LUND UNIVERSITY FINANCE SOCIETY EST 1991

Fundamental Analysis

Instalco AB (INSTAL)

Sweden | Installation & Service | MCAP SEK 10,935m

23 July 2026

Buy

Target price:	SEK 58.8
Current price:	SEK 40.7
Upside:	**44.5%**

Back In Business, Better Installed

Instalco AB ("Instalco" or "the Company") is a Nordic technical installation provider, operating through a network of more than 150 subsidiaries specialising in electrical, heating and plumbing, ventilation and industrial services. After the construction downturn in 2024-2025 compressed EBIT margins to 4.9% and pushed the share price down roughly 60.0% from its peak, the market now prices the Company as a structurally impaired cyclical business, overlooking the fundamental shift. Under returning founder and CEO Per Sjöstrand, the Instalco 2.0 strategy is driving a 340 bps EBIT margin expansion towards 8.3% by 2028, through bad debt normalisation, centralised procurement and improved labour utilisation. Additionally, two sources of demand, a recovery in the Nordic renovation cycle and a non-cyclical defence buildup, are not yet priced in and are set to support 6.8% organic growth until 2028. In addition, the underappreciated German M&A platform via Fabri AG adds re-rating optionality as consolidation resumes. With the macro recovery only now taking hold, an EV/EBITA based valuation at the peer average 14.5x 2027E and a DCF analysis yield a target price of SEK 58.8, implying 44.5%.

Key takeaways

- **Instalco 2.0 Drives a 340 bps EBIT Margin Recovery by 2028:** Under returning founder Per Sjöstrand, the turnaround consist of three quantifiable levers. These include normalising bad debt lifting EBITA by 50 bps, cutting material costs by 100 bps via centralised procurement, and a service mix shift. Revenue per full-time employee scales from SEK 2.3m to SEK 2.6m through headcount reduction, efficiency and the Inmatiq unit turning profitable. Together these levers lift EBIT margin from 4.9% in 2025 to 8.3% by 2028.
- **Two Unpriced Structural Tailwinds Support 6.8% Organic Growth:** Underpinned by a strong order book, the SEK 220bn Nordic renovation market, growing at a 5.0% CAGR, adds approximately SEK 776m of incremental revenue by 2028 at Instalco's 6.4% market share. Separately, a defence buildup, channelled through NCC and Skanska's combined estimated SEK 63bn infrastructure backlog, scales Instalco's defence revenue from SEK 78m in 2026 to SEK 272m by 2028 as security clearance requirements concentrate work among the few security-cleared, at-scale contractors.
- **M&A in Germany via Fabri AG Re-establishes the Compounder:** Instalco's step acquisition of Fabri provides a beachhead in Germany, a market 5x larger than the saturated Nordics. In step 1, Instalco acquired a 24.0% stake, and Fabri has since grown pro forma revenue 64.3% to EUR 115m with margins above Instalco's average. Step 2, majority consolidation (H2 2026) is a key re-rating catalyst, with deleveraging to 0.9x EBITDA by 2027 unlocking M&A capacity to drive multiple expansion back toward 14-15x EBITA.

Analysts	
Isak Hardeberg	Financial Analyst
Beatrice Martinelle	Financial Analyst

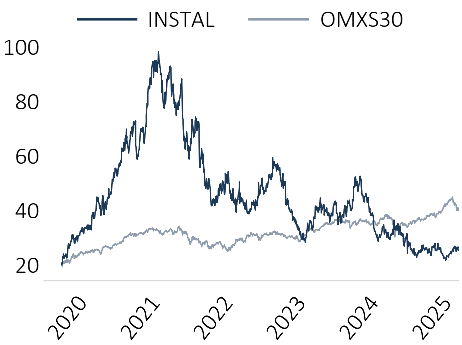
Market Data, SEK	
Exchange	Nasdaq Stockholm Mid Cap
Shares (m)	268.8
MCAP (m)	10,935
EV (m)	14,284

Metrics & Drivers	25A	26E	27E
EV/EBIT	21.4x	13.9x	11.5x
EV/EBITA	17.9x	12.3x	10.4x
EV/S	1.0x	1.0x	0.9x
P/E	29.0x	17.2x	13.2x
ND/EBITDA	2.8x	1.6x	0.9x

