

# Q3 Report July- September 2020

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November 4, 2020

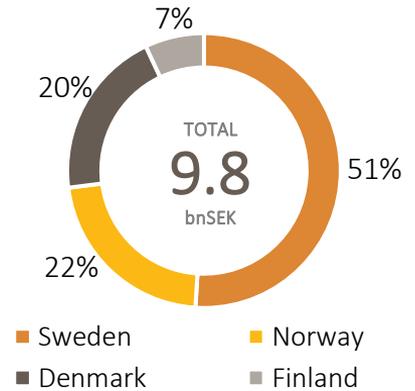


# Coor is the Nordic market leader in IFM

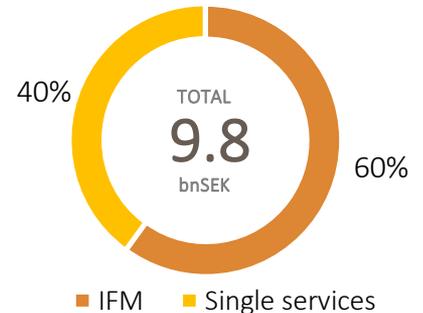
- Tailored customer proposition - **SERVICE** *with IQ*
- Coor aims to create the happiest, healthiest and most prosperous workplace environment in the Nordic Region
- Broad service offering within workplace services, property services and strategic advisory services



## TURNOVER BY COUNTRY



## TURNOVER BY CONTRACT TYPE



# Covid-19, Q3 summary

## COOR'S NUMBER ONE PRIORITY IS THE HEALTH AND SAFETY OF OUR EMPLOYEES AND OUR CUSTOMERS' EMPLOYEES

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- Coor's service deliveries contribute to maintaining critical functions in our community
  - Important deliveries to e.g. healthcare, infrastructure and law enforcement.
- Variable volumes
  - Negative impact on variable volumes, mainly F&B but also for some Property-related projects
  - Increased volumes from additional cleaning
- Subscription volumes
  - Remains strong, not automatically impacted by covid-19
  - A pandemic is, in Coor's general Terms & Conditions, not force-majeure.
  - Close partnership with customers to find sustainable solutions, short- and long term
- Cost reductions to minimize negative financial impact
  - Furloughs affect 6% of all employees as of September 30 (compared to 13% as of June 30 and 20% as of March 31)
  - Reduction of sub-contractors, purchased goods and other internal costs.
- Strong focus on cash-flow
  - Detailed follow-up on customer payments. Corporate customer payment pattern unchanged
  - Low level of Capex also in Q3
  - The strong underlying cash-flow is temporarily supported by deferred payment of taxes and fees in Denmark and Norway
- Strengthened balance sheet
  - The AGM resolved on April 28 not to distribute any dividend
  - Reduction of Net Debt by reducing the utilization of the RCF. As of September 30, Coor has unutilized credit lines of 1 150 MSEK.

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

KEY TARGETS	Q3 2020	Q3 2019	LTM	MID-LONG TERM
Organic Growth	-7%	5%	-4%	4-5% <i>Organic net sales growth over a business cycle</i>
Acquired Growth	2%	0%	2%	N/A
EBITA-Margin	6.1%	5.1%	5.6%	~5.5% <i>Adjusted EBITA margin</i>
Cash Conversion	123%	105%	123%	>90% <i>(Adj EBITDA – CAPEX – ΔWC) / Adj EBITDA</i>
Leverage	1.8x	2.6x	1.8x	<3.0x <i>Net debt / Adjusted EBITDA LTM</i>

## BUSINESS HIGHLIGHTS Q3

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- *Covid-19, covered on page 3*
- Strong focus on cost reductions, efficiency and the large integrations
  - Cost reduction (moving from temporary to more permanent solutions) and efficiency focus across the organization.
  - Norrlands Miljövård (Sweden), ICA (Sweden), OP Group (Finland) and Danish Police, the Prison and Probation Service and the Public Prosecution Agency (Denmark)
  - National Operating Center (NOC) established in Sweden
- Continued market activity with important prolongations and wins
  - SME prolongations: e.g. Norwegian Property, AssaAbloy, Shibsted
  - SME wins: e.g. 3M, ACG Biologicals
- Growth opportunities ahead
  - Large IFM: Tendering processes for large IFM delayed/paused during Q2 and Q3 but we see several interesting opportunities as processes are re-started
  - M&A: Increased activity in the market and internally within Coor



