Instalco (INSTAL)

Sweden | Nasdaq Stockholm
Mid Cap | Industrials

2026-11-11

KTH Finance Society 1994 Equity Fund

Rating:	BUY
12 M Target price:	50.0 SEK
Current price:	41.7 SEK
Difference:	19.8%

Turnaround is gaining traction, but the 8% target is still ahead.

Instalco is a decentralised group of roughly 150 installation companies within electrical, heating & plumbing, ventilation, industrial services and technical consulting, operating in Sweden, Norway, Finland and, since 2026, Germany. After a weak 2025 marked by project losses and one-off costs, profitability is recovering: the EBITA margin reached 7.2% in Q3 2026, up from 6.0% a year earlier, while organic growth turned positive at 8.2%. The company remains below its 8% margin target, but the direction is clear.

Market attention has centred on a weak operating cash flow (-66 MSEK in Q3), delayed projects in Norway and leverage of 3.3x net debt/EBITDA following the increased holdings in German installation group Fabri. We view these concerns as largely temporary. The working capital build reflects a growing share of industrial customers and heavy invoicing late in the quarter. Leverage falls to 2.9x on a pro forma basis with a full year of Fabri, and the delayed Norwegian projects are scheduled to start in early 2027.

Our DCF-based valuation yields a 12-month target price of 50 SEK, implying 19.8% upside from the current share price of 41.7 SEK. We initiate coverage with a Buy recommendation.

Key insights

Recovery underway, but the share has not caught up:
Instalco's share price has almost doubled from its low of SEK 21.7 in November 2025, as the market has started to price in the earnings turnaround. Over three years, however, the share is up only 17%, against 46% for the Swedish industrials index (SX50PI). The share still trades roughly 20% below its 2024 peak, despite earnings now being well above that period's level. In our view, this reflects lingering scepticism after two years of disappointments rather than a lack of operational progress, leaving room for further re-rating as the recovery is confirmed.

Insiders and institutions are adding exposure:
Founder Per Sjöstrand, the largest shareholder with 8.6% of the capital, was appointed permanent CEO in March 2026, aligning management closely with shareholders. Following the Q3 report, board member Per Leopoldsson bought shares for SEK 0.8m, and Handelsbanken Fonder raised its holding above 5%.

Valuation normalises quickly as earnings grow:
On adjusted 2025 EBITA, Instalco trades at a demanding 18x EV/EBITA, but the multiple falls to 13x on our 2027E as margins recover and Fabri is consolidated for a full year. The next catalyst is the year-end report on 11 February 2027, where a seasonally strong Q4 cash flow and an update on Norway could shift sentiment.

Analyst

Elliot Karlsson Granberg	Fund Analyst
Robin Akela	Fund Analyst

Market Data (2026-11-06)

Exchange	Nasdaq Stockholm
Trading Currency	SEK
Share Class	Ordinary Shares
Shares OS	268 754 752
Market Cap	11.2 MDSEK
EV	16.1 MDSEK

Metrics & Drivers	2025	2026E	2027E
EV/Adj. EBITA	18.4x	15.2x	13.0x
EV/Sales	1.18x	1.05x	0.94x
Organic growth	-0.3%	7.0%	8.0%
Acquired growth	*	5%	4%
WC (% of sales)	1.6%	2.7%	3.0%
Capex (% of sales)	0.7%	0.8%	0.8%

Forecast, MSEK	2025	2026E	2027E
Revenue	13 598	15 299	17 181
- Growth Y-o-Y	*-1%*	*13%*	*12%*
Adj. EBITA	875	1 062	1 241
- Growth Y-o-Y	*-9%*	*21%*	*17%*
Adj. EBITA margin	6.4%	6.9%	*7.2%*
Net debt/EBITDA	2.8x	2.9x	2.3x
Unlevered FCF	688	570	794
Unlevered FCF Yield	6.1%	5.1%	7.1%

Major Shareholders (votes), 30 Sep 2026

Per Sjöstrand	8.6%
AMF Pension & Fonder	6.6%
Capital Group	6.4%
Wipunen	4.9%
Torpanmaa	4.9%
Handelsbanken Fonder	4.7%

Stock Price Movement (3Y)



Source: Nasdaq Nordic, price index

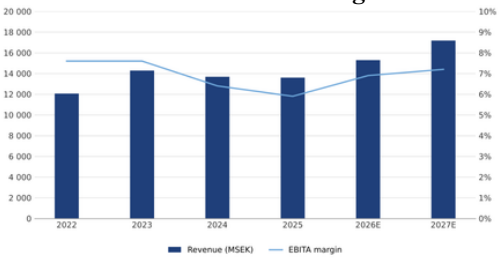
Beta (1Y, vs SX50PI)	0.8
52 Week Price Range	SEK 21.68 - 45.58
30D Avg Daily Volume	23.6 MSEK
Free Float	81%
Mkt Cap	11.2 MDSEK
EV	16.1 MDSEK

