

INSTALCO



A leading installation group within
heating and plumbing, electrical,
ventilation, industry and **technical**
consulting.

This is Instalco

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

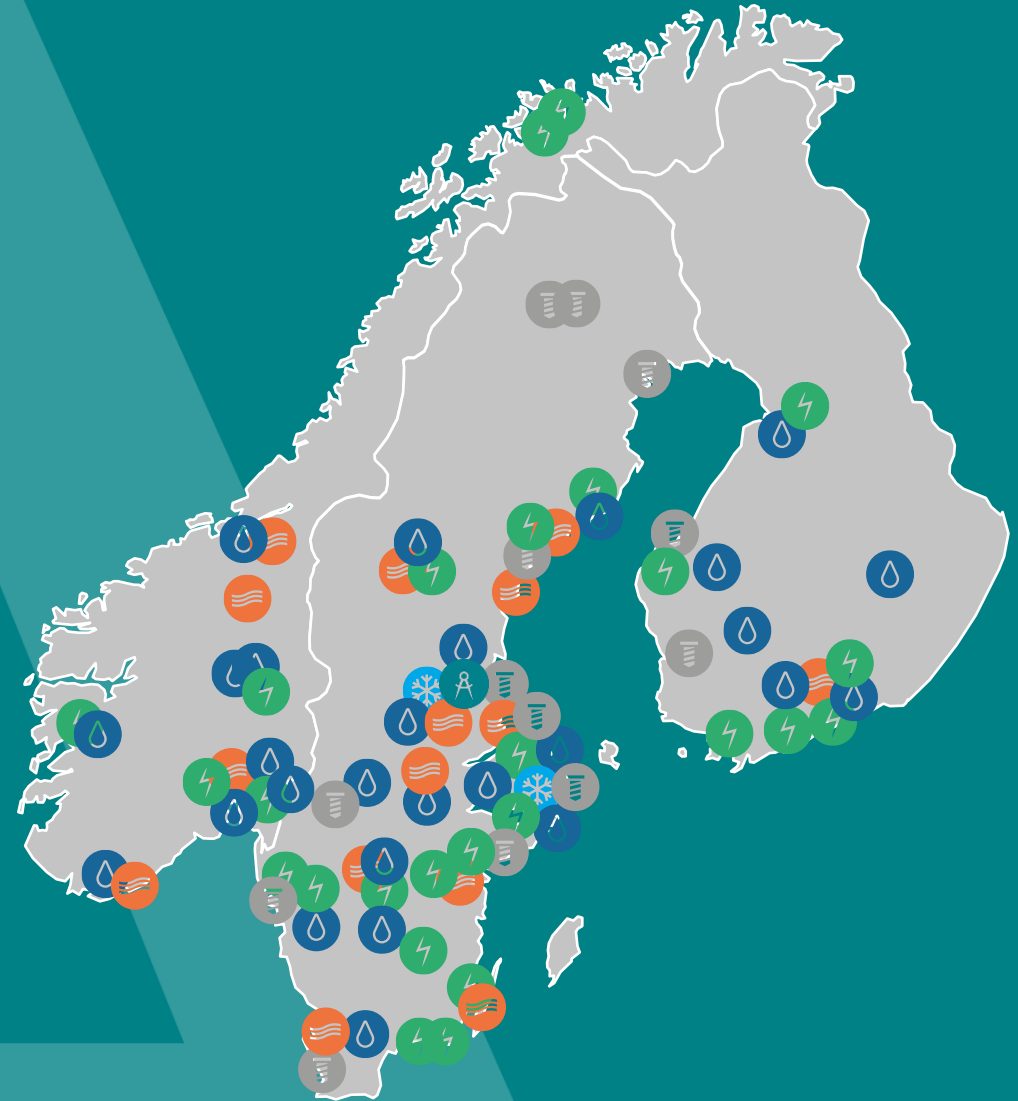
Project planning, installation, service and maintenance of systems installed at properties and facilities