Forecast, SEKm	25A	26E	27E
Total revenue	13,730	14,519	15,454
Rev. growth y/y	(0.7%)	5.7%	6.4%
EBITDA	1,209	1,580	1,808
EBITDA Margin	8.8%	10.9%	11.7%
EBITA	800	1,159	1,376
EBITA Margin	5.8%	8.0%	8.9%
EBIT	668	1,027	1,244
EBIT Margin	4.9%	7.1%	8.1%

Major Shareholders	
Per Sjöstrand	8.6%
Capital Group	7.5%
AMF Pension & Fonder	6.7%

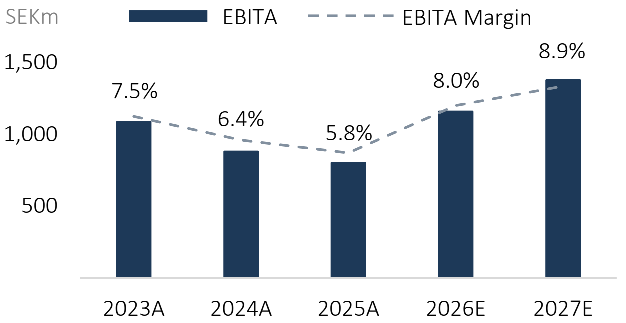
Price Development, SEK



LINC
LUND UNIVERSITY FINANCE SOCIETY EST 1991

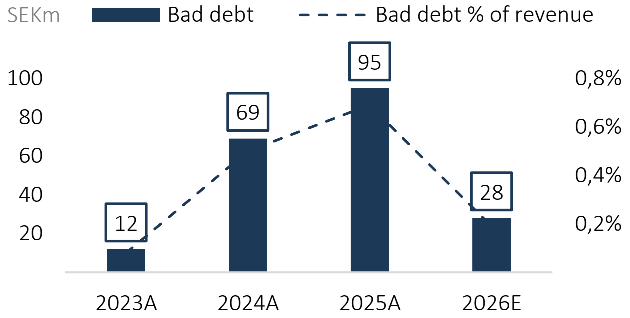
Investment thesis in charts

Margin Expansion Through Instalco 2.0



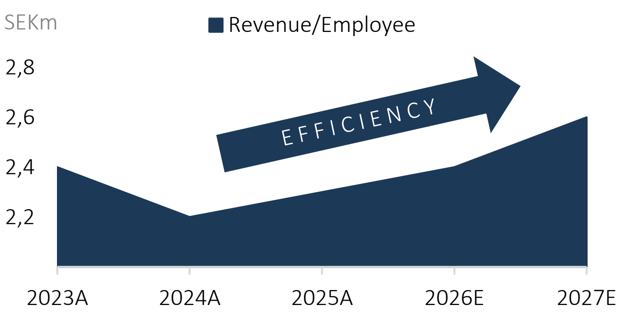
Source: Instalco AB, Analyst Estimates, Bloomberg

