



Interim Report

January–September 2020

Third quarter of 2020

- Net sales in the third quarter amounted to SEK **2,297** (2,490) million. Organic growth was -7 per cent and growth from acquisitions 2 per cent, while exchange rate effects accounted for -3 per cent.
- Adjusted EBITA amounted to SEK **140** (127) million and the operating margin was **6.1** (5.1) per cent.
- EBIT was SEK **89** (70) million. Profit after tax was SEK **58** (40) million.
- Earnings per share were SEK **0.6** (0.4).
- Operating cash flow was SEK **269** (118) million. Cash conversion for the most recent 12-month period amounted to **123** (105) per cent.
- Leverage in relation to adjusted EBITDA was **1.8** (2.6).

The period January–September 2020

- Net sales for the full period amounted to SEK **7,102** (7,581) million. Organic growth was -7 per cent and growth from acquisitions 2 per cent, while exchange rate effects accounted for -2 per cent.
- Adjusted EBITA amounted to SEK **403** (398) million and the operating margin was **5.7** (5.2) per cent.
- EBIT was SEK **236** (224) million. Profit after tax was SEK **141** (127) million.
- Earnings per share were SEK **1.5** (1.3).
- Operating cash flow was SEK **442** (280) million.
- Large parts of the year were marked by the spread of COVID-19 in the Nordic region, which had a negative impact on the company. For a summary of the impact of and Coor's actions linked to COVID-19, refer to page 3.

” *Constructive engagement with customers and capacity to adapt rapidly yield strong earnings and cash flow*

AnnaCarin Grandin, President and CEO, Coor

GROUP EARNINGS SUMMARY (SEK m)	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
Net sales	2,297	2,490	7,102	7,581	9,835	10,313
Organic growth, %	-7	5	-7	6	-4	5
Acquired growth, %	2	0	2	3	2	2
FX-effects, %	-3	1	-2	1	-1	1
Adjusted EBITA	140	127	403	398	555	549
Adjusted EBITA-margin, %	6.1	5.1	5.7	5.2	5.6	5.3
EBIT	89	70	236	224	310	299
Income for the period	58	40	141	127	183	169
Operating cash flow	269	118	442	280	752	591
Earnings per share, SEK	0.6	0.4	1.5	1.3	1.9	1.8

See page 24 for definitions and calculations of key performance indicators. Items affecting comparability are presented in Note 3.

CEO's comments

Constructive engagement with customers and capacity to adapt rapidly yield strong earnings and cash flow

The third quarter of 2020 was also largely marked by the pandemic and its impact on Coor and our customers. Coor's main priority is the health and safety of our employees and our customers' employees. This priority always applies to Coor, especially in these times. As regards financial earnings, Coor's third-quarter sales totalled SEK 2,297 (2,490) million, delivering an operating profit of SEK 140 (127) million, corresponding to an operating margin of 6.1 (5.1) per cent. Coor's cash flow and balance sheet are strong, with a cash conversion of 123 per cent over the past twelve months and a leverage of 1.8 (2.6) times adjusted EBITDA.

Responsiveness and capacity to adapt rapidly

During the beginning of the third quarter of 2020, the Nordic region experienced a decline in the rate of COVID-19 infections, while experiencing an increase in infections toward the end of the quarter. COVID-19 had a negative impact on the company's variable contract volumes, primarily in food and beverages, but also in property-related projects, at the same time as we saw an increased demand for cleaning. Coor's subscription volumes remain strong, which is creating stability.

Cleaning, which is our single largest service, is now considered to be significantly more important for our customers' operations. We take a positive view of the increased focus on professional cleaning services, which is something that is now contributing to the security, health and safety for our customers.

During the current pandemic, Coor has cooperated closely with our customers and rapidly found solutions based on each customer's needs. These have included an increased frequency and scope of cleaning, adjustments of planned property-related projects and restricted opening times or offerings in our staff restaurants. Coor's decentralised organisation, with broad ownership and mandates assigned to local managers, has quickly generated cost savings and efficiency enhancements. This contributed to higher margins in the third quarter and I am very proud of all the efforts made by our employees to ensure that Coor and our customers emerge strong from the pandemic.

During the third quarter, the company further reduced the number of persons on short-term furlough schemes, which at the end of the quarter amounted to approximately 700 persons (corresponding to approximately 6 per cent of all employees). This should be compared with the 2,300 persons who were affected by the end of the first quarter.

Strong cash flow and reduced leverage

The company is working proactively to safeguard its cash flow from the perspective of both working capital and investments. This strong cash flow was primarily attributable to focused working capital management

across the organisation. With a leverage of 1.8 (2.6) times adjusted EBITDA, Coor has excellent flexibility and financial capacity for new business opportunities and company acquisitions.

Experienced leader takes over responsibility for the Swedish operations

Coor has its largest and most profitable operations in Sweden and it is of great importance that this organization is headed by the right person. We are delighted to make permanent the appointment of Magnus Wikström as new President of Coor's Swedish operations. Magnus has nearly 20 years' experience from various positions within the company. He is very familiar with the Swedish operations and will excel in shouldering this role. His appointment once again demonstrates Coor's ability to develop strong leaders internally. This will contribute to both continuity and continued success.

Strong long-term prospects remain

Positive dialogues are currently in progress with both existing and potential customers who, as a result of the pandemic, are seeking new solutions to enhance the efficiency of, adjust and develop their operations. We are now increasing the pace in our development initiatives. I have a positive view of the future, in which Coor is well-positioned as a stable, flexible and attractive cooperative partner. With capable Coor teams and the right service solutions, we create the happiest, healthiest and most prosperous workplace environments in the Nordic region, enabling our customers to do what they do best.

Stockholm, 4 November 2020



AnnaCarin Grandin
President and CEO, Coor



COVID-19, summary

During the beginning of the third quarter of 2020, the Nordic region experienced a decline in the rate of COVID-19 infections, while experiencing an increase in infections toward the end of the quarter. Coor's main priority is the health and safety of our employees and our customers' employees. This is always the case and especially in these times that are dominated by COVID-19. The immediate measures that were initiated early in the pandemic to minimise the financial effects by reducing the company's costs and safeguarding the company's cash flow, continued to have very high priority. By way of our deliveries, Coor has also enabled crucial societal functions to be maintained – especially in healthcare, infrastructure and the police.

