



Q3 2019 presentation
7 November 2019

Instalco

- A leading Nordic installation group in heating and plumbing, electrical, ventilation and cooling
- Strong local brands
- Highly decentralised structure
- Deliver high margins over time

Key financials (LTM)

Net sales

SEK **5,304** million

Order backlog

SEK **4,418** million

Adjusted EBITA

SEK **462** million

Adjusted EBITA margin

8.7 %

Average no of employees

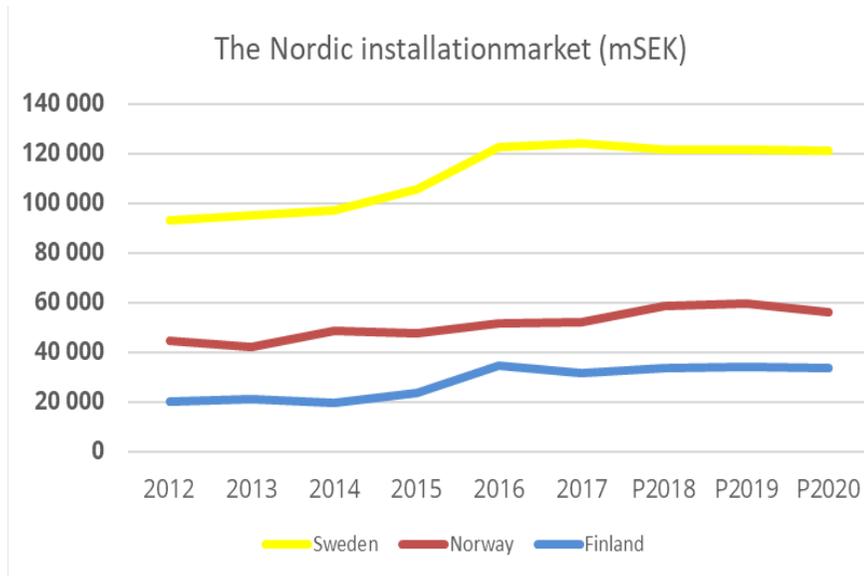
2,440

Acquired annual sales

SEK **1,222** million



The Nordic installation market



Overall

- Total market of about 200+ billion SEK
- Sweden is the largest market
- Market will level out or even decline the coming years but still stay on high levels

Sweden

- + Population increase and urbanization, low unemployment, investments in industry
- Fewer permits granted for buildings

Norway

- + Urbanization, lower unemployment, oil investments are increasing, increase in energy efficiency regulations
- Higher interest rates, lower population growth

Finland

- + Migration and urbanization, positive development in industry, increased public spending
- Lower granted building permits overall, aging population

Q3 2019 Highlights

- Good profitability and strong growth
- Net sales growth 41.9%
- Organic growth 14.6%
- Acquisitions of five high quality companies
- Strong cash flow 138 million
- Stable order backlog

