



Company announcement

Copenhagen, 22 February 2018

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Financial report for fourth quarter and full year 2017

Resilient performance in 2017

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its financial results for the fourth quarter and full year 2017:

Highlights

- Organic revenue growth of 2.4% for the year and 3.6% in Q4 (Q3 2017: 2.3%).
- Total revenue increased by 2% for the year and 1% in Q4 (Q3 2017: 2%) driven by organic growth and a positive net impact from acquisitions and divestments partly offset by a negative impact from foreign exchange effects.
- Operating margin of 5.7% for the year (2016: 5.8%) and 6.4% in Q4 (Q4 2016: 6.7%). The net impact of acquisitions and divestments as well as currency translation effects on margin was negative by 0.1%-point for the full year and 0.2% for Q4.
- Cash conversion over the last twelve months of 104% (Q3 2017: 99% and Q4 2016: 98%).
- Net profit (adjusted) decreased to DKK 2,424 million (2016: DKK 2,873 million), driven by currency and one-off non-cash items related to the remeasurement of a business classified as held for sale in Northern Europe as well as the revaluation of deferred tax assets following the US tax reform.
- Net profit was DKK 2,007 million (2016: DKK 2,220 million).
- Free cash flow was DKK 2,699 million (2016: DKK 2,910 million). The decline was driven by higher restructuring and investments in intangible assets and property, plant and equipment, net.
- Proposed dividend for 2017 of DKK 7.70 (2016: DKK 7.70) per share of DKK 1 in line with the total nominal ordinary dividends for 2016 of DKK 1,430 million.
- Revenue from Global Key Accounts increased by 10% in local currency in 2017 (2016: 19%) and represents 12% of Group revenue (2016: 11%).
- During the year, we completed eight divestments and three key competency enhancing acquisitions, including leading US catering company Guckenheimer and Evantec, a technical and building service company in Germany.

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

“ISS delivered a resilient performance in 2017. Our organic growth was 2.4% and we finished the year strongly thanks to healthy project activity in the fourth quarter. Excluding the impact from currency, acquisitions and divestments, our margin was flat on 2016. Our cash conversion was excellent and we are proposing an ordinary dividend of DKK 7.70 per share. We made further progress in delivering The ISS Way strategy and sharpening our focus on key account customers. This progress included the acquisition of Guckenheimer which strengthened our platform in the North American market. In 2017, we also saw notable commercial success with new key account customer wins including Deutsche Telekom and Shire, a five-year extension of our partnership with Barclays and an extension until 2021 of our long-standing partnership with Hewlett Packard Enterprise. Overall, our progress is pleasing and we look forward to 2018 with confidence.”

Outlook

In 2018, we expect an organic revenue growth rate of 1.5%-3.5%, an operating margin around 5.6%, excluding any impacts from acquisitions and divestments as well as currency translation effects, and cash conversion above 90%.

Lord Allen of Kensington Kt CBE

Chairman

Jeff Gravenhorst

Group CEO

Conference call details

A conference call will be held on 22 February 2018 at 10:00 CET.

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 79.9 billion in 2017 and ISS has more than 488,000 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. For more information on the ISS Group, visit www.issworld.com.

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