponding to an EBITA margin of 6.9% (6.2)

## Key financials Q3 2024

Net sales

SEK **978** million

EBITA

SEK **68** million

EBITA margin

**6.9** %

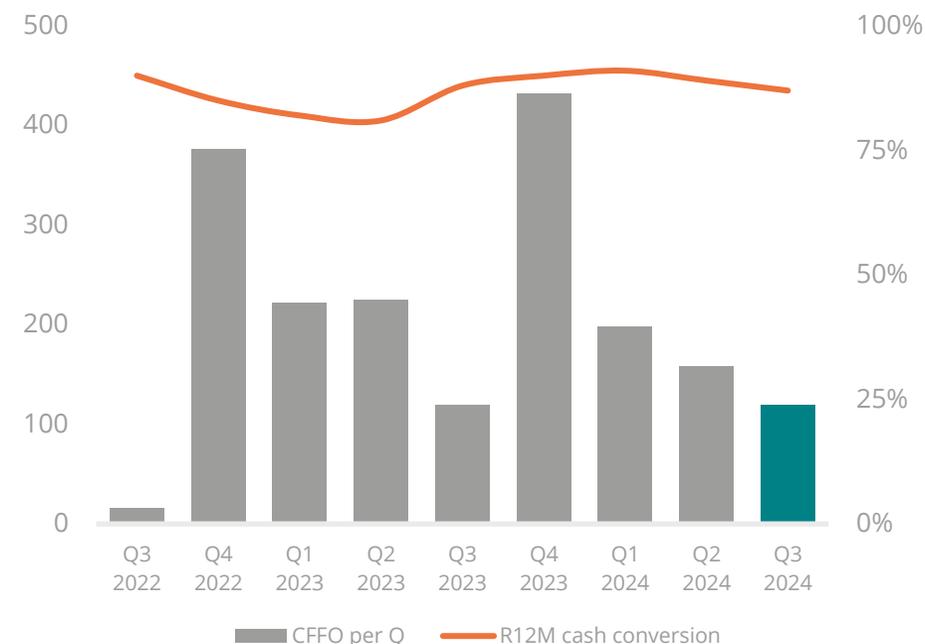
Order backlog

SEK **2,104** million

# Cash generation (SEK million)

- Cash conversion R12M and quarterly cash flow from operations stable at SEK 119 (119) million, despite the lower earnings – a result of continued focus on working capital and invoicing
- Fewer acquisitions compared to Q3 last year

SEKm	Q3 2024	Q3 2023
EBITDA	297	327
Change in net working capital	-86	-83
<b>Cash flow from operating activities (CFFO)</b>	<b>119</b>	<b>119</b>
<i>Cash conversion (R12M)</i>	87%	88%
Cash flow from investing activities	-87	-256
Cash flow from financing activities	84	14
<b>Cash flow for the period</b>	<b>116</b>	<b>-123</b>



# Financial targets

## Growth

# ≥10%

Average sales growth should be at least 10% per year over a business cycle.  
Growth will take place both organically and through acquisitions

## Cash conversion

# 100%

Instalco aims to achieve a cash conversion ratio of 100%, measured over a rolling twelve-month period over a business cycle

## Dividend policy

# 30%

Instalco targets a dividend payout ratio of 30% of net profit

## Profitability

# 8%

Instalco aims to deliver an EBITA margin of 8.0%

## Capital structure (Net Debt/EBITDA)

# 2.5x

Instalco's net debt in relation to EBITDA shall not exceed a ratio of 2.5

# Project: Eight Instalco companies install the new Gothenburg Central Station

- Eight Instalco companies have been contracted for project design and installations at the new Gothenburg Central Station.
- The assignment involves project design and installation of the electrical, heating & plumbing, ventilation and sprinkler systems, as well as the control technology and automation.
- The contract value is approximately SEK 100 million.
- The following Instalco companies are responsible for delivering the services associated with this contract: Elektro-Centralen, LG Contracting, Tofta Plåt & Ventilation, Sprinklerbolaget, Bogesund El & Tele, Intec, Ovau and Inmatiq.

