

Instalco Q1 presentation

3 May 2024

This is Instalco

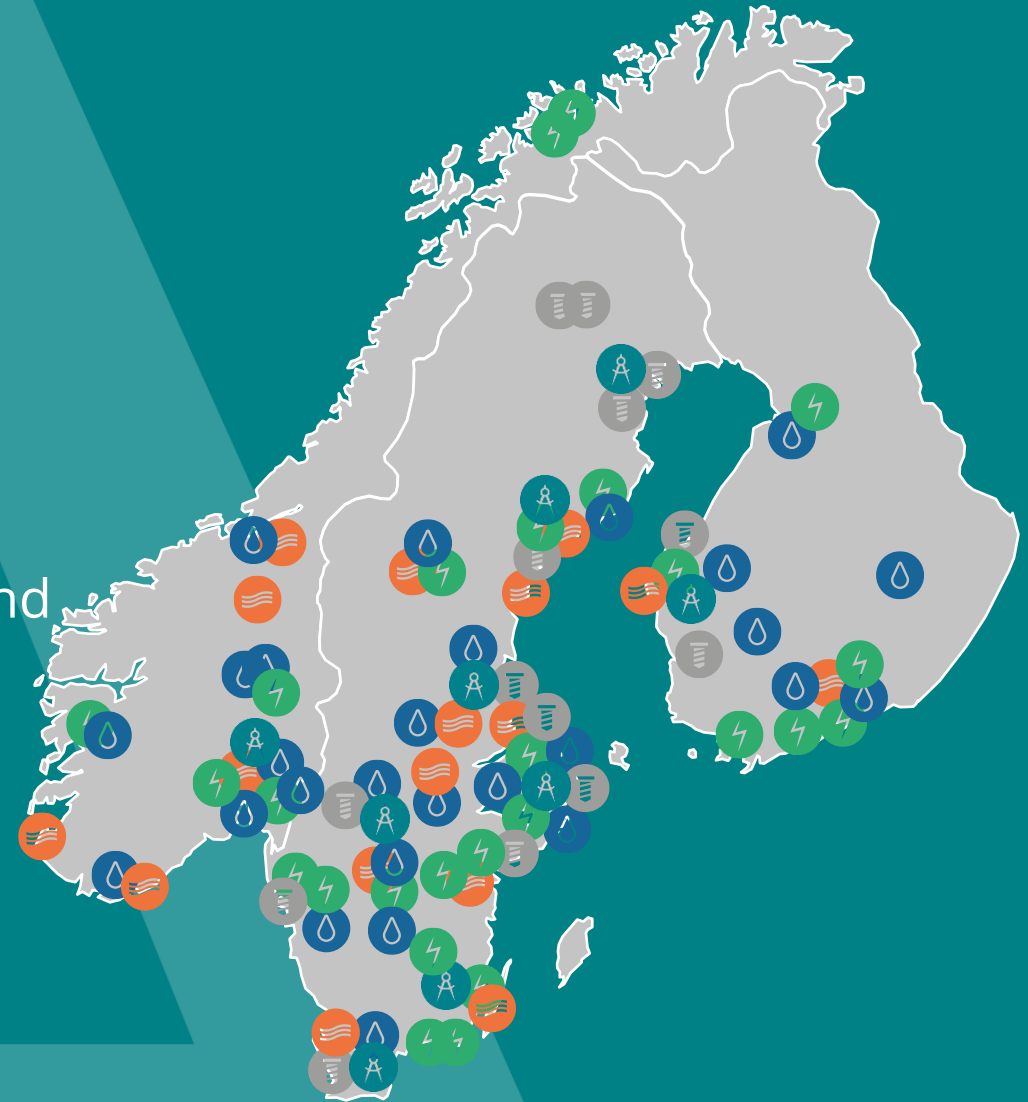
A leading Nordic group within heating and plumbing, electricity, ventilation, industry and technical consulting

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

14,298

EBITA, million SEK

1,083

Cash flow from operations, million SEK

975

Order backlog, million SEK

8,921

EBITA margin, %

7.6

Number of companies

157

Quarterly highlights

- Stable financial development in line with same quarter last year, despite more challenging market conditions
- Sequential improvement of order backlog
- Technical consultants enters Finland and shows most profitable quarter to date

