COOR

Interim Report
January–June 2019

Second quarter of 2019

- Net sales increased by 7 per cent in the second quarter, to SEK **2,556** (2,380) million. Organic growth was 5 per cent and growth from acquisitions 2 per cent, while foreign exchange effects accounted for 1 per cent of the increase.
- Adjusted EBITA increased by 1 per cent to SEK **140** (138) million and the operating margin was **5.5** (5.8) per cent.
- EBIT was SEK **78** (70) million. Profit after tax was SEK **44** (22) million.
- Earnings per share were SEK **0.5** (0.2).
- Operating cash flow was SEK **38** (77) million.

First half of 2019

- Net sales for the first half of the year increased by 13 per cent and amounted to SEK **5,091** (4,507) million. Organic growth was 7 per cent and growth from acquisitions 4 per cent, while foreign exchange effects accounted for 2 per cent of the increase.
- Adjusted EBITA increased by 7 per cent to SEK **271** (253) million. The operating margin was **5.3** (5.6) per cent.
- EBIT was SEK **154** (127) million. Profit after tax was SEK **87** (39) million.
- Earnings per share were SEK **0.9** (0.4).
- Operating cash flow was SEK **162** (17) million.

"Strong development of the contract portfolio with major new contracts and successful renegotiations."

Mikael Stöhr,
President and CEO, Coor

GROUP EARNINGS SUMMARY	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales	2,556	2,380	5,091	4,507	10,073	9,489
Organic growth, %	*5*	*11*	*7*	*11*	*8*	*10*
Acquired growth, %	*2*	*11*	*4*	*7*	*8*	*10*
FX effects, %	*1*	*3*	*2*	*2*	*3*	*3*
Adjusted EBITA	140	138	271	253	507	490
Adjusted EBITA margin, %	5.5	5.8	5.3	5.6	5.0	5.2
EBIT	78	70	154	127	247	219
Income for the period	44	22	87	39	152	104
Operating cash flow	38	77	162	17	499	354
Earnings per share, SEK	0.5	0.2	0.9	0.4	1.6	1.1

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

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CEO's comments

Strong development of the contract portfolio and favourable business opportunities throughout the Nordic region

During the second quarter, sales grew by a total of 7 per cent and operating profit continued to improve. The margin trend is satisfactory in Sweden and Norway, but there is room for improvement in Denmark and Finland. Coor's contract portfolio grew by SEK 300 million in the first six months of the year. Working capital has been reduced by SEK 70 million over the past 12 months, generating a cash conversion of 100 per cent.

Growth in the entire Nordic region

During the second quarter, Coor delivered growth of 7 per cent and grew in all Nordic countries. Growth slowed compared with the preceding quarter, as we are now encountering comparative figures that include acquisitions and high variable volumes.

Activities in the Nordic FM market in the second quarter remained stable in terms of small and medium-sized contracts, but were primarily dominated by the completion of a number of major IFM procurements. In April, we signed an extended and significantly expanded IFM agreement with the Danish Police and, in June, we signed a major new IFM agreement with Swedish grocery retailer ICA. Delivery of both of these agreements will commence in the second half of 2019. As a result of a strong influx of new contract volumes, Coor's contract portfolio grew by a total of more than SEK 300 million net during the first six months of the year.

Growth through new customer agreements can only be achieved if we also continuously extend our existing customer relationships. Satisfied customers extend their agreements and extended agreements provide us with the conditions to deliver value for our customers and our shareholders. The second quarter of 2019 also marked an intense period with respect to contract extensions. In total, we extended contract volumes of more than SEK 600 million during the first six months of the year. This is an excellent testimonial from our customers!

Increased operating profit

During the second quarter, Coor delivered operating profit of SEK 140 (138) million.

In Norway, operating profit for the quarter increased 13 per cent through a combination of internal efficiency measures and healthy margins for variable volumes. In Sweden and Finland, the impact of the agreement renegotiated with Ericsson in 2018 remains apparent, but the margin impact is declining over time, particularly in Sweden.

Denmark did not deliver as it should have during the quarter. In the past 18 months, the Danish organisation has focused, first, on the integration of Elite Miljø and thereafter on the renegotiation and expansion of the contract with the Danish Police. Now that Elite Miljø has been successfully integrated and the new contract with the Danish Police is in place, the Danish management team has all of the prerequisites to implement profitability-enhancing measures in the coming quarters.

Strong cash flow

Cash flow is a central factor for us at Coor. Supported by our strong cash flow, we can continue to look for suitable acquisition candidates in the Nordic region in the areas of property service, cleaning, and food and beverages. Cash flow also creates the basis for stable dividends to our owners over time.

Over the past 12 months, Coor has had a strong operating cash flow. This strong cash flow was driven by lower investments and a SEK 70 million reduction in working capital. As a result, our cash conversion for the last 12 months amounted to 100 (69) per cent as of the end of the second quarter.

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, 18 July 2019

Mikael Stöhr
President and CEO, Coor

Group performance

Net sales and operating profit

CONSOLIDATED (SEK m)	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018
Net sales	2,556	2,380	5,091	4,507
Organic growth, %	*5*	*11*	*7*	*11*
Acquired growth, %	*2*	*11*	*4*	*7*
FX effects, %	*1*	*3*	*2*	*2*
Adjusted EBITA	140	138	271	253
Adjusted EBITA margin, %	5.5	5.8	5.3	5.6
EBIT	78	70	154	127
EBIT margin, %	3.0	2.9	3.0	2.8
Number of employees (FTE)	8,918	8,556	8,918	8,556

Second quarter (April–June)

Organic growth for the quarter was 5 per cent. All countries displayed growth, but outside Sweden, growth declined compared with the most recent quarters. Variable volumes remain high, but are not increasing at the same pace as previously. The acquisition completed in Norway in July 2018 contributed a further 2 per cent in growth.