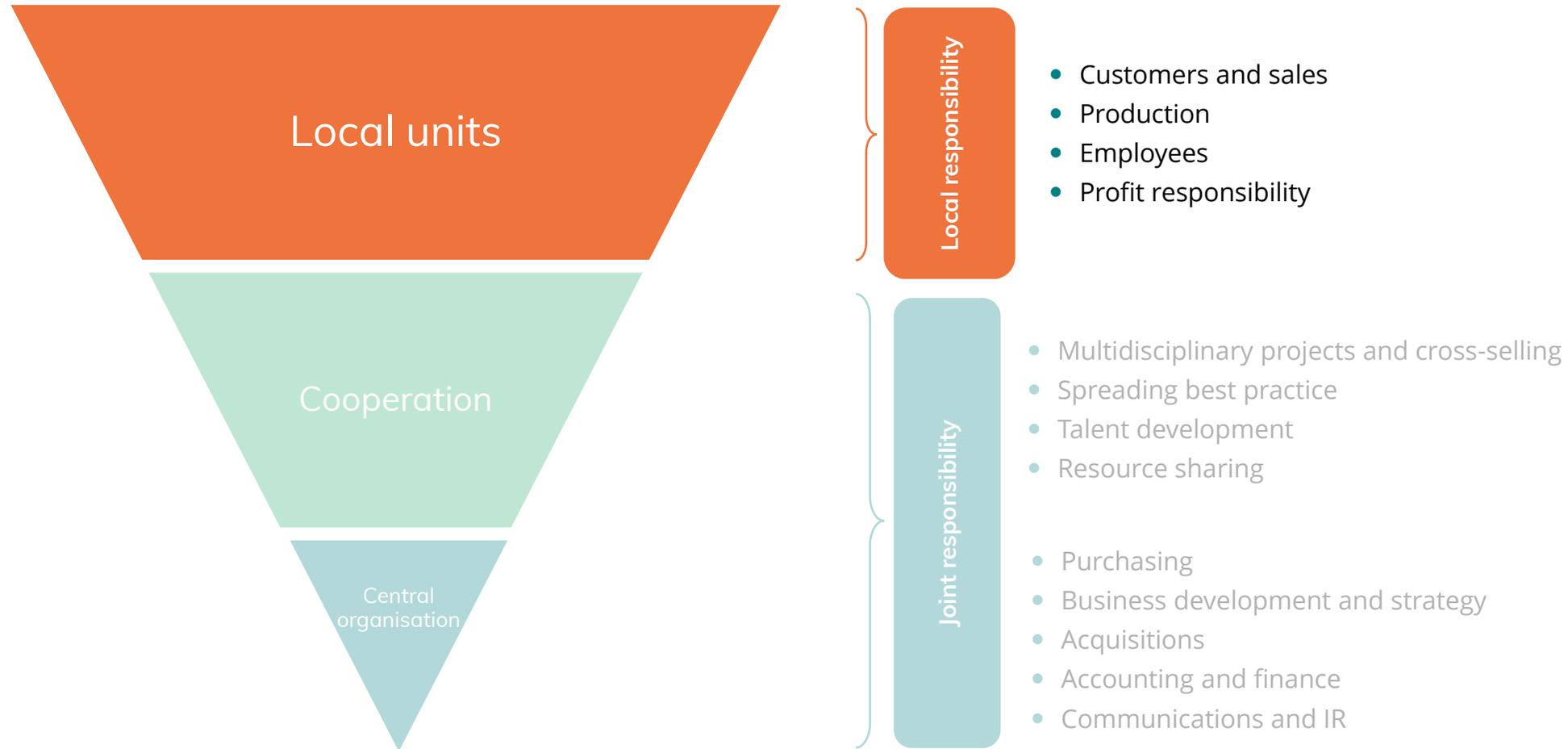


Illustration: Reiulf Ramstad Arkitekter for Jernhusen

CEO's theme  
**A typical  
Instalco  
company**



# Decentralized model keeps us close to customers



Local responsibility

- Customers and sales
- Production
- Employees
- Profit responsibility

Joint responsibility

- Multidisciplinary projects and cross-selling
- Spreading best practice
- Talent development
- Resource sharing
- Purchasing
- Business development and strategy
- Acquisitions
- Accounting and finance
- Communications and IR