SERVICE *with* IQ

# Well positioned for the future

## COOR, AS A PROFESSIONAL FM PROVIDER AND MARKET LEADER IN IFM, IS NEEDED AS A PARTNER TO THE BUSINESS AND PUBLIC SECTORS IN THE NORDIC REGION

### The Market

Nordic FM Market, BnSEK



- Outsourcing trend continues and historical “crisis” has driven new, large outsourcing deals
- Business and public sectors will look for efficiency. Coor sells and deliver efficiency
- Fragmented single service segment provides opportunities for M&A

### On-site Service



- The offices and manufacturing facilities still critical for customers for work, building culture and attract talents. The workplace will become an attractive destination with demand for excellent experiences and increased service levels
- IFM is a competitive advantage when customers increase expectations and requirements for Health and Safety, Security, Hygiene and user experience

### Technology

SERVICE *with* IQ

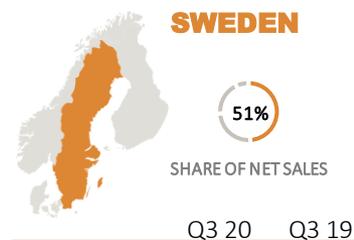
- Increased demand for Smart, Digital and Automated/Touch-Free solutions.
- Coor in the forefront of today's technical solutions and have a strong platform for innovation
- The workplace will become pandemic-safe through smart technology

### Services

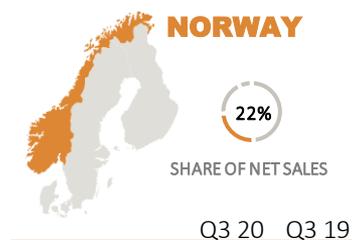


- Reduced demand for Food & Beverage in urban areas and “pure” white-collar offices. Less or no negative impact on e.g. industrial sites/offices and hospitals. (Coor's 3<sup>rd</sup> largest service line)
- Stable demand for Property services over time (Coor's 2<sup>nd</sup> largest service line)
- Increased focus and demand for professional cleaning services. (Coor's largest service line)

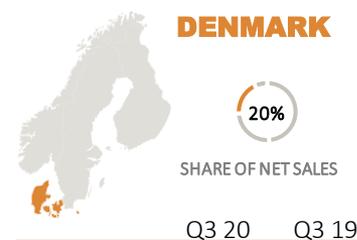
# Country by country



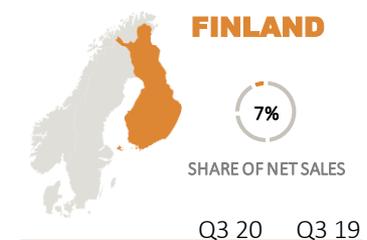
- Negative impact on variable volume due to covid-19, mainly within F&B and property related projects
- Positive volume impact from new business, e.g. ICA, the acquisition of Norrlands Miljövärd, increased demand for cleaning and security
- Margin and profit improvement from cost reductions, efficiencies and successful integration of Norrlands Miljövärd, despite negative volume impact from covid-19



- Negative impact on variable volume due to covid-19, mainly within F&B
- General restraint from Oil & Gas industry in combination with less comprehensive maintenance stops also impacted the variable volumes in a negative way
- Margin decline mainly driven by covid-19 in combination with negative volume impact from the Oil & Gas industry. Partly offset by internal efficiency



- Negative impact on variable volume due to covid-19, mainly within F&B and property related projects
- Positive volume effect from the prolonged and extended contract with Danish Police, the Prison and Probation Service and the Public Prosecution Agency (PKA). Increased demand for cleaning
- Margin and profit improvement from cost reductions, efficiencies and successful integration of PKA, despite negative impact from covid-19