- Coor's efforts to promote the reduced spread of infection follow the recommendations of the authorities in the respective countries. This work was initially headed by the national organisations' crisis teams. The Group's crisis team coordinated the Group-wide efforts and ensured the sharing of know-how across national boundaries. The crisis management organisation for COVID-19 was already disbanded during the second quarter and the management of COVID-19 and its effects have been the full responsibility of the ordinary management structure since May.
- COVID-19 is impacting the company's sales and operating profit negatively, especially regarding the variable volumes in food and beverages and property-related projects. Exactly as in the second quarter, there was a positive effect from expanded cleaning services in the third quarter.
- Coor's subscription volumes in other services are not automatically impacted by reductions in customers' operations as a result of government decisions. In the standard contract with Coor, a pandemic is not regarded as a *force majeure* event. Our operations are primarily conducted at our customers' locations. This means that Coor's operations are adjusted in close dialogue with our customers and we work in partnership to identify short and long-term sustainable solutions.
- To minimise the financial effects, Coor has implemented cost reductions – primarily through short-term furloughs based on the regulations and support in the respective countries, but also through lay-offs. At the end of the first quarter, this comprised approximately 2,300 persons (corresponding to just over 20 per cent of all employees at the end of the quarter). As countries and businesses opened up during the second quarter, the number of persons included in these measures decreased and at the end of the second quarter, approximately 1,500 people (corresponding to approximately 13 per cent of all employees) were affected by temporary lay-off solutions. During the third quarter, the company further reduced the number of persons under temporary lay-off and at the end of the third quarter, approximately 700 persons (corresponding to approximately 6 per cent of all employees) were affected by temporary lay-off solutions. The company is also minimising purchases of goods and services. Toward the end of the third quarter, some of the development activities that had been temporarily put on hold were restarted.
- The company is working proactively to safeguard its cash flow from the perspective of both working capital and investment. Customer payments are monitored on a daily basis at a detailed level. We currently see no significant changes in the customers' payment patterns. Coor was able to benefit from the possibilities to defer payments of certain taxes and fees free of charge in Denmark and Norway.
- Coor has a strong financial position and healthy margins in relation to the bank covenants of 3.75x (interest-bearing net debt at the balance sheet date divided by adjusted EBITDA, rolling 12 months). Coor's bank financing of SEK 1,500 million runs through 2024, including optional extensions. Additionally, the company has a senior unsecured bond loan totalling SEK 1,000 million. The bond has a maturity of five years (from March 2019). During the third quarter, Coor was able to reduce its use of bank financing and at the end of the quarter, the unutilised lines of credit amounted to approximately SEK 1,150 million, compared with approximately SEK 600 million for the year-earlier period.
- Coor notes that it remains difficult to foresee the consequences over the longer term of the pandemic and the decisions being made in society to limit the effects on both health and the economy.

Group performance

Net sales and operating profit

CONSOLIDATED (SEK m)	Jul - Sep		Jan - Sep	
	2020	2019	2020	2019
Net sales	2,297	2,490	7,102	7,581
Organic growth, %	-7	5	-7	6
Acquired growth, %	2	0	2	3
FX effects, %	-3	1	-2	1
Adjusted EBITA	140	127	403	398
Adjusted EBITA-margin, %	6.1	5.1	5.7	5.2
EBIT	89	70	236	224
EBIT-margin, %	3.9	2.8	3.3	3.0
Number of employees (FTE)	9,022	8,814	9,022	8,814

Third quarter (July–September)

Net sales declined 8 per cent compared with the year-earlier period. The acquisition of Norrlands Miljövärd contributed 2 per cent to growth, but organic growth was negative and amounted to -7 per cent. The negative organic growth derived from the effects of COVID-19 in

the form of lower variable volumes in all countries, primarily in food and beverages, but also in property-related projects. The completed contracts with extremely low margins in Finland also negatively impacted growth, whereas the new and expanded business in primarily Sweden and Denmark made positive contributions. COVID-19 also generated increased assignment volumes in cleaning services in all countries. Acquired growth for the quarter was entirely attributable to Sweden.

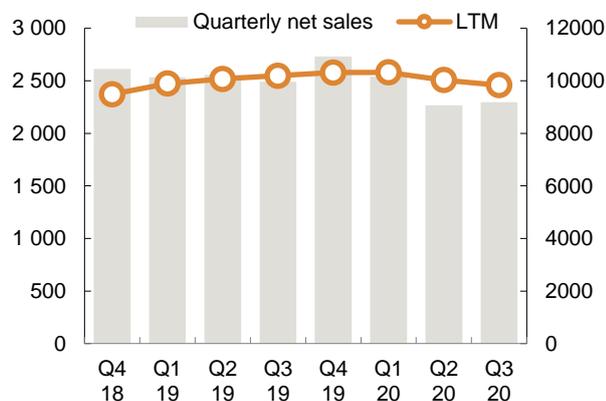
Operating profit (adjusted EBITA) amounted to SEK 140 (127) million. The operating margin for the quarter was 6.1 (5.1) per cent. The improvement was driven by cost reductions, efficiency improvements and profitability-enhancing measures across the organisation.

EBIT was SEK 89 (70) million. In addition to the increase in adjusted EBITA, items affecting comparability were significantly lower year-on-year.

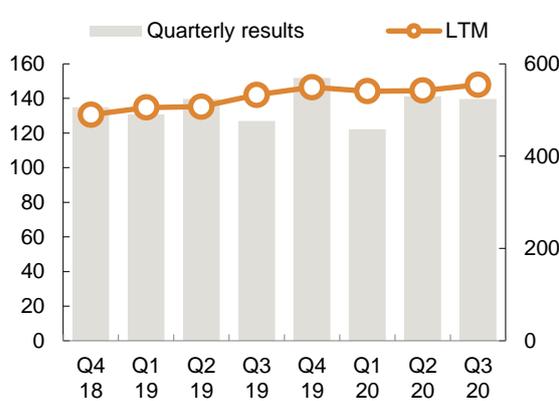
Nine-month period (January – September)

During the full period, net sales declined by a total of 6 per cent. Organic growth was negative and amounted to -7 per cent and growth from acquisitions was 2 per cent. Operating profit (adjusted EBITA) amounted to SEK 403 (398) million and the margin increased to 5.7 (5.2) per cent.

