COOR

Interim Report
January–September 2019

Third quarter of 2019

- Net sales increased by 5 per cent in the third quarter to SEK **2,490** (2,369) million. Organic growth was 5 per cent and growth from acquisitions 0 per cent, while foreign exchange effects accounted for 1 per cent of the increase.
- Adjusted EBITA increased by 25 per cent to SEK **127** (102) million and the operating margin was **5.1** (4.3) per cent.
- EBIT was SEK **70** (37) million. Profit after tax was SEK **40** (22) million.
- Earnings per share were SEK **0.4** (0.2).
- Operating cash flow was SEK **118** (54) million.

The period January–September 2019

- Net sales for the full period increased by 10 per cent and amounted to SEK **7,581** (6,876) million. Organic growth was 6 per cent and growth from acquisitions 3 per cent, while foreign exchange effects accounted for 1 per cent of the increase.
- Adjusted EBITA increased by 12 percent to SEK **398** (355) million. The operating margin was **5.2** (5.2) per cent.
- EBIT was SEK **224** (164) million. Profit after tax was SEK **127** (62) million.
- Earnings per share were SEK **1.3** (0.6).
- Operating cash flow was SEK **280** (71) million.

"Substantial increase in operating profit, strong cash flow and acquisition of Norrlands Miljövård

Mikael Stöhr,
President and CEO, Coor

GROUP EARNINGS SUMMARY	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales	2,490	2,369	7,581	6,876	10,194	9,489
Organic growth, %	*5*	*10*	*6*	*11*	*7*	*10*
Acquired growth, %	*0*	*13*	*3*	*9*	*5*	*10*
FX effects, %	*1*	*5*	*1*	*3*	*2*	*3*
Adjusted EBITA	127	102	398	355	533	490
Adjusted EBITA margin, %	5.1	4.3	5.2	5.2	5.2	5.2
EBIT	70	37	224	164	279	219
Income for the period	40	22	127	62	170	104
Operating cash flow	118	54	280	71	563	354
Earnings per share, SEK	0.4	0.2	1.3	0.6	1.8	1.1

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

CEO's comments

Substantial increase in operating profit, strong cash flow and acquisition of Norrlands Miljövård

Coor's operating profit improved 25 per cent in the third quarter of the year. Operating profit improved in all Nordic countries. The earnings improvement and reduced working capital are also fuelling a strong cash flow, with a cash conversion of 105 per cent over the past 12 months. The acquisition of Norrlands Miljövård was completed on 31 October and the company will thus be consolidated in Coor as of November this year.

Stable growth

During the third quarter, Coor delivered growth of 5 per cent and grew in all Nordic countries, except Finland.

Activities in the Nordic FM market remained stable in terms of small and medium-sized contracts as well as major IFM procurements.

During the quarter, the extended and expanded contract with the Danish Police and Public Prosecution Service commenced. The preparations for the start of the contract with the Swedish retail chain ICA are fully under way ahead of the delivery start in November.

Directly after the end of the quarter, we also extended a number of major, important contracts with Volvo Cars in Sweden, Aker Solutions in Norway and Velux in Denmark. These extended contracts represent combined annual volumes of nearly SEK 500 million. We are very grateful for the confidence that these and other customers continue to show in Coor as they allow us to take responsibility for their future FM deliveries.

Through the acquisition of Norrlands Miljövård, which was announced in September, Coor is gaining a national presence in Sweden. Norrlands Miljövård has increased our knowledge and expertise in cleaning and, with its 15 operational centres from Gävle in the south to Kiruna in the north, the company has a healthy geographic spread in northern Sweden. We are now seeing favourable exposure opportunities for Coor's entire service offering to customers in northern Sweden where Coor has had limited operations to date.

Increased operating profit and improved margins

During the third quarter, Coor delivers an operating profit of SEK 127 (102) million, corresponding to an earnings increase of 25 per cent.

All Nordic countries increase their operating profit and all countries except Denmark demonstrates improved margins. The largest effect of efficiency enhancements in extended and newly initiated contracts can be seen in Sweden, which showed a strong margin improvement in the quarter. As reported earlier, it normally takes Coor a number of months after the start of new or renegotiated contracts to work through and enhance the efficiency of the new or re-started delivery.

During the quarter, we also saw improved margins on variable volumes compared with the year-earlier period.

However, a significant share of the earnings growth and margin improvement in the quarter was the result of our continuous efficiency-enhancement work.

Strong cash flow

Stable cash flow is a central factor for us at Coor. The strong operating cash flow over the past 12 months was fuelled by a reduction in working capital through improved processes in previously acquired units and reduced investment requirements after implemented contract start-ups.

Overall, this meant that, after the third quarter, the cash conversion for the past 12 months amounted to 105 (82) per cent.

A favourable outlook

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

Stockholm, 7 November 2019

Mikael Stöhr
President and CEO, Coor

Group performance

Net sales and operating profit

CONSOLIDATED	Jul–Sep		Jan–Sep	
(SEK m)	2019	2018	2019	2018
Net sales	2,490	2,369	7,581	6,876
Organic growth, %	*5*	*10*	*6*	*11*
Acquired growth, %	*0*	*13*	*3*	*9*
FX effects, %	*1*	*5*	*1*	*3*
Adjusted EBITA	127	102	398	355
Adjusted EBITA margin, %	5.1	4.3	5.2	5.2
EBIT	70	37	224	164
EBIT margin, %	2.8	1.6	3.0	2.4
Number of employees (FTE)	8,814	8,766	8,814	8,766

Third quarter (July–September)

Organic growth for the quarter was 5 per cent. This growth derived mainly from Sweden and Norway, but Denmark also made a positive contribution. Variable volumes remain at high levels, but are not increasing at the same pace as previously. There was no acquired growth during the quarter.

Operating profit (adjusted EBITA) increased by 25 per cent to SEK 127 (102) million. The operating margin for the quarter improved year-on-year and amounted to 5.1 (4.3) per cent. The increase in operating profit was driven mainly by Sweden, which was also the most important reason for the margin improvement.

