TRADING UPDATE FOR THE PERIOD 1 JANUARY – 31 MARCH 2019

Strong organic growth of 6.1% in Q1 2019

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its trading update for the first three months of 2019.

HIGHLIGHTS

- Revenue increased by 4.9% in Q1 (Q4 2018: 0.5%), mainly driven by organic growth, and a marginally positive currency effect, partly offset by negative net impact from acquisitions and divestments of 1.8%.
- Organic revenue growth of 6.1% in Q1 2019 (Q4 2018: 4.1%) driven by continued strong commercial momentum with key account contract wins and expansions as well as continued solid non-portfolio demand.
- Revenue from key accounts increased organically by 8.7% in Q1 2019 and represents 60% of Group revenue (2018: 59%).
- The 2019 outlook for organic revenue growth, operating margin and free cash flow remains unchanged.

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

"We had a strong commercial start to the year. Our focus on key accounts continues to bear fruit. We signed a significant new contract with the Danish Building and Property Agency in Denmark. In addition, we successfully extended and expanded large key account contracts such as Santander in the UK, Singapore General Hospital and an international Food and Beverage customer. The divestments of our remaining non-core assets are progressing well. We will gradually reinvest divestment proceeds in strengthening our delivery capabilities and platform. With this, ISS will continue to grow stronger".

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

Conference call details

A conference call will be held on 8 May 2019 at 9:00 CEST.
Presentation material will be available online prior to the conference call.

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GROUP PERFORMANCE

REVENUE DEVELOPMENT [1)]

Group revenue for Q1 2019 was DKK 18.7 billion, an increase of 4.9% compared with the same period last year. Organic growth was 6.1% and currency effects were 0.6%, while acquisitions and divestments, net reduced revenue by 1.8%.

Organic growth was driven by continued strong commercial momentum with key account contract wins and expansions as well as continued solid non-portfolio demand. All regions delivered positive organic growth with both Continental Europe, Northern Europe and Asia & Pacific delivering strong growth in the mid to high single digit range.

BUSINESS DEVELOPMENT

Delivering service solutions to our key account customers, especially Integrated Facility Services (IFS), is a key part of our strategy. Our key account customers comprise all our global key accounts as well as regional and country key accounts. In total, key accounts represented 60% of Group revenue in Q1 2019 (2018: 59%). Revenue generated from key accounts grew organically by 8.7% to DKK 11.2 billion in Q1 2019.

Revenue generated from **global key accounts** increased organically by 3.7% in Q1 2019 to DKK 2.8 billion and accounted for 15% of Group revenue. Growth was driven by contracts launched in 2018, mainly with an international food and beverage company and a company in the Industry & Manufacturing segment as well as the more recent expansion and conversion of existing key accounts such as Barclays and Vattenfall. Furthermore, we started the new contract with a technology service company. The growth was achieved despite the continued revenue reduction with DXC Technology, HP Inc. and an international bank in EMEA.

Since full year results published in February 2019, we have signed a significant new key account contract with the Danish Building and Property Agency in Denmark. In addition, we extended and/or expanded a number of contracts, see the contract overview below.

STATEMENT OF FINANCIAL POSITION

Effective 1 January 2019 (following the implementation of IFRS 16), leased assets are recognised in the statement of financial position, which has led to an increase in property, plant and equipment and net debt in line with expectation communicated in the Annual Report 2018. As expected, the implementation of IFRS 16 did not have a material impact on operating profit before other items and net profit.

Other than as mentioned above, there have been no material changes in our statement of financial position since 31 December 2018.

FREE CASH FLOW POST IFRS 16

Following the implementation of IFRS 16, we have updated the definition of Free Cash Flow to include additions and disposals from leased assets. As such, Free Cash Flow is defined as:

Cash flow from operations + cash flow from investments – cash flow from acquisitions/divestments, net – additions/disposals from leased assets

As previously informed, the change will leave Free Cash Flow broadly unchanged.

ACQUISITIONS AND DIVESTMENTS

In December 2018, we announced our intention to divest a number of business units as well as 13 countries in addition to Argentina and Uruguay where sales processes were already ongoing.

On 30 January 2019, we announced that we have completed the divestment of the Group's activities in Argentina and Uruguay. The sales processes for the 13 countries continue according to plan.