# Local presence – a **key** factor

- Based in major cities, or more generally, where people are living
- Operates within a radius of 1 – 2 hours from HQ
- HQ is often located outside the city center in an industrial area
- Normally local clusters of minimum 3 Instalco companies
- Aiming to be multidisciplinary locally (electrical, heat & sanitation and ventilation)



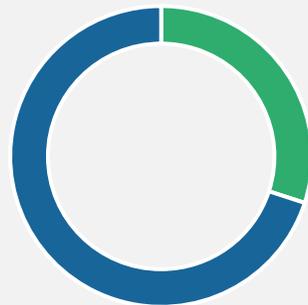
# The typical Instalco company



## Net sales, SEKm

**75m**

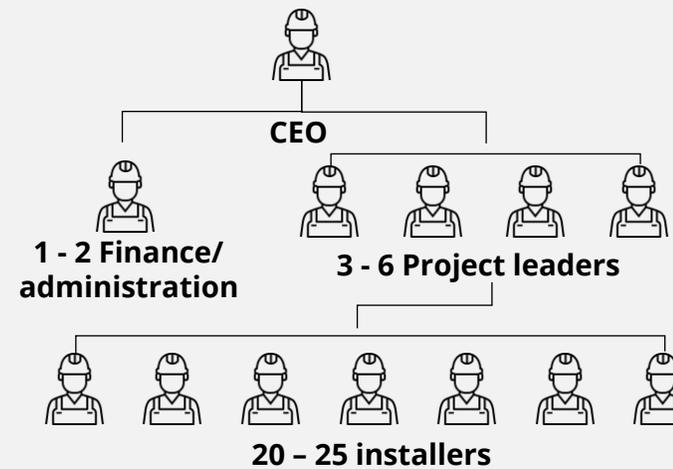
- Service, 30% of sales
- Projects, 70% of sales



Avg. project size  
**SEK 5 – 10m**

## Number of employees

**30**



CASE

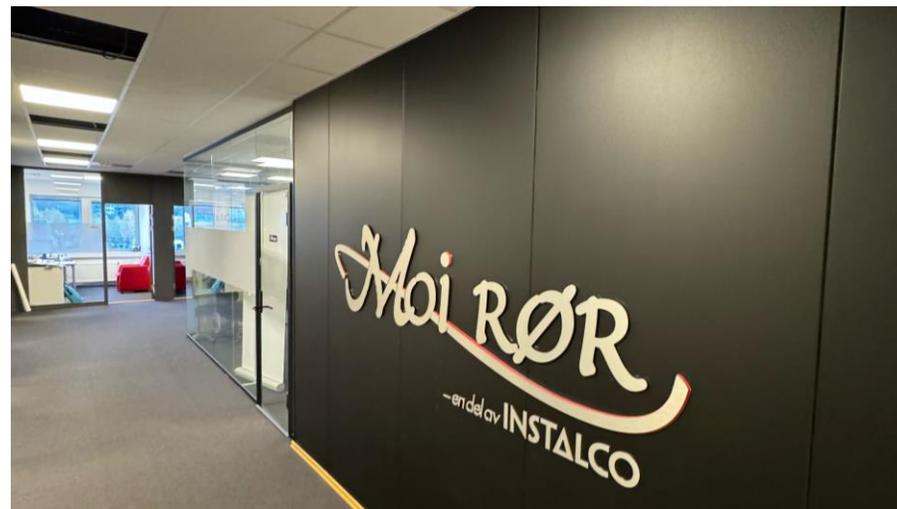
## Powering Linköping: Electrical experts with a local touch