Highly decentralised structure

>130 subsidiaries – specialised local companies

>6,000 employees

Driving the green transformation – strong underlying market drivers



Key financials, LTM

Net sales, million SEK

13,996

EBITA, million SEK

1,067

Cash flow from operations, million SEK

943

Order backlog, million SEK

9,201

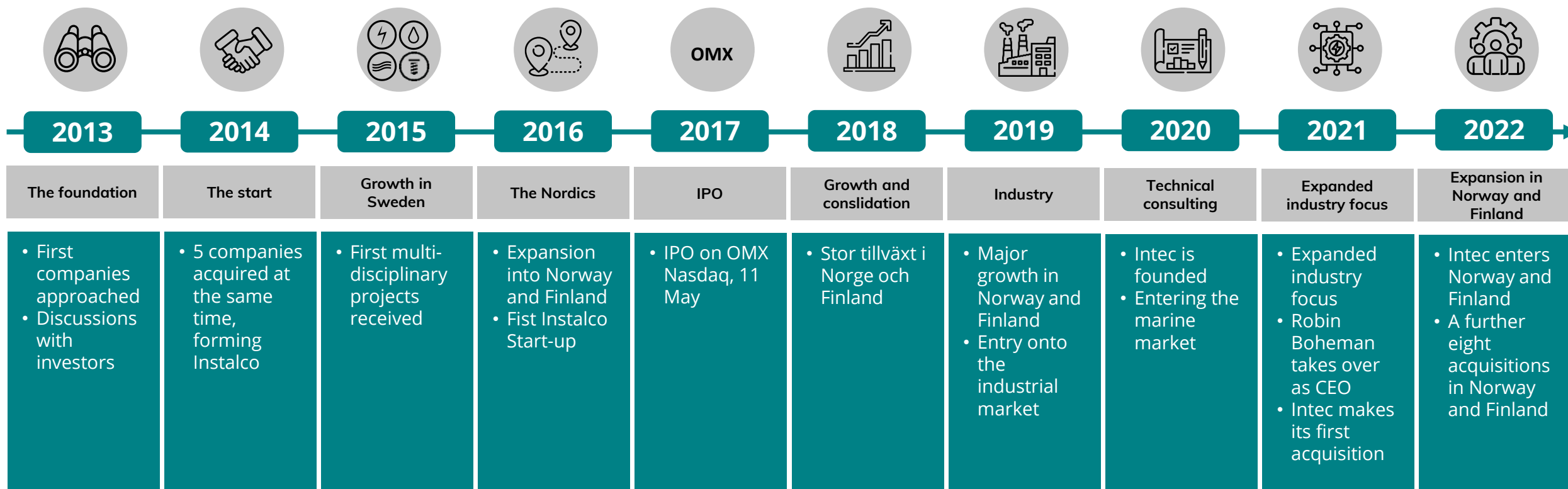
EBITA margin, %

7.6

Acquired annual sales, million SEK

1,279

Instalco's journey



Sustainable installations for the future

 36%



Electrical

 30%



Heating & Plumbing

 14%



Ventilation

 17%



Industry

 3%



Technical consulting

Our value creation

M&A

- Buy & Build
- Proven track-record of successful acquisitions in a fragmented market with attractive multiples

Operations

- Combination of healthy growth, industry-leading margins and high rate of cash conversion
- Attractive and diversified positioning in the market for medium-sized projects

