Year-End Report 2019
January–December

Fourth quarter of 2019

- Net sales increased by 5 per cent in the fourth quarter to SEK **2,732** (2,613) million. Organic growth was 3 per cent and growth from acquisitions 2 per cent, while foreign exchange effects accounted for 0 per cent of the increase.
- Adjusted EBITA increased by 12 per cent to SEK **152** (135) million and the operating margin was **5.6** (5.2) per cent.
- EBIT was SEK **74** (55) million. Profit after tax was SEK **42** (42) million.
- Earnings per share were SEK **0.4** (0.4).
- Operating cash flow was SEK **311** (283) million.
- The Board of Directors proposes a dividend for 2019 of SEK **4.40** (4.00) per share, of which SEK **2.20** (2.00) is ordinary and SEK **2.20** (2.00) an extra dividend.

Full-year 2019

- Net sales for full-year 2019 increased by 9 per cent to SEK **10,313** (9,489) million. Organic growth was 5 per cent and growth from acquisitions 2 per cent, while foreign exchange effects accounted for 1 per cent of the increase.
- Adjusted EBITA increased by 12 per cent to SEK **549** (490) million. The operating margin was **5.3** (5.2) per cent.
- EBIT was SEK **299** (219) million. Profit after tax was SEK **169** (104) million.
- Earnings per share were SEK **1.8** (1.1).
- Operating cash flow was SEK **591** (354) million.

"Another strong year for Coor – continued growth and our highest operating profit to date"

Mikael Stöhr, President and CEO, Coor

GROUP EARNINGS SUMMARY	Oct–Dec		Jan–Dec	
(SEK m)	2019	2018	2019	2018
Net sales	2,732	2,613	10,313	9,489
Organic growth, %	*3*	*9*	*5*	*10*
Acquired growth, %	*2*	*11*	*2*	*10*
FX effects, %	*0*	*3*	*1*	*3*
Adjusted EBITA	152	135	549	490
Adjusted EBITA margin, %	5.6	5.2	5.3	5.2
EBIT	74	55	299	219
Income for the period	42	42	169	104
Operating cash flow	311	283	591	354
Earnings per share, SEK	0.4	0.4	1.8	1.1

See page 26 for definitions and calculations of key performance indicators. Non-recurring items are presented in Note 3.

Coor Service Management Holding AB; Corp. ID No. 556742-0806.
Head office: Coor, 164 99 Kista, Knarrarnäsgatan 7, Kista, Sweden. Tel: +46 10 559 50 00, info@coor.com, www.coor.com

CEO's comments

Another strong year for Coor – continued growth and our highest operating profit to date

Coor has reported another strong year. We grew 7 per cent in total: 5 per cent organically and another 2 per cent through acquisitions. We increased our operating profit by 12 per cent and delivered solid cash flow with 104 per cent cash conversion. We also have a stable pipeline of new business opportunities throughout the Nordic region. The Board of Directors proposes a dividend of SEK 4.40 per share.

Continued growth

With growth of 7 per cent for the full year and 5 per cent during the fourth quarter, Coor continued to capture market shares in the Nordic FM market.

Our offering covers the entire Nordic region and ranges from deliveries of single services at individual sites to deliveries that cover hundreds of services across a large number of sites all over the Nordic region. Coor creates the Nordic region's most prosperous and well-functioning work environments. We constantly endeavour to build teams and service solutions that enable our customers to focus on what they do best. With 2019 behind us, Coor is the clear market leader within integrated facility management and has a strong presence within single services in all of the Nordic countries.

During 2019, Coor won a total of SEK 430 million in new annual contract volumes. The acquisition of Norrlands Miljövård added further volumes of SEK 250 million. With finalised contracts during the year amounting to SEK 220 million, this entails an added annual volume of SEK 460 million net.

Long-term customer relationships are essential for Coor. In 2019, we extended 93 per cent of approximately SEK 2 billion in re-negotiated annual contract volumes. Over the past three years, our retention rate has also averaged 93 per cent. This is proof of Coor's strength and a sign of our ability to deliver value for our customers over time through continuous improvements and innovations.

Norrlands Miljövård has now been integrated into Coor's Swedish operations. Our experience of several successful acquisitions in Denmark, Norway and Sweden gives us the self-confidence to continue to pursue our acquisition agenda throughout the Nordic region. When we integrate acquired operations, our first priority is always to retain all of customers and employees who then become a part of Coor. It is highly gratifying that our acquisitions from both 2018 and 2019 have been successful in this respect.

Increased margins and operating profit

In the fourth quarter, Coor continued to deliver an increased profit. For the quarter and full-year 2019, operating profit increased by 12 per cent.

During the year, the operations in all of the Nordic countries were subject to continuous efficiency enhancement, driven in part by both new and re-negotiated large contract volumes in recent years. While our growth in new volumes in the second half of 2019 declined from the very high levels displayed in recent years, we also saw clear results from our efficiency enhancement work in the form of higher margins. The operating margin increased to 5.6 (5.3) per cent for the fourth quarter and 5.3 (5.2) per cent for full-year 2019.

While the results of these efficiency efforts are most clearly visible in the Swedish operation, Norway and Finland also strengthened their margins during the fourth quarter of the year. However, the Danish operation did not deliver satisfactory profitability and is still suffering from delays in its work on internal efficiency following the strong growth of recent years. Measures to address the lack of efficiency and profitability in Denmark are in progress and are expected to generate results in 2020.

Strong cash flow

Coor's operations are characterised by a low level of tied-up capital. The cash conversion for 2019 was 104 per cent, driven by a decline in working capital of SEK 101 million and reduced investments compared with the preceding year.

At year-end, Coor's leverage amounted to 2.3 (2.4). The company's debt remains well in line with its targets, despite self-financing of the year's acquisitions and a dividend totalling approximately SEK 380 million during the year.

As previously communicated, this is creating opportunities for an extra dividend over and above our dividend policy. In this way, we can transfer the customer value created during the year to our shareholders. Consequently, the Board of Directors proposes a total dividend for 2019 of SEK 4.40 (4.00) per share.

A favourable outlook

We are seeing strong interest and favourable demand in the market as well as interesting business opportunities throughout the Nordic region. We believe our prospects to achieve growth, profitability and cash flow over time in line with our targets are good.

Stockholm, 12 February 2020

Mikael Stöhr
President and CEO, Coor

Group performance

Net sales and operating profit

CONSOLIDATED (SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net sales	2,732	2,613	10,313	9,489
Organic growth, %	*3*	*9*	*5*	*10*
Acquired growth, %	*2*	*11*	*2*	*10*
FX effects, %	*0*	*3*	*1*	*3*
Adjusted EBITA	152	135	549	490
Adjusted EBITA margin, %	5.6	5.2	5.3	5.2
EBIT	74	55	299	219
EBIT margin, %	2.7	2.1	2.9	2.3
Number of employees (FTE)	9,296	9,082	9,296	9,082

Fourth quarter (October–December)

Organic growth was 3 per cent for the quarter and the acquisition of Norrlands Miljövård contributed a further 2 per cent to growth. Organic growth derived mainly from Sweden, but Denmark also made a positive contribution. Growth was fuelled by new and expanded business as well as continued high levels of variable volumes. Acquired growth for the quarter was entirely attributable to Sweden.

Operating profit (adjusted EBITA) increased by 12 per cent to SEK 152 (135) million. The operating margin for the quarter improved year-on-year and amounted to 5.6 (5.2) per cent. The increase in operating profit was driven by the Swedish operation and derives from growth and margin improvements.

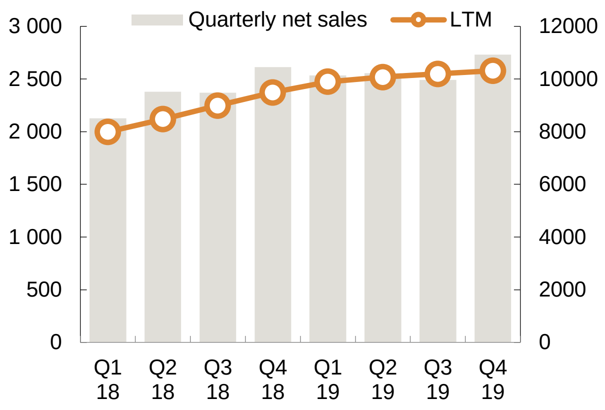
EBIT was SEK 74 (55) million. In addition to the increase in operating profit, items affecting comparability declined.