Sales and profitability

Net sales

SEK **1,416** million

Adjusted EBITA

SEK **127** million

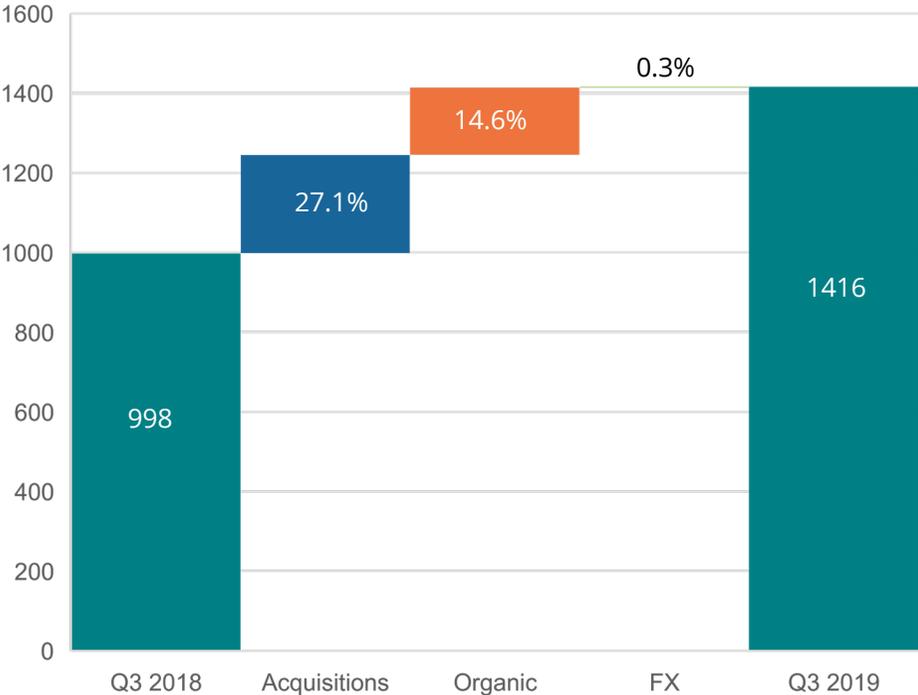
Adjusted EBITA margin

9.0 %

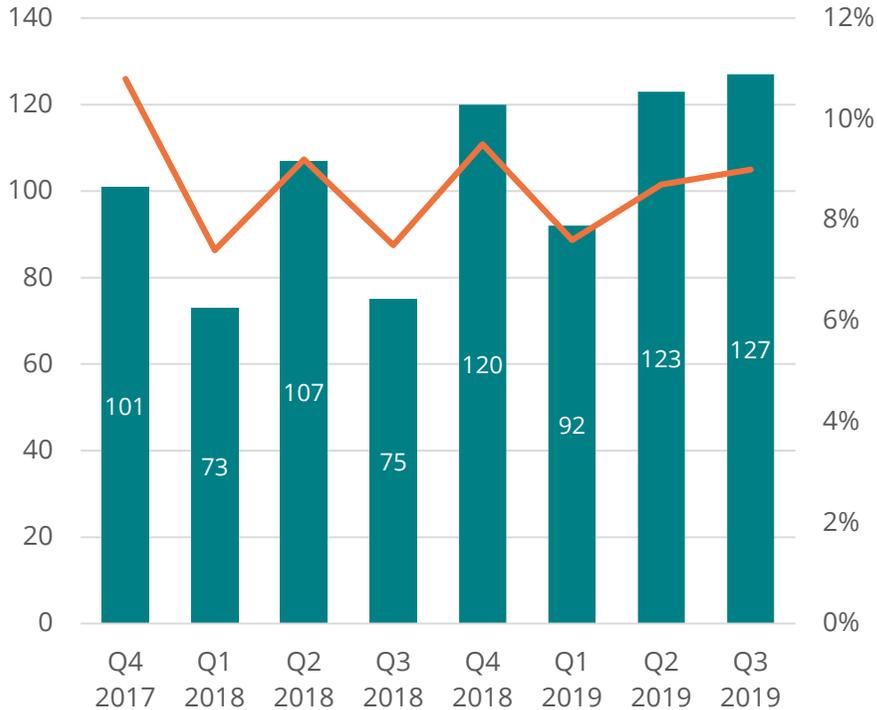


Group development – Net sales and EBITA

Net sales growth (SEK million)



Adj. EBITA (SEK million) and adj. EBITA margin (%)