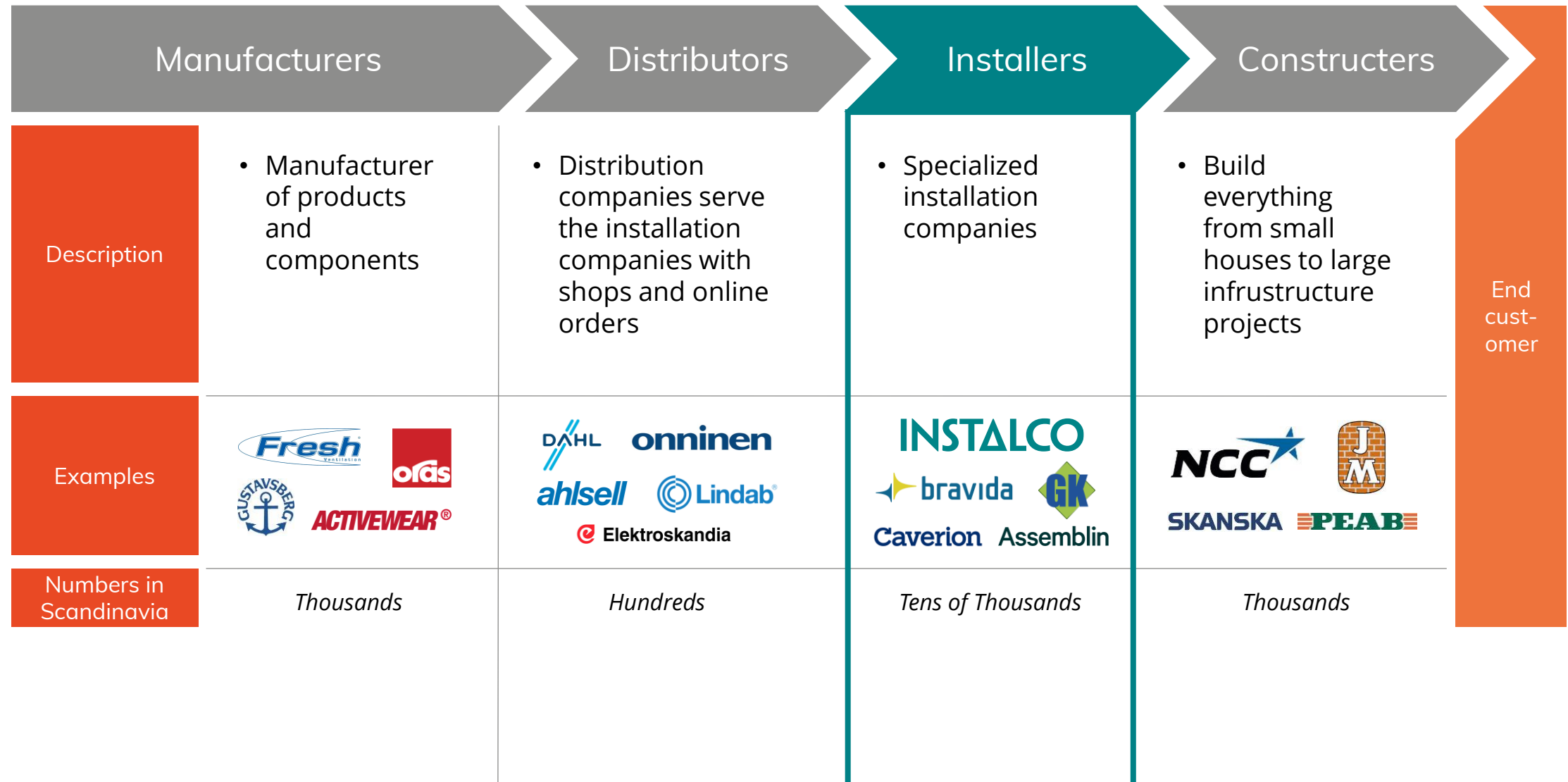
Organisation

- Decentralized model that maintains the entrepreneurial spirit, but the financial muscles to provide an attractive offering to customers
- Keep overhead costs at a very low level
- Commitment and determination

Market

Attractive and diversified positioning in the market for medium-sized projects, fueled by global megatrends

Instalco in the value chain



Attractive segment and risk minimization



Large projects (SEK >75m), e.g.:

- Stadiums
- Shopping malls
- Infrastructure

Key success factors:

- Price
- Financial strength
- Organisation



Mid-size projects (SEK 1-75m), e.g.:

- Public buildings
- Residential buildings
- Commercial buildings
- Industrial buildings
- Housing co-ops

Key success factors:

- Quality
- Lead time
- Local presence
- Relationship



Small projects (SEK <1m), e.g.:

- Individual households
- Retail market

Key success factors:

- Local presence
- Relationship

To minimize risk:

- Mid-size projects (main-business)
- Partnering
- Few larger fixed price projects over SEK 30m
- Second opinion/sign off routine
- Follow up of forecast
- Board meetings in every subsidiary

Examples of projects

Construction City, Oslo, Norge

- Lysteknikk Elektroentreprenør AS
- Electrical project design and installations
- New construction of office facility of over 100,000 sqm

Clab, Oskarshamn, Sverige

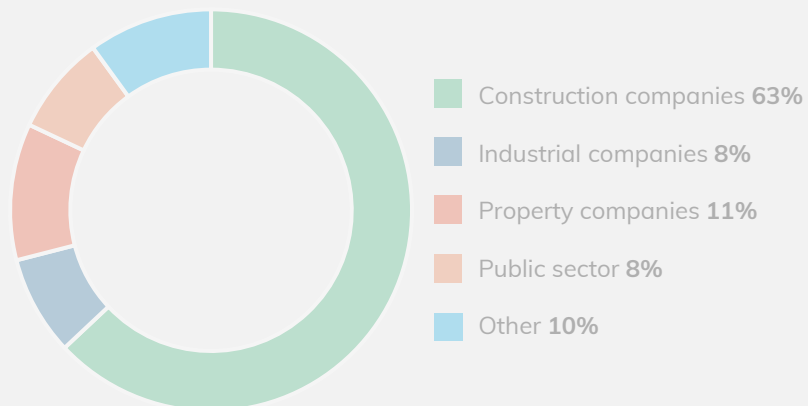
- Avent AB in Kalmar
- Installations of ventilation systems at the Central Interim Storage Facility for Spent Nuclear Fuel
- Modernisation and energy optimisation

SSAB, Brahestad, Finland

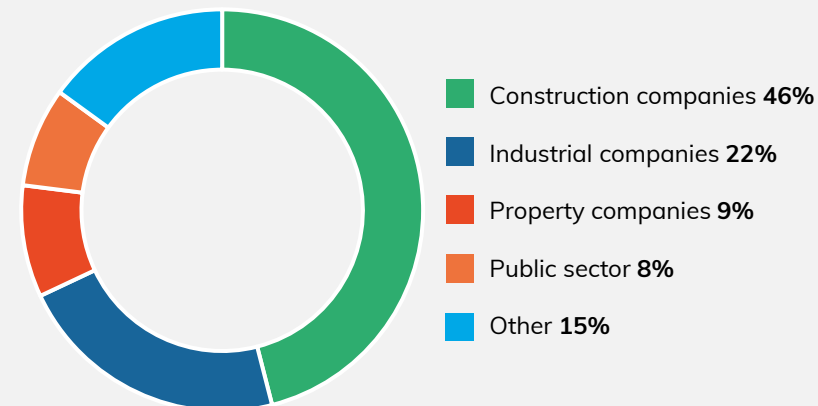
- Pohjanmaan Talotekniikka Oy in Uleåborg
- Technical installations required when SSAB expands its facility in Northern Ostrobothnia
- Heating, sanitation and ventilation

