

Coor Service Management

Fast comment

CMD added confidence in margin target

- Clear initiatives for efficiency gains presented
- Focus on add-on sales and M&A to re-accelerate growth
- Potential upside to cons '27e as 5.5% margin could be reached

Clear case for further efficiency gains

We attended Coor's CMD held at its HQ in Solna on Thursday. While the financial targets were reiterated, management provided us with more colour on how it will accelerate organic growth and reach the margin target of 5.5% (4.8% in 2025). Most importantly, we think the new CEO Ola Klingenberg continues to give a very solid impression, and we have confidence in how the company is acting to deliver on its efficiency ambitions. One of the issues until now has been a messy organisational structure with several management matrixes and unnecessary layers, leading to unclear responsibilities. This is now being simplified, which clarifies lines of responsibility and accountability. Second, the company's new IT systems are state of the art, but not implemented properly. This means that front-line managers lack the tools and data to plan efficiently. This is now also being fixed, giving front-line managers clear KPIs to follow. Last, the company is changing from scheduling employees on a four-week basis to a four-month basis, which should lead to more efficient planning. According to the CEO, one of the biggest extra costs recently has been paying too much for overtime workers, due to bad planning. In addition to efficiency gains, management also sees cost savings from coordinating procurement. Thus, we are now even more confident that additional margin improvements should come through.

New sales mindset to drive more add-on sales

In addition to the usual focus on retaining and acquiring new customers, management highlighted a (so far) largely missed opportunity from add-on sales, which is something it believes could be as important as new customer intake to drive better organic growth (4-5% CAGR target). Mr. Klingenberg said that every employee should now think like a sales person, which we think sounds a bit unrealistic, but highlights what he wants to do with the company culture: overwriting the legacy mindset that relies on HQ to sign large IFM deals with a new mindset that everyone can think more like entrepreneurs and bring in new business. Encouraging people to do this, together with implementing a new firm-wide weekly practice of reporting the work done, could help increase the billing, in our view.

Retention still a key concern, but client base diversified

Although customer retention remains a key topic, especially considering a couple of big contracts churning in recent years, management highlighted that the portfolio has become more diversified after a higher intake of smaller customers. Sales from top-ten customers have decreased from 50% of sales in 2015 to 39% in 2025, and we expect the mix to continue to improve as it continues to grow with both smaller IFM customers and single services.

M&A is on the table again

Management said it wants to come back to M&A again, arguing that Coor has a successful M&A track record and that it would strengthen its

Commissioned research

Not rated

Services

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Share price (SEK)	19/3/2026	59.30
MCap (SEKm)		5,682
MCap (EURm)		527
No. of shares (m)		95.8
Free float (%)		98.7
Av. daily volume (k)		256

Next event Q1 Report 22 April 2026

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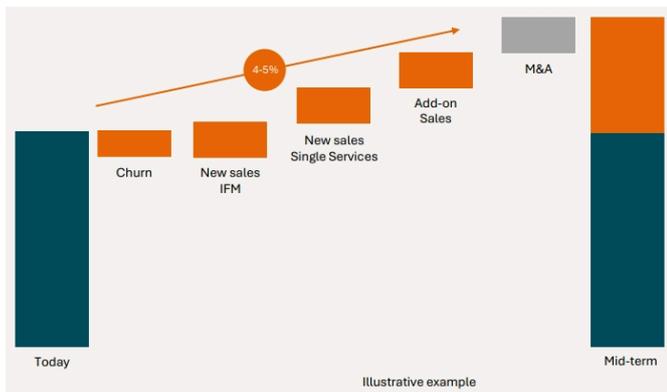
position within its priority single services, Cleaning and Property, which remain highly fragmented (top five players have ~25% market share). It highlighted Property (30% of sales) as a specific growth potential by leveraging its existing capabilities from IFM contracts to take on new customers and build higher density. We expect gearing to fall from 2.6x in '25 to 2.3x in '26e, which gives room for bolt-on acquisitions despite a high payout ratio.