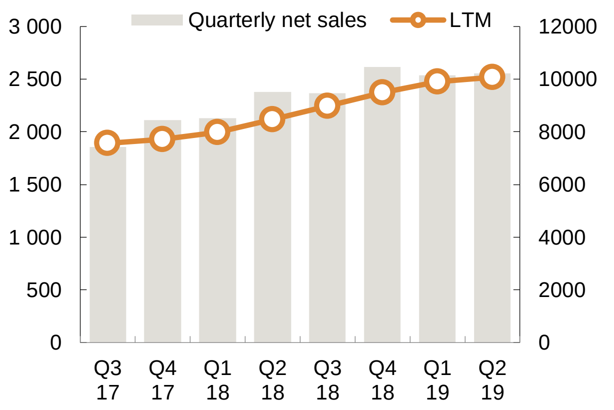
Operating profit (adjusted EBITA) increased by 1 per cent to SEK 140 (138) million. The operating margin for the quarter was 5.5 (5.8) per cent. The increase in operating profit was driven by Norway, while the change in the operating margin was primarily attributable to a lower margin in Sweden as a result of the extension of the Ericsson contract and a somewhat lower margin for variable volumes.

EBIT was SEK 78 (70) 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.

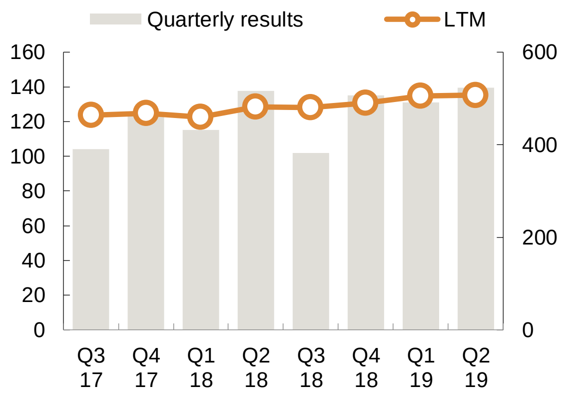
First half-year (January–June)

During the first half of the year, organic growth was 7 per cent and growth from acquisitions was 4 per cent. Operating profit (adjusted EBITA) increased by 7 per cent and the operating margin was 5.3 (5.6) per cent.

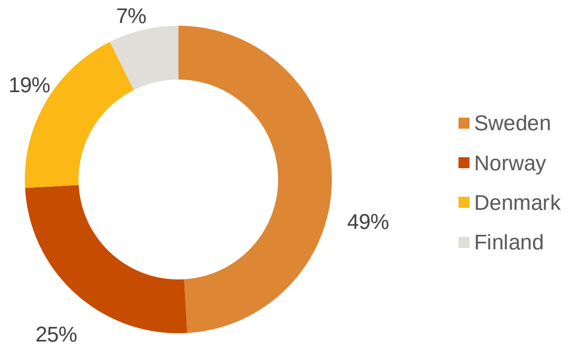
NET SALES (SEK m)



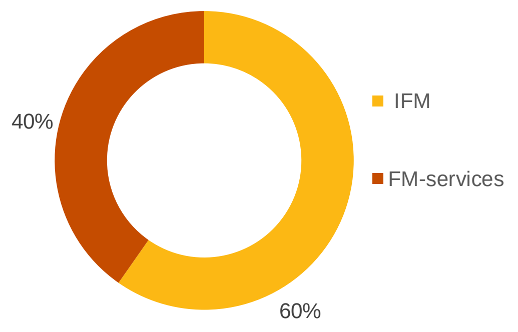
ADJUSTED EBITA (SEK m)



NET SALES BY COUNTRY, LTM, Q2 2019



NET SALES BY TYPE OF CONTRACT, LTM, Q2 2019



Financial net and profit after tax

FINANCIAL NET	Jan–Jun	
(SEK m)	2019	2018
Net interest, excl. leasing	-21	-18
Net interest, leasing	-5	0
Borrowing costs	-2	-1
Other	-4	-3
Total excl. exchange rate differences	**-32**	**-22**
Exchange rate differences	-6	-36
Total	**-38**	**-59**

Net financial items for the first half of the year improved by SEK 21 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 -30 (-29) million, corresponding to 25 (43) 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 87 (39) million.

Cash flow

Operating cash flow for the second quarter was SEK 38 (77) million and follows a normal seasonal variation for the Group, which entails that the second and fourth quarters are the strongest. Compared to last year, the quarter was negatively impacted by the last two days of the quarter falling on a weekend.

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 70 million, which is a strong improvement year-on-year.

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 100 (69) per cent.

CASH CONVERSION

(SEK m)	LTM Q2 2019	LTM Q2 2018	Full year 2018
Adjusted EBITDA [1]	638	540	558
Change in net working capital	70	-77	-27
Net investments	-69	-93	-84
Cash flow for calculation of cash conversion [1]	**639**	**370**	**447**
Cash conversion, % [1]	**100**	**69**	**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 Jun	30 Jun	31 Dec
(SEK m)	2019	2018	2018
Liabilities to credit institutions	889	1,707	1,686
Corporate bond	1,000	0	0
Leasing, net	321	4	7
Other	72	9	59
	2,282	**1,721**	**1,753**
Cash and cash equivalents	-391	-270	-435
Net debt	**1,891**	**1,451**	**1,318**
Leverage	2.7[1]	2.7	2.4
Equity	1,929	2,210	2,164
Equity/assets ratio, %	29	36	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 1,891 (1,451) 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 2.7 (2.7) 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 1,929 (2,210) million, and the equity/assets ratio was 29 (36) 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 391 (270) 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 second quarter