In Q1 2019, we also divested some minor non-core activities in Spain.

In 2018, following dialogue with several interested parties, ISS entered into exclusive discussions with a potential buyer of the Hygiene and Prevention business in France. These discussions have not led to a finalisation of the divestment. Consequently, ISS will continue to pursue the divestment.

MAJOR KEY ACCOUNT DEVELOPMENTS [1)]	COUNTRIES	SEGMENT	TERM	EFFECTIVE DATE
WINS				
The Danish Building and Property Agency	DK	Public Administration	7 years	Q4 2019
EXTENSIONS/EXPANSIONS				
CITI Americas	MX	Business Services & IT	5 years	Q1 2019
Santander	UK	Business Services & IT	5 years	Q2 2019
Singapore General Hospital	SG	Healthcare	5 years	Q2 2019
Food and beverage company	Global	Industry and Manufacturing	5 years	Q2 2019
International bank	IT	Business Services & IT	5 years	Q2 2019
LOSSES				
None				

[1)] All comments covering revenue and organic growth is on continuing operations.

On 12 April 2019, we announced the acquisition of JH Catering Ltd. in Austria with an estimated annual revenue of DKK 62 million and around 80 employees. The acquisition strengthens our strategically important self-delivery catering capabilities to key account customers.

REGIONAL PERFORMANCE

CONTINENTAL EUROPE

Revenue increased 3% to DKK 7,083 million in the first three months of 2019. Organic growth amounted to 8% (Q4 2018: 7%), while acquisitions and divestments, net decreased revenue by 3% and currency effects impacted revenue negatively by 2%. The growth was mainly driven by Turkey, Iberia, Germany and the Netherlands. In Turkey the strong organic growth was driven by contract launches in the healthcare segment of Kayseri and Elazig hospital contracts and price increases due to high inflation. Furthermore, growth was driven by key account contract launches in Iberia and the Netherlands as well as higher demand for non-portfolio work in Germany.

NORTHERN EUROPE

Revenue increased 3% to DKK 6,061 million in Q1 2019. Organic growth was 5% (Q4 2018: 2%), while the impact from divestments reduced the revenue by 2%. All countries in Northern Europe contributed with positive organic growth. Growth was mainly supported by several contract launches in the UK and the Danish Defence contract in Denmark as well as continued high non-portfolio demand in Norway.

ASIA & PACIFIC

Revenue increased 9% to DKK 3,357 million in Q1 2019. Organic growth was 6% (Q4 2018: 8%) and currency effects were 3%. Almost all countries delivered positive organic growth and the growth was mainly supported by contract wins in the second half of 2018 in Australia with among others Victoria Schools and project work in Singapore and Hong Kong.

AMERICAS

Revenue increased 10% to DKK 2,013 million in Q1 2019. Organic growth was 2% (Q4 2018: negative 5%) and currency effects increased revenue by 9%. This was partly offset by acquisitions and divestments, which reduced revenue by 1%. North America delivered positive organic growth driven by key account contract launches in the catering and aviation segment. This was partly offset by the planned exits from small specialised services contracts. Mexico delivered positive organic growth due to key account contract launches.

Q1 REVENUE AND GROWTH

DKK million	Q1 2019	Q1 2018	Organic growth	Acq./div.	Currency adj.	Growth Q1 2019
Continental Europe	7,083	6,861	8 %	(3)%	(2)%	3 %
Northern Europe	6,061	5,896	5 %	(2)%	(0)%	3 %
Asia & Pacific	3,357	3,075	6 %	-	3 %	9 %
Americas	2,013	1,836	2 %	(1)%	9 %	10 %
Other countries	179	163	5 %	3 %	2 %	10 %
Corporate / eliminations	(12)	(18)	-	-	-	33 %
Group	**18,681**	**17,813**	**6.1 %**	**(1.8)%**	**0.6 %**	**4.9 %**

OUTLOOK

OUTLOOK 2019 [1)]

This outlook should be read in conjunction with "Forward-looking statements" below.