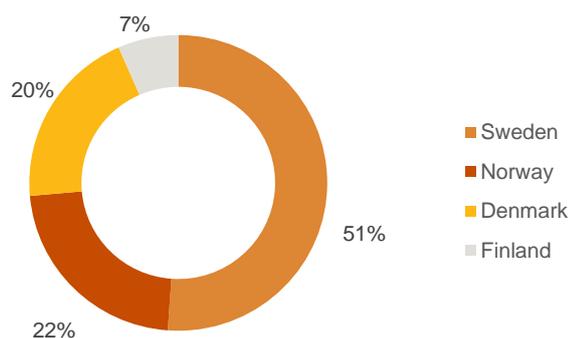
NET SALES (SEK m)



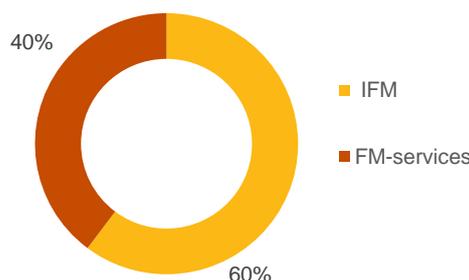
ADJUSTED EBITA (SEK m)



NET SALES BY COUNTRY, LTM, Q3 2020



NET SALES BY TYPE OF CONTRACT LTM, Q3 2020



Financial net and profit after tax

FINANCIAL NET (SEK m)	Jan - Sep	
	2020	2019
Net interest, excl leasing	-33	-33
Net interest, leasing	-8	-8
Borrowing costs	-3	-3
Other	-3	-5
Total excl exchange rate differences	-47	-48
Exchange rate differences	-1	-6
Total	-48	-54

Net financial items for the January-September period improved by SEK 6 million compared with the year-earlier period, primarily attributable to the exchange rate differences that arose in the first quarter of 2019 when the loans under the previous financing agreement were repaid.

Tax for the period was SEK -46 (-43) million, corresponding to 25 (25) per cent of profit before tax. Profit after tax was SEK 141 (127) million.

Cash flow

Operating cash flow for the third quarter was SEK 269 (118) 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 254 million, which is an improvement year-on-year. The strong cash flow was mainly attributable to focused working capital management across the organisation and that Coor was able to benefit to a certain extent from the possibility to delay, free of charge, some payments of tax and fees in Denmark and Norway.

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 most recent 12-month period amounted to 123 (105) per cent. Adjusted for the positive effect of delaying payment of tax and fees in Denmark and Norway, cash conversion remained strong and in line with the preceding year.

CASH CONVERSION

(SEK m)	LTM	LTM	Full year 2019
	Q3 2020	Q3 2019	
Adjusted EBITDA	756	697	749
Change in net working capital	254	106	101
Net investments	-77	-70	-68
Cash flow for calculation of cash conversion	933	732	781
Cash conversion, %	123	105	104

Financial position

NET DEBT (SEK m)	Sep 30	Sep 30	Dec 31
	2020	2019	2019
Liabilities to credit institutions	342	890	791
Corporate bond	1,000	1,000	1,000
Leasing, net	340	375	379
Other	35	73	68
	1,717	2,338	2,238
Cash and cash equivalents	-345	-483	-497
Net debt	1,372	1,855	1,741
Leverage	1.8	2.6 ¹⁾	2.3
Equity	2,068	1,962	1,980
Equity/assets ratio, %	33	29	29

1) Calculated pro forma as if IFRS 16 had been applied for the full 12-month period ending 30 September 2019.

Consolidated net debt at the end of the period was SEK 1,372 (1,855) million.

The company's leverage, defined as net debt to adjusted EBITDA, was 1.8 (2.6) at the end of the period, which is well in line with the Group's target of a leverage below 3.0.

Equity at the end of the period was SEK 2,068 (1,962) million, and the equity/assets ratio was 33 (29) per cent.

Cash and cash equivalents amounted to SEK 345 (483) million at the end of the period. At the end of the period, the Group had undrawn credit lines totalling SEK 1,150 (600) million.

Significant events during the third quarter

- On 7 July 2020, Coor announced that Magnus Wikström would assume the position of Acting President of Coor Sweden on 1 August 2020 and will become a member of executive management. Magnus Wikström joined the company from the position of Business Unit President at Coor Sweden.
- AnnaCarin Grandin assumed the position of President and CEO on 1 August 2020.
- Helena Söderberg became HR Director on 17 August 2020.

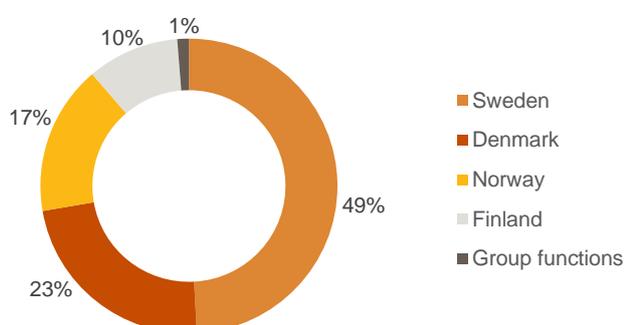
Significant events after the end of the period

- On 22 October 2020, Coor announced that Magnus Wikström had been appointed new President of Coor Sweden. He had been Acting President of the Swedish operation since 1 August 2020, a position that has now been made permanent.

Organisation and employees

At the end of the period, the number of employees was 11,238 (10,934), or 9,022 (8,814) on a full-time equivalent basis. At the end of the quarter, approximately 700 employees were affected by short-time lay-offs.