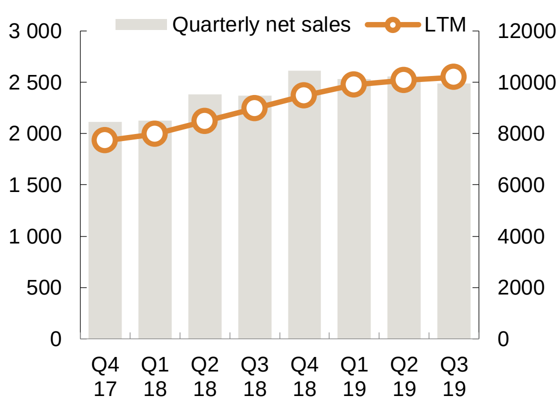
EBIT was SEK 70 (37) million. In addition to the increase in operating profit, items affecting comparability declined since the integration of the acquisitions in the preceding year has now been completed.

Full period (January–September)

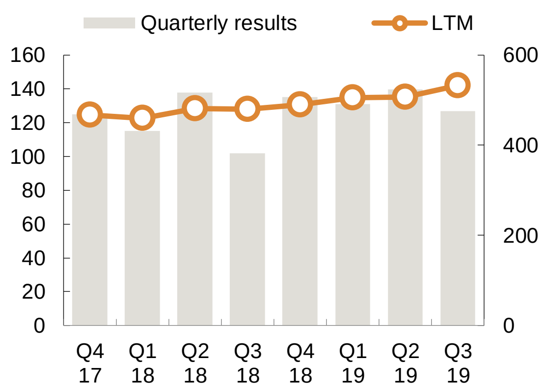
During the January–September period, organic growth was 6 per cent and growth from acquisitions was 3 per cent. Operating profit (adjusted EBITA) increased by 12 per cent to SEK 398 (355) million. The operating margin was unchanged year-on-year and amounted to 5.2 (5.2) per cent.

EBIT was SEK 224 (164) million. In addition to the increase in operating profit, items affecting comparability declined.

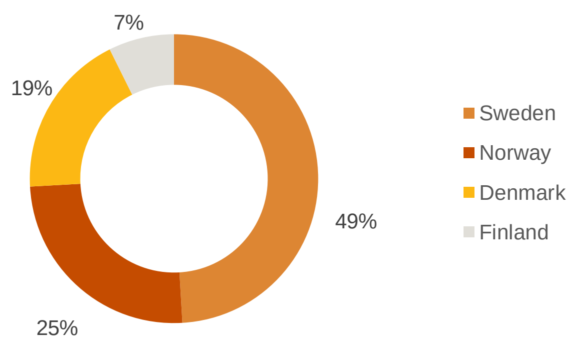
NET SALES (SEK m)



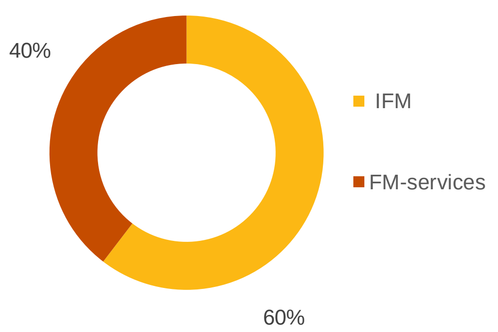
ADJUSTED EBITA (SEK m)



NET SALES BY COUNTRY, LTM, Q3 2019



NET SALES BY TYPE OF CONTRACT, LTM, Q3 2019



Financial net and profit after tax

FINANCIAL NET	Jan–Sep	
(SEK m)	2019	2018
Net interest, excl leasing	-33	-30
Net interest, leasing	-8	0
Borrowing costs	-3	-2
Other	-5	-5
Total excl exchange rate differences	**-48**	**-37**
Exchange rate differences	-6	-30
Total	**-54**	**-67**

Net financial items for the January–September period improved by SEK 13 million compared with the year-earlier period, primarily as a result of lower translation differences on loans in foreign currency. Coor refinanced its earlier bank loans in January 2019 and currently only has loans in SEK. Accordingly, Coor will have no significant exchange rate differences for the time being. The change in net interest compared with the year-earlier period is attributable to the increase in liabilities related to completed acquisitions. In conjunction with the transition to IFRS 16, interest expenses related to leases had a negative effect on net financial items; for further information regarding the effects of IFRS 16, see Note 4.

Tax for the period was SEK -43 (-35) million, corresponding to 25 (36) per cent of profit before tax. The change compared with the preceding year is primarily attributable to the negative nonrecurring effect of approximately SEK 11 million that arose in the preceding year when the deferred tax asset related to the Swedish business was remeasured as a result of new tax legislation. Profit after tax was SEK 127 (62) million.

Cash flow

Operating cash flow for the third quarter was SEK 118 (54) 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 106 million, which is a strong improvement year-on-year. This improvement was attributable to focused work on working capital across the entire organisation, not least in the acquired operations. Cash flow was also positively impacted by the last day of the quarter falling on a weekday, compared with the preceding year when the last two days of the quarter fell on a weekend. The Group's investment level was lower than in the year-earlier period, which also contributed to improved cash flow.

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 105 (82) per cent.

CASH CONVERSION

(SEK m)	LTM Q3 2019	LTM Q3 2018	Full year 2018
Adjusted EBITDA [1]	697	543	558
Change in net working capital	106	-12	-27
Net investments	-70	-87	-84
Cash flow for calculation of cash conversion [1]	**732**	**444**	**447**
Cash conversion, % [1]	**105**	**82**	**80**

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

Financial position

NET DEBT	30 Sep	30 Sep	31 Dec
(SEK m)	2019	2018	2018
Liabilities to credit institutions	890	1,838	1,686
Corporate bond	1,000	0	0
Leasing, net	375	4	7
Other	73	9	59
	2,338	**1,851**	**1,753**
Cash and cash equivalents	-483	-335	-435
Net debt	**1,855**	**1,516**	**1,318**
Leverage	2.6 [1]	2.8	2.4
Equity	1,962	2,214	2,164
Equity/assets ratio, %	29	35	33

[1] Pro forma calculation as if IFRS 16 had been applied for the past 12 months, see Note 4.