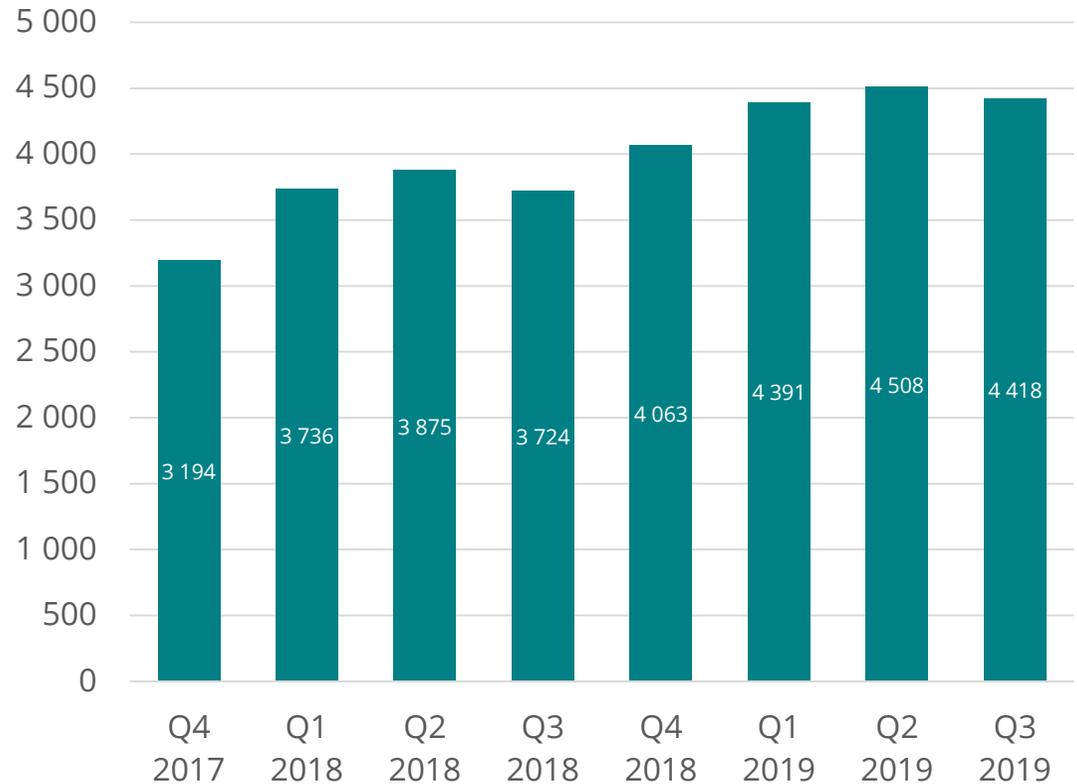


Group development – Order backlog

- Growth of 18.6% (compared with Q3 2018)
- Continued stable order backlog ratio of 0.8x (relative to 12 months rolling net sales)



Order backlog (SEK million)



- Q3 seasonally slow due to summer holidays

Examples of projects in Q3

Scania foundry, Södertälje, Sweden



- JN EL in partnering project with Skanska and Scania
- The new foundry is one of Scania's largest industrial investments ever
- Electrical installations
- Order value 100 million SEK

Malmö hospital, Malmö, Sweden



- Rörläggaren contracted by Skanska as part of an installation group
- Expansion of Malmö Hospital
- High-tech heating & plumbing installations customized to the hospital environment
- Order value 270 million SEK



Segment development - Sweden

- The Swedish market remains stable
- High rate of construction for schools, preschools and hospitals
- Net sales growth 44.5%
- Organic growth 15.2%
- Order backlog growth of 16,8% whereof 8.0% in comparable units

Key financials Q3 2019

Net sales

SEK **1,039** million

EBITA

SEK **114** million

EBITA margin

11.0 %

Order backlog

SEK **3,295** million

Segment development – Rest of Nordics

- Continued high demand
- Net sales growth 35.1%
- Organic growth 12.9%
- Order backlog growth 23.4%
- Increase in new construction and renovation of offices, warehouses and hotels, while construction of new housing has stabilized at a high level

Key financials Q3 2019

Net sales

SEK **377** million

EBITA

SEK **39** million

EBITA margin

10.4 %

Order backlog

SEK **1,123** million

Examples of acquired companies in Q3

Pohjanmaan Taloteknikka, Finland



- Acquisition of Pohjanmaan Taloteknikka in Uleåborg
- Operations in northern Finland new geographic market
- Heating & plumbing and sprinkler installations for the construction market and industry
- Annual sales of approx. SEK 105 million

OVAB Optimal Ventilation, Sweden



- OVAB Optimal Ventilation serving the market in Östersund and Åre
- Expansion of geographic area in Business Area North.
- Specialized in ventilation installations, inspections and services
- Annual sales of approx. SEK 40 million