Investment Thesis

Margin recovery is well on the way

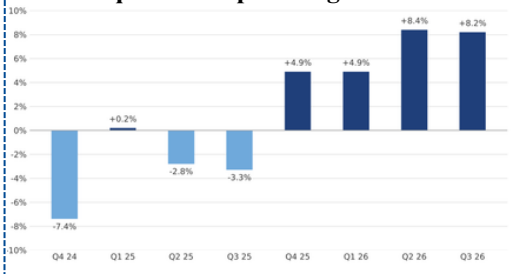
Instalco has historically been a high-margin installer, with an EBITA margin of 8.4–8.5% in 2020–2021 and 7.6% in 2022–2023. The decline to 6.4% in 2024 and 5.9% in 2025 was driven by a weak construction market, intense price competition and a number of loss-making projects, which led to the closure of underperforming subsidiaries. In 2025, founder Per Sjöstrand returned as CEO and launched Instalco 2.0, built on stricter project selection, closer follow-up and clearer accountability within the decentralised model. A country-based organisation was introduced in September 2025 to strengthen governance. The effects are now visible: Q4 2025 delivered the first year-on-year EBITA growth in seven quarters, and the Q3 2026 margin reached 7.2%, up from 6.0% a year earlier.

Instalco's EBITA margin is expected to recover towards the 8% goal



We see some important sources of further improvement. The first being Norway, where project delays and customer losses still weigh on earnings, which should recover as several larger projects start in early 2027. Second, Fabri's EBITA margin of 12.7% lifts the group margin by an estimated 40bps on a full-year basis.

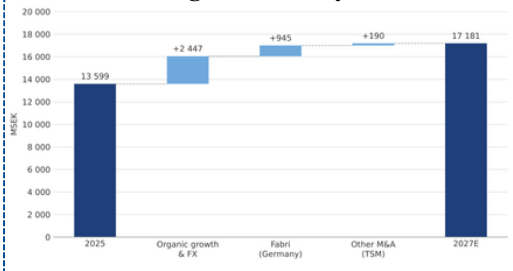
Organic growth has turned: four consecutive quarters of positive growth



Germany adds a new growth leg

Fabri gives Instalco a platform in a market several times larger than the Nordics, built on the same decentralised model. Instalco acquired an initial 24% stake in 2024 and took majority control with 51% in July 2026, following a transaction structure agreed from the outset. Fabri has grown rapidly under Instalco's minority ownership and now comprises 23 subsidiaries with around 800 employees. Sales were EUR 86m in 2025, and Fabri's CEO Markus Zübert has joined Instalco's group management. The consolidation more than doubled the order backlog in the Finland & Germany segment, to SEK 1.8bn from SEK 0.8bn a year earlier. Fabri is consolidated with a one-month lag, so Q3 2026 included only August, and 2027 will be the first full year. The German installation market is highly fragmented and, according to Instalco, sentiment is clearly more positive than in the wider economy, supported by energy efficiency and building modernisation. Fabri has continued to acquire companies, creating a platform for further bolt-ons. The main risks are integration, a still-weak German construction market and the higher leverage that the deal has created.

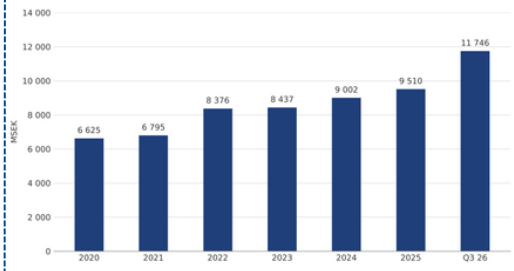
Fabri adds another growth leg on top of organic recovery



Record backlog supports organic growth

Instalco's order backlog reached SEK 11.7bn at the end of Q3 2026, up 30% year-on-year and 14% organically. This is the highest level in the company's history, compared with SEK 9.0bn at the end of 2024 and SEK 6.6bn in 2020. Organic growth has turned from –6.5% in 2024 to 8.2% in Q3 2026, and Sweden's backlog alone rose 15% organically. Demand is broad-based: public investment in critical infrastructure, defence and healthcare is increasing, and the data centre market is growing rapidly, driven by AI and cloud services. In addition, around 37% of sales come from service, which provides recurring revenue and lowers the overall risk profile. Large data centre projects are also tying up installation capacity across the market, which according to Instalco improves the competitive situation in other segments. The key risk is that a growing share of industrial customers ties up more working capital, which has weighed on cash conversion in 2026.