Stricter Project Selection Set to Normalise Bad Debt



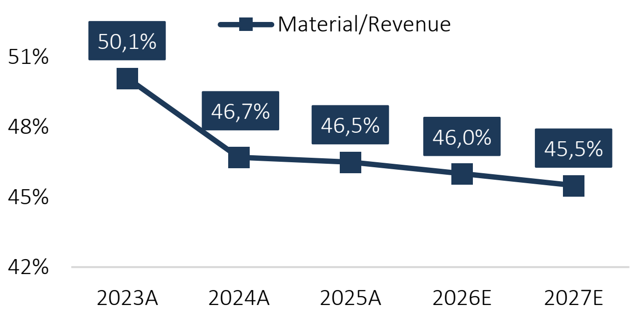
Source: Instalco AB, Analyst Estimates

Efficiency Among Subsidiaries Through Resource Sharing



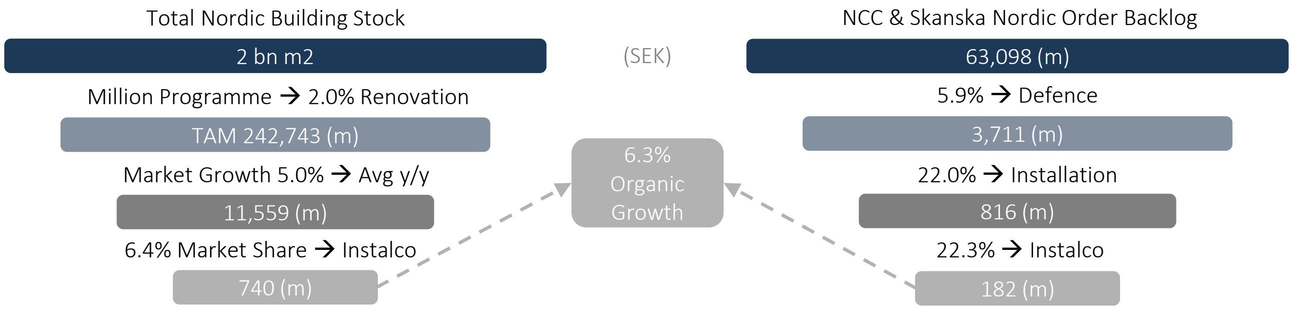
Source: Instalco AB, Analyst Estimates, Industry Expert

Instalco 2.0 Driving Economies Of Scale



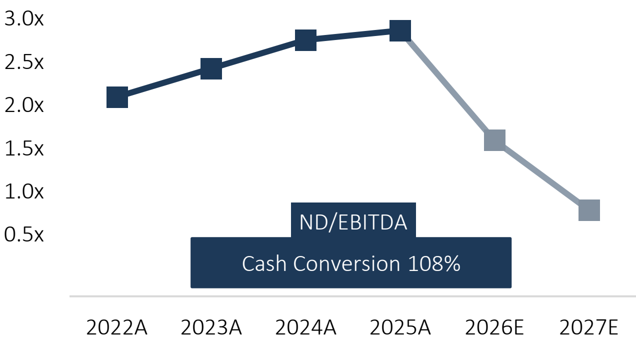
Source: Instalco AB, Analyst Estimates, Industry Expert

Forced Upgrade Cycle Drives Revenue Growth (Avg 2026-2028)



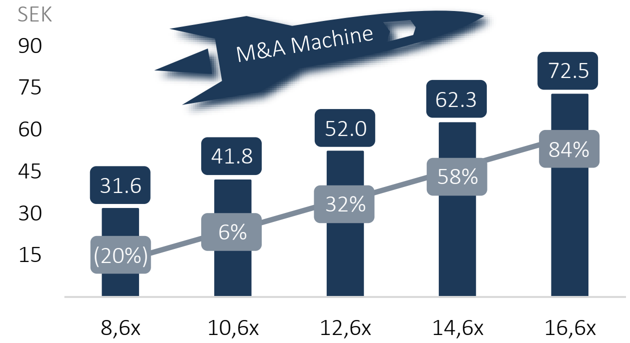
Source: Instalco AB, Analyst Estimates, NCC, Skanska

Strong Cash Flow Reducing Debt



Source: Instalco AB, Analyst Estimates, Börsdata

Germany Entry: Re-rating catalyst & Share Price Upside

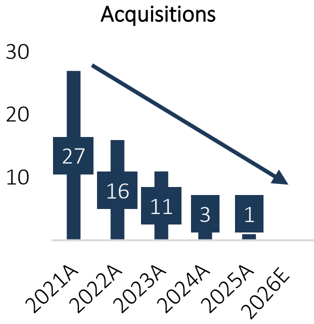


Source: Instalco AB, Analyst Estimates, Börsdata

Investment thesis

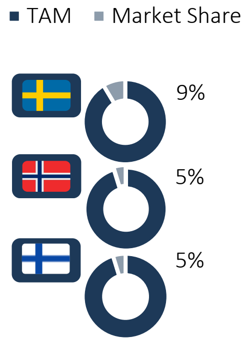
New Instalco 2.0 Strategy Driving Margin Expansion

The return of founder Per Sjöstrand as CEO on 19 March 2026 marks a shift from passive ownership to active operational governance. Through Instalco 2.0, a strategy prioritising profitability over acquisitions, and its internal performance framework called The Baseline, where stronger units support weaker ones, three quantifiable levers drive margin expansion. First, a stricter project selection is estimated to normalise bad debt from SEK 95.0m in 2025, which weighed roughly 70 bps on margins, toward SEK 28.0m by 2026. This lifts EBITA margin approximately 50 bps as early as 2026, as the elevated 2025 level reflected isolated customer bankruptcies rather than structural deterioration. Second, materials cost falls 100 bps by 2027, split evenly across 2026 and 2027, driven by centralised Nordic framework agreements and a revenue mix shift toward service from 37.0% to 45.0% of sales. Third, revenue per FTE rises from SEK 2.3m to SEK 2.6m as 120 back-office roles are removed and the Inmatiq unit turning profitable in Q1 2026, with a low order backlog per FTE leaving capacity to absorb rising activity without further hiring. Together, these levers are expected to lift EBIT margin from 4.9% in 2025 to 8.3% by 2028.