**NUMBER OF EMPLOYEES (FTE),
30 SEPTEMBER 2020**



Operations by country

Sweden

SWEDEN (SEK m)	Jul - Sep		Jan - Sep	
	2020	2019	2020	2019
Net sales	1,158	1,201	3,629	3,739
Organic growth, %	-9	6	-8	6
Acquired growth, %	5	0	5	0
FX-effects, %	0	0	0	0
Adjusted EBITA	106	91	350	324
Adjusted EBITA-margin, %	9.1	7.6	9.6	8.7
Number of employees (FTE)	4,434	4,107	4,434	4,107

Third quarter (July–September)

During the third quarter, sales in the Swedish operations declined by 4 per cent. The acquisition of Norrlands Miljövärd contributed 5 per cent to growth, but organic growth was negative and amounted to -9 per cent. Variable volumes decreased compared with the year-earlier period due to the negative effects of COVID-19, primarily in food and beverages and property-related projects. Growth from new business (e.g. ICA) and increased assignment volumes for cleaning and security, driven by COVID-19, partly offset this.

Operating profit (adjusted EBITA) for the quarter amounted to SEK 106 (91) million. The operating margin was 9.1 (7.6) per cent. Although the operating profit was affected by the negative volume effects from COVID-19, the operating profit and operating margin improved. This was attributable to continued intense cost focus and successful efficiency work, as well as the positive effects of the integration of Norrlands Miljövärd.

During the third quarter, new contracts were signed with companies that included 3M and Coop, while contract extensions were signed with Schibsted, Pembroke and AssaAbloy.

Nine-month period (January – September)

During the full period, sales in the Swedish operations declined by 3 per cent. The acquisition of Norrlands Miljövärd contributed 5 per cent to growth, but organic growth was negative and amounted to -8 per cent.

Operating profit (adjusted EBITA) increased by 8 per cent to SEK 350 (324) million. The operating margin was 9.6 (8.7) per cent.

Norway

NORWAY (SEK m)	Jul - Sep		Jan - Sep	
	2020	2019	2020	2019
Net sales	495	638	1,554	1,890
Organic growth, %	-13	6	-10	6
Acquired growth, %	0	0	0	5
FX-effects, %	-9	0	-8	1
Adjusted EBITA	33	44	90	121
Adjusted EBITA-margin, %	6.6	6.9	5.8	6.4
Number of employees (FTE)	1,482	1,495	1,482	1,495

Third quarter (July–September)

During the third quarter, sales in the Norwegian operations decreased by -22 per cent owing to negative growth, which amounted to -13 per cent, and to negative exchange rate effects amounting to -9 per cent. The negative organic growth was caused by the effects of COVID-19 and its impact on variable volumes, mainly in food and beverages. A great deal of caution still prevails in the Norwegian oil and gas industry and combined with less comprehensive maintenance stoppages compared with the third quarter of the preceding year, this had a negative impact on growth. Higher demand for cleaning services made a positive contribution, but only provided partial compensation.

Operating profit (adjusted EBITA) for the quarter amounted to SEK 33 (44) million. The operating margin was 6.6 (6.9) per cent. The negative development of the operating profit and operating margin is related to the effects of COVID-19, a continued high degree of caution in the Norwegian oil and gas industry, and the effects of less comprehensive maintenance stoppages.

Ongoing efficiency efforts are making a positive contribution to the operating margin and the deviation from the preceding year declined in the third quarter compared with the second quarter.

A contract extension was signed with Norwegian Property during the third quarter.

Nine-month period (January – September)

During the full period, sales in the Norwegian operations declined by 18 per cent due to negative organic growth of -10 per cent and negative exchange rate effects of -8 per cent.

Operating profit (adjusted EBITA) amounted to SEK 90 (121) million. The operating margin was 5.8 (6.4) per cent.

Denmark

DENMARK (SEK m)	Jul - Sep		Jan - Sep	
	2020	2019	2020	2019
Net sales	487	487	1,444	1,416
Organic growth, %	3	3	2	7
Acquired growth, %	0	0	0	9
FX effects, %	-3	2	0	3
Adjusted EBITA	21	20	61	56
Adjusted EBITA-margin, %	4.4	4.2	4.2	3.9
Number of employees (FTE)	2,088	2,118	2,088	2,118

Third quarter (July–September)

During the third quarter, sales in the Danish operations were essentially unchanged compared with the year-earlier period. Organic growth amounted to 3 per cent, but the exchange rate effects were negative and amounted to -3 per cent. The expanded contract with the Danish Police, the Prison and Probation Service and the Public Prosecution Agency, and assignment volumes in cleaning, driven by COVID-19, made a positive contribution to sales. At the same time, COVID-19 is generating negative effects on other variable volumes, mainly in food and beverages and property-related projects.

Operating profit (adjusted EBITA) for the quarter amounted to SEK 21 (20) million. The operating margin was 4.4 (4.2) per cent. A continued major focus on costs and efficiency improvements contributed to improved operating profit and operating margin. In the third quarter, the Danish operation completely left the government support measures that had been provided, in favour of permanent cost reductions. However, this generated a temporarily increased cost that had a negative earnings impact.

During the third quarter, a new cleaning contract was signed with ACG Biologics and a contract extension with Vestsjælland Centret.

Nine-month period (January – September)

During the entire period, sales in the Danish operations increased by 2 per cent due to positive organic growth.

Operating profit (adjusted EBITA) amounted to SEK 61 (56) million. The operating margin was 4.2 (3.9) per cent.

Finland

FINLAND (SEK m)	Jul - Sep		Jan - Sep	
	2020	2019	2020	2019
Net sales	156	165	477	537
Organic growth, %	-3	-8	-11	4
Acquired growth, %	0	0	0	0
FX effects, %	-3	2	0	3
Adjusted EBITA	14	9	20	12
Adjusted EBITA-margin, %	8.9	5.6	4.2	2.2
Number of employees (FTE)	904	981	904	981

Third quarter (July–September)

During the third quarter, sales in the Finnish operations decreased by -6 per cent owing to negative organic growth, which amounted to -3 per cent, and to negative exchange rate effects amounting to -3 per cent. The negative organic growth derives from the deliveries completed during the fourth quarter last year and the effects of the previously announced termination of contracts with very low margins. COVID-19 had some negative impact on the Finnish business during the third quarter, but this was offset by the new contract with OP Group.