Record order backlog: +30% YoY, of which 14% organic.



Company Overview

Instalco is a Swedish technical installation group with more than 150 subsidiaries working within electrical, heating & plumbing, ventilation, industry and Tech & Consulting. The group is built on a decentralised model, where local companies keep a large degree of independence and are supported by a small central organisation. Instalco operates in Sweden, Norway, Finland and, since 2026, Germany, and had 7,107 employees at the end of Q3 2026. Sweden is by far the most important market, with 69% of net sales during January–September 2026. Over the last twelve months, Instalco generated net sales of SEK 14,604 million and EBITA of SEK 1,001 million, an EBITA margin of 6.9%.

Where the sales come from

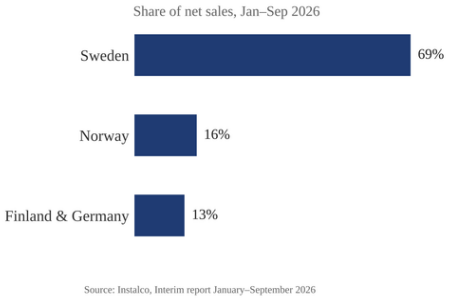
No single discipline carries the group. In 2025, electrical installation was the largest discipline at 33% of net sales, followed by heating & plumbing at 28%, industry at 19%, ventilation at 15% and Tech & Consulting at 5%. Electrical and industry together account for more than half of sales (52%). These are also the areas most exposed to the growth drivers described in the Market Overview, such as electrification and industrial investment, so we see them as the main sources of growth in our forecasts.

By type of work, 37% of sales comes from service, which is more stable than project work, while renovation accounts for 33% and new construction for 30%. Almost half of sales (48%) goes to construction companies, where Instalco works as a subcontractor, and 43% of revenue comes from fixed-price contracts. With fixed prices, cost overruns hit Instalco directly, which helps explain why project selection is central to Instalco 2.0 (see Investment Thesis).

Germany through Fabri

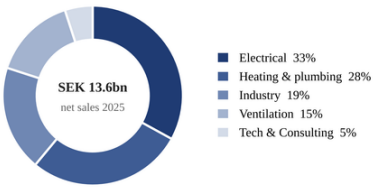
In 2026 Instalco took majority control (51%) of the German installation group Fabri, which is consolidated from 1 August. Fabri adds around SEK 945 million in annual sales and 800 employees. The acquisition is discussed further in the Investment Thesis.

Sweden dominates sales mix



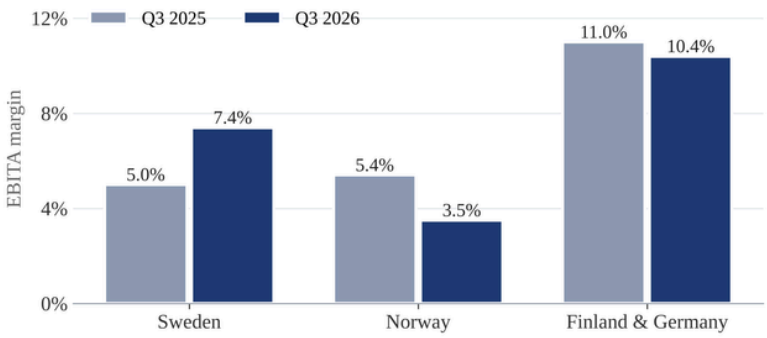
Source: Instalco, Interim report January–September 2026

No single discipline dominates

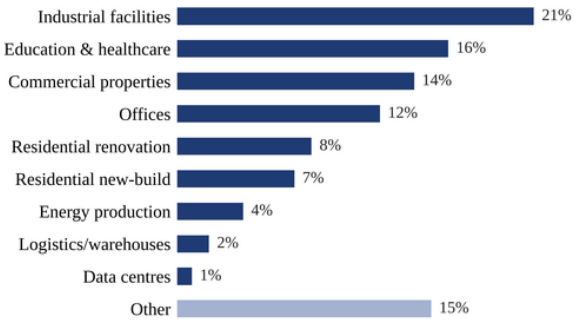


Source: Instalco, Annual and Sustainability Report 2025, p. 4

Margin recovery driven by Sweden, Norway lags



Diversified end markets, low housing exposure



Market Overview

The installation market covers electrical, heating, plumbing and ventilation work in buildings and facilities, both new construction and service of existing properties. After a couple of weak years the market is starting to recover. Instalco and its largest listed Nordic competitor, Bravida, point to the same long-term drivers:

1. Energy efficiency, electrification and digitalisation
2. Public investment in defence, healthcare and infrastructure
3. Fast growth in data centres.