At the end of the quarter, consolidated net debt amounted to SEK 1,855 (1,516) million. The increase compared with the year-earlier period was mainly attributable to the changed recognition of lease liabilities in connection with the new accounting rules for leasing, see also Note 4.

The leverage, defined as net debt to adjusted EBITDA, was 2.6 (2.8) at the end of the quarter, which is still in line with the Group's target of a leverage below 3.0. Both net debt and adjusted EBITDA were impacted by the new rules on leasing, see also Note 4.

Equity at the end of the period was SEK 1,962 (2,214) million, and the equity/assets ratio was 29 (35) per cent. The decrease in the equity/assets ratio compared with the year-earlier period was mainly due to a dividend payment of SEK 380 million made in the second quarter.

Cash and cash equivalents amounted to SEK 483 (335) million at the end of the period. At the end of the period, the Group had undrawn credit lines totalling SEK 600 (90) million.

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

Significant events during the third quarter

- Klas Elmberg assumed the position of CFO and IR Director on 1 August 2019.

- On 27 September 2019, Coor announced that the company had signed an agreement to acquire the Swedish cleaning company Norrlands Miljövård AB. The company employs about 500 staff and has annual sales of approximately SEK 250 million. This acquisition gives Coor increased geographic coverage in Sweden and makes a positive contribution to Coor's competence in cleaning. The acquisition was finalised on 31 October 2019 after a customary examination by the competition authority.

Significant events after the end of the period

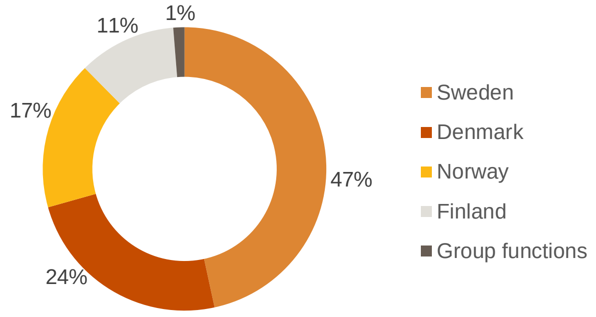
- On 1 November 2019, it was announced that Coor would extend its IFM agreement with Aker Solutions. Coor has delivered integrated facility management services to Aker Solutions since 2015 and the agreement is now being extended until 2025. The agreement is expected to generate annual sales of SEK 130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

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

Organisation and employees

At the end of the period, the number of employees was 10,934 (10,805), or 8,814 (8,766) on a full-time equivalent basis. The increased number of employees compared with the year-earlier period is attributable to the start-up of new contracts and the expansion of existing contracts.

NUMBER OF EMPLOYEES (FTE), 30 SEPTEMBER 2019



Operations by country

Sweden

SWEDEN (SEK m)	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018
Net sales	1,201	1,129	3,739	3,510
Organic growth, %	*6*	*4*	*6*	*6*
Acquired growth, %	*0*	*0*	*0*	*0*
FX effects, %	*0*	*0*	*0*	*0*
Adjusted EBITA	91	72	324	318
Adjusted EBITA margin, %	7.6	6.4	8.7	9.1
Number of employees (FTE)	4,107	4,059	4,107	4,059

Third quarter (July–September)

During the third quarter, the Swedish operations grew by 6 per cent. As in the last few quarters, growth was driven by the last stage of the commissioning of the new buildings at the Karolinska University Hospital in Solna, high variable volumes in a number of large contracts and new small contracts.

Operating profit (adjusted EBITA) for the quarter amounted to SEK 91 (72) million. The operating margin was 7.6 (6.4) per cent. The margin improvement was primarily attributable to successful efficiency enhancements on a broad front and improved margins on variable volumes compared to the corresponding quarter in 2018.

The negative margin effects from the extension of the Ericsson contract declined compared with prior quarters.

Seasonally, the third quarter is the weakest quarter of the year. This is because July and August are holiday months, with fewer add-on sales and fewer guests at Coor’s restaurants and conference facilities.

Full period (January–September)

Organic growth for the January–September period was 6 per cent.

Operating profit (adjusted EBITA) amounted to SEK 324 (318) million. The operating margin was 8.7 (9.1) per cent.

Norway

NORWAY (SEK m)	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018
Net sales	638	605	1,890	1,685
Organic growth, %	*6*	*17*	*6*	*15*
Acquired growth, %	*0*	*13*	*5*	*6*
FX effects, %	*0*	*8*	*1*	*3*
Adjusted EBITA	44	41	121	109
Adjusted EBITA margin, %	6.9	6.8	6.4	6.5
Number of employees (FTE)	1,495	1,513	1,495	1,513

Third quarter (July–September)

During the third quarter, the Norwegian operations grew by 6 per cent. Organic growth is being driven by high variable volumes in a number of major contracts as well as the new IFM contract with Storebrand, which was initiated in September 2018.

Quarterly operating profit (adjusted EBITA) increased by 7 per cent and amounted to SEK 44 (41) million. The operating margin was 6.9 (6.8) per cent. The margin improvement was driven by favourable margins on variable volumes and improved profitability from the major cleaning contract that previously had a negative impact on the margin. At the end of the preceding quarter, a new, more cost-effective organisational structure was implemented, which also generated positive effects.

These effects were partly offset by a contractual price adjustment for a major customer.

Full period (January–September)

Organic growth for the January–September period was 6 per cent and acquired growth was 5 per cent.

Operating profit (adjusted EBITA) amounted to SEK 121 (109) million. The operating margin was 6.4 (6.5) per cent.

Denmark

DENMARK (SEK m)	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018
Net sales	487	459	1,416	1,181
Organic growth, %	*3*	*24*	*7*	*19*
Acquired growth, %	*0*	*95*	*9*	*77*
FX effects, %	*2*	*18*	*3*	*13*
Adjusted EBITA	20	20	56	39
Adjusted EBITA margin, %	4.2	4.3	3.9	3.3
Number of employees (FTE)	2,118	2,101	2,118	2,101

Third quarter (July–September)

During the third quarter, the Danish operations grew by 3 per cent. Organic growth was mainly driven by new, smaller contracts and the extended and expanded contract with the Danish Police, the Prison and Probation Service and the Public Prosecution Agency.

