



Company announcement

Copenhagen, 2 November 2016

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INTERIM REPORT FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2016

Steady performance and extraordinary dividend at DKK 4.00 per share

ISS (ISS.CO, ISS DC, ISSDY), a leading global provider of facility services, announces its interim financial report for the first nine months of 2016:

Highlights

- Organic revenue growth of 3.6% in the first nine months and 3.3% in Q3 (Q2 2016: 3.8%).
- Total revenue decreased by 1% in the first nine months and decreased by 1% in Q3 (Q2 2016: decrease of 2%), driven by currency effects which reduced revenue by 4% in the first nine months and 3% in Q3.
- Operating margin of 5.5% in the first nine months (2015: 5.4%) and 6.5% in Q3 (Q3 2015: 6.5%).
- Cash conversion over the last twelve months of 95% (Q2 2016: 97%).
- Profit before amortisation/impairment of acquisition-related intangibles increased to DKK 1,944 million in the first nine months (2015: DKK 1,764 million).
- Net profit increased to DKK 1,569 million in the first nine months (2015: DKK 1,392 million).
- Leverage at 30 September 2016 was 2.4x (30 September 2015: 2.7x). Our capital allocation and leverage objectives remain unchanged.
- ISS will on 11 November 2016 distribute an extraordinary dividend of DKK 4.00 per share or DKK 743 million, which is in addition to the DKK 1,358 million ordinary dividend paid in April 2016.
- Revenue generated from IFS increased by 15% in local currency in Q3 (Q2 2016: 15%), leading to a total share of 37% of Group revenue (Q2 2016: 37%).
- Revenue from Global Corporate Clients increased by 18% in local currency in Q3 (Q2 2016: 16%) and represents 11% of Group revenue (Q2 2016: 11%).

- Strategic initiatives, including sharper focus on key customers, Business Process Outsourcing and the procurement programme, continue to be implemented according to plan and support margin development.
- On 28 October 2016, we acquired Apunto, a leading catering company in Chile. The enterprise value amounts to DKK 67 million.
- The 2016 outlook for organic revenue growth is narrowed to around 3% (from previously 2.5%-4.0%). Our expectations for operating margin (above 5.7%) and cash conversion (above 90%) are unchanged.

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

“We continued our steady performance, delivering robust organic growth, improved margin and strong cash conversion. Strong demand for Integrated Facility Services continues to drive both organic growth and margin improvements. During the quarter, we signed multiple new contracts and extensions including with Bombardier and John Crane in North America as well as Royal Mail and Hitachi Rail in the United Kingdom and Heineken in the Netherlands. Since our 2014 IPO we have steadily reduced our leverage to 2.4x at the end of Q3. Given our continued steady performance we will distribute an extraordinary dividend of DKK 4.00 per share, consistent with our stated capital allocation policy. We are confident that we will continue our steady performance, delivering organic growth for 2016 of around 3% and a margin higher than delivered in 2015.”

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

Conference call details

A conference call will be held on 2 November 2016 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 79.6 billion in 2015 and ISS has approximately 500,000 employees and activities in more than 75 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.