Full-year 2019

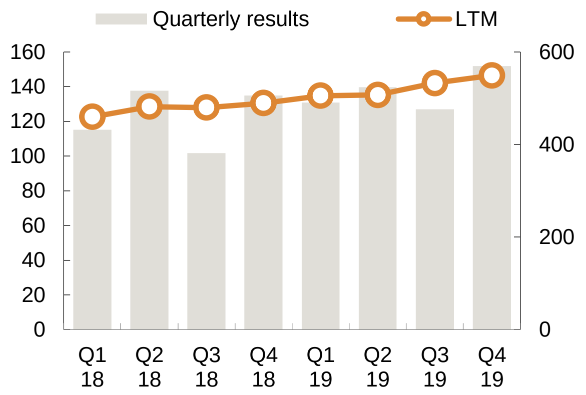
For full-year 2019, organic growth was 5 per cent and growth from acquisitions was 2 per cent. Operating profit (adjusted EBITA) increased by 12 per cent to SEK 549 (490) million. The operating margin increased year-on-year and amounted to 5.3 (5.2) per cent.

EBIT was SEK 299 (219) million. In addition to the increase in operating profit, items affecting comparability declined, driven by lower integration costs related to major acquisitions.

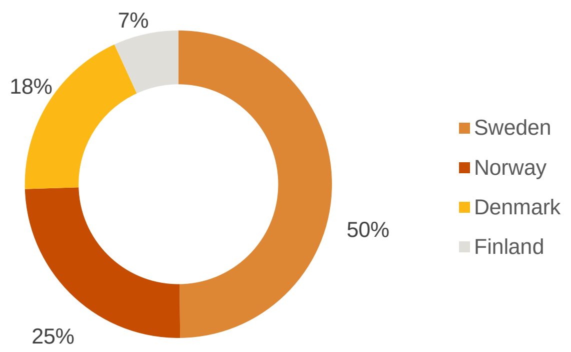
NET SALES (SEK m)



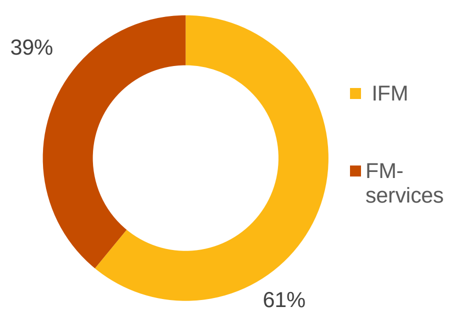
ADJUSTED EBITA (SEK m)



SALES BY COUNTRY, FULL-YEAR 2019



SALES BY TYPE OF CONTRACT, FULL-YEAR 2019



Financial net and profit after tax

FINANCIAL NET	Jan–Dec	
(SEK m)	2019	2018
Net interest, excl leasing	-45	-40
Net interest, leasing	-11	0
Borrowing costs	-4	-6
Other	-5	-5
Total excl exchange rate differences	**-65**	**-51**
Exchange rate differences	-6	-10
Total	**-71**	**-62**

Net financial items for full-year 2019 declined by SEK 9 million year-on-year, mainly due to higher interest expenses relating to leases as a result of the introduction of IFRS 16. For more information on the effects of IFRS 16, see Note 4.

Tax for the period was SEK -59 (-53) million, corresponding to 26 (34) per cent of profit before tax. The change compared with the preceding year is primarily attributable to the negative non-recurring effect of approximately SEK 11 million that arose in the preceding year when the deferred tax asset related to the Swedish business was remeasured as a result of new tax legislation. Profit after tax was SEK 169 (104) million.

Cash flow

Operating cash flow for the fourth quarter was SEK 311 (283) million.

Operating cash flow varies from one quarter to the next. The key parameter to follow is therefore the rolling 12-month change in working capital. In the past 12 months, working capital declined by SEK 101 million, which is an improvement year-on-year. This strong cash flow was the result of focused work on working capital across the entire organisation.

The Group's investment level was lower than in the year-earlier period, which also contributed to improved cash flow.

Cash flow for the year was also impacted by a positive non-recurring effect from the correction of the incorrect salary payment in December 2018.

The most important external key performance indicator for cash flow is cash conversion, which is defined as the ratio of a simplified operating cash flow to adjusted EBITDA. Cash conversion for the full year 2019 was 104 (80) per cent.

CASH CONVERSION		
(SEK m)	Full-year 2019	Full-year 2018
Adjusted EBITDA [1]	749	558
Change in net working capital	101	-27
Net investments	-68	-84
Cash flow for calculation of cash conversion [1]	**781**	**447**
Cash conversion, % [1]	**104**	**80**

[1] Adjusted EBITDA and cash flow for calculation of cash conversion have been impacted by the transition to IFRS 16, see Note 4.

Financial position

NET DEBT	31 Dec	31 Dec
(SEK m)	2019	2018
Liabilities to credit institutions	791	1,686
Corporate bond	1,000	0
Leasing, net	379	7
Other	68	59
	2,238	**1,753**
Cash and cash equivalents	-497	-435
Net debt	**1,741**	**1,318**
Leverage	2.3	2.4
Equity	1,980	2,164
Equity/assets ratio, %	29	33

Consolidated net debt was SEK 1,741 (1,318) million at year-end. The increase compared with the year-earlier period was mainly attributable to the changed recognition of lease liabilities in connection with the new accounting rules for leasing, refer to Note 4.

The company's leverage, defined as net debt to adjusted EBITDA, was 2.3 (2.4) at year-end, which is still in line with the Group's target of a leverage below 3.0. Both net debt and adjusted EBITDA were impacted by the new rules on leasing, refer to Note 4.

At the end of the year, equity amounted to SEK 1,980 (2,164) million and the equity/assets ratio was 29 (33) per cent.

Cash and cash equivalents amounted to SEK 497 (435) million at year-end. At year-end, the Group had undrawn credit lines totalling SEK 700 (90) million.

In 2019, Coor refinanced the bank loans raised in connection with the IPO, with a bank facility totalling SEK 1,500 million and a bond of SEK 1,000 million.

Significant events in the fourth quarter

- The acquisition of Norrlands Miljövård AB was finalised on 31 October 2019 after a customary examination by the competition authority.

- On 1 November 2019, it was announced that Coor would extend its IFM agreement with Aker Solutions. Coor has delivered integrated facility management services to Aker Solutions since 2015 and the agreement is now being extended until 2025. The agreement is expected to generate annual sales of SEK 130 million. The extended IFM agreement comprises cleaning, property service, office service, staff restaurants, security services and reception services, which will be delivered to ten of Aker Solutions' office and production facilities in Norway.

- On 4 November 2019, it was announced that Coor's IFM agreement with Volvo Cars had been extended until 2022. This means that Coor will continue to deliver IFM services to all of Volvo Cars' production and administrative sites in Sweden and Belgium. The transaction has an annual value of more than SEK 200 million. Examples of services that are included in the assignment are cleaning, moving services, archive services and workplace services, such as reception, switchboards and postal services as well as security and monitoring.

- On 18 December 2019, it was announced that Coor's IFM agreement with Saab had been extended until 2024. This means that Coor will continue to deliver and develop IFM services for Saab at most of its facilities in Sweden. The transaction has an annual value of more than SEK 300 million. Examples of services that are included in the assignment are mainly property management and cleaning, but also post handling, conference services and waste management as well as project management and remodelling. The extended IFM agreement also entails an increased focus on energy optimisation.