Operating profit (adjusted EBITA) was in line with the preceding year and amounted to SEK 20 (20) million. The operating margin was 4.2 (4.3) per cent. With the successful implementation of Elite Miljø, the Danish management has again been able to focus on continuous, margin-strengthening activities throughout the organisation.

These positive effects were offset by the negative impact of the ongoing major integrations of new and renegotiated contracts.

Shortly after the end of the quarter, it was announced that Coor had extended its IFM agreement with Velux for a further five years.

Full period (January–September)

Organic growth for the January–September period was 7 per cent and the acquisition of Elite Miljø contributed a further 9 per cent to growth.

Operating profit (adjusted EBITA) amounted to SEK 56 (39) million. The operating margin was 3.9 (3.3) per cent.

Finland

FINLAND (SEK m)	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018
Net sales	165	176	537	501
Organic growth, %	*-8*	*17*	*4*	*18*
Acquired growth, %	*0*	*0*	*0*	*0*
FX effects, %	*2*	*10*	*3*	*8*
Adjusted EBITA	9	8	12	8
Adjusted EBITA margin, %	5.6	4.8	2.2	1.7
Number of employees (FTE)	981	1,001	981	1,001

Third quarter (July–September)

In the third quarter, sales in Finland declined 6 per cent, driven by the delivery to Ericsson in Finland and Estonia being concluded in the first quarter and a number of contracts with very low margins being discontinued.

Operating profit (adjusted EBITA) was somewhat higher compared with the preceding year and amounted to SEK 9 (8) million. The operating margin was 5.6 (4.8) per cent. Profitability improvements in several contracts and the discontinuation of low-margin contracts are making a positive contribution to the operating margin.

The effects from the completed deliveries to Ericsson continued to have a negative impact.

In contrast to the Group as a whole, the third quarter is seasonally the strongest in the Finnish operations.

Full period (January–September)

Organic growth for the January–September period was 4 per cent.

Operating profit (adjusted EBITA) amounted to SEK 12 (8) million. The operating margin was 2.2 (1.7) per cent.

Significant risks and uncertainties

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

Acquisitions and sales

On 27 September 2019, Coor signed an agreement for the acquisition of the Swedish cleaning services company Norrlands Miljövård AB. The acquisition was finalised on 31 October 2019 after a customary examination by the competition authority.

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

Parent Company

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

Profit after tax in the Parent Company was SEK -68 (-87) million. Total assets in the Parent Company at the end of the period were SEK 7,847 (7,897) million. Equity in the Parent Company was SEK 4,836 (5,098) 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 Capital Group, AMF Försäkring & Fonder and Nordea Fonder.

COOR'S FIFTEEN LARGEST SHAREHOLDERS 30 SEPTEMBER 2019 [1)]

Shareholder	Number of shares and votes	Shares and votes, %
Capital Group	7,916,297	8.3
AMF Försäkring & Fonder	7,874,399	8.2
Nordea Fonder	7,165,856	7.5
Andra AP-fonden	5,884,628	6.1
Didner & Gerge Fonder	5,819,171	6.1
Fidelity Investments (FMR)	4,406,821	4.6
BMO Global Asset Management	4,067,148	4.2
SEB-Stiftelsen	4,000,000	4.2
Swedbank Robur Fonder	3,997,923	4.2
JP Morgan Asset Management	3,746,551	3.9
Crux Asset Management Ltd	3,654,300	3.8
Taiga Fund Management AS	3,158,035	3.3
Wipunen varainhallinta Oy	2,800,000	2.9
Spiltan Fonder	2,210,213	2.3
Riikantorppa Oy	1,600,000	1.7
Total 15 largest shareholders	**68,301,342**	**71.3**
Other shareholders	27,510,680	28.7
Total	**95,812,022**	**100.0**

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

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

Stockholm, 7 November 2019

For the Board of Directors of Coor Service Management Holding AB

Mikael Stöhr
President and CEO

For further information

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

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

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

Invitation to a press and analyst presentation

On 7 November, at 10:00 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: http://event.on24.com/wcc/r/1919067-1/155C74AD2B2651C414085D1BE228E480?partnerref=rss-events

To listen to the presentation by telephone, dial +46850558355 (Sweden), +4723500236 (Norway), +4578150109 (Denmark), +358981710521 (Finland) or +443333009032 (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 2019	12 February 2020
Interim Report	January–March 2020	28 April 2020
Interim Report	January–June 2020	17 July 2020
Interim Report	January–September 2020	4 November 2020

This constitutes information which Coor Service Management Holding AB is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the above contact person on 7 November 2019, at 7:30 a.m. CET.

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

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

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 2019 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, 7 November 2019

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales	2,490	2,369	7,581	6,876	10,194	9,489
Cost of services sold	-2,263	-2,157	-6,858	-6,206	-9,231	-8,580
Gross income	**227**	**212**	**723**	**670**	**963**	**909**
Selling and administrative expenses	-157	-175	-499	-506	-683	-691
Operating profit	**70**	**37**	**224**	**164**	**279**	**219**
Net financial income/expense	-16	-9	-54	-67	-48	-62
Profit before tax	**54**	**28**	**171**	**97**	**231**	**157**
Income tax expense	-14	-6	-43	-35	-61	-53
Income for the period	**40**	**22**	**127**	**62**	**170**	**104**
Operating profit	**70**	**37**	**224**	**164**	**279**	**219**
Amortisation and impairment of goodwill, customer contracts and trademarks	46	46	137	130	183	176
Items affecting comparability *(note 3)*	11	19	36	61	70	95
Adjusted EBITA	**127**	**102**	**398**	**355**	**533**	**490**
Earnings per share, SEK, before and after dilution	**0.4**	**0.2**	**1.3**	**0.6**	**1.8**	**1.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Income for the period	**40**	**22**	**127**	**62**	**170**	**104**
Items that may be subsequently reclassified to profit or loss						
Currency translation differences	8	-19	75	71	33	29
Cash flow hedges	-1	0	-1	0	-1	0
Other comprehensive income for the period	**7**	**-19**	**74**	**71**	**32**	**29**
Total comprehensive income for the period	**47**	**3**	**201**	**132**	**201**	**133**

The interim information on pages 11–26 is an integral part of this financial report.