Forced Upgrade Cycle Drives Revenue Growth

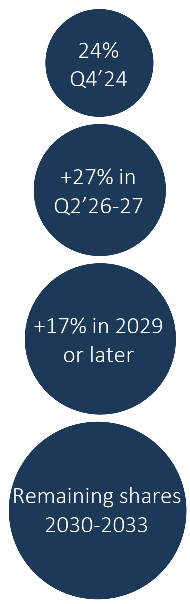
The market prices Instalco on cyclical construction exposure, overlooking two demand sources supporting growth toward 2028. First, the SEK 220bn Nordic renovation market is estimated to grow at a 5.0% CAGR, adding SEK 12bn of TAM by 2028, driven by stricter EU requirements and recovering disposable incomes, set against an aging building stock. Conservatively holding Instalco's 6.4% market share constant on this new TAM contributes approximately SEK 776m in revenue by 2028. Second, the non-cyclical defence buildup runs through NCC and Skanska, whose estimated combined Nordic infrastructure backlog of SEK 63bn serves as the primary channel for installation work. The defence share of this backlog is estimated to rise from 4.0% to 7.3% by 2028 as the Swedish Fortifications Agency scales up procurement, with installation accounting for 22.0% of military project spend. Instalco's capture rate is estimated to more than double, from 12.7% in 2026 to 26.5% by 2028, as security clearance entry barriers concentrate work among the very few cleared, at-scale contractors. This yields roughly SEK 272m of defence revenue by 2028, up from SEK 78m in 2026. Together, supported by an order backlog of 1.2x LTM installation sales, these tailwinds drive a 6.8% organic revenue growth rate in 2028.



Expansion Into The Fragmented German Market Creates Potential for M&A

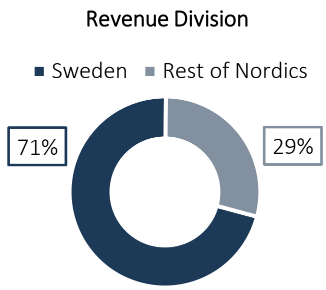
Instalco's acquisition of Fabri follows an option-based, multi-stage structure conditional on Fabri meeting specific performance thresholds. In step one, Instalco paid approximately EUR 15.0m (4.6m new shares + EUR 2.0m in cash), implying a multiple of 0.9x sales on an estimated revenue of EUR 70.0m. The carrying value has since appreciated from EUR 15.0m to EUR 22.3m, reflecting strong execution. Fabri acquired 8 subsidiaries in 2025, growing pro forma revenue by 64.3% to EUR 115.0m, with an estimated EBITA of EUR 11.5m (10.0% margin, slightly above Instalco's average). Step two, the acquisition of an additional 27.0% stake, reaching majority, is expected in H2 2026. Applying the same entry multiple and assuming Fabri transitions into a stabilisation phase growing organically at the upper end of the market (7.0%) while maintaining its margin, the implied consideration for step two is EUR 30.0m. Upon consolidation, a minority interest of EUR 54.3m (49.0%) will be recognised. With the Nordic market showing clear signs of saturation, Germany, a market roughly 5x larger and highly fragmented, becomes the critical engine for future compounding. Net debt decreased from 2.8x to 2.6x EBITDA (as of Q1 2026) and is estimated to decrease to 0.9x by 2027, restoring Instalco's M&A capacity. Fabri's consolidation should act as a re-rating catalyst, bringing the acquisition-led growth narrative back to the forefront. With Fabri consistently delivering margins above Instalco's average, consolidation creates a clear path for multiple expansion toward the group's average of 14-15x EBITA.

Step Acquisition of Fabri AG



Company Overview

A Nordic Technical Installation Leader



Founded in 2014 and listed on Nasdaq Stockholm in 2017, Instalco has grown into a leading Nordic installation provider. Today the Company operates through more than 150 specialised subsidiaries with over 6,000 employees across Sweden, Norway and Finland, reaching SEK 13,730m in LTM total revenue as of Q1 2026. In 2025 it expanded into Germany via a 24.0% stake in Fabri AG. The strategic focus lies on small and mid-sized projects of SEK 1.0m to SEK 75.0m, where the local subsidiary model leverages customer proximity and technical delivery to outperform tier one contractors on margin. Approximately 37.0% of revenue comes from recurring service contracts, providing resilience against new-build cycles. Over the past decade, the Company has scaled through a high-frequency acquisition strategy.

