

Annual Review

2007

Venoor Invco 3 AB



COOR SERVICE MANAGEMENT

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This document is a summary of the Annual Report and Consolidated Financial Statements of Venoor Invco 3 AB (corporate identity number 556662-7427), parent company of the Coor group, for the financial year 2007.

All amounts are in thousands of Swedish kronor (SEK 000) unless otherwise stated. Figures in brackets are previous year comparatives.



Coor in brief

Coor is the Nordic leader in integrated facilities management. The company specialises in managing, developing and streamlining service functions in offices, real estate and production facilities. Coor has the market's broadest and most complete service offering. The service offering covers over 100 types of service divided between four services segments: workplace services, production services, real estate services and strategic advisory services. Customer agreements and service provision are tailored to individual customer needs. Coor's customers include many of the Nordic region's largest corporations and public institutions in various sectors including AB Volvo, Volvo Cars, Det Norske Veritas, Ericsson, E.ON, Skanska, Gävleborg County Council and Telenor.

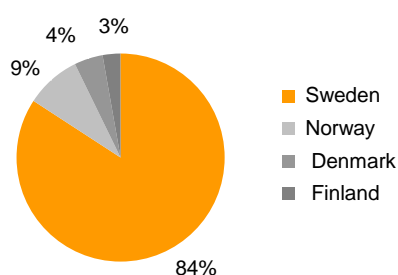
The financial year 2007 in brief

- Net sales rose by 23% to SEK 4,597 (3,745) m. Growth is largely from new business, acquired contracts and acquisitions of independent FM (facilities management) businesses, although increased sales to existing customers also contributed. New customers include Ahlström (Finland), AstraZeneca (Denmark), Gjensidige (Norway), Gävleborg County Council (Sweden), LeoPharma (Denmark), Ringhals (Sweden), SEB (Sweden), Sulzer (Finland), Telenor (Norway) and Vestas (Norway).
- Operating income (EBIT) was SEK 213.4 (230.7) m. The reduction on the previous year is mainly due to non-recurring items that made a positive contribution to the 2006 figures and agreed price discounting on existing contracts that could not be fully offset through streamlining. Operating cash flow improved by 29% to SEK 226.2 (174.4) m.

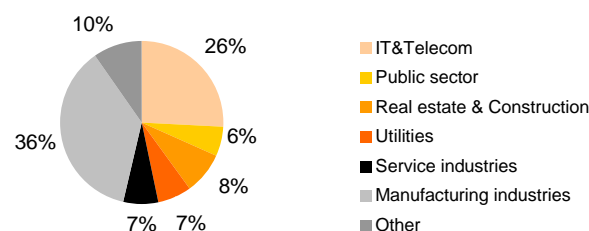
Three-year summary	2007	2006	2005
Net sales	4 597	3 745	2 519
Operating income (EBIT)	213,4	230,7	233,1
Operating margin (EBIT margin), %	4,6%	6,2%	9,3%
EBITA	261,1	264,1	236,9
EBITA margin, %	5,7%	7,1%	9,4%
Operating cash flow	226,2	174,4	200,6
Number of employees	3 668	3 006	2 862

For definitions of key ratios, see Page 17

Net sales by country



Net sales by customer segment



CEO's statement

Another strong year

Coor has enjoyed stable and high growth since starting up in 1998, and 2007 was no exception. Sales increased by 23% to some SEK 4.6 billion, and our staff headcount rose by 22% to some 3,700. Our growth is mainly due to business with new customers throughout the Nordic region, which we are delighted about. We view these new partnerships as corroboration that our offering is strong and competitive, and we're going to do everything we can to nurture the trust our customers have shown us.

Continuous progress—continuous improvement

Every year, Coor's objective and ambition is the same—to be able to offer the market's best, highest value-added service. We want to be the natural first choice for customers and employees in our sector, but obviously, this implies challenging standards. Even though we are proud of what we've achieved, we can never just sit back. We've got to remain innovative, continuously improving and developing our service provision and our offering. We have to be skilled at exploiting economies of scale and synergies, but also exchanging and spreading best practice systematically through our organisation. Our proprietary quality management system (Universum) and FM training packages for managers and staff are key tools in these efforts. In 2008, we will also introduce a new working method for customer-based enhancements, which hopefully, will generate a constant flow of proposals for improvement—large or small—to benefit our customers.