Operating profit (adjusted EBITA) improved compared with the preceding year and amounted to SEK 14 (9) million. The operating margin was 8.9 (5.6) per cent. Efficiency enhancements and lower overheads, partly of a non-recurring character, made a contribution, alongside the positive effects from the new contract with OP Group. The termination of low-margin contracts also contributed to the improvement of operating profit and the operating margin.

Nine-month period (January – September)

Organic growth was negative during the full period and amounted to -11 per cent.

Operating profit (adjusted EBITA) improved compared with the preceding year and amounted to SEK 20 (12) million. The operating margin was 4.2 (2.2) 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. The spread of COVID-19 in the Nordic region has escalated since the publication of the Annual Report, creating uncertainty that impacts the market, Coor as a company and Coor's customers. Coor has summarised the measures taken owing to COVID-19 on page 3.

Acquisitions and sales

No significant acquisitions or sales were implemented during the quarter.

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.

Loss after tax in the Parent Company was SEK -62 (-68) million. Total assets in the Parent Company at the end of the period were SEK 7,844 (7,847) million. Equity in the Parent Company was SEK 5,446 (4,836) 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 Nordea Fonder, Didner & Gerge Fonder and the First Swedish National Pension Fund (Första AP-fonden).

COOR'S FIFTEEN LARGEST SHAREHOLDERS SEPTEMBER 30, 2020 ¹⁾

Shareholder	Number of shares and votes	Shares and votes, %
Nordea Fonder	7,050,572	7.4
Didner & Gerge Fonder	5,596,011	5.8
Första AP-Fonden	5,590,748	5.8
Andra AP-fonden	4,621,319	4.8
Capital Group	4,194,630	4.4
SEB-Stiftelsen	4,000,000	4.2
Swedbank Robur Fonder	3,964,823	4.1
Spiltan Fonder	3,871,343	4.0
Crux Asset Management Ltd	3,611,870	3.8
AMF Försäkring & Fonder	3,412,336	3.6
Taiga Fund Management AS	3,257,291	3.4
BMO Global Asset Management	2,824,080	2.9
Wipunen varainhallinta Oy	2,687,563	2.8
Heikantorppa Oy	2,000,000	2.1
Tredje AP-fonden	1,453,869	1.5
Total 15 largest shareholders	58,136,455	60.7
Other shareholders	37,675,567	39.3
Total	95,812,022	100.0

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

The report for the period has been reviewed by the company's auditors.

Stockholm, 4 November 2020

For the Board of Directors of Coor Service Management Holding AB

AnnaCarin Grandin
President and CEO

For further information

For questions concerning the financial report, please contact our CFO and IR Director Klas Elmgren (+46 10 559 65 80).

For questions concerning the operations or the company in general, please contact President and CEO AnnaCarin Grandin (+46 10 559 57 70) or Director of Communications Magdalena Öhrn (+46 10 559 55 19).

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

Invitation to a press and analyst presentation

On 4 November, at 9:00 a.m. CET, the company's President and CFO will give a presentation on developments in the third quarter in a webcast. To participate in the webcast, please register in advance using the following link:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=BC5C0FEC-E58F-4B75-8ECB-ECEF92B119C2>

To listen to the presentation by telephone, dial +46850558358 (Sweden), +4723963688 (Norway), +4578723250 (Denmark), +358981710520 (Finland) or +443333009271 (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

Interim Report January–December 2020	11 February 2021
Interim Report January–March 2021	26 April 2021
Interim Report January–June 2021	15 July 2021
Interim Report January–September 2021	9 November 2021

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 4 November 2020, at 7:30 a.m. CET.

As a leading provider of facility management services, primarily focused on integrated and complex service undertakings (IFM), Coor is involved in creating the Nordic region's most prosperous and well-functional work environments. Coor offers specialist expertise in workplace services, property services and strategic advisory services. We create value by implementing, leading and streamlining our customers' service operations, thereby enabling our customers to focus on what they do best.

Coor's customer base includes many large and small companies and public-sector organisations across the Nordic region, including ABB, AB Volvo, Aibel, DNV-GL, E.ON, Ericsson, Equinor, ICA, NCC, OP Group, PKA (Danish Police, Prison and Probation Service and Public Prosecution Agency), Saab, Sandvik, SAS, Telia Company, the Swedish Transport Administration, Vasakronan and Volvo Cars.

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

For translation purpose only



Auditor's report

Coor Service Management Holding AB (publ) org nr: 556742-0806

Introduction

We have reviewed the condensed interim financial information (interim report) of Coor Service Management Holding AB (publ as of 30 September 2020 and the nine-month period then ended). The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 4 November 2020

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT		Jul - Sep		Jan - Sep		Rolling	Full year
(SEK m)	2020	2019	2020	2019	12 mth.	2019	
Net sales	2,297	2,490	7,102	7,581	9,835	10,313	
Cost of services sold	-2,048	-2,263	-6,355	-6,858	-8,823	-9,326	
Gross income	248	227	747	723	1,012	987	
Selling and administrative expenses	-159	-157	-512	-499	-701	-689	
Operating profit	89	70	236	224	310	299	
Net financial income/expense	-15	-16	-48	-54	-66	-71	
Profit before tax	74	54	187	171	245	228	
Income tax expense	-16	-14	-46	-43	-62	-59	
Income for the period	58	40	141	127	183	169	
Operating profit	89	70	236	224	310	299	
Amortisation and impairment of goodwill, customer contracts and trademarks	48	46	145	137	194	186	
Items affecting comparability (note 3)	2	11	22	36	51	65	
Adjusted EBITA	140	127	403	398	555	549	
Earnings per share, SEK, before and after dilution	0.6	0.4	1.5	1.3	1.9	1.8	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		Jul - Sep		Jan - Sep		Rolling	Full year
(SEK m)	2020	2019	2020	2019	12 mth.	2019	
Income for the period	58	40	141	127	183	169	
<i>Items that may be subsequently reclassified to profit or loss</i>							
Currency translation differences	-1	8	-64	75	-104	35	
Cash flow hedges	-1	-1	-11	-1	2	12	
Other comprehensive income for the period	-2	7	-75	74	-103	47	
Total comprehensive income for the period	56	47	66	201	80	216	

The interim information on pages 12–24 is an integral part of this financial report.