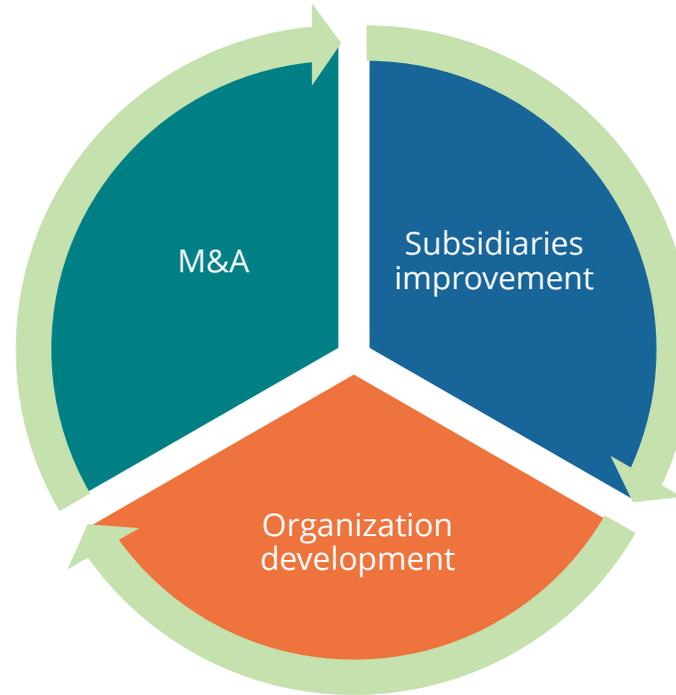
Acquisitions 2019

Acquisition	Discipline	Segment	Estimated yearly sales (SEKm)	Acquired
El Kraft Teknik & Konsult i Sala AB	Electrical	Sweden	87	Q1
Aquadus VVS AB	Heating & Plumbing	Sweden	80	Q1
Aircano AB	Ventilation	Sweden	60	Q1
El & Säkerhet Sörmland AB	Electrical	Sweden	110	Q2
Moi Rør	Heating & Plumbing	Rest of Nordics	75	Q2
Gävle Elbyggnads i Gävle AB	Electrical	Sweden	18	Q2
Instamate AB	Electrical, H&P, Ventilation	Sweden	135	Q2
Bogesunds El & Tele AB	Electrical	Sweden	92	Q2
Rörtema i Nyköping AB	Heating & Plumbing	Sweden	50	Q3
Milen Ventilation AB	Ventilation	Sweden	70	Q3
OVAB Optimal Ventilation AB	Ventilation	Sweden	40	Q3
Pohjanmaan Taloteknikka Oy	Heating & Plumbing	Rest of Nordics	105	Q3
VIP-Sähkö Oy	Electrical	Rest of Nordics	94	Q3
TOTAL			1016	

*For companies acquired, estimated yearly sales corresponds to reported sales for the latest full financial year.

We create value by...

- Acquiring best in class companies with strong brands
- Attractive multiples
- Three types of acquisitions: (strategic, opportunistic and adds-on)
- Start-ups
- Multiple arbitrage



- Focusing on value creating activities (lean)
- Effectiveness
- Cooperation between units
- Flat organization
- Decentralised decisions

- Commitment and entrepreneurial spirit
- Demand driven functions
- Keeping our overhead costs extremely low
- IFOKUS (lean, best practise, go and see, Instalco Academy)

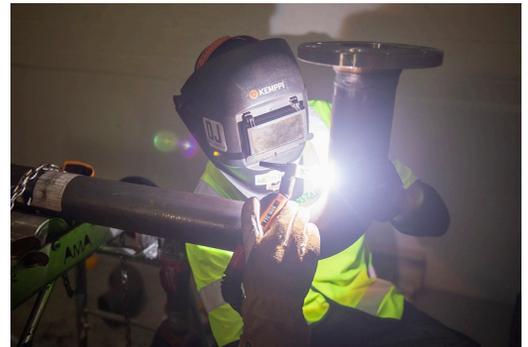
Looking ahead

- Stable installation market and continued high demand
- High rate of construction and renovations of schools, preschools, hospitals, offices and commercial real estate
- Increasing investments in high tech construction and buildings
- Upcoming acquisitions