Key financials Q1 2024

Net sales

SEK **3,283** million

EBITA

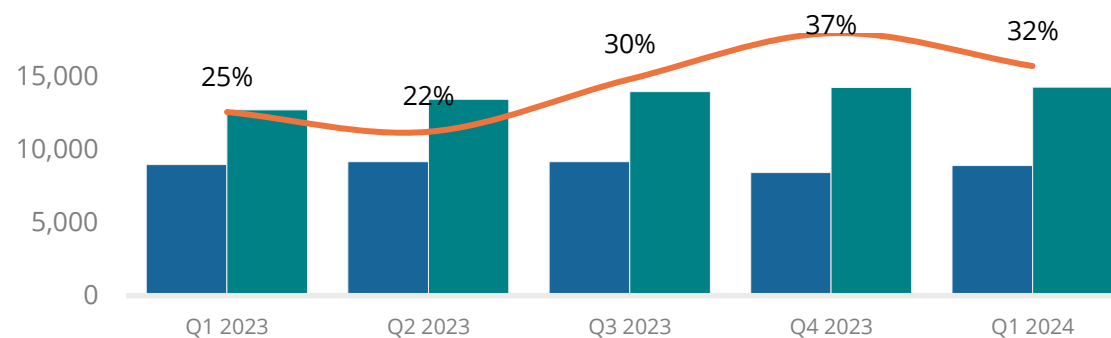
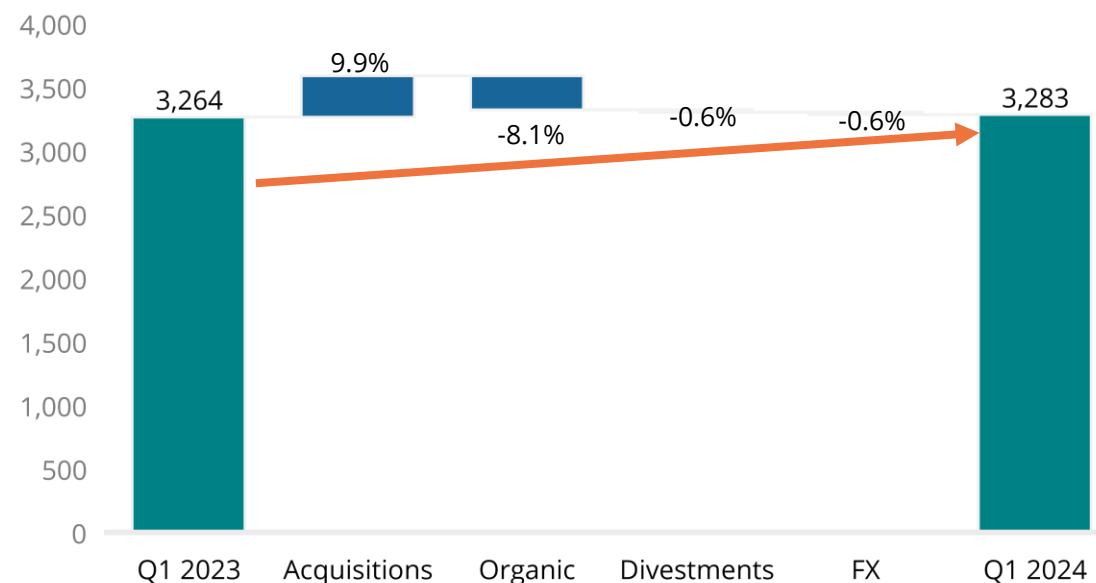
SEK **231** million

EBITA margin

7.0 %

Net sales and order backlog (SEK million)