- On 11 April 2019, it was announced that Coor had extended and expanded its IFM agreement with the Danish Police through 2025, with an option for a further three years. The assignment comprises a broad, integrated service delivery and will commence in September 2019. The annual volume, comprising subscriptions and variable volumes, is estimated at more than SEK 420 million, entailing an increase of about SEK 150 million per year.
- On 26 April 2019, Coor announced that Olof Stålnacke will leave the role of CFO and IR Director for a new position outside the company. On 22 May 2019, it was subsequently announced that Klas Elmberg will assume this position on 1 August 2019. Klas is currently Executive Vice President and CFO of Coor in Sweden.
- On 6 May 2019, Coor published a prospectus and applied for admission to trading and the listing of its bond on Nasdaq Stockholm.
- On 13 June 2019, Coor announced that a decision had been made to exercise the possibility of acquiring the company's own shares to secure the company's commitments under the long-term incentive programme.
- On 25 June 2019, Coor announced that the company had signed a new IFM agreement with ICA. The contract starts on 1 November 2019 with a total annual value of some SEK 160 million, of which approximately SEK 100 million represents subscription volumes. The contract spans five years with an option to extend.

Significant events after the end of the period

- There were no significant events after the end of the period.

Contract portfolio

The net change in the contract portfolio for the first half of the year was SEK +310 million. In addition to the contracts with the Danish Police and ICA, some small and medium-sized contracts were signed. At the same time, only three contracts were completed during the first half of the year.

CHANGES IN THE CONTRACT PORTFOLIO JANUARY–JUNE 2019

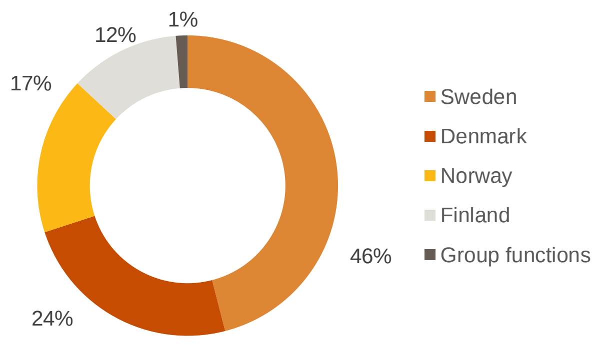
	2019	
	Number of contracts	**Annual sales**
New contracts during the period	7	SEK 350 m
Completed contracts during the period	-3	SEK -40 m
Net change in the portfolio	**4**	**SEK 310 m**

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

Organisation and employees

At the end of the period, the number of employees was 11,129 (10,319), or 8,918 (8,556) on a full-time equivalent basis. The increased number of employees compared with the year-earlier period is attributable to the acquisition of West FM in July 2018 and to the start-up of new contracts and the expansion of existing contracts.

NUMBER OF EMPLOYEES (FTE), 30 JUNE 2019



Operations by country

Sweden

SWEDEN (SEK m)	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018
Net sales	1,272	1,204	2,538	2,382
Organic growth, %	*6*	*8*	*7*	*8*
Acquired growth, %	*0*	*0*	*0*	*0*
FX effects, %	*0*	*0*	*0*	*0*
Adjusted EBITA	119	123	233	246
Adjusted EBITA margin, %	9.4	10.2	9.2	10.3
Number of employees (FTE)	4,101	4,050	4,101	4,050

Second quarter (April–June)
During the second 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 as well as new small and medium-sized contracts.

Operating profit (adjusted EBITA) for the quarter amounted to SEK 119 (123) million. The operating margin was 9.4 (10.2) per cent. The change in the margin is mainly attributable to the extension of the Ericsson contract in the third quarter of the preceding year. The contract was impacted by its geographic restructuring and by the normal contract extension effect, which initially leads to lower margins. The margin for the quarter was also impacted by continued relatively low margins on variable volumes.

During the quarter, the agreements with NCC and Region Gävleborg were extended and a new telephony services assignment was secured with Region Östergötland.

First half-year (January–June)
Organic growth for the first half of the year was 7 per cent.

Operating profit (adjusted EBITA) amounted to SEK 233 (246) million. The operating margin was 9.2 (10.3) per cent.

Norway

NORWAY (SEK m)	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018
Net sales	627	563	1,252	1,080
Organic growth, %	*4*	*14*	*6*	*14*
Acquired growth, %	*7*	*4*	*7*	*3*
FX effects, %	*1*	*5*	*2*	*1*
Adjusted EBITA	41	36	77	68
Adjusted EBITA margin, %	6.5	6.4	6.2	6.3
Number of employees (FTE)	1,511	1,346	1,511	1,346

Second quarter (April–June)
During the quarter, the Norwegian business expanded by 11 per cent, of which 4 per cent represented organic growth and the acquisition of West FM contributed a further 7 per cent growth. Organic growth is being driven by increased variable volumes in a number of contracts as well as the new IFM contract with Storebrand, which was initiated in September 2018.

Quarterly operating profit (adjusted EBITA) increased by 13 per cent and amounted to SEK 41 (36) million. The operating margin was 6.5 (6.4) per cent. The margin improvement was driven by favourable margins on variable volumes and improved profitability from the cleaning contracts that previously had a negative impact on the margin. These effects were partly offset by the continued start-up phase of the contract with Storebrand.

At the end of the quarter, Coor Norway implemented a new, more cost-effective organisational structure. The integration of West FM was completed during the quarter. Both the integration and the underlying operations are proceeding according to plan.

At the end of the quarter, the agreement with Aibel was extended to 2022.

First half-year (January–June)
Organic growth for the first half of the year was 6 per cent and acquired growth was 7 per cent.

Operating profit (adjusted EBITA) amounted to SEK 77 (68) million. The operating margin was 6.2 (6.3) per cent.