CONSOLIDATED BALANCE SHEET	30 Sep		31 Dec
(SEK m)	2019	2018	2018
Assets			
Intangible assets			
Goodwill	3,084	3,066	3,036
Customer contracts	572	748	696
Other intangible assets	163	145	150
Property, plant and equipment *(Note 4)*	469	106	109
Financial assets			
Deferred tax receivable	199	216	203
Other financial assets	15	13	14
Total non-current assets	**4,501**	**4,294**	**4,208**
Current assets			
Accounts receivable	1,201	1,324	1,343
Other current assets, interest-bearing	1	1	1
Other current assets, non-interest-bearing	483	403	488
Cash and cash equivalents	483	335	435
Total current assets	**2,168**	**2,063**	**2,266**
Total assets	**6,668**	**6,357**	**6,474**

	30 Sep		31 Dec
	2019	2018	2018
Equity and liabilities			
Equity	**1,962**	**2,214**	**2,164**
Liabilities			
Non-current liabilities			
Borrowings *(Note 2 and 4)*	2,233	1,843	1,744
Deferred tax liability	40	51	45
Provisions for pensions	20	19	20
Other non-interest bearing liabilities	2	2	1
Total non-current liabilities	**2,294**	**1,915**	**1,810**
Current liabilities			
Interest-bearing liabilities *(Note 2 and 4)*	101	3	4
Current tax liabilities	49	38	32
Accounts payable	798	851	1,023
Other current liabilities	1,459	1,329	1,434
Short-term provisions	4	7	6
Total current liabilities	**2,413**	**2,229**	**2,500**
Total equity and liabilities	**6,668**	**6,357**	**6,474**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Jan–Sep		Full year
(SEK m)	2019	2018	2018
Opening balance at beginning of period	**2,164**	**2,464**	**2,464**
Income for the period	127	62	104
Other comprehensive income for the period	74	71	29
Long-term incentive programmes	5	1	2
Share swap for hedging of long-term incentive programme [1)]	0	0	-51
Acquisition of own shares [2)]	-28	0	0
Dividend	-380	-383	-383
Closing balance at end of period	**1,962**	**2,214**	**2,164**

[1)]Coor undertook share swaps to secure the LTIP 2018 incentive programme, which was resolved on by the 2018 Annual General Meeting. At 30 September, the number of guaranteed shares amounted to 740,000, with an average cost of SEK 86.3.

[2)] Coor made an acquisition of its own shares to secure the LTIP 2019 incentive programme, which was resolved on by the 2019 Annual General Meeting. At 30 September, the number of treasury shares was 340,000, which were acquired at an average cost of SEK 82.5.

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

CONSOLIDATED CASH FLOW STATEMENT	Jul - Sep		Jan - Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Operating profit	**70**	**37**	**224**	**164**	**279**	**219**
Adjustment for non-cash items	96	67	280	182	344	246
Finance net	-16	-13	-58	-35	-68	-45
Income tax paid	-1	-2	-32	-30	-45	-44
Cash flow before changes in working capital	**149**	**89**	**415**	**281**	**510**	**376**
Change in working capital	1	-35	-82	-215	106	-27
Cash flow from operating activities	**150**	**54**	**333**	**66**	**616**	**349**
Net investments	-11	-14	-41	-60	-65	-83
Acquisition of subsidiaries	0	-99	0	-436	0	-436
Cash flow from investing activities	**-11**	**-113**	**-41**	**-496**	**-65**	**-520**
Change in borrowings	0	129	209	401	77	270
Dividend	0	0	-380	-383	-380	-383
Net lease commitments	-34	0	-92	-1	-93	-2
Other	-17	1	-15	1	-15	1
Cash flow from financing activities	**-50**	**129**	**-279**	**18**	**-411**	**-114**
Total cash flow for the period	**88**	**70**	**13**	**-412**	**140**	**-285**
Cash and cash equivalents at beginning of period	391	270	435	709	335	709
Exchange gains on cash and cash equivalents	3	-5	35	39	8	11
Cash and cash equivalents at end of period	**483**	**335**	**483**	**335**	**483**	**435**

CONSOLIDATED OPERATING CASH FLOW	Jul - Sep		Jan - Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
EBIT	70	37	224	164	279	219
Depreciation and amortisation	98	64	283	179	348	244
Net investments	-11	-14	-41	-60	-65	-83
Change in working capital	1	-35	-82	-215	106	-27
Adjustments for lease payments [1)]	-37	0	-101	0	-101	0
Adjustment for non-cash items	-2	3	-2	3	-4	2
Operating cash flow	**118**	**54**	**280**	**71**	**563**	**354**
Adjustment for items affecting comparability	11	19	36	61	70	95
Adjustments for lease payments [1)]	37	0	101	0	101	0
Other	1	1	-2	-3	-2	-3
Cash flow for calculation of cash conversion	**167**	**74**	**415**	**130**	**732**	**447**
Cash conversion, %	**94**	**62**	**76**	**32**	**105**	**80**