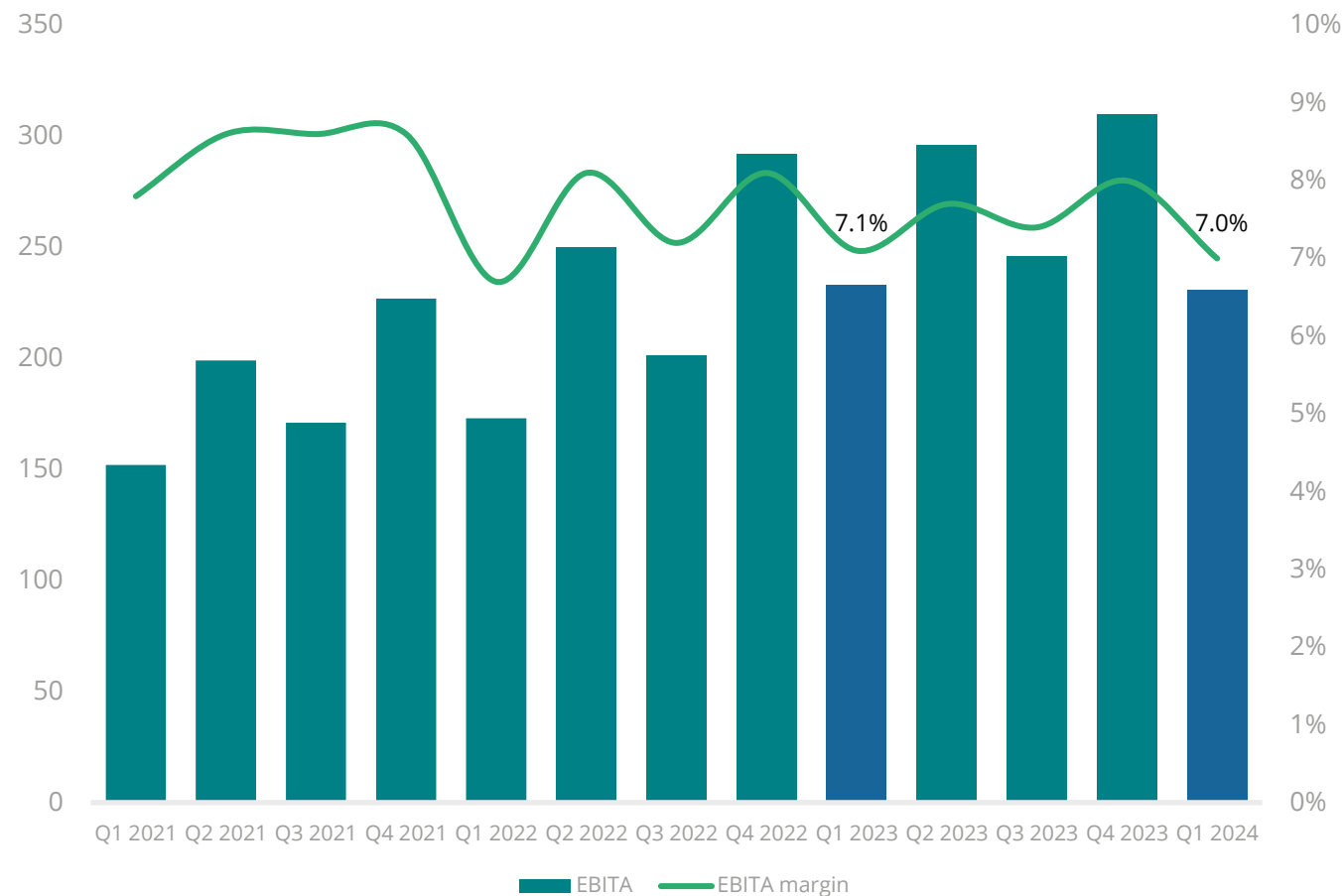
- Net sales growth of 0.6% to SEK 3,283 (3,264) million
- Organic development -8.1%, while acquired growth contributed 9.9%
- Backlog YoY development of -0.7%, but sequential improvement to SEK 8,921 (8,987) million, down -3.5% organically YoY
- Maintained focus on profitability over growth in the short term – strong megatrends supporting long-term growth
- Service, not included in order backlog, made up 32% of sales in the quarter



Order backlog Net sales R12M Service as % of net sales

EBITA development (SEK million and margin %)

- EBITA amounted to SEK 231 (233) million
- EBITA margin in line with previous year at 7.0% (7.1) – despite negative organic revenue development
- Local measures to protect margins





Segment Sweden

- Net sales essentially slightly down to SEK 2,248 (2,327) million
 - Organic development -8.0%
 - Acquired growth of 5.5%
- EBITA margin in line with previous year at 7.9% (8.0)

Key financials Q1 2024

Net sales

SEK **2,248** million

EBITA

SEK **177** million

EBITA margin

7.9 %

Order backlog

SEK **6,464** million



Segment Rest of Nordics

- Net sales growth of 10.4% to SEK 1,034 (937) million
 - Organic development -8.4%
 - Acquired growth of 20.8%
- EBITA grew by 12.9% to SEK 54 (48) million, corresponding to an EBITA margin of 5.3% (5.1)