**Discipline:** Electrical  
**Location:** Linköping  
**Revenue:** c. SEK 80m  
**Employees:** 31  
**Project size:** SEK 5 – 10m  
**Service % revenue:** 20%

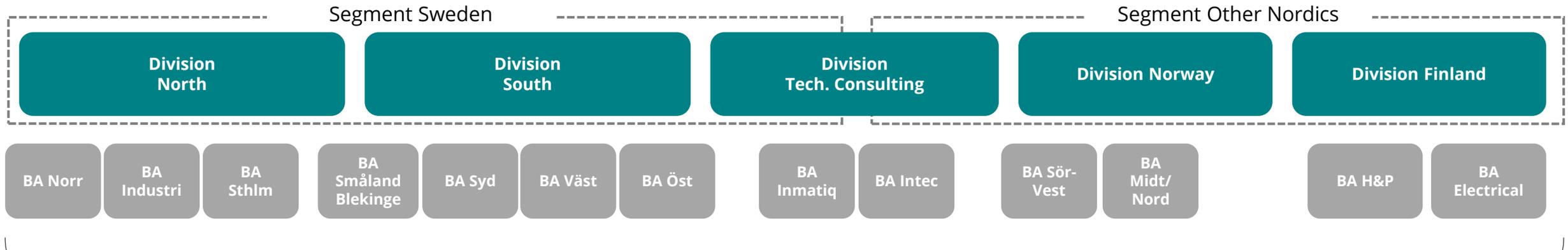
CASE

## Norwegian heating & plumbing specialists



**Discipline:** Heating and plumbing  
**Location:** Kristiansand  
**Revenue:** c. NOK 80m  
**Employees:** 40  
**Project size:** NOK 5 - 20m  
**Service % of revenue:** 30%

# Instalco is built by cooperation and best practice



**161 companies, 10-20 per business area**

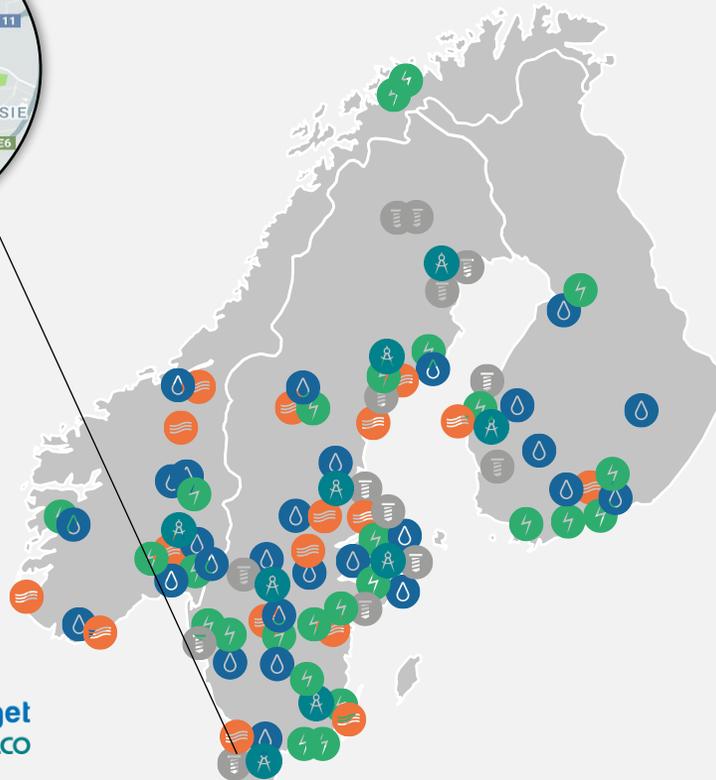
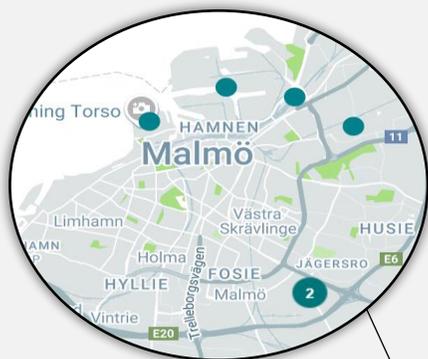
## Local collaboration within business areas

