

Press Release 13 November 2024 15:30:00 CET

Instalco acquires minority stake in German installation group Fabri AG

Instalco today announced that it has entered into an agreement to invest in the German installation group Fabri AG (“Fabri”). The investment is made in newly issued shares and represents a minority stake of 24 per cent of the voting rights and capital in Fabri after the capital increase. The transaction is done to capitalise on the growth opportunities identified in the German installation market together with a local partner and with a long-term plan to become the majority owner. The consideration for the minority investment amounts to approximately EUR 15 million, of which approximately EUR 13 million is to be paid in newly issued Instalco shares and approximately EUR 2 million is to be paid in cash.

Fabri, based in Nuremberg, currently employs 400 people in 12 subsidiaries across Germany with an annual turnover of approximately EUR 70 million. The company is acquisition-driven with a decentralised model and subsidiaries with specialist expertise in areas such as electricity, heating & plumbing, ventilation and related disciplines. Fabri is a fast-growing group founded in 2020 with a presence in several locations on the German market.

Germany is one of Europe's largest installation markets which is around five times larger than the Nordic market where Instalco is currently represented. The country has an ageing property stock in need of renovation and energy efficiency improvements and also has many cultural similarities with Instalco's home market.

“At Instalco, we have always been convinced that our successful and decentralised model would work just as well outside the Nordics. The key has been to find the right local partners and entrepreneurs. In a time of a challenging market, we have had time to plan what our next big step is and what makes Instalco even more interesting in the future. Fabri is a natural fit for us and our strategic vision. We have a long-standing relationship with Fabri through their main owner Waag & Zübert, which for several years was also one of Instalco's largest shareholders. For Instalco, the partnership with Fabri is an attractive way to expand in Germany with limited risk. Through Fabri, Instalco gets a unique opportunity and a platform for continued growth in Germany, with local expertise,” says Robin Boheman, CEO Instalco.

“It's no secret that Instalco has been our role model in starting and building Fabri in Germany. We work in the same successful way with the same decentralised model and with the same values as Instalco. The fact that we are now taking a big step towards a joint business partnership and expansion in the highly fragmented German market feels fantastically valuable for both parties,” says Markus Zübert, CEO Fabri AG.

In a first step Instalco will, through a capital increase, reach a minority stake of 24 per cent. The consideration in the first step amounts to approximately EUR 15 million, of which approximately EUR 13 million will be paid in newly issued Instalco shares and approximately EUR 2 million will be paid in cash. The number of Instalco shares that the sellers of Fabri receive will be calculated based on the volume weighted average price of the Instalco share during the period 14 - 20 November 2024. The investment is expected to have a marginally positive impact on Instalco's earnings in the current financial year and during 2025.

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In step two, Instalco will acquire a further 27 per cent of the shares in Fabri and in step three another 17 per cent from the current owners. The realisation of these steps is conditional on agreed thresholds for Fabri's earnings. The second step will result in majority ownership of Fabri and the inclusion of Fabri in Instalco's consolidated financial statements, which based on current estimates is expected to occur no earlier than the first quarter of 2026 and no later than the second quarter of 2027. The third step is expected to occur no earlier than 2029. The purchase price for the second and third steps will be paid in cash and is within Instalco's current investment strategy and investment activity.

The fourth and final step consists of options to acquire the remaining shares from Fabri's current owners during the period 2030 through 2033.

The transaction structure ensures a successful establishment in Germany where Instalco in partnership with founders and entrepreneurs shares upside and risk.

Conference call

Instalco invites its stakeholders to a conference call and webcast today 13 November at 17.30 CET at which the deal will be presented.

Participation via webcast: <https://ir.financialhearings.com/nov-press-conference-2024>

Register to participate via phone: <https://conference.financialhearings.com/teleconference/?id=5007587>

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Instalco is one of the leading installation companies in the Nordic region for electrical, heating & plumbing, ventilation, industrial solutions and technical consulting. We offer system design, installation and service & maintenance of buildings and facilities in Sweden, Norway and Finland. The business is run through our 150+ subsidiaries, with support from a small, central organisation. Instalco is listed on Nasdaq Stockholm under the ticker INSTAL. For more information, visit www.instalco.se.

Image Attachments

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