Significant events after the end of the period

- On 21 January 2020, it was announced that Helena Söderberg will take over as the company's new HR Director not later than in August 2020 and will become a member of Coor's Group management. Helena most recently served as HR Director at JM and will succeed Anders Asplund, who will retire during the second half of 2020.

Contract portfolio

The net change in the contract portfolio for the full year was SEK +210 million. In addition to the major IFM agreement with ICA and the expansion of the contract with the Danish Police, the Prison and Probation Service and the Public Prosecution Agency, a number of small and medium-sized agreements were signed, for example, with Stadium, H&M and Region Östergötland in Sweden, Fortum in Finland and SSP in Denmark. Meanwhile, 13 contracts were terminated during the year.

CHANGES IN THE CONTRACT PORTFOLIO

	2019		2018	
	Number of contracts	**Annual sales SEK m**	**Number of contracts**	**Annual sales SEK m**
New contracts during the period	14	430	25	465
Completed contracts during the period	-13	-220	-7	-105
Net change in the portfolio	**1**	**210**	**18**	**360**

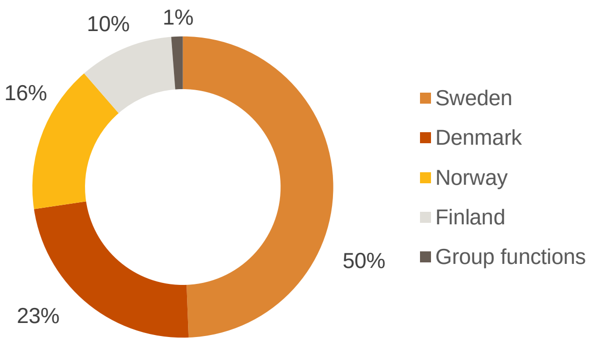
[1)] *Changes in the contract portfolio include all contracts over SEK 5 million in annual sales and are reported semi-annually. For new agreements signed during the period, the contracted or estimated annual sales are listed. For contracts that have been terminated during the period, the sales for the latest 12-month period with full delivery are listed.*

The renegotiation volume for 2019 was approximately SEK 2.0 (2.6) billion. The retention rate for the year was 93 per cent. For the last three years, the total retention rate has also been 93 per cent.

Organisation and employees

At the end of the period, the number of employees was 11,395 (11,174), or 9,296 (9,082) on a full-time equivalent basis. The higher number of employees compared with the preceding year was mainly attributable to the acquisition of Norrlands Miljövård.

NUMBER OF EMPLOYEES (FTE), 31 DECEMBER 2019



Operations by country

Sweden

SWEDEN (SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net sales	1,400	1,277	5,138	4,788
Organic growth, %	*6*	*4*	*6*	*6*
Acquired growth, %	*3*	*0*	*1*	*0*
FX effects, %	*0*	*0*	*0*	*0*
Adjusted EBITA	138	116	462	434
Adjusted EBITA margin, %	9.9	9.1	9.0	9.1
Number of employees (FTE)	4,591	4,222	4,591	4,222

Fourth quarter (October–December)

In the fourth quarter, the Swedish business grew by 9 per cent. Organic growth was 6 per cent and the acquisition of Norrlands Miljövård contributed a further 3 per cent to growth. Organic growth was driven by new contracts, mainly with ICA, and continued high variable volumes in a number of major contracts.

Operating profit (adjusted EBITA) for the quarter amounted to SEK 138 (116) million. The operating margin was 9.9 (9.1) per cent. The margin improvement was primarily attributable to successful efficiency enhancements on a broad front and a certain effect from improved margins on variable volumes compared with the preceding year.

Shortly after the end of the quarter, it was announced that Coor had extended its IFM agreement with Borealis for a further five years. The contract value is approximately SEK 100 million per year.

Full-year 2019

Organic growth for full-year 2019 was 6 per cent and acquired growth was 1 per cent.

Operating profit (adjusted EBITA) amounted to SEK 462 (434) million. The operating margin was 9.0 (9.1) per cent.

Norway

NORWAY (SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net sales	656	666	2,546	2,351
Organic growth, %	*0*	*16*	*4*	*15*
Acquired growth, %	*0*	*11*	*3*	*8*
FX effects, %	*-2*	*7*	*1*	*4*
Adjusted EBITA	40	41	161	150
Adjusted EBITA margin, %	6.2	6.1	6.3	6.4
Number of employees (FTE)	1,483	1,556	1,483	1,556

Fourth quarter (October–December)

The fourth quarter was characterised by continued high activity among our customers and stable variable volumes. There was a negative currency impact during the quarter, which affected net sales in SEK, but in local currency, the Norwegian operations maintained the same volume as in the preceding year.

Operating profit (adjusted EBITA) for the quarter amounted to SEK 40 (41) million. The operating margin increased somewhat and amounted to 6.2 (6.1) per cent. Earlier in the year, a new, more cost-effective organisational structure was implemented, which generated positive effects that partly offset a contractual price adjustment for a major customer.

Shortly after the end of the quarter, it was announced that Coor had signed a new three-year contract with Olav Thon Group. The contract value is approximately SEK 50 million per year.

Full-year 2019

Organic growth for full-year 2019 was 4 per cent and acquired growth was 3 per cent.

Operating profit (adjusted EBITA) amounted to SEK 161 (150) million. The operating margin was 6.3 (6.4) per cent.

Denmark

DENMARK (SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net sales	509	477	1,924	1,658
Organic growth, %	*3*	*14*	*6*	*18*
Acquired growth, %	*0*	*79*	*7*	*78*
FX effects, %	*3*	*10*	*3*	*12*
Adjusted EBITA	19	25	74	64
Adjusted EBITA margin, %	3.7	5.2	3.9	3.9
Number of employees (FTE)	2,163	2,163	2,163	2,163

Fourth quarter (October–December)

In the fourth quarter, the Danish business grew organically by 3 per cent. This growth was mainly driven by the extended and expanded contract with the Danish Police, the Prison and Probation Service and the Public Prosecution Agency as well as a number of new, smaller contracts.

Operating profit (adjusted EBITA) amounted to SEK 19 (25) million. The operating margin was 3.7 (5.2) per cent. The decline in operating profit was primarily due to higher central costs for ensuring the quality of customer deliveries and support functions. Measures have been taken to increase efficiency without reducing quality and are expected to have an effect during 2020.

The margin was also impacted negatively to a certain degree by the major integration resulting from the extended and expanded contract with the Danish Police, the Prison and Probation Service and the Public Prosecution Agency.

Full-year 2019

Organic growth for full-year 2019 was 6 per cent and the acquisition of Elite Miljø contributed a further 7 per cent to growth.

Operating profit (adjusted EBITA) increased by 16 per cent to SEK 74 (64) million. The operating margin was unchanged at 3.9 (3.9) per cent.

Finland

FINLAND (SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net sales	168	193	706	694
Organic growth, %	*-15*	*20*	*-1*	*19*
Acquired growth, %	*0*	*0*	*0*	*0*
FX effects, %	*3*	*7*	*3*	*8*
Adjusted EBITA	1	-1	13	7
Adjusted EBITA margin, %	0.6	-0.5	1.8	1.1
Number of employees (FTE)	945	1,047	945	1,047

Fourth quarter (October–December)

Sales in Finland in the fourth quarter declined by 15 per cent, driven by deliveries completed during the fourth quarter and the effects of the previously announced termination of contracts with very low margins.

Operating profit (adjusted EBITA) was somewhat higher compared with the preceding year and amounted to SEK 1 (-1) million. The operating margin was 0.6 (-0.5) per cent. Profitability improvements in several contracts and the discontinuation of low-margin contracts are making a positive contribution to the operating margin.

Full-year 2019

Sales in Finland increased by 2 per cent in 2019, but organic growth was negative.

Operating profit (adjusted EBITA) amounted to SEK 13 (7) million. The operating margin was 1.8 (1.1) per cent.

Significant risks and uncertainties

The Group's significant risks and uncertainties consist of **strategic risks** related to changes in market and economic conditions as well as sustainability and **operational risks** related to customer contracts. The Group is also exposed to various kinds of **financial risks**, such as currency, interest and liquidity risks. A detailed description of the Group's risks is provided in the Annual Report, which is available on the company's website. No further significant risks are deemed to have arisen since the publication of the 2018 Annual Report.