Business Model

Decentralised Subsidiary Model with Group Level Synergies

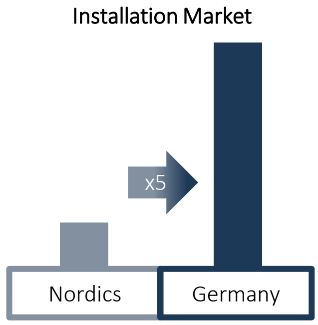
Each of the 150+ subsidiaries operates as an autonomous profit centre under its own local brand, retaining ownership of customer relationships, production, personnel and bottom-line responsibility, while the central organisation owns procurement, M&A, finance and IR. Where projects require multiple disciplines, subsidiaries collaborate on joint bids that no individual unit could deliver alone. Revenue is split across electrical (32.0% of sales), heating and plumbing (28.0%), industrial (19.0%), ventilation (14.0%) and technical consulting (7.0%). Around 70.0% of revenue comes from non-new-build activity (37.0% service, 33.0% renovation), giving a structurally resilient profile. The cost base is highly variable, with materials and personnel the main components.

From Acquisition-Led Growth to Profitability

Acquisitions follow a standardised earn-out structure payable over a maximum of three years, subject to a pre-agreed cap. The earn-out scales with realised profit, keeping selling owners aligned through integration. Acquired companies retain their local identity and management while gaining access to centralised procurement and best-practice sharing. Historically, Instalco completed 15-20 acquisitions per year at around 5.0x EBITA. The current focus on internal profitability has temporarily slowed this pace, but the model remains the foundation for long-term consolidation across Northern Europe.

Market Overview

The Nordic technical installation market was valued at approximately SEK 209bn in 2025, with Instalco holding a 6.4% share in a fragmented sector dominated by small local firms. The market has historically grown faster than broader construction, lifted by stricter energy efficiency requirements and building system digitalisation, with renovation benefiting from a multi-decade replacement cycle largely independent of the new-build cycle. The macroeconomic backdrop has now turned supportive, with Swedish real disposable income and household consumption reaching new highs in 2026 after a flat 2022-2024 period. As installation work is contracted 12 to 18 months into a project, the segment is the last to feel the recovery, meaning activity already visible in leading indicators is only now translating into installation demand.



Broadening Into The Fragmented German Market

Beyond the Nordics, the German market is roughly five times larger and highly fragmented, with approximately 90.0% held by Mittelstand firms, family-owned small and mid-sized businesses. This makes it structurally attractive for consolidators such as Instalco, which established its German presence through the 24.0% stake in Fabri AG in 2025.

Valuation

An equally weighted DCF and peer valuation implies a fair value of SEK 58.8, representing an upside of 44.5% from the current share price of SEK 40.7. Instalco currently trades at EV/EBITA 9.8x on 2027E, 15.6x on an LTM basis, against a target multiple of 14.5x EBITA 2027E.

Discounted Cash Flow

FCFF, SEKm	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Nopat	554	870	1,045	1,148	1,241	1,354	1,461	1,564	1,649	1,721	1,762
Of which Fabri	30	69	74	79	84	90	96	103	110	118	126
Fabri ownership %	24.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%
D	419	443	456	469	504	546	586	625	656	683	699
A	135	139	139	139	139	139	140	140	141	141	142
Capex	(83)	(167)	(363)	(485)	(522)	(565)	(607)	(646)	(679)	(707)	(723)
Capex from M&A	(165)	(323)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Change in NWC	90	(10)	(14)	(16)	(18)	(22)	(21)	(20)	(17)	(14)	(8)
FCFF	**950**	**952**	**1,263**	**1,255**	**1,344**	**1,452**	**1,559**	**1,662**	**1,749**	**1,824**	**1,871**
FCFF margin	6.8%	6.2%	7.8%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%