A more diversified business

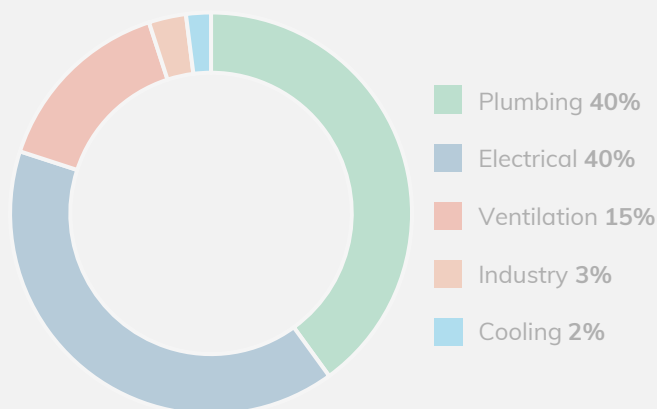
SALES PER CUSTOMER GROUP FY 2020



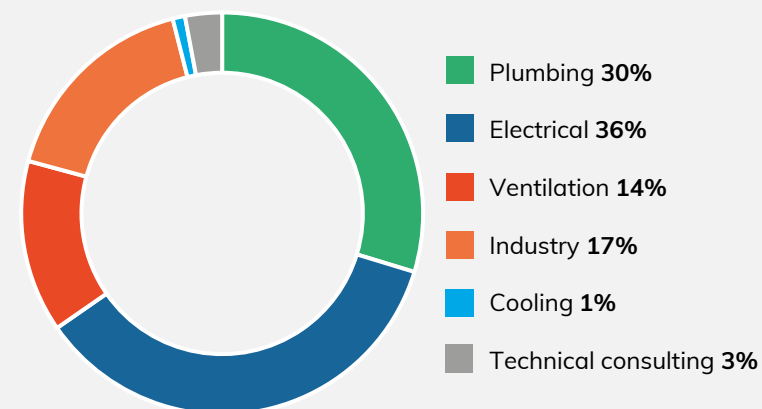
SALES PER CUSTOMER GROUP FY2022



NET SALES BY AREA OF OPERATION Q3 2020



NET SALES BY AREA OF OPERATION Q3 2023



Still a highly fragmented market

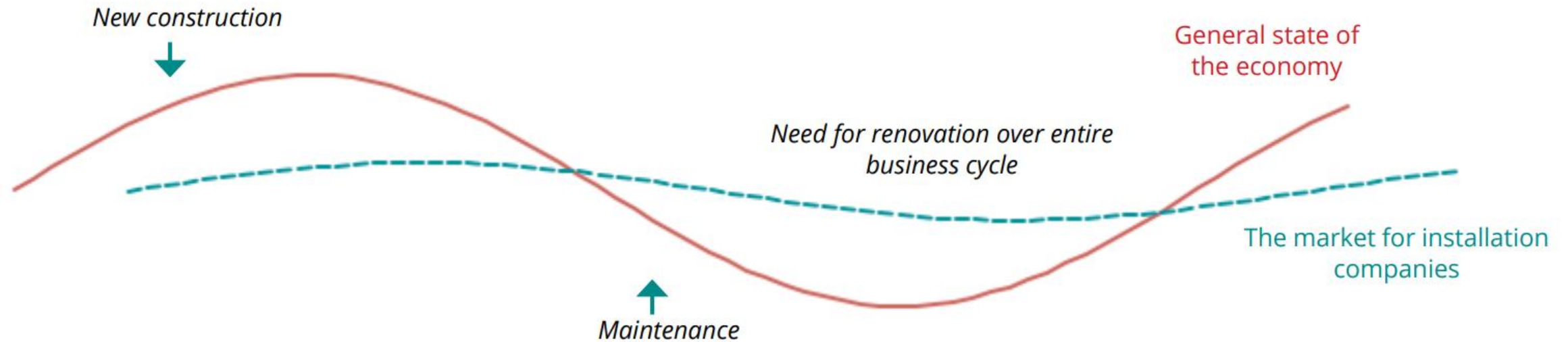
SEK 220 bn

Sales for Instalco's core markets (Sweden, Norway, Finland) in 2022

5.5%

Instalco's market share in 2022

Installation less cyclical than construction



Long-term market drivers



Energy efficiency
and the green
transition



Housing
shortage

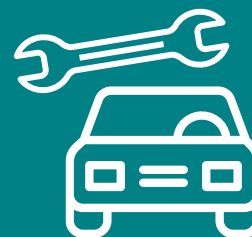
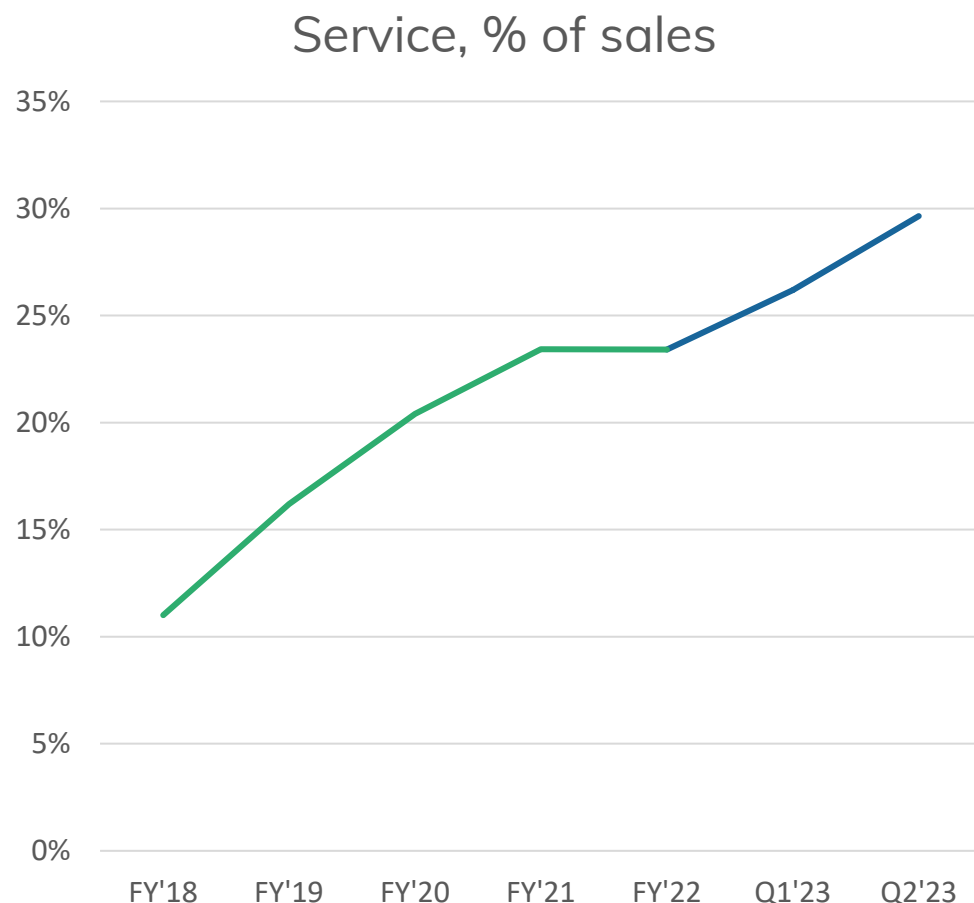


Aging building
stock

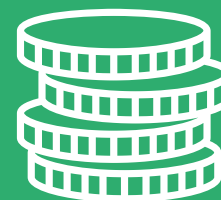


Digitalization and
increasing building
complexity

A growing, more resilient part of our business



Smaller, ongoing assignments – often as part of service agreements or assignments sent to the companies' service departments