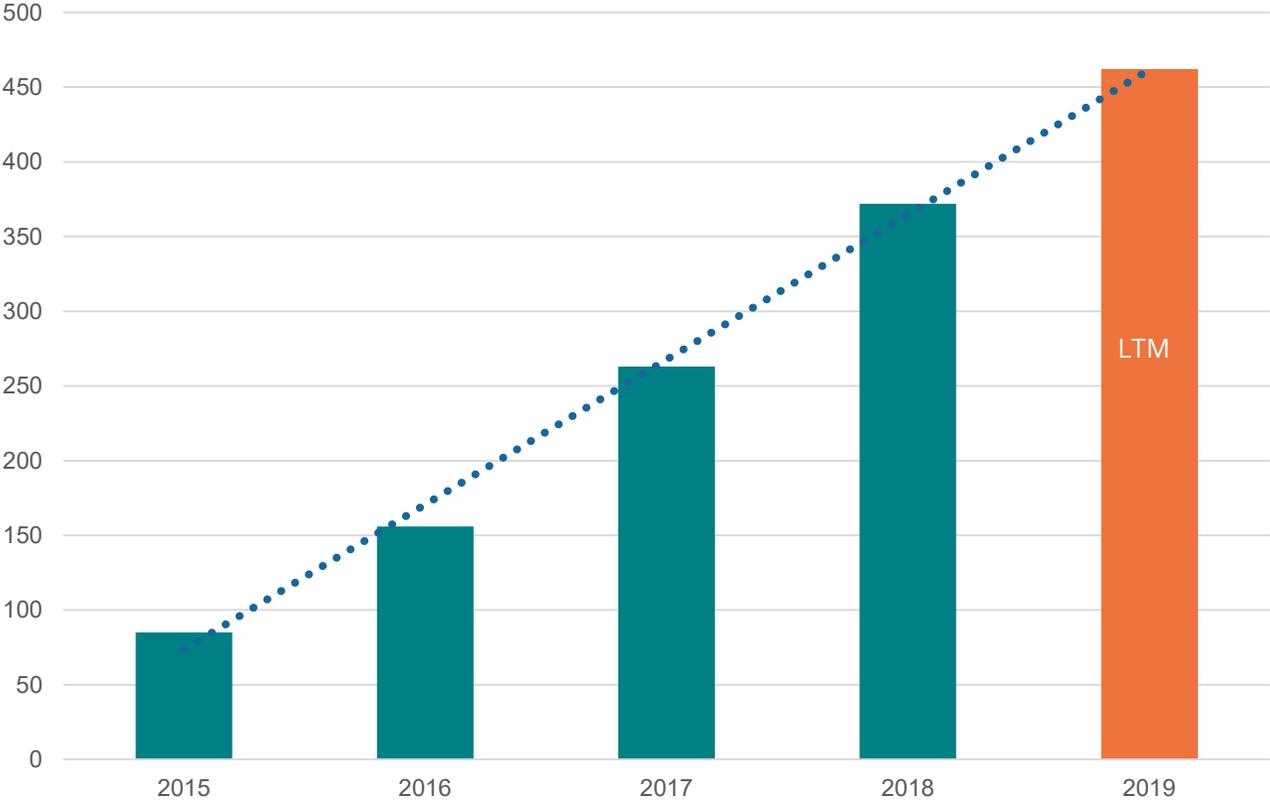
Looking ahead

- New sustainability program to be launched Q1 2020
- New strategy for increased service offering
- Accurate definition of service in order to be comparable to the rest of the industry



Reaching the 2019 financial target

Adjusted EBITA



Financial targets and dividend policy

Area	Target	Comment
Growth	<ul style="list-style-type: none"> Average sales growth should be at least 10% per year over a business cycle Growth will take place both organically and through acquisitions 	<ul style="list-style-type: none"> Acquired sales above plan
Margin	<ul style="list-style-type: none"> Instalco aims to deliver an adjusted EBITA margin of 8.0% 	<ul style="list-style-type: none"> 8,5% YTD, 8,7% RTM
Capital structure	<ul style="list-style-type: none"> Instalco's net debt in relation to adjusted EBITDA² shall not exceed a ratio of 2.5 	<ul style="list-style-type: none"> 1.4x October 2019
Cash conversion	<ul style="list-style-type: none"> Instalco aims to achieve a cash conversion ratio of 100%, measured over a rolling twelve-month period over a business cycle 	<ul style="list-style-type: none"> 102% YTD, 111% RTM
Dividend policy	<ul style="list-style-type: none"> Instalco targets a dividend payout ratio of 30% of net profit 	<ul style="list-style-type: none"> Proposal of 30% of net profit