The key to success

Our new improvement process will involve all staff. In many cases it is in actual service provision—in our encounter with the customer—where good ideas are generated. Clearly, the key to our success lies in our capacity to try to understand our customers' needs at every moment, and to satisfy them optimally. Our staff have a lot of energy, which never ceases to impress me. Without motivated staff with deep understanding of our business and their role in helping our customers to progress, we wouldn't be able to develop our provision. I'd like to take this opportunity to thank everyone for their great efforts last year.

Challenges

High growth is forecast for the Nordic market for outsourced FM, and the IFM (integrated facilities management) market that Coor addresses, is expected to grow even faster. That's why we're putting our main focus on actively servicing the market and securing new business. In early 2008 we introduced a new, more country-based organisational structure so we can better exploit the differing opportunities on each Nordic market.



Photo: Peter Knutson

"Every year, Coor's objective and ambition is the same—to be able to offer the market's best, highest value-added service."

For a growth company like Coor, the supply of management talent is also a business-critical issue. To safeguard our capacity to develop and nurture new business continually, we are working actively on searching, selecting and developing new staff, mainly in business development and operational development, as well as line management positions. These efforts have been highly successful, and will be intensified in 2008.

A really strong and ambitious ten-year old

With its highly functional operations and competitive offerings, Coor has secured strong market positioning. In combination with a high-growth market, this means the company's future outlook is very positive. Now, ten years have passed since we started business, and I think I would be justified in describing Coor as an unbelievably spirited and ambitious ten-year old that has every chance of continuing to grow and progress profitably and well.

Mats Jönsson
CEO and President

Stockholm, Sweden, April 2008.

Market and offering

The Nordic facilities management market is in rapid growth as more large corporations and private and public institutions elect to focus on core operations and realise the benefits of allowing a specialist to manage and develop support functions. This applies particularly to integrated facilities management (service management), where Coor is the market leader.

Market definition

Any operation can be divided between core business and support functions. Traditionally, support functions tend to be divided into five services segments; (i) real estate services (also known as "hard" FM services), such as real estate management, energy optimisation and security systems; (ii) workplace services (also known as "soft" FM services), such as reception, security and internal mail management; (iii) production services such as industrial cleaning, component services and waste management; (iv) back office services (such as payroll and administration) and (v) IT services.

Support functions can be provided by internal resources or outsourced to external suppliers. Coor is active on the Nordic market for outsourced services.

Different types of service provider

The first players on the market for outsourced services were suppliers of one or a few related services, mainly cleaning, catering and security. Such suppliers are known as single/bundled service suppliers. Over time, the demand for suppliers of a broader range of services who were able to take on overall responsibility—for integrated facilities management, IFM—grew. The IFM model means the customer taking on a more defined client role and taking strategic decisions, while the supplier provides regular service using its own or subcontracting staff, while also processing administration, operational management and providing strategic support.

There are currently only a few pure-play IFM suppliers active on the Nordic markets, although a number of single/bundled service suppliers have started to adopt the IFM model by extending their service offerings.

Market position and offering

Coor is the market leader in the market segment known as IFM—integrated facilities management. Coor also provides a broad palette of services that are always delivered at or near customers' operational premises. This means that Coor supplies a range of offerings in real estate services, production services and workplace services.

Unlike other service suppliers, Coor also creates value for its customers by not only delivering the required services but also managing, developing and streamlining customers' service functions. The ambition is to offer the market's best and highest value-added FM solutions. Accordingly, Coor has invested in central resources in segments including business development, change management and services development, which help enhance the company's service provision. The company's initiatives in human resources and management development, important for providing efficient operational support that provides optimal support for the customer's core business are another of Coor's differentiators.

Drivers of increased demand for IFM solutions

- *Increased need for sustainable rationalisation gains*
- *Demands for faster and greater cost-cutting*
- *Transferring risk from customers to IFM suppliers*
- *Prospects of growth even in cyclical downturns*
- *Straightforward implementation and improved service quality*

A broad services offering

Coor has the market's broadest and highly developed service offering. The company provides more than 100 services in four services segments; workplace services, production services, real estate service and strategic advisory services.