Acquisitions and sales

On 27 September 2019, Coor signed an agreement for the acquisition of the Swedish cleaning services company Norrlands Miljövård AB.

The purchase consideration (on a cash and debt-free basis) amounted to SEK 185 million and corresponded to an EV/EBITA multiple of nearly 8x in relation to the current EBITA and nearly 6x when the anticipated synergies have been realised in 2020. The acquisition was fully financed within the framework of Coor's existing financing. See Note 7 for further information about the acquisition.

Parent Company

The Group's Parent Company, Coor Service Management Holding AB, provides management services to its wholly owned subsidiary Coor Service Management Group AB. The Parent Company also manages shares in subsidiaries.

Profit after tax in the Parent Company was SEK 581 (177) million. Total assets in the Parent Company at the end of the period were SEK 7,922 (8,161) million. Equity in the Parent Company was SEK 5,494 (5,313) million.

Related party transactions

No transactions between Coor and related parties that had a material impact on the company's financial position and results took place during the period.

Ownership structure

The shares of Coor Service Management Holding AB were listed on Nasdaq Stockholm on 16 June 2015. At the end of the period, the three largest shareholders were AMF Försäkring & Fonder, Nordea Fonder and Capital Group.

COOR'S FIFTEEN LARGEST SHAREHOLDERS DECEMBER 31, 2019 [1]

Shareholder	Number of shares and votes	Shares and votes, %
AMF Försäkring & Fonder	8 067 966	8,4
Nordea Fonder	7 342 757	7,7
Capital Group	7 304 630	7,6
Didner & Gerge Fonder	6 069 171	6,3
Andra AP-Fonden	5 884 628	6,1
SEB-Stiftelsen	4 000 000	4,2
Swedbank Robur Fonder	3 997 923	4,2
BMO Global Asset Management	3 960 116	4,1
Crux Asset Management Ltd	3 546 882	3,7
Taiga Fund Management AS	3 158 035	3,3
Spiltan Fonder	2 939 213	3,1
Wipunen varainhallinta Oy	2 800 000	2,9
JP Morgan Asset Management	2 545 236	2,7
Handelsbanken Fonder	2 000 000	2,1
Riikantorppa Oy	1 600 000	1,7
Total 15 largest shareholders	**65 216 557**	**68,1**
Other shareholders	30 595 465	31,9
Total	**95 812 022**	**100,0**

[1] Source: Monitor by Modular Finance AB. Compiled and adapted data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.

The share

The Coor share rose by 17 per cent in 2019. The number of shares amounted to 95,812,022.

Dividend

The Board of Directors proposes a dividend for 2019 of SEK 4.40 (4.00). The dividend consists of an ordinary dividend of SEK 2.20 (2.00). In addition, there is an extra dividend of SEK 2.20 (2.00). The total dividend is thus SEK 422 million.

The report for the period has not been reviewed by the company's auditors.

Stockholm, 12 February 2020

For the Board of Directors of Coor Service Management Holding AB

Mikael Stöhr
President and CEO

For further information

For questions concerning the financial report, please contact our CFO and Director of Investor Relations Klas Elmberg (+46 10 559 65 80).

For questions concerning the operations or the company in general, please contact Mikael Stöhr, President and CEO (+46 10 559 59 35) or Magdalena Öhrn, Director of Communications (+46 10 559 55 19).

More information is also available on our website: www.coor.se

Invitation to a press and analyst presentation

On 12 February 2020, at 10:00 a.m. CET, the company's President and CFO will give a presentation on the developments in the fourth quarter in a webcast. To participate in the webcast, please register in advance using the following link:

https://event.on24.com/wcc/r/2150355/E28876FACFF452C2C201E1428A89A5C0

To listen to the presentation by telephone, dial +46851999383 (Sweden), +4723500236 (Norway), +4578150107 (Denmark), +358981710521 (Finland) or +443333009260 (UK).

The briefing material and a recording of the webcast will be published on the company's website www.coor.se, under Investors/Reports and presentations, after the briefing.

Financial calendar

Annual report 2019	Week 14 2020
Interim Report January–March 2020	28 April 2020
Annual General Meeting	28 April 2020
Interim Report January–June 2020	17 July 2020
Interim Report January–September 2020	4 November 2020

This constitutes information which Coor Service Management Holding AB is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the above contact person on 12 February 2020, at 7:30 a.m. CET.

Coor is a leading provider of facility management services in the Nordic countries, focusing on integrated and complex service undertakings (IFM). Coor offers specialist expertise in workplace services (soft FM), property services (hard FM) and strategic advisory services for development of customers' service activities. Coor creates value by executing, leading, developing and streamlining its customers' service activities, ensuring that they provide optimal support to the core business over time. This may include, for example, property services, cleaning services, restaurant, and mail and reception services. Coor's customer base includes many large and small companies and public-sector organisations across the Nordic region, including ABB, Aibel, Det Norske Veritas, E.ON, Equinor, Ericsson, ICA, NCC, Politiet (Danish police), Saab, Sandvik, SAS, Telia Company, the Swedish Transport Administration, Vasakronan, Volvo Cars and Volvo Group.

Coor established its operations in 1998 and has been listed on the Nasdaq Stockholm exchange since June 2015. Coor takes responsibility for the operations it conducts, in relation to its customers, employees and shareholders, as well as for its wider impact on society and the environment. Read more at www.coor.se

CONSOLIDATED INCOME STATEMENT	Oct–Dec		Jan–Dec	
(SEK m)	2019	2018	2019	2018
Net sales	2,732	2,613	10,313	9,489
Cost of services sold	-2,468	-2,373	-9,326	-8,580
Gross income	**264**	**240**	**987**	**909**
Selling and administrative expenses	-190	-185	-689	-691
Operating profit	**74**	**55**	**299**	**219**
Net financial income/expense	-17	5	-71	-62
Profit before tax	**57**	**60**	**228**	**157**
Income tax expense	-16	-18	-59	-53
Income for the period	**42**	**42**	**169**	**104**
Operating profit	**74**	**55**	**299**	**219**
Amortisation and impairment of goodwill, customer contracts and trademarks	48	46	186	176
Items affecting comparability *(Note 3)*	29	34	65	95
Adjusted EBITA	**152**	**135**	**549**	**490**
Earnings per share, SEK, before and after dilution	**0.4**	**0.4**	**1.8**	**1.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Oct–Dec		Jan–Dec	
(SEK m)	2019	2018	2019	2018
Income for the period	**42**	**42**	**169**	**104**
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	-40	-42	35	29
Cash flow hedges	13	0	12	0
Other comprehensive income for the period	**-27**	**-42**	**47**	**29**
Total comprehensive income for the period	**14**	**0**	**216**	**133**

The interim information on pages 10–26 is an integral part of this financial report.