CONSOLIDATED BALANCE SHEET		Sep 30		Dec 31
(SEK m)	2020	2019	2019	
Assets				
Intangible assets				
Goodwill	3,147	3,084	3,191	
Customer contracts	442	572	591	
Other intangible assets	172	163	173	
Property, plant and equipment				
Right-of use assets held via leases	346	383	387	
Other property, plant and equipment	85	86	85	
Financial assets				
Deferred tax receivable	212	199	161	
Other financial assets	17	15	31	
Total non-current assets	4,420	4,501	4,619	
Current assets				
Accounts receivable	1,174	1,201	1,310	
Other current assets, interest-bearing	1	1	1	
Other current assets, non-interest-bearing	295	483	438	
Cash and cash equivalents	345	483	497	
Total current assets	1,815	2,168	2,246	
Total assets	6,235	6,668	6,864	
Equity and liabilities				
Equity				
	2,068	1,962	1,980	
Liabilities				
Non-current liabilities				
Borrowings (Note 2)	1,373	1,957	1,856	
Lease liabilities (Note 2)	240	276	276	
Deferred tax liability	26	40	35	
Provisions for pensions	20	20	20	
Other non-interest bearing liabilities	0	2	0	
Total non-current liabilities	1,659	2,294	2,188	
Current liabilities				
Borrowings (Note 2)	0	0	12	
Lease liabilities (Note 2)	102	101	105	
Current tax liabilities	103	49	42	
Accounts payable	529	798	978	
Other current liabilities	1,769	1,459	1,545	
Short-term provisions	6	4	15	
Total current liabilities	2,508	2,413	2,697	
Total equity and liabilities	6,235	6,668	6,864	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK m)	Jan - Sep		Full year
	2020	2019	2019
Opening balance at beginning of period	1,980	2,164	2,164
Income for the period	141	127	169
Other comprehensive income for the period	-75	74	47
Long-term incentive programs	7	5	8
Share swap for hedging of long-term incentive programme ¹⁾	15	0	0
Acquisition of own shares ²⁾	0	-28	-28
Dividend	0	-380	-380
Closing balance at end of period	2,068	1,962	1,980

¹⁾ Coor undertook share swaps to secure the LTIP 2018 incentive programme, which was resolved on by the 2018 Annual General Meeting. At 30 September 2020, the number of guaranteed shares amounted to 500,000, with an average cost of SEK 58.9.

²⁾ Coor repurchased its own shares to secure the LTIP 2019 incentive programme, as resolved by the 2019 Annual General Meeting. At 30 September 2020, the number of treasury shares was 340,000, which were repurchased at an average cost of SEK 82.50.

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

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
Operating profit	89	70	236	224	310	299
Adjustment for non-cash items	99	96	287	280	401	395
Finance net	-15	-16	-46	-58	-62	-74
Income tax paid	-15	-1	-37	-32	-50	-45
Cash flow before changes in working capital	158	149	439	415	599	575
Change in working capital	125	1	71	-82	254	101
Cash flow from operating activities	283	150	510	333	853	676
Net investments	-10	-11	-51	-41	-72	-63
Acquisition of subsidiaries	0	0	-12	0	-164	-152
Cash flow from investing activities	-10	-11	-63	-41	-236	-215
Change in borrowings	-100	0	-450	209	-550	109
Dividend	0	0	0	-380	0	-380
Net lease commitments	-31	-34	-93	-92	-129	-128
Other	0	-17	-20	-15	-20	-15
Cash flow from financing activities	-131	-50	-562	-279	-698	-415
Total cash flow for the period	141	88	-115	13	-82	46
Cash and cash equivalents at beginning of period	203	391	497	435	483	435
Exchange gains on cash and cash equivalents	1	3	-36	35	-56	16
Cash and cash equivalents at end of period	345	483	345	483	345	497

CONSOLIDATED OPERATING CASH FLOW

(SEK m)	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
EBIT	89	70	236	224	310	299
Depreciation and amortisation	98	98	293	283	395	385
Net investments	-10	-11	-51	-41	-72	-63
Change in working capital	125	1	71	-82	254	101
Adjustment for lease payments ¹⁾	-34	-37	-101	-101	-140	-140
Adjustment for non-cash items	2	-2	-6	-2	6	10
Operating cash flow	269	118	442	280	752	591
Adjustment for items affecting comparability	2	11	22	36	51	65
Adjustment for lease payments ¹⁾	34	37	101	101	140	140
Other	-2	1	2	-2	-11	-15
Cash flow for calculation of cash conversion	303	167	566	415	933	781
Cash conversion, %	160	94	103	76	123	104

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

GEOGRAPHICAL SEGMENTS (SEK m)	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
Net sales						
Sweden	1,158	1,201	3,629	3,739	5,029	5,138
<i>Total sales</i>	1,199	1,236	3,754	3,840	5,193	5,279
<i>Internal sales</i>	-41	-35	-125	-101	-164	-140
Norway	495	638	1,554	1,890	2,210	2,546
<i>Total sales</i>	497	640	1,560	1,897	2,218	2,555
<i>Internal sales</i>	-2	-2	-6	-7	-8	-9
Finland	156	165	477	537	645	706
<i>Total sales</i>	156	165	477	537	645	706
<i>Internal sales</i>	0	0	0	0	0	0
Denmark	487	487	1,444	1,416	1,952	1,924
<i>Total sales</i>	488	487	1,446	1,417	1,955	1,927
<i>Internal sales</i>	-1	-1	-2	-1	-3	-2
Group functions/other	0	0	-1	-1	-1	-1
Total	2,297	2,490	7,102	7,581	9,835	10,313
Adjusted EBITA						
Sweden	106	91	350	324	488	462
Norway	33	44	90	121	131	161
Finland	14	9	20	12	21	13
Denmark	21	20	61	56	80	74
Group functions/other	-34	-37	-118	-115	-165	-162
Total	140	127	403	398	555	549
Adjusted EBITA is reconciled to profit before tax as follows:						
Amortisation and impairment of goodwill, customer contracts and trademarks	-48	-46	-145	-137	-194	-186
Items affecting comparability (note 3)	-2	-11	-22	-36	-51	-65
Net financial income/expense	-15	-16	-48	-54	-66	-71
Profit before tax	74	54	187	171	245	228

