



Company announcement

Copenhagen, 10 May 2017

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INTERIM REPORT FOR THE PERIOD 1 JANUARY – 31 MARCH 2017

Good start to 2017

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its interim financial report for the first three months of 2017:

Highlights

- Organic revenue growth of 2.6% in the first three months (Q4 2016: 2.9%).
- Total revenue increased by 2% in the first three months (Q4 2016: 0%), driven by organic growth, partly offset by negative net impact from acquisitions and divestments of 1%.
- Operating margin of 4.5% in the first three months (Q1 2016: 4.5%).
- Cash conversion over the last twelve months of 98% (Q4 2016: 98%).
- Net profit (adjusted) increased to DKK 546 million in the first three months (Q1 2016: DKK 518 million).
- Net profit increased to DKK 444 million in the first three months (Q1 2016: DKK 399 million).
- Leverage at 31 March 2017 was 2.3x (31 March 2016: 2.3x). Our capital allocation and leverage objectives remain unchanged.
- Revenue generated from IFS increased by 6% in local currency in Q1, leading to a total share of 36% of Group revenue.
- Revenue from Global Corporate Clients increased by 10% in local currency in Q1 and represents 11% of Group revenue. In Q1, we added 3 new Global Corporate Clients to the existing portfolio.
- Strategic initiatives, including sharper focus on key customers, the procurement programme and our global concepts and tools, continue to be implemented according to plan and support the margin.
- On 28 April 2017, we completed the DKK 1.5 billion acquisition of Guckenheimer, a leading US food services company with an annual revenue of approximately DKK 2,300 million and 3,200 employees in 33 US states.
- The 2017 outlook for organic revenue growth, operating margin and cash conversion remains unchanged.

Jeff Gravenhorst, Group CEO, ISS A/S, said:

“Our results for the first quarter of 2017 were encouraging. We delivered solid organic growth, a consistent margin and strong cash conversion. We remained focused on key accounts. Revenue from Global Corporate Clients increased by 10% and we added three new Global Corporate Clients during the quarter. We continued to grow our Integrated Facility Services segment, driven by contract launches and extensions with Heineken in the Netherlands, Bombardier in North America and Royal Mail in the UK, as well as conversion of existing single service contracts into Integrated Facility Service contracts. In April, we announced the acquisition of Guckenheimer, which will strengthen our IFS capabilities in the US significantly. We are confident that we will deliver on our outlook for the year, and we will continue strengthening our business with the implementation of strategic initiatives such as our procurement programme. For the fifth year in a row, ISS has achieved the highest possible rating on the IAOP Global outsourcing Top 100 list.”

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

Conference call details

A conference call will be held on 10 May at 10:00 CEST.

Presentation material will be available online prior to the conference call.

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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 more than 491,000 employees and activities in more than 70 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.