CONSOLIDATED BALANCE SHEET

(SEK m)	Dec 31 2019	Dec 31 2018
Assets		
Intangible assets		
Goodwill	3,191	3,036
Customer contracts	591	696
Other intangible assets	173	150
Property, plant and equipment		
Right-of use assets held via leases *(Note 4)*	387	0
Other property, plant and equipment,	85	109
Financial assets		
Deferred tax receivable	161	203
Other financial assets	31	14
Total non-current assets	**4,619**	**4,208**
Current assets		
Accounts receivable	1,310	1,343
Other current assets, interest-bearing	1	1
Other current assets, non-interest-bearing	438	488
Cash and cash equivalents	497	435
Total current assets	**2,246**	**2,266**
Total assets	**6,864**	**6,474**

	Dec 31 2019	Dec 31 2018
Equity and liabilities		
Equity	**1,980**	**2,164**
Liabilities		
Non-current liabilities		
Borrowings *(Note 2)*	1,856	1,744
Lease liabilities *(Note 2 and 4)*	276	0
Deferred tax liability	35	45
Provisions for pensions	20	20
Other non-interest bearing liabilities	0	1
Total non-current liabilities	**2,188**	**1,810**
Current liabilities		
Borrowings *(Note 2)*	12	4
Lease liabilities *(Note 2 and 4)*	105	0
Current tax liabilities	42	32
Accounts payable	978	1,023
Other current liabilities	1,545	1,434
Short-term provisions	15	6
Total current liabilities	**2,697**	**2,500**
Total equity and liabilities	**6,864**	**6,474**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Jan–Dec	
(SEK m)	2019	2018
Opening balance at beginning of period	**2,164**	**2,464**
Income for the period	169	104
Other comprehensive income for the period	47	29
Long-term incentive programs	8	2
Share swap for hedging of long-term incentive programme [1)]	0	-51
Acquisition of own shares [2)]	-28	0
Dividend	-380	-383
Closing balance at end of period	**1,980**	**2,164**

[1)] Coor undertook share swaps to secure the LTIP 2018 incentive programme, which was resolved on by the 2018 Annual General Meeting. At year-end, the number of guaranteed shares amounted to 740,000, with an average cost of SEK 86.3.

[2)] Coor made an acquisition of its own shares to secure the LTIP 2019 incentive programme, which was resolved on by the 2019 Annual General Meeting. At 31 December, the number of treasury shares was 340,000, which were acquired at an average cost of SEK 82.5.

There are no non-controlling interests, as the Parent Company owns all shares of all subsidiaries.

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Operating profit	**74**	**55**	**299**	**219**
Adjustment for non-cash items	114	64	395	246
Finance net	-16	-11	-74	-45
Income tax paid	-13	-13	-45	-44
Cash flow before changes in working capital	**160**	**95**	**575**	**376**
Change in working capital	183	188	101	-27
Cash flow from operating activities	**343**	**283**	**676**	**349**
Net investments	-22	-24	-63	-83
Acquisition of subsidiaries *(Note 7)*	-152	0	-152	-436
Cash flow from investing activities	**-173**	**-24**	**-215**	**-520**
Change in borrowings	-100	-132	109	270
Dividend	0	0	-380	-383
Net lease commitments	-36	-1	-128	-2
Other	0	0	-15	1
Cash flow from financing activities	**-136**	**-132**	**-415**	**-114**
Total cash flow for the period	**33**	**127**	**46**	**-285**
Cash and cash equivalents at beginning of period	483	335	435	709
Exchange gains on cash and cash equivalents	-20	-28	16	11
Cash and cash equivalents at end of period	**497**	**435**	**497**	**435**

CONSOLIDATED OPERATING CASH FLOW

(SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
EBIT	74	55	299	219
Depreciation and amortisation	102	65	385	244
Net investments	-22	-24	-63	-83
Change in working capital	183	188	101	-27
Adjustment for lease payments [1)]	-39	0	-140	0
Adjustment for non-cash items	12	-1	10	2
Operating cash flow	**311**	**283**	**591**	**354**
Adjustment for items affecting comparability	29	34	65	95
Adjustment for lease payments [1)]	39	0	140	0
Other	-13	0	-15	-3
Cash flow for calculation of cash conversion	**366**	**317**	**781**	**447**
Cash conversion, %	**178**	**206**	**104**	**80**

[1)] Refers to payments linked to the leases that Coor reports in accordance with IFRS 16 in the balance sheet.

GEOGRAPHICAL SEGMENTS	Oct–Dec		Jan–Dec	
(SEK m)	2019	2018	2019	2018
Net sales				
Sweden	**1,400**	**1,277**	**5,138**	**4,788**
Total sales	*1,439*	*1,307*	*5,279*	*4,910*
Internal sales	*-39*	*-30*	*-140*	*-122*
Norway	**656**	**666**	**2,546**	**2,351**
Total sales	*658*	*669*	*2,555*	*2,359*
Internal sales	*-2*	*-3*	*-9*	*-8*
Finland	**168**	**193**	**706**	**694**
Total sales	*168*	*193*	*706*	*694*
Internal sales	*0*	*0*	*0*	*0*
Denmark	**509**	**477**	**1,924**	**1,658**
Total sales	*509*	*477*	*1,927*	*1,659*
Internal sales	*-1*	*0*	*-2*	*-1*
Group functions/other	**0**	**0**	**-1**	**-1**
Total	**2,732**	**2,613**	**10,313**	**9,489**
Adjusted EBITA				
Sweden	138	116	462	434
Norway	40	41	161	150
Finland	1	-1	13	7
Denmark	19	25	74	64
Group functions/other	-47	-46	-162	-166
Total	**152**	**135**	**549**	**490**
Adjusted EBITA is reconciled to profit before tax as follows:				
Amortisation and impairment of goodwill, customer contracts and trademarks	-48	-46	-186	-176
Items affecting comparability *(Note 3)*	-29	-34	-65	-95
Net financial income/expense	-17	5	-71	-62
Profit before tax	**57**	**60**	**228**	**157**

	Oct–Dec		Jan–Dec	
Adjusted EBITA margin, %	2019	2018	2019	2018
Sweden	9.9	9.1	9.0	9.1
Norway	6.2	6.1	6.3	6.4
Finland	0.6	-0.5	1.8	1.1
Denmark	3.7	5.2	3.9	3.9
Group functions/other	-	-	-	-
Total	**5.6**	**5.2**	**5.3**	**5.2**

NET SALES BY TYPE OF CONTRACT	Oct–Dec		Jan–Dec	
(SEK m)	2019	2018	2019	2018
Net sales				
IFM	1,695	1,565	6,286	5,765
FM – services	1,038	1,048	4,027	3,724
Total	**2,732**	**2,613**	**10,313**	**9,489**

QUARTERLY DATA (SEK m)	2019				2018			
GEOGRAPHICAL SEGMENTS	IV	III	II	I	IV	III	II	I
Net sales, external								
Sweden	1,400	1,201	1,272	1,266	1,277	1,129	1,204	1,178
Norway	656	638	627	625	666	605	563	517
Finland	168	165	184	188	193	176	166	159
Denmark	509	487	473	456	477	459	447	274
Group functions/other	0	0	0	0	0	0	0	-1
Total	**2,732**	**2,490**	**2,556**	**2,535**	**2,613**	**2,369**	**2,380**	**2,127**
Adjusted EBITA								
Sweden	138	91	119	114	116	72	123	123
Norway	40	44	41	36	41	41	36	32
Finland	1	9	1	1	-1	8	1	-2
Denmark	19	20	17	19	25	20	18	2
Group functions/other	-47	-37	-38	-39	-46	-39	-41	-40
Total	**152**	**127**	**140**	**131**	**135**	**102**	**138**	**115**
Adjusted EBITA-margin, %								
Sweden	9.9	7.6	9.4	9.0	9.1	6.4	10.2	10.4
Norway	6.2	6.9	6.5	5.8	6.1	6.8	6.4	6.2
Finland	0.6	5.6	0.7	0.7	-0.5	4.8	0.9	-1.0
Denmark	3.7	4.2	3.5	4.1	5.2	4.3	4.0	0.6
Group functions/other	-	-	-	-	-	-	-	-
Total	**5.6**	**5.1**	**5.5**	**5.2**	**5.2**	**4.3**	**5.8**	**5.4**

QUARTERLY DATA (SEK m)	2019				2018			
TYPE OF CONTRACT	IV	III	II	I	IV	III	II	I
Net sales, external								
IFM	1,695	1,517	1,548	1,527	1,565	1,389	1,428	1,383
FM services	1,038	974	1,008	1,008	1,048	980	952	745
Total	**2,732**	**2,490**	**2,556**	**2,535**	**2,613**	**2,369**	**2,380**	**2,127**

PARENT COMPANY INCOME STATEMENT

(SEK m)	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Net sales	**2**	**1**	**6**	**4**
Selling and administrative expenses	-6	-4	-33	-24
Operating profit	**-5**	**-3**	**-27**	**-20**
Dividend from Group companies	600	0	600	0
Other net financial income/expense	-13	5	-60	-66
Group contribution	76	315	76	315
Income before tax	**658**	**317**	**589**	**229**
Income tax expense	-8	-52	-8	-52
Income for the period	**649**	**264**	**581**	**177**