Adjusted EBITA margin, %	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
Sweden	9.1	7.6	9.6	8.7	9.7	9.0
Norway	6.6	6.9	5.8	6.4	5.9	6.3
Finland	8.9	5.6	4.2	2.2	3.3	1.8
Denmark	4.4	4.2	4.2	3.9	4.1	3.9
Group functions/other	-	-	-	-	-	-
Total	6.1	5.1	5.7	5.2	5.6	5.3

NET SALES BY TYPE OF CONTRACT (SEK m)	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
Net sales						
IFM	1,340	1,517	4,172	4,592	5,866	6,286
FM - services	956	974	2,931	2,989	3,968	4,027
Total	2,297	2,490	7,102	7,581	9,835	10,313

QUARTERLY DATA

(SEK m)	2020			2019				2018
GEOGRAPHICAL SEGMENTS	III	II	I	IV	III	II	I	IV
Net sales, external								
Sweden	1,158	1,174	1,297	1,400	1,201	1,272	1,266	1,277
Norway	495	461	598	656	638	627	625	666
Finland	156	158	163	168	165	184	188	193
Denmark	487	473	483	509	487	473	456	477
Group functions/other	0	0	0	0	0	0	0	0
Total	2,297	2,265	2,541	2,732	2,490	2,556	2,535	2,613
Adjusted EBITA								
Sweden	106	120	124	138	91	119	114	116
Norway	33	25	32	40	44	41	36	41
Finland	14	5	1	1	9	1	1	-1
Denmark	21	29	10	19	20	17	19	25
Group functions/other	-34	-38	-46	-47	-37	-38	-39	-46
Total	140	141	122	152	127	140	131	135
Adjusted EBITA-margin, %								
Sweden	9.1	10.2	9.6	9.9	7.6	9.4	9.0	9.1
Norway	6.6	5.5	5.4	6.2	6.9	6.5	5.8	6.1
Finland	8.9	3.0	0.9	0.6	5.6	0.7	0.7	-0.5
Denmark	4.4	6.2	2.1	3.7	4.2	3.5	4.1	5.2
Group functions/other	-	-	-	-	-	-	-	-
Total	6.1	6.2	4.8	5.6	5.1	5.5	5.2	5.2

QUARTERLY DATA

(SEK m)	2020			2019				2018
TYPE OF CONTRACT	III	II	I	IV	III	II	I	IV
Net sales, external								
IFM	1,340	1,300	1,531	1,695	1,517	1,548	1,527	1,565
FM-services	956	965	1,010	1,038	974	1,008	1,008	1,048
Total	2,297	2,265	2,541	2,732	2,490	2,556	2,535	2,613

PARENT COMPANY INCOME STATEMENT					
(SEK m)	Jul - Sep		Jan - Sep		Full year
	2020	2019	2020	2019	2019
Net sales	2	2	3	5	6
Selling and administrative expenses	-11	-8	-27	-26	-33
Operating profit	-9	-7	-23	-22	-27
Dividend from group companies	0	0	0	0	600
Other net financial income/expense	-11	-14	-34	-47	-60
Group contribution	0	0	0	0	76
Income before tax	-20	-21	-57	-68	589
Income tax expense	-2	0	-5	0	-8
Income for the period	-21	-21	-62	-68	581

PARENT COMPANY BALANCE SHEET				Dec 31
(SEK m)	Sep 30			2019
	2020	2019	2019	2019
Assets				
Shares in subsidiaries	7,789	7,789	7,789	7,789
Deferred tax asset	50	52	50	50
Other financial assets	1	1	1	1
Total non-current assets	7,840	7,842	7,840	7,840
Receivables from Group companies*	0	2	80	80
Other trading assets	3	4	2	2
Cash and cash equivalents*	1	0	0	0
Total current assets	4	5	82	82
Total assets	7,844	7,847	7,922	7,922

				Dec 31
	Sep 30			2019
	2020	2019	2019	2019
Equity and liabilities				
Shareholders' equity	5,446	4,836	5,494	5,494
Liabilities				
Borrowings	1,371	1,954	1,855	1,855
Provisions for pensions	2	2	2	2
Total non-current liabilities	1,373	1,956	1,856	1,856
Liabilities to Group companies*	1,002	1,043	553	553
Income tax liability	11	0	7	7
Accounts payable	1	1	0	0
Other current liabilities	11	12	12	12
Total current liabilities	1,025	1,056	572	572
Total liabilities	2,398	3,011	2,428	2,428
Total equity and liabilities	7,844	7,847	7,922	7,922

* 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 (SEK m)	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
Net sales	2,297	2,490	7,102	7,581	9,835	10,313
Net sales growth, %	-7.8	5.1	-6.3	10.2	-3.5	8.7
<i>of which organic growth, %</i>	-7.2	4.5	-6.8	6.3	-4.4	5.3
<i>of which acquired growth, %</i>	2.5	0.1	2.4	2.7	2.2	2.4
<i>of which FX effect, %</i>	-3.0	0.5	-2.0	1.2	-1.3	1.0
Operating profit (EBIT)	89	70	236	224	310	299
EBIT margin, %	3.9	2.8	3.3	3.0	3.2	2.9
EBITA	137	116	381	362	504	484
EBITA margin, %	6.0	4.7	5.4	4.8	5.1	4.7
Adjusted EBITA	140	127	403	398	555	549
Adjusted EBITA margin, %	6.1	5.1	5.7	5.2	5.6	5.3
Adjusted EBITDA	189	179	551	543	756	749
Adjusted EBITDA margin, %	8.2	7.2	7.8	7.2	7.7	7.3
Adjusted net profit	106	86	287	265	377	355
Net working capital	-828	-573	-828	-573	-828	-774
Net working capital / Net sales, %	-8.4	-5.6	-8.4	-5.6	-8.4	-7.5
Operating cash flow	269	118	442	280	752	591
Cash conversion, %	160	94	103	76	123	104
Net debt	1,372	1,855	1,372	1,855	1,372	1,741
Leverage ¹⁾	1.8	2.6	1.8	2.6	1.8	2.3
Equity/assets ratio, %	33	29	33	29	33	29

¹⁾ Leverage and adjusted EBITDA were impacted by the implementation of IFRS 16. The comparative figures for the third quarter of 2019 are based on a pro forma adjusted EBITDA as if IFRS 16 had been applied for the full rolling 12-month period ending 30 September 2019.