The DCF indicates a 38.3% upside, implying a SEK 56.3 share price versus the current SEK 40.7 (268.8m shares outstanding). The upside is driven by EBIT expansion via revenue and margin improvements, alongside a growing cash flow contribution from Fabri. The model uses a WACC of 10.6% (risk-free rate 4.4%, beta 1.3, cost of equity 12.7%, MRP 6.3%, after-tax cost of debt 4.4% based on 5.5% pre-tax), with a TGR of 2.0%. Value is split roughly 50/50 between the forecast horizon and terminal value, limiting sensitivity to terminal assumptions and reflecting near-term cash flow visibility. This is reinforced by the sensitivity analysis, where the stock retains upside across all tested scenarios, indicating limited downside risk. Primary risks are the cyclical market and elevated leverage, mitigated by strong cash conversion, robust operating cash flows, low working capital requirements, and a growing share of service revenues. Fabri's 24.0% stake falls below the consolidation threshold and is thus excluded from reported figures. Instead, 24.0% of Fabri's EBIT, D&A, capex, and working capital movements are incorporated to reflect economic ownership, with M&A capex for 2025-2026 capturing the cash consideration at each ownership step. Upon reaching 51.0% ownership in 2026, this ratio is applied to all Fabri line items and held constant into perpetuity, as a full acquisition is left out for long-term conservatism.

DCF Breakdown, SEKm	
PV of FCFF (2026-2035)	9,368
PV of Terminal Value (2035-)	9,107
Net Present Value	**18,475**
Net Debt	3,349
Implied Equity Value	15,126
NOSH (m)	268.8
Implied Share Price, SEK	**56.3**
Current Share Price	40.7
Implied Upside	**38.3%**

A 50/50 blend of the DCF (56.3) and the peer valuation (61.3) yields a target price of SEK 58.8. Compared with the current share price of SEK 40.7, this implies an attractive upside of 44.5%.

		WACC				
	56.3	8.6%	9.6%	10.6%	11.6%	12.6%
TGR	0.5%	67.6	58.5	51.2	45.3	40.4
	1.0%	70.4	60.5	52.7	46.4	41.3
	1.5%	73.6	62.8	54.4	47.7	42.2
	2.0%	77.3	65.4	56.3	49.1	43.3
	2.5%	81.5	68.3	58.4	50.6	44.4
	3.0%	86.6	71.7	60.7	52.3	45.7
	3.5%	92.6	75.6	63.4	54.3	47.1

		WACC				
	38.3%	8.6%	9.6%	10.6%	11.6%	12.6%
Terminal EBIT (%)	5.5%	87.2%	58.1%	36.0%	18.5%	4.3%
	6.5%	88.1%	59.0%	36.7%	19.2%	5.0%
	7.5%	89.0%	59.8%	37.5%	19.9%	5.7%
	8.5%	89.9%	60.7%	38.3%	20.6%	6.4%
	9.5%	90.8%	61.5%	39.1%	21.4%	7.0%
	10.5%	91.7%	62.3%	39.8%	22.1%	7.7%
	11.5%	92.6%	63.2%	40.6%	22.8%	8.4%

Appendix – Income Statement

Income Statement, SEKm	2023A	2024A	2025A	2026E	2027E	2028E
Revenue	14,279	13,690	13,598	14,387	15,322	16,364
Other Operating Income	117	132	132	132	132	132
Total Revenue	**14,396**	**13,822**	**13,730**	**14,519**	**15,454**	**16,496**
y/y growth		(4.0%)	(0.7%)	5.7%	6.4%	6.7%
Operating Expenses						
Material & Services	(7,215)	(6,456)	(6,379)	(6,679)	(7,031)	(7,506)
Other External Costs	(1,069)	(1,161)	(1,123)	(1,089)	(1,190)	(1,254)
Personnel Expenses	(4,673)	(4,916)	(5,004)	(5,154)	(5,409)	(5,773)
Other Operating Expenses	(23)	(11)	(15)	(17)	(16)	(18)
EBITDA	**1,416**	**1,278**	**1,209**	**1,580**	**1,808**	**1,945**
EBITDA Margin	9.8%	9.2%	8.8%	10.9%	11.7%	11.8%
Depreciation	(391)	(400)	(409)	(421)	(433)	(445)
EBITA	**1,025**	**878**	**800**	**1,159**	**1,376**	**1,496**
EBITA Margin	7.1%	6.4%	5.8%	8.0%	8.9%	9.1%
Amortisation	(126)	(189)	(132)	(132)	(132)	(132)
Total Costs	(13,497)	(13,133)	(13,062)	(13,492)	(14,210)	(15,132)
EBIT	**899**	**689**	**668**	**1,027**	**1,244**	**1,364**
EBIT Margin	6.2%	5.0%	4.9%	7.1%	8.1%	8.3%
Net Financial Items	(107)	(203)	(145)	(143)	(90)	(32)
EBT	**792**	**486**	**523**	**884**	**1,154**	**1,332**
Taxes	(177)	(122)	(147)	(248)	(323)	(373)
Net Income	**615**	**364**	**376**	**637**	**831**	**959**
Net Income Margin	4.3%	2.6%	2.7%	4.4%	5.4%	5.8%