PARENT COMPANY BALANCE SHEET

(SEK m)	31 Dec 2019	31 Dec 2018
Assets		
Shares in subsidiaries	7,789	7,789
Deferred tax asset	50	52
Other financial assets	1	1
Total non-current assets	**7,840**	**7,842**
Receivables from Group companies*	80	317
Other trading assets	2	2
Cash and cash equivalents*	0	0
Total current assets	**82**	**319**
Total assets	**7,922**	**8,161**

	31 Dec 2019	31 Dec 2018
Equity and liabilities		
Shareholders' equity	**5,494**	**5,313**
Liabilities		
Borrowings	1,855	1,737
Provisions for pensions	2	2
Total non-current liabilities	**1,856**	**1,738**
Liabilities to Group companies*	553	1,101
Income tax liability	7	0
Accounts payable	0	0
Other current liabilities	12	9
Total current liabilities	**572**	**1,110**
Total liabilities	**2,428**	**2,848**
Total equity and liabilities	**7,922**	**8,161**

** The company is part of the Group wide cash pool with the subsidiary Coor Service Management Group AB as master account holder. The balance in the Group cash pool is accounted for as a current receivable or liability to Group companies.*

Key performance indicators

KEY PERFORMANCE INDICATORS	Oct–Dec		Jan–Dec	
(SEK m)	2019	2018	2019	2018
Net sales	2,732	2,613	10,313	9,489
Net sales growth, %	4.6	23.7	8.7	22.9
of which organic growth, %	*2.6*	*9.0*	*5.3*	*10.2*
of which acquired growth, %	*1.6*	*11.5*	*2.4*	*9.9*
of which FX effect, %	*0.4*	*3.2*	*1.0*	*2.8*
Operating profit (EBIT)	74	55	299	219
EBIT margin, %	2.7	2.1	2.9	2.3
EBITA	123	101	484	394
EBITA margin, %	4.5	3.9	4.7	4.2
Adjusted EBITA	152	135	549	490
Adjusted EBITA margin, %	5.6	5.2	5.3	5.2
Adjusted EBITDA	205	154	749	558
Adjusted EBITDA margin, %	7.5	5.9	7.3	5.9
Adjusted EBITDA, pro forma [1)]	205	183	749	677
Adjusted net profit	90	88	355	280
Net working capital	-774	-626	-774	-626
Net working capital / Net sales, %	-7.5	-6.6	-7.5	-6.6
Operating cash flow	311	283	591	354
Cash conversion, %	178	206	104	80
Net debt [1)]	1,741	1,318	1,741	1,318
Leverage [1)]	2.3	2.4	2.3	2.4
Net debt, pro forma [1)]	1,741	1,661	1,741	1,661
Leverage, pro forma [1)]	2.3	2.5	2.3	2.5
Equity/assets ratio, %	29	33	29	33

[1)] Leverage and adjusted EBITDA have been significantly impacted by the implementation of IFRS 16. Accordingly, Coor has chosen to also present key performance indicators that are calculated pro forma, as if IFRS 16 had also been applied to the comparative periods. For more information, see Note 4.

DATA PER SHARE	Oct–Dec		Jan–Dec	
	2019	2018	2019	2018
Share price at end of period	82.4	70.4	82.4	70.4
No. of shares at end of period	95,812,022	95,812,022	95,812,022	95,812,022
No. of treasury shares[1)]	-340,000	0	-340,000	0
No. of shares outstanding	**95,472,022**	**95,812,022**	**95,472,022**	**95,812,022**
No. of ordinary shares outstanding (weighted average)	95,472,022	95,812,022	95,661,302	95,812,022
Dividend per share[2)]	4.40	4.00	4.40	4.00
Earnings per share, before and after dilution, SEK	0.44	0.44	1.77	1.09
Shareholders' equity per share, SEK	20.74	22.59	20.74	22.59

[1)] In accordance with the resolution of the Annual General Meeting, Coor undertook an acquisition of its own shares during the second and third quarters to secure the financial exposure in accordance with the LTIP 2019 long-term incentive programme. In total, Coor had 340,000 treasury shares at year-end to secure the financial commitments related to LTIP 2019.

[2)] The proposed dividend to be resolved on by the Annual General Meeting on 28 April 2020.

Notes

Note 1 – Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The applied accounting principles are consistent with those described in the Group's Annual Report for 2018 with the exception of the new standards and interpretations which became effective on 1 January 2019.

IFRS 16 Leases became effective on 1 January 2019.

IFRS 16 Leases: IFRS 16 replaces the existing standard for accounting of leases. The Group applies the standard from 1 January 2019. The Group applies the modified retrospective approach, which means that comparative figures have not been restated. The size of the right-of-use assets was deemed to correspond to the size of the lease liability as of the transition date. An incremental borrowing rate has been set by country and type of asset as well as by lease term.

IFRS 16 requires that all assets and liabilities related to leases, with a few exceptions, be recognised in the balance sheet. Exceptions exist for low-value assets and leases with a term of less than 12 months. Leases are to be recognised as right-of-use assets with an associated lease liability on the date when the leased asset becomes available for use by the Group. Right-of-use assets are depreciated on a straight-line basis as of the commencement date until end of the lease term for the underlying asset. Each lease payment is divided between a repayment of the liability and a financial expense. The financial expense is to be distributed across the lease term so that each accounting period is charged with an amount that corresponds to a fixed interest rate for the recognised liability in each period. Lease payments are discounted at present value according to the determined discount rate, depending on the financial environment and type of asset as well as the lease term. For the Group as the lessor, the accounting treatment will remain essentially unchanged.

Ahead of the transition to IFRS 16, the Group has analysed all leases and assessed the effects on the financial statements. The conclusion is that, at the time of transition, the Group will recognise new assets and liabilities pertaining to leases for mainly premises, cars and forklifts. See Note 4 for a presentation of the effects resulting from the implementation of IFRS 16. To give readers a better understanding of the effects of IFRS 16, pro forma figures for the comparative periods are also provided in this note.

The Parent Company financial statements have been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board.

Due to rounding, some totals in this interim report may differ from the sum of individual items.

Note 2 – Financial instruments

The carrying amounts and fair values for borrowing, which are included in the category financial liabilities at amortised cost, are as follows:

	Carrying amount		Fair value	
	Dec 31		Dec 31	
(SEK m)	2019	2018	2019	2018
Lease liabilities	381	9	381	9
Liabilities to credit institutions	791	1,686	791	1,686
Corporate Bond	1,000	0	1,000	0
Other non-current liabilities	78	52	78	52
Total	**2,250**	**1,748**	**2,250**	**1,748**

The existing credit margin in the Group's financing agreements is deemed to be consistent with market terms, and the carrying amount therefore approximates fair value. The Group considers that the liabilities have been measured in accordance with Level 2 of the fair value hierarchy, which means that the measurement is based on observable market inputs.

Note 3 – Items affecting comparability

Items affecting comparability are excluded from the measure of operating profit, adjusted EBITA, which the Group regards as the most relevant metric. The following table specifies the items affecting comparability that had an impact on earnings during the period. Integration and restructuring comprise organic transactions as well as acquisitions. Integration costs refer, for example, to costs for integrating IT systems while restructuring refers to costs related to staff reductions. Acquisition-related costs refer exclusively to transaction costs.

ITEMS AFFECTING COMPARABILITY	Oct–Dec		Jan–Dec	
(SEK m)	2019	2018	2019	2018
Integration	-15	-26	-40	-55
Restructuring	-14	-7	-24	-32
Acquisition related expenses	0	0	0	-7
Other	0	-1	0	0
Total	**-29**	**-34**	**-65**	**-95**

Note 4 – Effects from new accounting standard for leases – IFRS 16

The Group applies IFRS 16 *Leases* from 1 January 2019. Upon the transition to the new standard, Coor chose to apply the modified retrospective approach, meaning that the comparative periods were not restated. The Group recognises right-of-use assets and lease liabilities mainly for leases for premises and leases for cars and forklifts. Low-value lease assets are expensed straight-line over the lease term.