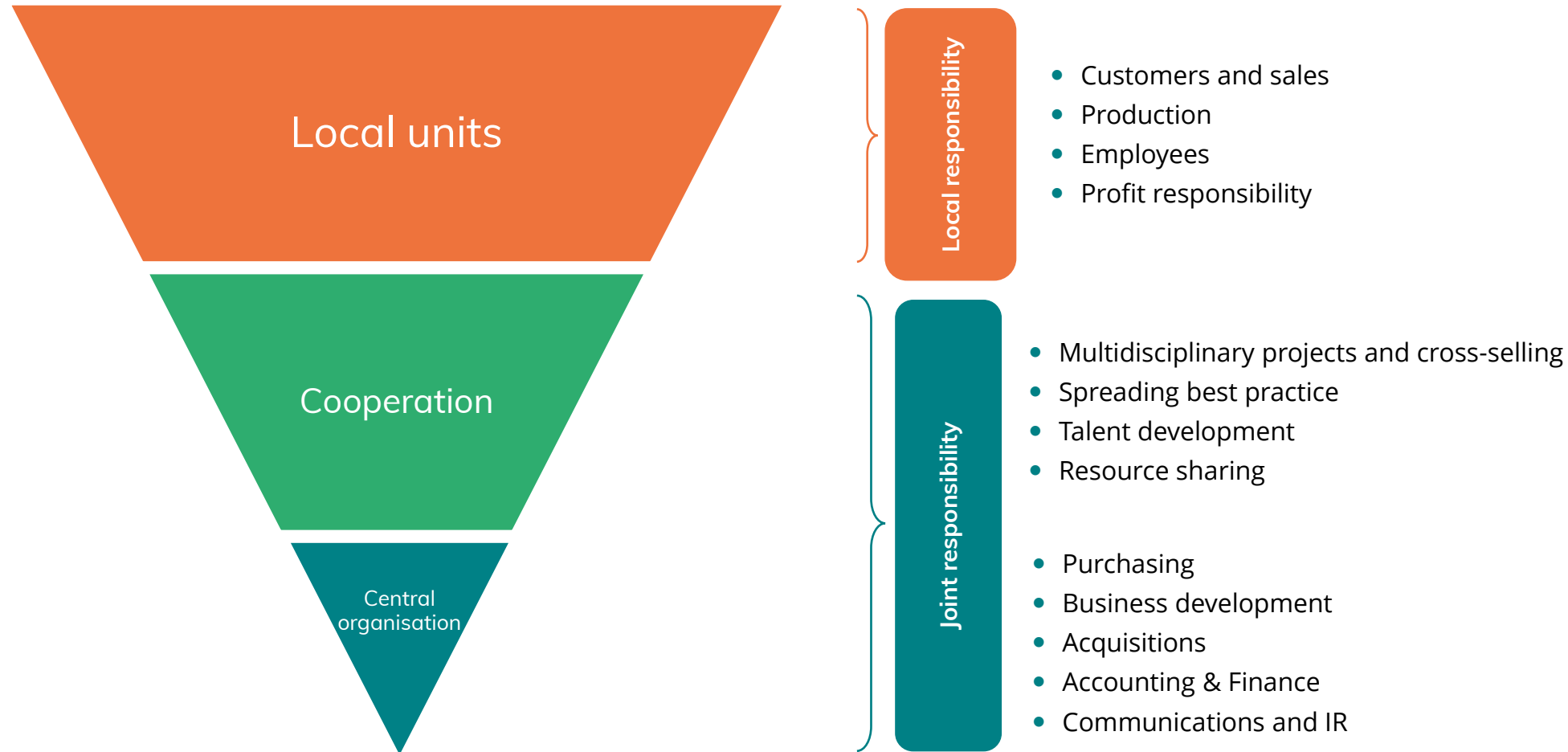


- Revenue that does not fall under the need for percentage-of-completion
- Assignments on a running account without a budget

The Instalco model

Decentralized model that maintains the entrepreneurial spirit, but the financial muscles to provide an attractive offering to customers

Decentralized model keeps us close to customers



Instalco is built by entrepreneurs

Entrepreneurial spirit

- Let the subsidiaries keep their own culture and brand
- Team building activities to further strengthen the subsidiaries
- Specialization
- Strong local ties

Mature leadership and cooperation

- Incentives to encourage further development
- Organic growth by cooperation between units and cross-selling
- Common purchasing agreements
- Friendly competition

Business development

- Instalco Academy
- Best practice sharing
- Central and peer-based business development support



M&A

Proven track-record of
successful acquisitions in a
fragmented market with low
multiples