Key financials Q1 2024

Net sales

SEK **1,034** million

EBITA

SEK **54** million

EBITA margin

5.3 %

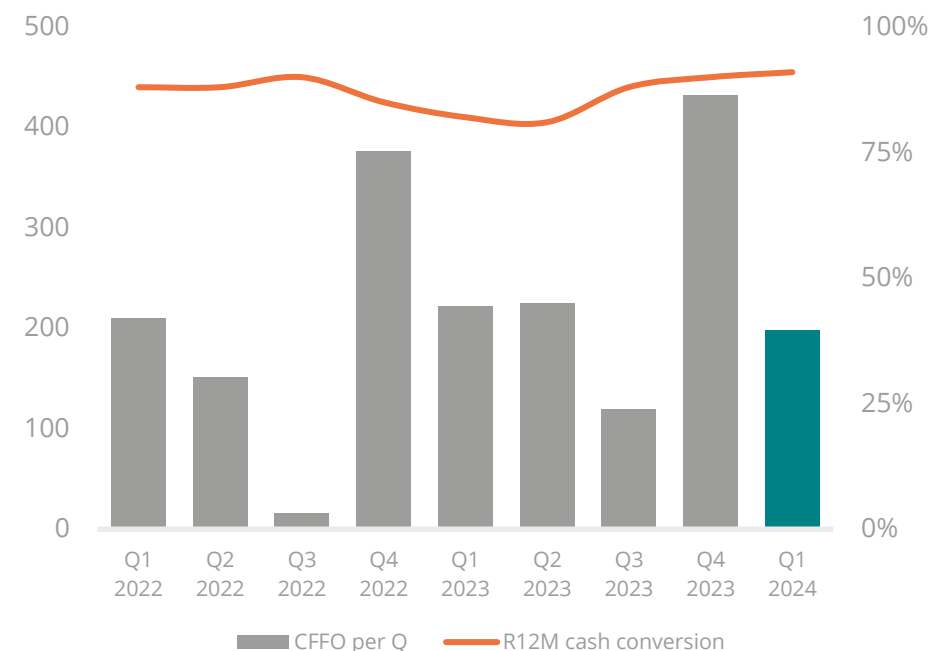
Order backlog

SEK **2,458** million

Cash generation (SEK million)

- Cash flow from operations of 198 (222) million, with a change in working capital of SEK 42 (40) million
- Lower impact from investing activities in the quarter, net repayment of loans of SEK -211 (663) million

SEKm	Q1 2024	Q1 2023
EBITDA	321	302
Change in net working capital	42	40
Cash flow from operating activities (CFFO)	198	222
<i>Cash conversion (R12M)</i>	91%	82%
Cash flow from investing activities	-108	-830
Cash flow from financing activities	-281	656
Cash flow for the period	-191	47



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

ACQUISITION: LUND ELEKTRO

Multidisciplinary in Kristiansand



- Lund Elektro is a turnkey supplier of electrical installations in the Agder region, based in Kristiansand
- At the forefront of installations for digital electrical solutions
- The company was founded in 2011. Turnover of approximately NOK 15 million and nine employees
- Good opportunities for collaboration between the companies, in line with our Instalco model

START-UP: ISTECH

Building automation in Norway



- Focused on building automation, energy efficiency and smart building technology in Lillehammer, Norway
- Newly established company using Instalco's proven start-up model
- Started on a small scale with a focus on project management and technical competence

Project: Hagastaden metro station

- Ohmegi Elektro AB has won an assignment with NCC to install electricity and power for a new station that will be constructed as part of the Stockholm Metro
- The order value is approximately SEK 90 million
- The assignment for Ohmegi will get underway during the first quarter of 2024 and is expected to be completed during the third quarter of 2026