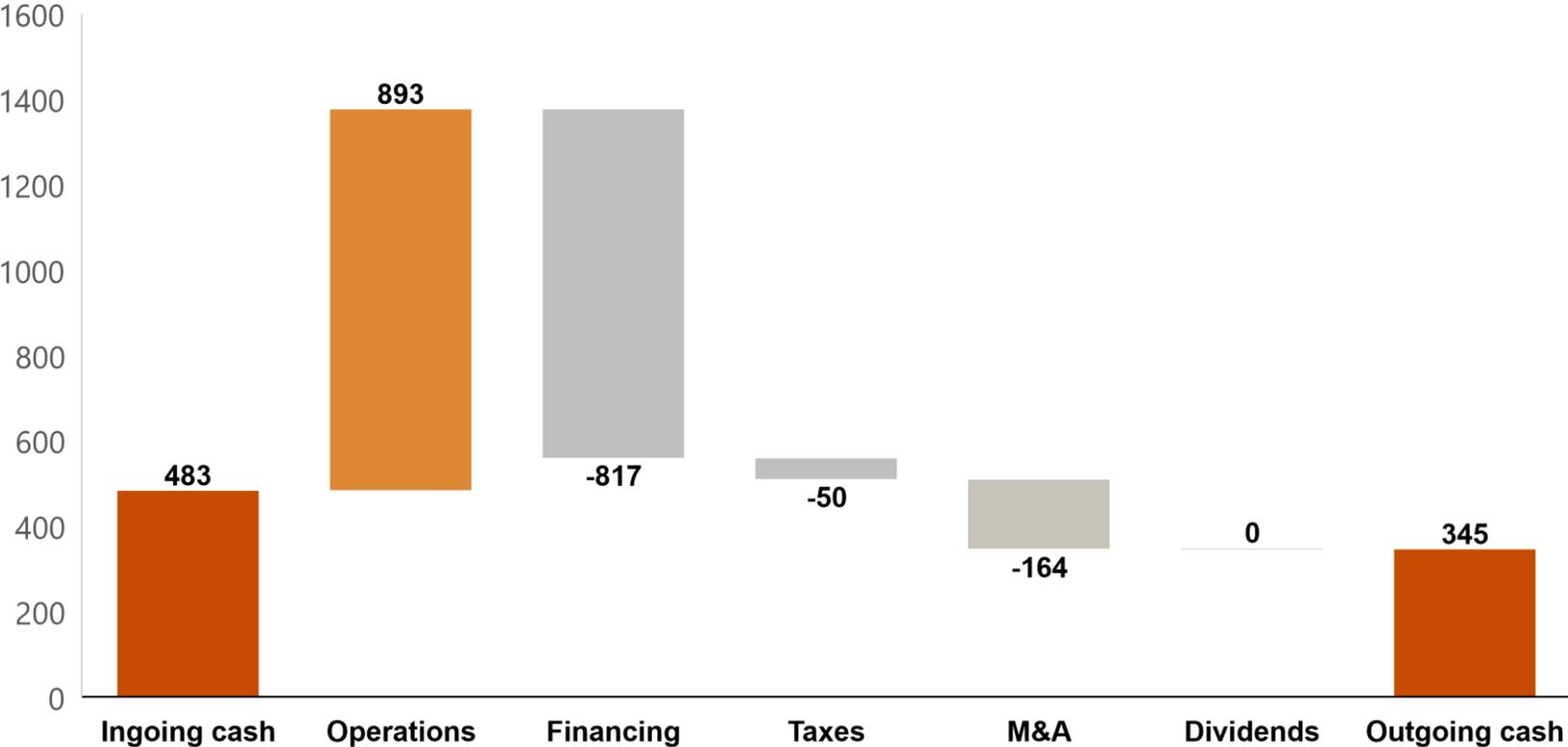
- Negative growth from contract closures in Q4 and termination of contracts with very low margins
- New contract with OP Group largely offsets the negative volume impact from covid-19
- Positive effects from the OP Group contract, cost reductions (partly one-offs) and efficiencies together with termination of contracts with very low margins contributes to margin improvement