The recovery is uneven, however. In Sweden activity is improving, mainly in the big cities, and housing shows tentative signs of stabilising. Norway is still challenging, with some projects pushed into 2027, although data centres are growing there too. Finland is recovering slowly with tough competition, while Germany shows signs of recovery. Bravida expects its markets to grow gradually but expects new housing to stay weak.

Instalco's CEO also says that competition for projects remains intense. We read this as a sign that margins will depend as much on choosing the right projects as on the market itself. In the short term, we see Norway and the residential segment as the main risks.

How exposed is Instalco?

Comparing these drivers with Instalco's own sales gives a mixed picture. Industrial facilities (21%) and education & healthcare (16%) are Instalco's largest end markets, which fits well with growing industrial and public investment. Residential new-build, the weakest segment, makes up only 7% of sales. Data centres, however, account for just 1%. Instalco therefore benefits from the data-centre build-out mainly indirectly, when large projects tie up installation capacity across the market (see Investment Thesis).

Uneven recovery: Sweden up, Norway lags

Market	Share of sales*	EBITA margin Q3-26 (Q3-25)	Market conditions
Sweden	69%	7.4% (5.0%)	Improving, mainly in large cities; housing shows tentative signs of recovery
Norway	16%	3.5% (5.4%)	Still challenging; some projects delayed into 2027; data centres growing strongly
Finland & Germany	13%	10.4% (11.0%)	Finland: slow recovery and intense competition. Germany: signs of recovery

Data centres, defence and healthcare drive demand

Driver	What it means for installers	Highlighted by
Energy efficiency & electrification	Energy-efficiency upgrades and electrification projects	Instalco, Bravida
Data centres & digitalisation	Fast build-out drives demand for power, cooling and ventilation	Instalco, Bravida
Defence & security	Increased public investment in defence facilities	Instalco, Bravida
Healthcare & infrastructure	Hospitals, care properties and transport infrastructure	Instalco, Bravida
New housing (headwind)	New production expected to stay at low levels	Bravida

Valuation & Financial Analysis

Our target price is derived from a discounted cash flow model, with peer multiples used as a cross-check. We use a seven-year explicit forecast (2026E–2032E), in which revenue growth fades from 13% in 2026E–2027E, supported by the full-year consolidation of Fabri, towards a terminal growth rate of 2.0%. The EBITA margin is assumed to improve gradually from 6.9% in 2026E to 7.8% in 2030E, remaining below the company's 8% target. As amortisation of acquired intangibles is not tax-deductible, NOPAT is calculated on EBITA at a normalised tax rate of 22%. Leases are treated as operating costs: lease payments are deducted from free cash flow, and lease liabilities are therefore excluded from net debt. Working capital is forecast at roughly 3% of sales, in line with Instalco's own definition. Cash flows are discounted from the valuation date, including only the remaining fourth quarter of 2026, at a WACC of 7.47%, based on the Swedish 10-year government bond yield (2.96%), a market risk premium of 5.7% (PwC), a beta of 1.03 and a 0.25% size premium. The terminal value accounts for 74% of enterprise value and implies 13x EBITA, in line with peers. After deducting net debt, earn-outs and non-controlling interests (mainly the 49% minority in Fabri), we arrive at a fair value of SEK 49.75 per share.

DCF & Sensitivity Analysis

Financials

	2024	2025	2026E	2027E	2028E
Revenue	13 690	13 598	15 299	17 181	18 074
COGS	-6 456	-6 379	-7 190	-8 075	-8 495
Gross Profit	7 234	7 219	8 109	9 106	9 579
OPEX	-5 956	-6 010	-6 609	-7 388	-7 736
EBITDA	1 278	1 209	1 500	1 718	1 843
Depreciation	-399	-409	-437	-477	-501
EBITA	879	800	1 063	1 241	1 342
Amortization	-189	-132	-160	-176	-185
EBIT	690	668	903	1 065	1 157
NOPAT	686	624	829	968	1 047
(+) Depreciation	399	409	437	477	501
(-) CapEX	-125	-97	-128	-144	-151
(-) Δ OWC	8	94	-200	-94	-27
(-) Leasing	-318	-327	-367	-412	-434
FCF	650	703	571	795	936