At 1 January 2019, the Group recognised right-of-use assets amounting to SEK 365 million and lease liabilities amounting to SEK 352 million. The table below shows a reconciliation between total operating leases at 31 December 2018 in accordance with earlier rules and the lease liabilities recognised in the balance sheet at 1 January 2019 in accordance with the rules contained in IFRS 16. As of December 31, 2019, Right-of-use assets held via leases amounted to SEK 387 million and lease liabilities to SEK 381 million.

SUMMARY OF TRANSITION TO IFRS 16	
SEK m	
Commitments for operating leases at 31 December 2018	**473**
Discounting using the Group's incremental borrowing rate [1)]	-27
Plus: Adjustments due to different assessment of extension of lease term	39
Plus: Liabilities for finance leases at 31 December 2018	9
Less: Leases for which the underlying asset is of a low value, which are expensed straight-line	-110
Less: Leases reclassified as service agreements	-19
Less: Prepaid lease payments	-13
Lease liability recognised at 1 January 2019	**352**

[1)] An incremental borrowing rate has been set by country and type of asset as well as by lease term. The weighted average borrowing rate used in the transition to IFRS 16 amounted to 2.7 per cent.

The transition to IFRS 16 mainly impacted the following key performance indicators:

- **Adjusted EBITDA** – lease payments in profit or loss are replaced by depreciation of right-of-use assets and interest on the lease liability. This creates a marginal improvement in operating income (EBIT) and a decline in net financial items, but the key performance indicator mainly impacted is adjusted EBITDA.
- **Net debt** – increased debt due to a large number of the commitments in accordance with the Group's leases being recognised as a liability in the balance sheet.
- **Leverage** – both net debt and adjusted EBITDA increase, which creates a difference in the parameters included in the calculation of leverage.
- **Cash conversion** – cash conversion is calculated by dividing a simplified operating cash flow by adjusted EBITDA. Both of these parameters have been affected by the implementation of IFRS 16.

Presentation of pro forma effects upon transition to IFRS 16:
To provide a better understanding of the transition effects of IFRS 16, the table below shows the pro forma effects for the preceding year as if IFRS 16 had also been applied for 2018. In the preparation of the pro forma effects for the comparative period, the starting point was the leases in place at the end of 2018. Leases added in 2018 were assumed to be equally distributed over 2018 in the calculation of the effects. The same discount rates were used as for the calculation of debt upon the transition to IFRS 16 on 1 January 2019.

PRO FORMA EFFECTS FOR PREVIOUS YEAR UPON TRANSITION TO IFRS 16

INCOME STATEMENT	Full-year 2018 reported	Pro forma effects of IFRS 16	Full-year 2018 pro forma
Net sales	**9,489**	**0**	**9,489**
Operating expenses	-9,270	6	-9,264
EBIT	**219**	**6**	**225**
Amortisation of customer contracts and trademarks	176	0	176
Items affecting comparability	95	0	95
Adjusted EBITA	**490**	**6**	**496**
Depreciation/amortisation	68	113	182
Adjusted EBITDA	**558**	**119**	**677**
Financial net	-62	-11	-73
Profit/loss before tax	**157**	**-5**	**152**
Tax	-53	1	-52
Profit/loss after tax	**104**	**-4**	**100**
BALANCE SHEET			
Total assets	**6,474**	**339**	**6,814**
Shareholders' equity	**2,164**	**-4**	**2,161**
Total liabilities	**4,310**	**343**	**4,653**
Equity/assets ratio, %	**33**	**-**	**32**
Net debt	**1,318**	**343**	**1,661**
Leverage	**2.4**	**-**	**2.5**

OPERATING CASH FLOW	Full-year 2018 reported	Pro forma effects of IFRS 16	Full-year 2018 pro forma
Operating profit (EBIT)	219	6	225
Depreciation/amortisation	244	113	357
Net investments	-83	0	-83
Change in working capital	-27	0	-27
Adjustment for lease payments [1]	0	-119	-119
Other non-cash items	2	0	2
Operating cash flow	**354**	**0**	**354**
Adjustment for items affecting comparability	95	0	95
Adjustment for lease payments [1]	0	119	119
Other	-3	0	-3
Cash flow in the calculation of cash conversion	**447**	**119**	**566**
Cash conversion, %	**80**	**-**	**84**

[1] Refers to payments linked to the leases that Coor reports in accordance with IFRS 16 in the balance sheet.

Note 5 – Pledged assets and contingent liabilities

PLEDGED ASSETS	31 Dec	
(SEK m)	2019	2018
Bank guarantees	140	136
Total	**140**	**136**

CONTINGENT LIABILITIES	31 Dec	
(SEK m)	2019	2018
Performance bonds	181	175
Total	**181**	**175**

Parent Company

The Parent Company has provided a Parent Company guarantee of SEK 31 million to secure financial commitments for the Finnish subsidiary regarding leasing frame and bank guarantees. The Parent Company has also provided a Parent Company guarantee for a subsidiary in Norway to ensure fulfilment of delivery to a larger customer. There are no other pledged assets or contingent liabilities in the Parent Company.

Note 6 – Share-based incentive programmes

In accordance with a resolution of the Annual General Meeting, the company introduced a target- and performance-based incentive programme (LTIP 2019) for senior executives and other key individuals in the Coor Group in May. LTIP 2019 has the same structure and framework as the incentive programme launched in the preceding year, LTIP 2018.

To qualify for the programme, participants will be required to own Coor shares that are allocated to the programme. Each participant will have the right to allocate a specified number of shares. For each invested share, participants will then be entitled to an allocation of target- and performance-based subscription rights at the end of the vesting period. The allocation of subscription rights depends on the extent to which the defined targets and performance conditions have been met during the performance period 1 January 2019–31 December 2021. The employee is also required to retain his or her investment shares and remain an employee of Coor at the end of the vesting period. The vesting period will end in connection with the publication of Coor's interim report for the first quarter of 2022.

In total, the programme comprised a maximum of 86,500 investment shares with a maximum allocation of 391,500 performance-based subscription rights. The take-up of the programme was around 69 per cent, which meant that a total of 281,338 subscription rights were allocated on the issue date, comprising 59,647 subscription rights of series A, 162,044 of series B and 59,647 of series C.

To ensure delivery of shares under the programme, the Annual General Meeting resolved to authorise the Board of Directors to acquire own shares.

The performance-based subscription rights are divided into three series:

Series A – customer satisfaction index: The allocation of subscription rights of series A is contingent on the improvement in Coor's customer satisfaction index in relation to the defined targets.

Series B – earnings performance: The allocation of subscription rights of series B is contingent on the improvement in Coor's earnings (adjusted EBITA) in relation to the adopted business plan.

Series C – relative total return performance: The allocation of subscription rights of series C is contingent on the total return performance of Coor's shares in relation to a weighted average in a group of other companies (the benchmark group).

Note 7 – Acquisitions

On 31 October 2019, Coor completed the acquisition of the Swedish cleaning services company Norrlands Miljövård AB (NMV). The company has about 500 employees and generates annual sales of around SEK 250 million. This acquisition has provided Coor with an increased geographical coverage in Sweden and made a positive contribution to Coor's competence in the important cleaning segment.

The transaction costs for the acquisition amounted to SEK 0.5 million and were recognised as an administrative expense in the income statement.

In connection with the acquisition of NMV, customer contracts and trademarks with a total value of SEK 74 million were identified. The goodwill of SEK 131 million which arose from the acquisition is primarily attributable to the employees' skills in the cleaning segment and to increased profitability in the form of synergies that Coor expects as a result of the acquisition. No portion of the recognised goodwill is expected to be tax-deductible.