Photo: Frankgruppen

CEO's theme
**Protecting our
profitability**

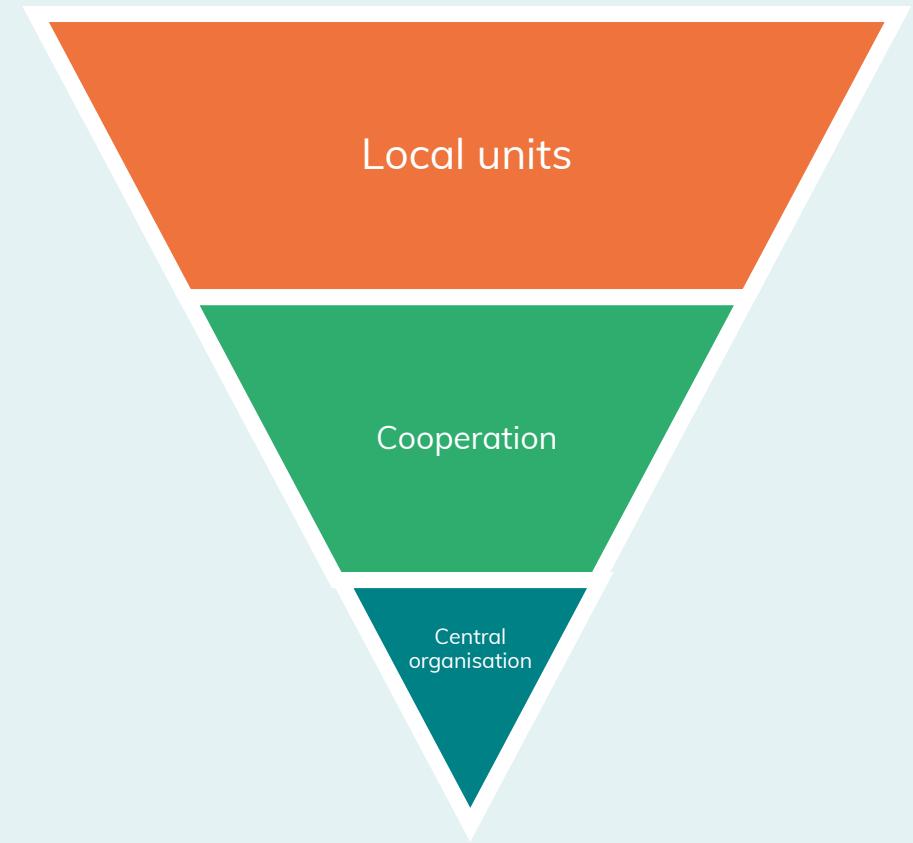
ENGAGEMENT

Employees are our most important asset

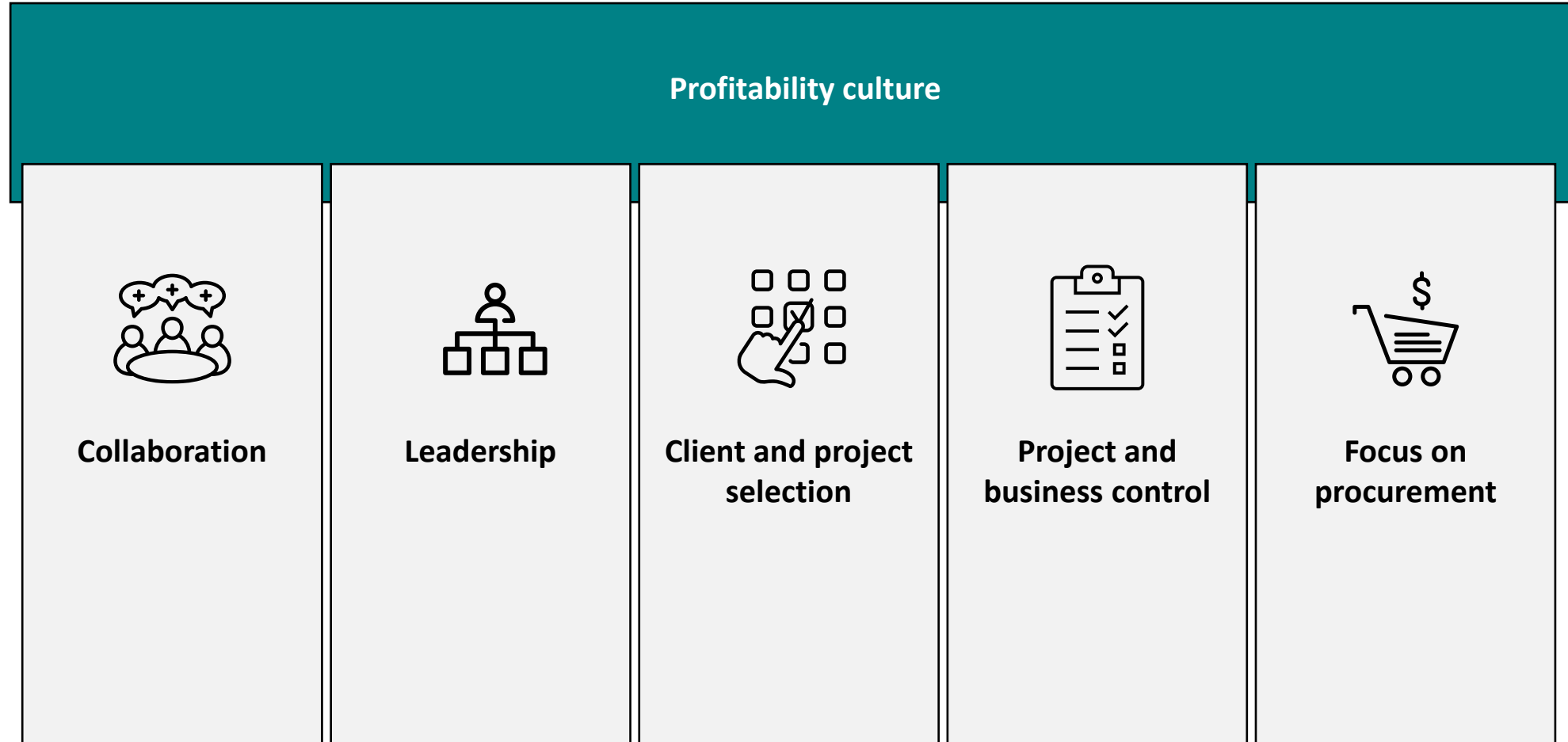
eNPS 30

ENTREPRENEURSHIP

The Instalco spirit




Key factors for profitability



Two programmes supporting subsidiaries

	IFOKUS	GoGr8
What?	<ul style="list-style-type: none"> • Identify best practice – individual implementation • Structured, Best Practice, "golden standard" • Instalco's vast sub-groups of similar companies creates great conditions for Best Practice development 	<ul style="list-style-type: none"> • Review and action plans for specific companies • Adapted, developed and anchored together with company management (ownership) • Focused implementation of identified measures in project form

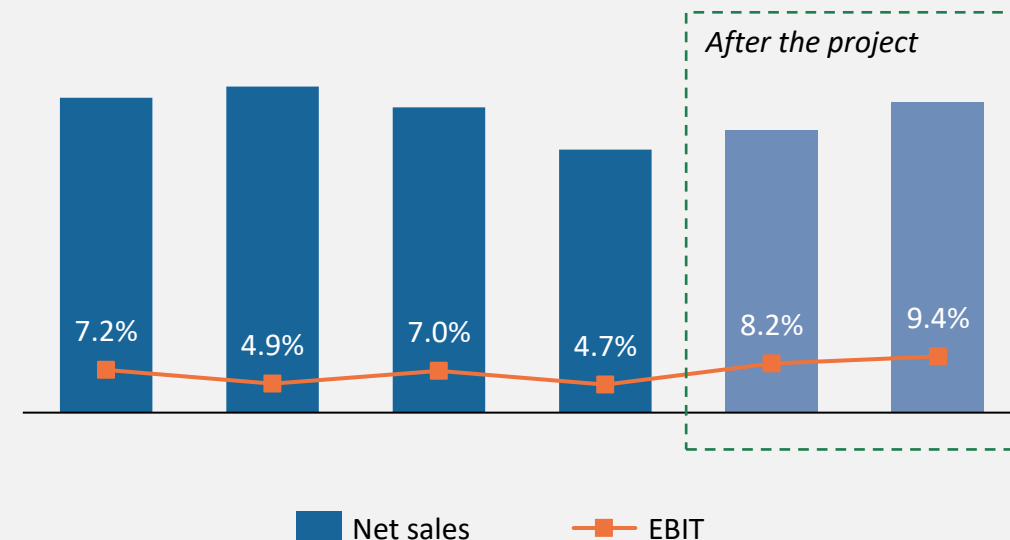


Illustrative case

- Longtime member of the Instalco family
- Had an extra tough time during Covid-19
- High volatility in results month to month and falling profitability – lack of control

Examples of initiatives in the action plan:

- Standardized calculation template & method with updated input values
- Help with overhead cost controls
- Implementation of KPI's and joint development of new ways of working
- Refreshed premises to boost morale
- Training of personnel



Summary

- Stable development despite challenging market conditions
- Local measures to protect margins
- Continued strategic project selection and high share of service
- Two smaller acquisitions, further start-ups
- Technical consultants enter Finland, report positive market signs and deliver profitability above the group's



Q&A

INSTALLCO

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