Denmark

DENMARK	Apr–Jun		Jan–Jun	
(SEK m)	2019	2018	2019	2018
Net sales	473	447	929	722
Organic growth, %	*3*	*22*	*10*	*16*
Acquired growth, %	*0*	*98*	*15*	*68*
FX effects, %	*3*	*14*	*4*	*10*
Adjusted EBITA	17	18	35	20
Adjusted EBITA margin, %	3.5	4.0	3.8	2.7
Number of employees (FTE)	2,140	2,029	2,140	2,029

Second quarter (April–June)
During the second quarter, the Danish operations increased by 6 per cent. Organic growth amounted to 3 per cent and was mainly driven by new, small and medium-sized contracts. Elite Miljø was part of the Danish operations for all of the second quarter of 2018, which meant that Denmark had no acquired growth during the quarter.

Operating profit (adjusted EBITA) was somewhat lower year-on-year and amounted to SEK 17 (18) million. The operating margin was 3.5 (4.0) per cent. In the past 18 months, the Danish organisation has focused, first, on the integration of Elite Miljø and thereafter on the renegotiation and expansion of the contract with the Danish Police. This has led to a reduced focus on implementing continuous efficiency measures in contract operations and support functions. Now that Elite Miljø has been successfully integrated and the new contract with the Danish Police is in place, the Danish management team has all of the prerequisites to drive margin-strengthening activities.

First half-year (January–June)
Organic growth was 10 per cent during the first half year and the acquisition of Elite Miljø contributed a further 15 per cent growth.

Operating profit (adjusted EBITA) amounted to SEK 35 (20) million. The operating margin was 3.8 (2.7) per cent.

Finland

FINLAND	Apr–Jun		Jan–Jun	
(SEK m)	2019	2018	2019	2018
Net sales	184	166	372	325
Organic growth, %	*8*	*13*	*10*	*19*
Acquired growth, %	*0*	*0*	*0*	*0*
FX effects, %	*3*	*8*	*4*	*7*
Adjusted EBITA	1	1	3	0
Adjusted EBITA margin, %	0.7	0.9	0.7	0.0
Number of employees (FTE)	1,055	1,046	1,055	1,046

Second quarter (April–June)
In the second quarter, Finland generated organic growth of 8 per cent, driven by a number of new small contracts and the expansion of existing contracts. These positive effects were partly offset by the discontinuation of delivery to Ericsson in Finland and Estonia during the first quarter.

Operating profit (adjusted EBITA) was in line with the preceding year and amounted to SEK 1 (1) million. The operating margin was 0.7 (0.9) per cent. The profitability of the cleaning contracts, which had a negative impact on the margin during the preceding year, improved. This improvement was offset by the discontinued deliveries to Ericsson.

First half-year (January–June)
Organic growth for the first half of the year was 10 per cent.

Operating profit (adjusted EBITA) amounted to SEK 3 (0) million. The operating margin was 0.7 (0.0) 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

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.

Profit after tax in the Parent Company was SEK -47 (-75) million. Total assets in the Parent Company at the end of the period were SEK 7,846 (7,897) million. Equity in the Parent Company was SEK 4,874 (5,110) 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, Nordea Fonder and AMF Försäkring & Fonder.

COOR'S 15 LARGEST SHAREHOLDERS 30 JUNE 2019 [1)]

Shareholder	Number of shares and votes	Shares and votes, %
Capital Group	7,983,630	8.3
Nordea Fonder	7,108,931	7.4
AMF Försäkring & Fonder	6,825,686	7.1
Fidelity Investments (FMR)	5,924,265	6.2
Andra AP-fonden	5,884,628	6.1
Didner & Gerge Fonder	5,719,689	6.0
BMO Global Asset Management	4,182,136	4.4
Swedbank Robur Fonder	4,011,590	4.2
Crux Asset Management Ltd	3,654,300	3.8
SEB-Stiftelsen	3,450,000	3.6
Taiga Fund Management AS	3,158,035	3.3
JP Morgan Asset Management	2,902,976	3.0
Spiltan Fonder	1,653,426	1.7
Riikantorppa Oy	1,600,000	1.7
Länsförsäkringar Fonder	934,838	1.0
Total 15 largest shareholders	**64,994,130**	**67.8**
Other shareholders	30,817,892	32.2
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.

Declaration

The Board of Directors and Chief Executive Officer affirm and declare that this interim report gives a true and fair view of the Group's operations, sales, results and financial position, and that it describes significant risks and uncertainties faced by the Parent Company and the companies in the Group. The information provided is accurate and nothing of material significance has been omitted that could affect the presentation of the Group and Parent Company in the financial statements.

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

Stockholm, 18 July 2019

Mats Granryd
Chairman

Anders Ehrling

Mats Jönsson

Monica Lindstedt

Kristina Schauman

Heidi Skaaret

Glenn Evans
Employee Representative

Linus Johansson
Employee Representative

Rikard Milde
Employee Representative

Mikael Stöhr
President and CEO

For further information

For questions concerning the financial report, please contact our CFO and Director of Investor Relations Olof Stålnacke (+46 10 559 59 20).

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).

IR Coordinator: Sara Marin (+46 10 559 59 51).

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

Invitation to a press and analyst presentation

On 18 July, at 10:00 a.m. CET, the company's President and CFO will give a presentation on developments in the second quarter in a webcast. To participate in the webcast, please register in advance using the following link: http://event.on24.com/wcc/r/1919047-1/AAB4E616A534D82B4804A64C90E2A063?partnerref=rss-events. To listen to the presentation by telephone, dial +46856642706 (Sweden), +4578150107 (Denmark), +358981710522 (Finland), +4723500236 (Norway) or +443333009261 (UK).