Varying rationale for acquisitions



Strategic



Opportunistic



Add-on



Start-up

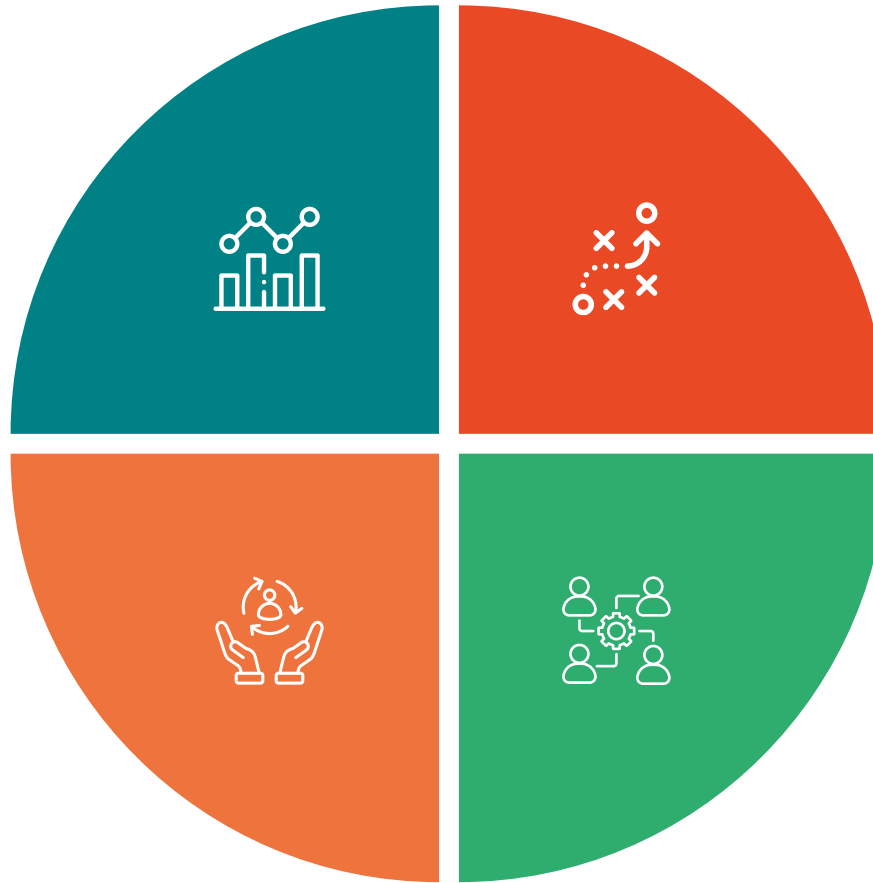
M&A: Our four evaluation parameters

Financial performance

- Profitability > 5%
- Strong track record
- Growth
- Cash cows

Management

- Mature leadership
- Proven ability to create value
- Commitment and determination



Market position

- Specialisation
- Customer satisfaction
- Competitiveness
- High degree of recurring customers