Selected Coor services

Conduct, manage, develop, make more efficient			
Workplace services	Property services	Production services	Strategic advise
<ul style="list-style-type: none"> • Reception • Telephony • Post & parcels • Cleaning services • Office machines • Office supplies • Conference services • Document handling, printing /copying • Personnel restaurants & vending machines • Security • Interior design and moving services 	<ul style="list-style-type: none"> • Administrative management • Financial management • Technical management • Energy • Projects 	<ul style="list-style-type: none"> • Corrective and preventive maintenance, improvement and modification • Technical design and production • Waste management, cleaning and sanitation • Provision and management • Production-related administration • Production 	<ul style="list-style-type: none"> • Analyses • Action plans • Change work • Management resources • Reports • Decision making resources • Business case • Organizational changes • Strategy • Process-/system design • Project management

Strategic focus**Business concept and vision**

Coor's business concept is to take over, manage and develop services in offices, production facilities, the public sector and real estate.

Coor's vision is to be the leading integrated facilities management supplier. This means Coor is the customers' first choice supplier and our employees' first choice employer.

Strategy

Coor has defined strategies in three key segments; market and customers, service offerings and service provision.

Market and customer strategy

The key elements of Coor's market and customer strategy are to:

- Exploit market growth to expand operations
- Identify major private and public sector accounts with complex service requirements
- Be the leading or main alternative to the leading IFM suppliers in each of the Nordic countries
- Capitalise on growth potential in new segments

Services offering strategy

The key elements of Coor's service offering strategy are to:

- Provide tailored service management solutions
- Create value for customers
- Offer the customer and a single point of contact for all services

Service provision strategy

The key elements of Coor's service provision strategy are to:

- Deliver services on site with the customer
- Deliver services by combining Coor staff and subcontractors
- Hire, motivate and develop staff

Long-term financial objectives

The group's long-term, overall financial objectives are:

Growth

Estimated average growth on the Nordic FM market is 15% of annual sales. Coor's target is for consolidated sales to outgrow average market growth.

Profitability

Coor's average operating income before amortisation of intangible assets is to increase in line with revenues.

Operational objectives 2008

Coor sets annual group-wide objectives in four main segments; finance, customer/market, service provision and human resources. These objectives are then broken down, and targeted by contract and site. This links work team activities with the company's overall objectives, enabling everyone to work towards the same goal.

Customers and service provision

Coor's customers include many of the Nordic region's largest and most reputable corporations and public bodies. One of our prime success factors is that we offer a flexible provision model and can tailor our service provision for every customer.

A flexible supply model enables tailored solutions

Coor delivers tailored service solutions. We build service resources and delivery on the basis of the specifics of each individual case. Coor assigns a dedicated account manager for provision. Decisions on which services are delivered using our own staff, and the extent we collaborate with subcontractors, are taken in consultation with the customer. Our supplier independence is a strength—our supplier choices are flexible. Overall, Coor provides approximately half of its services using its own staff and half by using subcontractors. Wherever we use subcontractors, we assume full responsibility for their work.

Clear agreements, structured follow-ups and good dialogue

Clear agreements, carefully considered and clear dialogue with the customer and structured follow-up are prerequisites for effective and professional service provision.

We monitor the work we do continuously—technically, in quality terms and financially—using tailored key performance indicators (KPI) developed in collaboration with each customer. These KPIs are reported regularly at scheduled customer meetings. Normally, supply updates are summarised in a written quarterly report, the Service Management Review. Issues such as service provision, proposed improvements and potential changes are addressed at progress meetings.

Our structured follow-ups make being a Coor customer easy. We assume full responsibility for tactical and operational activities, while customers take the strategic decisions.

Our customers

Coor's customers are mainly large private, often multinational, companies and public operations in the Nordic region. Coor continuously evaluates the potential for expanding its customer base and regularly approaches a number of potential customers across the Nordic region—primarily operations with complex service requirements.

Coor has a broad customer base that represents a number of key sectors in the Nordic region (see following table). In 2007, the company's ten largest accounts represented some 65% of total consolidated sales.