NMV had an impact of SEK 43 million on net sales for the period 1 January to 31 December 2019. If the acquisition had taken place on 1 January 2019, the acquired company would have increased consolidated net sales by SEK 252 million on a pro forma basis for the period 1 January to 31 December 2019.

(SEK m)	Norrlands mlljövård AB [1]
Purchase price	
Preliminary purchase price paid	214
Adjustment of the final purchase price (not yet paid at 31 December 2019)	12
Total consideration	**227**
The assets acquired and liabilities assumed that have been recognised as a result of the acquisitions are the following	
Property, plant and equipment	10
Intangible assets – customer contracts	71
Intangible assets – trademarks	3
Cash and cash equivalents	63
Accounts receivable and other current receivables	28
Deferred tax liability	-23
Lease liability	-7
Accounts payable and other current liabilities	-50
Acquired identifiable net assets	**95**
Goodwill	131
Total acquired net assets	**227**
Cash flow attributable to acquisitions for the period	
Consideration paid	214
Cash in acquired businesses	-63
Net outflow, cash and cash equivalents as of December 31, 2019	**152**

[1] Preliminary amount – the acquisition analysis is not yet complete.

Purpose of the selected key performance indicators

To give its investors and other stakeholders clearer information about the Group's operations and its underlying success factors, Coor has chosen to provide information about a number of key performance indicators. The purpose of these indicators is explained below. See page 26 for definitions of terms and the calculation of key performance indicators.

Growth

The Group deems that organic growth best reflects the underlying growth of the business, as this measure excludes the effect of acquisitions and fluctuations in exchange rates.

Earnings and profitability

To reflect the performance and profitability of the underlying business more accurately, the Group has defined key performance indicators in which earnings have been adjusted for items affecting comparability and for amortisation and impairment of goodwill, customer contracts and trademarks. The Group considers that adjusted EBITA is the measure of operating profit which most clearly reflects the underlying profitability. It is also based on this measure of earnings that the Group's segments are followed up and evaluated internally.

The adjusted net profit measure of earnings excludes the non-cash items amortisation and impairment of goodwill, customer contracts and trademarks from consolidated net profit and is used as a basis for deciding on dividends to the shareholders.

Cash flow and working capital

The Group continuously monitors operating cash flow, which includes the operating profit (excluding non-cash items), net investments and changes in working capital and payments linked to leasing agreements (even if the agreements according to IFRS 16 are reported in the balance sheet). The Group has chosen to exclude cash flow related to financial transactions and income taxes from this measure in order to provide a clearer picture of the cash flow generated by the operations.

The Group's objective is to maintain a cash conversion ratio of at least 90 per cent on a rolling 12-month basis. To ensure that the measure provides a true and fair picture over time, the Group calculates cash conversion using measures of operating profit and operating cash flow which exclude items affecting comparability.

To achieve the defined target for cash conversion, it is important to minimise working capital and maintain a negative working capital. The Group therefore continuously monitors the size of working capital relative to net sales.

Net debt and leverage

To ensure that the Group has an appropriate funding structure at all times and is able to fulfil its financial obligations under its loan agreement, it is relevant to analyse net debt and leverage (defined as net debt divided by adjusted EBITDA). The Group's objective is to maintain a leverage of less than 3.0 times.

Reconciliation of key performance indicators

The following table shows a reconciliation between the calculated key performance indicators and the income statement and balance sheet.

RECONCILIATION OF ADJUSTED KEY PERFORMANCE INDICATORS	Oct - Dec		Jan - Dec	
(SEK m)	2019	2018	2019	2018
Operating profit (EBIT)	**74**	**55**	**299**	**219**
Amortisation and impairment of customer contracts and trademarks	48	46	186	176
EBITA	**123**	**101**	**484**	**394**
Items affecting comparability *(Note 3)*	29	34	65	95
Adjusted EBITA	**152**	**135**	**549**	**490**
Depreciation	54	19	199	68
Adjusted EBITDA	**205**	**154**	**749**	**558**
Pro forma effects *(Note 4)*	0	30	0	119
Adjusted EBITDA, pro forma	**205**	**183**	**749**	**677**
Income for the period	**42**	**42**	**169**	**104**
Amortisation and impairment of customer contracts and trademarks	48	46	186	176
Adjusted net profit	**90**	**88**	**355**	**280**

SPECIFICATION OF NET WORKING CAPITAL	Oct - Dec		Jan - Dec	
(SEK m)	2019	2018	2019	2018
Accounts receivable	1,310	1,343	1,310	1,343
Other current assets, non-interest-bearing	438	488	438	488
Accounts payable	-978	-1,023	-978	-1,023
Other current liabilities, non-interest-bearing	-1,545	-1,434	-1,545	-1,434
Adjustment for accrued financial expenses	1	0	1	0
Net working capital	**-774**	**-626**	**-774**	**-626**

SPECIFICATION OF NET DEBT	Oct - Dec		Jan - Dec	
(SEK m)	2019	2018	2019	2018
Borrowings	1,869	1,748	1,869	1,748
Lease liabilities	381	0	381	0
Provisions for pensions	20	20	20	20
Cash and cash equivalents	-497	-435	-497	-435
Other financial non-current assets, interest-bearing	-31	-14	-31	-14
Other current assets, interest-bearing	-1	-1	-1	-1
Other	0	0	0	0
Net debt	**1,741**	**1,318**	**1,741**	**1,318**
Pro forma effects *(Note 4)*	0	343	0	343
Net debt, pro forma	**1,741**	**1,661**	**1,741**	**1,661**

For a reconciliation of operating cash flow and cash conversion, see page 13.

Definitions

Cost of services sold Costs which are directly related to the performance of the invoiced services, depreciation of property, plant and equipment, and amortisation of goodwill, customer contracts and trademarks.

Items affecting comparability Items affecting comparability mainly comprise costs for integration of contracts and acquisitions as well as more extensive restructuring programmes. Items affecting comparability are included either in cost of services sold or selling and administrative expenses.

EBITA Operating profit before amortisation of goodwill, customer contracts and trademarks.

Adjusted EBITA Operating profit before amortisation of goodwill, customer contracts and trademarks, excluding items affecting comparability.

Adjusted EBITDA Operating profit before depreciation of all property, plant and equipment and amortisation of all intangible assets, excluding items affecting comparability.

Adjusted net profit Profit after tax excluding amortisation of goodwill, customer contracts and trademarks.

Operating cash flow Cash flow from operating activities excluding interest paid/received and income tax paid but including net investments in property, plant and equipment and intangible assets as well as payments connected with all leases.

Working capital Non-interest-bearing current assets less non-interest-bearing current liabilities at the balance sheet date.

Net investments Investments in property, plant and equipment and intangible assets less consideration received on sale of property, plant and equipment and intangible assets.

Calculation of key performance indicators

Net sales growth Change in net sales for the period as a percentage of net sales for the same period in the previous year.

Organic growth Change in net sales for the period as a percentage of net sales for the same period in the previous year excluding acquisitions and foreign exchange effects.

Acquired growth Net sales for the period attributable to acquired businesses, excluding foreign exchange effects, as a percentage of net sales for the same period in the previous year.

EBITA margin EBITA as a percentage of net sales.

Adjusted EBITA margin Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA margin Adjusted EBITDA as a percentage of net sales.

Working capital/net sales Working capital at the balance sheet date as a percentage of net sales (rolling 12 months).

Net debt Non-current and current interest-bearing assets less non-current and current interest-bearing liabilities at the balance sheet date.

Earnings per share Profit for the period attributable to shareholders of the parent company divided by average number of ordinary shares outstanding.

Equity per share Equity at the end of the period attributable to shareholders of the parent company divided by the number of shares outstanding at the end of the period.

Equity/assets ratio Consolidated equity and reserves attributable to shareholders of the Parent Company at the balance sheet date as a percentage of total assets at the balance sheet date.

Cash conversion Adjusted EBITDA less net investments and adjusted for changes in working capital as a percentage of adjusted EBITDA.

Leverage Net interest-bearing debt at the balance sheet date divided by adjusted EBITDA (rolling 12 months).