WACC

Market Cap	11 148
% of Equity	*73.36%*
Risk Free Rate	2.96%
Beta	1.03
Market Risk Premium	5.70%
Cost of Equity	9.06%
Debt	4 049
% of Debt	*26.64%*
Cost of Debt	3.96%
Tax Rate	22%
Total	15 197
WACC	**7.47%**

DCF Valuation Breakdown

Sum of FCF	4 734
Terminal Value	21 193
Present Value of Terminal Value	13 510
Enterprise Value	18 244
(-) Debt	-4 049
(+) Cash	204
(-) Contingent considerations	-190
(-) Non-controlling interests	-840
Equity Value	13 369
Shares outstanding (m)	269
Equity Value per Share (SEK)	**49.75**

TGR \ WACC	6,9%	7,1%	7,3%	7,5%	7,7%	7,9%	8,1%
1,25%	50,1	47,7	45,5	43,4	41,4	39,5	37,8
1,50%	52,6	50,0	47,6	45,3	43,2	41,2	39,3
1,75%	55,3	52,5	49,9	47,4	45,2	43,0	41,0
2,00%	58,3	55,2	52,4	**49,7**	47,3	45,0	42,9
2,25%	61,6	58,3	55,1	52,3	49,6	47,2	44,9
2,50%	65,3	61,6	58,2	55,1	52,2	49,5	47,0
2,75%	69,5	65,4	61,6	58,2	55,0	52,1	49,4

Peer valuation and Financial metrics

To complement our DCF, we compared Instalco with four listed companies. Bravida is Instalco's closest Nordic competitor, while Burkhalter is a Swiss company with a similar model of acquiring local installers. SPIE and Bilfinger are larger European groups with significant German operations, which makes them relevant after the Fabri acquisition. We use the same peer group when estimating beta in our WACC, so the two methods are consistent. No peer is a perfect match: SPIE and Bilfinger are considerably larger than Instalco, and Bilfinger focuses more on industrial services.

All figures are LTM and taken from each company's latest reports, and share prices are closing prices from 3 November 2026. To make the companies comparable, we calculate enterprise value the same way for all of them: market capitalisation plus net debt excluding leases, earn-outs and minority interests.

EV/EBITA is our main multiple. Serial acquirers like Instalco have amortisation of acquired intangibles that pushes EBIT down without saying much about the underlying business. We use EV/Sales as a cross-check and FCF yield to see how much of the profit turns to cash.

On trailing figures, Instalco looks expensive. The peer median EV/EBITA is 14.5x, compared with 16.1x for Instalco, and the LTM FCF yield of 2.0% is well below the peer median of 7.5%. However, we believe the LTM picture understates Instalco's earnings power, for three reasons. First, Fabri is only partly included: Instalco's EV already contains all of Fabri's debt, while LTM EBITA includes just one month of Fabri's results. Second, margins are still rising. The EBITA margin has improved from 6.4% (adjusted, FY 2025) to 7.2% in Q3 2026, and we expect further improvement in 2027. Third, Q3 cash flow was hit by temporary effects, as working capital grew with a larger share of industrial customers and heavy invoicing at the end of the quarter. The low LTM FCF yield should therefore not be read as the normal level, and on our 2026E forecast the unlevered FCF yield recovers to 5.1%, closer to peers.

Applying the peer median of 14.5x to our 2027E adjusted EBITA of SEK 1,241 million gives an implied share price of SEK 49, around 17% above the current price and in line with our DCF-based target price of SEK 50. Since peers are also expected to grow, their forward multiples are likely somewhat lower than 14.5x, so we treat the peer valuation as a cross-check rather than our main method.

In conclusion, Instalco looks fully priced on trailing numbers, but attractive once the margin recovery and a full year of Fabri are taken into account. Together with our DCF, this supports our Buy recommendation.

Peer Table (LTM)	EV/SALES	EV/Adj. EBITA	EV/EBIT	FCF Yield
Instalco (INSTAL)	**1.1x**	**16.1x**	**18.1x**	**2.02%**
Bravida (BRAV)	1.1x	17.1x	16.5x	5.47%
Bilfinger (GBF)	0.4x	6.6x	7.0x	7.53%
Burkhalter (BRKN)	1.2x	18.5x	18.7x	7.40%
SPIE (SPIE)	0.9x	12.0x	15.7x	8.66%
Average	**0.8x**	**13.6x**	**14.5x**	**7.27%**
Median	**0.9x**	**14.5x**	**16.1x**	**7.47%**

Forward Multiple	
2027E EV/Adj. EBITA	14.5x
Equity Value Per Share (SEK)	49.0
Difference	17%

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