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

Financial calendar

Interim Report	January–September 2019	7 November 2019
Interim Report	January–December 2019	12 February 2020
Interim Report	January–March 2020	28 April 2020
Interim Report	January–June 2020	17 July 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 18 July 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. Coor's customer base includes many large and small companies and public-sector organisations across the Nordic region, including ABB, AB Volvo, Aibel, Det Norske Veritas, E.ON, Ericsson, Equinor, EY, NCC, Politiet (Danish police), Saab, Sandvik, SAS, Telia Company, the Swedish Transport Administration, Vasakronan and Volvo Cars.

Established in 1998, Coor 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.com

CONSOLIDATED INCOME STATEMENT	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales	2,556	2,380	5,091	4,507	10,073	9,489
Cost of services sold	-2,307	-2,132	-4,595	-4,049	-9,125	-8,580
Gross income	**248**	**248**	**496**	**458**	**948**	**909**
Selling and administrative expenses	-171	-178	-342	-331	-701	-691
Operating profit	**78**	**70**	**154**	**127**	**247**	**219**
Net financial income/expense	-16	-26	-38	-59	-41	-62
Profit before tax	**61**	**44**	**117**	**68**	**206**	**157**
Income tax expense	-17	-22	-30	-29	-54	-53
Income for the period	**44**	**22**	**87**	**39**	**152**	**104**
Operating profit	**78**	**70**	**154**	**127**	**247**	**219**
Amortisation and impairment of goodwill, customer contracts and trademarks	46	44	91	83	183	176
Items affecting comparability *(Note 3)*	16	25	25	43	78	95
Adjusted EBITA	**140**	**138**	**271**	**253**	**507**	**490**
Earnings per share, SEK, before and after dilution	**0.5**	**0.2**	**0.9**	**0.4**	**1.6**	**1.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Income for the period	**44**	**22**	**87**	**39**	**152**	**104**
Items that may be subsequently reclassified to profit or loss						
Currency translation differences	21	32	67	90	5	29
Other comprehensive income for the period	**21**	**32**	**67**	**90**	**5**	**29**
Total comprehensive income for the period	**66**	**54**	**154**	**129**	**157**	**133**

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

CONSOLIDATED BALANCE SHEET	30 Jun		31 Dec
(SEK m)	2019	2018	2018
Assets			
Intangible assets			
Goodwill	3,080	3,003	3,036
Customer contracts	616	754	696
Other intangible assets	162	144	150
Property, plant and equipment *(Note 4)*	422	107	109
Financial assets			
Deferred tax receivable	197	211	203
Other financial assets	15	13	14
Total non-current assets	**4,493**	**4,233**	**4,208**
Current assets			
Accounts receivable	1,277	1,265	1,343
Other current assets, interest-bearing	1	1	1
Other current assets, non-interest-bearing	476	423	488
Cash and cash equivalents	391	270	435
Total current assets	**2,145**	**1,959**	**2,266**
Total assets	**6,638**	**6,191**	**6,474**

	30 Jun		31 Dec
	2019	2018	2018
Equity and liabilities			
Equity	**1,929**	**2,210**	**2,164**
Liabilities			
Non-current liabilities			
Borrowings *(Note 2 and 4)*	2,190	1,712	1,744
Deferred tax liability	42	44	45
Provisions for pensions	20	19	20
Other non-interest bearing liabilities	1	2	1
Total non-current liabilities	**2,253**	**1,777**	**1,810**
Current liabilities			
Interest-bearing liabilities *(Note 2 and 4)*	89	3	4
Current tax liabilities	32	26	32
Accounts payable	915	911	1,023
Other current liabilities	1,412	1,256	1,434
Short-term provisions	7	8	6
Total current liabilities	**2,456**	**2,204**	**2,500**
Total equity and liabilities	**6,638**	**6,191**	**6,474**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Jan–Jun		Full year
(SEK m)	2019	2018	2018
Opening balance at beginning of period	**2,164**	**2,464**	**2,464**
Income for the period	87	39	104
Other comprehensive income for the period	67	90	29
Long-term incentive programmes	3	0	2
Share swap for hedging of long-term incentive programme [1)]	0	0	-51
Acquisition of own shares [2)]	-12	0	0
Dividend	-380	-383	-383
Closing balance at end of period	**1,929**	**2,210**	**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 June, 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 June, the number of treasury shares was 130,500, which were acquired at an average cost of SEK 88.7.

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

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Rolling 12 mth.	Full year 2018
Operating profit	**78**	**70**	**154**	**127**	**247**	**219**
Adjustment for non-cash items	95	61	185	116	315	246
Finance net	-17	-12	-42	-21	-66	-45
Income tax paid	-15	-14	-30	-29	-46	-44
Cash flow before changes in working capital	**141**	**104**	**266**	**192**	**449**	**376**
Change in working capital	-82	-27	-83	-180	70	-27
Cash flow from operating activities	**59**	**78**	**183**	**12**	**520**	**349**
Net investments	-20	-26	-31	-45	-69	-83
Acquisition of subsidiaries	0	0	0	-337	-99	-436
Cash flow from investing activities	**-20**	**-26**	**-31**	**-383**	**-167**	**-520**
Change in borrowings	400	294	209	272	206	270
Dividend	-380	-383	-380	-383	-380	-383
Net lease commitments	-30	0	-58	-1	-59	-2
Other	2	0	2	0	2	1
Cash flow from financing activities	**-9**	**-90**	**-228**	**-112**	**-231**	**-114**
Total cash flow for the period	**30**	**-38**	**-76**	**-482**	**121**	**-285**
Cash and cash equivalents at beginning of period	351	293	435	709	270	709
Exchange gains on cash and cash equivalents	9	16	32	43	0	11
Cash and cash equivalents at end of period	**391**	**270**	**391**	**270**	**391**	**435**