# Profit & Loss Statement

P&L (SEK m)	Q3			YTD			LTM	FY
	2020	2019	Chg.	2020	2019	Chg.	Q3	2019
<b>Net sales</b>	<b>2 297</b>	<b>2 490</b>	<b>-193</b>	<b>7 102</b>	<b>7 581</b>	<b>-478</b>	<b>9 835</b>	<b>10 313</b>
<b>Adjusted EBITA</b>	<b>140</b>	<b>127</b>	<b>13</b>	<b>403</b>	<b>398</b>	<b>5</b>	<b>555</b>	<b>549</b>
<i>Adjusted EBITA margin</i>	<i>6,1%</i>	<i>5,1%</i>	<i>1,0%</i>	<i>5,7%</i>	<i>5,2%</i>	<i>0,4%</i>	<i>5,6%</i>	<i>5,3%</i>
<b>EBIT</b>	<b>89</b>	<b>70</b>	<b>19</b>	<b>236</b>	<b>224</b>	<b>11</b>	<b>310</b>	<b>299</b>
Financial net	-15	-16	2	-48	-54	5	-66	-71
Income tax expense	-16	-14	-3	-46	-43	-3	-62	-59
<b>Net income</b>	<b>58</b>	<b>40</b>	<b>18</b>	<b>141</b>	<b>127</b>	<b>14</b>	<b>183</b>	<b>169</b>
Add-back amortization	48	46	2	145	137	8	194	186
<b>Adjusted Net income</b>	<b>106</b>	<b>86</b>	<b>20</b>	<b>287</b>	<b>265</b>	<b>22</b>	<b>377</b>	<b>355</b>

# Cash Flow

## CASH FLOW LTM Q3 2020



# Cash flow

(SEKm)	Q3			LTM	FY	
	2020	2019	Chg.	Q3	2019	Chg.
<b>Adjusted EBITDA</b>	<b>189</b>	<b>179</b>	<b>10</b>	<b>756</b>	<b>749</b>	<b>7</b>
Capex	-11	-12	1	-77	-68	-9
Changes in working capital	125	1	124	254	101	153
<b>Adjusted operating cash flow</b>	<b>303</b>	<b>167</b>	<b>135</b>	<b>933</b>	<b>781</b>	<b>151</b>
<b>Cash conversion (%)</b>	<b>160%</b>	<b>94%</b>	<b>67%</b>	<b>123%</b>	<b>104%</b>	<b>19%</b>
Other operating items	-30	-28	-2	-152	-169	16
<b>Cash flow from operations</b>	<b>273</b>	<b>139</b>	<b>134</b>	<b>780</b>	<b>613</b>	<b>168</b>
<b>Cash flow from investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-164</b>	<b>-152</b>	<b>-12</b>
<b>Cash flow from financing</b>	<b>-131</b>	<b>-50</b>	<b>-81</b>	<b>-698</b>	<b>-415</b>	<b>-284</b>
<b>Total cash flow</b>	<b>141</b>	<b>88</b>	<b>53</b>	<b>-82</b>	<b>46</b>	<b>-128</b>
<b><i>Total cash flow excl. dividend</i></b>	<b>141</b>	<b>88</b>	<b>53</b>	<b>-82</b>	<b>426</b>	<b>-508</b>

