



Company Announcement

Copenhagen, 4 April 2017
No. 6/2017

ISS acquires leading US food services company

ISS strengthens its integrated facility services credentials with key account customers in North America by acquiring Guckenheimer, a leading food services company.

- **ISS has today agreed to buy the California based catering company Guckenheimer**
- **Annual revenue of approximately DKK 2,300 million (USD 337 million¹) and approximately 3,200 employees in 33 US states**
- **Organic compound annual growth between FY 2014 and FY 2016 of approximately 14% with EBITA margin improvement**
- **Guckenheimer's operating model is capital light and strongly cash generative, consistent with ISS**
- **Purchase price (on a debt and cash free basis) of DKK 1,549 million (USD 225 million) corresponding to a multiple of 15.9x EBITA² pre-synergies and approximately 9x EBITA³ when expected synergies are fully realised in 2018**
- **The acquisition will be financed from ISS' existing credit facilities and is expected to deliver returns in excess of ISS' cost of capital in 2018**
- **The acquisition will not impact the previously announced 2017 outlook of ISS**
- **The acquisition is subject to certain conditions precedent including anti-trust clearance and is expected to close in Q2 2017**

ISS (ISS.CO, ISS DC, ISSDY), a global leading facility services provider, today agreed to acquire leading US food services company Guckenheimer, based in California, USA.

¹ Revenue for the twelve months to 31 December 2016

² Based on Guckenheimer's EBITA for the twelve months to 31 December 2016

³ Implied multiple based on Guckenheimer's projected 2018 EBITA including full impact of estimated synergies

Through this acquisition ISS will significantly enhance its integrated facility services offering to key account customers in the strategically important North American market. Guckenheimer will also enhance ISS' competitiveness in winning new business from multinational customers with material activities in North America. Guckenheimer is known as a leading innovator within food service, and it will materially strengthen the global catering excellence of ISS. Moreover, Guckenheimer has a highly attractive list of blue-chip, key account customers which offer potential for growth via increased geographic and service breadth.

Guckenheimer's primary focus is the on-site preparation of appealing and freshly prepared food for employees, typically located at the headquarter buildings of key accounts. Guckenheimer supports their customers' purpose by ensuring that the restaurant experience at these locations is "Food to go to work for"; an experience which supports key accounts in offering a great place to work and in winning the war for talent.

Jeff Gravenhorst, ISS Group CEO, said:

"I am delighted that we have reached an agreement with the owners of Guckenheimer, including chairman and co-founder Jeanie Ritchie. ISS has had a long-stated ambition of acquiring a North American catering business, and this process demonstrates our patience and discipline in selecting the right asset. Both companies have key account focus, serving the same industry segments and sharing culture and values. Together with Guckenheimer, we are now in a stronger position to deliver integrated facility services in North America. Furthermore, the acquisition will improve our competitiveness in international commercial opportunities where North America is in scope."

Dan Ryan, Regional CEO, ISS Americas, said:

"This acquisition will immediately create a strong food services platform with the right size, strategic intersections, capabilities and innovative concepts to effectively complement our integrated facility services position in North America. We grew double digits in 2016 and we have a clear ambition to continue our strong growth in ISS North America. The acquisition will bring important scale to our business, increasing our annual revenue by more than 50%. With this acquisition we also take a huge step forward in strengthening our value proposition."

Randall Boyd, CEO, Guckenheimer, said:

"The Ritchie family created a fantastic company. The combination with ISS today allows the Guckenheimer legacy to continue and have a broader reach than ever before. The clients, employees and shareholders are all winners in this transaction. Our focus on people fits perfectly with the ISS culture. We can now provide global solutions and expanded offerings. We have a very exciting opportunity ahead of us."

The purchase price (on a debt and cash free basis) of DKK 1,549 million (USD 225 million) corresponds to a multiple of 15.9x EBITA and approximately 9x EBITA, when expected synergies are fully realised in 2018. The acquisition will not impact ISS' previously communicated outlook for the financial year 2017. The acquisition will be financed from ISS' existing credit facilities and is expected to lead to a short term increase of debt leverage (net debt / pro forma adjusted EBITDA) of 0.2x. The acquisition is expected to be value enhancing, with return on invested capital estimated to be in excess of ISS' cost of capital in the first full year (2018).

Guckenheimer was founded in 1963 by Stewart and Jeanie Ritchie, two Stanford students looking for a new way to finance their student loans while improving lunch options at the local cafeteria. Since then, Guckenheimer has grown within the corporate dining world to become a leading food service company with an annual revenue of approximately DKK 2,300 million and 3,200 employees in 33 US states.

In 2016, ISS had 14,103 employees in North America (USA & Canada) generating a revenue of DKK 4,680 million equivalent to 6% of the global revenue of ISS.

The acquisition is subject to certain conditions precedent including anti-trust clearance and is expected to close in Q2 2017.

For investor enquiries

Nicholas Ward, Head of Group Investor Relations, +45 38 17 62 51
Martin Kjær Hansen, Senior Investor Relations Manager, +45 38 17 64 31

For media enquiries

Kenth Kærhøg, Head of Group Communications, +45 38 17 62 05
Lena Stennicke, Global Media Relations Manager, +45 38 17 65 03

About ISS

The ISS Group was founded in Copenhagen in 1901 and has grown to become one of the world's leading Facility Services companies. ISS offers a wide range of services such as: Cleaning, Catering, Security, property and Support Services as well as Facility Management. Global revenue amounted to DKK 79.1 billion in 2016 and ISS has approximately 500,000 employees and activities in 74 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers. For more information, visit www.issworld.com.

About Guckenheimer

Guckenheimer is a premier on-site corporate restaurant management and food services company. Our clients include many of America's most respected corporations and institutions. For more than fifty years, our talented Guckenheimer chefs have created delicious delicacies for America's greatest companies. Our innovative menus are uniquely designed for each site, promoting creativity in our clients and our chefs alike. We select only the freshest ingredients with the most extraordinary and authentic flavors. For more information, visit www.guckenheimer.com.