CEOs meet regularly over a year through various **meetings:**



- Finance managers meet 2 times a year during regional meetings
- 3 - 4 installers and project leaders from each company meet at Instalco Academy

# Instalco Malmö-Helsingborg as an example



**EL-EXPRESSEN**  
i Lund AB del av INSTALCO

**Rörläggaren** del av INSTALCO

**INSTAEL** del av INSTALCO

**VFB** del av INSTALCO

**INTEC** del av INSTALCO

**EL-PÅGARNNA** del av INSTALCO

**START-UP** del av INSTALCO

**Sprinklerbolaget** del av INSTALCO

**BI-VENT AB** del av INSTALCO

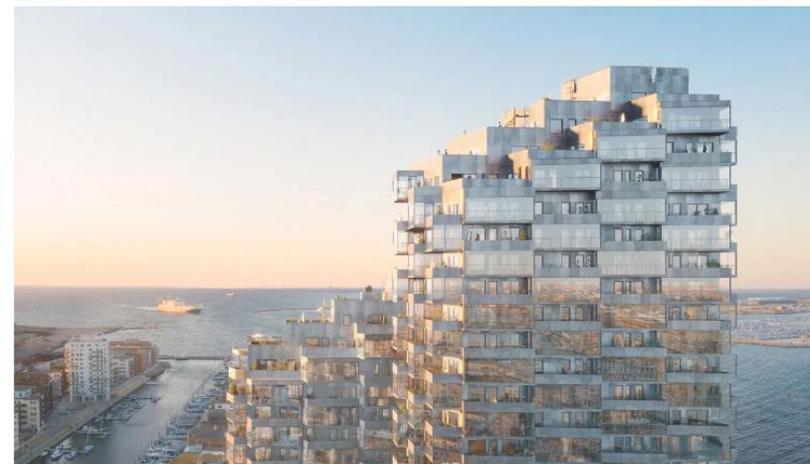


Illustration: Fojab

## Instalco wins assignment for installations at new Malmö landmark

Four Instalco companies have been contracted for a joint installation assignment at a new construction project of 160 apartments in Malmö. The combined order value for Instalco is around SEK 100 million.

The customer will be building this landmark at the old Kockums industrial area, right on the quay in central Malmö. The residential project will be two nearly 80-metre-tall towers with 26 floors and around 160 apartments. It is part of the Western Harbour renewal project to convert it from an industrial/port area into a mixed-use development with housing.

Instalco will be responsible for the electrical, heating & plumbing, ventilation and sprinkler installations. The following Instalco companies will be involved: El-Pågarna, Rörläggaren, Bi-Vent and Sprinklerbolaget.

"We are happy and proud that the customer has chosen these four Instalco companies for the installations at their most lavish and exclusive residential project in the region to date. We have been collaborating with the customer on these types of complex projects for quite some time, delivering quality and knowledge that is valuable to all parties involved," says Andreas Karlsson, CEO at the Instalco subsidiary, El-Pågarna in Malmö.

Hot-dip galvanized sheet metal will be used for the façade, which will give the two towers a distinct look. The glassed-in balconies have been designed to look like the control cabins on the huge construction cranes that were once used in the port.

The project is already underway and expected to be completed during 2025. The goal is to certify it as a Sustainable Instalco Project.

# A local touch backed by big company capabilities

Experiences from our companies



-del av INSTALCO

“Now that we are part of the Instalco team, we can take on bigger projects than we could before. We also benefit from a fantastic network of expertise and customers.”

- CEO Andreas Thors



-del av INSTALCO

“We enjoy running the smaller company. At Instalco you are never alone, there is always someone to ask and bounce ideas off, and I've always valued that.”