[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 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018	Rolling 12 mth.	Full year 2018
Net sales						
Sweden	**1,201**	**1,129**	**3,739**	**3,510**	**5,016**	**4,788**
Total sales	*1,236*	*1,160*	*3,840*	*3,603*	*5,147*	*4,910*
Internal sales	*-35*	*-31*	*-101*	*-92*	*-131*	*-122*
Norway	**638**	**605**	**1,890**	**1,685**	**2,556**	**2,351**
Total sales	*640*	*607*	*1,897*	*1,691*	*2,566*	*2,359*
Internal sales	*-2*	*-2*	*-7*	*-6*	*-10*	*-8*
Finland	**165**	**176**	**537**	**501**	**730**	**694**
Total sales	*165*	*176*	*537*	*501*	*730*	*694*
Internal sales	*0*	*0*	*0*	*0*	*0*	*0*
Denmark	**487**	**459**	**1,416**	**1,181**	**1,893**	**1,658**
Total sales	*487*	*460*	*1,417*	*1,182*	*1,895*	*1,659*
Internal sales	*-1*	*0*	*-1*	*-1*	*-2*	*-1*
Group functions/other	**0**	**0**	**-1**	**-1**	**-1**	**-1**
Total	**2,490**	**2,369**	**7,581**	**6,876**	**10,194**	**9,489**
Adjusted EBITA						
Sweden	91	72	324	318	440	434
Norway	44	41	121	109	162	150
Finland	9	8	12	8	11	7
Denmark	20	20	56	39	81	64
Group functions/other	-37	-39	-115	-120	-161	-166
Total	**127**	**102**	**398**	**355**	**533**	**490**
Adjusted EBITA is reconciled to profit before tax as follows:						
Amortisation and impairment of goodwill, customer contracts and trademarks	-46	-46	-137	-130	-183	-176
Items affecting comparability *(note 3)*	-11	-19	-36	-61	-70	-95
Net financial income/expense	-16	-9	-54	-67	-48	-62
Profit before tax	**54**	**28**	**171**	**97**	**231**	**157**

Adjusted EBITA margin, %	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018	Rolling 12 mth.	Full year 2018
Sweden	7.6	6.4	8.7	9.1	8.8	9.1
Norway	6.9	6.8	6.4	6.5	6.3	6.4
Finland	5.6	4.8	2.2	1.7	1.5	1.1
Denmark	4.2	4.3	3.9	3.3	4.3	3.9
Group functions/other	-	-	-	-	-	-
Total	**5.1**	**4.3**	**5.2**	**5.2**	**5.2**	**5.2**

NET SALES BY TYPE OF CONTRACT (SEK m)	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018	Rolling 12 mth.	Full year 2018
Net sales						
IFM	1,517	1,389	4,592	4,200	6,157	5,765
FM services	974	980	2,989	2,676	4,037	3,724
Total	**2,490**	**2,369**	**7,581**	**6,876**	**10,194**	**9,489**

QUARTERLY DATA (SEK m)	2019			2018				2017
GEOGRAPHICAL SEGMENTS	III	II	I	IV	III	II	I	IV
Net sales, external								
Sweden	1,201	1,272	1,266	1,277	1,129	1,204	1,178	1,228
Norway	638	627	625	666	605	563	517	498
Finland	165	184	188	193	176	166	159	153
Denmark	487	473	456	477	459	447	274	234
Group functions/other	0	0	0	0	0	0	-1	-1
Total	**2,490**	**2,556**	**2,535**	**2,613**	**2,369**	**2,380**	**2,127**	**2,112**
Adjusted EBITA								
Sweden	91	119	114	116	72	123	123	123
Norway	44	41	36	41	41	36	32	33
Finland	9	1	1	-1	8	1	-2	6
Denmark	20	17	19	25	20	18	2	15
Group functions/other	-37	-38	-39	-46	-39	-41	-40	-52
Total	**127**	**140**	**131**	**135**	**102**	**138**	**115**	**125**
Adjusted EBITA margin, %								
Sweden	7.6	9.4	9.0	9.1	6.4	10.2	10.4	10.1
Norway	6.9	6.5	5.8	6.1	6.8	6.4	6.2	6.5
Finland	5.6	0.7	0.7	-0.5	4.8	0.9	-1.0	3.9
Denmark	4.2	3.5	4.1	5.2	4.3	4.0	0.6	6.2
Group functions/other	-	-	-	-	-	-	-	-
Total	**5.1**	**5.5**	**5.2**	**5.2**	**4.3**	**5.8**	**5.4**	**5.9**

QUARTERLY DATA (SEK m)	2019			2018				2017
TYPE OF CONTRACT	III	II	I	IV	III	II	I	IV
Net sales, external								
IFM	1,517	1,548	1,527	1,565	1,389	1,428	1,383	1,423
FM services	974	1,008	1,008	1,048	980	952	745	689
Total	**2,490**	**2,556**	**2,535**	**2,613**	**2,369**	**2,380**	**2,127**	**2,112**

PARENT COMPANY INCOME STATEMENT	Jul–Sep		Jan–Sep		Full year
(SEK m)	2019	2018	2019	2018	2018
Net sales	**2**	**1**	**5**	**3**	**4**
Selling and administrative expenses	-8	-6	-26	-20	-24
Operating profit	**-7**	**-5**	**-22**	**-17**	**-20**
Net financial income/expense	**-14**	**-7**	**-47**	**-71**	**-66**
Group contribution	0	0	0	0	315
Income before tax	**-21**	**-13**	**-68**	**-87**	**229**
Income tax expense	0	0	0	0	-52
Income for the period	**-21**	**-13**	**-68**	**-87**	**177**

PARENT COMPANY BALANCE SHEET	30 Sep		Dec 31
(SEK m)	2019	2018	2018
Assets			
Shares in subsidiaries	7,789	7,789	7,789
Deferred tax asset	52	104	52
Other financial assets	1	1	1
Total non-current assets	**7,842**	**7,894**	**7,842**
Receivables from Group companies*	2	0	317
Other trading assets	4	3	2
Cash and cash equivalents*	0	0	0
Total current assets	**5**	**3**	**319**
Total assets	**7,847**	**7,897**	**8,161**

	30 Sep		31 Dec
	2019	2018	2018
Equity and liabilities			
Shareholders' equity	**4,836**	**5,098**	**5,313**
Liabilities			
Borrowings	1,954	1,838	1,737
Provisions for pensions	2	2	2
Total non-current liabilities	**1,956**	**1,840**	**1,738**
Liabilities to Group companies*	1,043	952	1,101
Accounts payable	1	0	0
Other current liabilities	12	7	9
Total current liabilities	**1,056**	**959**	**1,110**
Total liabilities	**3,011**	**2,799**	**2,848**
Total equity and liabilities	**7,847**	**7,897**	**8,161**