Segment	Sales 2007	Sales 2006	Key accounts
Manufacturing Industries	1 688 492	1 624 365	AB Volvo, Volvo Cars, Saab AB, Ford, Hempel, Vestas, Sulzer
IT & Telecom	1 182 289	978 913	Ericsson, Sony Ericsson, IFS, Logica, Nokia, EDB
Utilities	313 627	183 529	E.ON, Ringhals
Service Industries	312 721	162 230	Eniro, DHL, Det Norske Veritas, If, Vestas, Gjensidige
Real Estate & Construction	385 308	371 723	Skanska, NCC, KEOPS, Nordisk Renting
Public sector	268 485	193 370	Askola, Norske Stadsbaner, Östergötland County Council, Municipality of Asker, Gävleborg County Council, SJ, Norwegian Tax Agency
Others	446 248	230 850	Arcus, ICA, Pfizer, GE, LeoPharma
Total	4 597 170	3 744 980	

Organisational structure and corporate governance

Shareholders

Coor was founded in 1998 as part of the Skanska group and was sold to multinational venture capital group 3i in late-2004. UK venture capital firm Cinven Ltd. acquired a majority shareholding in the Coor group's Swedish top-tier parent company Coor Service Management Holding AB in late-2007. Coor Service Management Group AB (corporate ID. no. 556739-7665) now owns 100% of the shares of Venoor Invco 3 AB. In turn, Coor Service Management Group AB's main shareholder is Cinven Ltd via Cinoor S.a.r.l. Senior Coor executives also have limited stakeholdings in the group.

Board of Directors and Board activities

The Board bears ultimate responsibility for the company's organisation and management of the group's operations. The Board is also responsible for judging the group's financial position on an ongoing basis. Board activities are led by the Chairman of the Board.

The Board is elected by the Annual General Meeting. The Board receives regular reports on the company's income and financial position, market conditions and important business discussions. In consultation with the Board, the President prepares factual, in-depth and relevant information and decision support data for Board meetings, presents issues and presents the motivation for proposed decisions. The Board regularly evaluates the company's strategies, action plans and policy documents as well as approving any major investments.

The current Board has five regular Board members elected by the AGM, of which three represent owner Cinven Ltd. (Hugh Langmuir, Guy Davison and Magnus Hildingsson), one represents the company (CEO Mats Jönsson) and one (Bernt Magnusson) is independent of the company and the owners. Hugh Langmuir is Chairman. The Board members' individual expertise and experience in central segments for an international FM provider enable the Board to support, monitor and govern Coor's operations.

The Board convenes about seven times annually. The Board has formed three internal committees; the Remuneration Committee, Audit Committee and Project Committee.