Instalco fit

- Team players
- Collaboration with other Instalco units
- Cross selling ability

How we find the right entrepreneurs



HQ



Own
network



Incoming



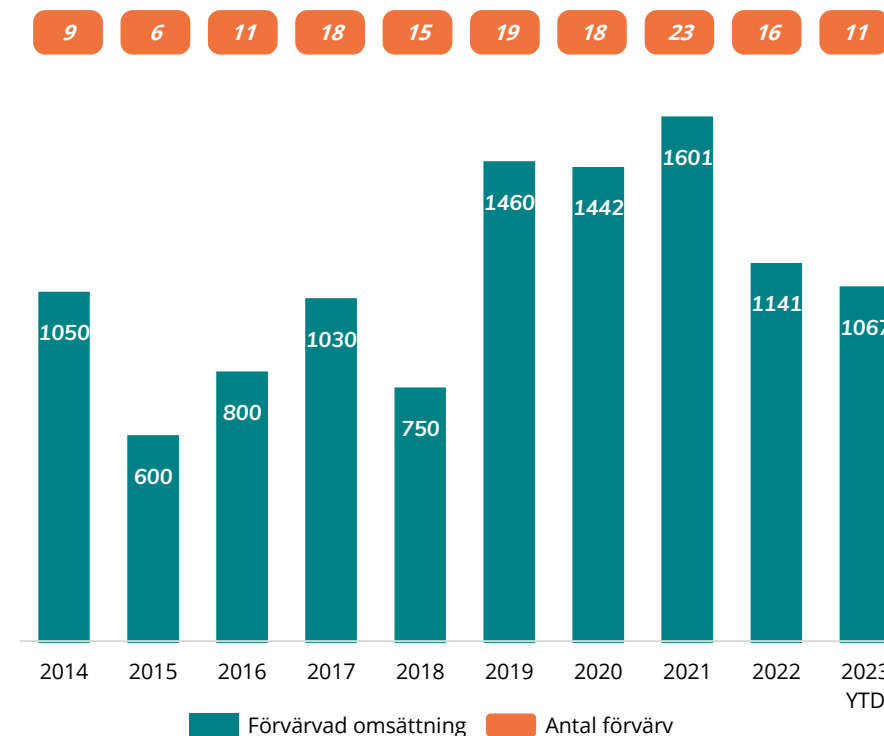
Brokers

M&A – utveckling från 2014 till idag

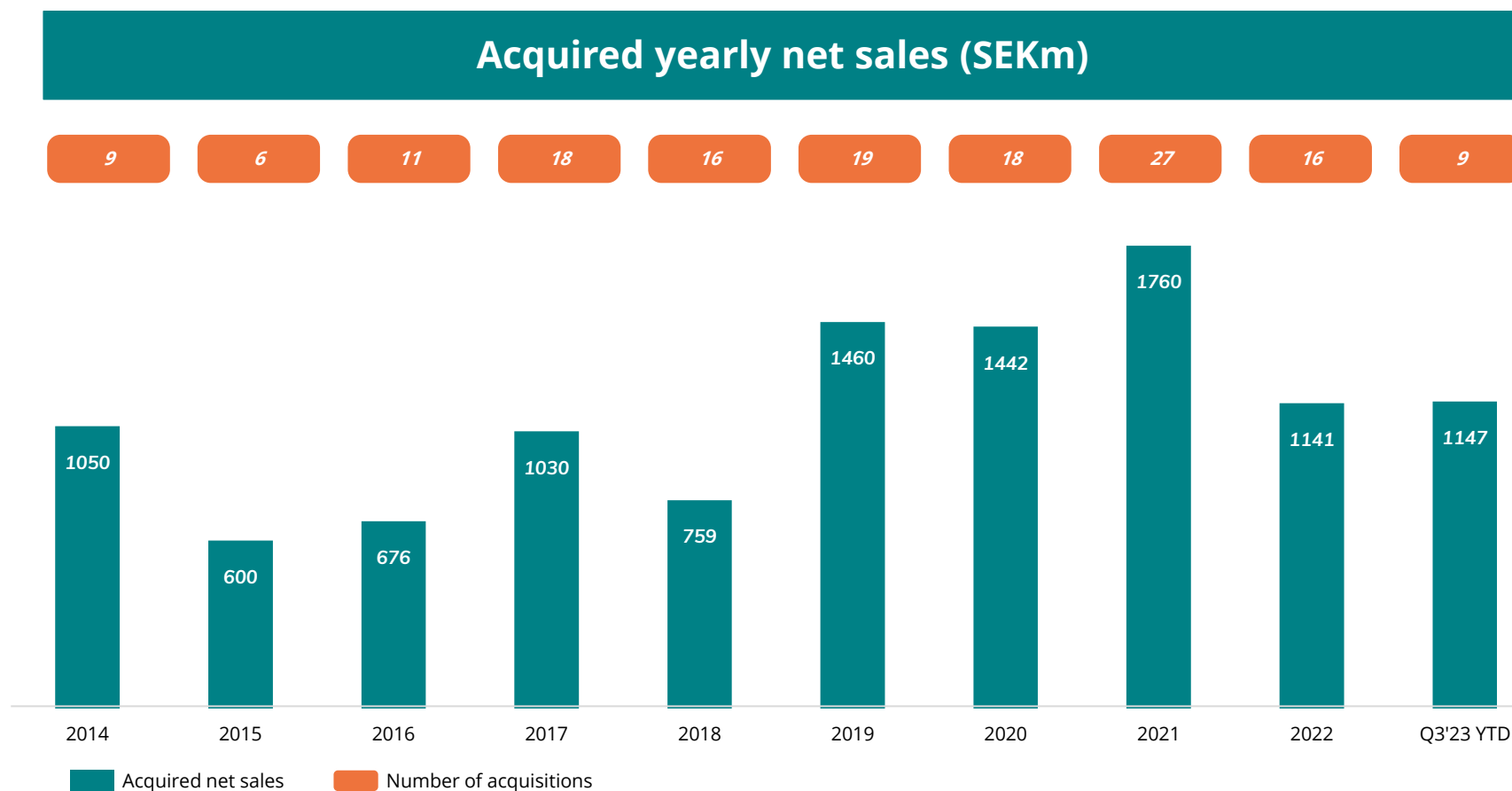
- Hög förvärvstakt historiskt
- Stark start på 2023
 - Över SEK 1mdr i förvärvad omsättning YTD
- Tillväxt inom industrisegmentet
 - Enter ställningar, Processus & SMT
- Multidisciplinära i nya städer
 - Elektro Västerbotten & Halvard Thorsen
- Breddning i Norge och Finland
 - Telepatrol & Lysteknikk
- Stark pipeline
 - Flertalet lönsamma bolag där dialog förs



Förvärvad årlig omsättning (SEKm)



M&A – development from 2014 until today



Sustainability

Focus on services that generate societal benefits, higher energy efficiency and sustainability

Focus on services that generate societal benefits, higher energy efficiency and sustainability

- Solar panels
- Energy saving programs
- Property automation
- Heat pumps
- Geothermal heating
- Low consuming water systems
- Air heat exchangers
- LED lighting
- Charging stations, charging poles
- Water and air cleaning systems

INSTALCO
sustainable installations

Instalco's sustainability program

01

Safe and
modern work
environment

- Vision of zero workplace accidents
- Happiness, health and safety
- Development opportunities

02

Sustainable
installations

- Sustainable Instalco Project
- Customer satisfaction
- Benefits to society

03

Mature
leadership

- Business ethics
- Social responsibility





Sustainable Instalco Project

1. Review of the Instalco program, **Safe employee**
2. Suppliers are required to have signed the **Instalco Code of Conduct for Suppliers**
3. The project generates **benefits to the climate**
4. A **delivery plan** has been prepared
5. Routines in place for **waste management and sorting at the source.**
6. The customer has been offered at **sustainability agreement/service agreement**



Going forward

Combination of healthy growth,
industry-leading margins and
high rate of cash conversion



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

Our strategic focus areas

**Rest of
Nordics**



**Industry
discipline**



**Technical
Consulting**



Key take aways

- Decentralised model with entrepreneurial spirit
- Diversified within our niche
- Risk minimization through project selection
- Resilience through growing service sales
- Quality gives returning customers
- Driving the green transformation – strong underlying market drivers



INSTALCO

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