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

Key performance indicators

KEY PERFORMANCE INDICATORS	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales	2,490	2,369	7,581	6,876	10,194	9,489
Net sales growth, %	5.1	27.8	10.2	22.6	13.4	22.9
of which organic growth, %	*4.5*	*10.3*	*6.3*	*10.6*	*7.0*	*10.2*
of which acquired growth, %	*0.1*	*13.0*	*2.7*	*9.3*	*4.8*	*9.9*
of which FX effect, %	*0.5*	*4.6*	*1.2*	*2.7*	*1.7*	*2.8*
Operating profit (EBIT)	70	37	224	164	279	219
EBIT margin, %	2.8	1.6	3.0	2.4	2.7	2.3
EBITA	116	83	362	293	463	394
EBITA margin, %	4.7	3.5	4.8	4.3	4.5	4.2
Adjusted EBITA	127	102	398	355	533	490
Adjusted EBITA margin, %	5.1	4.3	5.2	5.2	5.2	5.2
Adjusted EBITDA	179	119	543	404	697	558
Adjusted EBITDA margin, %	7.2	5.0	7.2	5.9	6.8	5.9
Adjusted EBITDA, pro forma [1)]	179	149	543	494	727	677
Adjusted net profit	86	69	265	191	353	280
Net working capital	-573	-454	-573	-454	-573	-626
Net working capital / Net sales, %	-5.6	-5.0	-5.6	-5.0	-5.6	-6.6
Operating cash flow	118	54	280	71	563	354
Cash conversion, %	94	62	76	32	105	80
Net debt [1)]	1,855	1,516	1,855	1,516	1,855	1,318
Leverage [1)]	-	2.8	-	2.8	-	2.4
Net debt, pro forma [1)]	1,855	1,871	1,855	1,871	1,855	1,661
Leverage, pro forma [1)]	2.6	2.8	2.6	2.8	2.6	2.5
Equity/assets ratio, %	29	35	29	35	29	33

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

DATA PER SHARE	Jul–Sep		Jan–Sep		Rolling	Full year
	2019	2018	2019	2018	12 mth.	2018
Share price at end of period	85.2	71.0	85.2	71.0	85.2	70.4
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	-340,000	0	-340,000	0	-340,000	0
No. of shares outstanding	**95,472,022**	**95,812,022**	**95,472,022**	**95,812,022**	**95,472,022**	**95,812,022**
No. of ordinary shares outstanding (weighted average)	95,571,150	95,812,022	95,725,088	95,812,022	95,747,000	95,812,022
Earnings per share, before and after dilution, SEK	**0.42**	**0.23**	**1.33**	**0.64**	**1.77**	**1.09**
Shareholders' equity per share, SEK	**20.55**	**23.10**	**20.55**	**23.10**	**20.55**	**22.59**

[1)] In accordance with the resolution of the Annual General Meeting, Coor undertook an acquisition of its own shares during the second and third quarter to secure the 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 third quarter 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 2018 with the exception of the new standards and interpretations which became effective on 1 January 2019.

IFRS 16 Leases became effective on 1 January 2019.

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

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

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

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

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

Note 2 – Financial instruments

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

	Carrying amount			Fair value		
	30 Sep		31 Dec	30 Sep		31 Dec
(SEK m)	2019	2018	2018	2019	2018	2018
Lease liabilities	377	6	9	377	6	9
Liabilities to credit institutions	890	1,838	1,686	890	1,838	1,686
Corporate Bond	1,000	0	0	1,000	0	0
Other non-current liabilities	67	2	52	67	2	52
Total	**2,334**	**1,846**	**1,748**	**2,334**	**1,846**	**1,748**

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

Note 3 – Items affecting comparability

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

ITEMS AFFECTING COMPARABILITY	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Integration	-7	-12	-25	-29	-51	-55
Restructuring	-3	-5	-10	-25	-18	-32
Acquisition-related expenses	0	-1	0	-7	0	-7
Other	-1	0	-1	0	-1	0
Total	**-11**	**-19**	**-36**	**-61**	**-70**	**-95**

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

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

At 1 January 2019, the Group recognised right-of-use assets amounting to SEK 365 million and lease liabilities amounting to SEK 352 million after deduction of prepaid lease payments. The table below shows a reconciliation between total operating leases at 31 December 2018 in accordance with earlier rules and the lease liabilities recognised in the balance sheet at 1 January 2019 in accordance with the rules contained in IFRS 16:

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

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

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

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

Presentation of pro forma effects upon transition to IFRS 16:

To provide a better understanding of the transition effects of IFRS 16, the table below shows the pro forma effects for comparative periods and the rolling 12-month period as if IFRS 16 had also been applied to these periods. In the preparation of the pro forma effects for the comparative periods, the starting point was the leases in place at the end of 2018. Leases added in 2018 were assumed to be equally distributed over 2018 in the calculation of the effects. The same discount rates were used as for the calculation of debt upon the transition to IFRS 16 on 1 January 2019.