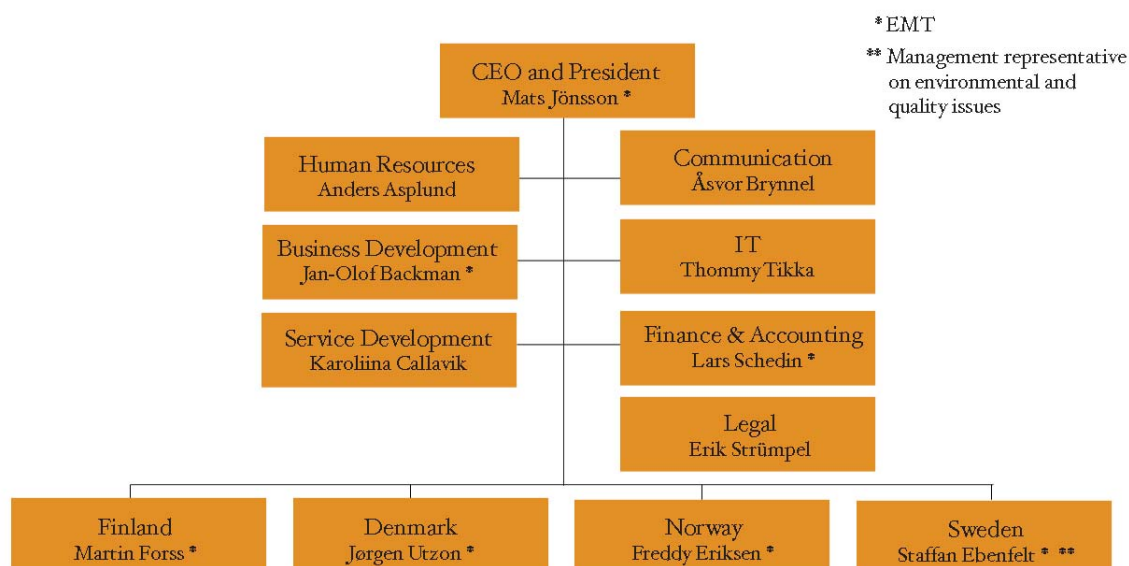
Management and management activities

The President leads the operations within the limits set by the Board. The CEO reports to the Board and assumes responsibility for the company's management and development. The CEO leads the EMT's (Executive Management Team) activities and takes decisions in consultation with the other members of the EMT. The EMT has seven members, holds brief weekly meetings and longer monthly meetings when group chiefs of staff also participate. A larger management forum, the Top Management Team (TMT) convenes four times annually and comprises the EMT, group chiefs of staff and business area managers.

Operational organisational structure

Coor's operations are divided between the national markets where the company conducts its main business: Sweden, Norway, Denmark and Finland. This structure also corresponds to the group's primary reporting structure. In those cases where Coor has followed a customer to deliver services outside the Nordic region, these units are organised in the Nordic country where most services are provided.

In each country, operations are organised so that customer contracts are integrated into a single unit. An account manager is appointed to assume ultimate responsibility for each customer. The account manager is responsible for various functions and resources, including contracted employees, subcontractors and customer contacts. When required, account managers collaborate with the experts and specialists that support all Coor's operations and are organised into central functions.



Parent company

The group's parent company, Venoor Invco 3 AB, has one employee and provides management services to wholly owned subsidiary Coor Service Management AB. The parent company also manages shares in subsidiaries. Parent company operating income was SEK -28.7 (-6.8) m. Net income was SEK -56.5 (1,029.5) m. The year-on-year reduction is attributable to an internal transfer of subsidiaries related to group restructuring when starting up a finance company in Luxemburg conducted in the previous year.

Human resources and employee development

Because Coor is a service provider, employees are the company's primary resource. Coor aims to be the market's best employer and offers attractive career opportunities for managers and other staff. The company has developed a training package for all managers (the Coor Business School) and all employees (the Coor Service School)—fully tailored to FM operations. The purpose of these training programs is to review basic and business-critical issues and to ensure everyone has an overview of operations and the importance of continuously enhancing service provision to benefit the customer.

For a high-growth company, access to management talent is a business-critical issue. The ability to hire and retain the market's best line managers is critical to Coor's business. Accordingly, Coor proactively pursues the search and selection of managers, and will sharpen this focus in 2008.

As of 31 December 2007, the group had 3,668 (3,006) (permanent and temporary monthly paid staff) employees. The increase on the previous year is largely due to staff taken on when securing new assignments, but also the conscious hiring of managers and key staff to cope with anticipated future expansion. Employees had an average age of 45 at year-end. The proportion of women was 38.5%. Staff turnover was 3.1% in 2007.


Corporate social responsibility


Coor assumes responsibility for its operations and the ensuing impact on the environment and the surrounding world. Apart from complying with applicable laws and ordinances in the countries where it is active, Coor also complies with ethical and business standards. The company's guiding principles, its policies and guidelines—and particularly its Code of Conduct—play a key role in this area.


Culture and values

Our customers are active in differing sectors, in various locations and in different countries. They expect us to work consistently and provide the same high quality throughout the group. Accordingly, working actively on a shared corporate culture is an important task.

The three guiding principles that direct all staff in our daily work are the foundation of Coor's corporate culture. These guiding principles are based on what our customers appreciate in service provision and are the determining factors when hiring, training and monitoring our employees. The design of the tools and processes we use, for example in our in-house training packages and the templates for our appraisal interviews, is based on our guiding principles.

- **We look a little further ahead** 
Looking a little further ahead is about attention and the ability to prioritise. We want to stay one step ahead to solve problems before they actually arise. This is about thinking ahead.

- **We are responsive** 
Being responsive is about openness and communication. We will be open to views and ideas about how we can develop or improve ourselves or our working methods. We will ensure that we understand a message correctly. This is also about speaking and writing so other people understand.

- **We create success** 
Creating success is about drive and the will to improve. Simply put: we get things done. We are creative and find solutions that are more intelligent and cheaper—for ourselves and our customers. That way, everybody benefits.

Code of Conduct

Coor's new Code of Conduct was launched in 2007, which summarises the principles defining Coor's shared values. Its aim is to reinforce the ethical attitudes within the organisation.