Instalco has scaled back its acquisition pace, shifting focus toward consolidation and internal efficiency. Current projections therefore exclude near-term acquisitions, as the Company transitions toward organic stability and margin optimisation. Once the portfolio is optimised and the balance sheet strengthened, a more active acquisition pace is anticipated.

Appendix – Peer Valuation

Peer Table	MCAP	EV	CC	EBIT-Margin		Sales CAGR	EV/EBITA		EV/EBIT	
Company	SEKm	SEKm	2025A	2025A	2027E	2025A - 2027E	2026E	2027E	2026E	2027E
Bravida	22,971	24,353	79.0%	5.9%	6.8%	3.4%	14.4x	13.1x	14.5x	13.1x
SPIE	91,046	115,418	108.0%	7.6%	7.4%	8.3%	11.7x	10.5x	12.8x	11.6x
Burkhalter	20,986	20,367	90.0%	6.1%	6.7%	4.1%	20.4x	19.8x	20.6x	19.5x
Median	**20,986**	**24,353**	**90.0%**	**6.1%**	**6.8%**	**4.1%**	**14.4x**	**13.1x**	**14.5x**	**12.7x**
Average	**45,001**	**53,379**	**92.3%**	**6.5%**	**7.0%**	**5.3%**	**15.5x**	**14.5x**	**16.0x**	**14.7x**
Instalco	10,935	14,284	108.0%	4.9%	8.1%	6.1%	12.3x	10.4x	13.9x	11.5x

+74.2%

9.0% organic growth 2026E, reaching 9.0% EBITA margin 2026E and 2026E EV/EBITA reaches 15x

(31.3%)

0.0% organic growth 2026E, EBITA margin reaches only 7.0% and 2026E EV/EBITA falls to 10x

Peer valuation applies a target EV/EBITA of 14.5x, derived from the peer group and historical trading levels. Selected peers include European installation and service companies, of which Bravida is the most relevant. Instalco has historically traded in the 14-15x range, and applying 14.5x to 2027E EBITA implies a target price of SEK 61.3, representing a 50.6% upside from the current SEK 40.7.

Disclaimer

Disclaimer

These analyses, documents and any other information originating from LINC Research & Analysis (Henceforth "LINC R&A") are created for information purposes only, for general dissipation and are not intended to be advisory. The information in the analysis is based on sources, data and persons which LINC R&A believes to be reliable. LINC R&A can never guarantee the accuracy of the information. The forward-looking information found in this analysis are based on assumptions about the future, and are therefore uncertain by nature and using information found in the analysis should therefore be done with care. Furthermore, LINC R&A can never guarantee that the projections and forward-looking statements will be fulfilled to any extent. This means that any investment decisions based on information from LINC R&A, any employee or person related to LINC R&A are to be regarded to be made independently by the investor. These analyses, documents and any other information derived from LINC R&A is intended to be one of several tools involved in investment decisions regarding all forms of investments regardless of the type of investment involved. Investors are urged to supplement with additional relevant data and information, as well as consulting a financial adviser prior to any investment decision. LINC R&A disclaims all liability for any loss or damage of any kind that may be based on the use of analyzes, documents and any other information derived from LINC R&A.

Conflicts of interest and impartiality

To ensure LINC R&A's independence, LINC R&A has established compliance rules for analysts. In addition, all analysts have signed an agreement in which they are required to report any and all conflicts of interest. These terms have been designed to ensure that *COMMISSION DELEGATED REGULATION (EU) 2016/958 of 9 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.*

Other

This analysis is copyright protected by law © BÖRSGRUPPEN VID LUNDS UNIVERSITET (1991-2026). Sharing, dissemination or equivalent action to a third party is permitted provided that the analysis is shared unchanged.