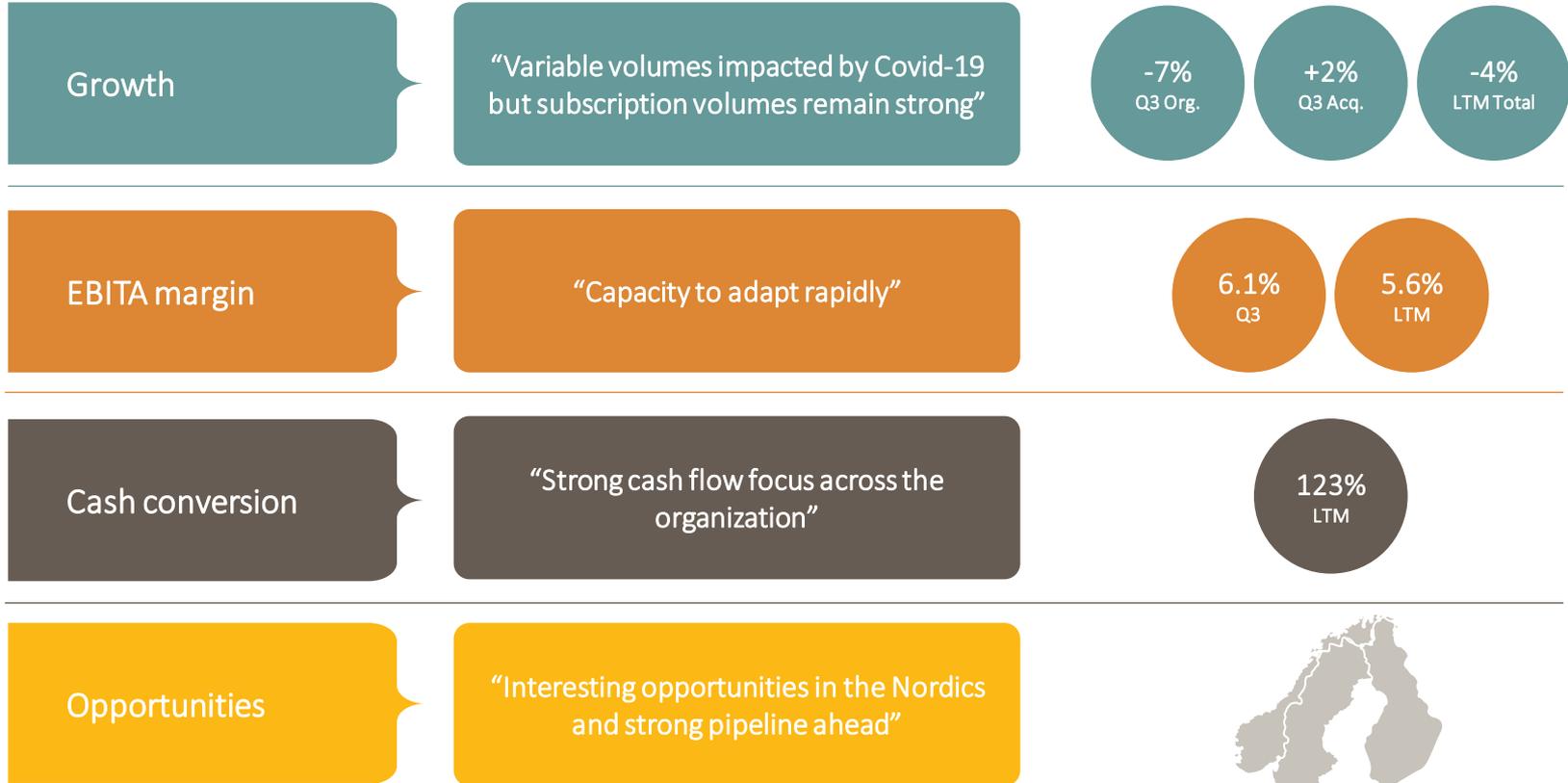
# Balance Sheet

(SEK m)	Sep 30		Dec 31
	2020	2019	2019
<b>Net Working Capital</b>	<b>-828</b>	<b>-573</b>	<b>-774</b>
<b><i>NWC, % of NS (LTM)</i></b>	<b><i>-8,4%</i></b>	<b><i>-5,6%</i></b>	<b><i>-7,5%</i></b>
<b><i>Equity/Assets Ratio</i></b>	<b><i>33%</i></b>	<b><i>29%</i></b>	<b><i>29%</i></b>
<b>Cash</b>	<b>345</b>	<b>483</b>	<b>497</b>
<b>Net debt</b>	<b>1 372</b>	<b>1 855</b>	<b>1 741</b>
<b><i>Leverage</i></b>	<b><i>1,8x</i></b>	<b><i>2,6x</i></b>	<b><i>2,3x</i></b>

## COOR'S FINANCING

- RCF of 1 500 MSEK, unutilized credit facility corresponds to approximately 1 150 MSEK. Duration, including options, until 2024. Leverage covenant at 3.75x
- Senior unsecured bonds in the total amount of 1 000 MSEK with a duration of 5 years from March 2019

# Summary Q3



# Q&A



Coor aims to create the happiest, healthiest and most prosperous workplace environments in the Nordic region.

We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.