All managers review Coor's Code of Conduct with their employees, who then read and confirm that they have understood and undertake to observe the principles in writing. An update of the Code of Conduct will then be conducted for all Coor employees during annual appraisal interviews. Coor also has a specific system for employees to report suspected breaches of Coor's Code of Conduct, commonly known as a whistle blower system.

Accountability to key observers

Coor is accountable to its observers. The company's approach to these observers is outlined below:

Accountability in customer relations

Coor assumes far-reaching responsibility for coordinating and developing our customers' support functions to ensure that they support customers' core business optimally. Ultimate customer responsibility is decentralised to operational contracts, and ultimately, to account managers. Accountability to customers is formalised through service agreements. The content of service agreements is normally clarified to all employees in regular contract reviews.

Customer dialogue is structured effectively and proactively. Coor monitors and reports on its service provision continuously—in terms of technical results, quality and finances. To evaluate how customers perceive service provision, Coor conducts an annual customer satisfaction survey (Satisfied Customer Index, SCI). The survey is conducted in collaboration with an external market research company.

Accountability in employee relations

For our employees to do a good job, it is important that they are happy with Coor as an employer and that they have the right skills. Accordingly, we actively pursue the development of managers and service employees, notably through our internally developed basic and advanced training programs for all managers and employees group wide. Ultimate responsibility for employee dialogue and development rests with line managers. In addition to training, Coor also strives actively to reduce sickness absenteeism and to create and maintain a good working environment.

Coor's HR work can be divided into three phases: hiring/induction, development and monitoring. A structured process is in place throughout all three phases, including a number of tools and training programs. The hiring/induction phase includes the Polstjärnan ("Pole Star") business game which all employees play for a day. The development phase (in addition to in-house training programs) includes annual appraisal interviews and individual skills enhancement plans for all employees. The monitoring phase includes setting and measuring operational employee goals and conducting an annual employee survey with an external market researcher.

Accountability for and in supplier relations

Coor is also fully accountable for services provided by the company with the help of subcontractors. The company's environmental policy also applies to suppliers and the purchasing process. Accordingly, we set high standards for our suppliers, as our customers set for us. We conduct thorough supplier screening based on technical, financial and organisational capacity when entering new agreements. Suppliers are then monitored regularly to ensure they are satisfying the initial standards set in the tendering process.

Coor has a central purchasing function that assumes responsibility for tendering group-wide master agreements with a number of suppliers for certain services. Tendering is also conducted locally. Coor conforms to group-wide purchasing instructions that guide local purchasing. Responsibility for purchasing is delegated to the relevant business unit, although anyone purchasing from subcontractors in Coor's name is also accountable for the

purchase and should use the purchasing instructions. Purchasing units are responsible for monitoring services provision, and account managers are responsible for monitoring suppliers.

Accountability for environmental impact

The environmental impact of Coor's activities largely relates to emissions of carbon dioxide (from transportation), the use of chemicals and waste management. Coor does not conduct any operations that require reporting or permits subject to the Swedish Environmental Code.

The environmental policy provides the framework for the group's environmental initiatives. At present, Coor's operations in Sweden, Denmark and Finland are subject to differing environmental policies, albeit with similar content. The basic idea is to take actions that continuously reduce the impact of operations on the external environment. The objective is to alleviate environmental impact primarily by working to reduce CO₂ emissions, increase waste recycling and use less environmentally hazardous chemicals.

One key factor for reducing Coor's environmental impact is for Coor's employees to possess the necessary skills to manage and reduce the environmental impact in daily work. Accordingly, Coor provides a range of environmental training packages intended to increase awareness of global and local environmental issues. One example is Coor's compulsory environmental license, which all employees must obtain within six months of joining the company. Within the framework of its assignments, Coor also has some potential to help reduce the environmental impact of our customers. Examples include projects aimed at reducing customer energy consumption and adopting environmentally friendly methods and materials in a number of services segments.