CONSOLIDATED OPERATING CASH FLOW

(SEK m)	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Rolling 12 mth.	Full year 2018
EBIT	78	70	154	127	247	219
Depreciation and amortisation	93	61	185	116	313	244
Net investments	-20	-26	-31	-45	-69	-83
Change in working capital	-82	-27	-83	-180	70	-27
Adjustments for lease payments [1)]	-32	0	-64	0	-64	0
Adjustment for non-cash items	2	0	0	0	1	2
Operating cash flow	**38**	**77**	**162**	**17**	**499**	**354**
Adjustment for items affecting comparability	16	25	25	43	78	95
Adjustments for lease payments [1)]	32	0	64	0	64	0
Other	-3	-2	-3	-4	-1	-3
Cash flow for calculation of cash conversion	**84**	**100**	**248**	**55**	**639**	**447**
Cash conversion, %	**45**	**65**	**68**	**19**	**100**	**80**

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

GEOGRAPHICAL SEGMENTS	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales						
Sweden	**1,272**	**1,204**	**2,538**	**2,382**	**4,944**	**4,788**
Total sales	*1,307*	*1,235*	*2,604*	*2,442*	*5,071*	*4,910*
Internal sales	*-36*	*-31*	*-66*	*-61*	*-127*	*-122*
Norway	**627**	**563**	**1,252**	**1,080**	**2,524**	**2,351**
Total sales	*630*	*565*	*1,257*	*1,083*	*2,534*	*2,359*
Internal sales	*-2*	*-2*	*-5*	*-4*	*-10*	*-8*
Finland	**184**	**166**	**372**	**325**	**741**	**694**
Total sales	*184*	*166*	*372*	*325*	*741*	*694*
Internal sales	*0*	*0*	*0*	*0*	*0*	*0*
Denmark	**473**	**447**	**929**	**722**	**1,866**	**1,658**
Total sales	*473*	*448*	*930*	*722*	*1,867*	*1,659*
Internal sales	*0*	*0*	*-1*	*-1*	*-1*	*-1*
Group functions/other	**0**	**0**	**-1**	**-1**	**-1**	**-1**
Total	**2,556**	**2,380**	**5,091**	**4,507**	**10,073**	**9,489**
Adjusted EBITA						
Sweden	119	123	233	246	421	434
Norway	41	36	77	68	159	150
Finland	1	1	3	0	10	7
Denmark	17	18	35	20	80	64
Group functions/other	-38	-41	-77	-81	-163	-166
Total	**140**	**138**	**271**	**253**	**507**	**490**
Adjusted EBITA is reconciled to profit before tax as follows:						
Amortisation and impairment of goodwill, customer contracts and trademarks	-46	-44	-91	-83	-183	-176
Items affecting comparability *(Note 3)*	-16	-25	-25	-43	-78	-95
Net financial income/expense	-16	-26	-38	-59	-41	-62
Profit before tax	**61**	**44**	**117**	**68**	**206**	**157**

	Apr–Jun		Jan–Jun		Rolling	Full year
Adjusted EBITA margin, %	2019	2018	2019	2018	12 mth.	2018
Sweden	9.4	10.2	9.2	10.3	8.5	9.1
Norway	6.5	6.4	6.2	6.3	6.3	6.4
Finland	0.7	0.9	0.7	0.0	1.4	1.1
Denmark	3.5	4.0	3.8	2.7	4.3	3.9
Group functions/other	-	-	-	-	-	-
Total	**5.5**	**5.8**	**5.3**	**5.6**	**5.0**	**5.2**

NET SALES BY TYPE OF CONTRACT	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales						
IFM	1,548	1,428	3,075	2,811	6,029	5,765
FM services	1,008	952	2,016	1,696	4,043	3,724
Total	**2,556**	**2,380**	**5,091**	**4,507**	**10,073**	**9,489**

QUARTERLY DATA (SEK m)	2019		2018				2017	
GEOGRAPHICAL SEGMENTS	II	I	IV	III	II	I	IV	III
Net sales, external								
Sweden	1,272	1,266	1,277	1,129	1,204	1,178	1,228	1,084
Norway	627	625	666	605	563	517	498	439
Finland	184	188	193	176	166	159	153	138
Denmark	473	456	477	459	447	274	234	193
Group functions/other	0	0	0	0	0	-1	-1	-1
Total	**2,556**	**2,535**	**2,613**	**2,369**	**2,380**	**2,127**	**2,112**	**1,853**
Adjusted EBITA								
Sweden	119	114	116	72	123	123	123	95
Norway	41	36	41	41	36	32	33	27
Finland	1	1	-1	8	1	-2	6	10
Denmark	17	19	25	20	18	2	15	10
Group functions/other	-38	-39	-46	-39	-41	-40	-52	-37
Total	**140**	**131**	**135**	**102**	**138**	**115**	**125**	**104**
Adjusted EBITA margin, %								
Sweden	9.4	9.0	9.1	6.4	10.2	10.4	10.1	8.7
Norway	6.5	5.8	6.1	6.8	6.4	6.2	6.5	6.1
Finland	0.7	0.7	-0.5	4.8	0.9	-1.0	3.9	7.1
Denmark	3.5	4.1	5.2	4.3	4.0	0.6	6.2	5.2
Group functions/other	-	-	-	-	-	-	-	-
Total	**5.5**	**5.2**	**5.2**	**4.3**	**5.8**	**5.4**	**5.9**	**5.6**

QUARTERLY DATA (SEK m)	2019		2018				2017	
TYPE OF CONTRACT	II	I	IV	III	II	I	IV	III
Net sales, external								
IFM	1,548	1,527	1,565	1,389	1,428	1,383	1,423	1,279
FM services	1,008	1,008	1,048	980	952	745	689	575
Total	**2,556**	**2,535**	**2,613**	**2,369**	**2,380**	**2,127**	**2,112**	**1,853**