PRO FORMA EFFECTS FOR COMPARATIVE PERIODS AND ROLLING 12-MONTH PERIOD UPON TRANSITION TO IFRS 16

INCOME STATEMENT	Jan-Sep 2018 reported	Pro forma effects of IFRS 16	Jan-Sep 2018 pro forma	Full year 2018 reported	Pro forma effects of IFRS 16	Full year 2018 - pro forma	LTM Q3 2019 reported	Pro forma effects of IFRS 16	LTM Q3 2019 pro forma
Net sales	6,876	0	6,876	9,489	0	9,489	10,194	0	10,194
Operating expenses	-6,712	4	-6,708	-9,270	6	-9,264	-9,914	1	-9,913
EBIT	**164**	**4**	**168**	**219**	**6**	**225**	**279**	**1**	**281**
Amortisation of customer contracts and trademarks	130	0	130	176	0	176	183	0	183
Items affecting comparability	61	0	61	95	0	95	70	0	70
Adjusted EBITA	**355**	**4**	**359**	**490**	**6**	**496**	**533**	**1**	**534**
Depreciation/amortisation	50	85	135	68	113	182	164	28	193
Adjusted EBITDA	**404**	**89**	**494**	**558**	**119**	**677**	**697**	**30**	**727**
Financial net	-67	-8	-75	-62	-11	-73	-48	-3	-51
Profit/loss before tax	**97**	**-4**	**93**	**157**	**-5**	**152**	**231**	**-1**	**230**
Tax	-35	1	-34	-53	1	-52	-61	0	-61
Profit/loss after tax	**62**	**-3**	**59**	**104**	**-4**	**100**	**170**	**-1**	**169**
BALANCE SHEET									
Total assets	**6,357**	**351**	**6,708**	**6,474**	**339**	**6,814**	**6,668**	**-**	**6,668**
Shareholders' equity	**2,214**	**-4**	**2,210**	**2,164**	**-4**	**2,161**	**1,962**	**-**	**1,962**
Total liabilities	**4,143**	**355**	**4,498**	**4,310**	**343**	**4,653**	**4,706**	**-**	**4,706**
Equity/assets ratio, %	**35**	**-**	**33**	**33**	**-**	**32**	**29**	**-**	**29**
Net debt	**1,516**	**355**	**1,871**	**1,318**	**343**	**1,661**	**1,855**	**-**	**1,855**
Leverage	**2.8**	**-**	**2.8**	**2.4**	**-**	**2.5**	**-**	**-**	**2.6**

OPERATING CASH FLOW	Jan–Sep 2018 reported	Pro forma effects of IFRS 16	Jan–Sep 2018 pro forma	Full year 2018 reported	Pro forma effects of IFRS 16	Full year 2018 – pro forma	LTM Q3 2019 reported	Pro forma effects of IFRS 16	LTM Q3 2019 pro forma
Operating profit (EBIT)	164	4	168	219	6	225	279	1	281
Depreciation/amortisation	179	85	264	244	113	357	348	28	376
Net investments	-60	0	-60	-83	0	-83	-65	0	-65
Change in working capital	-215	0	-215	-27	0	-27	106	0	106
Payments for leases [1]	0	-89	-89	0	-119	-119	-101	-30	-131
Other non-cash items	3	0	3	2	0	2	-4	0	-4
Operating cash flow	**71**	**0**	**71**	**354**	**0**	**354**	**563**	**0**	**563**
Adjustment for items affecting comparability	61	0	61	95	0	95	70	0	70
Payments for leases [1]	0	89	89	0	119	119	101	30	131
Other	-3	0	-3	-3	0	-3	-2	0	-2
Cash flow in the calculation of cash conversion	**130**	**89**	**219**	**447**	**119**	**566**	**732**	**30**	**762**
Cash conversion, %	**32**	**-**	**44**	**80**	**-**	**84**	**105**	**-**	**105**

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

Note 5 – Pledged assets and contingent liabilities

PLEDGED ASSETS (SEK m)	30 Sep 2019	30 Sep 2018	31 Dec 2018
Bank guarantees	143	143	136
Total	**143**	**143**	**136**

CONTINGENT LIABILITIES (SEK m)	30 Sep 2019	30 Sep 2018	31 Dec 2018
Performance bonds	182	172	175
Total	**182**	**172**	**175**

Parent Company

The Parent Company has provided a Parent Company guarantee of SEK 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.

Note 6 – Share-based incentive programmes

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

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

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

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

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

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

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

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

Purpose of the selected key performance indicators

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

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

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

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

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

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

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

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

Reconciliation of key performance indicators

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

RECONCILIATION OF ADJUSTED KEY PERFORMANCE INDICATORS	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Operating profit (EBIT)	**70**	**37**	**224**	**164**	**279**	**219**
Amortisation and impairment of customer contracts and trademarks	46	46	137	130	183	176
EBITA	**116**	**83**	**362**	**293**	**463**	**394**
Items affecting comparability *(Note 3)*	11	19	36	61	70	95
Adjusted EBITA	**127**	**102**	**398**	**355**	**533**	**490**
Depreciation	52	18	146	50	164	68
Adjusted EBITDA	**179**	**119**	**543**	**404**	**697**	**558**
Pro forma effects *(Note 4)*	0	30	0	89	30	119
Adjusted EBITDA, pro forma	**179**	**149**	**543**	**494**	**727**	**677**
Income for the period	**40**	**22**	**127**	**62**	**170**	**104**
Amortisation and impairment of customer contracts and trademarks	46	46	137	130	183	176
Adjusted net profit	**86**	**69**	**265**	**191**	**353**	**280**

SPECIFICATION OF NET WORKING CAPITAL	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Accounts receivable	1,201	1,324	1,201	1,324	1,201	1,343
Other current assets, non-interest-bearing	483	403	483	403	483	488
Accounts payable	-798	-851	-798	-851	-798	-1,023
Other current liabilities, non-interest-bearing	-1,459	-1,329	-1,459	-1,329	-1,459	-1,434
Adjustment for accrued financial expenses	0	0	0	0	0	0
Net working capital	**-573**	**-454**	**-573**	**-454**	**-573**	**-626**

SPECIFICATION OF NET DEBT	Jul–Sep		Jan–Sep		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Borrowings	2,233	1,843	2,233	1,843	2,233	1,744
Provisions for pensions	20	19	20	19	20	20
Interest-bearing current liabilities	101	3	101	3	101	4
Cash and cash equivalents	-483	-335	-483	-335	-483	-435
Other financial non-current assets, interest-bearing	-15	-13	-15	-13	-15	-14
Other current assets, interest-bearing	-1	-1	-1	-1	-1	-1
Other	0	0	0	0	0	0
Net debt	**1,855**	**1,516**	**1,855**	**1,516**	**1,855**	**1,318**
Pro forma effects *(Note 4)*	0	355	0	355	0	343
Net debt, pro forma	**1,855**	**1,871**	**1,855**	**1,871**	**1,855**	**1,661**

For a reconciliation of operating cash flow and cash conversion, see page 14.

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). As a result of the transition to IFRS 16, pro forma figures pertaining to adjusted EBITDA for the rolling 12-month period were applied for the third quarter of 2019, see Note 4.