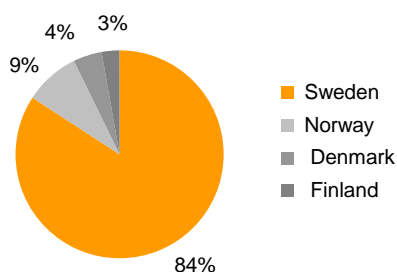
The group's environmental initiatives are monitored internally by means of ongoing mapping and audits, and externally by accreditation bodies Det Norske Veritas and Bureau Veritas. The operations in Sweden, Denmark and parts of Finland are ISO14001 certified. Certification of the remaining Finnish operations and the operations in Norway is planned for 2008.

Income and financial position

Net sales

Sales for the year were SEK 4,597.2 (3,745.0) m, corresponding to growth of 22.8% on the previous year. Growth is largely attributable to acquisitions of independent service companies (Stensand in Sweden and RSS in Norway), new customer agreements across the Nordic region and extra sales to existing customers. Coor signed an agreement determining the price of outstanding shares with Det Norske Veritas on 1 September. DNV owns 50% of the Norwegian operation. This agreement means that the Norwegian operation is fully consolidated, which has a positive effect on consolidated sales.

Net sales by country



Income and margin

Gross income for 2007 was SEK 602.8 (557.1) m, an increase of SEK 45.7 m or 8.2% on the previous year. Gross margin fell to 13.1 (14.9)%.

Operating income was SEK 213.4 (230.7) m in 2007, a reduction of SEK 17.3 m or 7.5% on 2006. Operating margin fell to 4.6 (6.2)%. The margin reduction is partly due to agreed price discounting, which could not be offset fully through streamlining, and partly due to positive non-recurring items, which included reduced fees charged by Swedish pension institutions, income arising from the redemption of a PRI liability (PRI is a pension administration authority) and income on calculating the fair value of derivatives, which increased year-2006 income.

Income after financial items amounted to SEK 110.4 (142.1) m. The downturn on 2006 is largely attributable to increased financial costs resulting from a higher debt level and increased interest rates. Income after tax was SEK 102.0 (115.2) m.

Cash flow

Cash flow from operating activities was SEK 161.5 (96.9) m, an increase of SEK 64.5 m on the previous year. The improvement is largely due to high volumes of accounts receivable due on 31 December 2006 being paid in January 2007.

Cash flow from investing activities was SEK -118.7 (-116.5) m. The change on last year is largely due to investments in new operations, SEK 103.7 m. Investments in tangible and intangible fixed assets amounted to SEK 19.0 (17.6) m, largely replacement investments.

Cash flow from financing activities was SEK -14.4 (-113.9) m. The group raised new borrowings totalling SEK 1,579.0 m in the year and amortised SEK 1,588.2 m of a previous overdraft facility and bank borrowings.

Cash flow for the year was SEK 28.3 (-33.5) m.

Financial position and returns

Consolidated net borrowing was SEK 1,635.1 (1,517.1) m at year-end.

Shareholders' equity was SEK 360.9 (240.8) m at the end of the year. The consolidated equity ratio increased by 2.2 percentage points, amounting to 9.9 (7.7)% at year-end. Return on equity was 34.0 (61.5)%.

Liquid assets were SEK 196.0 (161.3) m at year-end. Total unutilised overdraft facilities were SEK 150.0 (137.1) m.

Significant events in the financial year**Operations**

A new group-wide Code of Conduct was introduced in 2007. Cinven Ltd. also became the group's new owner late in the year.

Agreements with new customers and acquisitions

A number of contracts with new customers were signed in 2007, including Ahlström (Finland), Astra Zeneca (Denmark), Gjensidige (Norway), Gävleborg County Council (Sweden), LeoPharma (Denmark), Ringhals (Sweden), SEB (Sweden), Sulzer (Finland), Telenor (Norway) and Vestas (Norway). The new contracts are worth annual sales of approximately SEK 530 m. Coor also extended agreements with existing customers in the financial year 2007, corresponding to annual sales of approximately SEK 300 m.

On 1 March, Coor Service Management Oy acquired the customer contracts of Finnish FM company AKP Karhula Oy.

The group acquired two independent service providers in the year. In January, Swedish subsidiary Coor Service Management AB acquired 100% of the shares in Studsvik's FM company Studsvik Stensand AB. Norwegian company Coor Service Management AS acquired 80% of the shares (with an option on the remainder) of Norwegian services group Renhold-Skade-Sentralen (RSS) in January.

The exercise price for the option on the remaining 50% of the outstanding shares of Coor Service Management A/S was set in 2007.