PARENT COMPANY INCOME STATEMENT	Apr–Jun		Jan–Jun		Full year
(SEK m)	2019	2018	2019	2018	2018
Net sales	**2**	**1**	**3**	**2**	**4**
Selling and administrative expenses	-10	-8	-18	-14	-24
Operating loss	**-8**	**-7**	**-15**	**-12**	**-20**
Net financial income/expense	**-13**	**-26**	**-32**	**-63**	**-66**
Group contribution	0	0	0	0	315
Income before tax	**-22**	**-33**	**-47**	**-75**	**229**
Income tax expense	0	0	0	0	-52
Income for the period	**-22**	**-33**	**-47**	**-75**	**177**

PARENT COMPANY BALANCE SHEET	30 Jun		31 Dec
(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*	1	0	317
Other trading assets	4	3	2
Cash and cash equivalents*	0	0	0
Total current assets	**5**	**3**	**319**
Total assets	**7,846**	**7,897**	**8,161**

	30 Jun		31 Dec
	2019	2018	2018
Equity and liabilities			
Shareholders' equity	**4,874**	**5,110**	**5,313**
Liabilities			
Borrowings	1,953	1,707	1,737
Provisions for pensions	2	2	2
Total non-current liabilities	**1,955**	**1,709**	**1,738**
Liabilities to Group companies*	1,008	1,069	1,101
Accounts payable	1	3	0
Other current liabilities	9	6	9
Total current liabilities	**1,018**	**1,078**	**1,110**
Total liabilities	**2,973**	**2,788**	**2,848**
Total equity and liabilities	**7,846**	**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	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Net sales	2,556	2,380	5,091	4,507	10,073	9,489
Net sales growth, %	7.4	25.2	12.9	20.0	18.9	22.9
of which organic growth, %	*4.8*	*11.3*	*7.2*	*10.7*	*8.4*	*10.2*
of which acquired growth, %	*1.6*	*10.8*	*4.1*	*7.5*	*7.9*	*9.9*
of which FX effect, %	*0.9*	*3.1*	*1.6*	*1.8*	*2.6*	*2.8*
Operating profit (EBIT)	78	70	154	127	247	219
EBIT margin, %	3.0	2.9	3.0	2.8	2.4	2.3
EBITA	123	113	245	210	430	394
EBITA margin, %	4.8	4.8	4.8	4.7	4.3	4.2
Adjusted EBITA	140	138	271	253	507	490
Adjusted EBITA margin, %	5.5	5.8	5.3	5.6	5.0	5.2
Adjusted EBITDA	187	155	364	285	638	558
Adjusted EBITDA margin, %	7.3	6.5	7.2	6.3	6.3	5.9
Adjusted EBITDA, pro forma [1)]	187	185	364	345	697	677
Adjusted net profit	90	65	178	123	335	280
Net working capital	-574	-480	-574	-480	-574	-626
Net working capital / Net sales, %	-5.7	-5.7	-5.7	-5.7	-5.7	-6.6
Operating cash flow	38	77	162	17	499	354
Cash conversion, %	45	65	68	19	100	80
Net debt [1)]	1,891	1,451	1,891	1,451	1,891	1,318
Leverage [1)]	-	2.7	-	2.7	-	2.4
Net debt, pro forma [1)]	1,891	1,818	1,891	1,818	1,891	1,661
Leverage, pro forma [1)]	2.7	2.8	2.7	2.8	2.7	2.5
Equity/assets ratio, %	29	36	29	36	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	Apr–Jun		Jan–Jun		Rolling	Full year
	2019	2018	2019	2018	12 mth.	2018
Share price at end of period	85.8	62.6	85.8	62.6	85.8	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[1)]	-130,500	0	-130,500	0	-130,500	0
No. of shares outstanding	95,681,522	95,812,022	95,681,522	95,812,022	95,681,522	95,812,022
No. of ordinary shares outstanding (weighted average)	95,794,740	95,812,022	95,803,333	95,812,022	95,807,713	95,812,022
Earnings per share, before and after dilution, SEK	**0.46**	**0.23**	**0.91**	**0.41**	**1.59**	**1.09**
Shareholders' equity per share, SEK	**20.16**	**23.06**	**20.16**	**23.06**	**20.16**	**22.59**