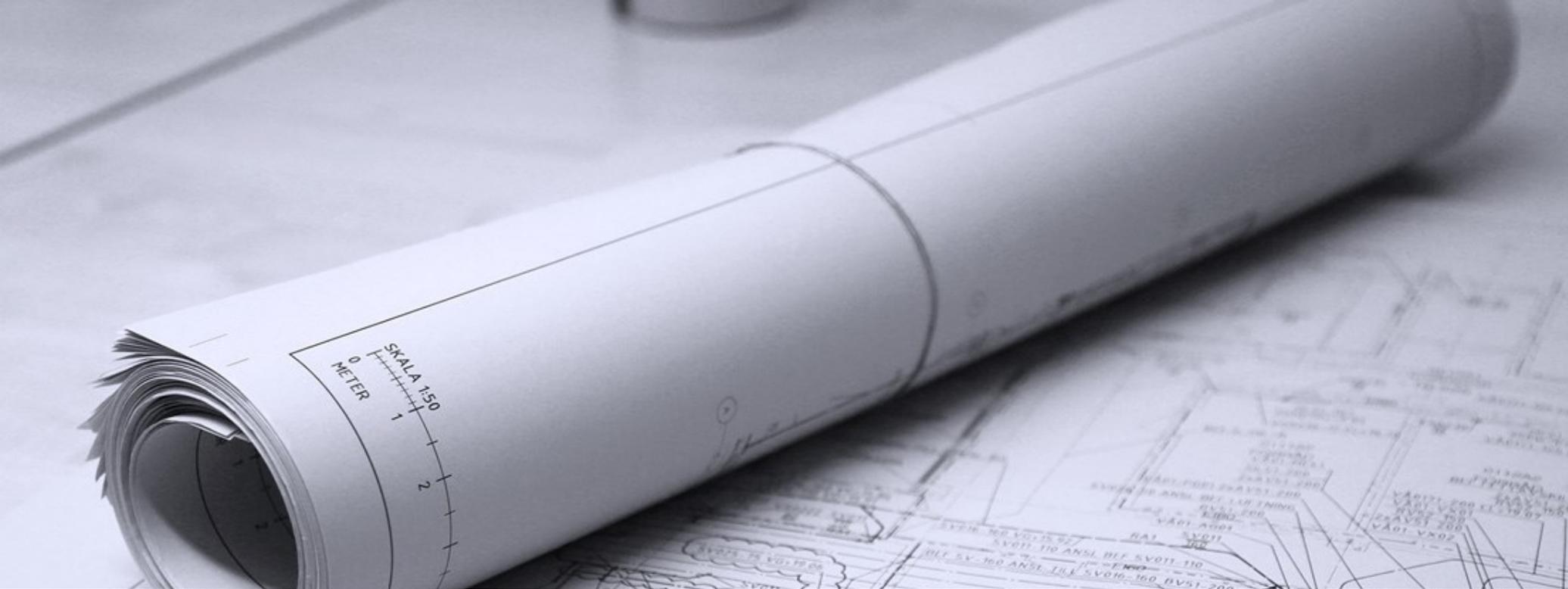
Instalco's financial targets set forth above constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of Instalco's industry, business, results of operations and financial condition. Instalco's business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which Instalco operates, may differ materially from, and be more negative than, those assumed by Instalco when preparing the financial targets set out above. As a result, Instalco's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurance can be given that Instalco will be able to reach these targets or that Instalco's financial condition or results of operations will not be materially different from these financial targets