DATA PER SHARE	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2018	2020	2019	12 mth.	2019
Share price at end of period	61.0	85.2	61.0	85.2	61.0	82.4
No. of shares at end of period	95,812,022	95,812,022	95,812,022	95,812,022	95,812,022	95,812,022
No. of treasury shares ¹⁾	-340,000	-340,000	-340,000	-340,000	-340,000	-340,000
No. of shares outstanding	95,472,022	95,472,022	95,472,022	95,472,022	95,472,022	95,472,022
No. of ordinary shares outstanding (weighted average)	95,472,022	95,571,150	95,472,022	95,725,088	95,472,022	95,661,302
Earnings per share, before and after dilution, SEK	0.61	0.42	1.48	1.33	1.92	1.77
Shareholders' equity per share, SEK	21.66	20.55	21.66	20.55	21.66	20.74

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 of 2019 to secure its financial exposure in accordance with the LTIP 2019 long-term incentive programme. In total, Coor had 340,000 treasury shares at the end of the period to secure the financial commitments related to LTIP 2019.

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 2019.

During the second and third quarter of 2020, companies in the Group received certain government support packages that each country created to mitigate the financial effects of the outbreak of COVID-19. Government support was only recognised to the extent that the company deems it reasonably certain that the support will be received and that the company will meet the conditions for this support. The government support is recognised in the same periods as the costs that the support is intended to cover. Support received is deducted as a cost reduction on the same line in the income statement as the corresponding costs are recognised.

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		Dec 31 2019	Fair value		Dec 31 2019
	Sep 30 2020	2019		Sep 30 2020	2019	
(SEK m)						
Lease liabilities	342	377	381	342	377	381
Liabilities to credit institutions	342	890	791	342	890	791
Corporate Bond	1,000	1,000	1,000	1,000	1,000	1,000
Other non-current liabilities	31	67	78	31	67	78
Total	1,715	2,334	2,250	1,715	2,334	2,250

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 (SEK m)	Jul - Sep		Jan - Sep		Rolling	Full year
	2020	2019	2020	2019	12 mth.	2019
Integration	-1	-7	-17	-25	-31	-40
Restructuring	-2	-3	-5	-10	-19	-24
Acquisition related expenses	0	0	0	0	0	0
Other	0	-1	0	-1	0	0
Total	-2	-11	-22	-36	-51	-65

Effects associated with COVID-19

Coor has elected not to report the financial effects associated with COVID-19 as items affecting comparability in the income statement. It is the assessment of management that it is extremely difficult to separate the effects on sales and operating profit related to COVID-19 from other day-to-day events in the operations in a clear and consistent manner. The effects of COVID-19 are described in detail on page 3.

Note 4 – Pledged assets and contingent liabilities

PLEGGED ASSETS	Sep 30		Dec 31
(SEK m)	2020	2019	2019
Bank guarantees	128	143	140
Total	128	143	140
CONTINGENT LIABILITIES	Sep 30		Dec 31
(SEK m)	2020	2019	2019
Performance bonds	172	182	181
Total	172	182	181

Parent Company

The Parent Company has provided a Parent Company guarantee of SEK 32 (32) 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.

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 24 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, rolling 12 months). 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						
	Jul - Sep		Jan - Sep		Rolling	Full year
(SEK m)	2020	2019	2020	2019	12 mth.	2019
Operating profit (EBIT)	89	70	236	224	310	299
Amortisation and impairment of customer contracts and trademarks	48	46	145	137	194	186
EBITA	137	116	381	362	504	484
Items affecting comparability (Note 3)	2	11	22	36	51	65
Adjusted EBITA	140	127	403	398	555	549
Depreciation	49	52	148	146	201	199
Adjusted EBITDA	189	179	551	543	756	749
Income for the period	58	40	141	127	183	169
Amortisation and impairment of customer contracts and trademarks	48	46	145	137	194	186
Adjusted net profit	106	86	287	265	377	355

SPECIFICATION OF NET WORKING CAPITAL						
	Jul - Sep		Jan - Sep		Rolling	Full year
(SEK m)	2020	2019	2020	2019	12 mth.	2019
Accounts receivable	1,174	1,201	1,174	1,201	1,174	1,310
Other current assets, non-interest-bearing	295	483	295	483	295	438
Accounts payable	-529	-798	-529	-798	-529	-978
Other current liabilities, non-interest-bearing	-1,769	-1,459	-1,769	-1,459	-1,769	-1,545
Adjustment for accrued financial expenses	0	0	0	0	0	1
Net working capital	-828	-573	-828	-573	-828	-774

SPECIFICATION OF NET DEBT						
	Jul - Sep		Jan - Sep		Rolling	Full year
(SEK m)	2020	2019	2020	2019	12 mth.	2019
Borrowings	1,373	1,957	1,373	1,957	1,373	1,869
Lease liabilities	342	377	342	377	342	381
Provisions for pensions	20	20	20	20	20	20
Cash and cash equivalents	-345	-483	-345	-483	-345	-497
Other financial non-current assets, interest-bearing	-17	-15	-17	-15	-17	-31
Other current assets, interest-bearing	-1	-1	-1	-1	-1	-1
Net debt	1,372	1,855	1,372	1,855	1,372	1,741

For a reconciliation of operating cash flow and cash conversion, see page 15.

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).