The outlook for 2019 for organic growth, operating margin and free cash flow remains unchanged from our Annual Report 2018:

- Organic growth is expected to be 5%-7%.
- Operating margin is expected to be 5.0%-5.2%.
- Free cash flow[2)] is expected to be in the range of DKK 1.8-2.2bn.

EXPECTED IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2019

We expect the divestments and acquisitions completed by 30 April 2019 (including in 2018) to negatively impact the revenue growth in 2019 by approximately 1%-point. Based on the forecasted average exchange rates for the year 2019[3)] we expect an impact on revenue growth in 2019 of approximately 0%-points from the development in foreign exchange rates.

[1)] Excluding any impact from acquisitions and divestments completed subsequent to 15 February 2019 as well as currency translation effects.

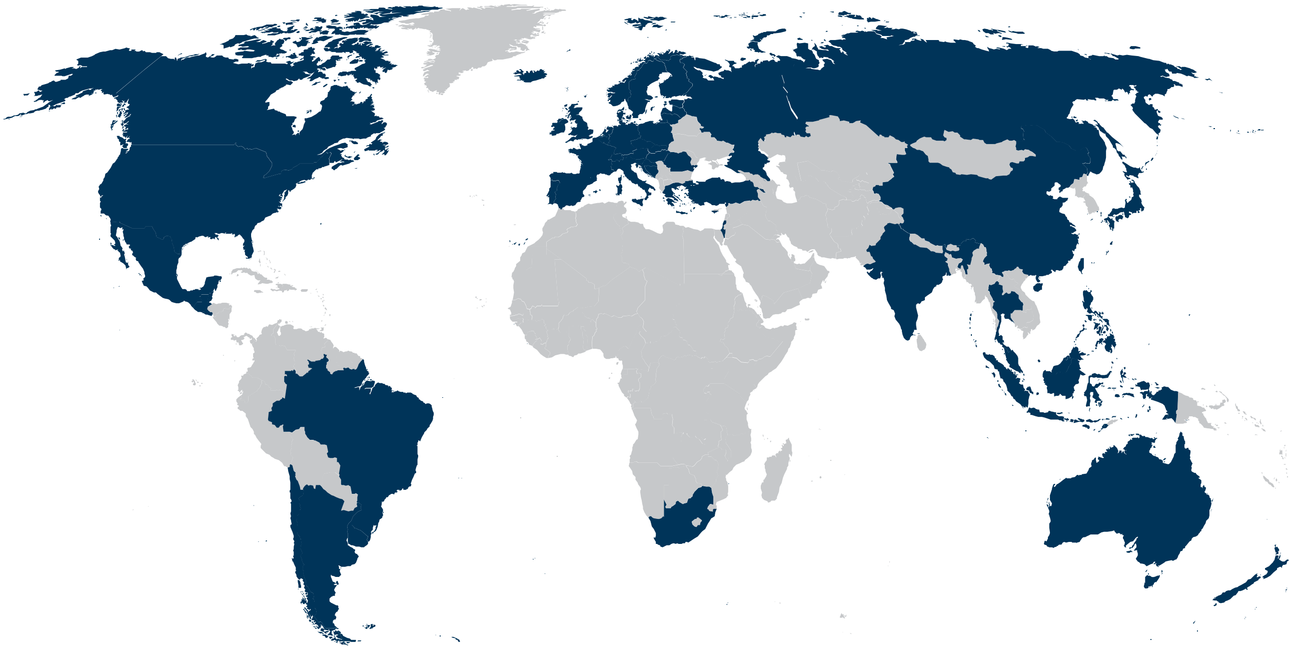
[2)] For new definition see page 2.

[3)] The forecasted average exchange rates for the financial year 2019 are calculated using the realised average exchange rates for the first four months of 2019 and the average forward exchange rates (as of 1 May 2019) for the remaining eight months of 2019.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements, including, but not limited to, the guidance and expectations in Outlook. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words may, will, should, expect, anticipate, believe, estimate, plan, predict, intend or variations of such words, and other statements on matters that are not historical fact or regarding future events or prospects, are forward-looking statements. ISS has based these statements on its current views with respect to future events and financial performance. These views involve risks and uncertainties that could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS. Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in this report and other information made available by ISS. As a result, you should not rely on these forward-looking statements. ISS undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

OUR GLOBAL FOOTPRINT



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