Summary

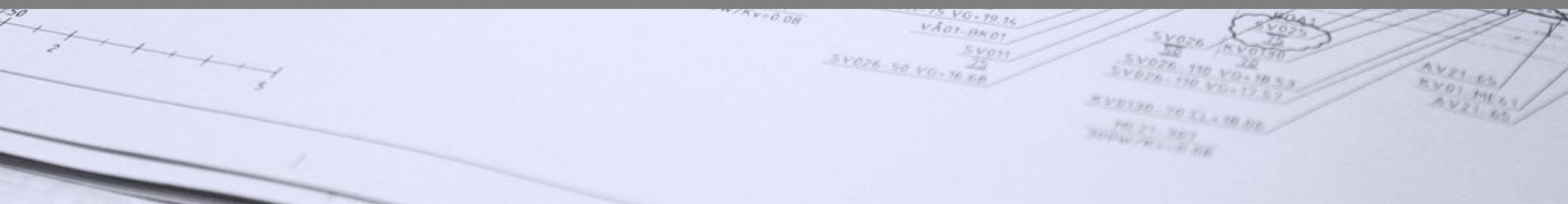
- Good profitability, strong growth and high cash flow
- Continued stable market
- Strong performance in both Business Areas: Sweden and Rest of Nordics
- Confident in reaching our financial targets
- Upcoming new sustainability program and increased service offering