- CEO Tomas Danielsson



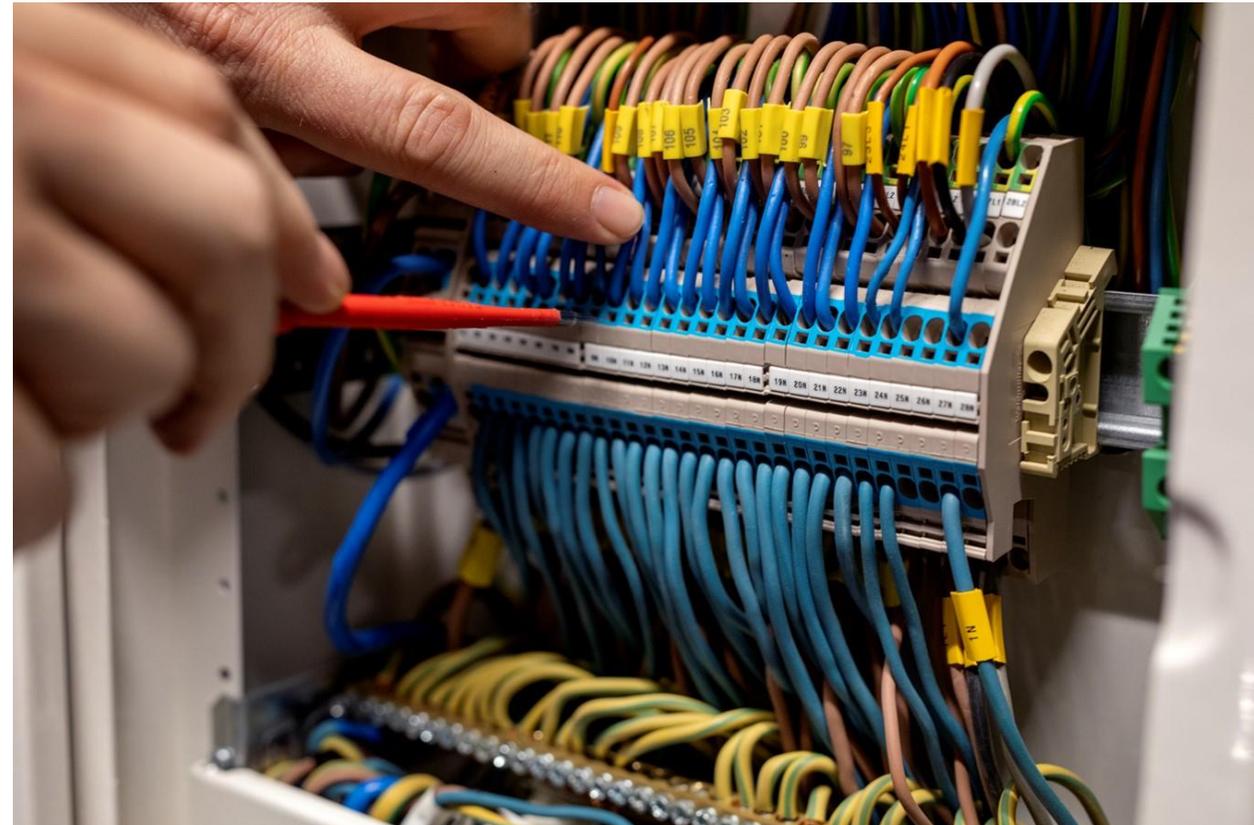
-del av INSTALCO

“We have established a network throughout Sweden and have started to co-operate with several other Instalco companies such as Norrtech, Rörtema and Intec.”

- CEO Leif Wallrud

# Summary

- Long-term demand growing, short term challenging market conditions
- Service remains at a high level, a stabilizing factor for the group – decentralised model facilitated the shift
- Profitability culture in focus – tailored support to companies
- Multidisciplinary orders showcase strength of the business model



Q&A

# INSTALLCO

Climate-smart, sustainable installations enable us to lower our energy consumption.