Financial impact

We do not expect the CMD to move short-term consensus estimates. But we think the new management has been successful in identifying what is behind the efficiency problems and providing clear solutions, which gives us greater confidence that the 5.5% margin target will be reached. FactSet consensus expects 5.3% in 2027e, which could be too low. If the growth and margin targets are met, we see 6-7% upside to 2027 consensus estimates (excluding M&A), implying >10% EBITA growth in 2026e and 2027e. In this scenario, the share is now trading at 10x 2027 EBITA and 10% FCF yield. We currently expect a payout yield of 7% in 2026e (4% dividend, 3% buyback).

Key charts from the presentation

Growth breakdown



Source: Coor

Room to grow share in key single services



Source: Coor

Financial targets	2021	2022	2023	2024	2025	Targets
Organic Growth	3% ❌	5% ✅	2% ❌	-1% ❌	2% ❌	4-5%
Adj. EBITA Margin	6.2% ✅	5.4% ✅	4.9% ❌	4.4% ❌	4.8% ❌	~5.5%
Cash Conversion	98% ✅	94% ✅	86% ❌	57% ❌	99% ✅	>90%
Leverage	2.0x ✅	1.9x ✅	2.5x ✅	3.0x ✅	2.6x ✅	<3.0x
Dividend	100% ✅	110% ✅	100% ✅	74% ✅	88%* ✅	~50%

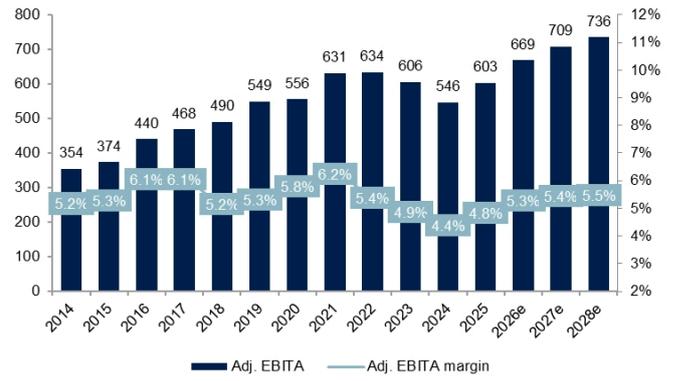
Source: Coor

Sales & sales growth, SEKbn



Source: ABG Sundal Collier, company data

Adj. EBITA & margins, SEKm



Source: ABG Sundal Collier, company data

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SEKm	2024	2025	2026e	2027e	2028e
Sales	12,439	12,480	12,636	13,032	13,442
<i>Sales growth (%)</i>	-0.0	0.3	1.2	3.1	3.1
EBITDA	718	817	994	1,042	1,077
<i>EBITDA margin (%)</i>	5.8	6.5	7.9	8.0	8.0
EBIT adj.	480	545	617	657	684
<i>EBIT adj. margin (%)</i>	3.9	4.4	4.9	5.0	5.1
Pretax profit	197	298	496	551	593
EPS	1.34	2.26	4.13	4.58	4.93
<i>EPS growth (%)</i>	-18.3	68.5	82.6	11.1	7.6
EPS adj.	2.53	3.37	4.56	5.02	5.36
DPS	1.50	2.50	2.70	3.00	3.30
EV/EBITDA (x)	11.3	9.8	7.8	7.2	6.7
EV/EBIT adj. (x)	16.9	14.6	12.6	11.5	10.6
P/E (x)	44.2	26.2	14.4	12.9	12.0
P/E adj. (x)	23.5	17.6	13.0	11.8	11.1
EV/sales (x)	0.65	0.64	0.62	0.58	0.54
FCF yield (%)	3.0	10.4	11.9	13.5	14.5
Le. adj. FCF yld. (%)	-0.3	6.9	8.0	9.4	10.1
Dividend yield (%)	2.5	4.2	4.6	5.1	5.6
Net IB debt/EBITDA (x)	3.4	2.9	2.3	2.0	1.7
Le. adj. ND/EBITDA (x)	3.3	2.7	2.4	1.9	1.5

Source: ABG Sundal Collier, Company Data

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