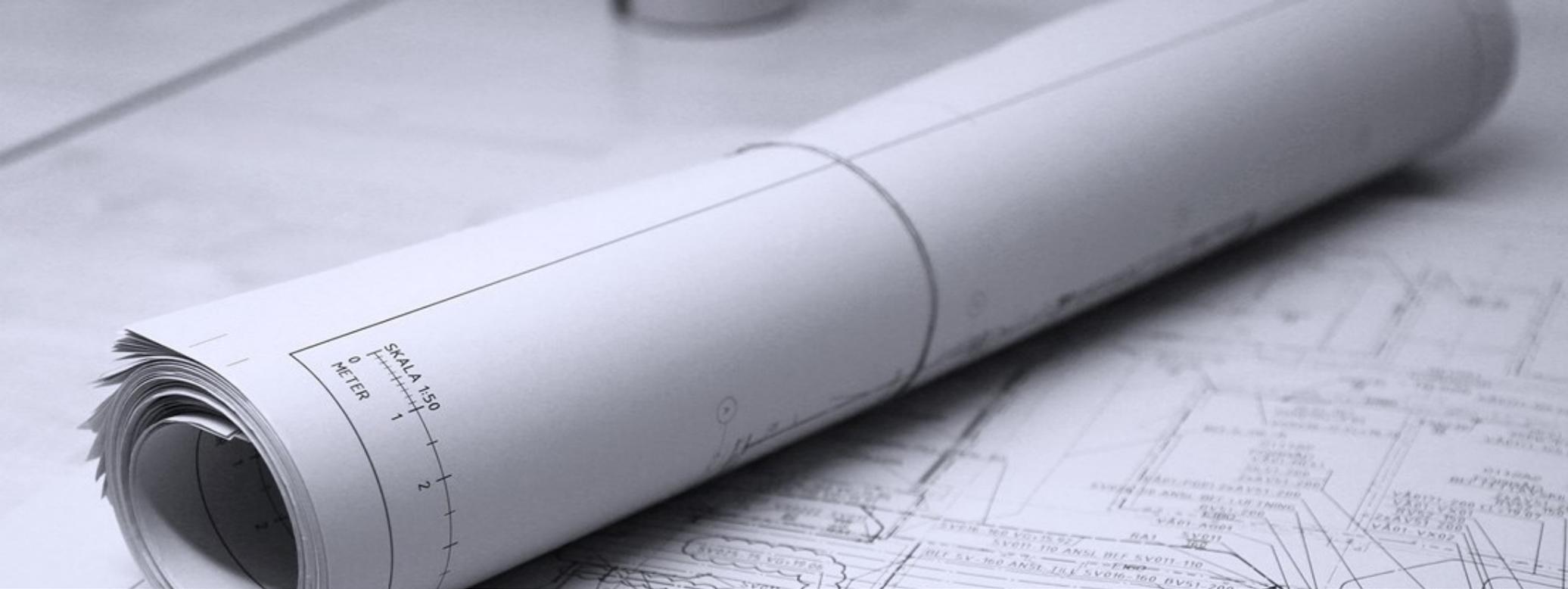




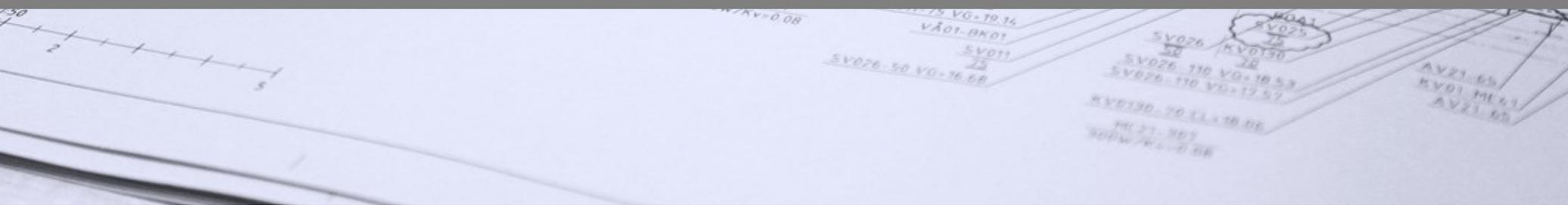


Q&A





APPENDIX



Quarterly data

SEKm	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Q1 2019	Q2 2019
Net sales	556	777	689	781	708	935	979	1,174	998	1,264	1,218	1,406
<i>Growth, %</i>	65.6%	59.7%	45.2%	30.5%	27.3%	20.3%	42.2%	50.2%	40.8%	35,1%	24,4%	19,8%
EBITDA	12	60	38	62	54	96	41	119	87	145	111	166
<i>EBITDA margin, %</i>	2.2%	7.7%	5.5%	8.0%	7.6%	10.2%	5.8%	10.1%	8.7%	11.5%	9.1%	11.8%
Adjusted EBITDA	16	63	46	71	50	103	89	126	94	140	114	144
<i>Adjusted EBITDA margin, %</i>	2.9%	8.1%	6.7%	9.1%	7.0%	11.0%	9.1%	10.7%	9.4%	11,1%	9,3%	10,3%
EBITA	11	58	37	61	52	94	40	101	68	125	90	145
<i>EBITA margin, %</i>	2.0%	7.4%	5.3%	7.8%	7.4%	10.0%	4.1%	8.6%	6.8%	9,9%	7,4%	10,3%
Adjusted EBITA	15	61	45	69	48	101	73	107	75	120	92	123
<i>Adjusted EBITA margin, %</i>	2.7%	7.8%	5.3%	8.9%	6.8%	10.8%	7.4%	9.2%	6.8%	9,4%	7,6%	8,7%
Adjustments												
Earn-outs	0	-	4	-16	-9	7	0	4	6	-10	1	-24
Acquisition costs	3	1	2	4	2	1	3	3	1	3	2	2
Refinancing costs	-	1	1	-	-	-	-	-	-	-	-	-
Listing costs	1	1	2	20	2	-	-	-	-	-	-	-
Divestment of subsidiary loss	-	-	-	-	-	-	30	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	2	-	-
Total adjustments	4	3	8	8	-4	7	33	7	7	-5	2	-22
Net debt	210	241	302	346	392	446	629	672	714	653	649	763
Net debt /LTM adjusted EBITDA	1.5x	1.5x	1.7x	1.8x	1.7x	1.7x	2.2x	1.8x	1.7x	1.5x	1.5x	1,6x
Net working capital	3	-17	-69	-26	15	-1	-20	-31	64	25	-36	2
<i>Net working capital (% of LTM net sales)</i>	0.1%	-0.7%	-2.9%	-0.9%	0.5%	0.0%	-0.6%	-0.8%	1.6%	0.6%	-0.8%	0,1%
Order backlog	1,911	1,999	2,189	2,496	2,611	3,194	3,736	3,875	3724	4063	4391	4508
Number of operating units at the end of the period	24	26	31	32	33	43	48	52	47	52	54	57
Average number of employees	1,221	1,240	1,466	1,578	1,594	1,666	1,943	2,039	2067	2212	2306	2524
Nb of employ. end of the period	1,257	1,295	1,470	1,590	1,631	1,844	1,985	2,119	2139	2283	2379	2555