[1)] In accordance with the resolution of the Annual General Meeting, Coor undertook an acquisition of its own shares during the second quarter to secure the financial exposure in accordance with the LTIP 2019 long-term incentive programme. In total, Coor had 130,500 treasury shares at the end of the second quarter. It is expected that a total of 340,000 shares will be acquired 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 Jun		31 Dec	30 Jun		31 Dec
(SEK m)	2019	2018	2018	2019	2018	2018
Lease liabilities	324	6	9	324	6	9
Liabilities to credit institutions	889	1,707	1,686	889	1,707	1,686
Corporate bond	1,000	0	0	1,000	0	0
Other non-current liabilities	66	2	52	66	2	52
Total	**2,279**	**1,715**	**1,748**	**2,279**	**1,715**	**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	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Integration	-7	-13	-18	-17	-56	-55
Restructuring	-9	-12	-7	-19	-20	-32
Acquisition-related expenses	0	0	0	-6	-1	-7
Other	0	0	0	0	-1	0
Total	**-16**	**-25**	**-25**	**-43**	**-78**	**-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–Jun 2018 reported	Pro forma effects of IFRS 16	Jan–Jun 2018 pro forma	Full year 2018 reported	Pro forma effects of IFRS 16	Full year 2018 pro forma	LTM Q2 2019	Pro forma effects of IFRS 16	LTM Q2 2019 pro forma
Net sales	4,507	0	4,507	9,489	0	9,489	10,073	0	10,073
Operating expenses	-4,380	3	-4,377	-9,270	6	-9,264	-9,826	3	-9,823
EBIT	**127**	**3**	**130**	**219**	**6**	**225**	**247**	**3**	**249**
Amortisation of customer contracts and trademarks	83	0	83	176	0	176	183	0	183
Items affecting comparability	43	0	43	95	0	95	78	0	78
Adjusted EBITA	**253**	**3**	**256**	**490**	**6**	**496**	**507**	**3**	**510**
Depreciation/amortisation	32	57	89	68	113	182	130	57	187
Adjusted EBITDA	**285**	**60**	**345**	**558**	**119**	**677**	**638**	**60**	**697**
Financial net	-59	-5	-64	-62	-11	-73	-41	-5	-46
Profit/loss before tax	**68**	**-2**	**66**	**157**	**-5**	**152**	**206**	**-2**	**203**
Tax	-29	1	-28	-53	1	-52	-54	1	-53
Profit/loss after tax	**39**	**-2**	**37**	**104**	**-4**	**100**	**152**	**-2**	**150**
BALANCE SHEET									
Total assets	**6,191**	**364**	**6,555**	**6,474**	**339**	**6,814**	**6,638**	**-**	**6,638**
Shareholders' equity	**2,210**	**-2**	**2,207**	**2,164**	**-4**	**2,161**	**1,929**	**-**	**1,929**
Total liabilities	**3,982**	**367**	**4,348**	**4,310**	**343**	**4,653**	**4,709**	**-**	**4,709**
Equity/assets ratio, %	**36**	**-**	**34**	**33**	**-**	**32**	**29**	**-**	**29**
Net debt	**1,451**	**367**	**1,818**	**1,318**	**343**	**1,661**	**1,891**	**-**	**1,891**
Leverage	**2.7**	**-**	**2.8**	**2.4**	**-**	**2.5**	**-**	**-**	**2.7**

OPERATING CASH FLOW	Jan–Jun 2018 reported	Pro forma effects of IFRS 16	Jan–Jun 2018 pro forma	Full year 2018 reported	Pro forma effects of IFRS 16	Full year 2018 pro forma	LTM Q2 2019	Pro forma effects of IFRS 16	LTM Q2 2019 pro forma
Operating profit (EBIT)	127	3	130	219	6	225	247	3	249
Depreciation/amortisation	116	57	172	244	113	357	313	57	370
Net investments	-45	0	-45	-83	0	-83	-69	0	-69
Change in working capital	-180	0	-180	-27	0	-27	70	0	70
Payments for leases [1)]	0	-60	-59	0	-119	-119	-64	-60	-123
Other non-cash items	0	0	0	2	0	2	1	0	1
Operating cash flow	**17**	**0**	**17**	**354**	**0**	**354**	**499**	**0**	**499**
Adjustment for items affecting comparability	43	0	43	95	0	95	78	0	78
Payments for leases [1)]	0	60	60	0	119	119	64	60	123
Other	-4	0	-4	-3	0	-3	-1	0	-1
Cash flow in the calculation of cash conversion	**55**	**60**	**115**	**447**	**119**	**566**	**639**	**59**	**699**
Cash conversion, %	**19**	**-**	**33**	**80**	**-**	**84**	**100**	**-**	**100**

[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 Jun 2019	30 Jun 2018	31 Dec 2018
Bank guarantees	144	145	136
Total	**144**	**145**	**136**

CONTINGENT LIABILITIES (SEK m)	30 Jun 2019	30 Jun 2018	31 Dec 2018
Performance bonds	182	174	175
Total	**182**	**174**	**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	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Operating profit (EBIT)	**78**	**70**	**154**	**127**	**247**	**219**
Amortisation and impairment of customer contracts and trademarks	46	44	91	83	183	176
EBITA	**123**	**113**	**245**	**210**	**430**	**394**
Items affecting comparability *(Note 3)*	16	25	25	43	78	95
Adjusted EBITA	**140**	**138**	**271**	**253**	**507**	**490**
Depreciation	47	17	94	32	130	68
Adjusted EBITDA	**187**	**155**	**364**	**285**	**638**	**558**
Pro forma effects *(Note 4)*	0	30	0	60	60	119
Adjusted EBITDA, pro forma	**187**	**185**	**364**	**345**	**697**	**677**
Income for the period	**44**	**22**	**87**	**39**	**152**	**104**
Amortisation and impairment of customer contracts and trademarks	46	44	91	83	183	176
Adjusted net profit	**90**	**65**	**178**	**123**	**335**	**280**

SPECIFICATION OF NET WORKING CAPITAL	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Accounts receivable	1,277	1,265	1,277	1,265	1,277	1,343
Other current assets, non-interest-bearing	476	423	476	423	476	488
Accounts payable	-915	-911	-915	-911	-915	-1,023
Other current liabilities, non-interest-bearing	-1,412	-1,256	-1,412	-1,256	-1,412	-1,434
Adjustment for accrued financial expenses	0	0	0	0	0	0
Net working capital	**-574**	**-480**	**-574**	**-480**	**-574**	**-626**

SPECIFICATION OF NET DEBT	Apr–Jun		Jan–Jun		Rolling	Full year
(SEK m)	2019	2018	2019	2018	12 mth.	2018
Borrowings	2,190	1,712	2,190	1,712	2,190	1,744
Provisions for pensions	20	19	20	19	20	20
Interest-bearing current liabilities	89	3	89	3	89	4
Cash and cash equivalents	-391	-270	-391	-270	-391	-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	1	0	1	0	0
Net debt	**1,891**	**1,451**	**1,891**	**1,451**	**1,891**	**1,318**
Pro forma effects *(Note 4)*	0	367	0	367	0	343
Net debt, pro forma	**1,891**	**1,818**	**1,891**	**1,818**	**1,891**	**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 second quarter of 2019, see Note 4.