Financial summary

Group Income Statement (SEK 000)	2007	2006
Net sales	4 597 170	3 744 980
Cost of services sold	-3 994 322	-3 187 866
Gross income	602 848	557 114
Selling expenses	-73 614	-62 210
Administrative expenses	-317 071	-276 348
Other profits (+) / losses (-)—net	237	11 584
Other income	1 021	568
Operating income	213 421	230 708
Depreciation of tangible fixed assets	26 268	21 821
Amortisation of intangible assets	47 719	33 421
EBITDA	287 408	285 950

Group Balance Sheets (SEK 000)	2007-12-31	2006-12-31
Intangible assets	2 153 392	1 889 744
Other fixed assets	221 352	200 207
Trade receivables	769 119	548 844
Other current assets	486 150	494 714
Total assets	3 630 013	3 133 509
Shareholders' equity	360 859	240 753
Long-term liabilities ¹	1 921 781	1 172 473
Current liabilities ¹	1 347 373	1 720 283
Total equity and liabilities	3 630 013	3 133 509
¹ of which interest-bearing liabilities		
Interest-bearing long-term liabilities	1 723 632	1 000 629
Interest-bearing current liabilities	119 827	800 148

Significant risks and uncertainty factors

The operating risks in Coor's business relate largely to undertakings in customer agreements and the associated liability and credit risks. Coor provides facilities management services to a wide range of customers. This implies that the company is exposed to damage that may arise due to negligence on the part of Coor's staff. The group's risk analysis and risk management focus on significant aspects of the contract management process and on preventing, minimising and limiting these risks. Accordingly, the majority of Coor's customer agreements include liability limitations.

Another risk is that most of the group's sales are currently sourced from a number of large customers. Coor's ability to continuously renew contracts with these customers is significant to the company's performance. Accordingly, Coor works actively and continuously to enhance its service provision, increasing value-added and strengthening customer relations, resulting in a high share of satisfied customers and high repeat purchase frequency.

Where Coor's customer agreements are on a fixed fee basis, the scope to pass on cost increases to the customer is limited. Despite the fact that Coor generally strives to index-link pricing in customer agreements, general cost increases may prove to be outside Coor's control.

Group operations are also exposed to a number of financial risks. The most significant financial risks are interest rate risk and liquidity risk.

Significant events after the end of the financial year

To exploit the potential of the different Nordic markets better, Coor implemented a new group structure, with clearer country-based delineation in February 2008.

In the first four months of 2008, a number of major contracts have also been signed with new customers.

In February, Coor acquired an independent Finnish FM company, Kymen Rakennuskonekorjaus OY (KRKK), which is active in production services and has annualized sales of some EUR 4.1 m. In April, Coor also signed a five-year contract with SAS to develop and coordinate services in Sweden, Norway and Denmark worth SEK 350 m per year. An existing contract with Skanska Sweden was also extended for five years in April, equating to a value of SEK 300 m.

Future progress

Activity on the facilities management market remains brisk, particularly in the integrated facilities management (service management) segment. There is growing interest across the Nordic region, particularly in Norway and Finland. There is significant growth potential in 2008. Sales in 2008 are forecast to exceed 2007. Consolidated EBITA is also expected to exceed the 2007 figure.

Definition of key ratios

Definitions

Cost of services sold

Costs directly related to the provision of invoiced services, depreciation of machinery and equipment and amortisation of customer contracts.

EBITA

(Earnings before interest, taxes, depreciation and amortisation); operating income before depreciation and amortisation of intangible fixed assets.

Operating cash flow

Cash flow from operating activities including paid/received interest and paid income tax but including net investments in tangible fixed assets.

Calculating key ratios

Net sales growth

Net sales in the period as a percentage of the previous period's net sales.

Operating margin (EBIT margin)

Operating income as a percentage of net sales.

EBITA margin

EBITA as a percentage of net sales.

Return on equity

Rolling 12-month income for the period attributable to shareholders of the parent company as a percentage of the average equity and provisions attributable to the shareholders of the parent company, in the same period.

Equity-assets ratio

The group's equity and provisions attributable to the shareholders of the parent company as a percentage of total assets.

Coor Service Management
Address: SE-173 11 Solna, Sweden
Visits: Råsundavägen 12, Solna, Sweden
www.coor.com